TOWN OF SIMLA, COLORADO

FINANCIAL STATEMENTS

December 31, 2016

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Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Honorable Mayor and Members of
the Board of Trustees
Town of Simla
Simla, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simla (the "Town") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Simla as of December 31, 2016, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison schedule on pages i – vii and on pages 24 - 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The accompanying supplementary information on pages 26 – 27, and other information on pages 28 – 29, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Logan and Associates, LLC

Aurora, Colorado
October 5, 2017

BASIC FINANCIAL STATEMENTS

TOWN OF SIMLA, COLORADO
Management Discussion and Analysis
Year Ended December 31, 2016

Management of the Town of Simla offers readers of the basic financial statement this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2016. The focus of the information is on the primary government-general fund.

The Town of Simla has adopted the financial reporting model promulgated by the Government Accounting Standards Board (GASB). This is in accordance with the GASB Statement of No. 34, Basic Financial Statement and Management Discussion and Analysis for State and Local Governments.

Financial Highlights
The Town's Governmental Activities assets exceeded it liabilities and deferred inflows of resources at the close of the fiscal year by $606,278 (net position).Of this amount, $ 256,250 (unrestricted net position) may be used to meet the Town's ongoing obligations.

The Town's Business-type Activities' assets exceeded its liabilities by 1,689,341 (net position) at the close of the fiscal year.

As the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $ 375,316, a decrease of $47,269 from the prior year.

The restricted cemetery fund consists of $ 94,600 left to the Town by and estate to maintain family graves and make improvements to the cemetery. At December 31, 2016, the balance of this fund was $96,818.

Overview of Financial Statements:
The discussion is intended as an introduction to the Town's basic financial statement. The basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements is other supplementary information.

Government-Wide Financial Statements:
The government-wide financial statement uses an accounting method similar to those used by private sectors companies. The focus of the Statement of Net Position (the Unrestricted Net Position) is designed to report all the Town's current financial resources (short-term spendable resources) with capital assets and long term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Thus, revenue and expenses are reported in this statement for times that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

The government-wide statements are divided into two categories: Governmental and Business Type Activities

Most of the Town's basic services are reported in the governmental activities,which focus on cash flow. The Town's basic services include administrative, public safety, public works, judicial, buildings, cemetery, parks, and recreation. Property tax, sales tax, and intergovernmental taxes finance the majority of these activities.

Business-type activities are funds that reflect private sector type operations. This includes the Water and Sanitation Fund, which include the water, sewer, and trash segments. Fees for services should cover the majority of the cost of these operations including depreciation.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure compliance with finance-related legal activities requirements. All the funds can be divided into two categories: governmental funds and proprietary funds.

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental funds focus on the financial position and changes in financial position, not on income determinations using the flow of current financial resources focus and the modified accrual basis of accounting. The modified accrual accounting measures cash and all other financial assets that can be readily converted into cash. Governmental statements focus on near term inflows and outflows of spendable resources as well as the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent to finance the Town's programs. The primary operating fund is General Fund, which accounts for the financial resources of the general government, except for those required to be accounted for in the other funds.

Proprietary funds are used to account for the Town's activities that are similar to business operations in the private sector or where the reporting is on determining net income, financial position, and a significant portion of the funding is through user charges, The Town uses enterprise funds for Water Sewer and Trash operations. The Town has a trash-collection contract with a vendor for collection of the Town residents trash.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements. Other information, in addition to the basic financial statements and accompanying notes, is presented in the form of certain required supplementary information.

Government-wide Financial Analysis:

As noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Simla, the assets exceeded liabilities and deferred inflows of resources by approximately $ 2,295,619. Of the Town's net-position $885,214 is unrestricted and may be used to meet the Town's ongoing financial obligations. These are Net Position that are not restricted by external requirements nor invested in capital assets.

TOWN OF SIMLA, COLORADO
Management Discussion and Analysis
Year Ended December 31, 2016
(continued)

Of the Town's $2,295,619 total net position, $ 1,291,339 reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. Capital assets are used to provide services to the citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015
ASSETS						
Current Assets	$ 448,072	$ 554,628	$ 631,404	$ 662,395	$ 1,079,476	$ 1,217,023
Capital Assets, Net	273,251	264,346	1,156,077	1,096,966	1,429,328	1,361,312
Total Assets	721,323	818,974	1,787,481	1,759,361	2,508,804	2,578,335
LIABILITIES						
Current Liabilities	35,837	93,699	2,440	11,600	38,277	105,299
Long-term Liabilities	42,289	48,543	95,700	150,508	137,989	199,051
Total Liabilities	78,126	142,242	98,140	162,108	176,266	304,350
Deferred Inflow of Resources	36,919	38,344	-	-	36,919	38,344
NET POSITION						
Net Investment-Capital Assets	230,962	215,804	1,060,377	940,658	1,291,339	1,156,462
Restricted	119,066	135,041	-	-	119,066	135,041
Unrestricted	256,250	287,544	628,964	662,395	885,214	949,939
Total Net Position	$ 606,278	$ 638,389	$ 1,689,341	$ 1,603,053	$ 2,295,619	$ 2,241,442

TOWN OF SIMLA, COLORADO
Management Discussion and Analysis
Year Ended December 31, 2016
(continued)

The following reflects the Town's change in Net Position.

	Governmental Activities		Business-type Activities		Total	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015
REVENUES						
PROGRAM REVENUES						
Charges for Services	$ 119,698	$ 186,471	$ 347,037	$ 339,519		$ 525,990
Operating Grants & Contributions		40,704	-	-	-	40,704
Capital Grants & Contributions	10,231	-	-	-	10,231	-
GENERAL REVENUES	-		-	-	-	-
Property Taxes	44,801	33,361	-	-	44,801	33,361
Sales Taxes	44,136	42,259	-	-	44,136	42,259
Other Taxes	66,165	32,542	-	-	66,165	32,542
Investment Income	2,900	1,343	2,147	593	5,047	1,936
Miscellaneous	17,664	19,661	-	-	17,664	19,661
Insurance Claim Proceeds	106,066	-	-	-	106,066	-
Release of Landfill Closure	-	-	-	-	-	-
Post Closure Liability	-	-	54,808	-	54,808	-
TOTAL REVENUES	411,661	356,341	403,992	340,112	348,918	696,453
EXPENSES	-	-	-	-	-	-
General Government	168,794	62,239	-	-	168,794	62,239
Judicial	29,556	19,687	-	-	29,556	19,687
Public Safety	144,892	169,605	-	-	144,892	169,605
Public Works	85,452	79,279	-	-	85,452	79,279
Parks and Recreation	12,902	23,949	-	-	12,902	23,949
Interest on Long-term Debt	2,176	-	-	-	2,176	-
Water, Sewer and Trash	-	-	317,704	293,106	317,704	293,106
TOTAL EXPENSES	443,772	354,759	317,704	293,106	761,476	647,865
CHANGE IN NET POSITION	(32,111)	1,853	86,288	47,006	(412,558)	48,588
NET POSITION, Beginning	638,389	636,535	1,603,053	1,556,049	2,241,442	2,192,584
NET POSITION, Ending	$ 606,278	$ 638,389	$ 1,689,341	$ 1,603,053	$ 1,828,884	$ 2,241,172

TOWN OF SIMLA, COLORADO

Management Discussion and Analysis
Year Ended December 31, 2016
(continued)

Governmental Activities for the Town's net position for the year ending December 31, 2016, showed a decrease of $32,111 Business-type activities increased the Town's net position by $ 86,288.
Key elements are as follows:

Total Revenues came in under budget for year ended December 31, 2016 mainly due to the decreased fines & forfeitures less in police staff.

The economy continues to have effects on the utility revenue. Property taxes are based on assessed valuations. In 2016 the town had repairs to the playground, had repairs to town buildings roofs.

Financial Analysis of the Government's Funds

As earlier noted, the Town of Simla uses fund accounting to ensure and demonstrate compliance with finance-related legal requirement.

Governmental funds

The focus of the Town's governmental funds is to provide information on current year revenues, expenditures and balances of spendable resources. Such information is useful in assessing the Town's financial requirements. In particular, unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

Revenues for the governmental funds increased by $ 58,132. The major factor s were the increases in taxes of $10,770, insurance proceeds of $106,066 off set by a decrease in fines and forfeitures of $60,401.

Expenditures increased by 48,833, which included $24,268 in repairs and maintenance to City Park. Also, roof repairs increased general government expenditures by $69,888.

Proprietary Funds

The proprietary funds provide the same type of information found in the government-wide financial statements with more detail. The only proprietary fund is the Water and Sanitation Fund that includes water, sewer, and trash segments. Total net position of the Water segment is $1,080,734, the Sewer segment $594,121 and the Trash segment $14,486 for a total $ 1,689,341.
Total increase in the net position for each segment is Water $34,764 Sewer ($4,987) and Trash $56,511 for a total of $86,288.

Key elements of the water and sanitation fund:

As noted above
Water sewer and Trash revenue charges of service increased by $10,368 over 2015.
Water segment expenditures increased $5,610. Sewer expenditures increased $20,268.
Trash segment expenditures decreased $1,280.

General Fund Budgetary Highlights.

Tax revenues are comprised of property taxes, franchise fees, sales tax, and intergovernmental taxes. Seventy-five percent (75%) of sales tax goes to the Police Department with the remaining twenty-five per cent (25%) going to Public Works. Sales Tax showed an increase of $10,136 Specific Ownership Tax, Highway Users Tax Fund and Elbert County Road and Bridge Fund came in higher than Budgeted by $14,077 No amendments were made to the 2016 Budget. The actual revenue was higher than budgeted by $84,644. There were insurance repairs to the town buildings roofs.

Expenditures were less than Budgeted by $261,152, this was primarily due to not spending reserves

	Governmental Activities		Business-type Activities		Total	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Land	$ 15,946	$ 15,946	$ 7,250	$ 7,250	$ 23,196	$ 23,196
Infrastructure	34,526	34,526	-	-	34,526	34,526
Water & Sewer Systems	-	-	1,727,271	1,619,615	1,727,271	1,619,615
Buildings	124,635	124,635	42,127	42,127	166,762	166,762
Vehicles	99,419	117,094	-	-	99,419	117,094
Equipment	151,368	141,149	145,378	144,362	296,746	285,511
Parks	118,158	93,890	-	-	118,158	93,890
Less Accumulated Depreciation	(270,801)	(262,893)	(765,947)	(716,385)	(1,036,748)	(979,278)
TOTALS	$ 273,251	$ 264,347	$ 1,156,079	$ 1,096,969	$ 1,429,330	$ 1,361,316

that were budgeted as part of the General Government.

Capital Assets and Debt Administration

Capital Assets

Following is a summary of capital assets:

For 2016 these Capital assets were:
Roof repairs, purchase of MXU's, Water tank improvements, and improvements and repairs to the park playground. (See note 3)

TOWN OF SIMLA, COLORADO
Management Discussion and Analysis
Year Ended December 31, 2016
(continued)

Debt

At December 31, 2016, the Town had a total indebtedness of $137,989 which is outlined below:

	Governmental Activities		Business-type Activities		Total	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Capital Leases	$ 37,194	$ 48,543	$ -	$ -	$ 37,194	$ 48,543
Sewer Loan	-	-	95,700	101,500	95,700	101,500
Compensated Absences	5,095	-	-	-	5,095	-
TOTALS	$ 42,289	$ 48,543	$ 95,700	$ 101,500	$ 137,989	$ 150,043

In 2015 the Town entered into a lease/purchase agreement for two (2) police vehicles of $62, 330. They made principal and interest payments on that lease of $13,526. The Water and Sanitation Fund made a sewer loan payment of $5,800. (see note 4)

Economic Factors and Next Year's Budget and Rates:

The Board of Trustees has made the following items their priority; maintaining services, planning for future improvements and making sure the Town has adequate fund balance's to cover all costs of operations. The economy is still a factor when budgeting as revenues have stayed flat for the last three to four years. The costs of our water and sewer systems continue to increase as the age of both systems increases to cost of maintaining and replacing infrastructure. The rates for water and sewer went down due to the CPI being 1.176%, trash rates were lower also.

Request for information

The financial report is designed to provide a general overview of the Town's finances for all those interested in the government's finances. Questions concerning the information provided to the report or requests for additional financial information should be addressed to the Town Treasurer, Town of Simla, P. O. Box 237, Simla, Colorado 80835.

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TOWN OF SIMLA, COLORADO

STATEMENT OF NET POSITION
December 31, 2016

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	$ 257,377	$ 598,590	$ 855,967
Cash and Investments - Restricted	96,818	-	96,818
Receivables			
Property Taxes	36,919	-	36,919
Other Governments	3,279	-	3,279
Accounts	53,679	32,814	86,493
Capital Assets, Not Depreciated	15,946	7,250	23,196
Capital Assets, Depreciated Net of Accumulated Depreciation	257,305	1,148,829	1,406,134
TOTAL ASSETS	721,323	1,787,483	2,508,806
LIABILITIES			
Accounts Payable	26,050	-	26,050
Accrued Salaries and Benefits	2,440	2,440	4,880
Accrued Liabilities	7,347	-	7,347
Noncurrent Liabilities			
Due in One Year	16,953	5,800	22,753
Due in More Than One Year	25,336	89,900	115,236
TOTAL LIABILITIES	78,126	98,140	176,266
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	36,919	-	36,919
NET POSITION			
Net Investment in Capital Assets	230,962	1,060,379	1,291,341
Restricted for Emergencies	12,200	-	12,200
Restricted for Parks and Recreation	10,048	-	10,048
Restricted for Cemetery Improvements	96,818	-	96,818
Unrestricted, Unreserved	256,250	628,964	885,214
TOTAL NET POSITION	$ 606,278	$ 1,689,343	$ 2,295,621

The accompanying notes are an integral part of the financial statements.

TOWN OF SIMLA, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

		PROGRAM REVENUES		
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 168,794	$ 7,291	$ -	$ -
Judicial	29,556	-	-	-
Public Safety	144,892	103,581	-	-
Public Works	85,452	8,423	-	3,185
Parks and Recreation	12,902	403	-	7,046
Interest on Long-Term Debt	2,176	-	-	-
Total Governmental Activities	443,772	119,698	-	10,231
Business-Type Activities				
Water, Sewer and Trash	317,702	347,037	-	-
Total Business-Type Activities	317,702	347,037	-	-
Total Primary Government	$ 761,474	$ 466,735	$ -	$ 10,231

GENERAL REVENUES
Property Taxes
Sales Taxes
Franchise Taxes
Other Taxes
Interest
Miscellaneous
Insurance Claims Proceeds
Release of Landfill Closure
Post Closure Liability

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

The accompanying notes are an integral part of the financial statements.

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
$ (161,503)	$ -	$ (161,503)
(29,556)	-	(29,556)
(41,311)	-	(41,311)
(73,844)	-	(73,844)
(5,453)	-	(5,453)
(2,176)	-	(2,176)
(313,843)	-	(313,843)
-	29,335	29,335
-	29,335	29,335
(313,843)	29,335	(284,508)
44,801	-	44,801
44,136	-	44,136
27,484	-	27,484
38,681	-	38,681
2,900	2,147	5,047
17,664	-	17,664
106,066	-	106,066
-	54,808	54,808
281,732	56,955	338,687
(32,111)	86,290	54,179
638,389	1,603,053	2,241,442
$ 606,278	$ 1,689,343	$ 2,295,621

TOWN OF SIMLA, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
ASSETS			
Cash and Investments	$ 247,329	$ 10,048	$ 257,377
Cash and Investments	96,818	-	96,818
Property Taxes Receivable	36,919	-	36,919
Due from Other Governments	3,279	-	3,279
Accounts Receivable	53,679	-	53,679
TOTAL ASSETS	438,024	10,048	448,072
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY			
LIABILITIES			
Accounts Payable	26,050	-	26,050
Accrued Salaries and Benefits	2,440	-	2,440
Accrued Liabilities	7,347	-	7,347
TOTAL LIABILITIES	35,837	-	35,837
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	36,919	-	36,919
FUND EQUITY			
Fund Balance (Deficit)			
Restricted for Emergencies	12,200	-	12,200
Restricted for Parks and Recreation	-	10,048	10,048
Restricted for Cemetery Improvements	96,818	-	96,818
Unassigned	256,250	-	256,250
TOTAL FUND EQUITY	365,268	10,048	375,316
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	$ 438,024	$ 10,048	$ 448,072

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances of Governmental Funds	375,316
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	273,251
Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds. These include capital leases ($37,194) and accrued compensated absences ($5,095).	(42,289)
Net position of governmental activities	$ 606,278

The accompanying notes are an integral part of the financial statements.

TOWN OF SIMLA, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
REVENUES			
Taxes	$ 116,421	$ -	$ 116,421
Licenses and Permits	13,114	-	13,114
Fines and Forfeitures	103,581	-	103,581
Charges for Services	3,003	-	3,003
Intergovernmental	41,866	7,046	48,912
Interest	2,848	52	2,900
Insurance Claims Proceeds	106,066	-	106,066
Miscellaneous	17,664	-	17,664
TOTAL REVENUES	404,563	7,098	411,661
EXPENDITURES			
Current			
General Government	165,666	-	165,666
Judicial	29,556	-	29,556
Public Safety	133,432	-	133,432
Public Works	71,986	-	71,986
Parks and Recreation	10,278	-	10,278
Capital Outlay	10,219	24,268	34,487
Debt Service			
Principal	11,349	-	11,349
Interest	2,176	-	2,176
TOTAL EXPENDITURES	434,662	24,268	458,930
NET CHANGE IN FUND BALANCES	(30,099)	(17,170)	(47,269)
FUND BALANCES, Beginning	395,367	27,218	422,585
FUND BALANCES, Ending	$ 365,268	$ 10,048	$ 375,316

The accompanying notes are an integral part of the financial statements.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	$	(47,269)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay $34,487 exceeded depreciation ($25,583), in the current period.		8,904
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This includes payments of capital leases.		11,349
Some expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes the change in accrued compensated absences.		(5,095)
Change in Net Position of Governmental Activities	$	(32,111)

The accompanying notes are an integral part of the financial statements.

TOWN OF SIMLA, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
December 31, 2016

	WATER AND SANITATION FUND
ASSETS	
Current Assets	
Cash and Investments	$ 598,590
Accounts Receivable, Net	32,814
Total Current Assets	631,404
Noncurrent Assets	
Capital Assets, Not Being Depreciated	7,250
Capital Assets, Net of Accumulated Depreciation	1,148,829
Total Noncurrent Assets	1,156,079
TOTAL ASSETS	1,787,483
LIABILITIES	
Current Liabilities	
Accrued Salaries and Benefits	2,440
Loan Payable - Current Portion	5,800
Total Current Liabilities	8,240
Noncurrent Liabilities	
Loan Payable	89,900
Total Noncurrent Liabilities	89,900
TOTAL LIABILITIES	98,140
NET POSITION	
Net Investment in Capital Assets	1,060,379
Unreserved	628,964
TOTAL NET POSITION	$ 1,689,343

The accompanying notes are an integral part of the financial statements.

TOWN OF SIMLA, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2016

	WATER AND SANITATION FUND
OPERATING REVENUES	
Charges for Services	$ 337,279
Late Fees and Other	9,758
TOTAL OPERATING REVENUES	347,037
OPERATING EXPENSES	
Operations and Maintenance	
Water	96,756
Sewer	108,455
Trash	62,929
Depreciation	49,562
TOTAL OPERATING EXPENSES	317,702
OPERATING INCOME	29,335
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	2,147
Release of Landfill Closure - Post Closure Liability	54,808
TOTAL NON-OPERATING REVENUES (EXPENSES)	56,955
NET INCOME	86,290
NET POSITION, Beginning	1,603,053
NET POSITION, Ending	$ 1,689,343

The accompanying notes are an integral part of the financial statements.

TOWN OF SIMLA, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended December 31, 2016
Increase (Decrease) in Cash and Cash Equivalents

	WATER AND SANITATION FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 345,742
Cash Paid to Suppliers	(158,280)
Cash Paid to Employees	(107,420)
Net Cash Provided by Operating Activities	80,042
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(108,672)
Loan Payments	(5,800)
Net Cash Used by Capital and Related Financing Activities	(114,472)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	2,147
Net Cash Provided by Investing Activities	2,147
Net Decrease in Cash and Cash Equivalents	(32,283)
CASH AND CASH EQUIVALENTS, Beginning	630,873
CASH AND CASH EQUIVALENTS, Ending	$ 598,590
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	$ 29,335
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation and Amortization	49,562
Changes in Assets and Liabilities	
Accounts Receivable	(1,295)
Accrued Salaries and Benefits	2,440
Total Adjustments	50,707
Net Cash Provided by Operating Activities	$ 80,042

The accompanying notes are an integral part of the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Town of Simla (the "Town") is a political subdivision of the State of Colorado and is governed by a Mayor and six-member Board of Trustees elected by the residents. The Town provides public safety, public works and parks and recreation services as well as water, sewer, and trash services.

Reporting Entity

In accordance with governmental accounting standards, the Town has considered the possibility of including additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, the Town does not include additional organizations in its report entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial, capital and debt resources of the Town. The difference between assets plus deferred outflows, and liabilities plus deferred inflows of the Town is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses and allocated indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting agency have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both "measurable and available". Revenues are considered to be "available" when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year, except for expenditure driven grants as defined in the following paragraph.

Taxes, intergovernmental revenue and interest associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Grant and similar revenues are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

When both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

The Town reports the following major governmental fund in the fund financial statements:

General Fund – The General Fund is used to account for the general operations and specific programs of the Town.

The Town reports the following major proprietary funds:

Water and Sanitation Fund – The Water and Sanitation Fund accounts for the financial activities associated with providing water, sewer and trash services to the Town's residents.

In addition, the Town reports the following nonmajor governmental fund:

Conservation Trust Fund – The Conservation Trust Fund is a special revenue fund used to account for lottery revenues used for recreational programs.

Assets, Liabilities, Fund Balance/Net Position

Cash and Investments – For the purposes of reporting in the statement of cash flows, cash equivalents include certificates of deposit and investments with original maturities of three months or less. Investments are reported at fair value. The Town pools cash from several funds for the purpose of increasing interest income. Interest is allocated to individual funds based on the average cash of the funds.

Receivables – Due from other governments and accounts receivable are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Accounts receivable are recorded on the statement of net position, net of allowance for uncollectible accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Fund Balance/Net Position (Continued)

Capital Assets – Capital assets, which include property, buildings , equipment and all infrastructure owned by the Town, are reported in the applicable government-wide or business-type activities columns of the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives.

Infrastructure	40 years
Buildings	14-50 years
Equipment	5-14 years
Vehicles	7 years

General infrastructure assets acquired prior to January 1, 2003 are not being reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2003.

Compensated Absences – Town employees are allowed to accumulate unused paid-time-off and sick leave. Employees with one full year of service receive 56 hours per year, from two to five years of employment, 96 hours and for each year from 6 to 15 years an additional 8 hours each year of service up to a maximum of 176 hours. No carryover of hours is allowed, unless approved. Unused PTO is paid upon termination of employment. Full time or appointed employees accrue eight hours of sick leave per month. Part time employees working at least 20 hours a week, accrue sick leave at a rate proportionate to time worked in relationship to full time employees. Unused sick leave is not paid upon termination of employment.

Long-Term Debt - In the government-wide financial statements, and the proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Fund Balance/Net Position (Continued)

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the government-wide and proprietary funds, debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Net Position – In the government-wide and proprietary fund financial statements, net position is restricted when constraints placed on the net position are externally imposed.

- Net Investment in Capital Assets – this classification is intended to report the portion of net position which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.
- Restricted Net Position – this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position – this classification includes assets that do not have any third party limitation on their use.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, the Town Board of Trustees. The constraint may be removed or changed only through formal action of the Town Board of Trustees.

- Assigned – This classification includes amounts that are constrained by the Town's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Town Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts.

- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The Town has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both the restricted and unrestricted fund balances are available the Town uses restricted fund balance first, followed by committed, assigned and unassigned.

Property Taxes

Property taxes are levied by December 15, tax bills are mailed January 1 of the following year, and attach as an enforceable lien on the property. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. Taxes are delinquent if not paid by those dates. Notices of delinquencies are mailed in September, and tax sales are scheduled for November. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are reported at December 31.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stewardship, Compliance and Accountability

During 1996, the Town decided to close the landfill. The last day the landfill accepted waste was on January 11, 1997. As a result, the Town estimated and reported cost of post-closure of $54,808. State and federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for a number of years after closure. The Town petitioned the State Department of Public Health and Environment to allow it to no longer monitor the landfill. During 2016, the State Department of Public Health and Environment released the Town of ongoing monitoring of the landfill. As a result, the liability has been removed.

Subsequent Events

The Town has evaluated events subsequent to the year ended December 31, 2016 through October 5, 2017, the date of these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2016, follows:

Cash Deposits	$ 333,292
Investments	619,493
Total	$ 952,785

Cash is reported in the financial statements as follows:

Cash and Investments	$ 855,967
Restricted Cash and Investments	96,818
Total	$ 952,785

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to $250,000 for each

NOTE 2: CASH AND INVESTMENTS (Continued)

Cash Deposits (Continued)

financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2016, the Town had bank deposits totaling $335,149 of which $250,000 were insured by FDIC and $85,149 were collateralized with securities held by the financial institution's agent but not in their name.

Investments

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk. The Town's investment policy follows State statutes.

- Obligations of the United States and certain U.S. agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. The Town does not have a policy for managing credit risk or interest rate risk.

District measures and records its investments using fair market value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investment in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

Colotrust is an external investment pool that records its investments at fair value. The investment in Colotrust is categorized as a Level 2 investment.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Local Government Investment Pools - At December 31, 2016, the Town had $619,493 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Colotrust is rated AAAm by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

Restricted cash and Investments consists of $96,818 for future cemetery improvements.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, is summarized below:

	Balances 12/31/2015	Additions	Deletions	Balances 12/31/2016
Governmental Activities:				
Capital Assets, not being depreciated				
Land	$ 15,946	$ -	$ -	$ 15,946
Total Capital Assets, not being depreciated	15,946	-	-	15,946
Capital Assets, being depreciated				
Infrastructure	34,526	-	-	34,526
Buildings	124,635	-	-	124,635
Vehicles	117,094	-	17,675	99,419
Equipment	141,149	10,219	-	151,368
Parks	93,890	24,268	-	118,158
Total Capital Assets, being depreciated	511,294	34,487	17,675	528,106
Less accumulated depreciation				
Infrastructure	(7,570)	(863)	-	(8,433)
Buildings	(44,965)	(2,356)	-	(47,321)
Vehicles	(39,903)	(12,508)	(17,675)	(34,736)
Equipment	(110,215)	(7,731)	-	(117,946)
Parks	(60,240)	(2,125)	-	(62,365)
Total accumulated depreciation	(262,893)	(25,583)	(17,675)	(270,801)
Total Capital Assets, being depreciated, net	248,401	8,904	-	257,305
Governmental Activities Capital Assets, net	$ 264,347	$ 8,904	$ -	$ 273,251

Depreciation expense was charged to the functions/programs as follows:

General Government	$ 1,430
Public Safety	9,762
Public Works	11,767
Parks and Recreation	2,624
Total	$ 25,583

NOTE 3: CAPITAL ASSETS (Continued)

	Balances 12/31/2015	Additions	Deletions	Balances 12/31/2016
Business-type Activities:				
Capital Assets, not being depreciated				
Land	$ 7,250	$ -	$ -	$ 7,250
Total Capital Assets, not being depreciated	7,250	-	-	7,250
Capital Assets, being depreciated				
Buildings	42,127	-	-	42,127
Equipment	144,362	1,016	-	145,378
System	1,619,615	107,656	-	1,727,271
Total Capital Assets, being depreciated	1,806,104	108,672	-	1,914,776
Less accumulated depreciation				
Buildings	(21,477)	(1,041)	-	(22,518)
Equipment	(130,383)	(6,803)	-	(137,186)
System	(564,525)	(41,718)	-	(606,243)
Total accumulated depreciation	(716,385)	(49,562)	-	(765,947)
Total Capital Assets, being depreciated, net	1,089,719	59,110	-	1,148,829
Business-type Activities Capital Assets, net	$ 1,096,969	$ 59,110	$ -	$ 1,156,079

NOTE 4: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2016.

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016	Due Within One Year
Govenmental Activities					
Capital Leases	$ 48,543	$ -	$ 11,349	$ 37,194	$ 11,858
Accrued Compensated Absences	-	5,095	-	5,095	5,095
	$ 48,543	$ 5,095	$ 11,349	$ 42,289	$ 16,953

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

Capital Leases

In 2015 he Town entered into a capital lease agreement to purchase two police vehicles in the amount of $62,068 for a period of 5 years. This lease bears interest at 4.50% per annum. Following is a schedule of future minimum lease payments required under the outstanding capital leases at December 31, 2016.

NOTE 4: LONG-TERM DEBT (Continued)

Year Ended December 31	
2017	$ 13,526
2018	13,526
2019	13,525
Total Minimum Lease Payments	40,577
Less: Interest	(3,383)
Present Value of Future Minimum Lease Payments	$ 37,194

Business-type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2016.

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016	Due Within One Year
Business-type Activities					
2013 Sewer Loan	$ 101,500	$ -	$ 5,800	$ 95,700	$ 5,800

Sewer Loan

During 2013, the Town entered into an interest free 20 year loan agreement in the amount of $116,000 with the Colorado Water Resources and Power Development Authority for improvements to the Town's sewer system. Principal only payments of $2,900 are due semi-annually on May 1, and November 1 through May 1, 2033.

Following is a summary of the water loan future debt service requirements for the business-type activities for the year ended December 31, 2016.

Year Ended December 31	Principal
2017	$ 5,800
2018	5,800
2019	5,800
2020	5,800
2021	5,800
2022 - 2026	29,000
2027 - 2031	29,000
2032 - 2036	8,700
	$ 95,700

NOTE 5: PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of entity.

NOTE 6: PENSION PLANS

In 1994 the Town established a defined contribution SEP plan for eligible employees. The Town contributes 5.5% of eligible employees' compensation each quarter of the year. The Town recognized pension expense of $5,125 for the year ended December 31, 2016.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to the

NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

Town. Revenue in excess of the fiscal spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

In November 1995, voters within the Town approved a ballot proposal to allow the Town to retain excess revenues.

The Town's management believes it is in compliance with the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2016, the emergency reserve of $12,200 was reported as restricted net position and fund balance in the Governmental Activities and General Fund, respectively.

Claims and Judgments

The Town participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2016, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Town.

NOTE 8: SEGMENT INFORMATION

The Water and Sanitation Fund is intended to be self-supporting through charges for services for water, sewer and trash operations. The sewer department has a loan for system improvements made in 2013 which is required to be paid from sewer system revenues. Condensed summary financial information for each department is presented below.

NOTE 8: SEGMENT INFORMATION (Continued)

CONDENSED STATEMENT OF NET POSITION	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Assets			
Current Assets	$ 456,669	$ 165,707	$ 9,028
Capital Assets	625,286	525,335	5,458
TOTAL ASSETS	1,081,955	691,042	14,486
Liabilities			
Current Liabilities	1,220	7,020	-
Noncurrent Liabilities	-	89,900	-
TOTAL LIABILITIES	1,220	96,920	-
Net Position			
Net Investment in Capital Assets	625,286	429,635	5,458
Unreserved	455,449	164,487	9,028
TOTAL NET POSITION	$ 1,080,735	$ 594,122	$ 14,486

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Operating Revenues and Expenses			
Operating Revenues	$ 158,236	$ 123,933	$ 64,868
Operating Expenses, net of Depreciation	(96,756)	(108,455)	(62,929)
Depreciation	(28,405)	(20,921)	(236)
Operating Income	33,075	(5,443)	1,703
Nonoperating Revenues and Expenses			
Investment Income	1,690	457	-
Release of Landfill Post Closure Liability	-	-	54,808
Change in Net Position	34,765	(4,986)	56,511
Beginning Net Position	1,045,970	599,108	(42,025)
Ending Net Position	$ 1,080,735	$ 594,122	$ 14,486

CONDENSED STATEMENT OF CASH FLOWS	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Net Cash Provided (Used) by:			
Operating Activities	$ 62,625	$ 15,478	$ 1,939
Capital and Related Financing Activities	(108,164)	(6,308)	-
Investment Activities	1,690	457	-
Net Increase (Decrease)	(43,849)	9,627	1,939
Beginning Cash and Cash Equivalents	485,523	143,835	1,515
Ending Cash and Cash Equivalents	$ 441,674	$ 153,462	$ 3,454

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SIMLA, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	$ 102,344	$ 116,421	$ 14,077
Licenses and Permits	6,655	13,114	6,459
Fines and Forfeitures	150,000	103,581	(46,419)
Charges for Services	5,600	3,003	(2,597)
Intergovernmental	41,360	41,866	506
Interest	360	2,848	2,488
Insurance Claims Proceeds	-	106,066	106,066
Miscellaneous	13,600	17,664	4,064
TOTAL REVENUES	319,919	404,563	84,644
EXPENDITURES			
Current			
General Government	415,034	165,666	249,368
Judicial	18,594	29,556	(10,962)
Public Safety	114,625	133,432	(18,807)
Public Works	79,261	71,986	7,275
Parks and Recreation	7,300	10,278	(2,978)
Capital Outlay	47,000	10,219	36,781
Debt Service			
Principal	14,000	11,349	2,651
Interest	-	2,176	(2,176)
TOTAL EXPENDITURES	695,814	434,662	261,152
NET CHANGE IN FUND BALANCE	(375,895)	(30,099)	345,796
FUND BALANCE, Beginning	375,895	395,367	19,472
FUND BALANCE, Ending	$ -	$ 365,268	$ 365,268

See the accompanying Independent Auditor's Report.

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the Town. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and long-term debt principal are budgeted as expenditures and depreciation is not budgeted.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- In September, Management submits to the Town Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

- Public hearings are conducted to obtain taxpayer and public comments.

- Prior to December 31, the budget is legally enacted through passage of an ordinance.

- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures must be approved by the Town Board of Trustees.

- All budget appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

SUPPLEMENTARY INFORMATION

TOWN OF SIMLA, COLORADO

CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Lottery Revenues	$ 28,256	$ 7,046	$ (21,210)
Interest	35	52	17
TOTAL REVENUES	28,291	7,098	(21,193)
EXPENDITURES			
Parks and Recreation	28,256	24,268	3,988
TOTAL EXPENDITURES	28,256	24,268	3,988
NET CHANGE IN FUND BALANCE	35	(17,170)	(17,205)
FUND BALANCE, Beginning	21,487	27,218	5,731
FUND BALANCE, Ending	$ 21,522	$ 10,048	$ (11,474)

See the accompanying Independent Auditor's Report.

TOWN OF SIMLA, COLORADO

WATER AND SANITATION
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services			
Water	$ 140,804	$ 140,834	$ 30
Sewer	24,800	123,933	99,133
Trash	68,861	64,868	(3,993)
Bulk Water	3,500	7,644	4,144
Late Fees and Other	19,350	9,758	(9,592)
Investment Income	350	2,147	1,797
Release of Landfill Closure - Post Closure Liability	-	54,808	54,808
TOTAL REVENUES	257,665	403,992	146,327
EXPENDITURES			
Operations and Maintenance			
Water	94,529	96,756	(2,227)
Sewer	105,629	108,455	(2,826)
Trash	64,308	62,929	1,379
Capital Outlay	16,000	108,672	(92,672)
Debt Service			
Principal	11,600	5,800	5,800
Contingency	98,791	-	98,791
TOTAL EXPENDITURES	390,857	382,612	8,245
NET INCOME, Budget Basis	$ (133,192)	21,380	$ 154,572
GAAP BASIS ADJUSTMENTS			
Capital Outlay		108,672	
Depreciation		(49,562)	
Principal Paid on Long-Term Debt		5,800	
NET INCOME, GAAP Basis		86,290	
NET POSITION, Beginning		1,603,053	
NET POSITION, Ending		$ 1,689,343	

See the accompanying Independent Auditor's Report.

OTHER INFORMATION

The public report burden for this information collection is estimated to average 380 hours annually.

Financial Planning 02/01
Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT		City or County: Simla
		YEAR ENDING : 12/31/2016
This Information From The Records of :	Prepared By: Phone:	Jackie L. Zion 719-541-2468

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	0
3. Other local imposts (from page 2)	15,336
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	15,336
B. Private Contributions	
C. Receipts from State government (from page 2)	23,977
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	39,313

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	16,043
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	
c. Other - lighting	9,271
d. Total (a. through c.)	9,271
4. General administration & miscellaneous	0
5. Highway law enforcement and safety	13,999
6. Total (1 through 5)	39,313
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	39,313

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	39,313	39,313		0

Notes and Comments:

FORM FHWA-536 (Rev. 1-05) PREVIOUS EDITIONS OBSOLETE (Next Page)

See the accompanying Independent Auditor's Report.

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado YEAR ENDING (mm/yy): 12/31/2016

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments	0	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	0
1. Sales Taxes	9,376	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	5,960	g. Other Misc. Receipts	
6. Total (1. through 5.)	15,336	h. Other	
c. Total (a. + b.)	15,336	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	21,572	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	2,405	d. Federal Transit Admin	
d. Other (Specify) - Road & Bridge		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	2,405	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	23,977	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE

See the accompanying Independent Auditor's Report.