

TOWN OF SWINK, COLORADO  
FINANCIAL STATEMENTS  
DECEMBER 31, 2016



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TOWN OF SWINK, COLORADO

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# HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS  
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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Council  
Town of Swink, Colorado

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Town of Swink, Colorado as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town of Swink, Colorado'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 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.

### ***Auditors' 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 from 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 entity'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 entity'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 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, business-type activities and each major fund of the Town of Swink, Colorado as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof 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 information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Swink, Colorado's basic financial statements. The individual financial statements, budget schedules and the local highway finance report, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual financial statements, budget schedules and the local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 individual financial statements, budget schedules and the local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hancock Froese & Company LLC*

HANCOCK FROESE & COMPANY LLC

March 21, 2017

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

TOWN OF SWINK, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of The Town of Swink's (the "Town") financial performance provides an overview of the Town's financial activities for the fiscal years ended December 31, 2016 and 2015. Readers are encouraged to consider the information presented here in conjunction with the financial statement information.

**FINANCIAL HIGHLIGHTS**

1. Assets of the Town exceed its liabilities by \$2,901,709 of which \$1,796,596 is from the Town's Business-type Activities. Unrestricted net position totaled \$543,130 and may be used to meet the Town's on-going obligations.
2. Net investment in capital assets is the largest portion of the Town's net position. \$1,346,613 is in the Town's Business-type Activities and the remaining \$918,466 is in the Town's Governmental Activities.
3. Restricted net assets include \$6,500 required by TABOR, the emergency contingency required by Article X, Section 20 of the Colorado Constitution and \$87,000 for debt services on the loan in the Water Utility Fund.
4. The Town's debt is for improvements to the water infrastructure project for a total of \$523,913 and the estimated closure and post-closure care costs to operate the landfill within the County for a total of \$60,000.
5. The Town's Governmental Funds reported a combined ending fund balance of \$182,526 including the General Fund with \$139,191 and the Conservation Trust Fund with \$43,335.
6. The Governmental Funds reported total unassigned fund balance of \$132,691. The unassigned fund balance is made up of \$132,691 from the General Fund.
7. The Town's Proprietary Funds reported combined Total Net Position of \$1,796,596 of which \$362,983 is unrestricted, \$1,346,613 is net investment in capital assets and \$87,000 is restricted for debt services.
8. The Town's Proprietary Funds reported \$487,531 in cash.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – management discussion and analysis (this section), the basic financial statements, required supplementary information and a section that presents budget statements (other supplementary information). This discussion and analysis serves as an introduction to Swink's basic financial statements. The Town's basic financial statements consist of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains required and other additional information in addition to the basic financial statements.

**Government-wide Financial Statements**

The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector business. They consist of two statements:

1. The ***Statement of Net Position*** presents information on all of the Town's assets and liabilities, with the difference between the two reported as ***net position***. 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.
2. The ***Statement of Activities*** presents information reporting how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statements for some items that will result in cash flows in future fiscal periods. Earned but unused vacation leave and accrued interest expense are examples of these types of items.

Both Government-wide Financial Statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include General Governmental, Public Works and Culture and Recreation. The business-type activities of the Town include Water Utility, Sewer Utility and Trash Utility Funds.

### **Fund Financial Statements**

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

- Governmental funds
- Proprietary funds

**Governmental funds:** Governmental funds account for essentially the same functions reported as governmental activities in the Town-wide financial statements. Unlike the Town-wide financial statements, however, governmental fund financial statements focus on how money flows into and out of those funds and the balances at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information provides a detailed short-term view of the Town's general government operations and may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Town-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Town-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

The Town maintains two individual governmental funds. Information is presented separately in the governmental fund Balance sheet and the Statement of Revenue, Expenditures, and Changes in Fund Balance for each fund. Data from other governmental funds are combined into a single aggregated presentation.

**Proprietary funds:** The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions as business-type activities in the Town-wide financial statements. The Town uses Enterprise Funds to account for the Water Utility, Sewer Utility and Trash Utility activities.

### **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the Town-wide and fund financial statements.

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town. The Town adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for all major funds to demonstrate compliance with the budget requirement.

### **Other Information**

The Individual and Combining financial statements are presented immediately following the required supplementary information.

## **Financial Analysis of the Town as a Whole**

### **Net Position**

Net position may serve as useful indicator of a government's financial position. In the case of the Town of Swink, assets exceeded liabilities by \$2,901,709 at the close of the most recent fiscal year.

The largest portion of the Town of Swink's net position 78.1% reflects the investment in capital assets (e.g. land, buildings, machinery and equipment) less any accumulated depreciation and related debt to acquire those assets that is still outstanding. The Town of Swink uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. Restricted net position is designed to reflect the net position that is subject to restrictions beyond the Town's control; restricted net position is 3.2% of total net position.

Unrestricted net position may be used to meet the government's ongoing obligations to the citizens and creditors; unrestricted net position makes up the remaining 18.7% of total net position. The Town is able to report positive balances in all three categories of net position for the government as a whole, as well as for its separate business-type activities, but not its individual governmental fund (General Fund).

The following table reflects the condensed Statement of Net Position.

**Town of Swink Combined Net Position as of December 31, 2016 and 2015**

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2016	2015	2016	2015	2016	2015
<b>Assets</b>						
Current assets	\$ 289,849	\$ 199,114	\$ 534,428	\$ 647,233	\$ 824,277	\$ 846,347
Capital assets	918,466	963,926	1,870,526	1,854,303	2,788,992	2,818,229
<b>Total Assets</b>	<u>1,208,315</u>	<u>1,163,040</u>	<u>2,404,954</u>	<u>2,501,536</u>	<u>3,613,269</u>	<u>3,664,576</u>
<b>Liabilities</b>						
Current liabilities	8,702	16,518	70,561	67,112	79,263	83,630
Non-current liabilities	-	-	537,797	587,000	537,797	587,000
<b>Total liabilities</b>	<u>8,702</u>	<u>16,518</u>	<u>608,358</u>	<u>654,112</u>	<u>617,060</u>	<u>670,630</u>
<b>Deferred Inflows of resources</b>						
Deferred rev.–property taxes	94,500	94,500	-	-	94,500	94,500
<b>Net position</b>						
Net investment in capital assets	918,466	963,926	1,346,613	1,287,402	2,265,079	2,251,328
Restricted	6,500	7,100	87,000	87,300	93,500	94,400
Unrestricted (deficit)	180,147	80,996	362,983	472,722	543,130	553,718
<b>Total net position</b>	<u>\$1,105,113</u>	<u>\$1,052,022</u>	<u>\$ 1,796,596</u>	<u>\$1,847,424</u>	<u>\$ 2,901,709</u>	<u>\$ 2,899,446</u>

Restrictions in the governmental activities include \$6,500 for statutory reserves for emergencies required by TABOR and restrictions in the business-type activities include \$87,000 for debt services in the Water Utility Fund.

**Changes in Net Position**

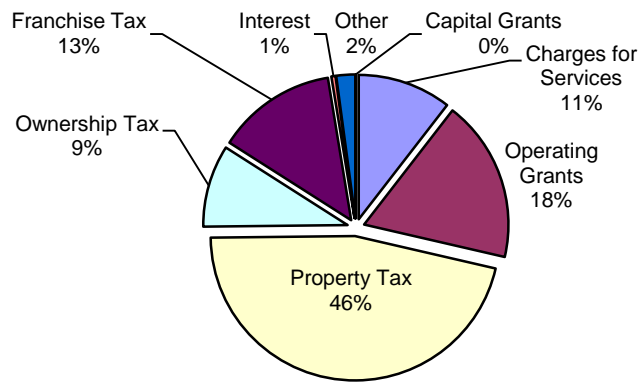
The following table reflects a condensed summary of activities and changes in net position.

**Town of Swink Condensed Changes in Net Position**

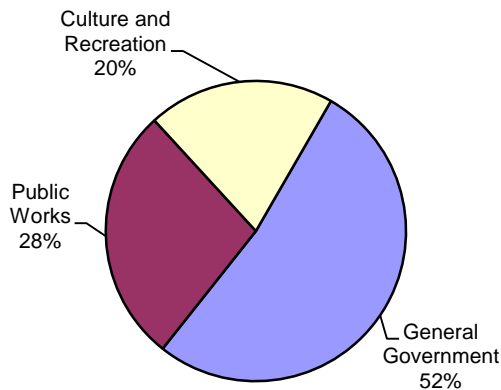
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$ 21,479	\$ 24,047	\$396,636	\$391,376	\$418,115	\$415,423
Operating Grants and Contributions	37,123	35,334	-	-	37,123	35,334
Capital Grants and Contributions	-	-	-	-	-	-
<b>General Revenue:</b>						
Property Taxes	94,666	92,263	-	-	94,666	92,263
Specific Ownership Taxes	18,846	18,742	-	-	18,846	18,742
Franchise Taxes	27,420	30,479	-	-	27,420	30,479
Other Taxes	-	33	-	-	-	33
Interest	944	952	1,385	560	2,329	1,512
Other	4,354	3,571	-	-	4,354	3,571
<b>Total Revenues</b>	<u>204,832</u>	<u>205,421</u>	<u>398,021</u>	<u>391,936</u>	<u>602,853</u>	<u>597,357</u>

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2016	2015	2016	2015	2016	2015
<b>Expenses</b>						
General Government	136,981	138,676	-	-	136,981	138,676
Public Works	72,023	90,796	-	-	72,023	90,796
Culture and Recreation	52,737	61,515	-	-	52,737	61,515
Water	-	-	225,838	232,855	225,838	232,855
Sewer	-	-	49,023	61,526	49,023	61,526
Trash	-	-	63,988	71,113	63,988	71,113
<b>Total Expenses</b>	<b>261,741</b>	<b>290,987</b>	<b>338,849</b>	<b>365,494</b>	<b>600,590</b>	<b>656,481</b>
Revenues over (under) expenditures	(56,909)	(85,566)	59,172	26,442	(2,263)	(59,124)
Transfers in (out)	110,000	100,000	(110,000)	(100,000)	-	-
Change in Net Position	53,091	14,434	(50,828)	(73,558)	(2,263)	(59,124)
Net Position, Beginning	1,052,022	1,037,588	1,847,424	1,920,982	2,899,446	2,958,570
Net Position, Ending	\$1,105,113	\$1,052,022	\$1,796,596	\$1,847,424	\$2,901,709	\$2,899,446

**Revenues by Source – Governmental Activities:**



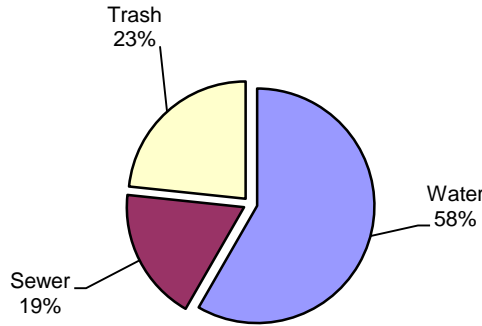
**Expenses – Governmental Activity:**



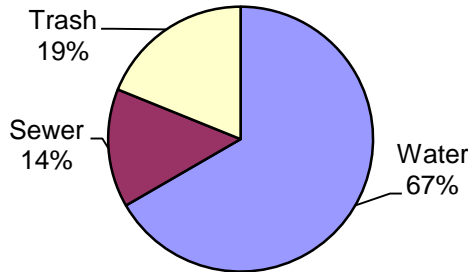
**Business-type Activities**

The business-type activities include the Water Utility, Sewer Utility, and Trash Utility Funds.

**Revenues by Source – Business-type Activities**



**Expenses – Business-type Activity**



Charges for services for the business-type activities for 2016 and 2015 are as follows:

	2016	2015
Water	\$ 231,270	\$ 232,319
Sewer	72,821	71,876
Trash	92,545	87,181
Total Charges for Services	<u>\$ 396,636</u>	<u>\$ 391,376</u>

**FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS**

The Town of Swink uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**GOVERNMENTAL FUNDS**

The focus of the Town of Swink’s governmental funds is to provide information on current year revenue, expenditures, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the government’s net resources available for spending at the end of the fiscal year. As of the end of the year, the town’s governmental funds reported a combined fund balance of \$182,526. Of that fund balance, \$132,691 constitutes unassigned fund balance, which is available for spending at the government’s discretion and \$43,335 is assigned for a specific purpose. The remainder of fund balance reflects a state constitution mandated emergency reserve of \$6,500.

**PROPRIETARY FUNDS**

The Town’s proprietary funds provide the same type of information found in the government-wide financial statements. All of the Town’s proprietary funds are major funds. The funds include Water Utility, Sewer Utility and Trash Utility Funds.

The net position balances and the change in net position of the Town's proprietary funds are reflected in the following table.

	Total Net Position		Change in Net Position for Year Ended	
	12/31/16	12/31/15	12/31/16	12/31/15
Water	\$ 1,267,930	\$ 1,292,395	\$ (24,465)	\$ (25,432)
Sewer	386,356	411,276	(24,920)	(39,194)
Trash	142,310	143,753	(1,443)	(8,932)
Total Enterprise Funds	<u>\$ 1,847,424</u>	<u>\$ 1,847,424</u>	<u>\$ (50,828)</u>	<u>\$ (73,558)</u>

The proprietary fund net position consists of Unrestricted Net Position and Restricted Net Position for Debt Services and Net Investment in Capital Assets, as shown below:

	Restricted for Debt Services and Net Investment in Capital Assets		Unrestricted		Total Net Position	
	2016	2015	2016	2015	2016	2015
Water	\$ 1,205,853	\$ 1,246,310	\$ 62,077	\$ 46,085	\$ 1,267,930	\$ 1,292,395
Sewer	67,363	87,085	318,993	324,191	386,356	411,276
Trash	160,397	41,307	(18,087)	102,446	142,310	143,753
Total	<u>\$ 1,433,613</u>	<u>\$ 1,374,702</u>	<u>\$ 362,983</u>	<u>\$ 472,722</u>	<u>\$ 1,796,596</u>	<u>\$ 1,847,424</u>

**BUDGETARY HIGHLIGHTS**

The General Fund's final budget was \$308,216 in Revenues (including transfers in) and \$274,405 in Expenditures. The Actual amounts were \$308,007 in Revenues (including transfers in) and \$216,282 in Expenditures.

The Water Utility Fund's final budget was \$209,040 in Revenues and \$294,796 in Expenditures (including transfers out). The Actual amounts were \$231,373 in Revenues and \$298,826 in Expenditures (including transfers out).

The Sewer Utility Fund's final budget was \$72,587 in Revenues and \$253,353 in Expenditures (including transfers out). The Actual amounts were \$74,103 in Revenues and \$99,023 in Expenditures (including transfers out).

The Trash Utility Fund's final budget was \$90,000 in Revenues and \$311,885 in Expenditures (including transfers out). The Actual amounts were \$92,545 in Revenues and \$229,459 in Expenditures (including transfers out).

Current expenditures exceeded appropriations in the Water Utility Fund.

**LONG-TERM LIABILITIES**

Long Term Liabilities include two loans with Colorado Water Resources and Power Development Authority for upgrades to the water system and for estimated landfills closure and post closure costs.

**ECONOMIC FACTORS AFFECTING FUTURE FINANCIAL CONDITIONS**

The Town's elected officials considered many factors when setting the fiscal year 2017 budget, tax rates, and fees that will be charged for business-type activities.

Factors that have a potential to significant impact on the Town's 2017 budget include the ongoing rising cost of health insurance, the fluctuation in fuel and energy costs, pay increases for employees, and the decision to raise rates in utility funds.

The Town will consider spending additional funds for street repairs next year if funds are available. Chip sealing will be completed only if necessary to help cut costs.

The water infrastructure improvement project now allows the Town to bill residents based on their consumption of hard water. Billing rates have been developed to ensure an adequate revenue stream to cover expenses and a rate structure that will encourage conservation. The Water Utility Fund generated a change in net position of \$5,535 in 2016 before a \$30,000 transfer to the General Fund.

The Town increased trash rates by 5% in fiscal 2016 but do not anticipate raising rates in 2017. A facility charge of \$10.25 is added to everyone that has a soft water tap.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions about this report and requests for additional information can be obtained by contacting the Town Clerk at PO Box 267, Swink, Colorado, 81077.

## **BASIC FINANCIAL STATEMENTS**

TOWN OF SWINK, COLORADO

STATEMENT OF NET POSITION

DECEMBER 31, 2016

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash	\$ 163,944	\$ 487,531	\$ 651,475
Receivables - net			
Accounts	31,405	35,798	67,203
Taxes	94,500	-	94,500
Inventory	-	11,099	11,099
Capital assets - net of accumulated depreciation	918,466	1,870,526	2,788,992
<b>TOTAL ASSETS</b>	<b>\$ 1,208,315</b>	<b>\$ 2,404,954</b>	<b>\$ 3,613,269</b>
<b>LIABILITIES</b>			
Accounts payable and accruals	\$ 8,702	\$ 6,595	\$ 15,297
Customer deposits	-	17,850	17,850
Due within one year	-	46,116	46,116
<b>NON CURRENT LIABILITIES</b>			
Due in more than one year	-	537,797	537,797
<b>TOTAL LIABILITIES</b>	<b>8,702</b>	<b>608,358</b>	<b>617,060</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	94,500	-	94,500
<b>NET POSITION</b>			
Net investment in capital assets	918,466	1,346,613	2,265,079
Restricted for emergencies - TABOR	6,500	-	6,500
Restricted for debt service	-	87,000	87,000
Unrestricted	180,147	362,983	543,130
<b>TOTAL NET POSITION</b>	<b>1,105,113</b>	<b>1,796,596</b>	<b>2,901,709</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 1,208,315</b>	<b>\$ 2,404,954</b>	<b>\$ 3,613,269</b>

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF SWINK, COLORADO

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
<b>GOVERNMENTAL ACTIVITIES:</b>			
General government	\$ 136,981	\$ -	\$ -
Public works	72,023	4,555	29,422
Culture and recreation	52,737	16,924	7,701
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>261,741</b>	<b>21,479</b>	<b>37,123</b>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Water	225,838	231,270	-
Sewer	49,023	72,821	-
Trash	63,988	92,545	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>338,849</b>	<b>396,636</b>	<b>-</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 600,590</b>	<b>\$ 418,115</b>	<b>\$ 37,123</b>
<b>GENERAL REVENUES</b>			
Property taxes			
Specific ownership taxes			
Franchise taxes			
Interest			
Other			
<b>TRANSFERS</b>			
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>			
<b>CHANGE IN NET POSITION</b>			
<b>NET POSITION - BEGINNING</b>			
<b>NET POSITION - ENDING</b>			

SEE NOTES TO FINANCIAL STATEMENTS

NET (EXPENSES) REVENUE  
AND CHANGES IN NET POSITION

CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
\$ -	\$ (136,981)	\$ -	\$ (136,981)
-	(38,046)	-	(38,046)
-	(28,112)	-	(28,112)
-	(203,139)	-	(203,139)
-	-	5,432	5,432
-	-	23,798	23,798
-	-	28,557	28,557
-	-	57,787	57,787
<u>\$ -</u>	<u>(203,139)</u>	<u>57,787</u>	<u>(145,352)</u>
	94,666	-	94,666
	18,846	-	18,846
	27,420	-	27,420
	944	1,385	2,329
	4,354	-	4,354
	110,000	(110,000)	-
	256,230	(108,615)	147,615
	53,091	(50,828)	2,263
	1,052,022	1,847,424	2,899,446
<u>\$ 1,105,113</u>	<u>\$ 1,796,596</u>	<u>\$ 2,901,709</u>	

TOWN OF SWINK, COLORADO

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2016

	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
Cash	\$ 120,609	\$ 43,335	\$ 163,944
Receivables			
Accounts	27,284	-	27,284
Taxes	94,500	-	94,500
<b>TOTAL ASSETS</b>	<b>\$ 242,393</b>	<b>\$ 43,335</b>	<b>\$ 285,728</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 2,431	\$ -	\$ 2,431
Accrued payroll and taxes payable	6,271	-	6,271
<b>TOTAL LIABILITIES</b>	<b>8,702</b>	<b>-</b>	<b>8,702</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred revenue - property taxes	94,500	-	94,500
<b>FUND BALANCE</b>			
Restricted for emergencies - TABOR	6,500	-	6,500
Assigned	34,550	43,335	77,885
Unassigned	98,141	-	98,141
<b>TOTAL FUND BALANCE</b>	<b>139,191</b>	<b>43,335</b>	<b>182,526</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 242,393</b>	<b>\$ 43,335</b>	<b>\$ 285,728</b>

TOWN OF SWINK, COLORADO

RECONCILIATION OF THE GOVERNMENT FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2016

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF  
NET POSITION ARE DIFFERENT BECAUSE:

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 182,526
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.	
The cost of capital assets is	\$ 1,256,500
Accumulated depreciation is	<u>(338,034)</u>
	918,466
Accounts receivable not recognized in governmental funds due to time restriction of receivable recognition	<u>4,121</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,105,113</u></u>

TOWN OF SWINK, COLORADO

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR YEAR ENDED DECEMBER 31, 2016

	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Taxes	\$ 140,807	\$ -	\$ 140,807
Licenses and permits	435	-	435
Intergovernmental	30,421	6,701	37,122
Charges for services	22,429	-	22,429
Other	3,915	-	3,915
<b>TOTAL REVENUES</b>	<b>198,007</b>	<b>6,701</b>	<b>204,708</b>
<b>EXPENDITURES</b>			
General government	122,475	-	122,475
Public works	69,267	-	69,267
Culture and recreation	24,540	-	24,540
<b>TOTAL EXPENDITURES</b>	<b>216,282</b>	<b>-</b>	<b>216,282</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(18,275)</b>	<b>6,701</b>	<b>(11,574)</b>
<b>OTHER FINANCING SOURCES</b>			
Transfer in	110,000	-	110,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>91,725</b>	<b>6,701</b>	<b>98,426</b>
<b>FUND BALANCE JANUARY 1</b>	<b>47,466</b>	<b>36,634</b>	<b>84,100</b>
<b>FUND BALANCE DECEMBER 31</b>	<b>\$ 139,191</b>	<b>\$ 43,335</b>	<b>\$ 182,526</b>

TOWN OF SWINK, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF 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 CHANGE IN FUND BALANCE		\$	98,426
<p>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 outlays differ from depreciation in the current period.</p>			
Capital outlay		\$	9,441
Depreciation expense			<u>(54,899)</u>
			(45,458)
Accounts receivable not recognized in governmental funds due to time restriction of receivable recognition			<u>123</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u><u>53,091</u></u>

TOWN OF SWINK, COLORADO

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

DECEMBER 31, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	SEWER	TRASH	TOTAL
<b>CURRENT ASSETS</b>				
Cash	\$ 142,039	\$ 312,568	\$ 32,924	\$ 487,531
Accounts receivable	19,121	7,167	9,510	35,798
Inventory	4,367	-	-	4,367
Inventory-water	6,732	-	-	6,732
<b>TOTAL CURRENT ASSETS</b>	<b>172,259</b>	<b>319,735</b>	<b>42,434</b>	<b>534,428</b>
<b>PROPERTY AND EQUIPMENT - NET</b>	<b>1,642,766</b>	<b>67,363</b>	<b>160,397</b>	<b>1,870,526</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,815,025</b>	<b>\$ 387,098</b>	<b>\$ 202,831</b>	<b>\$ 2,404,954</b>
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 3,201	\$ 742	\$ 521	\$ 4,464
Customer deposits	17,850	-	-	17,850
Accrued interest	2,131	-	-	2,131
Landfill costs - current portion	-	-	1,800	1,800
Loan payable - current maturities	44,316	-	-	44,316
<b>TOTAL CURRENT LIABILITIES</b>	<b>67,498</b>	<b>742</b>	<b>2,321</b>	<b>70,561</b>
<b>NONCURRENT LIABILITIES</b>				
Accrued closure and post closure costs - net of current maturities	-	-	58,200	58,200
Loan payable - net of current maturities	479,597	-	-	479,597
<b>TOTAL LIABILITIES</b>	<b>547,095</b>	<b>742</b>	<b>60,521</b>	<b>608,358</b>
<b>NET POSITION</b>				
Net investment in capital assets	1,118,853	67,363	160,397	1,346,613
Restricted - Debt service	87,000	-	-	87,000
Unrestricted	62,077	318,993	(18,087)	362,983
<b>TOTAL NET POSITION</b>	<b>1,267,930</b>	<b>386,356</b>	<b>142,310</b>	<b>1,796,596</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 1,815,025</b>	<b>\$ 387,098</b>	<b>\$ 202,831</b>	<b>\$ 2,404,954</b>

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF SWINK, COLORADO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	SEWER	TRASH	TOTAL
OPERATING REVENUES				
Charges for services	\$ 231,270	\$ 72,821	\$ 92,545	\$ 396,636
OPERATING EXPENSES				
Salaries	40,374	8,141	20,231	68,746
Payroll taxes	3,226	649	1,621	5,496
Employee benefits	14,715	3,228	6,617	24,560
Insurance	9,892	1,061	3,195	14,148
Repairs and maintenance	11,526	12,579	3,673	27,778
Supplies	8,266	576	403	9,245
Utilities	35,914	634	-	36,548
Depreciation	83,145	19,721	16,381	119,247
Professional services	3,098	2,434	2,436	7,968
Miscellaneous	2,296	-	-	2,296
Landfill charges	-	-	9,431	9,431
TOTAL OPERATING EXPENSES	212,452	49,023	63,988	325,463
OPERATING INCOME	18,818	23,798	28,557	71,173
NONOPERATING REVENUES (EXPENSE)				
Interest income	103	1,282	-	1,385
Interest expense	(13,386)	-	-	(13,386)
TOTAL NONOPERATING REVENUES (EXPENSES)	(13,283)	1,282	-	(12,001)
INCOME BEFORE TRANSFERS	5,535	25,080	28,557	59,172
TRANSFER OUT	(30,000)	(50,000)	(30,000)	(110,000)
CHANGE IN NET POSITION	(24,465)	(24,920)	(1,443)	(50,828)
NET POSITION JANUARY 1	1,292,395	411,276	143,753	1,847,424
NET POSITION DECEMBER 31	\$ 1,267,930	\$ 386,356	\$ 142,310	\$ 1,796,596

TOWN OF SWINK, COLORADO  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 YEARS ENDED DECEMBER 31, 2016

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	SEWER	TRASH	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 236,275	\$ 73,565	\$ 93,309	\$ 403,149
Cash payments to employees	(40,374)	(8,141)	(20,231)	(68,746)
Cash payments for supplies, goods, services	(92,780)	(21,161)	(32,818)	(146,759)
<b>NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES</b>	<u>103,121</u>	<u>44,263</u>	<u>40,260</u>	<u>187,644</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Customer deposits	(1,075)	-	-	(1,075)
Transfer to general fund	(30,000)	(50,000)	(30,000)	(110,000)
Advances to other funds	-	-	7,083	7,083
<b>NET CHANGE IN CASH FLOWS NON-CAPITAL FINANCING ACTIVITIES</b>	<u>(31,075)</u>	<u>(50,000)</u>	<u>(22,917)</u>	<u>(103,992)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	-	-	(135,471)	(135,471)
Principal paid on notes payable	(42,988)	-	-	(42,988)
Interest paid on debt	(13,955)	-	-	(13,955)
<b>NET CHANGE IN CASH FLOWS CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(56,943)</u>	<u>-</u>	<u>(135,471)</u>	<u>(192,414)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on savings	103	1,282	-	1,385
<b>NET CHANGE IN CASH</b>	15,206	(4,455)	(118,128)	(107,377)
<b>CASH BEGINNING OF YEAR</b>	<u>126,833</u>	<u>317,023</u>	<u>151,052</u>	<u>594,908</u>
<b>CASH END OF YEAR</b>	<u>\$ 142,039</u>	<u>\$ 312,568</u>	<u>\$ 32,924</u>	<u>\$ 487,531</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 18,818	\$ 23,798	\$ 28,557	\$ 71,173
Adjustment to reconcile operating income to net cash provided by operating activities				
Depreciation	83,145	19,721	16,381	119,247
Change in assets and liabilities				
(Increase) decrease in accounts receivable and inventory	3,921	744	764	5,429
Increase (decrease) in accounts payable and accruals	(2,763)	-	(5,442)	(8,205)
<b>NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES</b>	<u>\$ 103,121</u>	<u>\$ 44,263</u>	<u>\$ 40,260</u>	<u>\$ 187,644</u>

SEE NOTES TO FINANCIAL STATEMENTS

**NOTES TO FINANCIAL STATEMENTS**

TOWN OF SWINK, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Swink (the "Town") conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

THE FINANCIAL REPORTING ENTITY

The Town of Swink is a statutory town governed by an elected mayor and six member board of trustees. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Swink (the primary government) and its component units, if applicable. Currently no component units have been included in the Town's reporting entity because of a lack of significant operational or financial relationship with the Town.

JOINT VENTURE

Otero County Landfill, Inc.

The Town of Swink is a participant along with six other entities within the County in a joint venture known as the Otero County Landfill, Inc. As a participant, the Town is responsible for a portion of the closure and post closure costs of the landfill. As of December 31, 2016, the Town's share of the closure and post closure costs is estimated at \$60,000, or 2.22% of the total. A complete financial report may be obtained from the administrative offices of Otero County.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non fiduciary activities of the primary government. 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 activities demonstrates the degree to which the direct expenses of a given function or segment is 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.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental 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 a liability is incurred, regardless of the timing of the 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 provider 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments are recorded only when payment is due.

TOWN OF SWINK, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

Property taxes, franchise taxes, interest revenues, and charges for services are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grant and entitlement awards are recorded as revenue when earned. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

General Fund - is the government's primary operating fund. It accounts for all financial resources of the general government, except those which are required to be accounted for in another fund.

Conservation Trust Fund - is used to account for lottery funds, which are used for building and maintaining parks and recreational facilities.

The Town reports the following major proprietary funds:

Water Utility Fund - accounts for the activities of water treatment and distribution to the residents and businesses of the Town.

Sewer Utility Fund - accounts for the activities of the wastewater collection and treatment system of the Town.

Trash Utility Fund - accounts for the activities of the Town's trash collection operations.

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. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for the 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.

CASH EQUIVALENTS

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments.

RECEIVABLES / PAYABLES

Outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles if required.

Property taxes are not due and payable until after the assessment year has ended, and are not included in the budgets or statements of revenues, expenditures and fund balance of the assessment year. Property taxes levied are recorded in the governmental funds as taxes receivable and deferred revenues as of December 31, 2016, since the amounts are measurable but not available until 2017. Property tax abatements are recorded as an offset to property tax revenues when they are paid. An allowance for uncollectible property taxes is not provided as the uncollectible amounts were determined to be negligible based on an analysis of historical trends. Property taxes are levied before December 22 each year and attach as an enforceable lien on the property as of January 1 of the following year. Taxes are payable in full on April 30 or in two installments due on February 28 and June 15.

TOWN OF SWINK, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVENTORIES

All inventories are valued at cost using the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

WATER INVENTORY

The water inventory is carried at the lower of cost or market, with cost determined using the expenses involved in acquiring water held in storage.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and current infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets have been capitalized on a prospective basis from 2005. The government defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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 Town has not included its infrastructure at this time except for those constructed currently.

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

Building, improvements, utility systems, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Building and improvements	10-40
Utility systems	20-50
Equipment	3-10

COMPENSATED ABSENCES

It is the government's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if expected to be paid from current resources.

LONG-TERM OBLIGATIONS

In the government-wide financial statements and in the proprietary fund types 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 type statement of net position.

FUND BALANCES / NET POSITION

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position”

TOWN OF SWINK, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND BALANCES / NET POSITION (Continued)

The Town implemented GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

When both restricted and unrestricted resources are available in governmental funds, the Town applies expenditures against restricted fund balance first, followed by committed fund balance, assigned fund balance and unassigned fund balance.

ESTIMATES

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETS

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

Prior to October 15, the Town Finance Officer submits to the Town Council 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 comments.

Prior to December 15, the budget is legally enacted through passage of an ordinance.

TOWN OF SWINK, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETS (Continued)

The budgetary presentation of the proprietary funds varies from GAAP in that expenditures for capital outlay and debt retirement are recognized for budgetary reporting.

Revisions that alter the total expenditures of any fund generally must be approved by Town Council. Budget amounts in the accompanying financial statements include revisions to the original appropriation ordinance.

Appropriations lapse at year end and any open purchase items must be reappropriated in the following year. Expenditures may not legally exceed appropriations at the fund level.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2016, expenditures exceeded appropriations in the Water Utility Fund and is a violation of the Colorado Local Government Budget Law.

NOTE -2 DEPOSITS AND INVESTMENTS

The Town's investment policies are approved by the Town Council and governed by Colorado statute. The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determined eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2016, \$224,218 of the Town's bank balance of \$651,575 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Interest Rate Risk – The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 limits investment maturities to five years or less without governing board approval.

Credit Risk – State law limits investments for local governments to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institution have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency. Colotrust is rated "AAAm" by Standards and Poors and recorded at fair value.

NOTE -3 PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUES

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, \$94,500 of property taxes was deemed unavailable.

TOWN OF SWINK, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Transfers Increases</u>	<u>Transfers Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated				
Land	\$ 20,955	\$ 0	\$ 0	\$ 20,955
Capital assets being depreciated				
Buildings	428,812	0	0	428,812
Equipment	<u>797,291</u>	<u>9,441</u>	<u>0</u>	<u>806,732</u>
	<u>1,226,103</u>	<u>9,441</u>	<u>0</u>	<u>1,235,544</u>
Less accumulated depreciation for:				
Buildings	(112,877)	(10,497)	0	(123,374)
Equipment	<u>(170,257)</u>	<u>(44,402)</u>	<u>0</u>	<u>(214,659)</u>
	<u>(283,134)</u>	<u>(54,899)</u>	<u>0</u>	<u>(338,033)</u>
Governmental Activities Net Capital Assets	<u>\$ 963,924</u>	<u>\$ (45,458)</u>	<u>\$ 0</u>	<u>\$ 918,466</u>
<u>Business-Type Activities:</u>				
Capital assets being depreciated				
Buildings	\$ 2,433	\$ 0	\$ 0	\$ 2,433
Systems	3,496,593	0	0	3,496,593
Equipment	<u>342,038</u>	<u>135,471</u>	<u>(77,863)</u>	<u>399,646</u>
	<u>3,841,064</u>	<u>135,471</u>	<u>(77,863)</u>	<u>3,898,672</u>
Less accumulated depreciation for				
Buildings	(2,433)	0	0	(2,433)
Systems	(1,730,446)	(91,442)	0	(1,821,888)
Equipment	<u>(253,883)</u>	<u>(27,805)</u>	<u>77,863</u>	<u>(203,825)</u>
	<u>(1,986,762)</u>	<u>(119,247)</u>	<u>77,863</u>	<u>(2,028,146)</u>
Business-type Activities Net Capital Assets	<u>\$ 1,854,302</u>	<u>\$ 16,224</u>	<u>\$ 0</u>	<u>\$ 1,870,526</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:

General government	\$ 14,506
Cultural & recreation	28,197
Public works	<u>12,196</u>
Total depreciation expense – governmental activities	<u>\$ 54,899</u>

TOWN OF SWINK, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -4 CAPITAL ASSETS (Continued)

Business-Type Activities:	
Water Utility	\$ 83,145
Sewer Utility	19,721
Trash Utility	<u>16,381</u>
Total depreciation expense – business-type activities	<u>\$ 119,247</u>

NOTE -5 LONG-TERM DEBT

NOTES PAYABLE

The Water Utility Fund entered into a loan agreement with Colorado Water Resources and Power Development Authority in the amount of \$669,000. The loan proceeds were used to finance construction of water system improvements. The loan carries an interest rate of 3.5%. The loan is payable in semi-annual installments of \$23,604 beginning November 1, 2004 and maturing May 1, 2024. The loan is payable from the revenues generated from the system. The balance due as of December 31, 2016 was \$309,048.

The Water Utility Fund entered into a loan agreement and a Governmental Agency Loan Agreement with Colorado Water Resources and Power Development Authority (the “Authority”) in the amount of \$345,697, with a 1% interest rate. The loan proceeds will be used to upgrade and improve the water system. In 2015, the note payable and cash with trustee were reduced by \$85,862 due to the Town not needing the entire amount allotted by the Authority to complete the project. Beginning November 1, 2015, principal and interest are due in semi-annual installments of \$4,867 maturing November 1, 2041. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Water Utility Fund revenues. The loan is payable from the revenues generated from the system. The balance due as of December 31, 2016 was \$214,865.

Annual debt service requirements to maturity are as follow for Business-Type Activities:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2017	\$ 44,316	\$ 12,627	\$ 56,943
2018	45,688	11,255	56,943
2019	47,107	9,836	56,943
2020	48,574	8,369	56,943
2021	50,091	6,852	56,943
2022-2026	152,850	13,849	166,699
2027-2031	42,866	5,809	48,675
2032-2036	45,058	3,617	48,675
2037-2041	<u>47,363</u>	<u>1,312</u>	<u>48,675</u>
	<u>\$ 523,913</u>	<u>\$ 73,526</u>	<u>\$ 597,439</u>

In connection with the above notes payable, the Town is subject to various covenants and is required to maintain an operation and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation. As of December 31, 2016 the Town was in compliance with all covenants and maintained the required reserve of \$87,000.

ESTIMATED CLOSURE AND POST CLOSURE CARE COSTS

In 1995 the Town entered into an intergovernmental agreement with Otero County and other municipalities within the County to form Otero County Landfill, Inc. (OCLI) to operate the landfill within the County. The agreement transfers the liability for closure and postclosure costs to the new organization. The Town and all participating entities are responsible for a portion of the costs based on an average of the population and assessed valuation of each entity to the total of all entities. Based on the current allocation the Town’s share is approximately 2.22% of the estimated \$2,679,000 in closure and post closure costs amounting to approximately \$60,000.

TOWN OF SWINK, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -5 LONG-TERM DEBT (Continued)

ESTIMATED CLOSURE AND POST CLOSURE CARE COSTS (Continued)

The Town and other municipalities are required by state and federal laws and regulations to make certain financial assurances. These have been based on the same percentage as stated above.

	MANZANOLA	OTERO #1	OTERO #2		
			MODULE #1	MODULE #2	MODULE #3
Percent of capacity	96%	100%	88%	86%	2%
Estimated closure date	2018	Closed	2018	2018	2028

SUMMARY OF LONG-TERM DEBT

The following is a summary of bond and other financing transactions of the Town for the year ended December 31, 2016:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Loans payable	\$ 566,901	\$ 0	\$ (42,988)	\$ 523,913	\$ 44,316
Estimated closure and post-closure care costs	<u>65,000</u>	<u>0</u>	<u>(5,000)</u>	<u>60,000</u>	<u>1,800</u>
Business-type activity long-term liabilities	<u>\$ 631,901</u>	<u>\$ 0</u>	<u>\$ (47,988)</u>	<u>\$ 583,913</u>	<u>\$ 46,116</u>

For the year ended December 31, 2016, interest incurred was \$13,386.

NOTE -6 INTERFUND TRANSFERS

The composition of inter-fund transfers as of December 31, 2016 is as follows:

Interfund transfers:

Transfer in:	Transfers Out:			
	Water Fund	Sewer Fund	Trash Fund	Total
General Fund	<u>\$ 30,000</u>	<u>\$ 50,000</u>	<u>\$ 30,000</u>	<u>\$ 110,000</u>

Transfers are for the use of unrestricted revenues collected in the funds to finance various programs accounted for in other funds in accordance with council authorizations.

NOTE -7 RISK MANAGEMENT

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. The Town utilizes commercial insurance to meet its insurance needs including workers' compensation. The Town's claims have not exceeded its coverage in any of the last three years.

NOTE -8 TAX SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

TOWN OF SWINK, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -8 TAX SPENDING AND DEBT LIMITATIONS (Continued)

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Town's management believes a significant portion of its operations qualify for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Emergency reserves have been provided for as required by Article X, Section 20 of the constitution of the State of Colorado. Per TABOR, \$6,500 of the fund balance has been reserved in compliance with this requirement.

The Town's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an enterprise will require judicial interpretation. Accordingly, the possibility exists that the Town's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statements.

In November 1996, the voters of the Town approved an amendment to allow the collection, retention, and expenditure of all excess funds.

NOTE -9 RELATED PARTY TRANSACTION

As indicated in Note -1, the Town entered into an intergovernmental agreement with Otero County Landfill, Inc. (OCLI) regarding a landfill operation. For the year ended December 31, 2016, the Town had paid OCLI \$14,431 for its share of the costs which is recorded in the Trash Utility Fund. The Town has recognized \$60,000 for its share of estimated closure and post closure care costs.

NOTE -10 PENSION PLAN

The Town provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate when annual compensation is in excess of \$5,000. The plan requires that the Town match employee contributions up to 3% of the employees' annual compensation. The Town's contribution for the year ended December 31, 2016 was \$2,051.

NOTE -11 SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF SWINK, COLORADO

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 151,898	\$ 151,898	\$ 140,807	\$ (11,091)
Licenses and permits	-	-	435	435
Intergovernmental	25,227	25,227	30,421	5,194
Charges for services	21,091	21,091	22,429	1,338
Other	-	-	3,915	3,915
TOTAL REVENUES	198,216	198,216	198,007	(209)
EXPENDITURES				
General government	149,419	149,419	122,475	26,944
Public works	89,258	89,258	69,267	19,991
Culture and recreation	35,728	35,728	24,540	11,188
TOTAL EXPENDITURES	274,405	274,405	216,282	58,123
REVENUES OVER (UNDER) EXPENDITURES	(76,189)	(76,189)	(18,275)	57,914
OTHER FINANCING SOURCES				
Transfer in	110,000	110,000	110,000	-
NET CHANGE IN FUND BALANCE	33,811	33,811	91,725	57,914
FUND BALANCE JANUARY 1	47,466	47,466	47,466	-
FUND BALANCE DECEMBER 31	\$ 81,277	\$ 81,277	\$ 139,191	\$ 57,914

TOWN OF SWINK, COLORADO

CONSERVATION TRUST FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2016

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 6,701	\$ 6,701
EXPENDITURES				
Recreation	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	6,701	6,701
FUND BALANCE JANUARY 1	<u>36,634</u>	<u>36,634</u>	<u>36,634</u>	<u>-</u>
FUND BALANCE DECEMBER 31	<u>\$ 36,634</u>	<u>\$ 36,634</u>	<u>\$ 43,335</u>	<u>\$ 6,701</u>

**OTHER SUPPLEMENTARY INFORMATION**

TOWN OF SWINK, COLORADO

GENERAL FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 120,609	\$ 37,288
Receivables		
Accounts	27,284	26,696
Taxes	<u>94,500</u>	<u>94,500</u>
TOTAL ASSETS	<u>\$ 242,393</u>	<u>\$ 158,484</u>
LIABILITIES		
Accounts payable	\$ 2,431	\$ 4,721
Accrued payroll and taxes payable	6,271	4,714
Due to other funds	<u>-</u>	<u>7,083</u>
TOTAL LIABILITIES	<u>8,702</u>	<u>16,518</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	<u>94,500</u>	<u>94,500</u>
FUND BALANCE		
Restricted for emergencies - TABOR	6,500	7,100
Assigned	34,550	25,072
Unassigned	<u>98,141</u>	<u>15,294</u>
TOTAL FUND BALANCE	<u>139,191</u>	<u>47,466</u>
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 242,393</u>	<u>\$ 158,484</u>

TOWN OF SWINK, COLORADO

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
REVENUES		
Taxes	\$ 140,807	\$ 144,989
Licenses and permits	435	690
Intergovernmental	30,421	29,494
Charges for services	22,429	24,047
Other	<u>3,915</u>	<u>3,832</u>
TOTAL REVENUES	<u>198,007</u>	<u>203,052</u>
EXPENDITURES		
General government	122,475	124,170
Public works	69,267	78,655
Culture and recreation	<u>24,540</u>	<u>32,818</u>
TOTAL EXPENDITURES	<u>216,282</u>	<u>235,643</u>
REVENUES UNDER EXPENDITURES	(18,275)	(32,591)
OTHER FINANCING SOURCES		
Transfer in	<u>110,000</u>	<u>100,000</u>
NET CHANGE IN FUND BALANCE	91,725	67,409
FUND BALANCE (DEFICIT) JANUARY 1	<u>47,466</u>	<u>(19,943)</u>
FUND BALANCE DECEMBER 31	<u><u>\$ 139,191</u></u>	<u><u>\$ 47,466</u></u>

TOWN OF SWINK, COLORADO

BALANCE SHEET

CONSERVATION TRUST FUND

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	<u>\$ 43,335</u>	<u>\$ 36,634</u>
TOTAL ASSETS	<u><u>\$ 43,335</u></u>	<u><u>\$ 36,634</u></u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE		
Assigned	<u>43,335</u>	<u>36,634</u>
TOTAL FUND BALANCE	<u>43,335</u>	<u>36,634</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 43,335</u></u>	<u><u>\$ 36,634</u></u>

TOWN OF SWINK, COLORADO

CONSERVATION TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
REVENUES		
Intergovernmental	\$ 6,701	\$ 5,840
EXPENDITURES		
Recreation	<u>-</u>	<u>500</u>
REVENUES OVER EXPENDITURES	6,701	5,340
FUND BALANCE JANUARY 1	<u>36,634</u>	<u>31,294</u>
FUND BALANCE DECEMBER 31	<u><u>\$ 43,335</u></u>	<u><u>\$ 36,634</u></u>

TOWN OF SWINK, COLORADO

WATER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 142,039	\$ 126,833
Accounts receivable	19,121	24,126
Inventory	4,367	4,958
Inventory - water	<u>6,732</u>	<u>5,057</u>
<b>TOTAL CURRENT ASSETS</b>	172,259	160,974
<b>NET PROPERTY AND EQUIPMENT</b>	<u>1,642,766</u>	<u>1,725,911</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,815,025</u></u>	<u><u>\$ 1,886,885</u></u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,201	\$ 5,964
Customer deposits	17,850	18,925
Accrued interest	2,131	2,700
Loan payable - current maturities	<u>44,316</u>	<u>42,951</u>
<b>TOTAL CURRENT LIABILITIES</b>	67,498	70,540
<b>NONCURRENT LIABILITIES</b>		
Loan payable - net of current maturities	<u>479,597</u>	<u>523,950</u>
<b>TOTAL LIABILITIES</b>	<u>547,095</u>	<u>594,490</u>
<b>NET POSITION</b>		
Net investment in capital assets	1,118,853	1,159,010
Restricted - debt service	87,000	87,300
Unrestricted	<u>62,077</u>	<u>46,085</u>
<b>TOTAL NET POSITION</b>	<u>1,267,930</u>	<u>1,292,395</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 1,815,025</u></u>	<u><u>\$ 1,886,885</u></u>

TOWN OF SWINK, COLORADO

WATER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Charges for services	\$ 231,270	\$ 232,319
OPERATING EXPENSES		
Salaries	40,374	40,244
Payroll taxes	3,226	3,164
Employee benefits	14,715	17,601
Insurance	9,892	10,932
Repairs and maintenance	11,526	3,256
Supplies	8,266	3,900
Utilities	35,914	44,199
Depreciation	83,145	83,259
Professional services	3,098	2,997
Miscellaneous	2,296	7,531
TOTAL OPERATING EXPENSES	<u>212,452</u>	<u>217,083</u>
OPERATING INCOME	<u>18,818</u>	<u>15,236</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	103	104
Interest expense	<u>(13,386)</u>	<u>(15,772)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(13,283)</u>	<u>(15,668)</u>
INCOME BEFORE TRANSFERS	5,535	(432)
TRANSFER OUT	<u>(30,000)</u>	<u>(25,000)</u>
CHANGE IN NET POSITION	(24,465)	(25,432)
NET POSITION JANUARY 1	<u>1,292,395</u>	<u>1,317,827</u>
NET POSITION DECEMBER 31	<u>\$ 1,267,930</u>	<u>\$ 1,292,395</u>

TOWN OF SWINK, COLORADO

WATER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 236,275	\$ 228,816
Cash payments to employees	(40,374)	(42,631)
Cash payments for supplies, goods, services	<u>(92,780)</u>	<u>(93,134)</u>
<b>NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>103,121</u>	<u>93,051</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Customer deposits	(1,075)	4,050
Transfer to general fund	<u>(30,000)</u>	<u>(25,000)</u>
<b>NET CHANGE IN CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	<u>(31,075)</u>	<u>(20,950)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisitions of capital assets	-	(24,541)
Principal paid on loan	(42,988)	(128,977)
Interest on debt	<u>(13,955)</u>	<u>(15,772)</u>
<b>NET CHANGE IN CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(56,943)</u>	<u>(169,290)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on savings	<u>103</u>	<u>104</u>
<b>NET CHANGE IN CASH</b>	15,206	(97,085)
<b>CASH - BEGINNING OF YEAR</b>	<u>126,833</u>	<u>223,918</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 142,039</u></u>	<u><u>\$ 126,833</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 18,818	\$ 15,236
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	83,145	83,259
Change in assets and liabilities		
(Increase) decrease in accounts receivable	5,005	(3,503)
(Increase) decrease in inventory	(1,084)	-
Increase (decrease) in accounts payable	<u>(2,763)</u>	<u>(1,941)</u>
<b>NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES</b>	<u><u>\$ 103,121</u></u>	<u><u>\$ 93,051</u></u>

TOWN OF SWINK, COLORADO

SEWER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 312,568	\$ 317,023
Accounts receivable	7,167	7,910
	<u>319,735</u>	<u>324,933</u>
<b>TOTAL CURRENT ASSETS</b>	<b>319,735</b>	<b>324,933</b>
<b>NET PROPERTY AND EQUIPMENT</b>	<u>67,363</u>	<u>87,085</u>
	<u>\$ 387,098</u>	<u>\$ 412,018</u>
<b>TOTAL ASSETS</b>	<b>\$ 387,098</b>	<b>\$ 412,018</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 742	\$ 742
	<u>742</u>	<u>742</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>742</b>	<b>742</b>
<b>NET POSITION</b>		
Net investment in capital assets	67,363	87,085
Unrestricted	318,993	324,191
	<u>386,356</u>	<u>411,276</u>
<b>TOTAL NET POSITION</b>	<b>386,356</b>	<b>411,276</b>
	<u>\$ 387,098</u>	<u>\$ 412,018</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 387,098</b>	<b>\$ 412,018</b>

TOWN OF SWINK, COLORADO

SEWER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Charges for services	\$ 72,821	\$ 71,876
OPERATING EXPENSES		
Salaries	8,141	8,321
Payroll taxes	649	618
Employee benefits	3,228	3,878
Insurance	1,061	1,129
Repairs and maintenance	12,579	13,480
Supplies	576	4,120
Utilities	634	828
Depreciation	19,721	26,098
Professional services	2,434	2,354
Miscellaneous	-	504
TOTAL OPERATING EXPENSES	<u>49,023</u>	<u>61,330</u>
OPERATING INCOME	<u>23,798</u>	<u>10,546</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	1,282	456
Interest expense	-	(196)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,282</u>	<u>260</u>
INCOME BEFORE TRANSFERS	25,080	10,806
TRANSFER OUT	<u>(50,000)</u>	<u>(50,000)</u>
CHANGE IN NET POSITION	(24,920)	(39,194)
NET POSITION JANUARY 1	<u>411,276</u>	<u>450,470</u>
NET POSITION DECEMBER 31	<u>\$ 386,356</u>	<u>\$ 411,276</u>

TOWN OF SWINK, COLORADO

SEWER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 73,565	\$ 71,175
Cash payments to employees	(8,141)	(8,321)
Cash payments for supplies, goods, services	<u>(21,161)</u>	<u>(26,911)</u>
<b>NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES</b>	<u>44,263</u>	<u>35,943</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfer to general fund	<u>(50,000)</u>	<u>(50,000)</u>
<b>NET CHANGE IN CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	<u>(50,000)</u>	<u>(50,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal paid on loan	-	(13,369)
Interest on debt	<u>-</u>	<u>(284)</u>
<b>NET CHANGE IN CASH FLOWS CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>-</u>	<u>(13,653)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on savings	<u>1,282</u>	<u>456</u>
<b>NET CHANGE IN CASH FLOWS INVESTING ACTIVITIES</b>	<u>1,282</u>	<u>456</u>
<b>NET CHANGE IN CASH</b>	(4,455)	(27,254)
<b>CASH - BEGINNING OF YEAR</b>	<u>317,023</u>	<u>344,277</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 312,568</u></u>	<u><u>\$ 317,023</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 23,798	\$ 10,546
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	19,721	26,098
Change in assets and liabilities (Increase) decrease in account receivable	<u>744</u>	<u>(701)</u>
<b>NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES</b>	<u><u>\$ 44,263</u></u>	<u><u>\$ 35,943</u></u>

TOWN OF SWINK, COLORADO

TRASH UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 32,924	\$ 151,052
Accounts receivable	9,510	10,274
Due from other fund	-	7,083
	<u>42,434</u>	<u>168,409</u>
<b>TOTAL CURRENT ASSETS</b>	<u>42,434</u>	<u>168,409</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<u>160,397</u>	<u>41,307</u>
	<u>\$ 202,831</u>	<u>\$ 209,716</u>
<b>TOTAL ASSETS</b>	<u>\$ 202,831</u>	<u>\$ 209,716</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 521	\$ 963
Landfill costs - current portion	1,800	1,950
	<u>2,321</u>	<u>2,913</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,321</u>	<u>2,913</u>
<b>NONCURRENT LIABILITIES</b>		
Accrued landfill closure and post closure costs - net of current maturities	<u>58,200</u>	<u>63,050</u>
	<u>60,521</u>	<u>65,963</u>
<b>TOTAL LIABILITIES</b>	<u>60,521</u>	<u>65,963</u>
<b>NET POSITION</b>		
Net investment in capital assets	160,397	41,307
Unrestricted	<u>(18,087)</u>	<u>102,446</u>
	<u>142,310</u>	<u>143,753</u>
<b>TOTAL NET POSITION</b>	<u>142,310</u>	<u>143,753</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 202,831</u>	<u>\$ 209,716</u>

TOWN OF SWINK, COLORADO

TRASH UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Charges for services	\$ 92,545	\$ 87,181
OPERATING EXPENSES		
Salaries	20,231	25,249
Payroll taxes	1,621	1,999
Employee benefits	6,617	10,705
Insurance	3,195	4,321
Repairs and maintenance	3,673	4,203
Supplies	403	189
Landfill charges	9,431	14,744
Depreciation	16,381	7,349
Professional services	2,436	2,354
TOTAL OPERATING EXPENSES	<u>63,988</u>	<u>71,113</u>
INCOME BEFORE TRANSFERS	28,557	16,068
TRANSFER OUT	<u>(30,000)</u>	<u>(25,000)</u>
CHANGE IN NET POSITION	(1,443)	(8,932)
NET POSITION JANUARY 1	<u>143,753</u>	<u>152,685</u>
NET POSITION DECEMBER 31	<u>\$ 142,310</u>	<u>\$ 143,753</u>

TOWN OF SWINK, COLORADO

TRASH UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 93,309	\$ 85,519
Cash payments to employees	(20,231)	(26,825)
Cash payments for supplies, goods, services	<u>(32,818)</u>	<u>(38,565)</u>
<b>NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES</b>	<u>40,260</u>	<u>20,129</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfer to general fund	(30,000)	(25,000)
Advances to other funds	<u>7,083</u>	<u>56,626</u>
<b>NET CHANGE IN CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	<u>(22,917)</u>	<u>31,626</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisitions of capital assets	<u>(135,471)</u>	<u>-</u>
<b>NET CHANGE IN CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(135,471)</u>	<u>-</u>
<b>NET CHANGE IN CASH</b>	(118,128)	51,755
<b>CASH - BEGINNING OF YEAR</b>	<u>151,052</u>	<u>99,297</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 32,924</u></u>	<u><u>\$ 151,052</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 28,557	\$ 16,068
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	16,381	7,349
Change in assets and liabilities		
(Increase) decrease in accounts receivable	764	(1,661)
Increase (decrease) in accounts payable and accruals	(442)	(1,627)
Increase (decrease) in accrued landfill costs	<u>(5,000)</u>	<u>-</u>
<b>NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES</b>	<u><u>\$ 40,260</u></u>	<u><u>\$ 20,129</u></u>

TOWN OF SWINK, COLORADO

WATER UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2016

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
<b>REVENUES</b>				
Charges for services	\$ 208,965	\$ 208,965	\$ 231,270	\$ 22,305
Interest	75	75	103	28
<b>TOTAL REVENUES</b>	<u>209,040</u>	<u>209,040</u>	<u>231,373</u>	<u>22,333</u>
<b>EXPENDITURES</b>				
Salaries	44,337	44,337	40,374	3,963
Payroll taxes	3,970	3,970	3,226	744
Employee benefits	23,465	23,465	14,715	8,750
Insurance	12,093	12,093	9,892	2,201
Repairs and maintenance	11,007	11,007	11,526	(519)
Supplies	9,000	9,000	8,266	734
Utilities	53,432	53,432	35,914	17,518
Depreciation	81,251	81,251	83,145	(1,894)
Professional services	3,337	3,337	3,098	239
Miscellaneous	7,132	7,132	2,296	4,836
Interest Expense	15,772	15,772	13,386	2,386
Debt service	-	-	42,988	(42,988)
<b>TOTAL EXPENDITURES</b>	<u>264,796</u>	<u>264,796</u>	<u>268,826</u>	<u>(4,030)</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(55,756)</u>	<u>(55,756)</u>	<u>(37,453)</u>	<u>18,303</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer out	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
<b>REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES</b>	<u>\$ (85,756)</u>	<u>\$ (85,756)</u>	<u>(67,453)</u>	<u>\$ 18,303</u>
<b>ADJUSTMENT TO RECONCILE BUDGETARY BASIS TO GAAP BASIS - ADJUSTMENTS FOR:</b>				
Principal paid on notes			<u>42,988</u>	
<b>CHANGE IN NET POSITION</b>			<u>(24,465)</u>	
<b>NET POSITION JANUARY 1</b>			<u>1,292,395</u>	
<b>NET POSITION DECEMBER 31</b>			<u>\$ 1,267,930</u>	

TOWN OF SWINK, COLORADO

SEWER UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Charges for services	\$ 72,387	\$ 72,387	\$ 72,821	\$ 434
Interest income	200	200	1,282	1,082
<b>TOTAL REVENUES</b>	<b>72,587</b>	<b>72,587</b>	<b>74,103</b>	<b>1,516</b>
EXPENDITURES				
Salaries	8,453	8,453	8,141	312
Payroll taxes	771	771	649	122
Employee benefits	4,707	4,707	3,228	1,479
Insurance	1,216	1,216	1,061	155
Repairs and maintenance	20,167	20,167	12,579	7,588
Supplies	4,123	4,123	576	3,547
Utilities	1,026	1,026	634	392
Depreciation	24,988	24,988	19,721	5,267
Professional services	2,613	2,613	2,434	179
Miscellaneous	504	504	-	504
Interest expense	785	785	-	785
Debt service	170,000	170,000	-	170,000
<b>TOTAL EXPENDITURES</b>	<b>239,353</b>	<b>239,353</b>	<b>49,023</b>	<b>190,330</b>
REVENUE OVER (UNDER) EXPENDITURES	(166,766)	(166,766)	25,080	191,846
OTHER FINANCING SOURCES				
Transfers	(14,000)	(14,000)	(50,000)	36,000
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	<u>\$ (180,766)</u>	<u>\$ (180,766)</u>	(24,920)	<u>\$ 227,846</u>
NET POSITION JANUARY 1			<u>411,276</u>	
NET POSITION DECEMBER 31			<u>\$ 386,356</u>	

TOWN OF SWINK, COLORADO

TRASH UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2016

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Charges for services	\$ 90,000	\$ 90,000	\$ 92,545	\$ 2,545
<b>TOTAL REVENUES</b>	<b>90,000</b>	<b>90,000</b>	<b>92,545</b>	<b>2,545</b>
<b>EXPENDITURES</b>				
Salaries	26,690	26,690	20,231	6,459
Payroll taxes	2,520	2,520	1,621	899
Employee benefits	14,271	14,271	6,617	7,654
Insurance	5,284	5,284	3,195	2,089
Repairs and maintenance	4,890	4,890	3,673	1,217
Supplies	190	190	403	(213)
Landfill charges	16,010	16,010	9,431	6,579
Depreciation	3,417	3,417	16,381	(12,964)
Professional services	2,613	2,613	2,436	177
Capital outlay	170,000	170,000	135,471	34,529
Debt service	36,000	36,000	-	36,000
<b>TOTAL EXPENDITURES</b>	<b>281,885</b>	<b>281,885</b>	<b>199,459</b>	<b>82,426</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(191,885)</b>	<b>(191,885)</b>	<b>(106,914)</b>	<b>84,971</b>
<b>OTHER FINANCING SOURCES</b>				
Transfer out	(30,000)	(30,000)	(30,000)	-
Loan Proceeds	170,000	170,000	-	170,000
<b>REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES</b>	<b>\$ (51,885)</b>	<b>\$ (51,885)</b>	<b>(136,914)</b>	<b>\$ 254,971</b>
<b>ADJUSTMENT TO RECONCILE BUDGETARY BASIS TO GAAP BASIS - ADJUSTMENTS FOR:</b>				
Capital expenditures capitalized			135,471	
<b>CHANGE IN NET POSITION</b>			<b>(1,443)</b>	
<b>NET POSITION JANUARY 1</b>			<b>143,753</b>	
<b>NET POSITION DECEMBER 31</b>			<b>\$ 142,310</b>	

**LOCAL HIGHWAY FINANCE REPORT**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: <b>TOWN OF SWINK, COLORADO</b>
		YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Phone:	TESSA YASTE 719-384-7155

**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
<b>A. Receipts from local sources:</b>	
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	
3. Other local imposts (from page 2)	23,838
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)	23,838
<b>B. Private Contributions</b>	
<b>C. Receipts from State government</b> (from page 2)	24,430
<b>D. Receipts from Federal Government</b> (from page 2)	0
<b>E. Total receipts (A.7 + B + C + D)</b>	48,268

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT
<b>A. Local highway disbursements:</b>	
1. Capital outlay (from page 2)	0
2. Maintenance:	36,284
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other	10,189
d. Total (a. through c.)	10,189
4. General administration & miscellaneous	1,795
5. Highway law enforcement and safety	
6. Total (1 through 5)	48,268
<b>B. Debt service on local obligations:</b>	
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
<b>C. Payments to State for highways</b>	
<b>D. Payments to toll facilities</b>	
<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	48,268

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	(15,062)	48,268	48,268	(15,062)	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2016

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		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	23,838	g. Other Misc. Receipts	
6. Total (1. through 5.)	23,838	h. Other	
c. Total (a. + b.)	23,838	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	21,155	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	3,275	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	3,275	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	24,430	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)
<b>A.1. Capital outlay:</b>			
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: