

Town of Westcliffe, Colorado
Financial Statements
with
Independent Auditors' Report
December 31, 2016



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Management's Discussion and Analysis

**Town of Westcliffe
Management's Discussion and Analysis
For the year ended December 31, 2016**

GASB 34 requires that this discussion and analysis be written to provide an overview of Westcliffe's financial activities for the fiscal year ended December 31, 2016. The purpose of this MD&A is to provide, in simple terms, an explanation of the effect on the Town's financial position from local economic and business factors, and to explain the reasons for any changes in the Town's financial position.

The Town believes this new presentation will give a better view of the Town's fund statements and provide for better understanding of the financial position of the Town.

ECONOMIC FACTORS AFFECTING THE TOWN IN 2016

Westcliffe is located in the Wet Mountain Valley in south-central Colorado in Custer County, and has a population of 568 (per 2010 Census), and consists of approximately 781 acres or 1.22 square miles.

Westcliffe was incorporated as a statutory town under the laws of the State of Colorado in 1887 and operates under an elected Mayor-Board form of government. The Town Board consists of a Mayor and six trustees, all elected at-large. The Board appoints or hires the Clerk/Treasurer, Building/Zoning Enforcement Officer, Town Maintenance Man, Town Attorney and Municipal Court Judge.

Westcliffe is not a full-service town. Police protection is provided by the Custer County Sheriff's Department, fire protection by the Wet Mountain Fire Protection District and water and wastewater treatment by Round Mountain Water & Sanitation District. Westcliffe provides their own street and parks maintenance and maintains approximately 10.4 miles of streets and 4 parks.

Factors affecting the Town's economy are the lack of jobs, affordable housing and the lack of entertainment and activities. Because 60% of Westcliffe's revenues are generated from sales tax, tourism greatly affects Westcliffe's budget. Westcliffe is located approximately 50 miles from any city of size and is not what is considered a "destination town".

Development in Westcliffe has picked up, the once inflated costs of available vacant property and higher costs of construction have leveled off in our area. The national unrest has also contributed to our economic slow down. The board and staff of Round Mountain Water and Sanitation have assured the Town that there is water available to double the current usage so there will be water available for future growth when the economy allows. Infrastructure improvements to our local waste water system may be needed in the near future.

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR imposes tax raising, revenue, spending and debt limitations on local government entities within the State of Colorado. These limitations became effective for the first year beginning after December 31, 1992.

On April 2, 1996, the Town of Westcliffe passed a referendum regarding the revenue and spending limits imposed by Article X, Section 20 of the Colorado Constitution. The referendum allows the Town, without increasing or adding any taxes of any kind, to collect, retain and expend all revenues and other funds collected during 1995 and thereafter. The voters approved this ballot measure by a large margin.

In addition to the limitation provisions of TABOR, there is also a requirement that every entity to which TABOR applies must establish an "emergency reserve". Each entity shall reserve 3% or more of its fiscal year spending excluding bond debt service. For the year ended December 31, 2016, the Town has set aside \$16,638 to establish that reserve.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements:

Town of Westcliffe
Management's Discussion and Analysis (continued)
For the year ended December 31, 2016

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

- **Basic Financial Statements.** This section includes government-wide financial statements, fund financial statements and notes to the financial statements. The government-wide financial statements present the financial position and activities of the Town as a whole using accounting methods similar to those used by private-sector companies. The fund financial statements present financial information on specific activities of the Town. Funds are classified as major and non-major funds. The General Fund is considered a major fund. Conservation Trust Fund is a non-major fund and is reported separately from the General Fund. These funds are reported in aggregate in a separate column. The notes to the financial statements provide additional disclosures to the information presented in the financial statements.
- **Required Supplementary Information.** This section includes financial information that is not part of the basic financial statements but is required by accounting principles generally accepted in the United States of America (GAAP). It includes a budgetary comparison schedule for the General Fund.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances. These statements include assets and liabilities of the Town. The financial effect of transactions and events are recognized when they occur (accrual basis of accounting), regardless of when cash is received or paid. There are two government-wide financial statements:

- **Statement of Net Position.** This statement presents information on all of the Town's assets and liabilities, with the difference of 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.
- **Statement of Activities.** This statement presents information showing 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.

The government-wide financial statements have separate columns for governmental activities and business-type activities. The Town's activities are classified as follows:

- **Government Activities.** Activities reported here include public safety, public works, and general administration. Property taxes, sales tax, federal, state and other local revenues finance these activities.
- **Business-Type Activities.** The Town has no business-style activities at this time.

Fund Financial Statements

The fund financial statements present financial information on specific activities of the Town. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes. There are three types of funds: government, proprietary and fiduciary funds, however, at this time the town only has government funds.

- **Government Funds.** These statements cover the same activities that are reported in the governmental activities of the government-wide financial statements. The accounting basis and the measurement focus used in these statements, however, are not the same as the ones used in the government-wide financial statements. The governmental funds statements focus on current year accountability, as well as on the resources available at the end of the fiscal year.

Reconciliation of Government-wide Financial Statements to Fund Financial Statements

The government activities of the government-wide financial statements and the governmental funds of the fund financial statements do not use the same accounting basis. Capital assets and long term liabilities are not included on the balance sheet of the government funds, but are included on the statement of net position. Capital assets are recorded as expenditures when they are purchased in the governmental funds and depreciated over the useful life in the government-wide financial statements. Two schedules will be used to reconcile the government-wide financial statements to the governmental funds of the fund financial statements:

Town of Westcliffe
Management's Discussion and Analysis (continued)
For the year ended December 31, 2016

Reconciliation of Government-wide Financial Statements to Fund Financial Statements (Continued)

- Reconciliation of the balance sheet of the governmental funds to the statement of net position
- Reconciliation of the statement of revenues and expenditures and changes in fund balance to the statement of activities

FINANCIAL OVERVIEW

In condensed format, the following table shows the statement of net position at December 31, 2016 and 2015:

	2016	2015
Current and other assets	\$ 1,457,657	\$ 1,345,183
Capital assets	1,792,475	1,788,319
Total assets	<u>3,250,132</u>	<u>3,133,502</u>
Total liabilities	<u>45,859</u>	<u>12,808</u>
Deferred Inflow of resources	<u>58,215</u>	<u>57,760</u>
Net Position:		
Invested in capital assets	1,792,475	1,788,319
Restricted	35,638	27,196
Unrestricted	1,317,945	1,247,423
Total Net Position	<u>\$ 3,146,058</u>	<u>\$ 3,062,938</u>

The following table shows the changes in net position for the year ended December 31, 2016 and 2015

	2016	2015
<u>Revenues:</u>		
Program Revenues:		
Charges for services	\$ 18,338	\$ 11,227
Operating grants and contributions	64,093	65,906
Capital grants/contributions	75,130	64,082
Total Program Revenues	<u>157,561</u>	<u>141,215</u>
General Revenues:		
Property taxes	58,199	57,470
Sales and use taxes	367,792	350,160
Franchise tax	31,038	3,031
Other taxes	10,205	9,648
Other general revenues	8,775	7,860
Total General Revenues	<u>476,009</u>	<u>428,169</u>
Total Revenue	<u>633,570</u>	<u>569,384</u>

**Town of Westcliffe
Management's Discussion and Analysis (continued)
For the year ended December 31, 2016**

	2016	2015
<u>Program Expenses:</u>		
General Government	243,624	206,473
Public safety	33,675	30,360
Public works	223,119	233,919
Parks and recreation	50,032	55,412
Total Expenses	550,450	526,164
Increase (Decrease) in Net Position	83,120	43,220
Beginning Net Position	3,062,938	3,019,718
Ending Net Position	\$ 3,146,058	\$ 3,062,938

GOVERNMENTAL ACTIVITIES

The General Fund is the chief operating fund of the Town. The General Fund generates about 60% of its revenues from sales tax. This revenue is used for general governmental purposes. Property tax adds an additional 9% to the Town's general fund revenues, and the remaining revenues are generated from other sources, such as franchise fees, license fees, building permits, and Highway User Trust Fund grants.

Expenditures are divided into two categories: General Fund expenditures and capital improvements.

General Fund expenditures include general operational, administrative expenses of the Town, building and zoning department, animal control expenses, street and alley maintenance (including snow removal), park maintenance and utilities. Capital improvements include things such as purchase of equipment, infrastructure improvements such as paving, curb and gutter, sidewalks and other miscellaneous permanent improvements.

OTHER FUND ANALYSIS

Conservation Trust Fund (CTF) is separate from the General Fund revenues and expenditures. It has its own checking account and all funds remain separate.

The Conservation Trust Fund consists of revenues derived from State lottery proceeds and interest income. Westcliffe collects an average of \$5,900 per year in lottery revenues.

The CTF account will only be used for park maintenance.

CAPITAL ASSETS

At the end of 2016, the Town has \$1,788,319, net of depreciation, invested in a broad range of capital assets, including buildings, equipment, park property, and improvements.

Major additions during 2016 include:

1 Second phase of Design Project	\$85,940
2 Hot Shot 2800 Pro Crack Heater	3,299
3 New furnace for the Town Hall	4,110
4 Partial payment on the Westcliffe/Silver Cliff Welcome Sign	5,000
5 Repairs to Backhoe	9,549
	\$107,898

Town of Westcliffe
Management's Discussion and Analysis (continued)
For the year ended December 31, 2016

Description	Balance			Balance
	Beginning of Year	Additions	Deletions	
Land	\$ 456,586	\$ -	\$ -	\$ 456,586
Construction in progress	-	85,940	-	85,940
Capital Assets Being Depreciated				
Land improvements	327,684	-	-	327,684
Buildings:	234,790	-	-	234,790
Equipment and vehicles	273,060	33,950	(5,923)	301,087
Infrastructure	2,159,966	-	-	2,159,966
Totals at cost	3,452,086	119,890	(5,923)	3,566,053
Less Accumulated Depreciation	(1,663,767)	(115,734)	5,923	(1,773,578)
Net capital assets	\$ 1,788,319	N/A	N/A	\$ 1,792,475

2016 brought several capital improvements. The second phase of the Design project for improvements to parts of Highway's 69, 96, Main Street and several streets in town was completed for \$85,940. A Hot Shot 2800 Pro Crack Heater was purchased for \$3,299. The furnace was replaced in the Town Hall costing \$4,110. A down payment was paid for the Westcliffe/Silver Cliff welcome sign, with the remaining to be paid for in 2017 by CART and a DOLA mini grant through the Colorado Mainstreet Program. There were \$9,549 in repairs to the backhoe.

NEXT YEAR'S BUDGET AND RATES

Under Colorado law, budgets for the Town must balance and be adopted by the Town Board by December 15th each year. Westcliffe adopted its 2016 budget on December 1, 2015. Supplements can be made to the budget; however, this must be done by ordinance or resolution approved by the Board of Trustees.

To satisfy a budget that cannot be balanced by using the estimated years revenues, the Town has designated portions of their unreserved fund equity for subsequent expenditures, which can be appropriated in future years. A smaller portion, 3% of fiscal year spending, is reserved for emergencies per TABOR.

Current and projected fund balances

	<u>2017 Budget</u>	<u>2016 Actual</u>
General Fund		
Fund balance carryover	\$ 1,305,625	\$ 1,265,902
Revenues	1,540,569	627,127
Expenditures	(2,005,248)	(520,447)
Ending fund balance	<u>\$ 840,946</u>	<u>\$ 1,372,582</u>
Conservation Trust Fund		
Fund balance carryover	\$ 16,345	\$ 10,195
Revenues	6,225	6,443
Expenditures	(17,000)	-
Ending fund balance	<u>\$ 5,570</u>	<u>\$ 16,638</u>

**Town of Westcliffe
Management's Discussion and Analysis (continued)
For the year ended December 31, 2016**

Future/Anticipated Projects that may affect the Town Finances

Westcliffe is anticipating several projects that may affect the Town's finances. The Town was awarded a grant from CDOT in the amount of \$705,599 for a three year project totaling \$882,248 if CDOT funds are available each year, the Towns will match 20% for a total of \$176,449. This project was delayed due to Federal requirements and change rules. CDOT awarded the Town an additional \$116,000 with the Town match of \$29,000. Year two and three were combined to make it a more attractive project for contractors. It is to improve sidewalk safety, handicap accessibility, lighting and drainage systems along Main and improve sidewalk safety, handicap accessibility, additional parking, curb, gutter, sidewalks and improved drainage along connector streets from Main to Rosita Ave. The land use and continued improvement plan for the park (Event Center), may impact future budgets but to what degree is yet to be determined. In 2017 there will be a significant amount of funds expended from the General fund on Main Street between 3rd Street for approximately one and half blocks, as well as pavement patching throughout the project.

In 2017 there will be major repairs needed to the Hermit Park pavilion that is ten years old due to age. It hasn't been determined if the funds will come from the General Fund or the Conservation Trust Fund.

A Capital Assets Inventory, Management and Accounting report was completed to implement a Capital Improvements Policy and a five year plan that will have impact in future budgets. Each year the policy and plan will be reviewed at budget time.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Town Clerk
Benson Hall
305 Main Street
P.O. Box 406
Westcliffe, CO 81252
719-783-2282
townclerk@townofwestcliffe.com

Independent Auditors' Report

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Independent Auditors' Report

To the Board of Trustees
Town of Westcliffe, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit and each major fund of the Town of Westcliffe, Colorado 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 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 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, the discretely presented component unit and each major fund of the Town of Westcliffe, Colorado, as of December 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management's Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages i - vi 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 *Management's Discussion and Analysis* 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 Required Supplementary Information – Budget to Actual Comparisons

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Westcliffe's *Basic Financial Statements*. The *Other Required Supplementary Information – Budget to Actual Comparisons* is presented for purposes of additional analysis and is not a required part of the *Basic Financial Statements*.

The *Other Required Supplementary 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*. 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 *Other Required Supplementary Information* are fairly stated, in all material respects, in relation to the *Basic Financial Statements* as a whole.

Legal and Other Regulatory Requirements – Local Highway Finance Report

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Westcliffe's *Basic Financial Statements*. The *Local Highway Finance Report* is presented for purposes of additional analysis and legal compliance and is not a required part of the *Basic Financial Statements*.

The *Local Highway Finance Report* presented in the *Legal and Other Regulatory Requirements* section 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*. 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 *Local Highway Finance Report* is fairly stated, in all material respects, in relation to the *Basic Financial Statements* as a whole.



Englewood, Colorado
April 25, 2017

Basic Financial Statements

Town of Westcliffe
Statement of Net Position
December 31, 2016

	Governmental Activities	Component Unit - Main Street Manager Initiative
Assets		
Cash	\$ 646,267	\$ -
Accounts receivable	16,703	-
Sales tax receivable	55,329	-
Property taxes receivable	57,710	-
Investments	681,648	-
Capital Assets Not Being Depreciated		
Land	456,586	-
Construction in progress	85,940	-
Capital Assets Being Depreciated		
Land Improvements	327,684	-
Buildings	234,790	-
Equipment and vehicles	301,087	-
Infrastructure	2,159,966	-
Less accumulated depreciation	(1,773,578)	-
Total Assets	\$ 3,250,132	\$ -
Liabilities		
Accounts payable	\$ 10,218	\$ -
Current maturities on long-term debt	16,640	-
Noncurrent liabilities	19,001	-
Total Liabilities	\$ 45,859	\$ -
Deferred Inflow of Resources		
Unavailable revenue - property taxes	\$ 58,215	\$ -
Net Position		
Invested in capital assets net of related debt	\$ 1,792,475	-
Restricted for:		
Emergency	19,000	-
Parks capital improvement	16,638	-
Unrestricted	1,317,945	-
Total Net Position	\$ 3,146,058	\$ -

Town of Westcliffe

Statement of Activities

For the Year Ended December 31, 2016

Functions/Programs	Program Revenues				Net Revenue (Expense) and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit - Main Street Manager Project
Governmental Activities						
General government	\$ 243,624	18,338	\$ -	\$ -	\$ (225,286)	\$ -
Public safety	33,675	-	-	-	(33,675)	-
Public works	223,119	-	64,093	68,752	(90,274)	-
Parks and recreation	50,032	-	-	6,378	(43,654)	-
Total Primary Government Activities	<u>\$ 550,450</u>	<u>\$ 18,338</u>	<u>\$ 64,093</u>	<u>\$ 75,130</u>	<u>\$ (392,889)</u>	<u>\$ -</u>
Component Unit						
Main Street Manager Initiative	<u>64,991</u>	<u>\$ -</u>	<u>40,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (24,991)</u>
General Revenues						
Taxes						
Sales and use tax					367,792	-
Property taxes					58,199	-
Franchise taxes					31,038	-
Other taxes					10,205	-
Interest and investment earnings					6,996	-
Miscellaneous					1,779	-
Total General Revenues					<u>476,009</u>	<u>-</u>
Changes in Net Position					83,120	(24,991)
Net Position - Beginning of the Year					3,062,938	24,991
Net Position - End of the Year					<u>\$ 3,146,058</u>	<u>\$ -</u>

Town of Westcliffe

Balance Sheet - Governmental Funds

December 31, 2016

	General Fund	Conservation Trust Fund	Total Governmental Funds
Assets			
Cash	\$ 629,629	\$ 16,638	\$ 646,267
Investments	681,648	-	681,648
Accounts receivable	16,703	-	16,703
Sales tax receivable	55,329	-	55,329
Property taxes receivable	57,710	-	57,710
Total Assets	\$ 1,441,019	\$ 16,638	\$ 1,457,657
Liabilities			
Accounts payable	\$ 10,222	\$ -	\$ 10,222
Total Liabilities	10,222	-	10,222
Deferred Inflows of Resources			
Unavailable revenue - property taxes	58,215	-	58,215
Fund Balance			
Restricted for parks capital improvements	-	16,638	16,638
Restricted for emergency reserves	19,000	-	19,000
Assigned for capital replacement reserves	1,343,582	-	1,343,582
Unassigned fund balance	10,000	-	10,000
Total Fund Balance	1,372,582	16,638	1,389,220
Total Liabilities, Deferred Inflows and Fund Balance	\$ 1,441,019	\$ 16,638	\$ 1,457,657

Town of Westcliffe

Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

December 31, 2016

Total Fund Balance - Governmental Funds	\$ 1,389,220
<i>Amounts reported for governmental activities in the statement of Net Position are different because:</i>	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds	1,792,479
Long-term debt is not considered a current fund liability	<u>(35,641)</u>
Total Net Position - Governmental Activities	<u><u>\$ 3,146,058</u></u>

Town of Westcliffe

Statement of Revenues, Expenditures, and Changes In Fund Balance - Governmental Funds For the Year Ended December 31, 2016

	General Fund	Conservation Trust Fund	Total Governmental Funds
Revenues			
Property tax	\$ 58,199	\$ -	\$ 58,199
Sales tax	367,792	-	367,792
Franchise tax and special assessments	31,038	-	31,038
Other taxes	10,205	-	10,205
Intergovernmental and grant revenues	132,845	6,378	139,223
Charges for services	18,338	-	18,338
Investment earnings	6,931	65	6,996
Miscellaneous	1,779	-	1,779
Total Revenue	627,127	6,443	633,570
Expenditures			
General government	228,879	-	228,879
Public works	123,245	-	123,245
Public safety	33,675	-	33,675
Parks and recreation	25,602	-	25,602
Capital outlay	109,046	-	109,046
Total Expenditures	520,447	-	520,447
Excess of Revenue and Other Sources			
Over (Under) Expenditures and Other Uses	106,680	6,443	113,123
Fund Balance, Beginning of Year	1,265,902	10,195	1,276,097
Fund Balance, End of Year	\$ 1,372,582	\$ 16,638	\$ 1,389,220

Town of Westcliffe

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances with the Statement of Activities
For the Year Ended December 31, 2016

Total Change in Fund Balances - Governmental Funds	\$ 113,123
<i>Amounts reported for governmental activities in the statement of Activities are different Because:</i>	
The cost of capital outlays to purchase or build capital assets shown on the statement of Net Position.	85,940
Depreciation of capital assets is not considered an expenditure of the fund because it does not require the use of current resources	(115,734)
Change in vested sick pay	<u>(209)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 83,120</u></u>

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The basic financial statements of the Town of Westcliffe, Colorado have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. REPORTING ENTITY

The Town of Westcliffe was incorporated under the laws of the State of Colorado and operates under an elected Mayor-Board form of government. As required by generally accepted accounting principles, these financial statements present the town of Westcliffe (the primary government) and its component unit, Main Street Manager Initiative (discussed below). No additional separate governmental units, agencies, or nonprofit corporations are included in the financial statements of the town, since none were discovered to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

The Town's component unit, Main Street Manager Initiative (MSM), was created in 2014 by the Cliff Action Revitalization Team (CART), a 501(c)(3) organization. The purpose of the MSM is to develop and execute a community promotions plan that will strengthen the economic climate of the Cliffs Commercial District throughout the entire year. MSM is governed by a seven member committee, five of whom are appointed by the Town's Board of Trustees. Currently three of the committee members are also members of the Town's Board of Trustees. The Town contributes approximately half of the funding to support MSM. MSM currently does not issue a separate set of financial statements. Effective November of 2016 MSM has been shut down and remaining funds were transferred to CART.

B. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The primary government is reported separately from legally separate component units for which the primary government is financially accountable.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the town's two governmental funds. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the town.

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. Other items not properly included among program revenues are reported instead as *general revenues*.

C. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

Governmental fund financial statements include a separate balance sheet and a statement of revenues, expenditures and changes in fund balances for the general fund and the conservation trust fund. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements. The town presents the following major governmental funds:

General Fund: This fund is established to account for resources devoted to financing the general services that the town performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the town are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Town of Westcliffe, Colorado

December 31, 2016

Notes to Financial Statements

Conservation Trust Fund: This fund is established to account for lottery funds received from the state. These funds are to be expended only for the acquisition, development and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes on any public site.

D. 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*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 town 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.

E. ASSETS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION/FUND BALANCE

Deposits and Investments

The town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes govern the town's deposits of cash and investments.

Investments consist of certificates of deposit maturing between May of 2015 and July 2016. The average maturity of the investments is 0.75 years.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." An allowance for doubtful accounts on accounts receivable is not considered necessary.

Capital Assets

Capital assets are defined by the town as assets with an initial individual cost of more than \$5,000 and a useful life of more than three years except for infrastructure assets. For infrastructure assets the same estimated minimum useful life is used (3 years), but only those infrastructures projects that cost more than \$25,000 are considered for capitalization. Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation.

Infrastructure is reported in this financial statement and is being depreciated. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' useful lives are not capitalized.

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

Buildings and improvements	20 – 50 years
Infrastructure	10 – 30 years
Equipment and vehicles	5 – 20 years

Land and related improvements are not depreciated and assets under construction are not depreciated until they become available for service.

Deferred Inflow of Resources

In addition to liabilities, the statement of net position and the governmental fund balance sheet report a separate section for *deferred inflow of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position/Fund Balance

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). Classifications are hierarchical and are based primarily on the extent to which the town is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The town classifies and reports amounts in the appropriate fund balance classifications. The town's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned.

The town may report the following classifications:

- **Nonspendable Fund Balance**—nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form—such as prepaid insurance or (b) legally or contractually required to be maintained intact—such as a trust that must be retained in perpetuity.
- **Restricted Fund Balance**—restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions are placed on fund balances when legally enforceable legislation establishes the town's right to assess, levy, or charge fees to be used for a specific purpose. Legal enforceability means that the town can be compelled by an external party (e.g., citizens, public interest groups, the judiciary) to use resources created by enabling legislation only for the purposes specified by the legislation.
- **Committed Fund Balance**—committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by the town Board of Trustees. Committed amounts cannot be used for any other purpose unless the board removes those constraints by taking the same type of action (e.g., legislation, resolution or ordinance). Amounts in the committed fund balance classification may be used for other purposes with appropriate due process by the board. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- **Assigned Fund Balance**—assigned fund balances are amounts that are constrained by the town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Trustees or (b) an appointed body (e.g., a budget or finance committee) or official to which the board has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes. The Board of Trustees has not designated anyone other than the board itself to assign fund balances. Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the general fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the general fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the town itself.
- **Unassigned Fund Balance**—unassigned fund balance is the residual classification for the general fund. This classification represents general fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Fund Balance Flow Assumptions

Sometimes the town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

F. REVENUES AND EXPENDITURES

Program Revenues

Amounts reported as *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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes are levied on January 1 based on the assessed value of property as listed on the previous June 30, and are payable in two equal payments before the last day of February and the 15th day of June or in one full payment before the last day of April.

Property taxes are recognized as revenue when they are levied because they are considered to be both measurable and available. Available means due or past due and receivable within the current period and collected no more than 60 days after December 31.

Compensated Absences

Employees of the town are entitled to vacation and sick leave benefits based on length of service. Vacation leave is earned on a yearly basis. The amount of vacation varies between five and fifteen days per year depending upon the number of years of continuous service provided by the employee. Vacation must be taken within twelve months after it is earned. Any unused vacation time will be forfeited. In unusual circumstances the Board of Trustees may authorize the payment of unused vacation time.

The town's sick leave policy provides eligible employees will accrue sick leave benefits at the rate of 12 days per year. Upon termination, employees will be paid at a rate of 20% of accumulated sick pay hours at the discretion of the Board of Trustees. The maximum accumulation is 320 hours. At December 31, 2016 the town had recorded 432 hours of accumulated sick leave of which 86 hours, \$1,691, was vested to the employees. Because it is not expected that a significant portion of sick leave will be used in any year, accumulated sick leave has not been recorded as a fund liability. The \$1,691 of vested sick leave is included in liabilities in the statement of net position.

G. BUDGETS AND ENCUMBRANCES

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year end. The following procedures are utilized by the town in adopting and revising the budget of the general fund:

1. Management submits a preliminary budget for the upcoming calendar year to the Board of Trustees in October.
2. A public hearing is held in December to obtain the taxpayers' comments.
3. The budget is legally enacted through ordinance by the Board of Trustees in December.
4. Any revisions to the adopted budget must be submitted to the Board of Trustees for a resolution.
5. Appropriations lapse at the end of each year.

Town of Westcliffe, Colorado

December 31, 2016

Notes to Financial Statements

6. The town does not utilize encumbrances.

H. 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 participates in a public entity risk pool to mitigate such risks. Settled claims resulting from these risks did not exceed coverage by the public entity risk pool during any of the last three years.

I. USE OF ESTIMATES

The preparation of 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.

J. TAX, SPENDING AND DEBT LIMITATIONS

In November, 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR imposes tax raising, revenue, spending and debt limitations on local government entities within the State of Colorado. These limitations became effective for the first fiscal year beginning after December 31, 1992.

On April 2, 1996 the Town of Westcliffe passed a referendum regarding the revenue and spending limits imposed by Article X, section 20 of the Colorado constitution. The referendum allows the town, without increasing or adding any taxes of any kind, to collect, retain and expend all revenues and other funds collected during 1995 and thereafter.

In addition to the tax raising, revenue, spending and debt limitation provisions of TABOR, there is also a requirement that every entity to which TABOR applies must establish an "emergency reserve". The reserve must be at least 3% of its fiscal year spending subject to some exclusions. The reserve may only be used for declared emergencies. For the year ended December 31, 2016, the town has reserved \$19,000 which represents 3% of fiscal year spending.

The town believes it is in compliance with TABOR's provisions.

2. Cash in Banks and Savings and Loans

Deposits of the town at the banks or savings and loans where the funds are maintained are insured up to \$250,000, either by the Federal Deposit Insurance Corporation (FDIC) or by the Federal Savings and Loan Insurance Corporation (FSLIC). Colorado's Public Deposit Protection Act of 1975 enables any eligible public depository to elect to secure public deposits by pledging eligible collateral having a market value at all times equal to at least one hundred two percent (102%) of the aggregate of said deposits not insured.

CUSTODIAL CREDIT RISK – DEPOSITS

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. Uninsured deposits in financial institutions are placed into three categories depending on the custody credit risk. The categories are as follows:

- a. Uncollateralized
- b. Collateralized with securities held by the pledging financial institution
- c. Collateralized with securities held by the pledging financial institution's trust department, or agent but not in the entity's name.

Town of Westcliffe, Colorado

December 31, 2016

Notes to Financial Statements

The following is a schedule of the town's cash and temporary investment balances categorized by custody credit risk and reconciliation to the statement of net position for the year ending December 31, 2016:

Description	Insured	Custody Credit Risk "C"	Total Bank Balance	Carrying Balance
First State Bank of Colorado	\$ 250,000	\$ 1,077,815	\$ 1,327,815	1,327,815
Petty cash	N/A	N/A	N/A	100
Total cash	<u>\$ 250,000</u>	<u>\$ 1,077,815</u>	<u>\$ 1,327,815</u>	<u>\$ 1,327,915</u>
Reconciliation to the Statement of Net Position				
Cash				\$ 646,267
Investments (certificates of deposit)				<u>681,648</u>
Total cash				<u>\$ 1,327,915</u>

INTEREST RATE RISK

The town has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CREDIT RISK

The town has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Direct obligations of the U.S. Government, its agencies, and instrumentalities to which the full faith and credit of the U.S. Government is pledged or obligations to the payment of which the full faith and credit of the State is pledged;
2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out of state financial institutions;
3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations;
4. Town, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money; or bond or revenue anticipation notes of public trusts whose beneficiary is a town, municipality, or school district;
5. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association; and
6. Money market funds regulated by the Securities and Exchange Commission in which investments consist of the investments in 1, 2, 3, and 4 above.

CONCENTRATIONS OF CREDIT RISK

The town places no limit on the amount it may investment in any one issuer. At December 31, 2016 the town had no concentration of investment credit risk.

The town invests excess funds under the prudent investor rule. Criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield.

INVESTMENTS

Investments consist solely of certificates of deposit with First State Bank of Colorado. Average maturity is approximately 9 months.

3. Capital Assets

The following is a summary of the activity for capital assets for the year.

Description	Balance			Balance End of Year
	Beginning of Year	Additions	Deletions	
Land	\$ 456,586	\$ -	\$ -	\$ 456,586
Construction in progress	-	85,940	-	85,940
<i>Capital Assets Being Depreciated</i>				
Land improvements	327,684	-	-	327,684
Buildings:	234,790	-	-	234,790
Equipment and vehicles	273,060	33,950	(5,923)	301,087
Infrastructure	2,159,966	-	-	2,159,966
Totals at cost	3,452,086	119,890	(5,923)	3,566,053
Less Accumulated Depreciation	(1,663,767)	(115,734)	5,923	(1,773,578)
Net capital assets	\$ 1,788,319	N/A	N/A	\$ 1,792,475

Depreciation was charged to activities as follows:

General government	\$ 5,436
Parks	24,430
Public works	85,868
Total depreciation expense	\$ 115,734

4. Long-term Debt

The Town has a lease/purchase of a snowplow. Interest rate of 3.95%. Monthly payment of \$1,473.52. The lease matures December 2018. The following is a summary of long-term debt:

	Balance			Balances	
	January 1, 2016	Additions	Reductions	December 31, 2016	Due within One Year
Lease/purchase obligations	\$ -	\$ 33,950	\$ -	\$ 33,950	\$ 16,640
Accrued sick leave	1,482	209	-	1,691	-
Total	1,482	34,159	-	35,641	16,640

Future payments on the lease purchases are as follows:

Year	Principal	Interest	Total
2017	\$ 16,640	\$ 1,042	\$ 17,682
2018	17,310	373	17,683
Total	\$ 33,950	\$ 1,415	\$ 35,365

5. Risk Management

The town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA provides liability coverage and Pinnacol Assurance provides workers' compensation coverage to the town. The coverage is provided through joint self-insurance and excess insurance.

CIRSA's rate setting policies are established by the Board of Directors, in consultation with independent actuaries. The town is subject to a supplemental assessment in the event of deficiencies and may receive credit on future contributions in the event of a surplus.

CIRSA has entered into various excess insurance contracts to limit large losses and minimize exposure on large risks. Excess of loss insurance contracts in effect during 2016 limit CIRSA's per occurrence exposure to \$500,000 for the property coverages and \$600,000 for casualty coverages and provide coverage to specified upper limits.

6. Pension Plan

The town has adopted a defined contribution plan for all employees. Participation in the plan is mandatory for covered employees. The fund is named Colorado County Officials and Employees Retirement Association.

Employees vest in the Town's contribution at 20% per year. All employees who have contributed to the plan are entitled to the benefits after completion of one year of service and upon termination. The employee contributes 3% of earnings and employer contributes 3% of earnings. The town is not liable for amounts over the 3%. All contributions were current. During 2016 the town contributed \$2,632 and the employees contributed \$2,632. The town's total payroll is \$163,260 of which \$87,748 or 54% is covered under the plan.

Under the plan employees may also contribute to a deferred compensation plan (457 plan). During 2016 there were no contributions to this plan.

Required Supplementary Information

This section, though not a part of the Basic Financial Statements for the Town of Westcliffe, Colorado, is required to be presented by the Governmental Accounting Standards Board. The section contains the budget to actual comparisons for the General Fund and the Conservation Trust Fund for the year ended December 31, 2016.

Town of Westcliffe

General Fund

Schedule of Revenues and Expenditures- Budget and Actual - and Changes in Fund Balance - Budget Basis

For the Year Ended December 31, 2016

	Original & Final Budget	Actual	Variance with Budget
Revenue			
<i>Taxes</i>			
Property tax	\$ 58,060	\$ 58,199	\$ 139
Specific ownership tax	6,000	7,774	1,774
Sales tax	310,000	367,792	57,792
Franchise and special assessments	29,500	31,038	1,538
Cigarette tax	1,800	2,431	631
Total taxes	<u>405,360</u>	<u>467,234</u>	<u>61,874</u>
<i>Charges for Services</i>			
Building and zoning	4,500	13,756	9,256
Liquor licenses and special events	2,000	2,213	213
Other charges for services	2,045	2,370	325
Total charges for services	<u>8,545</u>	<u>18,339</u>	<u>9,794</u>
<i>Intergovernmental and grant revenues</i>			
Highway users tax	28,190	29,604	1,414
County road and bridge tax	26,181	26,181	-
Other grants and contributions	458,271	77,060	(381,211)
Total intergovernmental revenue	<u>512,642</u>	<u>132,845</u>	<u>(379,797)</u>
<i>Interest income</i>	6,000	6,930	930
<i>Other revenue</i>	2,150	1,779	(371)
Total revenue	<u>\$ 934,697</u>	<u>\$ 627,127</u>	<u>\$ (307,570)</u>

Town of Westcliffe

General Fund

Schedule of Revenues and Expenditures- Budget and Actual - and Changes in Fund Balance - Budget Basis (continued)

For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Budget
Expenditures			
<i>General Government</i>			
Trustees	\$ 7,000	\$ 6,826	\$ 174
Personnel costs	130,893	122,776	8,117
Donations	26,750	25,123	1,627
Legal	15,000	14,400	600
Audit	5,100	5,000	100
Insurance	6,000	6,392	(392)
Treasurer's fees	2,500	2,492	8
Town hall maintenance and utilities	8,000	7,938	62
Economic development	30,000	30,000	-
Other	8,827	7,932	895
	<u>240,070</u>	<u>228,879</u>	<u>11,191</u>
<i>Public works</i>			
Personnel costs	107,134	85,766	21,368
Street maintenance and fuel	14,200	13,122	1,078
Street lights	14,000	12,828	1,172
Repairs and maintenance	5,600	5,610	(10)
Utilities	7,300	5,220	2,080
Capital plan	-	599	(599)
Other public works	1,500	100	1,400
	<u>149,734</u>	<u>123,245</u>	<u>26,489</u>
<i>Public safety</i>			
	33,804	33,675	129
<i>Park maintenance and utilities</i>			
	29,000	25,602	3,398
<i>Contingencies</i>			
	2,000	-	2,000
<i>Capital Outlay</i>			
	<u>824,015</u>	<u>109,046</u>	<u>714,969</u>
<i>Debt service</i>			
	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>1,278,623</u>	<u>520,447</u>	<u>758,176</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (343,926)</u>	106,680	<u>\$ 450,606</u>
Excess of Revenues Over Expenditures - GAAP Basis			
Fund Balance, Beginning of Year		<u>1,265,902</u>	
Fund Balance, End of Year		<u>\$ 1,372,582</u>	

Town of Westcliffe
 Conservation Trust Fund

Schedule of Revenues and Expenditures - Budget
 and Actual - and Changes in Fund Balance
 For the Year Ended December 31, 2016

	Original and Final Budget	Actual	Variance with Budget
Revenues			
State revenues and grants	\$ 5,500	\$ 6,378	\$ 878
Interest income	<u>75</u>	<u>64</u>	<u>(11)</u>
Miscellaneous			-
Total Revenue	5,575	6,442	867
Expenditures			
Capital outlay	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total Expenditures	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (9,425)</u>	6,442	<u>\$ 15,867</u>
Fund Balance, Beginning of Year		10,195	
Fund Balance, End of Year		<u>\$ 16,637</u>	

State Compliance Section

This section presents the Local Highway Finance Report. The State of Colorado requires that it be presented with the Town's Financial Statements.

LOCAL HIGHWAY FINANCE REPORT

City or County:
Town of Westcliffe
YEAR ENDING : 2016

This Information From The Records Of (example - City of _ or County of
Town of Westcliffe

Prepared By: Kathy Reis
Phone: 719-783-2282

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

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	85,940
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	23,285
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,845
2. General fund appropriations	42,952	b. Snow and ice removal	5,530
3. Other local imposts (from page 2)	33,955	c. Other	12,785
4. Miscellaneous local receipts (from page 2)		d. Total (a. through c.)	20,160
5. Transfers from toll facilities	0	4. General administration & miscellaneous	11,677
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	34,200
a. Bonds - Original Issues	0	6. Total (1 through 5)	175,262
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	76,907	b. Redemption	0
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	29,604	2. Notes:	
D. Receipts from Federal Government (from page 2)	68,752	a. Interest	0
E. Total receipts (A.7 + B + C + D)	175,263	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	175,262

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	175,263	175,262	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December-16

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	0
b. Other local imposts:		b. Traffic Fines & Penalties	250
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	33,955	g. Other Misc. Receipts	0
6. Total (1. through 5.)	33,955	h. Other	0
c. Total (a. + b.)	33,955	i. Total (a. through h.)	250
	(Carry forward		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	29,604	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	0
d. Other (Specify)	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	68,752
f. Total (a. through e.)	0	g. Total (a. through f.)	68,752
4. Total (1. + 2. + 3.f)	29,604	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	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	85,940	85,940
(3). System Preservation	0	0	0
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	85,940	85,940
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	85,940	85,940
			(Carry forward to page 1)

Notes and Comments: