



City of  
**Evans, Colorado**

**Financial Statements  
and Supplementary Information**  
For the Year Ended December 31, 2016

# City of Evans

## Contents

---

|                                                                                                                                                            | <u>Page(s)</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| <u>INTRODUCTORY SECTION</u>                                                                                                                                |                |
| Letter of Transmittal                                                                                                                                      | I              |
| <u>FINANCIAL SECTION</u>                                                                                                                                   |                |
| Independent Auditor's Report                                                                                                                               | 1-2            |
| Management's Discussion and Analysis                                                                                                                       | 3-13           |
| <u>Basic Financial Statements:</u>                                                                                                                         |                |
| <u>Government-wide Financial Statements:</u>                                                                                                               |                |
| Statement of Net Position                                                                                                                                  | 14             |
| Statement of Activities                                                                                                                                    | 15-16          |
| <u>Fund Financial Statements:</u>                                                                                                                          |                |
| Balance Sheet - Governmental Funds                                                                                                                         | 17-18          |
| Reconciliation of the Governmental Funds Balance Sheet with the Government-wide Statement of Net Position                                                  | 19             |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds                                                                      | 20-21          |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the Government-wide Statement of Activities | 22             |
| Statement of Net Position - Proprietary Funds                                                                                                              | 23             |
| Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds                                                                            | 24             |
| Statement of Cash Flows - Proprietary Funds                                                                                                                | 25-26          |
| Statement of Fiduciary Net Position - Cemetery Endowment Fund                                                                                              | 27             |
| Statement of Changes in Fiduciary Net Position - Cemetery Endowment Fund                                                                                   | 28             |
| Notes to Financial Statements                                                                                                                              | 29-56          |
| <u>Required Supplementary Information:</u>                                                                                                                 |                |
| Schedule of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) - General Fund                                                         | 57             |
| Schedule of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) - Evans Redevelopment Agency                                           | 58             |
| Schedule of the City's Proportionate Share of the Net Pension Asset                                                                                        | 59             |
| Schedule of City Contributions                                                                                                                             | 60             |
| <u>Other Supplementary Information:</u>                                                                                                                    |                |
| <u>Combining and Individual Nonmajor Fund Statements and Schedules:</u>                                                                                    |                |
| Combining Balance Sheet - Nonmajor Governmental Funds                                                                                                      | 61-62          |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds                                                   | 63-64          |

# City of Evans

## Contents

---

|                                                                                                                                                                                                                                 | <u>Page(s)</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| <u>FINANCIAL SECTION (Continued)</u>                                                                                                                                                                                            |                |
| <u>Budgetary Comparison Schedules - Governmental Funds:</u>                                                                                                                                                                     |                |
| Parks Impact Fund                                                                                                                                                                                                               | 65             |
| Conservation Trust Fund                                                                                                                                                                                                         | 66             |
| Fire Impact Fund                                                                                                                                                                                                                | 67             |
| Refuse Collection Fund                                                                                                                                                                                                          | 68             |
| Street Impact Fund                                                                                                                                                                                                              | 69             |
| Police Impact Fund                                                                                                                                                                                                              | 70             |
| Cemetery Perpetual Care Fund                                                                                                                                                                                                    | 71             |
| Street Construction Fund                                                                                                                                                                                                        | 72             |
| Parks Construction Fund                                                                                                                                                                                                         | 73             |
| 2013 Lease Repayment Fund                                                                                                                                                                                                       | 74             |
| <u>Budgetary Comparison Schedules - Enterprise Funds:</u>                                                                                                                                                                       |                |
| Water Fund                                                                                                                                                                                                                      | 75             |
| Waste Water Fund                                                                                                                                                                                                                | 76             |
| Storm Drainage Fund                                                                                                                                                                                                             | 77             |
| <u>Budgetary Comparison Schedule - Fiduciary Fund:</u>                                                                                                                                                                          |                |
| Cemetery Endowment Fund                                                                                                                                                                                                         | 78             |
| <u>SUPPLEMENTAL SECTION</u>                                                                                                                                                                                                     |                |
| <u>State Compliance Section:</u>                                                                                                                                                                                                |                |
| Local Highway Finance Report                                                                                                                                                                                                    | 79-80          |
| <u>Reports to Governmental Agencies</u>                                                                                                                                                                                         |                |
| Independent Auditor's Report on Internal Control Over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> | 81-82          |
| Independent Auditor's Report on Compliance for Each Major Federal Program<br>and Report on Internal Control over Compliance Required by the Uniform Guidance                                                                    | 83-84          |
| Schedule of Findings and Questioned Costs                                                                                                                                                                                       | 85-86          |
| Schedule of Expenditures of Federal Awards                                                                                                                                                                                      | 87             |
| Notes to Schedule of Expenditures of Federal Awards                                                                                                                                                                             | 88             |
| Corrective Action Plan                                                                                                                                                                                                          | 89             |



July 6, 2017

To the Honorable Mayor, City Council, and Citizens of the City of Evans:

State Law requires that all general-purpose local governments publish, within 240 days of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Evans for the fiscal year ended December 31, 2016.

This report consists of management's representations concerning the finances of the City of Evans. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Evans financial statements have been audited by Anton Collins Mitchell LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Evans for the fiscal year ended December 31, 2016, are free of material misstatement. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Evans' financial statements for the fiscal year ended December 31, 2016 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City of Evans MD&A can be found immediately following the report of the independent auditors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James L. Becklenberg", written over a light blue horizontal line.

James L. Becklenberg  
City Manager

A handwritten signature in black ink, appearing to read "Jessica Gonifas", written over a light blue horizontal line.

Jessica Gonifas, CPA  
Deputy City Manager



## **Independent Auditor's Report**

Honorable Mayor and Members of the City Council  
City of Evans, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evans, Colorado (the "City"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 business-type activities, each major fund, and the aggregate remaining fund information of the City of Evans, 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 on pages 3 through 13, the budgetary comparison information on pages 57 and 58, the Schedule of the City's Proportionate Share of the Net Pension Asset on page 59, and Schedule of City Contributions on page 60 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 evidence sufficient 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 City's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Local Highway Finance Report, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Local Highway Finance Report, and schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Governmental Auditing Standards*, we have also issued our report dated July 6, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
July 6, 2017

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

To serve the citizens of the City of Evans (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2016. Please read the information presented here in conjunction with the City's financial statements beginning on page 15.

### ***FINANCIAL HIGHLIGHTS***

- The assets of the City exceeded its liabilities at the close of 2016 by \$128.2 million (net position). Of this amount, \$24.8 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. Of the remaining balance, \$99.6 million is investments in capital assets and \$3.8 million is restricted for other purposes.
- The City's total net position increased by \$8.0 million. The governmental and business-type activities drove this change with an increase in revenue.
- Sales and use tax collections decreased by \$1.0 million, an 11 percent decrease from the prior year. Declining economic conditions contributed to this decrease.
- At the end of 2016, the City's governmental funds reported combined ending fund balances of \$19.3 million, an increase of \$204 thousand in comparison to the ending balances of 2015. Of this total amount, \$7.6 million, or 39 percent, is available for spending at the City's discretion (unassigned fund balance).
- At the end of 2016, the unassigned fund balance for the General Fund was \$7.6 million, which was 59 percent of total General Fund 2016 expenditures. In addition, the City Charter requires the Emergency Contingency Fund to maintain a balance of 25 percent of the preceding fiscal year's (2015) audited General Fund expenditures, not to exceed \$1 million. The resulting 2016 fund balance related to the Emergency Contingency Fund (shown as combined with the General Fund) amounts to \$1 million in reserve for emergencies. Fund balances at 2016 year end for the General Fund, including the Emergency Contingency Fund, amount to \$9.1 million.
- As required under Accounting Principle GASB 68, the City reported an asset of \$932 thousand for its proportionate share of the net pension assets of the State of Colorado Fire and Police Pension Association plans. Footnote 9 explains the impact on net position in more detail.

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements comprise three components: 1) the government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

## **Government-wide Financial Statements – Reporting the City of Evans as a Whole**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City of Evans' assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these categories 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 City is improving or deteriorating.

The **statement of activities** presents information showing how the City'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 this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the City 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 City include general government administration, City Council support and elections, public safety, maintenance and new construction of highways and streets, planning and zoning, maintenance of City facilities, buildings and land improvements, debt service, community development, engineering, and culture, parks and recreation activities. The business-type activities of the City include the City's water, wastewater, and storm drainage utility enterprise functions.

The government-wide financial statements include solely the operations of the City itself. The activity for the Evans Redevelopment Agency ("ERA") is reported as a blended component unit of the City. Separate financial statements are not issued for the ERA. The government-wide financial statements can be found on Pages 15-17 of this report.

## **Fund Financial Statements – Reporting the City of Evans' Most Significant Funds**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives, or as required by legal enabling legislation. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds** - Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on upcoming inflows and outflows of resources, as well as on

balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's upcoming financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the different statements.

The City maintains twelve individual governmental funds, including the blended component unit of the Evans Redevelopment Agency. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, street construction fund and Evans Redevelopment Agency, which are major funds. Data from the remaining nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements included in other supplementary information.

The City adopts an annual budget for all of its funds. To demonstrate compliance, a budgetary comparison is provided for each of the funds.

The basic governmental fund financial statements are found on Pages 18-23 of this report.

**Proprietary funds** - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater and storm drainage utility functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the City's water, wastewater and storm drainage funds.

The basic proprietary fund financial statements can be found on Pages 24-26 of this report.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to

support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Pages 27-28 of this report.

### **Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on Pages 29-56 of this report.

### ***Other information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. Required and other supplementary information can be found on Pages 57-85 of this report.

## ***GOVERNMENT-WIDE FINANCIAL ANALYSIS – City of Evans as a Whole***

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$128.0 million at the close of 2016.

By far the largest portion (51 percent) of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

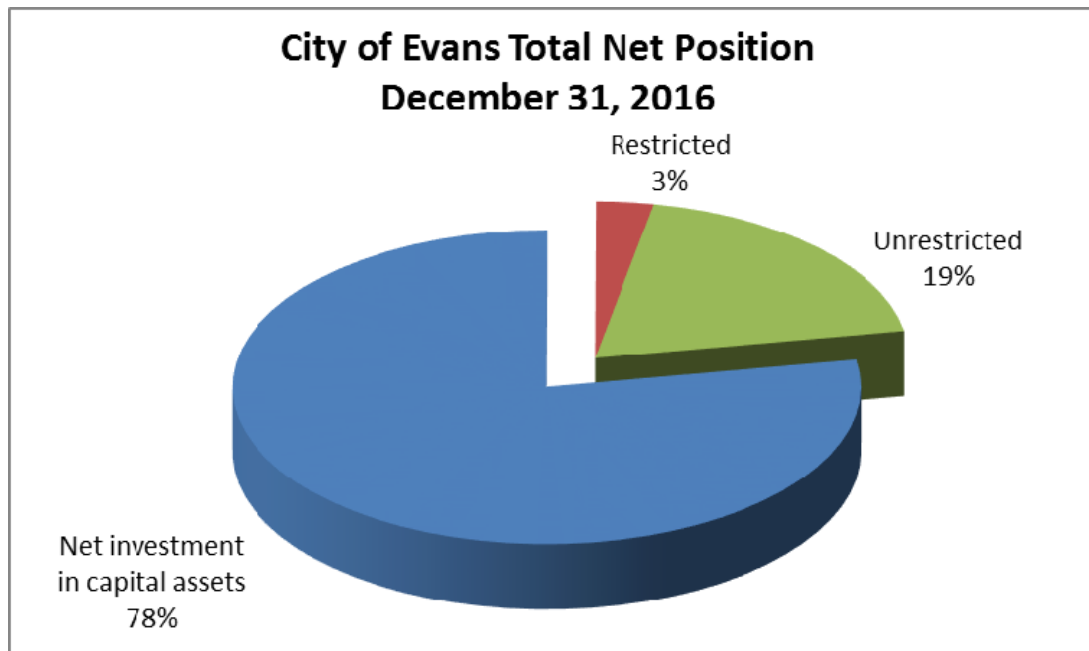
An additional portion of the City's net position (3 percent) represents resources that are subjected to external and internal restrictions on how they may be used. The remaining balance of unrestricted net position (\$59.0 million) may be used to meet the City's ongoing obligations to citizens and creditors. Table 1 provides a summary of the City's net position for 2016 as compared to 2015.

**Table 1**

**City of Evans  
Net Position (\$000's)**

|                                                    | <b>Governmental<br/>Activities</b> |                  | <b>Business-type<br/>Activities</b> |                 | <b>Total</b>     |                  |
|----------------------------------------------------|------------------------------------|------------------|-------------------------------------|-----------------|------------------|------------------|
|                                                    | <b>2016</b>                        | <b>2015</b>      | <b>2016</b>                         | <b>2015</b>     | <b>2016</b>      | <b>2015</b>      |
| <b>Assets:</b>                                     |                                    |                  |                                     |                 |                  |                  |
| Current and other assets                           | \$ 21,743                          | \$ 20,963        | \$ 46,162                           | \$ 5,618        | \$ 67,905        | \$ 26,581        |
| Capital assets                                     | 33,220                             | 30,157           | 75,032                              | 69,327          | 108,252          | 99,484           |
| Net pension asset                                  | 933                                | 1,224            | -                                   | -               | 933              | 1,224            |
| <b>Total assets</b>                                | <b>55,896</b>                      | <b>52,344</b>    | <b>121,194</b>                      | <b>74,945</b>   | <b>177,090</b>   | <b>127,289</b>   |
| <b>Deferred outflows of resources</b>              | <b>902</b>                         | <b>213</b>       | <b>-</b>                            | <b>-</b>        | <b>902</b>       | <b>213</b>       |
| <b>Liabilities:</b>                                |                                    |                  |                                     |                 |                  |                  |
| Current liabilities                                | 2,012                              | 1,463            | 3,682                               | 1,166           | 5,694            | 2,629            |
| Long-term liabilities                              | 2,241                              | 2,432            | 41,288                              | 1,680           | 43,529           | 4,112            |
| <b>Total liabilities</b>                           | <b>4,253</b>                       | <b>3,895</b>     | <b>44,970</b>                       | <b>2,846</b>    | <b>49,223</b>    | <b>6,741</b>     |
| <b>Deferred inflows of resources</b>               |                                    |                  |                                     |                 |                  |                  |
| Unearned revenue – property taxes                  | 461                                | 435              | -                                   | -               | 461              | 435              |
| Deferred inflows of resources relating to pensions | 66                                 | 74               | -                                   | -               | 66               | 74               |
| <b>Total Deferred inflows of resources</b>         | <b>527</b>                         | <b>509</b>       | <b>-</b>                            | <b>-</b>        | <b>527</b>       | <b>509</b>       |
| <b>Net Position:</b>                               |                                    |                  |                                     |                 |                  |                  |
| Net investment in capital assets                   | 31,355                             | 28,047           | 68,250                              | 67,761          | 99,605           | 95,808           |
| Restricted                                         | 2,487                              | 2,690            | 1,307                               | 1,210           | 3,794            | 3,900            |
| Unrestricted                                       | 18,176                             | 17,417           | 6,667                               | 3,128           | 24,843           | 20,545           |
| <b>Total net position</b>                          | <b>\$ 52,018</b>                   | <b>\$ 48,154</b> | <b>\$76,224</b>                     | <b>\$72,099</b> | <b>\$128,242</b> | <b>\$120,253</b> |

Note: Net position for 2014 was not restated as presented above for the implementation of GASB 68.



At the end of the current fiscal year and previous fiscal year, the City is able to report positive balances in all three categories of net position, for the City as a whole, as well as for its separate governmental and business-type activities.

Table 2 shows the changes in net position for the fiscal 2016 compared to the fiscal year 2015.

| <b>Table 2</b>                                     |                                |                  |                                 |                  |                   |                   |
|----------------------------------------------------|--------------------------------|------------------|---------------------------------|------------------|-------------------|-------------------|
| <b>City of Evans</b>                               |                                |                  |                                 |                  |                   |                   |
| <b>Condensed Statement of Activities (\$000's)</b> |                                |                  |                                 |                  |                   |                   |
|                                                    | <b>Governmental Activities</b> |                  | <b>Business-Type Activities</b> |                  | <b>Total</b>      |                   |
|                                                    | <b>2016</b>                    | <b>2015</b>      | <b>2016</b>                     | <b>2015</b>      | <b>2016</b>       | <b>2015</b>       |
| <b>Revenues:</b>                                   |                                |                  |                                 |                  |                   |                   |
| <i>Program revenues:</i>                           |                                |                  |                                 |                  |                   |                   |
| Charges for services                               | \$ 3,466                       | \$ 2,982         | \$ 8,073                        | \$ 7,588         | \$ 11,539         | \$ 10,570         |
| Operating grants and contributions                 | 378                            | 486              | 189                             | 1,643            | 567               | 2,129             |
| Capital grants and contributions                   | 957                            | 684              | 3,329                           | 745              | 4,286             | 1,429             |
| <i>General revenues:</i>                           |                                |                  |                                 |                  |                   |                   |
| Sales and use taxes                                | 7,795                          | 8,797            | -                               | -                | 7,795             | 8,797             |
| Property taxes                                     | 450                            | 357              | -                               | -                | 450               | 357               |
| Specific ownership taxes                           | 27                             | 25               | -                               | -                | 27                | 25                |
| Franchise taxes                                    | 628                            | 660              | -                               | -                | 628               | 660               |
| Other taxes                                        | 69                             | 684              | -                               | -                | 69                | 684               |
| Intergovernmental                                  | 2,073                          | 2,200            | -                               | -                | 2,073             | 2,200             |
| Unrestricted Investment Earnings                   | 86                             | 56               | 39                              | 8                | 125               | 64                |
| Other general revenue                              | 405                            | 624              | -                               | 1                | 405               | 625               |
| Gain on disposal of capital assets                 | 9                              | 13               | 13                              | 9                | 22                | 22                |
| <b>Total revenues</b>                              | <b>16,343</b>                  | <b>17,568</b>    | <b>11,643</b>                   | <b>9,994</b>     | <b>27,986</b>     | <b>27,562</b>     |
| <b>Expenses:</b>                                   |                                |                  |                                 |                  |                   |                   |
| General government                                 | 4,414                          | 3,892            | -                               | -                | 4,414             | 3,892             |
| Public safety                                      | 4,169                          | 3,934            | -                               | -                | 4,169             | 3,934             |
| Public works                                       | 2,870                          | 3,005            | -                               | -                | 2,870             | 3,005             |
| Culture, parks and recreation                      | 1,154                          | 1,206            | -                               | -                | 1,154             | 1,206             |
| Community development                              | 742                            | 1,140            | -                               | -                | 742               | 1,140             |
| Flood recovery                                     | 336                            | 422              | -                               | -                | 336               | 442               |
| Water enterprise                                   | -                              | -                | 4,124                           | 3,721            | 4,124             | 3,721             |
| Waste Water enterprise                             | -                              | -                | 1,659                           | 2,080            | 1,659             | 2,080             |
| Storm Drainage enterprise                          | -                              | -                | 482                             | 362              | 482               | 362               |
| Interest on Long Term Debt                         | 48                             | 54               | -                               | -                | 48                | 54                |
| <b>Total expenses</b>                              | <b>13,733</b>                  | <b>13,653</b>    | <b>6,265</b>                    | <b>6,163</b>     | <b>19,998</b>     | <b>19,816</b>     |
| Excess before transfers                            | 2,610                          | 3,915            | 5,378                           | 3,831            | 7,988             | 7,746             |
| Transfers in (out)                                 | 1,254                          | 1,269            | (1,253)                         | (1,267)          | 1                 | 2                 |
| <b>Increase (decrease) in net position</b>         | <b>3,864</b>                   | <b>5,183</b>     | <b>4,125</b>                    | <b>2,564</b>     | <b>7,989</b>      | <b>7,747</b>      |
| Net position – Beginning                           | 48,154                         | 41,851           | 72,099                          | 69,535           | 120,253           | 111,386           |
| Restatement for Change in Accounting Principle     | -                              | 1,120            | -                               | -                | -                 | 1,120             |
| <b>Net position – Ending</b>                       | <b>\$ 52,018</b>               | <b>\$ 48,154</b> | <b>\$ 76,224</b>                | <b>\$ 72,099</b> | <b>\$ 128,242</b> | <b>\$ 120,253</b> |

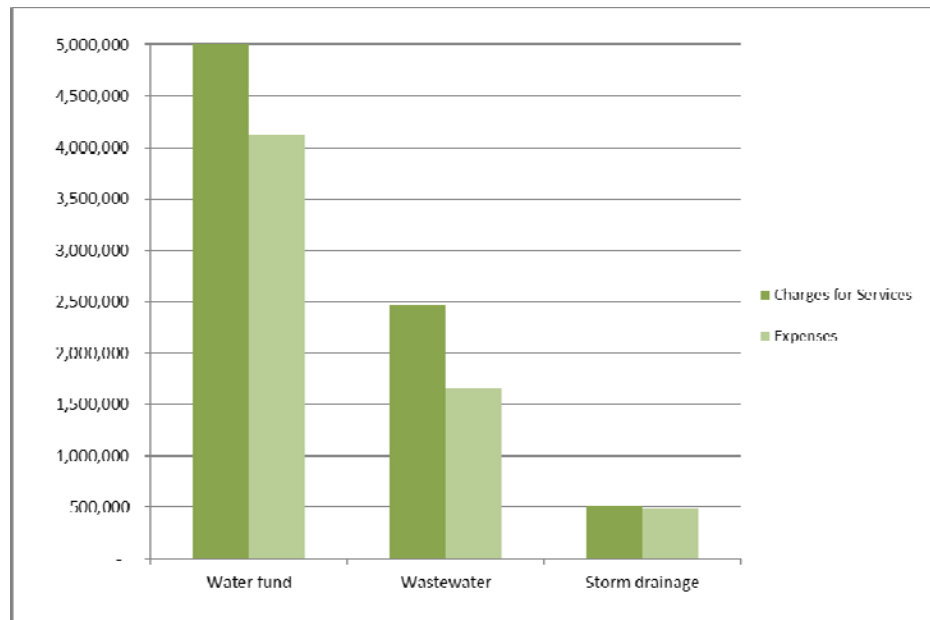
Note: Net position for 2014 was not restated as presented above for the implementation of GASB 68.

**Governmental Activities** - Governmental activities increased the City's net position by \$3.6 million, thereby accounting for a portion of the total growth in the net position of the City. Contributing to this growth was both the City's slight increase in revenues and decrease in expenditures.

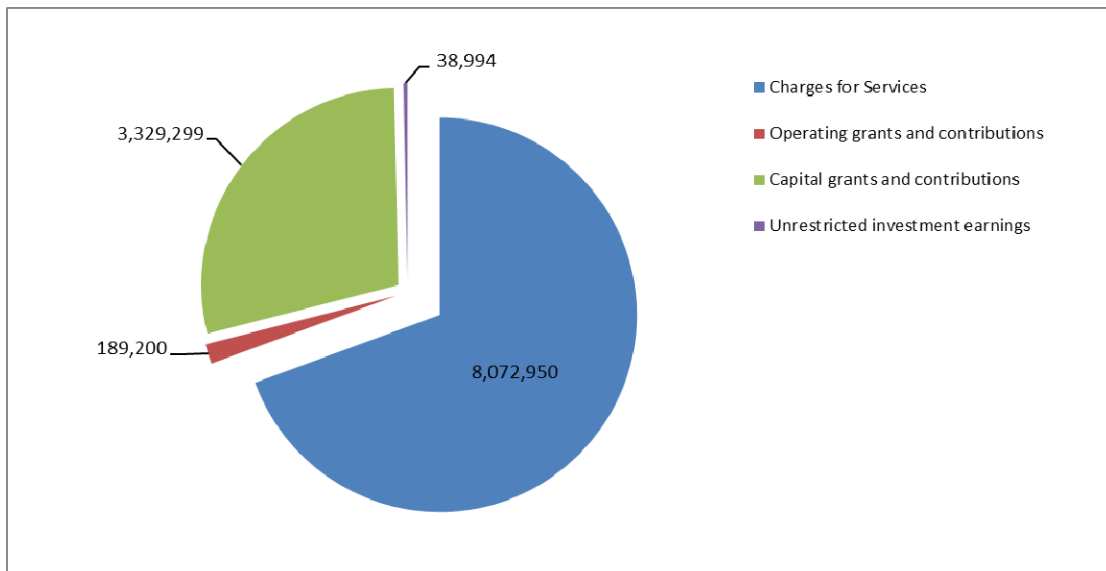
**Business-type Activities** - Business-type activities increased the City's net position by \$4.1 million.

---

### Business-type Activities - Charges for Services and Expenses



### Business-type Activities - Revenues by Source



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

**Governmental funds** - The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2016, the City's governmental funds reported ending fund balances of \$19.3 million, an increase of \$204 thousand from the prior year. Approximately 40 percent of this total amount (\$7.6 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$11.7 million) is restricted, committed, or assigned to indicate that it is not available for new spending because it has been restricted, committed or assigned to 1) provide a reserve fund for the benefit of the holders of certain City debt instruments, 2) provide an emergency reserve as required by the City Charter and the State Constitution (amendment to Article X, Section 20) and 3) fund balance which was accumulated due to revenues which were assigned to a specific function (for example, impact fee revenues).

The General Fund is the chief operating fund of the City. As of December 31, 2016, the unassigned fund balance of the general fund was \$7.6 million. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. Total unassigned fund balance represents 59 percent of total General Fund expenditures. The decrease in the fund balance of the General Fund was \$2.1 million during 2016. The major contributing factor to the increase was a transfer out to the 2013 Lease Repayment Fund for the early retirement of debt.

In 2016, taxes are the General Fund's largest source of revenue at 69 percent, or \$9.0 million.

The Emergency Contingency Fund ended the 2016 fiscal year with a total fund balance of \$1.0 million, all of which is reserved for emergencies and not available for spending, except at the City Council's discretion in accordance with City Charter direction. For financial reporting purposes, this fund is reported within the General Fund.

**Proprietary funds** - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Water, Waste Water and Storm Drainage funds as of December 31, 2016, amounted to \$52.7 million, \$14.2 million, and \$9.3 million, respectively. The total growth (decline) in net position for the three funds during 2016 was \$1.2 million, \$2.9 million, and \$76 thousand, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the 2016 original budget and the final revised expenditure budget was \$5.1 million. The major appropriations approved during the year were:

- \$481 thousand transfer to the ERA for purchase of future economic development property;
- \$2.2 million transfer to the 2013 Lease Repayment Fund for the early retirement of the debt for Riverside Library and Cultural Center.

During the year, actual revenues were \$12.9 million, which exceeded final budgetary estimates by \$286 thousand. The additional revenues are primarily due to fines and forfeitures, charges for service, state severance tax and federal mineral lease tax.

Actual expenditures and other financing sources totaled \$16.3 million which was \$2.5 million under budgeted expenditures and other financing sources. The fund balance as of December 31, 2016 was \$9.1 million. Of this amount, \$146 thousand is nonspendable and related to 2017 expenditures prepaid in 2016, \$1 million is restricted for emergencies, \$384 thousand is committed for functions related to designated revenue, and \$7.6 million is unassigned and available for appropriations as the City Council sees fit.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** - The City's investment in capital assets for its governmental and business-type activities as of December 31, 2016, amounted to \$108.2 million (net of accumulated depreciation). This investment includes the investment in Greeley water; land; buildings and system; improvements; machinery and equipment; park facilities; sidewalks; roads; highways and bridges; and water, wastewater and storm drainage installations and systems. The City's investment in capital assets increased for both governmental activities and for business-type activities).

Major capital asset additions during the year included the following:

- Construction in progress activity for a multitude of long range projects, like landscaping projects, permanent repairs from 2013 flood damage, park revitalization and facility improvements.

**City of Evans Capital Assets  
(net of depreciation)**

|                          | <b>Governmental<br/>Activities</b> |             | <b>Business-Type<br/>Activities</b> |             | <b>Total</b> |             |
|--------------------------|------------------------------------|-------------|-------------------------------------|-------------|--------------|-------------|
|                          | <b>2016</b>                        | <b>2015</b> | <b>2016</b>                         | <b>2015</b> | <b>2016</b>  | <b>2015</b> |
| Land and water shares    | \$ 7,613                           | \$ 7,153    | \$ 33,631                           | \$ 33,631   | \$ 41,244    | \$ 40,784   |
| Landscaping              | 1,859                              | 1,215       | -                                   | -           | 1,859        | 1,215       |
| Construction in progress | 3,267                              | 2,077       | 13,404                              | 7,330       | 16,671       | 9,407       |
| Intangible assets        | 96                                 | 66          | 5                                   | 7           | 101          | 73          |
| Land improvements        | 1,226                              | 1,349       | -                                   | -           | 1,226        | 1,349       |
| Building & improvements  | 8,469                              | 8,795       | 301                                 | 338         | 8,770        | 9,133       |
| System improvements      | -                                  | -           | 26,925                              | 27,408      | 26,925       | 27,408      |
| Machinery & equipment    | 538                                | 455         | 420                                 | 255         | 958          | 710         |
| Transportation equipment | 949                                | 529         | -                                   | -           | 949          | 529         |
| Infrastructure           | 9,202                              | 8,518       | 347                                 | 357         | 9,549        | 8,875       |
| Total                    | \$ 33,219                          | \$ 30,157   | \$ 75,033                           | \$ 69,326   | \$ 108,252   | \$ 99,483   |

Additional information on the City's capital assets can be found in the notes to the financial statements on Pages 40-41 of this report.

**Debt** - As of December 31, 2016, the City had total capital lease obligations outstanding of \$1.9 million. In addition, the City has \$41.2 million in Colorado Water Resources and Power Development Authority ("CWRPDA") notes payable.

**City of Evans Outstanding Debt**

|                      | <b>Governmental<br/>Activities</b> |             | <b>Business-Type<br/>Activities</b> |             | <b>Total</b> |             |
|----------------------|------------------------------------|-------------|-------------------------------------|-------------|--------------|-------------|
|                      | <b>2016</b>                        | <b>2015</b> | <b>2016</b>                         | <b>2015</b> | <b>2016</b>  | <b>2015</b> |
| Water loans          | -                                  | -           | 1,096                               | 1,252       | 1,096        | 1,409       |
| Wastewater loans     | -                                  | -           | 40,071                              | 314         | 40,071       | 314         |
| Capital Leases       | 1,865                              | 2,110       | -                                   | -           | 1,865        | 2,110       |
| Compensated Absences | 376                                | 322         | 120                                 | 114         | 496          | 436         |
| Total                | \$ 2,241                           | \$ 2,432    | \$ 41,287                           | \$ 1,680    | \$ 43,528    | \$ 4,269    |

The City's general obligation indebtedness may not, by Charter, exceed in aggregate dollars, 15% of the City's prior year's total assessed property valuation. A requirement exists to have an affirmative vote of the citizens to authorize general obligation debt issuance. Business-type funds do not have any limitations on the amount of debt that may be issued nor do they require an elector vote provided that the debt is supported by revenues of the utility enterprise. Issuance of business-type fund debt must be approved by an affirmative vote of the Council by ordinance. Advanced refunding of all debt must be approved by ordinance by the Council.

Additional information on the City's long-term debt can be found in the notes to the financial statements on Pages 42-43 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Population has remained relatively unchanged over the past several years with a 2013 estimate of 20,153.
- The City's sales tax collections decreased by 13 percent in 2016, in large part due to decreases for the second year in revenue from the industrial sector and motor vehicle use taxes of the City. The industrial category of taxes is considered volatile and the majority of revenues received is treated as "one-time" revenues and are not added to the long-term revenue projections. To conservatively estimate the collections in the industrial category, sales tax revenues are projected to decrease 7 percent for 2017.
- Property tax increased by 15 percent in 2016 and is projected to increase by 7 percent for 2017. The increase is largely due to increased property valuations.

All of these factors were considered in preparing the City's budget for the 2017 fiscal year.

## **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Evans Finance Department, 1100 37<sup>th</sup> Street, Evans, Colorado 80620, (970) 475-1127.

## Basic Financial Statements

---

**City of Evans**  
**Statement of Net Position**

**December 31, 2016**

|                                                     | Governmental<br>Activities | Business-Type<br>Activities | Total                 |
|-----------------------------------------------------|----------------------------|-----------------------------|-----------------------|
| <b>Assets</b>                                       |                            |                             |                       |
| Cash, cash equivalents and investments              | \$ 17,811,638              | \$ 6,357,187                | \$ 24,168,825         |
| Receivables                                         | 2,785,576                  | 881,196                     | 3,666,772             |
| Prepaid items                                       | 145,892                    | 12,039                      | 157,931               |
| Restricted assets:                                  |                            |                             |                       |
| Cash, cash equivalents and investments              | 1,000,000                  | 1,307,048                   | 2,307,048             |
| Loan proceeds receivable                            | -                          | 37,604,175                  | 37,604,175            |
| Investment in Greeley water                         | -                          | 7,802,013                   | 7,802,013             |
| Capital assets, not being depreciated               | 12,739,115                 | 39,233,571                  | 51,972,686            |
| Capital assets, being depreciated, net              | 20,480,544                 | 27,997,145                  | 48,477,689            |
| Net pension asset                                   | 932,793                    | -                           | 932,793               |
| <b>Total assets</b>                                 | <b>55,895,558</b>          | <b>121,194,374</b>          | <b>177,089,932</b>    |
| <b>Deferred outflows of resources</b>               |                            |                             |                       |
| Deferred outflows of resources relating to pensions | 902,404                    | -                           | 902,404               |
| <b>Liabilities</b>                                  |                            |                             |                       |
| Accounts payable                                    | 1,214,577                  | 3,430,788                   | 4,645,365             |
| Accrued payroll                                     | 49,880                     | 5,969                       | 55,849                |
| Deposits and escrows                                | 452,670                    | 74,959                      | 527,629               |
| Unearned revenue                                    | 41,025                     | -                           | 41,025                |
| Other liabilities                                   | 249,932                    | -                           | 249,932               |
| Accrued interest payable                            | 3,541                      | 171,043                     | 174,584               |
| Noncurrent liabilities:                             |                            |                             |                       |
| Accrued compensated absences                        | 375,810                    | 120,120                     | 495,930               |
| Due within one year                                 | 250,000                    | 263,453                     | 513,453               |
| Due in more than one year                           | 1,615,000                  | 40,903,994                  | 42,518,994            |
| <b>Total liabilities</b>                            | <b>4,252,435</b>           | <b>44,970,326</b>           | <b>49,222,761</b>     |
| <b>Deferred inflows of resources</b>                |                            |                             |                       |
| Unearned revenue - property taxes                   | 461,489                    | -                           | 461,489               |
| Deferred inflows of resources relating to pensions  | 65,850                     | -                           | 65,850                |
| <b>Total deferred inflows of resources</b>          | <b>527,339</b>             | <b>-</b>                    | <b>527,339</b>        |
| <b>Net Position</b>                                 |                            |                             |                       |
| Net investment in capital assets                    | 31,354,659                 | 68,249,528                  | 99,604,187            |
| Restricted for:                                     |                            |                             |                       |
| Emergencies                                         | 1,000,000                  | -                           | 1,000,000             |
| Debt service                                        | -                          | 1,307,048                   | 1,307,048             |
| Parks and recreation                                | 554,606                    | -                           | 554,606               |
| Pensions                                            | 932,793                    | -                           | 932,793               |
| Unrestricted                                        | 18,176,130                 | 6,667,472                   | 24,843,602            |
| <b>Total net position</b>                           | <b>\$ 52,018,188</b>       | <b>\$ 76,224,048</b>        | <b>\$ 128,242,236</b> |

*The accompanying notes are an integral part of these financial statements.*

**City of Evans**  
**Statement of Activities**

**Year Ended December 31, 2016**

| Functions/programs               | Expenses     | Program Revenues     |                                    |                                  |
|----------------------------------|--------------|----------------------|------------------------------------|----------------------------------|
|                                  |              | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Governmental activities:</b>  |              |                      |                                    |                                  |
| General government               | \$ 4,413,732 | \$ 1,631,116         | \$ 91,116                          | \$ 392,725                       |
| Public safety                    | 4,168,665    | 733,042              | -                                  | -                                |
| Public works                     | 2,870,068    | 335,485              | -                                  | 563,966                          |
| Culture, parks and recreation    | 1,154,380    | 766,542              | -                                  | -                                |
| Community development            | 742,306      | -                    | -                                  | -                                |
| Flood recovery                   | 335,943      | -                    | 287,175                            | -                                |
| Interest on long term-debt       | 48,221       | -                    | -                                  | -                                |
| Total governmental activities    | 13,733,315   | 3,466,185            | 378,291                            | 956,691                          |
| <b>Business-type activities:</b> |              |                      |                                    |                                  |
| Water                            | 4,123,938    | 5,074,295            | -                                  | 864,716                          |
| Wastewater                       | 1,658,979    | 2,478,323            | 189,200                            | 2,246,791                        |
| Storm drainage                   | 481,864      | 520,332              | -                                  | 217,792                          |
| Total business-type activities   | 6,264,781    | 8,072,950            | 189,200                            | 3,329,299                        |
| Total primary government         | \$19,998,096 | \$11,539,135         | \$ 567,491                         | \$ 4,285,990                     |

**General revenues**

Taxes:

Property taxes

Specific ownership taxes

Sales and use taxes

Franchise taxes

Other taxes

Intergovernmental

Earnings on investments

Other revenues

Gain on disposal of capital assets

Subtotal general revenues

Transfers in (out)

Total general revenues and transfers

**Changes in net position**

Net position at beginning of year

Net position at end of year

| Net (Expense) Revenue<br>and Changes in Net Position |                             |                |
|------------------------------------------------------|-----------------------------|----------------|
| Governmental<br>Activities                           | Business-Type<br>Activities | Total          |
| \$ (2,298,775)                                       | \$ -                        | \$ (2,298,775) |
| (3,435,623)                                          | -                           | (3,435,623)    |
| (1,970,617)                                          | -                           | (1,970,617)    |
| (387,838)                                            | -                           | (387,838)      |
| (742,306)                                            | -                           | (742,306)      |
| (48,768)                                             | -                           | (48,768)       |
| (48,221)                                             | -                           | (48,221)       |
| (8,932,148)                                          | -                           | (8,932,148)    |
| -                                                    | 1,815,073                   | 1,815,073      |
| -                                                    | 3,255,335                   | 3,255,335      |
| -                                                    | 256,260                     | 256,260        |
| -                                                    | 5,326,668                   | 5,326,668      |
| (8,932,148)                                          | 5,326,668                   | (3,605,480)    |
| 449,845                                              | -                           | 449,845        |
| 27,300                                               | -                           | 27,300         |
| 7,795,516                                            | -                           | 7,795,516      |
| 627,905                                              | -                           | 627,905        |
| 68,789                                               | -                           | 68,789         |
| 2,072,699                                            | -                           | 2,072,699      |
| 86,047                                               | 38,994                      | 125,041        |
| 405,155                                              | -                           | 405,155        |
| 8,914                                                | 12,958                      | 21,872         |
| 11,542,170                                           | 51,952                      | 11,594,122     |
| 1,254,381                                            | (1,253,348)                 | 1,033          |
| 12,796,551                                           | (1,201,396)                 | 11,595,155     |
| 3,864,403                                            | 4,125,272                   | 7,989,675      |
| 48,153,785                                           | 72,098,776                  | 120,252,561    |
| \$52,018,188                                         | \$76,224,048                | \$128,242,236  |

*The accompanying notes are an integral part of these financial statements.*

**City of Evans**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2016**

|                                                                           | General              | Street<br>Construction | Evans<br>Redevelopment<br>Agency |
|---------------------------------------------------------------------------|----------------------|------------------------|----------------------------------|
| <b>Assets</b>                                                             |                      |                        |                                  |
| Equity in pooled cash, cash equivalents and investments                   | \$ 7,491,129         | \$ 2,373,306           | \$ 254,868                       |
| Restricted cash, cash equivalents and investments                         | 1,000,000            | -                      | -                                |
| Receivables                                                               | 1,946,354            | 707,329                | -                                |
| Prepaid items                                                             | 145,892              | -                      | -                                |
| <b>Total assets</b>                                                       | <b>\$ 10,583,375</b> | <b>\$ 3,080,635</b>    | <b>\$ 254,868</b>                |
| <b>Liabilities, deferred inflows of resources and fund balances</b>       |                      |                        |                                  |
| <b>Liabilities</b>                                                        |                      |                        |                                  |
| Accounts payable                                                          | \$ 431,623           | \$ 616,282             | \$ 338                           |
| Unearned revenue                                                          | 40,225               | -                      | -                                |
| Accrued payroll                                                           | 49,880               | -                      | -                                |
| Deposits and escrows                                                      | 452,670              | -                      | -                                |
| Other liabilities                                                         | 28,088               | 115,844                | -                                |
| <b>Total liabilities</b>                                                  | <b>1,002,486</b>     | <b>732,126</b>         | <b>338</b>                       |
| <b>Deferred inflows of resources</b>                                      |                      |                        |                                  |
| Unearned revenue - property taxes                                         | 461,489              | -                      | -                                |
| <b>Total deferred inflows of resources</b>                                | <b>461,489</b>       | <b>-</b>               | <b>-</b>                         |
| <b>Fund balances</b>                                                      |                      |                        |                                  |
| Nonspendable                                                              | 145,892              | -                      | -                                |
| Restricted                                                                | 1,000,000            | -                      | -                                |
| Committed                                                                 | 383,897              | -                      | -                                |
| Assigned                                                                  | -                    | 2,348,509              | 254,530                          |
| Unassigned                                                                | 7,589,611            | -                      | -                                |
| <b>Total fund balances</b>                                                | <b>9,119,400</b>     | <b>2,348,509</b>       | <b>254,530</b>                   |
| <b>Total liabilities, deferred inflows of resources and fund balances</b> | <b>\$ 10,583,375</b> | <b>\$ 3,080,635</b>    | <b>\$ 254,868</b>                |

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|
| \$ 7,692,335                   | \$ 17,811,638                  |
| -                              | 1,000,000                      |
| 131,893                        | 2,785,576                      |
| -                              | 145,892                        |
| <u>\$ 7,824,228</u>            | <u>\$ 21,743,106</u>           |
| <br>                           |                                |
| \$ 166,334                     | \$ 1,214,577                   |
| 800                            | 41,025                         |
| -                              | 49,880                         |
| -                              | 452,670                        |
| 106,000                        | 249,932                        |
| <u>273,134</u>                 | <u>2,008,084</u>               |
| <br>                           |                                |
| -                              | 461,489                        |
| <br>                           |                                |
| -                              | 461,489                        |
| <br>                           |                                |
| -                              | 145,892                        |
| 554,606                        | 1,554,606                      |
| 40,795                         | 424,692                        |
| 6,955,693                      | 9,558,732                      |
| -                              | 7,589,611                      |
| <u>7,551,094</u>               | <u>19,273,533</u>              |
| <br>                           |                                |
| <u>\$ 7,824,228</u>            | <u>\$ 21,743,106</u>           |

*The accompanying notes are an integral part of these financial statements.*

**City of Evans**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet with the Government-wide Statement of Net Position**  
**December 31, 2016**

---

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

|                                         |               |
|-----------------------------------------|---------------|
| Total fund balance - governmental funds | \$ 19,273,533 |
|-----------------------------------------|---------------|

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.

|                                |                     |            |
|--------------------------------|---------------------|------------|
| Capital assets                 | \$ 46,334,060       |            |
| Less: accumulated depreciation | <u>(13,114,401)</u> | 33,219,659 |

Pension asset and related deferred inflows and deferred outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements.

|                                                     |                 |           |
|-----------------------------------------------------|-----------------|-----------|
| Pension asset                                       | \$ 932,793      |           |
| Deferred outflows of resources relating to pensions | 902,404         |           |
| Deferred inflows of resources relating to pensions  | <u>(65,850)</u> | 1,769,347 |

Long-term liabilities are not due and payable from current financial resources and, therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities and related accounts at December 31, 2016 consist of:

|                                                     |                |                      |
|-----------------------------------------------------|----------------|----------------------|
| Capital lease obligation                            | \$ (1,865,000) |                      |
| Compensated absences                                | (375,810)      |                      |
| Accrued interest payable                            | <u>(3,541)</u> | (2,244,351)          |
| <b>Total net position - governmental activities</b> |                | <b>\$ 52,018,188</b> |

---

*The accompanying notes are an integral part of these financial statements.*

**City of Evans**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2016**

|                                                          | General             | Street<br>Construction | Evans<br>Redevelopment<br>Agency |
|----------------------------------------------------------|---------------------|------------------------|----------------------------------|
| <b>Revenues</b>                                          |                     |                        |                                  |
| Taxes                                                    | \$ 8,969,355        | \$ -                   | \$ -                             |
| Licenses and permits                                     | 944,577             | -                      | -                                |
| Intergovernmental                                        | 1,159,768           | 695,588                | -                                |
| Grants and contributions                                 |                     |                        |                                  |
| Grants - flood                                           | -                   | 4,595                  | -                                |
| Other                                                    | 483,841             | 563,966                | -                                |
| Charges for services                                     | 438,633             | -                      | -                                |
| Fines and forfeitures                                    | 646,463             | -                      | -                                |
| Earnings on investments                                  | 23,524              | 19,011                 | -                                |
| Assessments                                              | -                   | -                      | -                                |
| Miscellaneous                                            | 242,722             | -                      | 161,078                          |
| <b>Total revenues</b>                                    | <b>12,908,883</b>   | <b>1,283,160</b>       | <b>161,078</b>                   |
| <b>Expenditures</b>                                      |                     |                        |                                  |
| General government                                       | 3,793,969           | -                      | -                                |
| Public safety                                            | 4,390,742           | -                      | -                                |
| Public works                                             | 1,328,635           | 198,287                | -                                |
| Culture, parks and recreation                            | 1,035,112           | -                      | -                                |
| Community development                                    | 647,214             | -                      | 48,842                           |
| Flood recovery                                           | 240,795             | 69,081                 | -                                |
| Debt service                                             |                     |                        |                                  |
| Principal                                                | -                   | -                      | -                                |
| Interest                                                 | 24,371              | -                      | -                                |
| Capital outlay                                           | 1,386,086           | 1,997,818              | 444,375                          |
| <b>Total expenditures</b>                                | <b>12,846,924</b>   | <b>2,265,186</b>       | <b>493,217</b>                   |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>61,959</b>       | <b>(982,026)</b>       | <b>(332,139)</b>                 |
| <b>Other financing sources (uses)</b>                    |                     |                        |                                  |
| Proceeds from the sale of capital assets                 | 31,285              | -                      | -                                |
| Transfers in                                             | 1,287,462           | 850,000                | 441,034                          |
| Transfers out                                            | (3,491,034)         | -                      | -                                |
| <b>Total other financing sources (uses)</b>              | <b>(2,172,287)</b>  | <b>850,000</b>         | <b>441,034</b>                   |
| <b>Net changes in fund balances</b>                      | <b>(2,110,328)</b>  | <b>(132,026)</b>       | <b>108,895</b>                   |
| <b>Fund balance at beginning of year</b>                 | <b>11,229,728</b>   | <b>2,480,535</b>       | <b>145,635</b>                   |
| <b>Fund balance at end of year</b>                       | <b>\$ 9,119,400</b> | <b>\$ 2,348,509</b>    | <b>\$ 254,530</b>                |

| Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--------------------------------|--------------------------------|
| \$ -                           | \$ 8,969,355                   |
| 1,600                          | 946,177                        |
| 217,343                        | 2,072,699                      |
| 282,580                        | 287,175                        |
| -                              | 1,047,807                      |
| 665,400                        | 1,104,033                      |
| -                              | 646,463                        |
| 43,512                         | 86,047                         |
| 769,512                        | 769,512                        |
| 1,355                          | 405,155                        |
| 1,981,302                      | 16,334,423                     |
| -                              | 3,793,969                      |
| -                              | 4,390,742                      |
| 614,343                        | 2,141,265                      |
| 83,000                         | 1,118,112                      |
| -                              | 696,056                        |
| 26,067                         | 335,943                        |
| 245,000                        | 245,000                        |
| 24,371                         | 48,742                         |
| 818,384                        | 4,646,663                      |
| 1,811,165                      | 17,416,492                     |
| 170,137                        | (1,082,069)                    |
| -                              | 31,285                         |
| 2,200,000                      | 4,778,496                      |
| (33,081)                       | (3,524,115)                    |
| 2,166,919                      | 1,285,666                      |
| 2,337,056                      | 203,597                        |
| 5,214,038                      | 19,069,936                     |
| \$ 7,551,094                   | \$ 19,273,533                  |

*The accompanying notes are an integral part of these financial statements.*

**City of Evans**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and**  
**Changes in Fund Balances with the Government-wide 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 - total governmental funds | \$ | 203,597 |
|-------------------------------------------------------|----|---------|

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities:

|                      |                    |           |
|----------------------|--------------------|-----------|
| Capital outlay       | \$ 4,611,302       |           |
| Depreciation expense | <u>(1,526,294)</u> | 3,085,008 |

|                                                                                                                                                                                                                                                                                |          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Proceeds from sale of capital assets are shown as an other financing source, but are reduced by the net book value of the asset to calculate the gain or loss on sale of capital assets on the statement of activities. This is the net book value of the capital assets sold. | (22,371) |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|

|                                                                                                              |         |
|--------------------------------------------------------------------------------------------------------------|---------|
| The repayment of the principal of long-term debt consumes current financial resources of governmental funds. | 245,000 |
|--------------------------------------------------------------------------------------------------------------|---------|

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

|                                        |             |          |
|----------------------------------------|-------------|----------|
| Change in accrued compensated absences | \$ (53,868) |          |
| Change in accrued interest payable     | <u>521</u>  | (53,347) |

|                                                                                                                                                                          |         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Pension expense relating to the City's defined benefit retirement plans are recognized on the statement of activities and not included in the fund financial statements. | 406,516 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|

|                                                          |                     |
|----------------------------------------------------------|---------------------|
| <b>Change in net position of governmental activities</b> | <b>\$ 3,864,403</b> |
|----------------------------------------------------------|---------------------|

---

*The accompanying notes are an integral part of these financial statements.*

**City of Evans**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2016**

|                                                            | Water                | Wastewater           | Storm<br>Drainage   | Total                |
|------------------------------------------------------------|----------------------|----------------------|---------------------|----------------------|
| <b>Assets</b>                                              |                      |                      |                     |                      |
| <b>Current assets</b>                                      |                      |                      |                     |                      |
| Equity in pooled cash, cash<br>equivalents and investments | \$ 2,749,126         | \$ 2,707,341         | \$ 900,720          | \$ 6,357,187         |
| Receivables                                                | 550,153              | 266,035              | 65,008              | 881,196              |
| Prepaid items                                              | 12,039               | -                    | -                   | 12,039               |
| <b>Total current assets</b>                                | <b>3,311,318</b>     | <b>2,973,376</b>     | <b>965,728</b>      | <b>7,250,422</b>     |
| <b>Noncurrent assets</b>                                   |                      |                      |                     |                      |
| Restricted cash, cash equivalents<br>and investments       | 1,014,937            | 292,111              | -                   | 1,307,048            |
| Loan proceeds receivable                                   | 20,893               | 37,583,282           | -                   | 37,604,175           |
| Investment in Greeley water                                | 7,802,013            | -                    | -                   | 7,802,013            |
| Capital assets, not being depreciated                      | 29,722,937           | 8,012,544            | 1,498,090           | 39,233,571           |
| Capital assets, being depreciated, net                     | 12,272,966           | 8,854,162            | 6,870,017           | 27,997,145           |
| <b>Total noncurrent assets</b>                             | <b>50,833,746</b>    | <b>54,742,099</b>    | <b>8,368,107</b>    | <b>113,943,952</b>   |
| <b>Total assets</b>                                        | <b>54,145,064</b>    | <b>57,715,475</b>    | <b>9,333,835</b>    | <b>121,194,374</b>   |
| <b>Liabilities</b>                                         |                      |                      |                     |                      |
| <b>Current liabilities</b>                                 |                      |                      |                     |                      |
| Accounts payable                                           | 238,104              | 3,179,677            | 13,007              | 3,430,788            |
| Accrued expenses                                           | 1,475                | 4,494                | -                   | 5,969                |
| Deposits and escrows                                       | 33,603               | 36,205               | 5,151               | 74,959               |
| Accrued interest payable                                   | -                    | 171,043              | -                   | 171,043              |
| Current portion of note payable                            | 156,579              | 106,874              | -                   | 263,453              |
| <b>Total current liabilities</b>                           | <b>429,761</b>       | <b>3,498,293</b>     | <b>18,158</b>       | <b>3,946,212</b>     |
| <b>Noncurrent liabilities</b>                              |                      |                      |                     |                      |
| Accrued compensated absences                               | 52,198               | 60,859               | 7,063               | 120,120              |
| Note payable                                               | 939,474              | 39,964,520           | -                   | 40,903,994           |
| <b>Total noncurrent liabilities</b>                        | <b>991,672</b>       | <b>40,025,379</b>    | <b>7,063</b>        | <b>41,024,114</b>    |
| <b>Total liabilities</b>                                   | <b>1,421,433</b>     | <b>43,523,672</b>    | <b>25,221</b>       | <b>44,970,326</b>    |
| <b>Net position</b>                                        |                      |                      |                     |                      |
| Net investment in capital assets                           | 48,658,496           | 11,222,925           | 8,368,107           | 68,249,528           |
| Restricted                                                 | 1,014,937            | 292,111              | -                   | 1,307,048            |
| Unrestricted                                               | 3,050,198            | 2,676,767            | 940,507             | 6,667,472            |
| <b>Total net position</b>                                  | <b>\$ 52,723,631</b> | <b>\$ 14,191,803</b> | <b>\$ 9,308,614</b> | <b>\$ 76,224,048</b> |

*The accompanying notes are an integral part of these financial statements.*

**City of Evans**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**Year Ended December 31, 2016**

|                                                  | Water                | Wastewater           | Storm<br>Drainage   | Total                |
|--------------------------------------------------|----------------------|----------------------|---------------------|----------------------|
| <b>Operating revenues</b>                        |                      |                      |                     |                      |
| Water/sewer/storm drainage sales                 | \$ 4,779,805         | \$ 2,478,323         | \$ 520,332          | \$ 7,778,460         |
| Non-potable water sales                          | 241,363              | -                    | -                   | 241,363              |
| Water meters                                     | 41,274               | -                    | -                   | 41,274               |
| Other sales                                      | 11,853               | -                    | -                   | 11,853               |
| <b>Total operating revenues</b>                  | <b>5,074,295</b>     | <b>2,478,323</b>     | <b>520,332</b>      | <b>8,072,950</b>     |
| <b>Operating expenses</b>                        |                      |                      |                     | -                    |
| Water supply and administrative                  | 3,409,833            | -                    | -                   | 3,409,833            |
| Wastewater and administrative                    | -                    | 749,712              | -                   | 749,712              |
| Storm drainage and administrative                | -                    | -                    | 212,563             | 212,563              |
| Depreciation expense                             | 714,105              | 516,128              | 269,301             | 1,499,534            |
| Flood recovery                                   | -                    | 16,820               | -                   | 16,820               |
| <b>Total operating expenses</b>                  | <b>4,123,938</b>     | <b>1,282,660</b>     | <b>481,864</b>      | <b>5,888,462</b>     |
| <b>Operating income</b>                          | <b>950,357</b>       | <b>1,195,663</b>     | <b>38,468</b>       | <b>2,184,488</b>     |
| <b>Nonoperating revenues (expenses)</b>          |                      |                      |                     |                      |
| Grants and contributions                         | -                    | 1,898,540            | -                   | 1,898,540            |
| Grants and contributions - flood                 | 83,669               | 189,200              | 167,478             | 440,347              |
| Earnings on investments                          | 22,209               | 12,702               | 4,083               | 38,994               |
| Gain on sale of capital assets                   | 6,915                | 6,043                | -                   | 12,958               |
| Interest expense                                 | -                    | (376,319)            | -                   | (376,319)            |
| <b>Total nonoperating revenues (expenses)</b>    | <b>112,793</b>       | <b>1,730,166</b>     | <b>171,561</b>      | <b>2,014,520</b>     |
| <b>Income before transfers and contributions</b> | <b>1,063,150</b>     | <b>2,925,829</b>     | <b>210,029</b>      | <b>4,199,008</b>     |
| Transfers out                                    | (649,915)            | (418,733)            | (184,700)           | (1,253,348)          |
| Plant investment fees and cash in lieu of fees   | 781,047              | 348,251              | 50,314              | 1,179,612            |
| <b>Change in net position</b>                    | <b>1,194,282</b>     | <b>2,855,347</b>     | <b>75,643</b>       | <b>4,125,272</b>     |
| <b>Net position at beginning of year</b>         | <b>51,529,349</b>    | <b>11,336,456</b>    | <b>9,232,971</b>    | <b>72,098,776</b>    |
| <b>Net position at end of year</b>               | <b>\$ 52,723,631</b> | <b>\$ 14,191,803</b> | <b>\$ 9,308,614</b> | <b>\$ 76,224,048</b> |

*The accompanying notes are an integral part of these financial statements.*

**City of Evans**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2016**

|                                                                 | Water        | Wastewater   | Storm<br>Drainage | Total        |
|-----------------------------------------------------------------|--------------|--------------|-------------------|--------------|
| <b>Cash flows from operating activities</b>                     |              |              |                   |              |
| Cash received from customers                                    | \$ 5,196,751 | \$ 2,886,377 | \$ 522,151        | \$ 8,605,279 |
| Cash payments to suppliers                                      | (3,454,364)  | (991,681)    | (255,594)         | (4,701,639)  |
| Cash payments to employees                                      | (141,637)    | (406,421)    | -                 | (548,058)    |
| Net cash flows from operating activities                        | 1,600,750    | 1,488,275    | 266,557           | 3,355,582    |
| <b>Cash flows from non-capital financing activities</b>         |              |              |                   |              |
| Transfers to other funds                                        | (649,915)    | (418,733)    | (184,700)         | (1,253,348)  |
| Grants and contributions                                        | (40,866)     | 1,857,241    | 188,439           | 2,004,814    |
| Net cash flows from non-capital financing activities            | (690,781)    | 1,438,508    | 3,739             | 751,466      |
| <b>Cash flows from capital and related financing activities</b> |              |              |                   |              |
| Plant investment fees and cash in lieu of fees                  | 781,047      | 348,251      | 50,314            | 1,179,612    |
| Principal paid on debt                                          | (156,579)    | (106,643)    | -                 | (263,222)    |
| Interest paid on debt                                           | -            | (212,459)    | -                 | (212,459)    |
| Change in restricted cash                                       | (90,085)     | (6,672)      | -                 | (96,757)     |
| Receipts of loan proceeds receivable                            | 105,491      | 2,280,905    | -                 | 2,386,396    |
| Proceeds from sale of capital assets                            | 6,915        | 6,043        | -                 | 12,958       |
| Acquisition of capital assets                                   | (326,148)    | (3,592,009)  | (67,099)          | (3,985,256)  |
| Net cash flows from capital and related financing activities    | 320,641      | (1,282,584)  | (16,785)          | (978,728)    |
| <b>Cash flows from investing activities</b>                     |              |              |                   |              |
| Proceeds from sale of investments                               | 512,365      | 408,286      | 122,606           | 1,043,257    |
| Purchases of investments                                        | (889,285)    | (1,004,679)  | (192,019)         | (2,085,983)  |
| Earnings on investments                                         | 22,128       | 12,875       | 4,083             | 39,086       |
| Net cash flows from investing activities                        | (354,792)    | (583,518)    | (65,330)          | (1,003,640)  |
| Net change in cash and cash equivalents                         | 875,818      | 1,060,681    | 188,181           | 2,124,680    |
| Cash and cash equivalents at beginning of year                  | 467,415      | 526,352      | 376,116           | 1,369,883    |
| Cash and cash equivalents at end of year                        | \$ 1,343,233 | \$ 1,587,033 | \$ 564,297        | \$ 3,494,563 |
| Cash and cash equivalents at end of year                        | \$ 1,343,233 | \$ 1,587,033 | \$ 564,297        | \$ 3,494,563 |
| Investments                                                     | 1,405,893    | 1,120,308    | 336,423           | 2,862,624    |
| <b>Cash, cash equivalents and investments at end of year</b>    |              |              |                   |              |
|                                                                 | \$ 2,749,126 | \$ 2,707,341 | \$ 900,720        | \$ 6,357,187 |

*Continued.*

**City of Evans**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2016**

|                                                                                        | Water               | Wastewater          | Storm<br>Drainage | Total               |
|----------------------------------------------------------------------------------------|---------------------|---------------------|-------------------|---------------------|
| <b>Reconciliation of operating income to net cash flows from operating activities:</b> |                     |                     |                   |                     |
| Operating income                                                                       | \$ 950,357          | \$ 1,195,663        | \$ 38,468         | \$ 2,184,488        |
| Adjustments to reconcile operating income to net cash flows from operating activities: |                     |                     |                   |                     |
| Depreciation expense                                                                   | 714,105             | 516,128             | 269,301           | 1,499,534           |
| Changes in operating assets and liabilities                                            |                     |                     |                   |                     |
| Receivables                                                                            | 122,456             | 408,054             | 1,819             | 532,329             |
| Accounts payable and accrued expenses                                                  | (186,168)           | (631,570)           | (43,031)          | (860,769)           |
| <b>Net cash flows from operating activities</b>                                        | <b>\$ 1,600,750</b> | <b>\$ 1,488,275</b> | <b>\$ 266,557</b> | <b>\$ 3,355,582</b> |
| <b>Noncash and related financing activities</b>                                        |                     |                     |                   |                     |
| Capital assets acquired with accounts payable                                          | \$ 64,260           | \$ 3,155,669        | \$ -              | \$ 3,219,929        |
| Loan Proceeds Receivable                                                               | \$ -                | \$ 37,583,282       | \$ -              | \$ 37,583,282       |

*The accompanying notes are an integral part of these financial statements.*

**City of Evans**  
**Statement of Fiduciary Net Position**  
**Cemetery Endowment Fund**  
**December 31, 2016**

---

|                                 |                  |
|---------------------------------|------------------|
| <b>Assets</b>                   |                  |
| Restricted cash and investments | \$ 49,467        |
| <b>Total assets</b>             | <b>\$ 49,467</b> |
| <b>Net position</b>             |                  |
| Restricted                      | \$ 49,467        |
| <b>Total net position</b>       | <b>\$ 49,467</b> |

*The accompanying notes are an integral part of these financial statements.*

**City of Evans**  
**Statement of Changes in Fiduciary Net Position**  
**Cemetery Endowment Fund**  
**Year Ended December 31, 2016**

---

|                                          |                  |
|------------------------------------------|------------------|
| <b>Additions</b>                         |                  |
| Earnings on investments                  | \$ 1,033         |
| <b>Total additions</b>                   | <b>1,033</b>     |
| <b>Transfers</b>                         |                  |
| Transfers out                            | (1,033)          |
| <b>Total transfers</b>                   | <b>(1,033)</b>   |
| <b>Net change in net position</b>        | <b>-</b>         |
| <b>Net position at beginning of year</b> | <b>49,467</b>    |
| <b>Net position at end of year</b>       | <b>\$ 49,467</b> |

---

*The accompanying notes are an integral part of these financial statements.*

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

## **1. Summary of Significant Accounting Policies**

### ***Reporting Entity***

The City of Evans, Colorado (the “City”) was founded on November 22, 1869, as a statutory city. On April 30, 1973, the City adopted a home rule charter which provided for adoption of a Council-Manager Government. The City’s major operations include general government; public safety; public works; culture, parks and recreation; and community development. The accompanying financial statements conform to accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

Based on the application of these criteria, the following component unit is included in the City’s reporting entity.

### ***Blended Component Unit***

The Evans Urban Renewal Authority, known as the Evans Redevelopment Agency (“ERA”) was created by the City of Evans in 2009 to assist in the redevelopment of blighted and run-down neighborhoods and districts that were attracting little or no private investment and stimulate the transformation into attractive, thriving areas. The City Council serves as the Urban Renewal Authority and is governed by Colorado State Statutes. The activity for the ERA is reported as a blended component unit of the City, a major fund shown as the Evans Redevelopment Agency. Separate financial statements are not issued for the ERA.

### ***Government-wide and Fund Financial Statements***

The government-wide financial statements report information on all of the nonfiduciary 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 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 activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

or activity. 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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues, rather than as program revenues. Likewise, general revenues include all taxes.

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 City 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, as well as expenditures related to compensated absences, claims and judgments and pollution remediation costs, are recorded only when payment is due.

Property taxes, when levied for; intergovernmental revenues, when eligibility requirements are met; charges for services; and interest associated with the current fiscal period, are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All others, primarily licenses, fees and permits, are measurable and available only when cash is received.

The City reports the following major governmental funds:

*General Fund* - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. In addition, the Emergency Contingency Reserve Fund, used for funds accumulated for emergency contingencies established by the City Charter, is also reported in this fund.

*Street Construction Fund* - The Street Construction Fund is a capital projects fund. It is used to manage the City's major assets, such as roadways, alleys, and public rights-of-way, through the on-going maintenance and repair of existing assets and the construction of new assets.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

*Evans Redevelopment Agency* - The Evans Redevelopment Agency is a blended component unit, and reported as a special revenue fund. It reports the activities of the Evans Urban Renewal Authority.

Proprietary Funds - Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise and internal service funds include the cost of operations and maintenance and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Enterprise Funds* - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the primary intent is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds include the Water, Waste Water, and Storm Drainage Funds.

Fiduciary Funds - Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's trust fund is the Cemetery Endowment Fund.

***Budgets***

The City follows these procedures in establishing the budgetary data reflected in the supplementary information.

- By October 15, the City Manager submits to the City Council, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the City Council through passage of an ordinance.
- The City legally adopts budgets for all of the funds. Budgets for the General, special revenue, capital projects and fiduciary funds are adopted on a basis consistent with GAAP. Budgetary comparisons presented for the enterprise funds are presented on a non-GAAP budgetary basis.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the City Council. All appropriations lapse at year end.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

The following table summarizes the individual fund budgeted expenditures, as originally adopted, and as revised:

|                             | Original Budget      | Total Revisions      | Revised Budget       |
|-----------------------------|----------------------|----------------------|----------------------|
| <b>Governmental funds:</b>  |                      |                      |                      |
| General                     | \$ 13,747,893        | \$ 5,095,020         | \$ 18,842,913        |
| Special revenue funds:      |                      |                      |                      |
| Parks Impact                | -                    | 193,000              | 193,000              |
| Conservation Trust          | 95,000               | 97,000               | 192,000              |
| Refuse Collection           | 654,654              | -                    | 654,654              |
| Street Impact               | 250,000              | 1,259,478            | 1,509,478            |
| Fire Impact                 | -                    | -                    | -                    |
| Police Impact               | -                    | -                    | -                    |
| Cemetery Perpetual Care     | -                    | 75,000               | 75,000               |
| Evans Redevelopment Agency  | 358,710              | 481,000              | 839,710              |
| Capital projects fund:      |                      |                      |                      |
| Street Construction         | 3,185,500            | 4,627,193            | 7,812,693            |
| Parks Construction          | 1,689,073            | 359,142              | 2,048,215            |
| Debt service fund:          |                      |                      |                      |
| 2013 Lease Repayment        | -                    | 269,731              | 269,731              |
| <b>Business-type funds:</b> |                      |                      |                      |
| Water                       | 4,788,624            | 473,355              | 5,261,979            |
| Wastewater                  | 1,861,753            | 41,222,768           | 43,084,521           |
| Storm Drainage              | 239,031              | 437,373              | 676,404              |
| <b>Fiduciary fund:</b>      |                      |                      |                      |
| Cemetery Endowment          | 6,000                | -                    | 6,000                |
| <b>Total funds</b>          | <b>\$ 26,876,238</b> | <b>\$ 54,590,060</b> | <b>\$ 81,466,298</b> |

***Cash and Investments***

Cash balances of the City's funds are pooled and invested in investments maturing within five years, in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the financial statements as "equity in pooled cash, cash equivalents and investments." Overdrawn balances in the pooled cash accounts, if any, are treated by the City as interfund liabilities, payable to the fund deemed to have made the loan.

During 2016, the City had investments in commercial paper, corporate bonds, U.S. treasury obligations, U.S. instrumentality obligations, and local government investment pools.

Investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, based on quoted market values.

For purpose of presentation in the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

An analysis of the City's cash and investment accounts at December 31, 2016, is provided in Note 2.

***Restricted Cash***

The Emergency Contingency restricted cash, totaling \$1,000,000, as reported within the General Fund, is due to a reserve for unanticipated expenditures. The City, by Home Rule Charter, maintains a fund balance equal to 25% of the prior year's General Fund expenditures. The designation is to provide a fiscal cushion to absorb fluctuations in City operations due to economic downturns or emergencies. This designation encompasses the "emergency" reserve as defined in the TABOR amendment of the Colorado State Constitution. In the November 2012 election, the citizens of Evans approved a ballot initiative to provide for a ceiling of \$1 million in the Emergency Contingency Fund, allowing any amount exceeding this amount to be transferred to the General Fund. This ceiling was effective starting January 1, 2013.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Because these assets do not represent current financial resources, these amounts are shown as nonspendable fund balance in governmental funds.

***Bond Premiums, Discounts and Issuance Costs***

In the governmental fund statements, bond premiums, discounts, and issuance costs are recognized as current period revenues and/or expenditures. Bond premiums and discounts in the government-wide and proprietary fund statements are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective-interest method. Issuance costs are expensed as incurred, while bond premiums and discounts are netted against the related debt.

***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., streets and roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Assets are depreciated using the straight-line method. Depreciation expense is included in program expense in the government-wide statement of activities.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

Estimated useful lives for asset types are as follows:

---

|                            |               |
|----------------------------|---------------|
| Intangible assets          | 10 years      |
| Land improvements          | 5 - 50 years  |
| Infrastructure             | 10 - 30 years |
| Buildings and improvements | 5 - 50 years  |
| Machinery and equipment    | 5 - 20 years  |
| Transportation equipment   | 6 - 15 years  |
| System improvements        | 5 - 40 years  |

---

***Compensated Absences***

Employees of the City are allowed to accumulate unused vacation, sick and compensatory time depending on length of employment. Upon termination of employment from the City, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay; there is no payment for sick leave upon termination.

Accumulated unpaid vacation and compensatory time is accrued when earned. In the governmental fund statements, accumulated compensated absences not expected to be paid with current available resources are reported as governmental activities liabilities, but not reported in the funds. These balances are generally liquidated by the General Fund. Compensated absences relating to the Enterprise Funds are recorded as a liability of those funds.

***Long-Term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

***Property Taxes***

Property taxes are levied prior to December 31 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on the last day of February and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflows of resources is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflows of resources is recognized as revenue and the receivable is reduced.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

***Fund Balance and Net Position***

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

*Net Investment in Capital Assets* - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

*Restricted Net Position* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* - This category represents the net position of the City, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, fund balances of governmental funds are categorized as follows:

*Nonspendable* - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

*Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

*Committed* - amounts that can be used only for specific purposes determined by a formal action of the City Council (the "Council"). The Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through resolutions approved by the Council.

*Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Council's adopted policy, the Council has granted the City Manager, or the City Manager's designee, the authority to assign the designated fund balance for each governmental fund based on the intended use of resources by the City Council in the most recently adopted Budget and Long Range Financial Plans.

*Unassigned* - all other spendable amounts. Only the General Fund reports a positive unassigned fund balance. In other governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to other purposes, the funds would report a negative unassigned fund balance; however, any amount reported as assigned fund balance would have to be eliminated before a negative unassigned fund balance could be reported.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, it is the City's policy to use restricted resources first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

As of December 31, 2016, fund balances are composed of the following:

|                       | General<br>Fund     | Street<br>Construction<br>Fund | Evans<br>Redevelopment<br>Agency | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------|---------------------|--------------------------------|----------------------------------|-----------------------------------|--------------------------------|
| <b>Nonspendable:</b>  |                     |                                |                                  |                                   |                                |
| Prepaid items         | \$ 145,892          | \$ -                           | \$ -                             | \$ -                              | \$ 145,892                     |
| <b>Restricted:</b>    |                     |                                |                                  |                                   |                                |
| Emergency reserve     | 1,000,000           | -                              | -                                | -                                 | 1,000,000                      |
| Parks and recreation  | -                   | -                              | -                                | 554,606                           | 554,606                        |
| <b>Committed:</b>     |                     |                                |                                  |                                   |                                |
| Surcharge fees        | 383,897             | -                              | -                                | -                                 | 383,897                        |
| Street construction   | -                   | -                              | -                                | 40,795                            | 40,795                         |
| <b>Assigned:</b>      |                     |                                |                                  |                                   |                                |
| Special revenue funds | -                   | -                              | 254,530                          | 6,955,693                         | 7,210,223                      |
| Street construction   | -                   | 2,348,509                      | -                                | -                                 | 2,348,509                      |
| <b>Unassigned:</b>    | 7,589,611           | -                              | -                                | -                                 | 7,589,611                      |
| <b>Total</b>          | <b>\$ 9,119,400</b> | <b>\$ 2,348,509</b>            | <b>\$ 254,530</b>                | <b>\$ 7,551,094</b>               | <b>\$ 19,273,533</b>           |

***Pensions***

The City contributes to the Statewide Defined Benefit Plan (“SWDB”) and the Statewide Hybrid Plan (“SWH”). Both plans are cost-sharing multiple-employer defined benefit pension plans administered by the Fire and Police Pension Association of Colorado (“FPPA”). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the SWDB and SWH plans and additions to/deductions from the SWDB and SWH plans fiduciary net position have been determined on the same basis as they are reported by the FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Accounting Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. Cash and Investments**

A summary of deposits and investments as of December 31, 2016, follows:

|               |                      |
|---------------|----------------------|
| Petty cash    | \$ 1,967             |
| Cash deposits | 9,675,200            |
| Investments   | 16,848,173           |
| <b>Total</b>  | <b>\$ 26,525,340</b> |

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

The above amounts are classified in the statements of net position and fiduciary net position as follows:

---

|                                           |                      |
|-------------------------------------------|----------------------|
| <b>Restricted cash and investments:</b>   |                      |
| Governmental activities                   | \$ 1,000,000         |
| Business-type activities                  | 1,307,048            |
| Fiduciary funds                           | 49,467               |
| <b>Unrestricted cash and investments:</b> |                      |
| Governmental activities                   | 17,811,638           |
| Business-type activities                  | 6,357,187            |
| <hr/>                                     |                      |
| <b>Total cash and investments</b>         | <b>\$ 26,525,340</b> |

---

***Cash Deposits***

***Custodial Credit Risk***

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits. The City's deposit policy is in accordance with CRS 11-10.5-101, the Colorado Public Deposit Protection Act ("PDPA"), which governs the investment of public funds. PDPA requires that all units of local governments deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is maintained by another institution, or held in trust for all of the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2016, the City had deposits with financial institutions with a carrying amount of \$9,675,200. The bank balances with the financial institutions were \$10,162,333, of which \$1,000,000 was covered by federal depository insurance. The remaining balance of \$9,162,333 was collateralized with securities held by the financial institutions' agents but not in the City's name.

***Investments***

***Credit Risk***

The City's investment policy defines allowable investments instruments including:

- U.S. Treasury obligations
- U.S. instrumentality obligations
- Certificates of deposit
- Corporate bonds rated at lower than AA- by at least two nationally recognized rating agencies
- Repurchase agreements
- Investment grade obligations of state, county and local governments and public authorities
- Money market mutual funds regulated by the Securities and Exchange Commission whose portfolios consist of only dollar denominated securities
- Local government investment pools

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

The City manages its credit risk by limiting its investments to the types of securities listed above, by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors, and by diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

At December 31, 2016, the City had the following investments:

| Investments              | S&P<br>Rating | Moody<br>Rating | Fair Value           | Average<br>Maturity Date<br>(in days) | Concentration<br>of Credit<br>Risk |
|--------------------------|---------------|-----------------|----------------------|---------------------------------------|------------------------------------|
| US Treasury              | AAA           | Aaa             | \$ 500,570           | 120                                   | 2.97%                              |
| US Instrumentality       | AAA           | Aaa             | 5,173,243            | 532                                   | 30.71%                             |
| Certificates of deposit  | NR            | NR              | 2,392,367            | 1,211                                 | 14.20%                             |
| Corporate Bonds          | AA-/AA+       | AA1/AA3         | 999,605              | 219                                   | 5.93%                              |
| ColoTrust                | AAAm          | Aaa             | 7,782,388            | N/A                                   | 46.19%                             |
| <b>Total investments</b> |               |                 | <b>\$ 16,848,173</b> |                                       |                                    |

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investment balances at fair value hierarchy are as follows:

| Investments              | Level 1     | Level 2              | Level 3     | Total                |
|--------------------------|-------------|----------------------|-------------|----------------------|
| US Treasury              | \$ -        | \$ 500,570           | \$ -        | \$ 500,570           |
| US Instrumentality       | -           | 5,173,243            | -           | 5,173,243            |
| Certificates of deposit  | -           | 2,392,367            | -           | 2,392,367            |
| Corporate Bonds          | -           | 999,605              | -           | 999,605              |
| ColoTrust                | -           | 7,782,388            | -           | 7,782,388            |
| <b>Total investments</b> | <b>\$ -</b> | <b>\$ 16,848,173</b> | <b>\$ -</b> | <b>\$ 16,848,173</b> |

As of December 31, 2016, the City has invested funds in ColoTrust and CSAFE, local government investment pools that operate under the Colorado Revised Statutes (24-75-701) which are overseen by the Colorado Securities Commissioner. These investment pools invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. Balances in CSAFE are valued using the net asset value ("NAV") per share (or its equivalent) of the investments; therefore, balances in CSAFE are included with cash and cash equivalents.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

***Interest Rate Risk***

Colorado state statutes require that no investment may have a maturity in excess of five years from the date of purchase, unless an available active market exists. The City has a formal investment policy, consistent with statutory requirements, that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment portfolio does not contain investments that exceed that limitation of five years.

***Custodial Credit Risk - Investments***

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City Council approves a list of financial institutions and depositories authorized to provide investment services. Security broker/dealers must have a minimum capital requirement of \$10,000,000 and at least five years of operation.

**3. Receivables**

Receivables at December 31, 2016, consist of the following:

| Receivables       | General             | Special<br>Revenue | Capital<br>Projects | Enterprise        | Total               |
|-------------------|---------------------|--------------------|---------------------|-------------------|---------------------|
| Taxes             | \$ 461,489          | \$ -               | \$ -                | \$ -              | \$ 461,489          |
| Accounts          | 223,829             | 60,357             | 661,718             | 572,325           | 1,518,229           |
| Intergovernmental | 1,260,065           | 71,536             | 45,611              | 12,030            | 1,389,242           |
| Other             | 971                 | -                  | -                   | 296,841           | 297,812             |
| <b>Total</b>      | <b>\$ 1,946,354</b> | <b>\$ 131,893</b>  | <b>\$ 707,329</b>   | <b>\$ 881,196</b> | <b>\$ 3,666,772</b> |

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

#### 4. Capital Assets

A summary of changes in governmental activity capital assets is as follows:

|                                                    | Beginning<br>Balance | Increases           | (Decreases)         | Ending<br>Balance    |
|----------------------------------------------------|----------------------|---------------------|---------------------|----------------------|
| <b>Capital assets, not being depreciated:</b>      |                      |                     |                     |                      |
| Land                                               | \$ 7,153,269         | \$ 459,375          | \$ -                | \$ 7,612,644         |
| Landscaping                                        | 1,214,869            | 644,536             | -                   | 1,859,405            |
| Construction in progress                           | 2,076,894            | 1,836,358           | (646,186)           | 3,267,066            |
| Total capital assets, not being depreciated        | 10,445,032           | 2,940,269           | (646,186)           | 12,739,115           |
| <b>Capital assets, being depreciated:</b>          |                      |                     |                     |                      |
| Intangible assets                                  | 137,247              | 51,750              | -                   | 188,997              |
| Land improvements                                  | 3,211,617            | 42,630              | -                   | 3,254,247            |
| Infrastructure                                     | 12,633,329           | 1,226,849           | -                   | 13,860,178           |
| Buildings and improvements                         | 11,736,049           | -                   | -                   | 11,736,049           |
| Machinery and equipment                            | 2,238,019            | 304,541             | -                   | 2,542,560            |
| Transportation equipment                           | 1,629,404            | 691,449             | (307,939)           | 2,012,914            |
| Total capital assets, being depreciated            | 31,585,665           | 2,317,219           | (307,939)           | 33,594,945           |
| <b>Less accumulated depreciation for:</b>          |                      |                     |                     |                      |
| Intangible assets                                  | (71,150)             | (21,792)            | -                   | (92,942)             |
| Land improvements                                  | (1,862,179)          | (166,164)           | -                   | (2,028,343)          |
| Infrastructure                                     | (4,114,813)          | (543,049)           | -                   | (4,657,862)          |
| Buildings and improvements                         | (2,941,090)          | (325,582)           | -                   | (3,266,672)          |
| Machinery and equipment                            | (1,783,550)          | (221,493)           | -                   | (2,005,043)          |
| Transportation equipment                           | (1,100,893)          | (248,214)           | 285,568             | (1,063,539)          |
| Total accumulated depreciation                     | (11,873,675)         | (1,526,294)         | 285,568             | (13,114,401)         |
| Total capital assets, being depreciated, net       | 19,711,990           | 790,925             | (22,371)            | 20,480,544           |
| <b>Governmental activities capital assets, net</b> | <b>\$ 30,157,022</b> | <b>\$ 3,731,194</b> | <b>\$ (668,557)</b> | <b>\$ 33,219,659</b> |

Depreciation for governmental activity capital assets has been allocated to the various activities as follows:

|                                                             |                     |
|-------------------------------------------------------------|---------------------|
| General government                                          | \$ 610,516          |
| Public safety                                               | 129,735             |
| Public works                                                | 724,991             |
| Culture, parks and recreation                               | 15,263              |
| Community development                                       | 45,789              |
| <b>Total depreciation expense - governmental activities</b> | <b>\$ 1,526,294</b> |

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

A summary of changes in business-type activity capital assets is as follows:

|                                                     | Beginning<br>Balance | Increases           | (Decreases)         | Ending<br>Balance    |
|-----------------------------------------------------|----------------------|---------------------|---------------------|----------------------|
| <b>Capital assets, not being depreciated:</b>       |                      |                     |                     |                      |
| Investment in Greeley water                         | \$ 7,802,013         | \$ -                | \$ -                | \$ 7,802,013         |
| Water rights                                        | 25,755,155           | -                   | -                   | 25,755,155           |
| Land                                                | 74,002               | -                   | -                   | 74,002               |
| Construction in progress                            | 7,330,389            | 6,891,950           | (817,925)           | 13,404,414           |
| Total capital assets, not being depreciated         | 40,961,559           | 6,891,950           | (817,925)           | 47,035,584           |
| <b>Capital assets, being depreciated:</b>           |                      |                     |                     |                      |
| System improvements                                 | 45,335,749           | 878,239             | -                   | 46,213,988           |
| Machinery and equipment                             | 1,488,071            | 252,921             | (54,267)            | 1,686,725            |
| Buildings and improvements                          | 870,390              | -                   | -                   | 870,390              |
| Intangible assets                                   | 21,207               | -                   | -                   | 21,207               |
| Infrastructure                                      | 443,949              | -                   | -                   | 443,949              |
| Total capital assets, being depreciated             | 48,159,366           | 1,131,160           | (54,267)            | 49,236,259           |
| <b>Less accumulated depreciation for:</b>           |                      |                     |                     |                      |
| System improvements                                 | (17,927,645)         | (1,362,563)         | -                   | (19,290,208)         |
| Machinery and equipment                             | (1,232,890)          | (87,643)            | 54,267              | (1,266,266)          |
| Buildings and improvements                          | (532,481)            | (37,009)            | -                   | (569,490)            |
| Intangible assets                                   | (14,320)             | (2,119)             | -                   | (16,439)             |
| Infrastructure                                      | (86,511)             | (10,200)            | -                   | (96,711)             |
| Total accumulated depreciation                      | (19,793,847)         | (1,499,534)         | 54,267              | (21,239,114)         |
| Total capital assets, being depreciated, net        | 28,365,519           | (368,374)           | -                   | 27,997,145           |
| <b>Business-type activities capital assets, net</b> | <b>\$ 69,327,078</b> | <b>\$ 6,523,576</b> | <b>\$ (817,925)</b> | <b>\$ 75,032,729</b> |

Depreciation for business-type activity capital assets has been allocated to the various operations as follows:

|                                                                |                     |
|----------------------------------------------------------------|---------------------|
| Water enterprise                                               | \$ 714,105          |
| Wastewater enterprise                                          | 516,128             |
| Drainage enterprise                                            | 269,301             |
| <b>Total depreciation expense - business - type activities</b> | <b>\$ 1,499,534</b> |

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

## 5. Long-Term Debt

### *Governmental Activities Debt*

Following is a summary of governmental activity debt transactions for the year ended December 31, 2016:

|                                 | Beginning<br>Balance | Additions         | Reductions          | Ending<br>Balance   | Due in<br>One Year |
|---------------------------------|----------------------|-------------------|---------------------|---------------------|--------------------|
| <b>Governmental activities:</b> |                      |                   |                     |                     |                    |
| Capital lease obligation        | \$ 2,110,000         | \$ -              | \$ (245,000)        | \$ 1,865,000        | \$ 250,000         |
| Compensated absences            | 321,942              | 799,753           | (745,885)           | 375,810             | -                  |
| <b>Total long-term debt</b>     | <b>\$ 2,431,942</b>  | <b>\$ 799,753</b> | <b>\$ (990,885)</b> | <b>\$ 2,240,810</b> | <b>\$ 250,000</b>  |

During 2013, the City entered into a capital lease obligation, maturing on December 1, 2023, with semiannual interest and annual principal payments through December 1, 2023. The interest rate is 2.31%. Proceeds from the capital lease are being used to provide funds for the acquisition, construction, and equipping of the Riverside Library and Cultural Center, a joint project of the City and the High Plains Library District.

The following table represents the future debt service requirements on the governmental activity debt.

| Year Ending<br>December 31 | Principal           | Interest          | Total               |
|----------------------------|---------------------|-------------------|---------------------|
| 2017                       | \$ 250,000          | \$ 43,082         | \$ 293,082          |
| 2018                       | 255,000             | 37,306            | 292,306             |
| 2019                       | 260,000             | 31,416            | 291,416             |
| 2020                       | 265,000             | 25,410            | 290,410             |
| 2021                       | 270,000             | 19,288            | 289,288             |
| 2022 - 2023                | 565,000             | 19,636            | 584,636             |
| <b>Total</b>               | <b>\$ 1,865,000</b> | <b>\$ 176,138</b> | <b>\$ 2,041,138</b> |

### *Business-Type Activities Debt*

Following is a summary of business-type activity debt transactions for the year ended December 31, 2016:

|                                                                                     | Beginning<br>Balance | Additions            | Reductions          | Ending<br>Balance    | Amounts<br>Due in<br>One Year |
|-------------------------------------------------------------------------------------|----------------------|----------------------|---------------------|----------------------|-------------------------------|
| Wastewater - Colorado Water Resources and<br>Power Development Authority ("CWRPDA") |                      |                      |                     |                      |                               |
| note payable (4/98)                                                                 | \$ 216,420           | \$ -                 | \$ (70,337)         | \$ 146,083           | \$ 69,370                     |
| Wastewater - CWRPDA note payable (11/98)                                            | 97,430               | -                    | (26,307)            | 71,123               | 27,504                        |
| Wastewater - CWRPDA note payable 2016                                               | -                    | 39,864,188           | (10,000)            | 39,854,188           | 10,000                        |
| Water - CWRPDA note payable (2013)                                                  | 1,252,632            | -                    | (156,579)           | 1,096,053            | 156,579                       |
| Compensated absences                                                                | 113,698              | 171,650              | (165,228)           | 120,120              | -                             |
| <b>Total long term debt</b>                                                         | <b>\$1,680,180</b>   | <b>\$ 40,035,838</b> | <b>\$ (428,451)</b> | <b>\$ 41,287,567</b> | <b>\$263,453</b>              |

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

During 1998, the City issued two notes payable with the CWRPDA. The City has pledged future wastewater revenues, net of specified operating expenses, to repay approximately \$1.5 million in wastewater system revenue bonds issued in 1998. Proceeds from the bonds provided financing for the construction and maintenance of the headworks facility at the wastewater treatment facility. The bonds bear interest between 4.00% and 4.50%. The bonds are payable solely from wastewater net revenues and are payable through 2019. Annual principal and interest payments on the bonds are expected to require less than 25 percent of specified net budgeted revenues. The total principal remaining to be paid on the bonds is \$217,207. Principal and interest paid for the current year and specified net budget revenues were \$110,763 and \$117,753, respectively.

During 2013, the City entered into a loan agreement with the CWRPDA for a principal amount of \$1.5 million. The loan does not accrue interest and is payable in semi-annual principal payments beginning on May 1, 2014 with a maturity date of November 1, 2023. Imputed interest for this loan was deemed to not be material and thus is not recorded. The loan is secured by the net revenues of the ownership and operation of the water treatment system, as defined with the agreement. As of December 31, 2016, the City had drawn down \$1,479,017 from this loan. The remaining amount available of \$20,983 to be received is reflected as loan proceeds receivable in the accompanying statement of net position.

During 2016, the City entered into a loan agreement with the CWRPDA for a principal amount of approximately \$39.9 million. The loan is secured by Pledged Property as defined within the agreement. Proceeds from the loan are providing financing for the construction and maintenance of the new wastewater treatment works at the Hill-N-Park site and the replacement of the Hill-N-Park lagoon system, decommissioning both lagoon systems, and replacing with new equipment. The loan bears interest of 1.7%. As of December 31, 2016, the City had drawn down approximately \$2.3 million from this loan. The remaining amount available of approximately \$37.6 million to be received is reflected as loan proceeds receivable in the accompanying statement of net position.

The following is a summary of the future debt service requirements for the City's business-type activity notes payable:

| Year Ending<br>December 31 | Principal            | Interest and<br>Servicing Fees | Total                |
|----------------------------|----------------------|--------------------------------|----------------------|
| 2017                       | \$ 263,453           | \$ 727,708                     | \$ 991,161           |
| 2018                       | 272,046              | 722,831                        | 994,877              |
| 2019                       | 1,871,968            | 717,898                        | 2,589,866            |
| 2020                       | 1,891,384            | 681,814                        | 2,573,198            |
| 2021                       | 1,927,271            | 646,814                        | 2,574,085            |
| 2022-2026                  | 9,658,036            | 2,746,818                      | 12,404,854           |
| 2027-2031                  | 9,907,826            | 2,185,418                      | 12,093,244           |
| 2032-2036                  | 10,739,525           | 1,361,007                      | 12,100,532           |
| 2037-2038                  | 4,635,938            | 157,730                        | 4,793,668            |
| <b>Total</b>               | <b>\$ 41,167,447</b> | <b>\$ 9,948,038</b>            | <b>\$ 51,115,485</b> |

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

## 6. Interfund Transfers

The following table summarizes interfund transfers for the year ended December 31, 2016:

|                            | Transfers Out      |                   |                   |                   |                             |                 | Total              |
|----------------------------|--------------------|-------------------|-------------------|-------------------|-----------------------------|-----------------|--------------------|
|                            | General Fund       | Water Fund        | Wastewater Fund   | Storm Drainage    | Nonmajor Governmental Funds | Fiduciary       |                    |
| <b>Transfers In:</b>       |                    |                   |                   |                   |                             |                 |                    |
| General Fund               | \$ -               | \$ 649,915        | \$ 418,733        | \$ 184,700        | \$ 33,081                   | \$ 1,033        | \$1,287,462        |
| Street Construction Fund   | 850,000            | -                 | -                 | -                 | -                           | -               | 850,000            |
| Evans Redevelopment Agency | 441,034            | -                 | -                 | -                 | -                           | -               | 441,034            |
| 2013 Lease Repayment Fund  | 2,200,000          | -                 | -                 | -                 | -                           | -               | 2,200,000          |
| <b>Total</b>               | <b>\$3,491,034</b> | <b>\$ 649,915</b> | <b>\$ 418,733</b> | <b>\$ 184,700</b> | <b>\$ 33,081</b>            | <b>\$ 1,033</b> | <b>\$4,778,496</b> |

Transfers are used to reimburse the General Fund for indirect costs associated with administrative and operational support related to providing water, wastewater, storm drainage, and refuse services to citizens.

## 7. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The City maintains commercial insurance to address these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The City has a self-funded dental insurance arrangement. The insurance coverage is substantially the same as in prior fiscal years. The City is self-insured for its dental benefits through its General Fund for employees which range from \$0 to \$543 per employee per year depending on the level of coverage selected. The maximum claim liability for 2016 was \$146,000. Expenditures are charged to the General Fund as this is the fund in which the employees' payroll expenditure is charged at the maximum amount per level of coverage.

Claims processing and payments for the dental claims are made through a third-party administrator. The City uses the information provided by the third-party administrator to aid in the determination of self-insurance liabilities. Amounts due in the future year on claims as of December 31, 2016 are recognized as a current liability in the statement of net position.

|                  | Claims<br>Premium<br>Liability at<br>Beginning of<br>Year | Current<br>Year Claims<br>and Changes<br>in Estimates | Claim<br>Payments | Claims and<br>Premium<br>Liability at<br>End of Year |
|------------------|-----------------------------------------------------------|-------------------------------------------------------|-------------------|------------------------------------------------------|
| Fiscal Year 2016 | \$ 8,692                                                  | \$ 48,900                                             | \$ 46,150         | \$ 11,442                                            |

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

## **8. Retirement Commitments**

### ***General Employees Defined Contributions Plan***

Effective January 1, 1985, the City and its employees elected to adopt a defined contribution pension plan called the City of Evans Saving Plan (the "Plan"). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular, full-time employees who have been employed at least one year are eligible to participate in the Plan.

The City's contribution to the Plan is as follows:

| Employee Contribution | Employer Contribution |
|-----------------------|-----------------------|
| 0%                    | 3%                    |
| 1%                    | 4%                    |
| 2%                    | 5%                    |
| 3%                    | 6%                    |
| 4% or More            | 7%                    |

Employee contributions vest immediately. Employees will be vested in employer contributions according to the following schedule:

|                 |             |
|-----------------|-------------|
| 1 year on plan  | 30% vested  |
| 2 years on plan | 60% vested  |
| 3 years on plan | 100% vested |

The City's total payroll for the year ended December 31, 2016 was \$6,413,259. The City's contributions to the Plan for the years ending December 31, 2016, 2015 and 2014 were \$276,698, \$308,898 and \$267,824, respectively.

### ***State of Colorado Fire and Police Pension Association - Defined Benefit Plan***

*Plan description.* The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2015 has 212 participating employer fire and police departments.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at [www.fppaco.org](http://www.fppaco.org).

*Benefits provided.* The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

when compared to the Statewide Defined Benefit Plan ("SWDB"). Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result their Separate Retirement Account ("SRA") has two components; the standard SRA and the reentry SRA. The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Fire & Police Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

A member may elect to participate in the deferred retirement option plan ("DROP") after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2015 was \$55,176,831. This amount was not included in the SWDB Plan Net Position.

*Contributions.* The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for this Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership.

Members of this Plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 16 percent through 2014. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20 percent of base salary through 2014. The City is contributing 8 percent of base salary and the employees are contributing 12 percent of base salary for the reentry group. Per the 2014 member election, the reentry

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent.

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8 percent effective January 1, 2007 through 2014. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the Plan from the City were \$42,552 for the year ended December 31, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At December 31, 2016, the City reported an asset of \$1,802 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2016, the City's proportion was 0.1022 percent, which was a decrease of 0.0039 from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$26,431. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                                 | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                                                              | \$ 14,574                         | \$ 2,128                         |
| Changes of assumptions or other inputs                                                                          | 28,305                            | -                                |
| Net difference between projected and actual earnings on pension plan investments                                | 91,716                            | -                                |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions | 5,514                             | -                                |
| City contributions subsequent to the measurement date                                                           | 42,552                            | -                                |
|                                                                                                                 | <b>\$ 182,661</b>                 | <b>\$ 2,128</b>                  |

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

The \$42,552 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | Amortization      |
|-------------------------|-------------------|
| 2017                    | \$ 28,536         |
| 2018                    | 28,536            |
| 2019                    | 28,536            |
| 2020                    | 26,175            |
| 2021                    | 5,017             |
| Thereafter              | 21,181            |
|                         | <b>\$ 137,981</b> |

*Actuarial assumptions.* The actuarial valuations for the plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2015. The valuations used the following actuarial assumption and other inputs:

|                                       | Total Pension Liability  | Actuarially Determined Contributions |
|---------------------------------------|--------------------------|--------------------------------------|
| Actuarial Valuation Date              | January 1, 2016          | January 1, 2015                      |
| Actuarial Method                      | Entry Age Normal         | Entry Age Normal                     |
| Amortization Method                   | Level % of Payroll, Open | Level % of Payroll, Open             |
| Amortization Period                   | 30 Years                 | 30 Years                             |
| Long-term Investment rate of return * | 7.5 percent              | 7.5 percent                          |
| Projected salary increases *          | 4.0 - 14.0 percent       | 4.0 - 14.0 percent                   |
| Cost of Living Adjustment             | 0.0 percent              | 0.0 percent                          |
| * Includes Inflation at               | 2.5 percent              | 3.0 percent                          |

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

For determining the actuarially determined contributions, the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

| <b>Asset Class</b>    | <b>Target Allocation</b> | <b>Long Term Expected Rate of Return</b> |
|-----------------------|--------------------------|------------------------------------------|
| Global Equity         | 37.0%                    | 6.5%                                     |
| Equity Long/Short     | 10.0%                    | 4.7%                                     |
| Illiquid Alternatives | 20.0%                    | 8.0%                                     |
| Fixed Income          | 16.0%                    | 1.5%                                     |
| Absolute Return       | 11.0%                    | 4.1%                                     |
| Managed Futures       | 4.0%                     | 3.0%                                     |
| Cash                  | 2.0%                     | 0.0%                                     |
| <b>Total</b>          | <b>100.0%</b>            |                                          |

*Discount rate.* Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability/(Asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

|                                                                 | <b>1.00% Decrease*</b> | <b>Current Discount Rate*</b> | <b>1.00% Increase*</b> |
|-----------------------------------------------------------------|------------------------|-------------------------------|------------------------|
| City's proportionate share of the net pension liability/(asset) | \$252,440              | \$(1,802)                     | \$(212,687)            |

\* The long-term rate of return used was 7.5 percent. The municipal bond rate used was 3.65 percent. The single discount rate for the plans was 7.50 percent.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

***State of Colorado Fire and Police Pension Association - Statewide Hybrid Plan***

*Plan description.* The Plan is a cost-sharing multiple-employer defined benefit pension plan covering full-time firefighters and police officers from departments that elect coverage. The Plan may also cover clerical staff or other fire district personnel whose services are auxiliary to fire protection. The Plan is comprised of two components: Defined Benefit and Money Purchase. With the latter component, employees have the option of choosing among various mutual funds offered by an outside investment manager. As of December 31, 2015, the Plan has 36 participating employer departments.

Employers may not withdraw from the Plan once affiliated. The Plan assets for the Defined Benefit Component are included in the Fire & Police Members' Benefit Investment Fund and Plan assets associated with the Money Purchase Component and the Deferred Retirement Option Plan "DROP" are included in the Fire & Police Members' Self-Directed Investment Fund.

Colorado Revised Statutes, Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at [www.fppaco.org](http://www.fppaco.org).

*Benefits provided.* The Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service.

The annual normal pension of the Defined Benefit Component is 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the Board's discretion and can range from 0 to 3 percent.

A member is eligible for early retirement at age 50 or after of 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5 percent as interest, returned as a lump sum distribution from the Defined Benefit Component. Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. In addition, upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

A member may elect to participate in the deferred retirement option plan ("DROP") after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2015 was \$512,328. This amount was not included in the SWH Plan Net Position.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

*Contributions.* The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of this Plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8 percent of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the Fire & Police Pension Association Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate from July 1, 2015 through June 30, 2016 is 12.6 percent. The Defined Benefit Component contribution rate from July 1, 2014 through June 30, 2015 was 12.5 percent.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service. Unvested Department contributions and earnings thereon are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. Any administrative expenses not covered by forfeitures are charged directly to member accounts.

A member may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan.

Employer and member contributions are invested in funds at the discretion of members. Employer and member contributions are invested in funds at the discretion of members.

Contributions to the Plan from the City were \$145,665 for the year ended December 31, 2016.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At December 31, 2016, the City reported an asset of \$930,991 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2015, the City's proportion was 8.8389 percent, which was a decrease of .4713 from its proportion measured as of December 31, 2014.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

For the year ended December 31, 2016, the City recognized pension expense of (\$244,730). At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                                    | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Differences between expected and actual experience                                                                 | \$ 278,551                        | \$ -                             |
| Changes of assumptions or other inputs                                                                             | 49,147                            | -                                |
| Net difference between projected and actual earnings on<br>pension plan investments                                | 194,403                           | -                                |
| Changes in proportion and differences between contributions<br>recognized and proportionate share of contributions | 51,977                            | 63,722                           |
| City contributions subsequent to the measurement date                                                              | 145,665                           | -                                |
|                                                                                                                    | \$ 719,743                        | \$ 63,722                        |

The \$145,665 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended December 31, | Amortization |
|-------------------------|--------------|
| 2017                    | \$ 92,623    |
| 2018                    | 92,623       |
| 2019                    | 92,623       |
| 2020                    | 82,681       |
| 2021                    | 41,537       |
| Thereafter              | 108,269      |
|                         | \$ 510,356   |

*Actuarial assumptions.* The actuarial valuations for the plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2015. The valuations used the following actuarial assumption and other inputs:

|                                          | Total Pension Liability  | Actuarially Determined Contributions |
|------------------------------------------|--------------------------|--------------------------------------|
| Actuarial Valuation Date                 | January 1, 2016          | January 1, 2015                      |
| Actuarial Method                         | Entry Age Normal         | Entry Age Normal                     |
| Amortization Method                      | Level % of Payroll, Open | Level % of Payroll, Open             |
| Amortization Period                      | 30 Years                 | 30 Years                             |
| Long-term Investment rate<br>of return * | 7.5 percent              | 7.5 percent                          |
| Projected salary increases *             | 4.0 - 14.0 percent       | 4.0 - 14.0 percent                   |
| Cost of Living Adjustment                | 0.0 percent              | 0.0 percent                          |
| * Includes Inflation at                  | 2.5 percent              | 3.0 percent                          |

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB is used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

For determining the actuarially determined contributions, the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

| <b>Asset Class</b>    | <b>Target Allocation</b> | <b>Long Term Expected Rate of Return</b> |
|-----------------------|--------------------------|------------------------------------------|
| Global Equity         | 37.0%                    | 6.5%                                     |
| Equity Long/Short     | 10.0%                    | 4.7%                                     |
| Illiquid Alternatives | 20.0%                    | 8.0%                                     |
| Fixed Income          | 16.0%                    | 1.5%                                     |
| Absolute Return       | 11.0%                    | 4.1%                                     |
| Managed Futures       | 4.0%                     | 3.0%                                     |
| Cash                  | 2.0%                     | 0.0%                                     |
| <b>Total</b>          | <b>100.0%</b>            |                                          |

*Discount rate.* The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.50 percent, as well as what the City's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

|                                                                 | 1.00% Decrease* | Current Discount Rate* | 1.00% Increase* |
|-----------------------------------------------------------------|-----------------|------------------------|-----------------|
| City's proportionate share of the net pension liability/(asset) | (\$539,141)     | (\$930,991)            | (\$1,258,574)   |

\* The long-term rate of return used was 7.50 percent. The municipal bond rate used was 3.65 percent. The single discount rate for the plans was 7.50 percent.

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

***Deferred Compensation Plan***

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Managers Association Retirement Corporation. The plan is available to all full-time city employees. The plan allows its participants to defer a portion of their current salary to all future years. Participation in the plan is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and therefore not reflected on the financial statements of the City. The City contributes 3% of the City Manager's gross income. The City's contributions to the plan for the years ended December 31, 2016, 2015, and 2014 were \$6,147, \$4,172 and \$3,867, respectively.

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

## **9. Rate Maintenance**

The 1998 and 2016 Colorado Water Resources and Power Development Authority loan agreements (Waste Water Fund and Water Funds) require that net revenues, as defined, shall represent a sum equal to 110% of the amount necessary to pay, when due, the principal and interest on the loan. The following table shows these calculations and that the City is in compliance with these requirements.

### **Wastewater Fund**

|                                          |              |
|------------------------------------------|--------------|
| 2016 Gross revenues                      | \$ 2,839,276 |
| 2016 Operation and maintenance expense   | 749,712      |
| Net revenues as defined in 1998 and 2016 |              |
| CWRPDA loan agreement                    | 2,089,564    |
| 110% of 1998 and 2016 loan debt service  | (350,913)    |
| Amount 2016 net revenue exceeded the     |              |
| 1998 and 2016 loan requirements          | \$ 1,738,651 |

### **Water Fund**

|                                        |              |
|----------------------------------------|--------------|
| 2016 Gross revenues                    | \$ 5,877,551 |
| 2016 Operation and maintenance expense | 3,409,833    |
| Net revenues as defined in 2013        |              |
| CWRPDA loan agreement                  | 2,467,718    |
| 110% of 2013 loan debt service         | (172,237)    |
| Amount 2016 net revenue exceeded the   |              |
| 2013 loan requirements                 | \$ 2,295,481 |

## **10. Commitments and Contingencies**

### ***TABOR Reserves***

In November 1992, Colorado voters passed the TABOR Amendment (the “Amendment”) to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and local growth. Revenue received in excess of the limitations may be required to be refunded unless the City’s electorates vote to retain the revenue.

On April 5, 1994, the voting citizens of the City of Evans authorized the City (retroactive to January 1, 1993) to collect, retain, and expend all revenues, notwithstanding any state restrictions of fiscal year spending. This effectively removed all revenue and spending limits imposed by the Amendment. The City did not increase or incur any new tax or bonded debt in 2016.

The City’s Home Rule Charter provision requires an Emergency Contingency Reserve Fund, reported in the General Fund in 2014, that shall maintain a balance equal to 5% of the budgeted General Fund revenues, until such fund is equal in amount to 25% of the prior year’s General Fund expenditures. In 2016, 5% of budgeted revenues were \$2,678,883 less than 25% of the prior year’s General Fund expenditures. In the November 2012 election, the citizens of Evans approved a ballot initiative to provide for a ceiling of \$1 million in the

**City of Evans**  
**Notes to Financial Statements**  
**December 31, 2016**

---

Emergency Contingency Fund, allowing any amount exceeding this amount to be transferred to the General Fund. This ceiling was effective starting January 1, 2013.

***Litigation***

At times, the City may be subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the City.

***Grants***

The City participated in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2016, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**11. Related Party Transactions**

The City has entered into an intergovernmental agreement (“IGA”) with the Evans Fire Protection District (the “District”) to provide financial support to the District until the District received sufficient revenue to support its operations. In order to provide for the funding of District operations as required in the IGA, the City paid the District \$474,137 in 2016.

**12. Riverside Library and Cultural Center**

The City has entered into an IGA with the High Plains Public Library District (“HPLD”) for the acquisition of property and construction of shared facilities for public, municipal and/or commercial purposes. This project is known as the Riverside Library and Cultural Center. In accordance with this IGA, the City will provide real property on which the project is to be constructed and the City and HPLD will share the construction costs based on the number of square feet of the project to be owned by each party. An ownership agreement was also entered into relating to the Center; under the agreement the City will own 40% of the Center and the HPLD will own the remaining 60%. The Center was completed in 2015.

**13. Subsequent Events**

The City has evaluated subsequent events through July 6, 2017, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure.

## Required Supplementary Information

---

**City of Evans**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances (Budget and Actual) - General Fund**  
**Year Ended December 31, 2016**

|                                                              | Budgeted Amounts |                | Actual       | Variance with                          |
|--------------------------------------------------------------|------------------|----------------|--------------|----------------------------------------|
|                                                              | Original         | Final          | Amounts      | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                                              |                  |                |              |                                        |
| Taxes                                                        | \$ 8,726,995     | \$ 8,726,995   | \$ 8,969,355 | \$ 242,360                             |
| Licenses and permits                                         | 955,767          | 955,767        | 944,577      | (11,190)                               |
| Intergovernmental                                            | 1,543,543        | 1,815,123      | 1,159,768    | (655,355)                              |
| Grants and contributions                                     |                  |                |              |                                        |
| Grants - flood                                               | -                | -              | -            | -                                      |
| Other                                                        | -                | 272,916        | 483,841      | 210,925                                |
| Charges for services                                         | 373,853          | 373,853        | 438,633      | 64,780                                 |
| Fines and forfeitures                                        | 362,370          | 362,370        | 646,463      | 284,093                                |
| Earnings on investments                                      | -                | -              | 23,524       | 23,524                                 |
| Miscellaneous                                                | 115,636          | 115,636        | 242,722      | 127,086                                |
| Total revenues                                               | 12,078,164       | 12,622,660     | 12,908,883   | 286,223                                |
| <b>Expenditures</b>                                          |                  |                |              |                                        |
| General government                                           | 3,368,213        | 3,962,248      | 3,793,969    | 168,279                                |
| Public safety                                                | 4,301,728        | 4,344,038      | 4,390,742    | (46,704)                               |
| Public works                                                 | 1,602,289        | 1,412,472      | 1,328,635    | 83,837                                 |
| Culture, parks and recreation                                | 1,510,357        | 1,391,183      | 1,035,112    | 356,071                                |
| Community development                                        | 682,863          | 1,234,943      | 647,214      | 587,729                                |
| Flood recovery                                               | 277,690          | 280,606        | 240,795      | 39,811                                 |
| Debt service                                                 | 293,741          | -              | 24,371       | (24,371)                               |
| Capital outlay                                               | 836,220          | 2,411,631      | 1,386,086    | 1,025,545                              |
| Total expenditures                                           | 12,873,101       | 15,037,121     | 12,846,924   | 2,190,197                              |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | (794,937)        | (2,414,461)    | 61,959       | 2,476,420                              |
| <b>Other financing sources (uses)</b>                        |                  |                |              |                                        |
| Proceeds from the sale of capital<br>assets                  | -                | -              | 31,285       | 31,285                                 |
| Transfers out                                                | (874,792)        | (3,805,792)    | (3,491,034)  | 314,758                                |
| Transfers in                                                 | 1,403,196        | 1,403,196      | 1,287,462    | (115,734)                              |
| Total other financing sources (uses)                         | 528,404          | (2,402,596)    | (2,172,287)  | 230,309                                |
| <b>Net change in fund balance</b>                            | \$ (266,533)     | \$ (4,817,057) | (2,110,328)  | \$ 2,706,729                           |
| <b>Fund balance at beginning of year</b>                     |                  |                | 11,229,728   |                                        |
| <b>Fund balance at end of year</b>                           |                  |                | \$ 9,119,400 |                                        |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances (Budget and Actual) - Evans Redevelopment Agency**  
**Year Ended December 31, 2016**

|                                          | Budgeted Amounts  |                   | Actual            | Variance with                          |
|------------------------------------------|-------------------|-------------------|-------------------|----------------------------------------|
|                                          | Original          | Final             | Amounts           | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                          |                   |                   |                   |                                        |
| Miscellaneous revenue                    | \$ 230,000        | \$ 230,000        | \$ 161,078        | \$ (68,922)                            |
| Total revenues                           | 230,000           | 230,000           | 161,078           | (68,922)                               |
| <b>Expenditures</b>                      |                   |                   |                   |                                        |
| Community development                    | 358,710           | 358,710           | 48,842            | 309,868                                |
| Capital outlay                           | -                 | 481,000           | 444,375           | 36,625                                 |
| Total expenditures                       | 358,710           | 839,710           | 493,217           | 346,493                                |
| <b>Other financing sources</b>           |                   |                   |                   |                                        |
| Transfers in                             | 274,791           | 755,791           | 441,034           | (314,757)                              |
| Total other financing sources            | 274,791           | 755,791           | 441,034           | (314,757)                              |
| <b>Net change in fund balance</b>        | <b>\$ 146,081</b> | <b>\$ 146,081</b> | <b>108,895</b>    | <b>\$ (37,186)</b>                     |
| <b>Fund balance at beginning of year</b> |                   |                   | <b>145,635</b>    |                                        |
| <b>Fund balance at end of year</b>       |                   |                   | <b>\$ 254,530</b> |                                        |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Schedule of the City's Proportionate Share of the Net Pension Asset**

**Last Ten Years**

|                                                                                                                | 2016         | 2015           | 2014         |
|----------------------------------------------------------------------------------------------------------------|--------------|----------------|--------------|
| <b>FPPA - Defined Benefit Plan</b>                                                                             |              |                |              |
| City's proportion of the net pension liability/(asset)                                                         | \$ (1,802)   | \$ (119,765)   | \$ (135,044) |
| City's proportionate share of the net pension liability/(asset)                                                | 0.1022%      | 0.1061%        | 0.1079%      |
| City's covered-employee payroll                                                                                | \$ 613,934   | \$ 550,536     | \$ 539,700   |
| Citys proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll | 0.29%        | 21.75%         | 25.02%       |
| Plan fiduciary net position as a percentage of the total pension                                               | 100.10%      | 106.80%        | 105.80%      |
| <b>FPPA - Statewide Hybrid Plan</b>                                                                            |              |                |              |
| City's proportion of the net pension liability/(asset)                                                         | \$ (930,991) | \$ (1,104,158) | \$ (984,539) |
| City's proportionate share of the net pension liability/(asset)                                                | 8.8389%      | 9.3102%        | 8.5208%      |
| City's covered-employee payroll                                                                                | \$ 1,808,548 | \$ 1,661,575   | \$ 1,585,766 |
| Citys proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll | 51.48%       | 66.45%         | 62.09%       |
| Plan fiduciary net position as a percentage of the total pension                                               | 129.44%      | 140.60%        | 139.00%      |

\* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

*See accompanying Independent Auditor's Report.*

# City of Evans

## Schedule of City Contributions

### Last Ten Years

|                                                                    | 2016         | 2015         | 2014         | 2013         |
|--------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| <b>FPPA - Defined Benefit Plan</b>                                 |              |              |              |              |
| Statutorily Required Contribution                                  | \$ 42,552    | \$ 39,658    | \$ 38,178    | \$ 37,505    |
| Contributions in Relation to the Statutorily Required Contribution | 42,552       | 39,658       | 38,178       | 37,505       |
| Contribution Deficiency (Excess)                                   | \$ -         | \$ -         | \$ -         | \$ -         |
| Covered employee payroll                                           | \$ 531,901   | \$ 613,934   | \$ 550,536   | \$ 539,700   |
| Contributions as a Percentage of Covered Employee Payroll          | 8.00%        | 6.46%        | 6.93%        | 6.95%        |
| <b>FPPA - Statewide Hybrid Plan</b>                                |              |              |              |              |
| Statutorily Required Contribution                                  | \$ 145,665   | \$ 116,826   | \$ 115,244   | \$ 110,233   |
| Contributions in Relation to the Statutorily Required Contribution | \$ 145,665   | \$ 116,826   | \$ 115,244   | \$ 110,233   |
| Contribution Deficiency (Excess)                                   | \$ -         | \$ -         | \$ -         | \$ -         |
| Covered employee payroll                                           | \$ 1,820,819 | \$ 1,808,548 | \$ 1,661,575 | \$ 1,585,766 |
| Contributions as a Percentage of Covered Employee Payroll          | 8.00%        | 6.46%        | 6.94%        | 6.95%        |

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

*See accompanying Independent Auditor's Report.*

## **Other Supplementary Information**

### **Combining and Individual Nonmajor Fund Statements and Schedules**

---

This page intentionally left blank.

**City of Evans**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2016**

|                                                             | Parks<br>Impact     | Conservation<br>Trust | Fire<br>Impact    |
|-------------------------------------------------------------|---------------------|-----------------------|-------------------|
| <b>Assets</b>                                               |                     |                       |                   |
| Equity in pooled cash, cash<br>equivalents, and investments | \$ 1,962,052        | \$ 554,606            | \$ 395,105        |
| Receivables                                                 | -                   | -                     | -                 |
| <b>Total assets</b>                                         | <b>\$ 1,962,052</b> | <b>\$ 554,606</b>     | <b>\$ 395,105</b> |
| <b>Liabilities</b>                                          |                     |                       |                   |
| Accounts payable                                            | \$ -                | \$ -                  | \$ -              |
| Other liabilities                                           | 106,000             | -                     | -                 |
| Unearned revenue                                            | -                   | -                     | -                 |
| <b>Total liabilities</b>                                    | <b>106,000</b>      | <b>-</b>              | <b>-</b>          |
| <b>Fund Balances</b>                                        |                     |                       |                   |
| Restricted                                                  | -                   | 554,606               | -                 |
| Committed                                                   | -                   | -                     | -                 |
| Assigned                                                    | 1,856,052           | -                     | 395,105           |
| <b>Total fund balances</b>                                  | <b>1,856,052</b>    | <b>554,606</b>        | <b>395,105</b>    |
| <b>Total liabilities and fund balances</b>                  | <b>\$ 1,962,052</b> | <b>\$ 554,606</b>     | <b>\$ 395,105</b> |

| Refuse<br>Collection | Street<br>Impact | Parks<br>Construction | Cemetery<br>Perpetual Care | 2013 Lease<br>Repayment | Police<br>Impact | Total        |
|----------------------|------------------|-----------------------|----------------------------|-------------------------|------------------|--------------|
| \$ 428,010           | \$ 1,439,876     | \$ 869,178            | \$ 95,786                  | \$ 1,930,629            | \$ 17,093        | \$ 7,692,335 |
| 61,384               | 70,509           | -                     | -                          | -                       | -                | 131,893      |
| \$ 489,394           | \$ 1,510,385     | \$ 869,178            | \$ 95,786                  | \$ 1,930,629            | \$ 17,093        | \$ 7,824,228 |
| \$ 44,996            | \$ 4,453         | \$ 116,885            | \$ -                       | \$ -                    | \$ -             | \$ 166,334   |
| -                    | -                | -                     | -                          | -                       | -                | 106,000      |
| 800                  | -                | -                     | -                          | -                       | -                | 800          |
| 45,796               | 4,453            | 116,885               | -                          | -                       | -                | 273,134      |
| -                    | -                | -                     | -                          | -                       | -                | 554,606      |
| -                    | 40,795           | -                     | -                          | -                       | -                | 40,795       |
| 443,598              | 1,465,137        | 752,293               | 95,786                     | 1,930,629               | 17,093           | 6,955,693    |
| 443,598              | 1,505,932        | 752,293               | 95,786                     | 1,930,629               | 17,093           | 7,551,094    |
| \$ 489,394           | \$ 1,510,385     | \$ 869,178            | \$ 95,786                  | \$ 1,930,629            | \$ 17,093        | \$ 7,824,228 |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2016**

|                                                          | Parks<br>Impact     | Conservation<br>Trust | Fire<br>Impact    |
|----------------------------------------------------------|---------------------|-----------------------|-------------------|
| <b>Revenues</b>                                          |                     |                       |                   |
| Intergovernmental                                        | \$ -                | \$ 217,343            | \$ -              |
| Licenses and permits                                     | -                   | -                     | -                 |
| Grants and contributions                                 |                     |                       |                   |
| Grants - flood                                           | -                   | -                     | -                 |
| Charges for services                                     | -                   | -                     | -                 |
| Earnings on investments                                  | 14,370              | 4,066                 | 2,768             |
| Assessments                                              | 355,080             | -                     | 76,451            |
| Miscellaneous                                            | -                   | -                     | -                 |
| <b>Total revenues</b>                                    | <b>369,450</b>      | <b>221,409</b>        | <b>79,219</b>     |
| <b>Expenditures</b>                                      |                     |                       |                   |
| Public works                                             | -                   | -                     | -                 |
| Culture, parks and recreation                            | 83,000              | -                     | -                 |
| Flood recovery                                           | -                   | -                     | -                 |
| Capital outlay                                           | 42,630              | 132,317               | -                 |
| Debt service                                             | -                   | -                     | -                 |
| <b>Total expenditures</b>                                | <b>125,630</b>      | <b>132,317</b>        | <b>-</b>          |
| <b>Excess (deficiency) of revenues over expenditures</b> | <b>243,820</b>      | <b>89,092</b>         | <b>79,219</b>     |
| <b>Other financing uses</b>                              |                     |                       |                   |
| Transfers in                                             | -                   | -                     | -                 |
| Transfers out                                            | -                   | -                     | -                 |
| <b>Total other financing sources (uses)</b>              | <b>-</b>            | <b>-</b>              | <b>-</b>          |
| <b>Net changes in fund balances</b>                      | <b>243,820</b>      | <b>89,092</b>         | <b>79,219</b>     |
| <b>Fund balance at beginning of year</b>                 | <b>1,612,232</b>    | <b>465,514</b>        | <b>315,886</b>    |
| <b>Fund balance at end of year</b>                       | <b>\$ 1,856,052</b> | <b>\$ 554,606</b>     | <b>\$ 395,105</b> |

| Refuse<br>Collection | Street<br>Impact | Parks<br>Construction | Cemetery<br>Perpetual Care | 2013 Lease<br>Repayment | Police<br>Impact | Total        |
|----------------------|------------------|-----------------------|----------------------------|-------------------------|------------------|--------------|
| \$ -                 | \$ -             | \$ -                  | \$ -                       | \$ -                    | \$ -             | \$ 217,343   |
| 1,600                | -                | -                     | -                          | -                       | -                | 1,600        |
| -                    | 70,509           | 212,071               | -                          | -                       | -                | 282,580      |
| 665,400              | -                | -                     | -                          | -                       | -                | 665,400      |
| 3,193                | 10,288           | 8,075                 | 752                        | -                       | -                | 43,512       |
| -                    | 318,607          | -                     | 2,281                      | -                       | 17,093           | 769,512      |
| 1,355                | -                | -                     | -                          | -                       | -                | 1,355        |
| 671,548              | 399,404          | 220,146               | 3,033                      | -                       | 17,093           | 1,981,302    |
| 614,343              | -                | -                     | -                          | -                       | -                | 614,343      |
| -                    | -                | -                     | -                          | -                       | -                | 83,000       |
| -                    | -                | 26,067                | -                          | -                       | -                | 26,067       |
| -                    | 85,167           | 558,270               | -                          | -                       | -                | 818,384      |
| -                    | -                | -                     | -                          | 269,371                 | -                | 269,371      |
| 614,343              | 85,167           | 584,337               | -                          | 269,371                 | -                | 1,811,165    |
| 57,205               | 314,237          | (364,191)             | 3,033                      | (269,371)               | 17,093           | 170,137      |
| -                    | -                | -                     | -                          | 2,200,000               | -                | 2,200,000    |
| (33,081)             | -                | -                     | -                          | -                       | -                | (33,081)     |
| (33,081)             | -                | -                     | -                          | 2,200,000               | -                | 2,166,919    |
| 24,124               | 314,237          | (364,191)             | 3,033                      | 1,930,629               | 17,093           | 2,337,056    |
| 419,474              | 1,191,695        | 1,116,484             | 92,753                     | -                       | -                | 5,214,038    |
| \$ 443,598           | \$ 1,505,932     | \$ 752,293            | \$ 95,786                  | \$ 1,930,629            | \$ 17,093        | \$ 7,551,094 |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Parks Impact Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                          | Budgeted Amounts |                     | Actual              | Variance with                          |
|------------------------------------------|------------------|---------------------|---------------------|----------------------------------------|
|                                          | Original         | Final               | Amounts             | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                          |                  |                     |                     |                                        |
| Assessments                              |                  |                     |                     |                                        |
| Impact fees                              | \$ -             | \$ -                | \$ 355,080          | \$ 355,080                             |
| Earnings on investments                  | 12,118           | 12,118              | 14,370              | 2,252                                  |
| <b>Total revenues</b>                    | <b>12,118</b>    | <b>12,118</b>       | <b>369,450</b>      | <b>357,332</b>                         |
| <b>Expenditures</b>                      |                  |                     |                     |                                        |
| Capital outlay                           | -                | 110,000             | 42,630              | 67,370                                 |
| Culture, parks and recreation            | -                | 83,000              | 83,000              | -                                      |
| <b>Total expenditures</b>                | <b>-</b>         | <b>193,000</b>      | <b>125,630</b>      | <b>67,370</b>                          |
| <b>Net change in fund balance</b>        | <b>\$ 12,118</b> | <b>\$ (180,882)</b> | <b>243,820</b>      | <b>\$ 424,702</b>                      |
| <b>Fund balance at beginning of year</b> |                  |                     | <b>1,612,232</b>    |                                        |
| <b>Fund balance at end of year</b>       |                  |                     | <b>\$ 1,856,052</b> |                                        |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Conservation Trust Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                   | Budgeted Amounts |            | Actual     | Variance with                          |
|-----------------------------------|------------------|------------|------------|----------------------------------------|
|                                   | Original         | Final      | Amounts    | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                   |                  |            |            |                                        |
| Intergovernmental                 |                  |            |            |                                        |
| State shared revenue              | \$ 188,000       | \$ 188,000 | \$ 217,343 | \$ 29,343                              |
| Earnings on investments           | 1,203            | 1,203      | 4,066      | 2,863                                  |
| Total revenues                    | 189,203          | 189,203    | 221,409    | 32,206                                 |
| <b>Expenditures</b>               |                  |            |            |                                        |
| Capital outlay                    | 95,000           | 192,000    | 132,317    | 59,683                                 |
| Total expenditures                | 95,000           | 192,000    | 132,317    | 59,683                                 |
| Net change in fund balance        | \$ 94,203        | \$ (2,797) | 89,092     | \$ 91,889                              |
| Fund balance at beginning of year |                  |            | 465,514    |                                        |
| Fund balance at end of year       |                  |            | \$ 554,606 |                                        |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Fire Impact Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                          | Budgeted Amounts |                 | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------------|------------------|-----------------|-------------------|---------------------------------------------------------|
|                                          | Original         | Final           |                   |                                                         |
| <b>Revenues</b>                          |                  |                 |                   |                                                         |
| Assessments                              |                  |                 |                   |                                                         |
| Impact fees                              | \$ -             | \$ -            | \$ 76,451         | \$ 76,451                                               |
| Earnings on investments                  | 2,740            | 2,740           | 2,768             | 28                                                      |
| <b>Total revenues</b>                    | <b>2,740</b>     | <b>2,740</b>    | <b>79,219</b>     | <b>76,479</b>                                           |
| <b>Net change in fund balance</b>        | <b>\$ 2,740</b>  | <b>\$ 2,740</b> | <b>79,219</b>     | <b>\$ 76,479</b>                                        |
| <b>Fund balance at beginning of year</b> |                  |                 | <b>315,886</b>    |                                                         |
| <b>Fund balance at end of year</b>       |                  |                 | <b>\$ 395,105</b> |                                                         |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Refuse Collection Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                      | Budgeted Amounts |          | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------------------|------------------|----------|-------------------|---------------------------------------------------------|
|                                      | Original         | Final    |                   |                                                         |
| Revenues                             |                  |          |                   |                                                         |
| Licenses and permits                 |                  |          |                   |                                                         |
| Trash haulers' license               | \$ 800           | \$ 800   | 1,600             | \$ 800                                                  |
| Charges for services                 |                  |          |                   |                                                         |
| Refuse collection charges            | 657,060          | 657,060  | 665,400           | 8,340                                                   |
| Earnings on investments              | 3,752            | 3,752    | 3,193             | (559)                                                   |
| Miscellaneous                        | -                | -        | 1,355             | 1,355                                                   |
| Total revenues                       | 661,612          | 661,612  | 671,548           | 9,936                                                   |
| Expenditures                         |                  |          |                   |                                                         |
| Public works                         |                  |          |                   |                                                         |
| Sanitation                           | 621,573          | 621,573  | 614,344           | 7,229                                                   |
| Total expenditures                   | 621,573          | 621,573  | 614,344           | 7,229                                                   |
| Excess of revenues over expenditures | 40,039           | 40,039   | 57,204            | 17,165                                                  |
| Other financing uses                 |                  |          |                   |                                                         |
| Transfers out                        | (33,081)         | (33,081) | (33,081)          | -                                                       |
| Total other financing uses           | (33,081)         | (33,081) | (33,081)          | -                                                       |
| Net change in fund balance           | \$ 6,958         | \$ 6,958 | 24,123            | \$ 17,165                                               |
| Fund balance at beginning of year    |                  |          | 419,474           |                                                         |
| Fund balance at end of year          |                  |          | \$ 443,597        |                                                         |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Street Impact Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                   | Budgeted Amounts |                | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|------------------|----------------|-------------------|---------------------------------------------------------|
|                                   | Original         | Final          |                   |                                                         |
| Revenues                          |                  |                |                   |                                                         |
| Assessments                       |                  |                |                   |                                                         |
| Impact fees                       | \$ -             | \$ -           | \$ 318,607        | \$ 318,607                                              |
| Grants and contributions          |                  |                |                   |                                                         |
| Other                             | -                | 462,599        | 70,509            | (392,090)                                               |
| Earnings on investments           | 4,389            | 4,389          | 10,288            | 5,899                                                   |
| Total revenues                    | 4,389            | 466,988        | 399,404           | (67,584)                                                |
| Expenditures                      |                  |                |                   |                                                         |
| Capital outlay                    | 250,000          | 1,509,478      | 85,167            | 1,424,311                                               |
| Total expenditures                | 250,000          | 1,509,478      | 85,167            | 1,424,311                                               |
| Net change in fund balance        | \$ (245,611)     | \$ (1,042,490) | 314,237           | \$ 1,356,727                                            |
| Fund balance at beginning of year |                  |                | 1,191,695         |                                                         |
| Fund balance at end of year       |                  |                | \$ 1,505,932      |                                                         |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Police Impact Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                          | Budgeted Amounts |             | Actual           | Variance with                          |
|------------------------------------------|------------------|-------------|------------------|----------------------------------------|
|                                          | Original         | Final       | Amounts          | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                          |                  |             |                  |                                        |
| Assessments                              |                  |             |                  |                                        |
| Impact fees                              | \$ -             | \$ -        | \$ 17,093        | \$ 17,093                              |
| <b>Net change in fund balance</b>        | <b>\$ -</b>      | <b>\$ -</b> | <b>17,093</b>    | <b>\$ 17,093</b>                       |
| <b>Fund balance at beginning of year</b> |                  |             | -                |                                        |
| <b>Fund balance at end of year</b>       |                  |             | <b>\$ 17,093</b> |                                        |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Cemetery Perpetual Care Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                          | Budgeted Amounts |                    | Actual           | Variance with                          |
|------------------------------------------|------------------|--------------------|------------------|----------------------------------------|
|                                          | Original         | Final              | Amounts          | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                          |                  |                    |                  |                                        |
| Assessments                              |                  |                    |                  |                                        |
| Perpetual care fees                      | \$ 2,700         | \$ 2,700           | \$ 2,281         | \$ (419)                               |
| Earnings on investments                  | -                | -                  | 752              | 752                                    |
| Total revenues                           | 2,700            | 2,700              | 3,033            | 333                                    |
| <b>Expenditures</b>                      |                  |                    |                  |                                        |
| Capital outlay                           | -                | 75,000             | -                | 75,000                                 |
| Total expenditures                       | -                | 75,000             | -                | 75,000                                 |
| <b>Net change in fund balance</b>        | <b>\$ 2,700</b>  | <b>\$ (72,300)</b> | <b>3,033</b>     | <b>\$ 75,333</b>                       |
| <b>Fund balance at beginning of year</b> |                  |                    | <b>92,753</b>    |                                        |
| <b>Fund balance at end of year</b>       |                  |                    | <b>\$ 95,786</b> |                                        |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Street Construction Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                                              | Budgeted Amounts    |                       | Actual                     | Variance with                          |
|--------------------------------------------------------------|---------------------|-----------------------|----------------------------|----------------------------------------|
|                                                              | Original            | Final                 | Amounts                    | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                                              |                     |                       |                            |                                        |
| Intergovernmental                                            | \$ 1,600,283        | \$ 5,146,791          | \$ 695,588                 | \$ (4,451,203)                         |
| Grants and contributions                                     |                     |                       |                            |                                        |
| Grants - flood                                               | -                   | -                     | 4,595                      | 4,595                                  |
| Other                                                        | -                   | -                     | 563,966                    | 563,966                                |
| Earnings on investments                                      | -                   | -                     | 19,011                     | 19,011                                 |
| Total revenues                                               | 1,600,283           | 5,146,791             | 1,283,160                  | (3,863,631)                            |
| <b>Expenditures</b>                                          |                     |                       |                            |                                        |
| Public works                                                 | 190,000             | 191,754               | 198,287                    | (6,533)                                |
| Flood recovery                                               | -                   | 360,073               | 69,081                     | 290,992                                |
| Capital outlay                                               | 2,995,500           | 7,260,866             | 1,997,818                  | 5,263,048                              |
| Total expenditures                                           | 3,185,500           | 7,812,693             | 2,265,186                  | 5,547,507                              |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | (1,585,217)         | (2,665,902)           | (982,026)                  | 1,683,876                              |
| <b>Other financing sources</b>                               |                     |                       |                            |                                        |
| Transfers in                                                 | 600,000             | 850,000               | 850,000                    | -                                      |
| Total other financing sources                                | 600,000             | 850,000               | 850,000                    | -                                      |
| <b>Net change in fund balance</b>                            | <b>\$ (985,217)</b> | <b>\$ (1,815,902)</b> | <b>(132,026)</b>           | <b>\$ 1,683,876</b>                    |
| <b>Fund balance at beginning of year</b>                     |                     |                       | <u>2,480,535</u>           |                                        |
| <b>Fund balance at end of year</b>                           |                     |                       | <u><b>\$ 2,348,509</b></u> |                                        |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Parks Construction Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                   | Budgeted Amounts |              | Actual     | Variance with                          |
|-----------------------------------|------------------|--------------|------------|----------------------------------------|
|                                   | Original         | Final        | Amounts    | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                   |                  |              |            |                                        |
| Grants and contributions          |                  |              |            |                                        |
| Grants - flood                    | \$ 1,655,148     | \$ 1,655,148 | \$ 212,071 | \$ (1,443,077)                         |
| Earnings on investments           | -                | -            | 8,075      | 8,075                                  |
| Total revenues                    | 1,655,148        | 1,655,148    | 220,146    | (1,435,002)                            |
| <b>Expenditures</b>               |                  |              |            |                                        |
| Flood recovery                    | 35,000           | 35,000       | 26,067     | 8,933                                  |
| Capital outlay                    | 1,654,073        | 2,013,215    | 558,270    | 1,454,945                              |
| Total expenditures                | 1,689,073        | 2,048,215    | 584,337    | 1,463,878                              |
| Net change in fund balance        | \$ (33,925)      | \$ (393,067) | (364,191)  | \$ 28,876                              |
| Fund balance at beginning of year |                  |              | 1,116,484  |                                        |
| Fund balance at end of year       |                  |              | \$ 752,293 |                                        |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**2013 Lease Repayment Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                                              | Budgeted Amounts |              | Actual       | Variance with                          |
|--------------------------------------------------------------|------------------|--------------|--------------|----------------------------------------|
|                                                              | Original         | Final        | Amounts      | Final Budget<br>Positive<br>(Negative) |
| <b>Expenditures</b>                                          |                  |              |              |                                        |
| Principal paid                                               | \$ -             | \$ 245,360   | \$ 245,000   | \$ 360                                 |
| Interest expense                                             | -                | 24,371       | 24,371       | -                                      |
| Total expenditures                                           | -                | 269,731      | 269,371      | -                                      |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | -                | (269,731)    | (269,371)    | 360                                    |
| <b>Other financing sources</b>                               |                  |              |              |                                        |
| Transfers in                                                 | -                | 2,200,000    | 2,200,000    | -                                      |
| Total other financing sources                                | -                | 2,200,000    | 2,200,000    | -                                      |
| <b>Net change in fund balance</b>                            | \$ -             | \$ 1,930,269 | 1,930,629    | \$ 360                                 |
| <b>Fund balance at beginning of year</b>                     |                  |              | -            |                                        |
| <b>Fund balance at end of year</b>                           |                  |              | \$ 1,930,629 |                                        |

*See accompanying Independent Auditor's Report.*

## **Budgetary Comparison Schedules**

### **Enterprise Funds**

---

**City of Evans**  
**Water Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                                 | Budgeted Amounts |              | Actual        | Variance with                          |
|-------------------------------------------------|------------------|--------------|---------------|----------------------------------------|
|                                                 | Original         | Final        | Amounts       | Final Budget<br>Positive<br>(Negative) |
| <b>Operating revenues</b>                       |                  |              |               |                                        |
| Water sales                                     | \$ 4,352,792     | \$ 4,439,976 | \$ 4,779,805  | \$ 339,829                             |
| Non-potable water sales                         | 250,000          | 250,000      | 241,363       | (8,637)                                |
| Other sales                                     | -                | -            | 11,853        | 11,853                                 |
| Water meters                                    | 20,000           | 20,000       | 41,274        | 21,274                                 |
| Total operating revenues                        | 4,622,792        | 4,709,976    | 5,074,295     | 364,319                                |
| <b>Operating expenses</b>                       |                  |              |               |                                        |
| Water supply and administrative                 | 3,511,175        | 3,735,509    | 3,409,833     | 325,676                                |
| Principal paid                                  | 156,579          | 156,579      | 156,579       | -                                      |
| Capital outlay                                  | 386,918          | 635,939      | 390,408       | 245,531                                |
| Total operating expenses                        | 4,054,672        | 4,528,027    | 3,956,820     | 571,207                                |
| <b>Operating income</b>                         | 568,120          | 181,949      | 1,117,475     | 935,526                                |
| <b>Other revenues (expenses)</b>                |                  |              |               |                                        |
| Earnings on investments                         | 8,222            | 8,222        | 22,209        | 13,987                                 |
| Grants and contributions - flood                | -                | -            | 83,669        | 83,669                                 |
| Plant investment fees and cash in lieu of fees  | 270,000          | 270,000      | 781,047       | 511,047                                |
| Lease purchase proceeds                         | -                | 126,384      | 105,491       | (20,893)                               |
| Gain on sale of capital assets                  | -                | -            | 6,915         | 6,915                                  |
| Transfers to other funds                        | (733,952)        | (733,952)    | (649,915)     | 84,037                                 |
| Total other revenues (expenses)                 | (455,730)        | (329,346)    | 349,416       | 678,762                                |
| <b>Change in net position - budgetary basis</b> | \$ 112,390       | \$ (147,397) | 1,466,891     | \$ 1,614,288                           |
| <b>Reconciliation to GAAP basis</b>             |                  |              |               |                                        |
| Depreciation                                    |                  |              | (714,105)     |                                        |
| Capital outlay                                  |                  |              | 390,408       |                                        |
| Principal paid                                  |                  |              | 156,579       |                                        |
| Lease purchase proceeds                         |                  |              | (105,491)     |                                        |
| <b>Change in net position - GAAP basis</b>      |                  |              | 1,194,282     |                                        |
| <b>Net position at beginning of year</b>        |                  |              | 51,529,349    |                                        |
| <b>Net position at end of year</b>              |                  |              | \$ 52,723,631 |                                        |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Wastewater Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                                 | Budgeted Amounts |              | Actual        | Variance with                          |
|-------------------------------------------------|------------------|--------------|---------------|----------------------------------------|
|                                                 | Original         | Final        | Amounts       | Final Budget<br>Positive<br>(Negative) |
| <b>Operating revenues</b>                       |                  |              |               |                                        |
| Sewer sales                                     | \$ 2,220,112     | \$ 2,467,543 | \$ 2,478,323  | \$ 10,780                              |
| Total operating revenues                        | 2,220,112        | 2,467,543    | 2,478,323     | 10,780                                 |
| <b>Operating expenses</b>                       |                  |              |               |                                        |
| Wastewater and administration                   | 857,449          | 867,449      | 749,712       | 117,737                                |
| Flood recovery                                  | -                | 20,630       | 16,820        | 3,810                                  |
| Principal paid                                  | 96,642           | 110,762      | 106,643       | 4,119                                  |
| Capital outlay                                  | 418,000          | 41,486,725   | 6,747,678     | 34,739,047                             |
| Total operating expenses                        | 1,372,091        | 42,485,566   | 7,620,853     | 34,864,713                             |
| <b>Operating income (loss)</b>                  | 848,021          | (40,018,023) | (5,142,530)   | 34,875,493                             |
| <b>Other revenues (expenses)</b>                |                  |              |               |                                        |
| Earnings on investments                         | 20,049           | 20,049       | 12,702        | (7,347)                                |
| Grants and contributions                        |                  |              |               |                                        |
| Evans 2013 flood                                | -                | 508,873      | 189,200       | (319,673)                              |
| Other                                           | -                | 1,650,272    | 1,898,540     | 248,268                                |
| Plant investment fees and cash                  |                  |              |               |                                        |
| in lieu of fees                                 | 50,000           | 50,000       | 348,251       | 298,251                                |
| Loan proceeds                                   | -                | 40,995,477   | 2,280,906     | (38,714,571)                           |
| Gain on sale of capital assets                  | -                | -            | 6,043         | 6,043                                  |
| Transfers to other funds                        | (475,542)        | (475,542)    | (418,733)     | 56,809                                 |
| Interest expense                                | (14,120)         | (123,413)    | (376,319)     | (252,906)                              |
| Total other revenue (expense)                   | (419,613)        | 42,625,716   | 3,940,590     | (38,685,126)                           |
| <b>Change in net position - budgetary basis</b> | \$ 428,408       | \$ 2,607,693 | (1,201,940)   | \$ (3,809,633)                         |
| <b>Reconciliation to GAAP basis</b>             |                  |              |               |                                        |
| Depreciation expense                            |                  |              | (516,128)     |                                        |
| Principal paid                                  |                  |              | 106,643       |                                        |
| Loan proceeds                                   |                  |              | (2,280,906)   |                                        |
| Capital outlay                                  |                  |              | 6,747,678     |                                        |
| <b>Change in net position - GAAP basis</b>      |                  |              | 2,855,347     |                                        |
| <b>Net position at beginning of year</b>        |                  |              | 11,336,456    |                                        |
| <b>Net position at end of year</b>              |                  |              | \$ 14,191,803 |                                        |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Storm Drainage Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                                 | Budgeted Amounts  |                  | Actual              | Variance with                          |
|-------------------------------------------------|-------------------|------------------|---------------------|----------------------------------------|
|                                                 | Original          | Final            | Amounts             | Final Budget<br>Positive<br>(Negative) |
| <b>Operating revenues</b>                       |                   |                  |                     |                                        |
| Storm drainage sales                            | \$ 476,037        | \$ 666,563       | \$ 520,332          | \$ (146,231)                           |
| <b>Total operating revenues</b>                 | 476,037           | 666,563          | 520,332             | (146,231)                              |
| <b>Operating expenses</b>                       |                   |                  |                     |                                        |
| Storm drainage and administration               | 28,411            | 218,937          | 212,563             | 6,374                                  |
| Capital outlay                                  | 50,000            | 296,847          | 67,099              | 229,748                                |
| <b>Total operating expenses</b>                 | 78,411            | 515,784          | 279,662             | 236,122                                |
| <b>Operating income</b>                         | 397,626           | 150,779          | 240,670             | 89,891                                 |
| <b>Other revenues (expenses)</b>                |                   |                  |                     |                                        |
| Plant investment fees                           | 20,000            | 20,000           | 50,314              | 30,314                                 |
| Grants and contributions - flood                | -                 | -                | 167,478             | 167,478                                |
| Earnings on investments                         | 5,787             | 5,787            | 4,083               | (1,704)                                |
| Transfers to other funds                        | (160,620)         | (160,620)        | (184,700)           | (24,080)                               |
| <b>Total other revenue (expense)</b>            | (134,833)         | (134,833)        | 37,175              | 172,008                                |
| <b>Change in net position - budgetary basis</b> | <b>\$ 262,793</b> | <b>\$ 15,946</b> | <b>277,845</b>      | <b>\$ 261,899</b>                      |
| <b>Reconciliation to GAAP basis</b>             |                   |                  |                     |                                        |
| Depreciation                                    |                   |                  | (269,301)           |                                        |
| Capital outlay                                  |                   |                  | 67,099              |                                        |
| <b>Change in net position - GAAP basis</b>      |                   |                  | 75,643              |                                        |
| <b>Net position at beginning of year</b>        |                   |                  | 9,232,971           |                                        |
| <b>Net position at end of year</b>              |                   |                  | <b>\$ 9,308,614</b> |                                        |

*See accompanying Independent Auditor's Report.*

**Budgetary Comparison Schedule**  
**Fiduciary Fund**

---

**City of Evans**  
**Cemetery Endowment Fund**  
**Budgetary Comparison Schedule**  
**Year Ended December 31, 2016**

|                                          | Budgeted Amounts |             | Actual                  | Variance with                          |
|------------------------------------------|------------------|-------------|-------------------------|----------------------------------------|
|                                          | Original         | Final       | Amounts                 | Final Budget<br>Positive<br>(Negative) |
| <b>Revenues</b>                          |                  |             |                         |                                        |
| Earnings on investments                  | \$ 6,000         | \$ 6,000    | \$ 1,033                | \$ (4,967)                             |
| <b>Expenses</b>                          |                  |             |                         |                                        |
| Transfers out                            | (6,000)          | (6,000)     | (1,033)                 | 4,967                                  |
| Total expenses                           | (6,000)          | (6,000)     | (1,033)                 | 4,967                                  |
| <b>Net change in net position</b>        | <b>\$ -</b>      | <b>\$ -</b> | <b>-</b>                | <b>\$ -</b>                            |
| <b>Net position at beginning of year</b> |                  |             | <u>49,467</u>           |                                        |
| <b>Net position at end of year</b>       |                  |             | <u><b>\$ 49,467</b></u> |                                        |

*See accompanying Independent Auditor's Report.*

## Supplemental Section

---

## State Compliance Section

---

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

|                                                        |                        |                                            |
|--------------------------------------------------------|------------------------|--------------------------------------------|
| <b>LOCAL HIGHWAY FINANCE REPORT</b>                    |                        | City or County:                            |
|                                                        |                        | Evans, CO                                  |
|                                                        |                        | YEAR ENDING :<br>December 2016             |
| This Information From The Records Of City of Evans, CO | Prepared By:<br>Phone: | Finance Dept Jacque Troudt<br>970-475-1127 |

**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                              | 1,099,602 |
| 3. Other local imposts (from page 2)                        | 345,907   |
| 4. Miscellaneous local receipts (from page 2)               | 554,547   |
| 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)                                      | 2,000,056 |
| <b>B. Private Contributions</b>                             |           |
| <b>C. Receipts from State government</b><br>(from page 2)   | 606,887   |
| <b>D. Receipts from Federal Government</b><br>(from page 2) | 568,561   |
| <b>E. Total receipts (A.7 + B + C + D)</b>                  | 3,175,504 |

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

| ITEM                                              | AMOUNT    |
|---------------------------------------------------|-----------|
| <b>A. Local highway disbursements:</b>            |           |
| 1. Capital outlay (from page 2)                   | 1,731,590 |
| 2. Maintenance:                                   | 703,856   |
| 3. Road and street services:                      |           |
| a. Traffic control operations                     | 12,280    |
| b. Snow and ice removal                           | 10,745    |
| c. Other                                          |           |
| d. Total (a. through c.)                          | 23,025    |
| 4. General administration & miscellaneous         | 570,566   |
| 5. Highway law enforcement and safety             | 288,422   |
| 6. Total (1 through 5)                            | 3,317,460 |
| <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> | 3,317,460 |

**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 |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
|  | 3,672,231            | 3,175,504         | 3,317,460              | 3,530,275         | 0                 |

Notes and Comments:

|                                                                 |                                         |                                                             |               |
|-----------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|---------------|
| <b>LOCAL HIGHWAY FINANCE REPORT</b>                             |                                         | STATE:<br>Colorado<br>YEAR ENDING (mm/yy):<br>December 2016 |               |
| <b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>       |                                         |                                                             |               |
| <b>ITEM</b>                                                     | <b>AMOUNT</b>                           | <b>ITEM</b>                                                 | <b>AMOUNT</b> |
| <b>A.3. Other local imposts:</b>                                |                                         | <b>A.4. Miscellaneous local receipts:</b>                   |               |
| a. Property Taxes and Assessments                               |                                         | a. Interest on investments                                  | 29,299        |
| b. Other local imposts:                                         |                                         | b. Traffic Fines & Penalties                                | 436,547       |
| 1. Sales Taxes                                                  |                                         | c. Parking Garage Fees                                      |               |
| 2. Infrastructure & Impact Fees                                 | 318,607                                 | d. Parking Meter Fees                                       |               |
| 3. Liens                                                        |                                         | e. Sale of Surplus Property                                 |               |
| 4. Licenses                                                     |                                         | f. Charges for Services                                     |               |
| 5. Specific Ownership &/or Other                                | 27,300                                  | g. Other Misc. Weld Cty Rd & Bridge                         | 88,701        |
| 6. Total (1. through 5.)                                        | 345,907                                 | h. Other                                                    |               |
| c. Total (a. + b.)                                              | 345,907                                 | i. Total (a. through h.)                                    | 554,547       |
| (Carry forward to page 1)                                       |                                         | (Carry forward to page 1)                                   |               |
| <b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b> |                                         |                                                             |               |
| <b>ITEM</b>                                                     | <b>AMOUNT</b>                           | <b>ITEM</b>                                                 | <b>AMOUNT</b> |
| <b>C. Receipts from State Government</b>                        |                                         | <b>D. Receipts from Federal Government</b>                  |               |
| 1. Highway-user taxes                                           | 537,893                                 | 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                                                     | 4,595         |
| b. Project Match                                                |                                         | c. HUD                                                      |               |
| c. Motor Vehicle Registrations                                  | 68,994                                  | d. Federal Transit Admin                                    |               |
| d. Other (Specify) - DOLA Grant                                 |                                         | e. U.S. Corps of Engineers                                  |               |
| e. Other (Specify)                                              |                                         | f. Other Federal                                            | 563,966       |
| f. Total (a. through e.)                                        | 68,994                                  | g. Total (a. through f.)                                    | 568,561       |
| 4. Total (1. + 2. + 3.f)                                        | 606,887                                 | 3. Total (1. + 2.g)                                         |               |
|                                                                 |                                         | (Carry forward to page 1)                                   |               |
| <b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b> |                                         |                                                             |               |
|                                                                 | ON NATIONAL<br>HIGHWAY<br>SYSTEM<br>(a) | OFF NATIONAL<br>HIGHWAY<br>SYSTEM<br>(b)                    | TOTAL<br>(c)  |
| <b>A.1. Capital outlay:</b>                                     |                                         |                                                             |               |
| a. Right-Of-Way Costs                                           |                                         |                                                             | 0             |
| b. Engineering Costs                                            |                                         | 262,346                                                     | 262,346       |
| c. Construction:                                                |                                         |                                                             |               |
| (1). New Facilities                                             |                                         |                                                             | 0             |
| (2). Capacity Improvements                                      |                                         | 844,885                                                     | 844,885       |
| (3). System Preservation                                        |                                         | 589,822                                                     | 589,822       |
| (4). System Enhancement & Operation                             |                                         | 34,538                                                      | 34,538        |
| (5). Total Construction (1) + (2) + (3) + (4)                   | 0                                       | 1,469,244                                                   | 1,469,244     |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)             | 0                                       | 1,731,590                                                   | 1,731,590     |
|                                                                 |                                         | (Carry forward to page 1)                                   |               |
| <b>Notes and Comments:</b>                                      |                                         |                                                             |               |
|                                                                 |                                         |                                                             |               |



**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

Honorable Mayor and Members of the City Council  
City of Evans, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Evans, Colorado (the "City"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated July 6, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
July 6, 2017



## **Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

Honorable Mayor and Members of the City Council  
City of Evans, Colorado

### **Report on Compliance for Each Major Federal Program**

We have audited the City of Evans, Colorado's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

#### *Opinion on Each Major Federal Program*

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.



### *Report on Internal Control over Compliance*

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
July 6, 2017

**City of Evans**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2016**

---

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified?   X   Yes    \_\_\_\_\_ None Reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified?   X   Yes    \_\_\_\_\_ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   Yes    \_\_\_\_\_ No

Identification of major programs:

CFDA/Contract Number

15.227  
20.205  
66.458

Name of Federal Program or Cluster

Distribution of Receipts to State and Local Governments  
Highway Planning and Construction  
Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

**City of Evans**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2016**

---

**Section II - Financial Statement Findings**

**Finding 2016-001 - Recording Grant Receivables and Related Revenues (Significant Deficiency)**

*Condition:* During the course of our audit procedures, we noted that in the prior year the City did not properly record grant receivables and related revenue for expenditures that were incurred in the prior fiscal year. Therefore, \$416,000 in grant revenue was recorded in the current fiscal year that should have been recorded in the prior year.

*Criteria:* The City should have a system of internal controls to allow management or employees, in the normal course of performing assigned functions, to prevent, or detect and correct, errors in financial reporting on a timely basis.

**Questioned Costs:** None.

*Effect:* The City's grant revenue was overstated by approximately \$416,000 during the fiscal year and understated by the same amount in the prior year.

*Cause:* The City submitted requests for reimbursement for the related grant at the beginning of the second quarter of the fiscal year for expenditures that were incurred after the request for reimbursement at the beginning of the first quarter. The City did not identify that some of the expenditures submitted for reimbursement were incurred and recorded as expenditures in the prior year.

*Recommendation:* We recommend that the City develop a reconciliation to ensure that grant revenue is recorded in the same fiscal year as the related expenditures are incurred.

*View of Responsible Officials and Planned Corrective Action:* The City will revisit reimbursement procedures and year-end accounting procedures to ensure these items are reviewed more timely in the future.

**Section III - Federal Award Findings and Questioned Costs**

See Finding 2016 -001 above.

**Section IV - Prior Year Findings**

There were no findings in the prior year that were required to be reported.

**City of Evans, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2016**

| <b>Federal Grantor/Pass-Through Grantor/Program Title</b>             | <b>Federal<br/>CFDA Number</b> | <b>Pass-Through<br/>Entity<br/>Identifying<br/>Number</b> | <b>2016<br/>Federal<br/>Expenditures</b> |
|-----------------------------------------------------------------------|--------------------------------|-----------------------------------------------------------|------------------------------------------|
| <b>Department of Housing and Urban Development</b>                    |                                |                                                           |                                          |
| Direct Program:                                                       |                                |                                                           |                                          |
| Hurricane Sandy Community Development Block                           |                                |                                                           |                                          |
| Grant Disaster Recovery Grants                                        | 14.269                         |                                                           | \$ 412,507                               |
| <b>Total Department of Housing and Urban Development</b>              |                                |                                                           | <b>412,507</b>                           |
| <b>Department of the Interior</b>                                     |                                |                                                           |                                          |
| Passed through Colorado Department of Local Affairs                   |                                |                                                           |                                          |
| Distribution of Receipts to State and Local                           |                                | EIAF 7597                                                 |                                          |
| Governments                                                           | 15.227                         | EIAF 7568                                                 | 1,114,451                                |
| <b>Total Department of Agriculture</b>                                |                                |                                                           | <b>1,114,451</b>                         |
| <b>Department of Transportation</b>                                   |                                |                                                           |                                          |
| Passed through Colorado Department of Transportation                  |                                |                                                           |                                          |
| Highway Planning and Construction                                     | 20.205                         | 14 HA4 64604                                              | 632,472                                  |
| <b>Total Department of Transportation</b>                             |                                |                                                           | <b>632,472</b>                           |
| <b>Environmental Protection Agency</b>                                |                                |                                                           |                                          |
| Passed through Colorado Water Resources & Power Development Authority |                                |                                                           |                                          |
| Capitalization Grants for Drinking Water State                        |                                |                                                           |                                          |
| Revolving Funds                                                       | 66.468                         | D13F039                                                   | 82,283                                   |
| Capitalization Grants for Clean Water State                           |                                |                                                           |                                          |
| Revolving Funds                                                       | 66.458                         | W16A039                                                   | 1,800,348                                |
| <b>Total Environmental Protection Agency</b>                          |                                |                                                           | <b>1,882,631</b>                         |
| <b>Department of Homeland Security</b>                                |                                |                                                           |                                          |
| Passed through Colorado Department of Public Safety:                  |                                |                                                           |                                          |
| Disaster Grants - Public Assistance (Presidentially                   |                                | PA-08-CO-                                                 |                                          |
| Declared Disasters)                                                   | 97.036                         | 4145-PW                                                   | 792,033                                  |
|                                                                       |                                | 2015                                                      |                                          |
|                                                                       |                                | EMPG/LEMS                                                 |                                          |
| Emergency Management Performance Grants                               | 97.042                         | 15-EM-16-87                                               | 16,129                                   |
| Homeland Security Grant Program                                       | 97.067                         |                                                           | 2,916                                    |
| <b>Total Department of Homeland Security</b>                          |                                |                                                           | <b>811,078</b>                           |
| <b>Total Expenditures of Federal Awards</b>                           |                                |                                                           | <b>\$ 4,853,139</b>                      |

*See accompanying Independent Auditor's Report.*

**City of Evans**  
**Notes to Schedule of Expenditures of Federal Awards**  
**December 31, 2016**

---

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Evans, Colorado (the "City") under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allocable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**3. Subrecipients**

There were no subrecipients of federal awards during the year ended December 31, 2016.



## **Corrective Action Plan December 31, 2016**

### **Auditor Finding 2016-001 - Recording Grant Receivables and Related Revenues (Significant Deficiency)**

During the course of audit procedures, it was noted that in the prior year the City did not properly record grant receivables and related revenue for expenditures that were incurred in the prior fiscal year. Therefore, \$416,000 in grant revenue was recorded in the current fiscal year that should have been recorded in the prior year.

We recommend that the City develop a reconciliation to ensure that grant revenue is recorded in the same fiscal year as the related expenditures are incurred.

#### **City Planned Corrective Action**

The City concurs with the finding. The City will revisit reimbursement procedures and year-end accounting procedures to ensure these items are reviewed more timely in the future.

#### **City Responsible Party**

Jacque Troudt, CPA, Finance Manager

#### **City Planned Implementation Date**

December 31, 2017