
CITY OF WALSENBURG,
COLORADO
FINANCIAL STATEMENTS
DECEMBER 31, 2016



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Independent Auditors' Report

City Council
City of Walsenburg, 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 Walsenburg, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, 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 i through viii and budgetary comparison information on pages 39 and 40 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules and Annual Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and Annual Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and Annual Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 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.

RubinBrown LLP

September 28, 2017

CITY OF WALSENBURG, COLORADO

Management's Discussion And Analysis (*Continued*)

City of Walsenburg, Colorado Management's Discussion and Analysis December 31, 2016

This discussion and analysis of the City of Walsenburg's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2016. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The City of Walsenburg's overall financial position continues to be strong, increasing by \$1.56 million (7.45%) during 2016.
- The assets of the City exceeded its liabilities at the close of 2016 by approximately \$22.70 million (net position). Of this amount, approximately \$1.06 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- At December 31, 2016, the combined net position of the City's governmental activities was approximately \$7.6 million, an increase of approximately \$517,000, (see page 5 – Governmental Activities), and fund balance decreased by approximately \$1,200,375. Of the \$699,717 million fund balance, 243% is held in the streets improvement fund and 103% is held in the capital improvement fund. The fund balance in the general fund decreased by \$36,995 in 2016 and remains negative. The Northlands General Improvement District fund balance was also a deficit.
- At December 31, 2016, the combined net position of the City's business-type activities was approximately \$15.07 million, an increase of approximately \$1.06 million (see page 5 – Business-type Activities).
- Total tax revenues, which include real property taxes and on-going sales and use tax remittances, decreased by approximately \$123,000 (7%) over 2015 collections.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City of Walsenburg's basic financial statements. The City's 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 other and required supplementary information in addition to the basic financial statements themselves.

CITY OF WALSENBURG, COLORADO

Management's Discussion And Analysis (*Continued*)

Government-wide Financial Statements

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

The ***statement of net position*** presents information on all of the City of Walsenburg's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Walsenburg is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Walsenburg 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 of Walsenburg include general government, public safety (police & code enforcement), public works administration, streets, planning and economic development, and parks and recreation. The Business-type Activities of the City of Walsenburg include Water, Gas, Sewer and the Water Park.

The government-wide financial statements include only the City of Walsenburg.

Fund Financial Statements

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. Some funds are required to be established by State law and bond covenants, however, City Council establishes other funds to help control and manage spendable resources for particular purposes (i.e. Capital Improvement Fund). All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds — Some important basic services are reported in governmental funds, which focus on how spendable resources flow into and out of those funds and the balances left at year-end that are available for future years. The funds are reported using an accounting method called modified accrual

CITY OF WALSENBURG, COLORADO

Management's Discussion And Analysis (*Continued*)

accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation that accompanies the fund financial statements. Walsenburg's government funds are the following: General Fund, Capital Improvement Fund, Streets Improvement Fund, Northlands General Improvement District Fund, Downtown General Improvement District Fund and Conservation Trust Fund.

Proprietary funds — The City maintains governmental proprietary funds as well as the business-type proprietary funds. Financial activity in these funds wholly comprises all relationships between the operational costs for the particular services each fund represents and all fees that are collected to compensate these service expenditures. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. For the business-type propriety funds the City provides several utilities, or enterprise funds. All are reported in the government-wide statements, but more detail and additional information are provided such as cash flows. Governmental propriety funds include Internal Services. Walsenburg's proprietary funds are the Gas Fund, Water Fund, Sewer Fund, Water Park Fund and Internal Service Fund.

Fiduciary funds — Resources held for the benefit of parties outside the government are reported in fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's operations. The accounting used for fiduciary funds is similar to that used for proprietary funds. The City maintains a Volunteer Firefighters' Pension Fund.

The basic fiduciary fund financial statements can be found within the basic financial statements, just before the Notes to the Financial Statements.

Notes to 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 can be found immediately after the basic financial statements.

CITY OF WALSENBURG, COLORADO

Management's Discussion And Analysis (*Continued*)

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents the combining statements for the City's non-major Governmental Funds. Schedules that compare actual revenues and expenditures/expenses to budgeted amounts are also included. Combining and individual fund statements and schedules can be found after the Notes in the financial section. Non-major government funds are the Downtown General Improvement District Fund and Conservation Trust Fund.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by approximately \$22.96 million at the close of 2016. A condensed Statement of Net Position follows:

	Governmental Activities		Business-type Activities		Total Primary	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 3,231,225	\$ 3,050,614	\$ 6,318,501	\$ 5,117,266	\$ 9,549,726	\$ 8,167,880
Capital assets	9,462,893	5,689,192	17,930,232	18,233,702	27,393,125	23,922,894
Total Assets	12,694,118	8,739,806	24,248,733	23,350,968	36,942,851	32,090,774
Long Term liabilities	2,250,242	517,864	8,323,538	8,689,116	10,573,780	9,206,980
Other	2,556,910	824,446	854,549	648,920	3,411,459	1,473,366
Total Liabilities	4,807,152	1,342,310	9,178,087	9,338,036	13,985,239	10,680,346
Deferred Inflows of						
Resources	233,790	261,449	—	—	233,790	261,449
Net Position:						
Net investment						
in capital assets	7,281,770	5,245,475	9,696,288	9,643,186	16,978,058	14,888,661
Restricted	2,729,736	2,254,424	1,917,881	1,460,551	4,647,617	3,714,975
Unrestricted	(2,358,330)	(363,852)	3,456,477	2,909,195	1,098,147	2,545,343
Total Net Position	\$ 7,653,176	\$ 7,136,047	\$ 15,070,646	\$ 14,012,932	\$ 22,723,822	\$ 21,148,979

Restricted assets at the end of 2016 were \$4.65 million and are available only for specific projects as identified in the respective funding documents. Net investment in capital assets totaled \$17 million at December 31, 2016, leaving unrestricted net position of \$1.06 million, which may be used to meet the City's ongoing obligations to citizens and creditors.

The City continues to maintain positive net position for the primary government, as well as for the governmental and business-type activities.

CITY OF WALSENBURG, COLORADO

Management's Discussion And Analysis (*Continued*)

CHANGES IN NET POSITION

The City's total revenues of \$6.74 million exceeded program expenditures of \$5.16 million. The total increase in net position for 2016 is approximately \$1.58 million.

	Governmental Activities		Business-type Activities		Total Primary	
	2016	2015	2016	2015	2016	2015
Program Revenues:						
Charges for services	\$ 67,560	\$ 77,799	\$ 3,897,015	\$ 3,974,758	\$ 3,964,575	\$ 4,052,557
Operating Grants	522,011	100,218	—	—	522,011	100,218
Capital Grants & Contribution	—	—	—	—	—	—
General Revenues:						
Taxes	1,630,220	1,753,314	—	—	1,630,220	1,753,314
Intergovernmental	346,324	131,101	—	—	346,324	131,101
Earnings on Investments	6,263	3,805	87,153	20,456	93,416	24,261
Gain on disposal of capital assets	—	—	—	1,100,447	—	1,100,447
Other revenues	71,121	136,369	110,980	13,531	182,101	149,900
Total Revenues	2,643,499	2,202,606	4,095,148	5,109,192	6,738,647	7,311,798
Program expenses:						
General Government	327,410	323,803	—	—	327,410	323,803
Public Safety	798,514	654,598	—	—	798,514	654,598
Public works	385,680	348,442	—	—	385,680	348,442
Culture, parks and recreation	136,398	108,505	—	—	136,398	108,505
Donations	—	2,165	—	—	—	2,165
Debt Service						
Interest	647	—	—	—	647	—
Gas	—	—	1,261,982	1,510,927	1,261,982	1,510,927
Water	—	—	1,195,232	1,179,195	1,195,232	1,179,195
Sewer	—	—	852,359	853,935	852,359	853,935
Water Park	—	—	205,582	242,915	205,582	242,915
Total Expenses	1,648,649	1,437,513	3,515,155	3,786,972	5,163,804	5,224,485
Excess (deficiency) of revenue over expenditures	994,850	765,093	579,993	1,322,220	1,574,843	2,087,313
Transfers In (Out)	(477,721)	(31,095)	477,721	31,095	—	—
Change in net position	517,129	733,998	1,057,714	1,353,315	1,574,843	2,087,313
Beginning net position	7,136,047	6,402,049	14,012,932	12,659,617	21,148,979	19,061,666
Ending net position	\$ 7,653,176	\$ 7,136,047	\$ 15,070,646	\$ 14,012,932	\$ 22,723,822	\$ 21,148,979

Governmental Activities

Governmental activities increased Walsenburg's net position by approximately \$517,000 during the year 2016. This was largely due to sales tax revenues in the Capital Improvement and Street Improvement funds, a portion of which was invested in capital assets during the year.

CITY OF WALSENBURG, COLORADO

Management's Discussion And Analysis (*Continued*)

Business-type Activities

Business-type activities increased Walsenburg's net position by \$1.05 million during the year 2016. Cash expenses in the Water Park exceeded revenue, and this fund depends on transfers in to support operations. The gas, water and sewer funds generated net operating income and an increase in net position before fund transfers.

Budgetary Highlights

The City's budgets are prepared in accordance with the Colorado Revised Statutes.

Differences between the original and final budgets result from transfers between departments and supplemental appropriations made during the year. The transfers between departments are generally the result of the City's budget management process which monitors department budgets and the budget in total. The City Council, upon request of the City Administrator, may transfer funds from departments with anticipated budget surpluses to those with anticipated budget shortfalls. Transfers of this type have no impact on the budget in total.

- \$56,794 transferred to the General Fund.
- \$91,950 transferred to the Northlands General Improvement District Fund.
- \$267,830 transferred to the Gas Fund.
- \$140,275 transferred to the Water Fund
- \$266,360 transferred to the Sewer Fund.
- \$20,000 transferred to the Water Park Fund.
- \$10,450 transferred to the Internal Service Fund.

General Fund revenues in 2016 were greater than the anticipated budget by \$201,000 (17%).

Capital Asset and Debt Administration

Capital Assets - The City of Walsenburg invested approximately \$4,098,000 and \$275,000 in capital assets for its governmental-type and business-type activities, respectively, during the year ended December 31, 2016. The City's total investment in land, buildings, equipment and vehicles is \$27.4 million city-wide after applying depreciation.

The City depreciates all capital assets except land utilizing straight-line depreciation applied to the useful life of each respective asset.

CITY OF WALSENBURG, COLORADO

Management's Discussion And Analysis (*Continued*)

Long-term Debt - At the end of 2016, the City has long-term debt totaling \$10.57 million, of which \$2,181,000 is applicable to governmental activities, and \$8.23 million applies to business-type activities. The amount of principal scheduled to be retired in 2016 is approximately \$366,000, and all currently recorded debt should be retired by 2032.

Other Matters

Factors which are expected to have a significant impact on the City's 2016 budget include:

1. *Development of the Northlands annexation*

The City is constructing a sewer main in the Northlands area to connect newly annexed parcels to the City's waste water treatment facility. The project is estimated to cost \$6.1 million. Completion is expected in 2016 and will open over 550 acres to commercial and residential development, including services, retail, lodging and manufacturing. Northlands is a general improvement district and is funded through grants and loans, as well as a public improvement fee. The project was awarded funding through the Community Development Block Grant program, Department of Locals Affairs and USDA / Rural Development.

2. *Tax revenues will provide a mixed result*

Sales taxes collections in 2016 decreased over 2015 receipts due the improving economy correcting itself in the current year. The City continues to seek additional revenues to meet the needs of its citizens.

3. *The City is obliged to pay \$743,000 in principal and interest on bonds in the Water and Sewer Funds.*

Water and sewer rates were adjusted in 2011 to account for the repayment of the construction bonds so this payment should not cause a major impact; however, maintenance and repair of the aging infrastructure remain a major concern. The City continues to monitor and adjust water and sewer rates as necessary. The City will look to restructure the financing for the bonds in the Water and Sewer Funds in 2017 to take advantage of lower interest rates and reduce interest expense going forward.

CITY OF WALSENBURG, COLORADO

Management's Discussion And Analysis (*Continued*)

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to show the City's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the City's Administrator at City of Walsenburg, 525 South Albert Street, Walsenburg, CO 81089, or at cityadmin@cityofwalsenburg.com.

CITY OF WALSENBURG, COLORADO

STATEMENT OF NET POSITION

December 31, 2016

	Assets		
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 320,245	\$ —	\$ 320,245
Equity in pooled cash and cash equivalents	1,647,283	2,234,172	3,881,455
Equity in pooled investments	104,215	157,780	261,995
Accounts receivable, net of allowance	669,395	631,722	1,301,117
Other receivable, net of allowance	—	1,373,358	1,373,358
Property tax receivable	233,790	—	233,790
Internal balances	92,971	(92,971)	—
Restricted cash and cash equivalents	160,183	1,917,881	2,078,064
Prepaid expenses	3,143	14,493	17,636
Inventory	—	82,066	82,066
Capital assets, net	9,462,893	17,930,232	27,393,125
Total Assets	12,694,118	24,248,733	36,942,851

Liabilities And Deferred Inflows Of Resources

Liabilities

Accounts payable and accrued expenses	2,400,322	178,664	2,578,986
Deposits and escrows	—	675,885	675,885
Deferred revenues	156,588	—	156,588
Noncurrent liabilities:			
Due within one year	100,069	427,966	528,035
Due in more than one year	2,150,173	7,895,572	10,045,745
Total Liabilities	4,807,152	9,178,087	13,985,239

Deferred Inflows Of Resources

Unearned property taxes	233,790	—	233,790
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Net Position

Net investment in capital assets	7,281,770	9,696,288	16,978,058
Restricted for:			
Emergencies	147,196	—	147,196
Other	2,582,540	1,917,881	4,500,421
Unrestricted	(2,358,330)	3,456,477	1,098,147
Total Net Position	\$ 7,653,176	\$ 15,070,646	\$ 22,723,822

CITY OF WALSENBURG, COLORADO

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) And Changes In Net Position		
		Charges For Services	Operating Grants And Contributions	Governmental Activities	Business- Type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 327,410	\$ 17,544	\$ —	\$ (309,866)	\$ —	\$ (309,866)
Public safety	798,514	—	99,242	(699,272)	—	(699,272)
Public works	385,680	50,016	422,769	87,105	—	87,105
Culture, parks and recreation	136,398	—	—	(136,398)	—	(136,398)
Interest on long-term debt	647	—	—	(647)	—	(647)
Total Governmental Activities	1,648,649	67,560	522,011	(1,059,078)	—	(1,059,078)
Business-type activities:						
Gas	1,261,982	1,249,870	—	—	(12,112)	(12,112)
Water	1,195,232	1,588,820	—	—	393,588	393,588
Sewer	852,359	975,428	—	—	123,069	123,069
Water park	205,582	82,897	—	—	(122,685)	(122,685)
Total Business-Type Activities	3,515,155	3,897,015	—	—	381,860	381,860
Total Primary Government	\$ 5,163,804	\$ 3,964,575	\$ 522,011	(1,059,078)	381,860	(677,218)
General Revenues						
Taxes:						
Property taxes				215,839	—	215,839
Specific ownership taxes				21,613	—	21,613
Sales and use taxes				1,194,970	—	1,194,970
Franchise taxes				122,443	—	122,443
Other taxes				75,355	—	75,355
Intergovernmental				346,324	—	346,324
Earnings on investments				6,263	87,153	93,416
Other revenues				71,121	110,980	182,101
Transfers				(477,721)	477,721	—
Total General Revenues And Transfers				1,576,207	675,854	2,252,061
Changes In Net Position				517,129	1,057,714	1,574,843
Net Position At Beginning Of Year				7,136,047	14,012,932	21,148,979
Net Position At End Of Year				\$ 7,653,176	\$ 15,070,646	\$ 22,723,822

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

CITY OF WALSENBURG, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS December 31, 2016

Assets

	General	Capital Improvement	Street Improvement	Northlands General Improvement District	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 17,842	\$ —	\$ —	\$ 297,118	\$ 5,285	\$ 320,245
Equity in pooled cash and cash equivalents	—	565,677	1,049,464	28,971	3,171	1,647,283
Equity in pooled investments	—	35,880	66,305	1,830	200	104,215
Due from other funds	8,200	556,439	526,594	—	—	1,091,233
Prepaid expenses	3,143	—	—	—	—	3,143
Accounts receivable	258,002	55,388	55,388	300,617	—	669,395
Property tax receivable	233,790	—	—	—	—	233,790
Restricted cash and cash equivalents	2,500	—	—	157,683	—	160,183
Total Assets	\$ 523,477	\$ 1,213,384	\$ 1,697,751	\$ 786,219	\$ 8,656	\$ 4,229,487

Liabilities, Deferred Inflows Of Resources And Fund Balances

Liabilities						
Accounts payable	\$ 33,124	\$ 20,000	\$ —	\$ 2,160,053	\$ 2,810	\$ 2,215,987
Accrued expenses	24,453	—	—	—	—	24,453
Due to other funds	264,068	475,002	—	—	—	739,070
Property tax refunds payable	159,882	—	—	—	—	159,882
Deferred revenues	—	—	—	156,588	—	156,588
Total Liabilities	481,527	495,002	—	2,316,641	2,810	3,295,980

Deferred Inflows Of Resources

Unavailable property tax revenue	233,790	—	—	—	—	233,790
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Fund Balances

Nonspendable	3,143	—	—	—	—	3,143
Restricted for emergencies	147,196	—	—	—	—	147,196
Restricted for street improvements	—	—	1,697,751	—	—	1,697,751
Restricted for capital improvements - general government	—	649,522	—	—	—	649,522
Restricted for escrow	2,500	—	—	—	—	2,500
Restricted for capital improvements - sewer	—	68,860	—	6,040	—	74,900
Restricted for youth activities	378	—	—	—	—	378
Restricted for special revenue funds	—	—	—	—	5,846	5,846
Restricted for debt service	—	—	—	151,643	—	151,643
Unassigned	(345,057)	—	—	(1,688,105)	—	(2,033,162)
Total Fund Balances	(191,840)	718,382	1,697,751	(1,530,422)	5,846	699,717

Total Liabilities, Deferred Inflows Of Resources And Fund Balances

	\$ 523,477	\$ 1,213,384	\$ 1,697,751	\$ 786,219	\$ 8,656	\$ 4,229,487
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CITY OF WALSENBURG, COLORADO

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
December 31, 2016**

Total Fund Balances - Governmental Funds \$ 699,717

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net position.

Capital assets	\$ 11,388,149	
Less: Accumulated depreciation	(2,180,661)	9,207,488

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 at year end consist of:

Notes payable, NBH - construction loan	(2,027,108)	
Accrued compensated absences	(69,119)	(2,096,227)

The internal service fund is used by management to charge the cost of certain equipment, which is pooled for use across funds. The assets and liabilities of the internal service fund are included in the government activities column in the statement of net position.

(157,802)

Total Net Position Of Governmental Activities \$ 7,653,176

CITY OF WALSENBURG, COLORADO

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

		Capital Improvement	Street Improvement	Northlands General Improvement District	Other Governmental Funds	Total Governmental Funds
	General					
Revenues						
Taxes	\$ 833,271	\$ 398,324	\$ 398,323	\$ —	\$ 295	\$ 1,630,213
Licenses and permits	50,016	—	—	—	—	50,016
Intergovernmental	330,157	—	—	—	16,167	346,324
Grants and contributions	99,242	—	—	422,769	—	522,011
Fines and forfeitures	17,544	—	—	—	—	17,544
Earnings on investments	(24)	1,315	2,423	1,789	760	6,263
Miscellaneous	61,522	2,500	—	—	—	64,022
Total Revenues	1,391,728	402,139	400,746	424,558	17,222	2,636,393
Expenditures						
Current:						
General government	256,721	—	—	220	1,550	258,491
Public safety	768,514	30,000	—	—	—	798,514
Public works	251,139	—	24,297	374	—	275,810
Culture, parks and recreation	124,988	—	—	—	—	124,988
Debt service	—	647	—	—	—	647
Donations and contributions	—	—	—	—	—	—
Capital outlay	275,995	—	—	3,448,302	—	3,724,297
Total Expenditures	1,677,357	30,647	24,297	3,448,896	1,550	5,182,747
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(285,629)	371,492	376,449	(3,024,338)	15,672	(2,546,354)
Other Financing Sources (Uses)						
Proceeds from debt issuance	—	—	—	1,583,391	—	1,583,391
Transfers in	56,794	—	—	91,950	—	148,744
Transfers out	—	(366,156)	—	—	(20,000)	(386,156)
Total Other Financing Sources (Uses)	56,794	(366,156)	—	1,675,341	(20,000)	1,345,979
Net Change In Fund Balances	(228,835)	5,336	376,449	(1,348,997)	(4,328)	(1,200,375)
Fund Balance At Beginning Of Year	36,995	713,046	1,321,302	(181,425)	10,174	1,900,092
Fund Balance At End Of Year	\$ (191,840)	\$ 718,382	\$ 1,697,751	\$ (1,530,422)	\$ 5,846	\$ 699,717

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

CITY OF WALSENBURG, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2016

Total Net Change In Fund Balance - Governmental Funds \$ (1,200,375)

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those capital assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.

Capital outlay	\$ 3,724,297	
Depreciation expense	(118,793)	<u>3,605,504</u>

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		<u>5,028</u>
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

	<u>(1,583,391)</u>
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The internal service fund, used by management to charge the cost of certain equipment which is pooled for use across funds, is reported in the governmental activities column of the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.

	<u>(309,637)</u>
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Change In Net Position Of Governmental Activities \$ 517,129

CITY OF WALSENBURG, COLORADO

STATEMENT OF NET POSITION - PROPRIETARY FUNDS December 31, 2016

	Gas	Water	Sewer	Water Park	Total	Internal Service Fund
Assets						
Current Assets						
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Equity in pooled cash and cash equivalents	1,426,358	807,814	—	—	2,234,172	—
Equity in pooled investments	100,320	57,460	—	—	157,780	—
Restricted cash and cash equivalents	161,472	1,030,574	725,835	—	1,917,881	—
Accounts receivable, net of allowance	174,480	206,239	247,272	3,731	631,722	—
Other receivable, net of allowance	179	1,317,456	55,723	—	1,373,358	—
Due from other funds	253,165	257,141	—	—	510,306	—
Prepaid expenses	887	12,224	741	641	14,493	—
Inventory	73,928	—	—	8,138	82,066	—
Total Current Assets	2,190,789	3,688,908	1,029,571	12,510	6,921,778	—
Noncurrent Assets						
Capital assets, being depreciated	1,768,049	6,485,999	5,510,209	1,725,926	15,490,183	255,405
Capital assets, not being depreciated	35,500	2,111,501	219,947	73,101	2,440,049	—
Total Noncurrent Assets	1,803,549	8,597,500	5,730,156	1,799,027	17,930,232	255,405
Total Assets	3,994,338	12,286,408	6,759,727	1,811,537	24,852,010	255,405
Liabilities						
Current Liabilities						
Due to other funds	—	84,160	243,907	275,210	603,277	259,192
Accounts payable	72,708	45,884	4,876	3,708	127,176	—
Accrued expenses	5,558	24,194	21,736	—	51,488	—
Deposits and escrows	574,230	101,655	—	—	675,885	—
Accrued compensated absences	22,382	34,181	33,031	—	89,594	—
Current portion of long-term debt	—	158,979	179,393	—	338,372	—
Total Current Liabilities	674,878	449,053	482,943	278,918	1,885,792	259,192
Noncurrent Liabilities						
Long-term debt	—	3,898,469	3,997,103	—	7,895,572	154,015
Total Liabilities	674,878	4,347,522	4,480,046	278,918	9,781,364	413,207
Net Position						
Net investment in capital assets	1,803,549	4,540,052	1,553,660	1,799,027	9,696,288	255,405
Restricted	161,472	1,030,574	725,835	—	1,917,881	—
Unrestricted	1,354,439	2,368,260	186	(266,408)	3,456,477	(413,207)
Total Net Position	\$ 3,319,460	\$ 7,938,886	\$ 2,279,681	\$ 1,532,619	\$ 15,070,646	\$ (157,802)

CITY OF WALSENBURG, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION -
PROPRIETARY FUNDS**

For The Year Ended December 31, 2016

	Gas	Water	Sewer	Water Park	Total	Internal Service Fund
Operating Revenues						
Charges for services	\$ 1,249,870	\$ 1,588,820	\$ 975,428	\$ 82,897	\$ 3,897,015	\$ —
Miscellaneous	79,850	30,068	1,052	10	110,980	7,099
Total Operating Revenues	1,329,720	1,618,888	976,480	82,907	4,007,995	7,099
Operating Expenses						
Personnel services	294,247	285,445	250,568	79,331	909,591	—
Contract services	81,976	187,770	28,969	3,145	301,860	—
Gas expense	697,871	—	—	—	697,871	—
Utilities	10,787	135,397	3,793	32,193	182,170	—
Repairs and maintenance	22,777	39,469	56,967	1,000	120,213	—
Other supplies and expenses	70,808	125,406	102,992	23,166	322,372	—
Insurance expense	9,438	24,280	31,865	—	65,583	—
Miscellaneous expense	—	(66,809)	7,798	1,507	(57,504)	52,659
Depreciation	71,993	279,576	161,694	65,240	578,503	23,768
Total Operating Expenses	1,259,897	1,010,534	644,646	205,582	3,120,659	76,427
Operating Income (Loss)	69,823	608,354	331,834	(122,675)	887,336	(69,328)
Nonoperating Revenues (Expenses)						
Gain (loss) on investments	4,476	79,118	3,708	(149)	87,153	—
Gain on disposal of assets	—	—	—	—	—	—
Interest expense	(2,085)	(184,698)	(207,713)	—	(394,496)	—
Total Nonoperating Revenues (Expenses)	2,391	(105,580)	(204,005)	(149)	(307,343)	—
Transfers						
Transfers in	267,830	140,275	266,360	20,000	694,465	10,450
Transfers out	(25,012)	(178,975)	(12,757)	—	(216,744)	(250,759)
Change In Net Position	315,032	464,074	381,432	(102,824)	1,057,714	(309,637)
Net Position At Beginning Of Year	3,004,428	7,474,812	1,898,249	1,635,443	14,012,932	151,835
Net Position At End Of Year	\$ 3,319,460	\$ 7,938,886	\$ 2,279,681	\$ 1,532,619	\$ 15,070,646	\$ (157,802)

CITY OF WALSENBURG, COLORADO

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS For The Year Ended December 31, 2016 Page 1 Of 2

	Gas	Water	Sewer	Water Park	Total	Internal Service Fund
Cash Flows From Operating Activities						
Cash received from customers	\$ 1,411,806	\$ 1,275,979	\$ 1,088,776	\$ 83,220	\$ 3,859,781	\$ 7,099
Cash payments to suppliers	(702,393)	(424,510)	(242,073)	(62,375)	(1,431,351)	(52,833)
Cash payments to employees	(301,542)	(290,642)	(259,838)	(79,331)	(931,353)	—
Net Cash Provided By (Used In) Operating Activities	407,871	560,827	586,865	(58,486)	1,497,077	(45,734)
Cash Flows From Noncapital Financing Activities						
Transfers from other funds	268,252	43,849	16,853	59,205	388,159	4,614
Transfers to other funds	(25,012)	(82,549)	143,531	—	35,970	—
Net Cash Provided By (Used In) Noncapital Financing Activities	243,240	(38,700)	160,384	59,205	424,129	4,614
Cash Flows From Capital And Related Financing Activities						
Principal paid on debt	(13,274)	(23,817)	(319,483)	—	(356,574)	—
Interest paid on debt	(2,085)	(171,015)	(190,233)	—	(363,333)	—
Proceeds from debt issuance	—	—	—	—	—	161,965
Acquisition of capital assets	(266,781)	(7,500)	(1)	(751)	(275,033)	(191,965)
Net Cash Used In Capital And Related Financing Activities	(282,140)	(202,332)	(509,717)	(751)	(994,940)	(30,000)
Cash Flows From Investing Activities						
Proceeds from maturities of investments	—	(140)	—	—	(140)	—
Purchases of investments	(4,591)	—	—	—	(4,591)	—
Earnings on investments	4,476	79,118	3,708	(149)	87,153	5,179
Net Cash Provided By (Used In) Investing Activities	(115)	78,978	3,708	(149)	82,422	5,179
Net Change In Cash And Cash Equivalents	368,856	398,773	241,240	(181)	1,008,688	(65,941)
Cash And Cash Equivalents At Beginning Of Year	1,218,974	1,439,615	484,595	181	3,143,365	65,941
Cash And Cash Equivalents At End Of Year	\$ 1,587,830	\$ 1,838,388	\$ 725,835	\$ —	\$ 4,152,053	\$ —

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

CITY OF WALSENBURG, COLORADO

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For The Year Ended December 31, 2016
Page 2 Of 2**

	Gas	Water	Sewer	Water Park	Total	Service Fund
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Equity in pooled cash and cash equivalents	1,426,358	807,814	—	—	2,234,172	—
Restricted cash and cash equivalents	161,472	1,030,574	725,835	—	1,917,881	—
Total Cash And Cash Equivalents	\$ 1,587,830	\$ 1,838,388	\$ 725,835	\$ —	\$ 4,152,053	\$ —
Reconciliation Of Operating Income (Loss) To						
Net Cash Provided By (Used In) Operating Activities						
Operating income (loss):	\$ 69,823	\$ 608,354	\$ 331,834	\$ (122,675)	\$ 887,336	\$ (69,328)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	71,993	279,576	161,694	65,240	578,503	23,768
(Increase) decrease in:						
Receivables	82,086	(210,134)	112,296	313	(15,439)	—
Prepaid expenses	(887)	7,017	1,205	655	7,990	35
Due from other funds	—	(132,775)	—	—	(132,775)	—
Inventory	6,424	—	—	—	6,424	—
Increase (decrease) in:						
Accounts payable	(25,401)	9,965	(10,894)	(2,019)	(28,349)	(209)
Accrued expenses	(7,295)	(5,197)	(9,270)	—	(21,762)	—
Due to other funds	—	—	—	—	—	—
Deposits and escrows	211,128	4,021	—	—	215,149	—
Net Cash Provided By (Used In) Operating Activities	\$ 407,871	\$ 560,827	\$ 586,865	\$ (58,486)	\$ 1,497,077	\$ (45,734)

CITY OF WALSENBURG, COLORADO

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2016

	Volunteer Firefighters' Pension Fund
Assets	
Equity in pooled cash and cash equivalents	\$ 40,246
Equity in pooled investments	2,543
Investments	—
Total Assets	<u>42,789</u>
Net Position	
Net position held in trust for pension benefits	<u>42,789</u>
Total Net Position	<u>\$ 42,789</u>

CITY OF WALSENBURG, COLORADO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For The Year Ended December 31, 2016

	Volunteer Firefighters' Pension Fund
	<u> </u>
Additions	
Earnings on investments	\$ 299
Deductions	
Benefits paid	<u> 4,500</u>
Change In Net Position	(4,201)
Net Position At Beginning Of Year	<u> 46,990</u>
Net Position At End Of Year	<u><u> \$ 42,789</u></u>

CITY OF WALSENBURG, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

1. Summary Of Significant Accounting Policies

The City of Walsenburg, Colorado (the City), a municipal corporation, as defined by Colorado Revised Statutes (CRS), was established under CRS. An elected Mayor and City Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The City is located in Huerfano County, Colorado, and its major operations include police protection, road maintenance, utilities and culture and recreation.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the City and (b) organizations for which the City is financially accountable. The City is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. Consideration is also given to other organizations which are fiscally dependent, i.e., unable to adopt a budget, levy taxes or issue debt without approval by the City. Organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Based on the criteria above, the City has two component units. The Northlands General Improvement District has the power to acquire, construct or install public improvements within its own boundaries and to finance such improvements by levying a general property tax upon the benefiting property. The Northlands General Improvement District is a blended component unit presented as a major capital projects fund. The Walsenburg General Improvement District (the Downtown General Improvement District) is a blended component unit and is presented herein as a nonmajor special revenue fund. Each district is an entity which is legally separate from the City. The City Council, as required by state statute, sits as the Board of Directors for both districts. Services provided by each district are entirely for the benefit of the citizens of that district. The fiscal year end for both districts is December 31.

The City is not considered a component unit of any other government.

Basis Of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support. Likewise, the primary government is reported separately from the legally separate, discretely presented component units for which the primary government is financially accountable.

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

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds, rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Measurement Focus And 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 and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded 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.

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 recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payments are due.

Sales taxes, intergovernmental grants and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds) and the capital projects funds. The following are the City's major and nonmajor governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Capital Improvement Fund* is a major fund, categorized as a capital projects fund that is used to account for capital projects that are supported by a 1.0% sales tax, appropriations and/or advances from the General Fund or donations from private or public sources.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

The *Street Improvement Fund* is a major fund, categorized as a capital projects fund used to fund maintenance and/or capital outlay relating specifically to street improvements, supported by a designated 1.0% sales tax.

The *Northlands General Improvement District Fund* is a major fund, categorized as a capital projects fund because it accounts for the resources used to acquire, construct or install public improvements within the district's boundaries.

The *Downtown General Improvement District Fund (formerly the Walsenburg General Improvement District)*, a nonmajor special revenue fund, accounts for assets and earnings to be used for specific purposes.

The *Conservation Trust Fund*, a nonmajor special revenue fund, accounts for lottery proceeds required to be expended solely on park and recreation activities.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as enterprise funds or internal service funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City reports the following proprietary or business-type funds:

The *Water Fund* is a major enterprise fund used to account for the purchase and delivery of water to the citizens of the City.

The *Sewer Fund* is a major enterprise fund used to account for sewer service provided to the citizens of the City.

The *Gas Fund* is a major enterprise fund used to account for the purchase and delivery of natural gas to the citizens of the City.

The *Water Park Fund* is a major enterprise fund used to account for the membership, admissions and concessions revenues received by the City for the operation of a seasonal municipal swimming pool and water park.

The *Internal Service Fund* is an internal service fund used to account for fleet services used by the City.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

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 for other funds. The City reports the following fiduciary fund that is not included in the government-wide statements since the resources of the fund are not available to the City:

The *Volunteer Firefighters' Pension Fund* accounts for the volunteer firemen's pension investments.

Cash And Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and participation in local government investment pools. All cash equivalents have an original maturity date of less than three months. Cash balances from different funds are combined and invested to the extent possible in local government investment pools.

To improve cash management, cash received by the City is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as equity in pooled cash and cash equivalents, equity in pooled investments or equity in pooled restricted cash on the financial statements. Investments of the City's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments

Investments are stated at fair value based on quoted market values, with the exception of certificates of deposit. These are stated at cost plus accrued interest, which approximates fair value.

Accounts Receivable

Receivables are reported net of an allowance for uncollectible accounts. The City writes off bad debts when accounts are deemed uncollectible. Receivables are reviewed annually to determine accounts that should be written off and to make any adjustments to allowance for doubtful accounts. As of December 31, 2016, the City had an allowance for uncollectible accounts relating to the Water Fund of \$3,628, Sewer Fund of \$2,500 and Gas Fund of \$5,220, totaling \$11,348.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Property Taxes

Annual property taxes are levied and assessed on January 1 and are certified by the City by November 1 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer also collects the property taxes and remits the collections on a monthly basis to the City. The City recognizes a receivable, net of estimated uncollectible accounts, for property tax levied upon certification by the County Treasurer. A deferred inflow of resources is recorded in the same amount since the taxes are not available at year end to fund expenditures of the current year.

Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses.

Inventory

Inventory consists of supplies for the City's use and, in the Gas Fund, natural gas held in storage. Inventories are carried at the lower of cost or market using the first-in, first-out method.

Capital Assets

Capital assets, which include land, land improvements, distribution systems, buildings, equipment and vehicles, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of \$4,000 or more and an estimated useful life in excess of one year for all assets. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

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

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

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

<u>Asset Description</u>	<u>Years</u>
Land	N/A
Utility plant	40
Streets	40
Buildings and improvements	15 - 40
Equipment and furniture	3 - 15
Software	3 - 5

Deferred Outflows And Inflows Of Resources

In addition to assets, the statements of net position and governmental funds balance sheets will sometimes include 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 or periods and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the statements of net position and governmental funds balance sheets will sometimes include 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 or periods and so will not be recognized as an inflow of resources until then. On the modified accrual basis of accounting, the City has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet. Unearned property taxes were recorded as deferred inflows of resources for governmental activities on the government-wide statement of net position.

Accrued Compensated Absences Payable

In accordance with accounting standards, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements and the enterprise fund financial statements. Compensated absences are reported in governmental funds only if they have matured.

Accrued Liabilities And Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statement, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements if they will be liquidated with current resources. In general, payments made within 60 days after year end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Bond Premium And Debt Issuance Costs

The bond premium is amortized over the life of the debt using the effective interest method and presented as an adjustment to the face amount of the debt. Debt issuance costs are expensed in the period incurred.

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.

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

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Accounting standards define the different types of fund balances that a governmental entity must use for governmental fund financial reporting purposes. These standards require the fund balance amounts to be reported within one of the categories listed below:

Nonspendable Fund Balance - cannot ever be spent, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned)

Restricted Fund Balance - indicates constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislations

Committed Fund Balance - includes amounts that can be used only for the specific purposes determined by a resolution approved by the City Council

Assigned Fund Balance - intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned fund balance allows City Council to delegate the authority to spend to the City Manager or designee.

Unassigned Fund Balance - the residual classification for the government's General Fund and includes all spendable amounts not contained in the other classifications

Based on the definitions above, the City only has nonspendable, restricted and unassigned fund balances. When both restricted and unassigned resources are available for use, it is the City's policy to use restricted resources first, then unassigned resources as they are needed.

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Use Of Estimates

The preparation of financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Cash And Cash Equivalents

The composition of the City's cash and cash equivalents, including restricted cash on December 31, 2016, is as follows:

Cash on hand	\$	200
Cash held with County Treasurer		17,642
Cash deposits		2,733,840
Money market funds		90,457
Corporate/government bonds		25,856
Certificates of deposit		238,683
Local government investment pools		<u>3,477,870</u>
Total	\$	<u>6,584,548</u>

The above amounts are classified in the government-wide statement of net position and in the fiduciary statement of net position as follows:

Cash and cash equivalents	\$	320,245
Cash and investment equity pool		4,143,450
Restricted cash and cash equivalents		2,078,064
Fiduciary cash and cash equivalents		<u>42,789</u>
Total	\$	<u>6,584,548</u>

Custodial Credit Risk - Deposits

There 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 government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance limits must be collateralized by eligible collateral as determined by 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 Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2016, the City's cash deposits had a bank balance of \$2,915,798. Of the bank balance, \$616,314 was covered by the Federal Deposit Insurance Corporation (FDIC) federal depository insurance. The remainder of the bank balance, \$2,299,484, was collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by the PDPA.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (Continued)

3. Investments

Investments

At December 31, 2016, the City's investments in debt securities, certificates of deposit and other investments consisted of the following:

Investment Type	Fair Value	Investment Maturities		
		Up To 120 Days	121 Days To 5 Years	5 Years To 20 Years
Money market funds	\$ 90,457	\$ 90,457	\$ —	\$ —
Corporate/government bonds	25,856	—	—	25,856
Certificates of deposit	238,683	—	238,683	—
COLOTRUST	3,477,870	3,477,870	—	—
Total	\$ 3,832,866	\$ 3,568,327	\$ 238,683	\$ 25,856

Investment By Fair Value Level	Fair Value	Level 1	Level 2	Level 3
Money market funds	\$ 90,457	\$ 90,457	\$ —	\$ —
Corporate/government bonds	25,856	—	25,856	—
Certificates of deposit	105,829	105,829	—	—
Total Investments By Fair Value	\$ 222,142	\$ 196,286	\$ 25,856	\$ —

Investments Measured At Net Asset Value

COLOTRUST	\$ 3,477,870
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Investments Measured At Amortized Cost

Certificates of deposit	\$ 132,854
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Total Investments Controlled By The City	\$ 3,832,866
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Local Government Investment Pool

At December 31, 2016, the City had invested \$3,477,870 in the Colorado Government Liquid Asset Trust (COLOTRUST), a local government investment pool established in Colorado to pool surplus funds for investment purposes. These funds operate similarly to a money market fund, and each share is equal in value to \$1.00. The designated custodial bank of the pooled investment provides safekeeping and depository services in connection with the direct investment and withdrawal functions of the pooled investment. All securities owned by pooled investments are held by the Federal Reserve Bank in the account maintained for the custodial bank. Investments of pooled investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes. The final maturity of any and all securities purchased by pooled investments may not exceed one year. COLOTRUST is rated AAAM by Standard & Poor's. The investment policy of COLOTRUST does not include investing in derivatives.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Credit Risk

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

- U.S. Treasury obligations
- U.S. instrumentality obligations
- Certificates of deposit with original maturities of three months or more
- Commercial paper rated in the highest tier by a nationally recognized rating agency
- 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

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that, in the event of a failure of a counter party, the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a specific policy for custodial credit risk. As of December 31, 2016, the City has substantially mitigated its exposure to credit risk by investing the majority of its assets in U.S. Treasury securities and certificates of deposit covered by FDIC and PDPA.

Interest Rate Risk

CRS and the City's investment policies limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates. One investment with maturity date of longer than five years was purchased before the onset of this policy, a government bond with a maturity date of 2034, which management plans to hold to maturity.

Restricted Cash And Investments

At December 31, 2016, the Water and Sewer Funds restricted \$1,030,574 and \$725,835, respectively, representing the required reserve in the 2007 revenue bond ordinance. In addition, the General Fund restricted \$2,500, the Gas Fund restricted \$161,472 and the Northlands General Improvement District reserved \$151,643 for debt reserve and \$6,040 for the sewer capital project.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (Continued)

4. Interfund Transfers And Balances

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

Following is a schedule of operating transfers during the year:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General Fund	\$ 56,794	\$ —
Capital Improvement Fund	—	366,156
Northlands General Improvement District Fund	91,950	—
Conservation Trust Fund	—	20,000
Enterprise Funds		
Gas Fund	267,830	25,012
Water Fund	140,275	178,975
Sewer Fund	266,360	12,757
Water Park Fund	20,000	—
Internal Service Fund	10,450	250,759
Total	<u>\$ 853,659</u>	<u>\$ 853,659</u>

Following is a schedule of outstanding interfund balances at December 31, 2016:

	<u>Due To</u>	<u>Due From</u>
Governmental Funds		
General Fund	\$ 264,068	\$ 8,200
Capital Improvement Fund	475,002	556,439
Street Improvement Fund	—	526,594
Enterprise Funds		
Gas Fund	—	253,165
Water Fund	84,160	257,141
Sewer Fund	243,907	—
Water Park Fund	275,210	—
Internal Service Fund	259,192	—
Total	<u>\$ 1,601,539</u>	<u>\$ 1,601,539</u>

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (Continued)

5. Capital Assets

The following is a summary of changes in capital assets in the governmental activities for the year ended December 31, 2016:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 2,015,386	\$ —	\$ —	\$ 2,015,386
Construction in progress	674,588	3,448,302	(182,622)	3,940,268
Total Capital Assets, Not Being Depreciated	2,689,974	3,448,302	(182,622)	5,955,654
Capital assets, being depreciated:				
Buildings and improvements	1,349,887	386,557	—	1,736,444
Streets	3,155,406	—	—	3,155,406
Equipment and furniture	554,124	264,025	—	818,149
Software	20,595	—	—	20,595
Total Capital Assets, Being Depreciated	5,080,012	650,582	—	5,730,594
Less accumulated depreciation for:				
Buildings and improvements	1,196,882	19,782	—	1,216,664
Streets	533,564	61,910	—	595,474
Equipment and furniture	329,752	60,869	—	390,621
Software	20,596	—	—	20,596
Total Accumulated Depreciation	2,080,794	142,561	—	2,223,355
Capital Assets Being Depreciated, Net	2,999,218	508,021	—	3,507,239
Total Governmental Activities Capital Assets	\$ 5,689,192	\$ 3,956,323	\$ (182,622)	\$ 9,462,893

Depreciation expense was charged to functions of the primary government as follows:

General government	\$ 21,281
Public works	109,870
Culture, parks and recreation	11,410
	<u>\$ 142,561</u>

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

The following is a summary of changes in capital assets in the business-type activities for the year ended December 31, 2016:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Business-Type Activities				
Capital assets, not being depreciated:				
Land, easements and water rights	\$ 2,293,765	\$ —	\$ —	\$ 2,293,765
Construction in progress	146,284	—	—	146,284
Total Capital Assets, Not Being Depreciated	2,440,049	—	—	2,440,049
Capital assets, being depreciated:				
Utility plant	15,855,411	—	—	15,855,411
Buildings and improvements	12,840,815	24,274	—	12,865,089
Equipment and furniture	884,664	250,759	(29,951)	1,105,472
Total Capital Assets, Being Depreciated	29,580,890	275,033	(29,951)	29,825,972
Less: accumulated depreciation	13,787,237	578,503	(29,951)	14,335,789
Capital Assets, Being Depreciated, Net	15,793,653	(303,470)	—	15,490,183
Total Business-Type Activities Capital Assets	\$ 18,233,702	\$ (303,470)	\$ —	\$ 17,930,232

6. Long-Term Liabilities

Governmental Activities

Construction Loan

In March 2015, the City entered into a construction loan for a portion of the Northlands Sewer Project with an interest rate of 2.45%. Initial funding provided by the loan was \$393,698.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Capital Lease

In 2016, the City entered into a capital lease for the purchase of a street sweeper with an original principal balance of \$161,965. The lease accrues interest at a rate of approximately 2.45% and is payable in equal monthly installments of \$2,865, with a maturity date of September 29, 2021. The lease is completely funded by the internal services fund.

Business-Type Activities

Capital Leases

In 2006, the City entered into a capital lease for the purchase of utility meter equipment with an original principal balance of \$382,683. The lease accrues interest at a rate of approximately 6.5% and is payable in equal monthly installments of \$50,890, with a maturity date of June 5, 2016. The lease is funded 72% by the Water Fund and 28% by the Gas Fund.

2007 Revenue Bonds

In 2007, the City issued \$9,700,000 Water and Sewer Revenue Refunding and Improvement Bonds, Series 2007 (the Bonds). The Bonds are special limited obligations of the City payable solely from the net revenue derived by the City from operation of the City's water and sewer systems. The Bonds constitute an irrevocable lien (but not necessarily an exclusive such lien) upon the net revenue. The Bonds do not constitute a general obligation of the City or an obligation of the State of Colorado or Huerfano County.

The Bonds were issued by the City to (1) improve and equip the City's sewer system, (2) advance refund the City's outstanding Water Revenue Bonds, Series 1999, (3) purchase a municipal bond insurance policy, (4) fund the Reserve Fund and (5) pay the costs of issuance of the Bonds.

The Bonds mature on December 1, 2032 and are subject to early redemption at the option of the City and are also subject to mandatory sinking fund redemption. Interest rates on the Bonds range from 4.25% to 5.00%.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements *(Continued)*

Changes in long-term debt for the year ended December 31, 2016 were as follows:

	Beginning	Additions	Deletions	Ending	Due Within
	Balance			Balance	One Year
Governmental Activities					
Compensated absences	\$ 74,147	\$ 69,119	\$ (74,147)	\$ 69,119	\$ 69,119
Capital lease obligations	—	161,965	(7,950)	154,015	30,950
Notes payable, NBH - construction loan	443,717	1,583,391	—	2,027,108	—
Total Governmental Activities	\$ 517,864	\$ 1,814,475	\$ (82,097)	\$ 2,250,242	\$ 100,069
Business-Type Activities					
Capital lease obligations	\$ 48,200	\$ —	\$ (48,200)	\$ —	\$ —
Revenue bonds	8,485,000	—	(305,000)	8,180,000	335,000
Premium on the issuance of bonds	57,316	—	(3,372)	53,944	3,372
Compensated absences	98,600	89,594	(98,600)	89,594	89,594
Total Business-Type Activities	\$ 8,689,116	\$ 89,594	\$ (455,172)	\$ 8,323,538	\$ 427,966

Assets acquired through lease purchases have a book value at December 31, 2016, as shown below. Amortization is included in depreciation.

	Governmental	Business-Type
	Activities	Activities
Utility meter equipment	\$ —	\$ 273,900
Street sweeper	161,965	—
Accumulated depreciation	(4,049)	(209,434)
Total	\$ 157,916	\$ 64,466

The following table represents future debt service requirements of the City's long-term liabilities for governmental- and business-type activities:

Year Ending December 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 30,950	\$ 3,434	\$ 335,000	\$ 371,593
2018	37,081	3,034	375,000	354,843
2019	38,157	1,958	395,000	338,905
2020	39,265	850	410,000	321,920
2021	8,561	35	430,000	304,085
2022 - 2026	—	—	2,455,000	1,220,903
2027 - 2031	—	—	3,075,000	617,203
2032	—	—	705,000	33,488
Total	\$ 154,015	\$ 9,311	\$ 8,180,000	\$ 3,562,940

7. Rate Maintenance - Water And Sewer Fund

The City has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$9,700,000 in the Bonds issued in 2007. Principal and interest on the Bonds are payable through 2032, solely from the water and sewer customer net revenues. Annual principal and interest on the Bonds are expected to require approximately 98% of such net revenues. Principal and interest paid for the current year was \$700,783. Net water and sewer customer revenues totaled \$2,564,248 for the year. The total of the pledged revenue to water and sewer revenues is not estimable because annual total fees collected fluctuate. At year end, pledged future revenues totaled \$11,742,940, which is the amount of the remaining principal and interest on the Bonds through 2032.

Subject to the provision of the Bonds, the City shall establish, levy and collect rents, rates and other charges for the products and services provided by the City's water and sewer systems (the System) in an amount sufficient to: (1) meet the operation and maintenance expenses of the System, (2) comply with all covenants in the loan resolution and (3) pay at least 100% of the debt service on all indebtedness or at least 110% of all such debt if connection fees are included as a source of payment. The City has complied with these requirements.

8. Retirement Plans

Volunteer Firefighters' Pension Fund

The Volunteer Firefighters' Pension Fund is a closed defined benefit plan. The City Council established a \$75 per month payout to participants. As of December 31, 2016, the fund had five participants. The City is no longer contributing to the fund. The fund will continue to exist until the death of the beneficiaries. The City has not yet established a policy on the payout of any remaining funds at the end of the payout period.

Policemen Pension Plan

All of the City's full-time policemen are eligible and must participate in the single-employer, defined contribution pension plan adopted by the City with Principal Mutual Life Insurance Company.

Participants and the City are each required to contribute 11% of the employee's annual salary to the plan. The payroll for employees covered by the plan for the year ended December 31, 2016 was approximately \$336,029. The City's total payroll for 2016 was approximately \$1,406,139. Employer contributions were \$36,963 for 2016. Employee contributions under the plan were \$36,963 for 2016.

The employee contribution is fully refundable upon request. The pension plan provides pension benefits, disability, retirement and survivor benefits. Participants become vested in employer contributions at 20% per year after 2 years of service and are fully vested after 7 years of service. Participants are eligible for retirement benefits upon reaching age 55 and the 20th anniversary of the person's date of commencement of participation in the plan. A lump sum distribution or an annuity of vested benefits is payable upon death or disability. Retirement benefits may be made in single life or joint life payments.

The employee may elect to receive a lump sum payment of all vested benefits upon termination of employment.

Defined Contribution Plan

In October 1995, the City adopted a single-employer defined contribution retirement plan for City employees. The plan is maintained by Principal Mutual Life Insurance Company.

Participants are required to contribute 3% of their eligible wages. Additional contributions can be made to the plan by employees. The maximum amount allowable is the lesser of 25% of eligible compensation or \$30,000. The City is required to contribute 3% of eligible wages. Eligible wages were approximately \$873,571 for 2016. Employee and employer contributions were approximately \$54,603 for 2016.

All City employees are covered under the plan if they meet eligibility requirements specified in the plan document.

The employee contribution is fully refundable. Participants become vested in employer contributions at 20% per year after two years of service and are fully vested after seven years or more. Participants are eligible for retirement benefits upon death, retirement or termination of employment. A lump sum distribution or an annuity of vested benefits is payable upon death. Retirement benefits may be made in a single life payment or joint life payments. The employee may elect to receive a lump sum payment of all vested benefits upon termination of employment.

9. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for member towns and cities. The City pays an annual premium to CIRSA for its property/casualty, workers compensation, boiler and machinery and volunteer accident medical insurance coverage. The agreement for the formation of CIRSA provides that it will be self-sustaining through member premiums and will provide members the coverage authorized through joint self-insurance, insurance, reinsurance or any combination thereof, provide claims services related to such coverage and provide risk management and loss control services.

The City continues to contribute toward commercial insurance for employee health and accident insurance. The City, in its opinion, has obtained adequate coverage as required by CRS to settle claims in the ordinary course of business. However, due to the unknown nature of potential liability, some claims may arise that fall outside the coverage limits for which the City would be financially responsible. Settled claims resulting from these risks have not exceeded commercial insurance the past three years.

10. Commitments And Contingencies

Litigation

The City is currently involved in legal proceedings which, in the opinion of management, will not have a material adverse effect upon the financial position of the City.

Grants

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

Environmental Matters

It is likely that several City buildings contain asbestos, and the City is a potentially responsible party regarding environmental impacts. Although a loss is probable, it is not possible to reasonably estimate the amount of any obligation for remediation that would be material to the City's financial statements at December 31, 2016.

Landfill

The City is required to comply with the Colorado Department of Health under CRS 30-20-100.5 through 30-20-119 in regards to its municipal solid waste landfill. State and federal laws and regulations require that the City perform certain maintenance and monitoring functions at the landfill sites for a period of time after closure. The City closed the landfill in 1996 and has not incurred any additional costs for the landfill. Although a liability is probable, it is not possible to reasonably estimate the amount of any obligation for post-closure care costs that would be material to the City's financial statements at December 31, 2016.

11. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR required advance voter approval for the creation of any multiple-fiscal-year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$147,196 for TABOR.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

In 1995, the City's residents voted to retain revenues and not be subject to the fiscal year spending limitations of TABOR, providing that no local tax rate or mill levy shall be increased without further voter approval. In August of 2011, it was determined by management of the City that the City had violated provisions of TABOR by increasing the property tax mill levy without voter approval. Pursuant to TABOR, the City is required to refund excess revenues by issuing temporary tax credits or a tax rate reduction. The amount to be refunded, including interest accrued at 10% using a simple-interest method, is approximately \$159,882 as of December 31, 2016.

12. Related Party Transactions

A member of City management is the co-owner of Main Street Office Supply, but takes no visibly active role in the business. During 2016, the City made purchases from Main Street Office Supply in the amount of \$2,041.

13. Subsequent Events

City Lake Dam

In 2016, the City was notified by the State of Colorado of certain compliance issues related to the City Lake Dam. In 2017, City acting by and through its water activity enterprise, is applying for a loan for a City Lake Dam rehabilitation project.

Water And Sewer Revenue Bond Refunding

On September 15, 2017, the City performed a refunding of Series 2007 Water and Sewer Revenue Refunding and Improvement Bonds in order to obtain interest savings. \$8,045,000 of Series 2017 Water and Sewer Revenue Refunding Bonds were issued with an average life of 14 years and an average interest rate of 2.8%.

Required Supplementary Information

CITY OF WALSENBURG, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND**

For The Year Ended December 31, 2016

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues			
Taxes and fees	\$ 743,300	\$ 833,271	\$ 89,971
Licenses and permits	70,040	50,016	(20,024)
Intergovernmental	313,464	330,157	16,693
Grants and contributions	4,200	99,242	95,042
Fines and forfeitures	42,900	17,544	(25,356)
Loss on investments	—	(24)	(24)
Miscellaneous	16,125	61,522	45,397
Total Revenues	1,190,029	1,391,728	201,699
Expenditures			
Current:			
General government	235,530	256,721	(21,191)
Public safety	780,821	768,514	12,307
Public works	293,672	251,139	42,533
Culture, parks and recreation	138,680	124,988	13,692
Capital outlay	—	275,995	(275,995)
Total Expenditures	1,448,703	1,677,357	(228,654)
Deficiency Of Revenues Under Expenditures	(258,674)	(285,629)	(26,955)
Other Financing Sources			
Transfers in	258,674	56,794	(201,880)
Net Change In Fund Balance	\$ —	(228,835)	\$ (228,835)
Fund Balance At Beginning Of Year		36,995	
Fund Balance At End Of Year		\$ (191,840)	

Notes: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

CITY OF WALSENBURG, COLORADO

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION For The Year Ended December 31, 2016

1. Budgetary Information

An annual budget and appropriation ordinance is adopted by the City Council in accordance with CRS. The budget is prepared on a basis consistent with GAAP for governmental and fiduciary funds and on a budgetary basis for proprietary funds, except for the Water Park Fund, which is on the GAAP basis.

On or about October 15, the City staff submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted at a special meeting and at regular City Council meetings to obtain taxpayer comments. Prior to December 15, the budget is legally adopted by the City Council.

Colorado law requires that all funds have legally adopted budgets and that total expenditures for each fund cannot exceed the amount appropriated. The fund level of classification is the level of classification at which expenditures may not legally exceed appropriations.

All appropriations lapse at the end of each fiscal year. Appropriations for a fund may be increased provided they are offset by unanticipated resources.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the City Council throughout the year.

In fiscal year 2016, expenditures exceeded the budget by \$228,654 in the General Fund and by \$316,815 in the Sewer Fund.

Other Supplementary Information

CITY OF WALSENBURG, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
CAPITAL IMPROVEMENT FUND
For The Year Ended December 31, 2016**

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues			
Taxes and fees	\$ 369,999	\$ 398,324	\$ 28,325
Miscellaneous	—	2,500	2,500
Earnings on investments	200	1,315	1,115
Total Revenues	370,199	402,139	31,940
Expenditures			
Current:			
Public safety	—	30,000	(30,000)
Debt service:			
Principal	—	647	(647)
Lease purchase	50,000	—	50,000
Total Expenditures	50,000	30,647	19,353
Excess Of Revenues Over Expenditures	320,199	371,492	51,293
Other Financing Uses			
Transfers out	(543,827)	(366,156)	177,671
Net Change In Fund Balance	\$ (223,628)	5,336	\$ 228,964
Fund Balance At Beginning Of Year		<u>713,046</u>	
Fund Balance At End Of Year		<u>\$ 718,382</u>	

CITY OF WALSENBURG, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
STREET IMPROVEMENT FUND
For The Year Ended December 31, 2016**

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues			
Taxes	\$ 352,000	\$ 398,323	\$ 46,323
Earnings on investments	200	2,423	2,223
Total Revenues	352,200	400,746	48,546
Expenditures			
Current:			
Public works	52,500	24,297	28,203
Capital outlay	299,700	—	299,700
Total Expenditures	352,200	24,297	327,903
Change In Fund Balance	\$ —	376,449	\$ 376,449
Fund Balance At Beginning Of Year		<u>1,321,302</u>	
Fund Balance At End Of Year		<u>\$ 1,697,751</u>	

CITY OF WALSENBURG, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
NORTHLANDS GENERAL IMPROVEMENT DISTRICT FUND
For The Year Ended December 31, 2016**

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues			
Grants and contributions	\$ 50,500	\$ 422,769	\$ 372,269
Public improvement fee revenue	77,500	—	(77,500)
Earnings on investments	—	1,789	1,789
Total Revenues	128,000	424,558	296,558
Expenditures			
Current:			
Public works	25,010	374	24,636
Utilities	—	220	220
Capital outlay	6,230,990	3,448,302	2,782,688
Total Expenditures	6,256,000	3,448,896	2,807,104
Deficiency Of Revenues Over Expenditures	(6,128,000)	(3,024,338)	3,103,662
Other Financing Sources			
Transfers in	—	91,950	91,950
Proceeds from debt issuance	6,128,000	1,583,391	(4,544,609)
Total Other Financing Sources	6,128,000	1,675,341	(4,452,659)
Change In Fund Balance	\$ —	(1,348,997)	\$ (1,348,997)
Fund Balance At Beginning Of Year, As Restated		<u>(181,425)</u>	
Fund Balance At End Of Year		<u>\$ (1,530,422)</u>	

CITY OF WALSENBURG, COLORADO

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

December 31, 2016

Assets

	Downtown General Improvement District	Conservation Trust	Total
Cash and cash equivalents	\$ 5,285	\$ —	\$ 5,285
Equity in pooled cash and cash equivalents	—	3,171	3,171
Equity in pooled investments	—	200	200
Total Assets	\$ 5,285	\$ 3,371	\$ 8,656

Liabilities

Accounts payable	\$ 2,810	\$ —	\$ 2,810
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Fund Balance

Restricted, reported in special revenue funds	2,475	3,371	5,846
Total Liabilities And Fund Balances	\$ 5,285	\$ 3,371	\$ 8,656

CITY OF WALSENBURG, COLORADO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2016**

	Downtown General Improvement District	Conservation Trust	Total
Revenues			
Taxes	\$ 295	\$ —	\$ 295
Intergovernmental	—	16,167	16,167
Earnings on investments	—	760	760
Total Revenues	295	16,927	17,222
Expenditures			
General government	1,550	—	1,550
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(1,255)	16,927	15,672
Other Financing Uses			
Transfers out	—	(20,000)	(20,000)
Change In Fund Balance	(1,255)	(3,073)	(4,328)
Fund Balance At Beginning Of Year	3,730	6,444	10,174
Fund Balance At End Of Year	\$ 2,475	\$ 3,371	\$ 5,846

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - GAS FUND

For The Year Ended December 31, 2016

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Operating Revenues			
Charges for services	\$ 1,574,460	\$ 1,249,870	\$ (324,590)
Miscellaneous revenue	32,500	79,850	47,350
Total Operating Revenues	1,606,960	1,329,720	(277,240)
Operating Expenses			
Personnel services	328,576	294,247	34,329
Contract services	29,356	81,976	(52,620)
Gas expense	678,698	697,871	(19,173)
Utilities	13,810	10,787	3,023
Repairs and maintenance	121,700	22,777	98,923
Other supplies and expenses	28,793	70,808	(42,015)
Insurance expense	10,821	9,438	1,383
Miscellaneous expense	37,196	—	37,196
Depreciation	72,774	71,993	781
Principal paid	17,930	13,274	4,656
Capital outlay	188,818	—	188,818
Total Operating Expenses	1,528,472	1,273,171	255,301
Operating Income	78,488	56,549	(21,939)
Other Revenue (Expense) And Transfers			
Gain on investments	—	4,476	4,476
Interest expense	17,930	(2,085)	(20,015)
Transfers in	—	267,830	267,830
Transfers out	(96,418)	(25,012)	71,406
Total Other Revenue (Expense) And Transfers	(78,488)	245,209	323,697
Change In Net Position - Budgetary Basis	\$ —	301,758	\$ 301,758
Reconciliation To GAAP Basis			
Principal paid		13,274	
Change In Net Position - GAAP Basis		315,032	
Net Position At Beginning Of Year		3,004,428	
Net Position At End Of Year		\$ 3,319,460	

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - WATER FUND

For The Year Ended December 31, 2016

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Operating Revenues			
Charges for services	\$ 1,260,213	\$ 1,588,820	\$ 328,607
Miscellaneous	217,172	30,068	(187,104)
Total Operating Revenues	1,477,385	1,618,888	141,503
Operating Expenses			
Personnel services	244,999	285,445	(40,446)
Contract services	299,981	187,770	112,211
Utilities	33,418	135,397	(101,979)
Repairs and maintenance	86,110	39,469	46,641
Other supplies and expenses	56,940	125,406	(68,466)
Insurance expense	26,345	24,280	2,065
Miscellaneous expense	29,630	(66,809)	96,439
Depreciation	267,799	279,576	(11,777)
Principal paid	—	23,817	(23,817)
Capital outlay	118,875	7,500	111,375
Total Operating Expenses	1,164,097	1,041,851	122,246
Operating Income	313,288	577,037	263,749
Other Revenue (Expense) And Transfers			
Gain on investments	—	79,118	79,118
Transfers in	123,333	140,275	16,942
Transfers out	(96,043)	(178,975)	(82,932)
Interest expense	(340,578)	(184,698)	155,880
Total Other Expense And Transfers	(313,288)	(144,280)	169,008
Change In Net Position - Budgetary Basis	\$ —	432,757	\$ 432,757
Reconciliation To GAAP Basis			
Principal paid		23,817	
Capital outlay		7,500	
Change In Net Position - GAAP Basis		464,074	
Net Position At Beginning Of Year		7,474,812	
Net Position At End Of Year		\$ 7,938,886	

CITY OF WALSENBURG, COLORADO

**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS -
SEWER FUNDS**

For The Year Ended December 31, 2016

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Operating Revenues			
Charges for services	\$ 937,977	\$ 975,428	\$ 37,451
Miscellaneous	67,367	1,052	(66,315)
Total Operating Revenues	1,005,344	976,480	(28,864)
Operating Expenses			
Personnel services	234,095	250,568	(16,473)
Contract services	18,750	28,969	(10,219)
Utilities	115,723	3,793	111,930
Repairs and maintenance	12,185	56,967	(44,782)
Other supplies and expenses	35,645	102,992	(67,347)
Insurance expense	31,254	31,865	(611)
Miscellaneous expense	20,050	7,798	12,252
Depreciation	153,062	161,694	(8,632)
Principal paid	20,000	319,483	(299,483)
Capital outlay	6,550	—	6,550
Total Operating Expenses	647,314	964,129	(316,815)
Operating Income	358,030	12,351	(345,679)
Other Revenue (Expense) And Transfers			
Earnings on investments	—	3,708	3,708
Transfers in	98,238	266,360	168,122
Transfers out	(66,215)	(12,757)	53,458
Interest expense	(390,053)	(207,713)	182,340
Total Other Revenue (Expense) And Transfers	(358,030)	49,598	407,628
Change In Net Position - Budgetary Basis	\$ —	61,949	\$ 61,949
Reconciliation To GAAP Basis			
Principal paid		319,483	
Change In Net Position - GAAP Basis		381,432	
Net Position At Beginning Of Year		1,898,249	
Net Position At End Of Year		\$ 2,279,681	

CITY OF WALSENBURG, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
WATER PARK FUND****For The Year Ended December 31, 2016**

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Operating Revenues			
Charges for services	\$ 86,780	\$ 82,897	\$ (3,883)
Miscellaneous	10	10	—
Total Operating Revenues	86,790	82,907	(3,883)
Operating Expenses			
Personnel services	75,905	79,331	(3,426)
Contract services	150	3,145	(2,995)
Gas expense	16,000	—	16,000
Repairs and maintenance	5,000	1,000	4,000
Other supplies and expenses	14,660	23,166	(8,506)
Utilities	43,230	32,193	11,037
Depreciation	62,597	65,240	(2,643)
Insurance	3,431	—	3,431
Miscellaneous	4,950	1,507	3,443
Total Operating Expenses	225,923	205,582	20,341
Operating Loss	(139,133)	(122,675)	16,458
Other Revenue (Expense) And Transfers			
Loss on investments	—	(149)	(149)
Transfers in	30,000	20,000	(10,000)
Total Other Revenue And Transfers	30,000	19,851	(10,149)
Change In Net Position - Budgetary Basis	\$ (109,133)	(102,824)	\$ 6,309
Net Position At Beginning Of Year		1,635,443	
Net Position At End Of Year		\$ 1,532,619	

CITY OF WALSENBURG, COLORADO

**BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS -
INTERNAL SERVICE FUND
For The Year Ended December 31, 2016**

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues			
Miscellaneous	\$ 111,933	\$ 7,099	\$ (104,834)
Expenditures			
Current:			
Capital outlay	315,000	191,965	123,035
Miscellaneous	91,643	52,659	38,984
Supplies and materials	12,360	—	12,360
Insurance	1,430	—	1,430
Total Expenditures	420,433	244,624	175,809
Other Financing Sources			
Transfers in	315,000	—	—
Transfers out	—	(240,309)	(240,309)
Change In Net Position - Budgetary Basis	\$ 6,500	(477,834)	\$ (169,334)
Reconciliation To GAAP Basis			
Capital outlay		191,965	
Depreciation		(23,768)	
Change In Net Position - GAAP Basis		(309,637)	
Net Position At Beginning Of Year		151,835	
Net Position At End Of Year		\$ (157,802)	

CITY OF WALSENBURG, COLORADO

**BUDGETARY COMPARISON SCHEDULE - FIDUCIARY FUND -
VOLUNTEER FIREFIGHTERS' PENSION FUND
For The Year Ended December 31, 2016**

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues			
Earnings on investments	\$ 4,500	\$ 299	\$ (4,201)
Expenditures			
Benefits paid	4,500	4,500	—
Change In Net Position	<u>\$ —</u>	<u>(4,201)</u>	<u>\$ (4,201)</u>
Net Position At Beginning Of Year		<u>46,990</u>	
Net Position At End Of Year		<u>\$ 42,789</u>	

CITY OF WALSENBURG, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
NONMAJOR GOVERNMENTAL FUNDS -
DOWNTOWN GENERAL IMPROVEMENT DISTRICT FUND
For The Year Ended December 31, 2016**

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues			
Taxes	\$ 1,900	\$ 295	\$ (1,605)
Expenditures			
Current:			
Contract services	2,000	—	2,000
Other operating services	800	1,550	(750)
Total Expenditures	2,800	1,550	1,250
Change In Fund Balance	\$ (900)	(1,255)	\$ (355)
Fund Balance At Beginning Of Year		3,730	
Fund Balance At End Of Year		\$ 2,475	

CITY OF WALSENBURG, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
NONMAJOR GOVERNMENTAL FUNDS -
CONSERVATION TRUST FUND
For The Year Ended December 31, 2016**

	Budgeted Amounts Original And Final	Actual Amounts	Variance With Final Budget Positive (Negative)
Revenues			
Intergovernmental:			
State shared revenue	\$ 15,000	\$ 16,167	\$ 1,167
Earnings on investments	20	760	740
Total Revenues	15,020	16,927	1,907
Other Financing Uses			
Transfers out	(30,000)	(20,000)	10,000
Change In Fund Balance	\$ (14,980)	(3,073)	\$ 11,907
Fund Balance At Beginning Of Year		<u>6,444</u>	
Fund Balance At End Of Year		<u>\$ 3,371</u>	

Special Reports Section

CITY OF WALSENBURG, COLORADO

LOCAL HIGHWAY FINANCE REPORT

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

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

LOCAL HIGHWAY FINANCE REPORT	City or County:
	YEAR ENDING: December 2016
This Information From The Records Of (example - City of _ or County of _): City of Waslenburg	Prepared By: Phone: 719-738-1048

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	24,298
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	398,323	c. Other	
4. Miscellaneous local receipts (from page 2)	2,423	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	24,298
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	400,746	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	117,735	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	518,481	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	24,298

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,321,301	518,481	24,298	1,815,484	0

Notes and Comments:

CITY OF WALSENBURG, COLORADO
LOCAL HIGHWAY FINANCE REPORT

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado YEAR ENDING (mm/yy): December 2016
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II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	2,423
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	398,323	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	398,323	h. Other	
c. Total (a. + b.)	398,323	i. Total (a. through h.)	2,423
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	117,735	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	117,735	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		24,298.00	24,298
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	24,298	24,298
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	24,298	24,298
			(Carry forward to page 1)

Notes and Comments: