
TOWN OF PAONIA, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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Independent Auditors' Report

Town Board of Trustees
Town of Paonia, Colorado

Report On The Financial Statements

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

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 and each major fund of the Town 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.

Emphasis Of Matter

As discussed in Notes 1 and 5, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, effective for the year ended December 31, 2016. Our opinion is not modified with respect to this matter.

As discussed in Note 16, the Town restated beginning net position for a correction related to revenue recognition. Our opinions were not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of the Town's proportionate share of the net pension asset and schedule of the Town's contributions to the pension plan to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budget and actual schedules and Annual Highway Financial Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budget and actual schedules and Annual Highway Financial 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 budget and actual schedules and Annual Highway Financial Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RubinBrown LLP

September 29, 2017

TOWN OF PAONIA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For The Year Ended December 31, 2016

As management of the Town of Paonia, we offer readers of the Town of Paonia Financial Statements this narrative overview and analysis of the financial activities and performance of the Town of Paonia for Fiscal Year ended December 31, 2016.

INTRODUCTION

The Town operates under a Mayor -Town Board form of government with an appointed Town Administrator. The Town Board provides strategic leadership, goal setting and policy-making authority, and employs the Town Administrator who is responsible for the day-to-day management, financial and technical support to ensure equitable, efficient and effective implementation of government services to our citizens.

The Town provides a full range of public services, including a Police Department, Municipal Utilities (water, wastewater, and trash), Infrastructure (drainage, streets, public buildings, airport, and sidewalks), and Cultural and Recreational programs (parks and recreation activities).

Other governmental services are provided through various agencies and special districts that include: fire protection through the Paonia Volunteer Fire Department (Delta County FPD#2), North Fork Volunteer Ambulance Association, the North Fork Pool, Parks and Recreation District, and the Paonia Public Library; a branch office of the Delta County Library District.

HIGHLIGHTS AND NOTABLE FINANCIAL STATEMENT COMPARISONS OF FY'2015 TO FY'2016:

1. Change in net assets increased from 2015 to 2016 for Governmental Activities for a total of \$67,148 Business-Type Activities for a total of \$104,999; with a total increase of \$172,145.
2. Governmental Funds Tax revenue declined from 2015 to 2016 totaling \$5,418.
3. Governmental Funds Intergovernmental revenue declined from 2015 to 2016 by \$1,532,607 related to grant revenue.
4. Governmental Funds Other revenue increased from 2015 to 2016 by \$19,228.
5. Governmental Funds Expenditures decreased by \$48,636.
6. Enterprise Funds revenue increased from 2015 to 2016 by a total of \$249,377.
7. Enterprise Funds expenditures increased from 2015 to 2016 by a total of \$203,542.

For the Fiscal Year Adopted 2016 Budget, the Town Board for the Town of Paonia focused on one major projects which are highlighted as follows:

COMPLETION OF THE WATER PROJECT:

The water project began in 2014, with expected completion by October 2018. \$500,000 was set aside in the 2014 Grant/Project Budget as matching funds. This project has been funded by a DOLA (Department of Local Affairs) EIAF grant of \$1,000,000; Colorado Water Power Development Authority (CWPDA) principal forgiveness grant of \$847,920; a DWSRF (Drinking Water State Revolving Fund) loan with a 2.08% rate of \$3,000,000; the Gunnison Basin Round Table grant of \$75,000; and a Colorado Water Conservation Board (CWCB) grant of \$310,000. Project total: \$5,732,920.

OVERVIEW OF THE FISCAL YEAR 2016 AUDITED FINANCIAL STATEMENTS

By way of introduction and definition to the Town of Paonia' basic financial statements, the Town's financial statements are comprised of three components:

1. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

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

Government-wide financial statements: The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the Town of Paonia finances in a manner similar to a private-sector business.

The "*Statement of Net Position*" presents information on all of the Town of Paonia assets and liabilities, with the difference between the two reported as *net assets*. Over time increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Paonia is improving or deteriorating.

The "*Statement of Activities*" presents information showing how the government's net assets changed during the most recent Fiscal Year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish functions of the Town of Paonia 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 (***enterprise business-type activities***).

The Governmental-wide Financial Statement include only the Town of Paonia itself (known as the primary government) as there are **no component units** of the Town.

The Governmental Funds of the Town of Paonia include the:

1. **General Fund:** The General Fund is the Town's major operating fund. All revenues, by law or administrative control, that are not in otherwise designated funds are deposited in the General Fund.

The General Fund is used to provide for Administration, Public Safety, Streets, and Parks and Recreation services. The primary sources of revenues for the General Fund are 1) Sales taxes (Town and Delta County), 2) Property taxes, and 3) Intergovernmental revenues specifically Severance tax and Mineral leasing.

2. **Conservation Trust Fund:** The Conservation Trust Fund is used to account for monies received by the Town from the State of Colorado lottery proceeds. These funds are

restricted for use in the acquisition, development and maintenance of new park and conservation sites or for capital improvements and maintenance of any existing public site for recreational purposes.

3. **Sales Tax Capital Improvement Fund:** The Sales Tax Capital Improvement Fund is funded by 1% (50%) of the 2% Town Sales Tax and used to account for capital projects and purchases.
4. **Grant Project Fund:** The Grant Project Fund is funded by refundable grants designated to specific projects plus Town matching funds. This fund is a “pass through fund” specifically for the tracking of grants awarded.
5. **Sidewalk Fund:** The Sidewalk Fund is funded by a \$3.00 fee assessed monthly on in-Town residents only through our current utility billing to be used to repair and replace existing sidewalks.

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.

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the Fiscal Year. Such information may be useful in evaluating a government's near-term financing requirements.

In particular, **Unassigned Fund Balance** may serve as a useful measure of a government's net resources available for spending at the end of the Fiscal Year.

Governmental fund statements are presented separately for revenue, expenditures, and changes in fund balances for the General Fund, Sales Tax Capital Improvement Fund, Conservation Trust Fund, Grant Project Fund and the Sidewalk Fund. Each of the five is considered to be major funds of the Town.

Individual fund data for each of these five major governmental funds are provided in the form of the “**Combining Statements**” elsewhere in this report.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The Governmental Fund Financial Statement can be found on pages 6 through 9 of this report.

The Enterprise Funds (business-type activities) of the Town of Paonia include the:

Water Fund: The Town operates two water treatment facilities. The upper system, also known as the 2.0 Million Gallon (2MG) Water Treatment Plant (WTP) services primarily the out-of-town customers, water companies and the northeast end of Town. The lower system, also known as the 1.0 Million Gallon (1MG) Water Treatment Plant or commonly referred to as the "Clock Plant" services mostly Town proper. The primary sources of revenue are charges for service. This fund is used to account for the revenues and expenses associated with the operations and maintenance of the water treatment and delivery (distribution) system. Also to be included in the charges for services or any rate consideration for this fund are the repayment of loans for the water treatment facilities and monies for capital re-investment to these systems.

Sanitation Fund: :

1) Sewer: The Town operates a Waste Water Treatment Plant (WWTP) and sanitary sewer collection system. The primary sources of revenue are charges for service. This fund is used to account for the revenues and expenses associated with the operations and maintenance of the waste water treatment plant and collections system. Also to be included in the charges for services or any rate consideration for this fund are the repayment of loans for the waste water treatment plant facility and monies for capital re-investment to this system.

2) Trash: The Trash Fund is technically part of the Sanitation Enterprise Fund. The Town budgets these activities individually to track both revenues and expenditures separately. The Trash Fund is used to account for revenues and expenses associated with the collection and disposal of trash for In-Town residents and businesses. Charges for the service are the only revenue source for this activity.

The Enterprise Funds are used to report the same functions presented as **business-type activities** in the government-wide financial statements. The Town of Paonia uses Enterprise Funds to account for its Water and Sanitation (Sewer and Trash) Funds, all of which are considered to be major funds of the Town of Paonia.

The Enterprise Fund Financial Statements can be found on pages 10 through 12 of this report.

Notes to the Financial Statements 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 on pages 13 through 42 of this report.

Other information is in addition to the basic financial statements and accompanying notes. This report also presents certain "*Required Supplementary Information*" concerning the Town of Paonia' budgetary comparison schedules.

Required Supplementary Information can be found on pages 38 through 44 of this report.

FINANCIAL ANALYSIS FOR THE TOWN OF PAONIA AS A WHOLE

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

The 2016 Fund Balances are as follows:

	<u>2016</u>	<u>2015</u>
General Fund	178,787	94,900
Sales Tax Capital Improvement Fund	338,969	270,325
Conservation Trust Fund	14,941	10,902
Grant Project Fund	0	781,095
Sidewalk Fund	<u>888</u>	<u>17,798</u>
Governmental Funds	533,585	1,175,020

The General Fund is the chief operating fund to the Town of Paonia. At the end of FY'2016, **Unassigned Fund Balance** of the General Fund was (\$459,321), while Total 2016 Year-End Fund Balance for the General Fund \$178,787, the restriction for the Bridge reserve of \$600,000 creates a deficit. This deficit Fund Balance position means the Town has no General Fund monies from fund balance available for discretionary spending.

Available Resources of the Enterprise Funds at the end of the Fiscal Year 2016 is as follows:

	<u>2016</u>	<u>2015</u>
Water Fund	819,179	686,079
Sanitation Fund	558,874	586,975

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets are the Town of Paonia investments in capital assets for its governmental and business-type activities as of December 31, 2016, which for this fiscal year amounts to \$14,023,040 (Net of Accumulated Depreciation). This investment in capital assets includes land, buildings, construction in progress, improvements other than buildings, infrastructure, and equipment.

Major capital asset events during Fiscal Year 2016 included the improvements and upgrades to the Town's Water System in response to the State of Colorado Department of Public Health Drinking Water Enforcement Order.

Additional information on the Town of Paonia' Capital Assets can be found in Note 12 on pages 39 through 40 of this report.

Long-Term Debt includes the Sewer Plant, the 1MG Water Plant and the 2MG Water Plant and the improvements to the Distribution System. The Town's total bond and other indebtedness as of December 31, 2016 was \$4,510,192. The Town of Paonia has no General Obligation debt.

Additional information on the Town of Paonia' Long-term Debt (Liabilities) can be found in Note 6 on pages 26 through 29 of this report.

ECONOMIC FACTORS AND RATES

The Town of Paonia and Delta County are primarily agricultural based economies. Formerly mining was the major industry before the Federal government shifted contracts to other coal providers resulting in the closing of several mining operations and layoffs of workers in the region. Given the still uncertain economic environment, the Town of Paonia Fiscal Year 2017 Budget maintains operating expenditures in line (balanced, not exceeding) with sources of revenues by re-evaluating services, reducing costs, specifically personnel related costs, and performing modest capital improvements such as the sidewalk construction project by utilizing funds maintained in reserve.

The Town increased water and sewer rates in December 2016 to avoid being unable to satisfy debt requirements, plan for any continued capital improvement, and have the funds remain financially solvent.

There are no other known facts, decisions or conditions that are expected to have an effect of the Town's financial position or results of operations such as rate increase, increases in service areas, etc.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Paonia' finances for all those with an interest in the Town government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Finance Officer, Cindy Jones, Town of Paonia, 214 Grand Avenue, PO Box 460, Paonia, CO 81428 and Telephone: (970) 527-4101.

Respectfully Presented By:

Kenneth D Knight, Town Administrator
Ross King, Town Treasurer
Cindy Jones, Finance Officer

TOWN OF PAONIA, COLORADO

STATEMENT OF NET POSITION

December 31, 2016

	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and cash equivalents (Note 5)	\$ 20,330	\$ 564,059	\$ 584,389
Investments (Note 5)	456,738	—	456,738
Restricted cash and investments (Notes 5 and 10)	600,000	101,274	701,274
Property taxes receivable	102,278	—	102,278
Accounts receivable	9,721	128,166	137,887
Grants receivable	—	2,100,905	2,100,905
Due from other governments	35,838	—	35,838
Internal balances (Note 13)	170,290	(170,290)	—
Inventories	—	109,450	109,450
Capital assets (Note 12):			
Nondepreciable	246,481	1,395,988	1,642,469
Depreciable, net of accumulated depreciation	2,745,641	9,634,930	12,380,571
FPPA net pension asset (Note 8)	421	—	421
Total Assets	4,387,738	13,864,482	18,252,220
Deferred Outflows Of Resources			
FPPA pension (Note 8)	50,992	—	50,992
Liabilities			
Accounts payable	180,272	13,425	193,697
Accrued payroll liabilities	19,060	—	19,060
Accrued interest payable	—	22,609	22,609
Unearned other revenue	560,000	—	560,000
Noncurrent liabilities:			
Due within one year (Note 6)	39,009	180,502	219,511
Due in more than one year (Note 6)	25,651	4,510,192	4,535,843
Total Liabilities	823,992	4,726,728	5,550,720
Deferred Inflows Of Resources			
FPPA pension (Note 8)	17,491	—	17,491
Deferred property tax revenue	102,278	—	102,278
Total Deferred Inflows Of Resources	119,769	—	119,769
Net Position			
Net investment in capital assets	2,944,919	6,340,224	9,285,143
Restricted for:			
Emergencies (Note 3)	19,048	—	19,048
Parks and recreation	14,941	—	14,941
Bridge reserve (Note 10)	600,000	—	600,000
Airport capital improvements (Note 11)	33,333	—	33,333
Water utility maintenance (Note 6)	—	175,951	175,951
Debt service (Notes 6 and 10)	—	101,274	101,274
Unrestricted	(117,272)	2,520,305	2,403,033
Total Net Position	\$ 3,494,969	\$ 9,137,754	\$ 12,632,723

The accompanying notes are an integral part of this statement.

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TOWN OF PAONIA, COLORADO

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2016

					Net (Expense) Revenue And Changes In Net Position			
		Program Revenues			Primary Government			
Functions/Programs	Expenses	Charges For Services And Fees	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General government	\$ 238,099	\$ 22,199	\$ —	\$ 113,124	\$ (102,776)	\$ —	\$ (102,776)	
Public safety	288,616	18,632	—	—	(269,984)	—	(269,984)	
Public works	123,213	29,479	17,112	—	(76,622)	—	(76,622)	
Culture and recreation	116,476	—	—	—	(116,476)	—	(116,476)	
Total Governmental Activities	766,404	70,310	17,112	113,124	(565,858)	—	(565,858)	
Business-Type Activities								
Water	782,967	808,599	—	—	—	25,632	25,632	
Sanitation	636,020	611,690	—	—	—	(24,330)	(24,330)	
Total Business-Type Activities	1,418,987	1,420,289	—	—	—	1,302	1,302	
Total Primary Government	\$ 2,185,391	\$ 1,490,599	\$ 17,112	\$ 113,124	(565,858)	1,302	(564,556)	
General Revenues								
Taxes:								
Property taxes					102,145	—	102,145	
Specific ownership					15,213	—	15,213	
Sales taxes and miscellaneous					430,901	—	430,901	
Franchise taxes					57,229	—	57,229	
Miscellaneous					81,486	5,225	86,711	
Severance tax					14,221	—	14,221	
Mineral leasing					22,476	—	22,476	
Investment earnings					7,803	2	7,805	
Transfers					(98,470)	98,470	—	
Total General Revenues And Transfers					633,004	103,697	736,701	
Changes In Net Position					67,146	104,999	172,145	
Restated Net Position - Beginning Of Year (Note 16)					3,427,823	9,032,755	12,460,578	
Net Position - End Of Year					\$ 3,494,969	\$ 9,137,754	\$ 12,632,723	

The accompanying notes are an integral part of this statement.

TOWN OF PAONIA, COLORADO

GOVERNMENTAL FUNDS - BALANCE SHEET

December 31, 2016

Assets						
	General	Sales Tax Capital Improvement	Conservation Trust	Grant Project	Sidewalk	Total
Assets	Fund	Fund	Fund	Fund	Fund	Governmental Funds
Cash and cash equivalents	\$ —	\$ 328,499	\$ 14,941	\$ —	\$ —	\$ 343,440
Restricted cash and investments	600,000	—	—	—	—	600,000
Investments	456,738	—	—	—	—	456,738
Taxes receivable	102,278	—	—	—	—	102,278
Due from other governments	23,567	12,271	—	—	—	35,838
Due from other funds	836	—	—	170,290	—	171,126
Accounts receivable	7,997	—	—	—	1,724	9,721
Total Assets	\$ 1,191,416	\$ 340,770	\$ 14,941	\$ 170,290	\$ 1,724	\$ 1,719,141

Liabilities, Deferred Inflows Of Resources And Fund Balance						
Liabilities						
Overdrawn pooled cash	\$ 323,110	\$ —	\$ —	\$ —	\$ —	\$ 323,110
Accounts payable	8,181	1,801	—	170,290	—	180,272
Accrued payroll liabilities	19,060	—	—	—	—	19,060
Due to other funds	—	—	—	—	836	836
Unearned revenue bridge agreement	560,000	—	—	—	—	560,000
Total Liabilities	910,351	1,801	—	170,290	836	1,083,278
Deferred Inflows Of Resources						
Unavailable property tax revenue	102,278	—	—	—	—	102,278
Fund Balances						
Nonspendable	19,060	—	—	—	—	19,060
Restricted:						
Reserve for emergencies	19,048	—	—	—	—	19,048
Parks and recreation	—	—	14,941	—	—	14,941
Bridge reserve	600,000	—	—	—	—	600,000
Airport capital improvements	33,333	—	—	—	—	33,333
Committed - capital acquisition	—	338,969	—	—	—	338,969
Committed - sidewalk improvement	—	—	—	—	888	888
Unassigned	(492,654)	—	—	—	—	(492,654)
Total Fund Balance	178,787	338,969	14,941	—	888	533,585
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	\$ 1,191,416	\$ 340,770	\$ 14,941	\$ 170,290	\$ 1,724	\$ 1,719,141

TOWN OF PAONIA, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION December 31, 2016

Total Fund Balance - Governmental Funds \$ 533,585

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 as assets in the governmental funds.

Governmental capital assets	\$ 4,554,483	
Less: Accumulated depreciation	(1,562,361)	2,992,122

Long-term asset not reported in the funds. This asset is the net pension asset. 421

Deferred outflows of resources related to pensions are applicable in future periods, and, therefore, are not reported in the funds. Deferred outflows of resources are related to the difference between projected and actual earnings on pension investments and the difference between contributions and proportionate share of contributions. 50,992

Deferred inflow of resources related to pensions are applicable in future periods, and, therefore, are not reported in the funds. Deferred inflows of resources are related to the difference between expected and actual experience. (17,491)

Long-term liabilities that pertain to governmental funds are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year end are:

Compensated absences	(17,457)	
Capital lease payable	(47,203)	(64,660)

Net Position Of Governmental Activities In The Statement Of Net Position \$ 3,494,969

TOWN OF PAONIA, COLORADO

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

	General Fund	Sales Tax Capital Improvement Fund	Conserv- ation Trust Fund	Grant Project Fund	Sidewalk Fund	Total Govern- mental Funds
Revenues						
Taxes	\$ 410,521	\$ 137,607	\$ 9,232	\$ —	\$ —	\$ 557,360
Fees and fines	18,632	—	—	—	29,479	48,111
Licenses and permits	22,199	—	—	—	—	22,199
Intergovernmental	96,702	—	—	113,124	—	209,826
Miscellaneous	86,866	7,651	7	—	—	94,524
Total Revenues	634,920	145,258	9,239	113,124	29,479	932,020
Expenditures						
Current:						
General government	173,553	27,469	—	8,825	224	210,071
Public safety	232,819	—	—	—	—	232,819
Public works	56,579	—	—	—	—	56,579
Culture and recreation	66,030	—	5,200	—	—	71,230
Capital outlay	—	60,517	—	—	46,165	106,682
Total Expenditures	528,980	87,986	5,200	8,825	46,389	677,380
Excess (Deficiency) Of Revenues Over (Under) Expenditures	105,940	57,272	4,039	104,299	(16,910)	254,640
Other Financing Sources (Uses)						
Transfers in	—	11,372	—	—	—	11,372
Transfers out	(3,948)	—	—	(105,894)	—	(109,842)
Payment of principal on capital lease	(18,105)	—	—	—	—	(18,105)
Payments on line of credit	—	—	—	(779,500)	—	(779,500)
Total Other Financing Sources (Uses)	(22,053)	11,372	—	(885,394)	—	(896,075)
Net Change To Fund Balance	83,887	68,644	4,039	(781,095)	(16,910)	(641,435)
Fund Balance, January 1, 2016	94,900	270,325	10,902	781,095	17,798	1,175,020
Fund Balance, December 31, 2016	\$ 178,787	\$ 338,969	\$ 14,941	\$ —	\$ 888	\$ 533,585

TOWN OF PAONIA, COLORADO

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

Net Changes In Fund Balances - Total Governmental Funds \$ (641,435)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital assets current additions	\$ 93,856	
Depreciation expense	<u>(144,933)</u>	
Excess of depreciation over capital outlay		(51,077)

Payments from the line of credit are current resources in the funds. However, these proceeds increase liabilities on the government-wide statement of net position and have no effect on the statement of activities.

779,500

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 government funds. This is the change in net pension expense.

(38,167)

Payments of principle on capital leases are reported as expenditures in the governmental funds when actually paid. However, on the government-wide statement of net position, principle payments are recorded as a decrease in liability, and there is no effect on the statement of activities.

18,105

Payments of compensated absences are reported as expenditures in the governmental funds when actually paid. However, on the government-wide statement of activities, compensated absences are expensed as they are accrued. Changes in the compensated absences liability are a reconciling item.

220

Changes In Net Position Of Governmental Funds

\$ 67,146

TOWN OF PAONIA, COLORADO

STATEMENT OF NET POSITION - ENTERPRISE FUNDS December 31, 2016

	Enterprise Funds		
	Water Fund	Sanitation Fund	Total Enterprise Funds
Assets			
Current Assets			
Cash and cash equivalents	\$ 81,925	\$ 482,134	\$ 564,059
Restricted cash	—	101,274	101,274
Accounts receivable, net	68,341	59,825	128,166
Grant receivable	2,100,905	—	2,100,905
Inventories	105,066	4,384	109,450
Total Current Assets	2,356,237	647,617	3,003,854
Capital Assets			
Land and improvements	269,777	564,380	834,157
Construction in progress	561,832	—	561,832
Utility system	8,657,665	5,089,833	13,747,498
Equipment and furniture	187,506	211,617	399,123
Less: Accumulated depreciation	(3,061,845)	(1,449,847)	(4,511,692)
Total Capital Assets	6,614,935	4,415,983	11,030,918
Total Assets	8,971,172	5,063,600	14,034,772
Liabilities			
Current Liabilities			
Accounts payable	6,158	7,267	13,425
Accrued interest payable	20,195	2,414	22,609
Due to other funds	170,290	—	170,290
Current portion of long-term debt	152,580	27,922	180,502
Total Current Liabilities	349,223	37,603	386,826
Long-Term Debt	2,859,930	1,650,262	4,510,192
Total Liabilities	3,209,153	1,687,865	4,897,018
Net Position			
Net investment in capital assets	3,602,425	2,737,799	6,340,224
Restricted for debt service	—	101,274	101,274
Restricted for water maintenance	175,951	—	175,951
Unrestricted	1,983,643	536,662	2,520,305
Total Net Position	\$ 5,762,019	\$ 3,375,735	\$ 9,137,754

TOWN OF PAONIA, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - ENTERPRISE FUNDS For The Year Ended December 31, 2016

	Enterprise Funds		
	Water Fund	Sanitation Fund	Total
Operating Revenues			
Charges for services	\$ 808,599	\$ 611,690	\$ 1,420,289
Operating Expenses			
Personal services	305,515	217,059	522,574
Contractual services	27,296	43,607	70,903
Utilities	26,410	45,603	72,013
Repairs and maintenance	23,657	79,225	102,882
Other supplies and expenses	75,988	59,465	135,453
Insurance claims and expenses	16,515	11,645	28,160
Depreciation	250,183	105,156	355,339
Total Operating Expenses	725,564	561,760	1,287,324
Operating Income	83,035	49,930	132,965
Nonoperating Revenues (Expenses)			
Interest income	2	—	2
Interest expense	(57,403)	(74,260)	(131,663)
Miscellaneous revenue	5,225	—	5,225
Total Nonoperating Expenses	(52,176)	(74,260)	(126,436)
Income (Loss) Before Transfers And Capital Contributions	30,859	(24,330)	6,529
Transfers In	149,810	—	149,810
Transfers Out	(47,569)	(3,771)	(51,340)
Change In Net Position	133,100	(28,101)	104,999
Restated Total Net Position - Beginning Of Year (Note 16)	5,628,919	3,403,836	9,032,755
Total Net Position - End Of Year	\$ 5,762,019	\$ 3,375,735	\$ 9,137,754

TOWN OF PAONIA, COLORADO

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS For The Year Ended December 31, 2016

	Water Fund	Sanitation Fund	Total Enterprise Funds
Cash Flows From Operating Activities			
Cash received from charges for services	\$ 807,465	\$ 609,854	\$ 1,417,319
Cash payments for goods and services	(207,263)	(237,534)	(444,797)
Cash payments to employees for services	(308,958)	(220,551)	(529,509)
Net Cash Provided By Operating Activities	291,244	151,769	443,013
Cash Flows From Noncapital Financing Activities			
Transfers in	149,810	—	149,810
Transfers out	(47,569)	(3,771)	(51,340)
Grants	899,095	—	899,095
Due from other funds	(503,659)	379,483	(124,176)
Miscellaneous revenue	5,225	—	5,225
Net Cash Provided By Noncapital Financing Activities	502,902	375,712	873,389
Cash Flows From Capital And Related Financing Activities			
Acquisition of capital assets	(675,281)	—	(675,281)
Issuance of debt	—	—	—
Principal paid on loans and leases	(149,774)	(26,744)	(176,518)
Interest expense	(57,403)	(74,260)	(131,663)
Net Cash Used In Capital And Related Financing Activities	(882,458)	(101,004)	(983,462)
Cash Flows From Investing Activities			
Interest on investments	2	—	2
Net Increase (Decrease) In Cash And Equivalents	(88,310)	426,477	338,167
Cash Balances - Beginning Of Year	170,235	156,931	327,166
Cash Balances - End Of Year	\$ 81,925	\$ 583,408	\$ 665,333
Cash Provided By Operating Activities			
Operating income	\$ 83,035	\$ 49,930	\$ 132,965
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	250,183	105,156	355,339
Assets (increase) decrease:			
Accounts receivable	(1,134)	(1,836)	(2,970)
Inventory	(34,750)	(156)	(34,906)
Liabilities increase (decrease):			
Accounts payable	(6,419)	2,205	(4,214)
Accrued interest payable	3,772	(38)	3,734
Accrued payroll liabilities	(3,443)	(3,492)	(6,935)
Total Adjustments	208,209	101,839	310,048
Net Cash Provided By Operating Activities	\$ 291,244	\$ 151,769	\$ 443,013

TOWN OF PAONIA, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2016

1. Summary Of Significant Accounting Policies

The financial statements of the Town of Paonia, Colorado (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Town's significant accounting policies are described below:

Financial Reporting Entity

The Town is a statutory municipality with a mayor - council form of government with six trustees and one separately elected mayor serving as elected Town Board of Trustees (the Town Board) members. The Town administrator is an appointed position of the Town. As required by GAAP, these financial statements present the Town's (the primary government) financial position. The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing body.

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 Town. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to 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.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Fund Financial Statements

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

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

The Town reports the following major governmental funds:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.
- The *Sales Tax Capital Improvement Fund*, which accounts for the Town's additional sales tax that is to be used for capital improvements
- The *Conservation Trust Fund*, which accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment
- The *Grant Project Fund*, which accounts for the Town's grant activity to be used for capital improvements
- The *Sidewalk Fund*, which accounts for the Town's sidewalk fees that are to be used for sidewalk repairs and maintenance

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

The Town reports the following major enterprise fund business-type activities:

- *Water And Sanitation Funds*, which account for all operations of the Town's water, sewer and refuse services. They are primarily financed by user charges.

Measurement Focus And Basis Of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise 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.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the Town, "available" means collected within 60 days of year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due, and compensated absences, which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are interest revenue and charges for services. Entitlement revenues are not susceptible to accrual because, generally, they are not measurable until received. Grant revenues are recognized as expenditures are made.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Cash And Cash Equivalents

For purposes of the statement of cash flows of the enterprise funds, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an initial maturity of three months or less.

Fair Value Measurement

During 2016, the Town adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which generally requires state and local governments to measure assets and liabilities at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosure to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The Town's investments consist of external investment pools and certificates of deposit.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

Capital Assets

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years and for which the initial individual value equals or exceeds \$5,000.

All purchased assets are valued at cost where historical records are available and at estimated historical costs where no historical records exist. Donated assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Building and other improvements	25 - 40 years
Water and sewer systems	15 - 40 years
Furniture and equipment	5 - 10 years
Infrastructure	15 - 40 years

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets as their useful lives often extend beyond most other capital assets, and they are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year end, outstanding balances between funds are reported as “due to/from other funds.” Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Deferred Outflows/Inflows Of Resources

Deferred Outflows Of Resources - In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred property tax revenue, which arises under both the full accrual (government-wide financial statement) and the modified accrual (fund financial statement) bases of accounting, that qualified for reporting in this category. Accordingly, the deferred property taxes are reported in both the statement of net position and in the balance sheet of governmental funds. These future revenues are deferred and recognized as an inflow of resources in the period that the amounts become available (calendar year 2016).

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

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Long-Term Liabilities

In the government-wide financial statements and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or enterprise fund type statement of net position. The long-term compensated absences are serviced from revenues of the General Fund from future appropriations. No interest costs were capitalized in 2016.

Compensated Absences

Vacation time is accumulated at the rate of 10 days a year for employees with 1 to 10 years of service. After 10 years of service, 15 days per year is the rate, and for 15 years of service and after, 20 days per year is the rate, with a maximum accumulation of vacation time of 96 hours. Unused vacation time is paid out to employees at 50% of their salaried rates up to the maximum allowed. Sick leave accumulates at 12 days per year with a maximum unused sick leave accumulated at 320 hours. Sick leave will be paid at a rate of 25% of pay upon termination.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Police Officers Pension Plan

Eligible police officers of the Town are provided with pensions through the Statewide Defined Benefit Plan (SWDBP), a cost-sharing multi-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the SWDBP plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Fund Balance

In the fund financial statements, governmental funds report the following classification of fund balance:

- *Nonspendable Fund Balance*: amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- *Restricted Fund Balance*: amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation;
- *Committed Fund Balance*: amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- *Assigned Fund Balance*: amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority (the Town Administrator has been given this authority by the governing body); and
- *Unassigned Fund Balance*: amounts that are available for any purpose; positive amounts are reported only in the General Fund.

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

Property Taxes

Property taxes for the current year are levied and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable and as deferred inflows of resources at December 31.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Use Of Estimates

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

2. Reconciliation Of Government-Wide And Fund Financial Statements

The governmental funds balance sheet includes a reconciliation between the total fund balances - governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the governmental fund statements during the consolidation of governmental activities.

3. Tax, Spending And Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the Amendment), which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments, excluding “enterprises.” The Town’s voters on November 8, 1994 approved a ballot measure to permit the Town to collect, retain and expend the full proceeds of the Town’s sales tax and nonfederal grants.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the Amendment.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

The Amendment requires that an emergency reserve be maintained at 3% of fiscal year spending. A portion of the General Fund's fund balance is classified as restricted for emergencies as required by the Amendment. The amount restricted at December 31, 2016 was \$19,048.

4. Budgets

The Town adheres to the following procedures in establishing budgetary data reflected in the financial statements:

- By mid-August of each year, the Town Administrator, as the Budget Officer, gives public notice of the budget calendar for the next fiscal year. The Town Administrator asks that all Town departments, boards, commissions or citizens submit, within 30 days from the notice, any request for funds under the budget being prepared. The Town Administrator, with assistance from the Town Finance Officer, then prepares a proposed budget for the ensuing fiscal year and submits it to the Town Board no later than 45 days prior to any date required by state law for the certification to Delta County (the County) of the tax levy.
- The budget provides a complete financial plan of all Town funds and activities for the ensuing fiscal year indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies and anticipated net surplus or deficit for the ensuing fiscal year.
- A public hearing on the proposed budget is held by the Town Board by no later than early December.
- The Town Board adopts the budget by resolution on or before the final day established by law for the certification of the ensuing year's tax levy to the County. Adoption of the budget by the Town Board shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

- If, during the fiscal year, the Town Administrator and the Town Finance Officer determine that there are expenses in excess of those estimated in the budget, the Town Board by resolution may make supplemental appropriations for the year up to the amount of such excess. To meet an emergency affecting public property, health, peace or safety, the Town Board may make emergency appropriations. If, at any time during the fiscal year, it appears probable to the Town Administrator and Town Finance Officer that the revenues available will be insufficient to meet the amount appropriated, the Town Administrator reports to the Town Board, indicating the estimated amount of deficit, any remedial action already taken and a recommendation as to any other steps to be taken. At any time during the fiscal year, the Town Administrator, as Budget Officer, may transfer part or all of any unencumbered appropriation balance within a department.
- Budget appropriations lapse at the end of each year.
- Expenditures may not exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget.
- Budgets for governmental funds are adopted on a basis consistent with GAAP, except for long-term receivables and advances and capital lease financing, which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

5. Deposits And Investments

Cash Deposits

The Town maintains a cash pool that is available to the General Fund, special revenue funds and enterprise funds.

Cash And Investments	
Cash on hand	\$ 164
Cash with County Treasurer	2,166
Bank deposits	<u>1,740,071</u>
Total	<u>\$ 1,742,401</u>
Cash And Investments By Classification	
Cash and cash equivalents	\$ 584,389
Investments	456,738
Restricted cash and investments	<u>701,274</u>
Total	<u>\$ 1,742,401</u>

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group.

The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40.

At December 31, 2016, the bank balance of the Town's deposits was \$1,400,804, of which \$500,000 was covered by federal depository insurance and \$900,804 was collateralized under PDPA.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities, certain international agency securities, general obligation and revenue bonds of U.S. local government entities, bankers' acceptances of certain banks, commercial paper, local government investment pools, written repurchase agreements collateralized by certain authorized securities, certain money market funds and guaranteed investment contracts. The Town's investment policy follows Colorado statutes.

Interest Rate Risk - The Town does not have a formal policy limiting investment maturities which would help manage its exposure to fair value losses from increasing interest rates other than the five-year policy established by state statute.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Town's policy to limit its investments to U.S. Treasury obligations, certain U.S. government agencies securities, commercial paper, local government investment pools, repurchase agreements and money market funds.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town follows Colorado State Statutes for investing. The Town's investment policy does not specifically address this risk.

Investments in First Financial Equity Corporation at December 31, 2016 are as follows:

Investment By Type	Rating	Investment Maturities		Total
		Up To 120 Days	121 Days To 5 years	
Certificates of deposit	Not Rated	\$ —	\$ 781,332	\$ 781,332
COLOTRUST	AAAm	376,680	—	376,680
Total		\$ 376,680	\$ 781,332	\$ 1,158,012

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Fair Value Hierarchy: The Town categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town has no investments required to be reported under the fair value hierarchy. Certificates of deposit are valued at amortized cost consistent with GAAP.

Investments in local government investment pools or in money market funds are not evidenced by securities that exist in physical or book entry form. The Town had invested \$376,680 in Public Trust Pools, which are investment vehicles established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The pools operate similarly to a money market fund, and each share is equal in value to \$1.00. The designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions of the pools. All securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes. The state securities commission administers and enforces all state statutes governing public trust pools.

The Colorado Government Liquid Asset Trust (COLOTRUST) is an external investment pool valued using the net asset value per share (or its equivalent) of the investments. COLOTRUST does not have any unfunded commitments, redemption restrictions or redemption notice periods.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

6. Long-Term Liabilities

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Governmental Activities					
Compensated absences	\$ 17,677	\$ 17,457	\$ 17,677	\$ 17,457	\$ 17,457
Capital lease equipment	65,308	—	18,105	47,203	21,552
Line of credit	779,500	220,500	1,000,000	—	—
Total	\$ 862,485	\$ 237,957	\$ 1,035,782	\$ 64,660	\$ 39,009
Business-Type Activities					
RUS loan	\$ 1,704,928	\$ —	\$ 26,744	\$ 1,678,184	\$ 27,922
Loan - WPA	2,859,277	—	130,793	2,728,484	132,512
Premium - WPA	23,413	—	1,211	22,202	1,211
Loan - CWRPDA	279,594	761	18,531	261,824	18,857
Total	\$ 4,867,212	\$ 761	\$ 177,279	\$ 4,690,694	\$ 180,502

RUS Loan Payable

The Town has an obligation to the U.S. Department of Agriculture's Rural Utilities Service (RUS) bearing interest at 4.375%. The bonds are payable in semi-annual installments of \$50,521, including interest, and are collateralized by the sewer system's pledged revenues through 2046, which is approximately \$3,250,000. Pledged revenues received amounted to \$101,042 during the year. The proportion of the pledged revenue to total sewer revenue is not estimable because annual total fees collected fluctuate. The purpose of the bonds was for construction improvements to the wastewater treatment plant and collection system. Principal and interest payments for the years following December 31, 2016 are as follows:

	Principal	Interest
2017	\$ 27,922	\$ 73,120
2018	29,157	71,885
2019	30,446	70,596
2020	31,793	69,249
2021	33,199	67,843
2022 - 2026	189,364	315,846
2027 - 2031	235,112	270,098
2032 - 2036	291,912	213,298
2037 - 2041	362,435	142,775
2042 - 2046	446,844	74,274
Total	\$ 1,678,184	\$ 1,368,984

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

This loan requires a debt service reserve. See Note 10 for more information on this requirement.

CWRPDA Loan

The Town has a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) which originally enabled the Town to borrow up to \$448,200 at 1.75% interest annually, with payments of \$23,343 per year. The purpose of the loan was for upgrades to the lower water treatment plant. The project was completed in 2011, and the Town is no longer able to draw on the loan agreement. The Town pledged its net revenue from the operation of the water utility for repayment of the loan in the amount of approximately \$338,000 through 2029. Pledge revenues received during 2016 were \$23,343. The proportion of the pledged revenue to total related revenues is not estimable because annual total fees collected fluctuate. The Town is required to provide rates and charges in order to maintain coverage of 110% of the debt service due on the governmental agency bond coming due in each calendar year.

As of December 31, 2016, the Town borrowed \$395,969, of which the Town has made principal payments of \$116,375. Principal and interest payments for the years following December 31, 2016 are as follows:

	<u>Principal</u>	<u>Interest</u>
2017	\$ 18,857	\$ 4,486
2018	19,188	4,155
2019	19,526	3,818
2020	19,869	3,475
2021	20,218	3,125
2022 - 2026	106,547	10,172
2027 - 2029	57,619	1,501
Total	\$ 261,824	\$ 30,732

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Water Power Authority (WPA) Loan

The Town has a loan agreement with CWRPDA for \$2,996,494 at 1.75% interest annually, with twice yearly payments ranging from about \$83,000 to \$91,000. The purpose of the loan is for improvements and the expansion of existing water treatment facilities and distribution system. The Town pledged its net revenue from the operation of the water utility for repayment of the loan in the amount of approximately \$3,707,000 through 2035. Pledge revenues received during 2016 were \$180,062. The proportion of the pledged revenue to total related revenues is not estimable because annual total fees collected fluctuate. The Town is required to provide rates and charges in order to maintain coverage of 110% of the debt service due on the governmental agency bond coming due in each calendar year. Principal and interest payments for the years following December 31, 2016 are as follows:

	<u>Principal</u>	<u>Interest</u>
2017	\$ 132,512	\$ 48,468
2018	133,886	47,268
2019	127,806	46,068
2020	128,838	45,018
2021	129,869	43,968
2022 - 2026	668,940	204,092
2027 - 2031	736,335	147,427
2032 - 2035	670,298	42,615
Total	\$ 2,728,484	\$ 624,924

The loan balance includes a premium of \$25,431, which will be amortized over the life of the loan on a straight line basis. Yearly amortization will be \$1,211. The remaining premium balance is \$22,202 as of December 31, 2016.

The agreement states that the Town must maintain an operation and maintenance reserve in an amount equal to three months of operating expense, excluding depreciation of the water utility system, as set forth in the annual budget. At no time should the budget reserve be greater than \$1,250,000. As of December 31, 2016, the Town's budgeted reserve was \$175,951.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Line Of Credit

The Town also had two working capital lines of credit, with one having a maturity date of October 29, 2016 and other having a maturity date of June 15, 2017. For both lines of credit, there is a 1.8% interest rate and a minimum interest charge of \$50. As of December 31, 2016, there was no outstanding balance on the remaining line of credit.

7. Lease Agreements

The Town has entered into three capital lease commitments effective May and June 2014 in order to acquire public safety and public works vehicles and equipment. Monthly payments on the capital leases range from approximately \$550 to \$700 per lease. All leases are for 60 months, with maturity dates in May and June 2019. Future minimum lease obligations as of December 31, 2016 are as follows:

2017	\$	21,552
2018		21,552
2019		<u>6,446</u>
Total		49,550
Less: Amount representing interest		<u>2,347</u>
Present Value Of Minimum Future Lease Payments	\$	<u>47,203</u>

These capital leases represent agreements for certain capital assets, which have been included as governmental activities assets. Amortization is included in depreciation.

Vehicles	\$	98,000
Accumulated amortization		<u>(37,690)</u>
Net Capitalized Leases Equipment	\$	<u>60,310</u>

8. Employee Benefit Plans

Defined Contribution Pension Plan

The Town provides pension benefits for all its employees through a defined contribution plan through Mutual of Omaha. In May 2014, the Town changed its 401(b) plan through Dreyfus Company to a defined contribution 457(b) plan through Mutual of Omaha.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

The Town contributes 5%, and there are no matching requirements for the employees. Total contributions in 2016, 2015 and 2014 were \$17,339, \$24,701 and \$30,690, respectively. The employees are 100% vested at all times and are eligible for the plan after the probation period.

Defined Benefit Plan

Plan Description

The Town initiated a defined benefit pension plan in 2007, which covers one former employee and is not available for new employees. Any changes in the plan's provisions must be approved by the Town Board. The Town has generally used the Water Fund to liquidate any net pension obligation as the plan's participant was a former Town Administrator. There is no separate trust or plan administrator for the plan.

The schedule of funding progress is included in the required supplementary information (RSI) section following the notes to the financial statements. The schedule of funding progress presents as RSI multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Funding Policy

The pension plan is closed and has no participants who are current employees. The Town funds the plan on a pay-as-you-go basis.

Annual Pension Cost

For 2016, the Town's annual pension cost for the plan of \$20,160, equal to the Town's required and actuarially determined contributions.

The Town's annual pension cost and net pension obligation for the current year is \$20,160. The contribution made was to the participant directly and paid out of the Water Fund.

The required contribution was determined as part of a December 31, 2012 actuarial valuation using future projected cash flows discounted by a yield curve rate utilizing expected mortality rates. The actuarial assumptions included a 3.2% interest rate. As the Town is contributing annually an amount equal to the required contribution, each year the plan's percentage of annual pension costs contributed each year is 100% for 2016, 2015 and 2014. Additionally, there is no net pension obligation or asset for 2016, 2015 and 2014.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Statewide Defined Benefit Pension Plan For Police Officers

Plan Description

Eligible police officers of the Town are provided with pensions through SWDBP, a cost-sharing multi-employer defined benefit pension plan administered by FPPA. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

Benefits Provided

SWDBP provides retirement and disability, annual increases and death benefits for members or their beneficiaries. A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member's highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to SWDBP. Benefits paid to retired members are evaluated and may be redetermined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index (CPI).

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least 5 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter.

Contributions

Contribution rates are established by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Members of SWDBP and their employers are contributing at the rate of 8.5% of base salary for a total contribution rate of 16.5% through 2015. In 2014, the members elected to increase the member contribution rate to SWDBP beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8.0%, resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers or departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20.5% of base salary through 2015. It is a local decision as to whether the member or employer pays the additional 4% contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24% in 2022.

The contribution rate for members and employers or affiliated social security employers is 4.25% and 4%, respectively, of base salary for a total contribution rate of 8.25% through 2015. Per the 2014 member election, members of the affiliate Social Security group will have their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4%, resulting in a combined contribution rate of 10% in 2022.

Employer contributions are recognized by SWDBP in the period in which the compensation becomes payable to the member, and the Town is statutorily committed to pay the contributions to SWDBP. Employer contributions recognized by SWDBP from the Town were \$8,910 for the year ended December 31, 2016.

Pension Asset, Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At December 31, 2016, the Town reported a net pension asset of \$421 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension asset was determined by an actuarial valuation as of January 1, 2016. The Town's proportion of the net pension asset was based on Town contributions to SWDBP for the calendar year 2015 relative to the total contributions of participating employers to SWDBP based upon the January 1, 2016 actuarial valuation.

At December 31, 2016, the Town's portion was 0.0238900740%, which was a decrease of 0.0193% from its proportion measured as of December 31, 2015.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

For the year ended December 31, 2016, the Town recognized pension expense of \$5,951. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities
Deferred Outflows Of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 22,720
Changes of assumptions	6,615
Changes in proportionate share	10,410
Differences between expected and actual experience	4,301
Contributions subsequent to measurement date	6,946
Total Deferred Outflows Of Resources	\$ 50,992
Deferred Inflows Of Resources	
Changes in proportionate share	\$ 17,491

The amount of \$6,946 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension (asset) liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For The Year Ended December 31,	
2017	\$ 6,202
2018	6,202
2019	6,202
2020	5,242
2021	4,963
Thereafter	(2,256)
Total	\$ 26,555

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Actuarial Assumptions

The January 1, 2016 actuarial valuation was used to determine the actuarially determined contribution for the fiscal year ending December 31, 2015. The valuation used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarially Determined Contributions
Valuation date	January 1, 2016	January 1, 2015
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level % Payroll, Open	Level % Payroll, Open
Remaining amortization period	30 Years	30 Years
Actuarial assumptions:		
Investment rate of return*	7.5%	7.5%
Projected salary increases*	4.0% - 14.0%	4.0% - 14.0%
Cost of living adjustments	0.0%	0.0%
* Includes inflation at:	2.5%	3.0%

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

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

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

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

Asset Class	Target Allocation	Long-Term Expected Rate Of Return
Global equity	37.00%	6.5%
Equity long/short	10.00%	4.7%
Illiquid alternatives	20.00%	8.0%
Fixed income	16.00%	1.5%
Absolute return	11.00%	4.1%
Managed futures	4.00%	3.0%
Cash	2.00%	0.0%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDBP fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Sensitivity Of The Town's Proportionate Share Of The Net Pension (Asset) Liability To Changes In The Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension (asset) liability, calculated using a single discount rate of 7.50%, as well as what the plan's net pension (asset) liability would be if it were calculated using a single discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	\$ (379)	\$ (421)	\$ (463)

Pension Plan Fiduciary Net Position

Detailed information about SWDBP's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained at <http://www.fppaco.org>.

Other Post-Employment Benefit Plan - Statewide Death And Disability Defined Benefit Plan

Plan Description

The Town's full-time police officers participate in FPPA's Statewide Death and Disability Plan (the Plan), a cost-sharing multiple-employer defined benefit plan. The Plan was established in 1980 pursuant to Colorado Revised Statutes and can only be amended through such statutes. Contributions to the Plan are used solely for the payment of death and disability benefits.

Benefits

If a member dies prior to retirement, the surviving spouse is entitled to a benefit equal to 40% of the member's monthly base salary. Dependent children are also entitled to benefits according to an established scale. Benefit entitlement continues until death or remarriage of the spouse and death, marriage or other termination of dependency of children.

A member who becomes disabled prior to retirement shall be eligible for disability benefits. The benefit is 2.6% of base salary for cases of total disability and 50% for cases of occupational disability, reduced by the amount of certain other benefits received.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

Benefits paid to members are evaluated and may be re-determined on October 1 of each year. Any increase in the level of benefits cannot exceed the lesser of the increase in CPI or 3%.

Contributions

Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. The state made a one-time contribution in 1997 of \$39,000,000 to fund the past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further state contributions are anticipated. Members hired on or after January 1, 1997 contribute a percentage of the payroll based on actuarial experience. This percentage was 8% for 2016, 8% for 2015 and 7% for 2014. The Town contributed \$8,265, \$16,322 and \$24,755 to the Plan during 2016, 2015 and 2014, respectively.

9. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for property/casualty and workers' compensation coverage. CIRSA is to be self-sustaining through member premiums and reinsures through commercial companies for claims in excess of certain limits for each insured event. CIRSA members are subject to a supplemental assessment in the event of a deficiency. Claims have not exceeded coverage in the previous three years.

10. Restricted Cash

The Town has restricted cash in the Sanitation Fund of \$101,274 for the RUS loan. The RUS loan documents require that \$842 per each month be designated into restricted cash until the sum of \$101,040 is reached.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

As of December 31, 2015, the Town has restricted cash in the governmental activities of \$600,000 related to the Samuel Wade Road and Bridge. In January 2010, the Town entered into an intergovernmental agreement with the County. The Town has agreed to accept ownership of Samuel Wade Road and Bridge (the Bridge) in “as is” condition in exchange for \$800,000 from the County to be used only for transportation-related expenditures. The Town, in exchange, shall be responsible to maintain this section of the Bridge. If at any point there is noncompliance with the agreement terms, the title of the road will revert back to the County, and the Town will be responsible for return of the funds based on allocated use over the 20-year term of the agreement. The likelihood of noncompliance is considered remote.

11. Commitments

The Town has reserved monies received for out-of-town taps to be used for water storage facilities or studies.

In September 2009, the Town entered into an agreement with the County for the ownership, maintenance and management of the North Folk Valley Airport. Per the agreement, the Town owns 75% of the airport, and therefore, any future capital improvements will be 75% funded by the Town. The Town currently has one representative on the board and does not have control over the decisions of the board; accordingly, this arrangement does not constitute a joint venture or qualify for component unit reporting. The County assumes responsibility for the operations and maintenance of the airport. The agreement was amended in February 2014 to include how the proceeds from the wireless communication facility at the airport are to be divided. Per the agreement, any proceeds will be divided 75% to the Town and 25% to the County. The Town must hold its 75% share as a reserve for the Town’s contributions to future capital improvements. As of December 31, 2016, the Town has a reserve for airport capital improvements of \$33,333.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (Continued)

12. Capital Assets

	Balance January 1, 2016	Additions	Dispositions	Balance December 31, 2016
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 246,481	\$ —	\$ —	\$ 246,481
Capital assets being depreciated:				
Buildings	609,359	—	—	609,359
Improvements other than buildings	389,079	—	—	389,079
Infrastructure	2,576,343	71,565	—	2,647,908
Equipment	639,365	22,291	—	661,656
	4,214,146	93,856	—	4,308,002
Less accumulated depreciation:				
Buildings	(301,920)	(15,422)	—	(317,342)
Improvements	(216,295)	(17,630)	—	(233,925)
Infrastructure	(426,327)	(66,635)	—	(492,962)
Equipment	(472,886)	(45,246)	—	(518,132)
	(1,417,428)	(144,933)	—	(1,562,361)
Capital assets depreciated, net	2,796,718	(51,077)	—	2,745,641
Total Governmental Activities Capital Assets	\$ 3,043,199	\$ (51,077)	\$ —	\$ 2,992,122

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (Continued)

	Balance January 1, 2016	Additions	Dispositions	Balance December 31, 2016
Business-Type Activities				
Capital assets not being depreciated:				
Land and water rights	\$ 834,157	\$ —	\$ —	\$ 834,157
Construction in progress	2,596,405	626,350	(2,660,924)	561,831
	3,430,562	626,350	(2,660,924)	1,395,988
Capital assets being depreciated:				
Reservoirs, improvements and other	66,254	—	(66,254)	—
Distribution system	1,113,046	47,775	—	1,160,821
Collection system	529,476	—	—	529,476
Vehicles and equipment	402,999	—	(3,875)	399,124
Treatment plant	9,335,942	2,727,178	(5,918)	12,057,202
Less: Accumulated depreciation	(4,167,303)	(355,339)	10,950	(4,511,692)
Capital assets being depreciated, net	7,280,414	2,419,614	(65,098)	9,634,930
Total Business-Type Activities Capital Assets	\$ 10,710,976	\$ 3,045,964	\$ (2,726,022)	\$ 11,030,918

Depreciation charged to governmental activities by department is as follows:

General government	\$ 15,422
Public safety	17,630
Public works	66,635
Culture and recreation	45,246
Total	\$ 144,933

13. Interfund Balances And Transfers

The composition of interfund balances at December 31, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Sidewalk Fund	\$ 836
Water Fund	Grant Project Fund	170,290
		\$ 171,126

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The purposes of the interfund transactions were to finance capital projects. All interfund balances are not expected to be collected within one year.

Interfund transfers are used to report revenues from the fund that is required to collect them to the fund that is required to expend them as unrestricted revenues collected to finance various programs and capital purchases accounted for in other funds in accordance with budgetary authorizations, and to return money to a fund from which it was originally provided once a project is completed.

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ —	\$ 3,948
Sales Tax Capital Improvement Fund	11,372	—
Grant Project Fund	—	—
Water Fund	149,810	47,569
Sanitation Fund	—	3,771
	<u>\$ 161,182</u>	<u>\$ 55,288</u>

14. Budget Compliance

In fiscal year 2016, the expenditures for the Water Fund exceeded the final approved budgeted amounts. Final expenditures exceeding budgeted amounts do not comply with state statutes.

15. Contingent Liabilities

The Town is subject to various claims arising from events occurring in its ordinary operations. Town management believes that the disposition of these matters will not have a material adverse effect on the financial position of the Town.

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

TOWN OF PAONIA, COLORADO

Notes To Basic Financial Statements (*Continued*)

16. Restatement

Net position has been restated to correct the accounting related to interfund activity and revenue recognition for a Town water project. The effects of the restatement noted above are as follows:

	Business Type Activities/ Enterprise Fund
Net position - December 31, 2015, as previously reported	\$ 6,454,235
Revenue recognition adjustment	(825,316)
Net Position - December 31, 2015 As Restated	\$ 5,628,919
Change in net position for the year ended December 31, 2015, as previously reported	\$ 2,177,074
Revenue recognition adjustment	(825,316)
Change In Net Position For The Year Ended December 31, 2015 As Restated	\$ 1,351,758

Required Supplementary Information

TOWN OF PAONIA, COLORADO

GENERAL FUND - STATEMENT OF REVENUES - BUDGET AND ACTUAL For The Year Ended December 31, 2016 Page 1 Of 2

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Taxes				
General property taxes	\$ 103,100	\$ 103,100	\$ 102,009	\$ (1,091)
Specific ownership taxes	15,300	15,200	15,213	13
Sales tax - Town	147,000	137,600	137,607	7
Sales tax - County	99,000	95,100	95,932	832
Franchise taxes	62,050	57,000	57,229	229
Cigarette taxes	2,200	1,922	1,922	—
Delinquent taxes	20	135	136	1
Interest on delinquent taxes	250	460	473	13
Total Taxes	428,920	410,517	410,521	4
Licenses And Permits				
Liquor licenses	4,100	4,075	4,075	—
Building permits	16,000	13,230	13,236	6
Miscellaneous permits	1,500	1,440	1,442	2
Special reviews	2,000	2,480	2,486	6
VIN inspection	400	960	960	—
Total Licenses And Permits	24,000	22,185	22,199	14
Intergovernmental Revenue				
State shared:				
Highway user's tax	48,500	48,125	48,128	3
Motor vehicle fees	6,100	5,735	5,748	13
Severance tax	29,000	14,221	14,221	—
Mineral leasing	34,000	22,476	22,476	—
Other governmental units:				
Road and bridge	6,300	6,125	6,129	4
Total Intergovernmental Revenue	123,900	96,682	96,702	20

TOWN OF PAONIA, COLORADO

GENERAL FUND - STATEMENT OF REVENUES - BUDGET AND ACTUAL For The Year Ended December 31, 2016 Page 2 Of 2

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Fines And Forfeitures				
Court fines	\$ 2,700	\$ 100	\$ 102	\$ 2
Police fines	11,500	17,600	17,607	7
Miscellaneous	3,000	923	923	—
Total Fines And Forfeitures	17,200	18,623	18,632	9
Miscellaneous Revenues				
Earnings on investments	2,700	7,792	7,796	4
Rents	10,567	11,690	11,691	1
Billing interest	—	7,600	7,605	5
Other	2,650	4,694	4,694	—
Motor fuel tax refunds	1,700	1,280	1,281	1
Refunds	—	8,560	8,564	4
Bridge revenue earned	40,000	—	40,000	40,000
PD grant	—	5,234	5,235	1
Total Miscellaneous Revenues	57,617	46,850	86,866	40,016
Transfers	—	—	—	—
Total Revenues	\$ 651,637	\$ 594,857	\$ 634,920	\$ 40,063

TOWN OF PAONIA, COLORADO

GENERAL FUND - STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL For The Year Ended December 31, 2016

Page 1 Of 2

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
General Government				
Mayor and trustee	\$ 9,600	\$ 9,800	\$ 9,800	\$ —
Town administrator	—	6,000	5,885	115
Salaries and wages	37,053	31,300	13,759	17,541
Employee benefits	6,823	5,171	5,426	(255)
Supplies	5,200	6,704	6,088	616
Legal and professional fees	60,000	58,000	55,490	2,510
Telephone	2,800	2,935	2,326	609
Travel and meetings	3,600	4,900	4,496	404
Insurance and bonds	3,000	5,600	5,573	27
Utilities	4,400	4,600	4,589	11
Janitorial services	8,150	8,375	8,250	125
Building inspector	1,600	1,975	1,403	572
Publishing ads	2,000	1,650	1,437	213
Dues and subscriptions	4,800	3,600	3,582	18
Audit fees	21,000	14,560	14,560	—
Postage	1,800	225	195	30
Human services	6,750	7,435	6,970	465
Miscellaneous	—	—	244	(244)
Vehicle expense	300	—	—	—
Town Hall expense	2,500	6,480	5,905	575
Elections	3,000	1,552	1,552	—
Data processing	15,800	14,000	13,848	152
Treasurer's fees	2,500	2,175	2,175	—
TABOR reserve contingency	18,940	—	—	—
Miscellaneous	—	455	408	47
Total General Government	221,616	197,492	173,961	23,531
Public Safety				
Police Department				
Salaries and wages	148,409	150,000	149,041	959
Judge	2,400	2,400	2,400	—
Employee benefits	25,298	32,212	32,001	211
Supplies	3,900	7,060	6,950	110
Repairs and maintenance	500	1,365	947	418
Legal services	500	1,600	1,545	55
Telephone	3,200	1,600	1,399	201
Travel and meetings	300	1,100	1,010	90
Insurance and bonds	14,000	11,110	11,104	6
Utilities	2,000	2,000	1,886	114
Vehicle expense	17,000	12,000	2,404	9,596
Dues and subscriptions	1,800	1,800	1,705	95
Miscellaneous	900	40	20	20
Uniforms	1,000	1,700	1,681	19
Publishing and ads	—	—	—	—
Officer's training	3,016	2,000	1,930	70
Juvenile diversion	1,635	1,565	1,565	—
Data processing	4,500	5,700	5,627	73
FPPA	8,685	9,300	9,203	97

TOWN OF PAONIA, COLORADO

GENERAL FUND - STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL For The Year Ended December 31, 2016 Page 2 Of 2

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Public Safety (Continued)				
Animal Control				
Vet fees	\$ 500	\$ 400	\$ 400	\$ —
Total Public Safety	239,543	244,952	232,818	12,134
Public Works				
Employee benefits	—	2,040	2,037	3
Supplies	—	695	644	51
Repairs and maintenance	20,000	14,000	4,296	9,704
Legal and engineering	—	2,000	1,755	245
Telephone	1,000	900	526	374
Insurance and bonds	4,000	4,213	4,143	70
Utilities	1,700	1,600	1,537	63
Snow removal	11,000	8,500	7,690	810
Street lighting	21,000	20,000	19,955	45
Street cleaning	—	1,100	1,057	43
Vehicle expense	15,000	8,000	7,731	269
Miscellaneous	—	3,440	3,382	58
Shop expense	1,200	1,900	1,828	72
Total Public Works	74,900	68,388	56,581	11,807
Culture And Recreation				
Employee benefits	—	255	252	3
Supplies	5,500	5,200	4,423	777
Council	—	—	—	—
Repairs and maintenance	15,000	9,200	8,467	733
Legal fees	—	250	240	10
Telephone	400	50	26	24
Insurance and bonds	5,000	3,600	3,564	36
Utilities	8,000	7,000	6,735	265
Contract services	41,900	42,000	41,900	100
Vehicle expense	250	25	15	10
Total Culture And Recreation	76,050	67,580	65,622	1,958
Other Financing Uses				
Payment of principal on capital lease	—	—	18,105	(18,105)
Pass-through funds	40,000	4,050	3,946	104
Total Other Financing Uses	40,000	4,050	22,051	(18,001)
Total	\$ 652,109	\$ 582,462	\$ 551,033	\$ 31,429

TOWN OF PAONIA, COLORADO

CONSERVATION TRUST FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For The Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Lottery	\$ 6,950	\$ 8,925	\$ 9,232	\$ 307
Interest	6	7	7	—
Total Revenues	6,956	8,932	9,239	307
Expenditures				
Parks	5,000	5,200	5,200	—
Excess Of Revenues Over Expenditures	1,956	3,732	4,039	307
Fund Balance - Beginning Of Year	—	—	10,902	10,902
Fund Balance - End Of Year	\$ 1,956	\$ 3,732	\$ 14,941	\$ 11,209

TOWN OF PAONIA, COLORADO

SIDEWALK FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For The Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Sidewalk revenues	\$ 30,190	\$ 29,479	\$ 29,479	\$ —
Expenditures				
Legal services	150	225	224	1
Repairs and maintenance	30,000	47,052	—	47,052
Publishing and ads	40	—	—	—
Capital outlay	—	—	46,165	(46,165)
Total Expenditures	30,190	47,277	46,389	888
Excess (Deficit) Of Revenues Over (Under) Expenditures	—	(17,798)	(16,910)	888
Fund Balance - Beginning Of Year	—	—	28,329	28,329
Fund Balance - End Of Year	\$ —	\$ (17,798)	\$ 11,419	\$ 29,217

TOWN OF PAONIA, COLORADO

SCHEDULE OF FUNDING PROGRESS **Defined Benefit Retirement Plan** **For The Year Ended December 31, 2016**

Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability As A Percentage Of Covered Payroll
12/31/2012	\$ —	\$ —	\$ 289,533	0%	N/A	N/A

TOWN OF PAONIA, COLORADO

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION ASSET

FPPA Statewide Defined Benefit Plan

Year Two⁽¹⁾

For The Year Ended December 31, 2015 (Measurement Date)

	2016	2015
Town's portion of the net pension asset	0.0239%	0.0432%
Town's proportionate share of the net pension asset	\$ 421	\$ 48,715
Town's covered-employee payroll	\$ 107,806	\$ 198,701
Town's proportionate share of the net pension asset as a percentage of its covered payroll	0%	25%
Plan fiduciary net position as a percentage of the total pension asset	101.10%	106.80%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town is presenting information for those years for which information is available.

TOWN OF PAONIA, COLORADO

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO THE PENSION PLAN

FPPA Statewide Defined Benefit Plan

Year Two⁽¹⁾

For The Year Ended December 31, 2016

	2016	2015
Contractually required contribution	\$ 6,946	\$ 8,910
Contributions in relation to the contractually required contribution	6,946	8,910
Contribution (excess) deficiency	\$ —	\$ —
Town's covered-employee payroll	\$ 107,806	\$ 103,306
Contributions as a percentage of covered-employee payroll	6.44%	8.62%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town is presenting information for those years for which information is available.

Supplementary Information

TOWN OF PAONIA, COLORADO

SALES TAX - CAPITAL IMPROVEMENTS FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For The Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Sales tax	\$ 147,000	\$ 137,600	\$ 137,607	\$ 7
Miscellaneous	1,300	7,650	7,651	1
Total Revenues	148,300	145,250	145,258	8
Expenditures				
General government	—	—	27,469	—
Improvements	—	—	60,517	(60,517)
Capital outlay	134,000	415,575	—	415,575
Total Expenditures	134,000	415,575	87,986	355,058
Excess (Deficit) Of Revenues Over (Under) Expenditures	14,300	(270,325)	57,272	327,597
Other Financing Sources (Uses)				
Payment of principal and interest on capital lease	—	—	—	—
Fund transfers	—	—	11,372	11,372
Total Other Financing Sources	—	—	11,372	11,372
Net Change To Fund Balance	14,300	(270,325)	68,644	338,969
Fund Balance - Beginning Of Year	—	—	270,325	270,325
Fund Balance - End Of Year	\$ 14,300	\$ (270,325)	\$ 338,969	\$ 609,294

TOWN OF PAONIA, COLORADO

GRANT PROJECT FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For The Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Grant revenues	\$ 123,532	\$ 581,001	\$ 113,124	\$ (467,877)
Expenditures				
Grant expenses	2,958,906	636,263	8,825	627,438
Excess (Deficit) Of Revenues Over (Under) Expenditures	(2,835,374)	(55,262)	104,299	159,561
Other Financing Source (Uses)				
Proceeds from line of credit	—	—	(779,500)	(779,500)
Fund transfers	—	—	—	—
Total Other Financing Uses	—	—	(779,500)	(779,500)
Net Change To Fund Balance	(2,835,374)	(55,262)	(675,201)	(619,939)
Fund Balance - Beginning Of Year	—	—	781,095	781,095
Fund Balance - End Of Year	\$ (2,835,374)	\$ (55,262)	\$ 105,894	\$ 161,156

TOWN OF PAONIA, COLORADO

WATER FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL For The Year Ended December 31, 2016

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Water charges	\$ 747,740	\$ 749,310	\$ 749,310	\$ —
Water taps	191,000	9,790	9,790	—
Sales and service	5,500	1,600	1,603	3
Water tank	—	887	887	—
Standby tap fees	37,260	46,000	46,009	9
Penalties	750	5,225	5,225	—
Rents	—	1,000	1,000	—
Sale of asset	100,000	—	—	—
Grants funds	21,497	—	—	—
Interest income	330	2	2	—
Transfers in	—	—	149,810	149,810
Total Revenues	1,104,077	813,814	963,636	149,822
Expenditures				
Salaries and wages	182,763	239,500	236,227	3,273
Employee benefits	36,991	49,166	49,128	38
John Norris retirement	20,160	20,160	20,160	—
Supplies	24,300	16,150	16,145	5
Legal and engineering	12,500	18,060	18,056	4
Repairs and maintenance	45,000	78,000	16,292	61,708
Professional fees	7,500	9,240	9,240	—
Telephone	5,000	3,615	3,611	4
Postage	3,600	3,310	3,307	3
Travel and meetings	4,000	700	697	3
Insurance and bonds	22,000	16,525	16,515	10
Utilities	17,500	26,425	26,410	15
Vehicle expense	16,000	7,375	7,365	10
Dues and subscriptions	750	280	280	—
Shop expense	4,000	5,000	4,986	14
Miscellaneous	38,831	5,418	41,031	(35,613)
Fees and permits	12,000	5,900	5,931	(31)
Loan principle and interest	164,497	48,100	—	48,100
FCNB interim financing	10,000	—	—	—
WPA loan	198,954	180,100	180,062	38
Drinking water revolving funds	25,676	23,350	23,343	7
Depreciation expense	—	198,850	250,183	(51,333)
Debt service	—	(146,800)	(146,002)	(798)
Transfers out	—	—	47,569	(47,569)
Total Expenditures	852,022	808,424	830,536	(22,112)
Change To Net Position	\$ 252,055	\$ 5,390	\$ 133,100	\$ 171,934

TOWN OF PAONIA, COLORADO

SANITATION FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL For The Year Ended December 31, 2016 Page 1 Of 2

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Sewer charges	\$ 387,982	\$ 398,800	\$ 398,802	\$ 2
Garbage charges	210,839	204,788	206,630	1,842
Sewer rental property	1,150	1,100	1,100	—
Sewer taps	50,000	5,000	5,000	—
Interest	125	157	158	1
Sale of assets	400,000	—	—	—
Grants and loans	21,500	—	—	—
Transfers in	125	127	—	(127)
Total Revenues	1,071,721	609,972	611,690	1,718
Expenditures				
Sewer				
Salaries and wages	132,044	128,835	128,791	44
Employee benefits	26,096	28,143	28,130	13
Supplies	35,150	33,520	33,513	7
Repairs and maintenance	30,000	51,800	51,623	177
Professional fees	13,500	19,045	19,040	5
Telephone	2,000	1,300	1,298	2
Postage	2,500	1,605	1,600	5
Travel and meetings	1,600	500	494	6
Insurance and bonds	9,000	6,350	6,344	6
Utilities	54,000	42,925	42,902	23
Vehicle expense	14,000	6,710	6,702	8
Capital outlay	95,000	4,000	4,000	—
Fees and permits	9,000	7,010	7,047	(37)
Debt service payments	111,146	76,712	74,260	2,452
Pass-through funds	21,497	4,100	3,771	329
Gaging station	5,000	3,710	3,710	—
Depreciation	—	105,160	105,156	4
Miscellaneous	5,015	6,187	8,786	(2,599)
Total Sewer	566,548	527,612	527,167	445

TOWN OF PAONIA, COLORADO

SANITATION FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL For The Year Ended December 31, 2016 Page 2 Of 2

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Garbage				
Salaries and wages	\$ 73,890	\$ 46,200	\$ 46,147	\$ 53
Employee benefits	17,065	14,030	13,991	39
Supplies	8,250	1,485	1,460	25
Repairs and maintenance	2,500	1,000	976	24
Legal and engineering services	3,200	115	115	—
Telephone	800	300	260	40
Postage	2,500	850	834	16
Insurance and bonds	5,000	5,400	5,301	99
Utilities	2,500	2,725	2,701	24
Vehicle expense	18,000	16,000	15,924	76
Landfill fees	33,000	24,600	24,567	33
Capital outlay	35,000	—	—	—
Miscellaneous	2,625	350	348	2
Total Garbage	204,330	113,055	112,624	431
Total Expenditures	770,878	640,667	639,791	876
Change To Net Position	\$ 300,843	\$ (30,695)	\$ (28,101)	\$ 2,594

TOWN OF PAONIA, COLORADO



COLORADO
Department of Transportation

ANNUAL HIGHWAY FINANCE REPORT - 2016

Your Email Address:

Select City:

II - RECEIPTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Receipts from local sources

2. General Fund Appropriations:	\$ <input type="text" value="81332.00"/>
3. Other local imposts: <i>from A.3. 'Total' below</i>	\$ <input type="text"/>
4. Miscellaneous local receipts: <i>from A.4. 'Total' below</i>	\$ <input type="text"/>
5. Transfers from toll facilities	\$ <input type="text" value="0.00"/>
6. Proceeds of sale of bonds and notes	
a. Bonds - Original Issues:	\$ <input type="text" value="0.00"/>
b. Bonds - Refunding Issues:	\$ <input type="text" value="0.00"/>
c. Notes:	\$ <input type="text" value="0.00"/>
SubTotal:	\$ <input type="text"/>
B. Private Contributions	\$ <input type="text" value="0.00"/>

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input

A.3. Other local imposts

a. Property Taxes and Assessments	\$ <input type="text" value="0.00"/>
b. Other Local Imposts	
1. Sales Taxes:	\$ <input type="text" value="0.00"/>
2. Infrastructure and Impact Fees:	\$ <input type="text" value="0.00"/>
3. Liens:	\$ <input type="text" value="0.00"/>
4. Licenses:	\$ <input type="text" value="0.00"/>
5. Specific Ownership and/or Other:	\$ <input type="text" value="15213.00"/>
Total: <i>(a + b) carried to 'Other local imposts' above</i>	\$ <input type="text"/>

TOWN OF PAONIA, COLORADO

A.4. Miscellaneous local receipts

Please no commas or dollar signs for the input

a. Interest on Investments:	\$ 0.00
b. Traffic fines & Penalties:	\$ 17709.00
c. Parking Garage Fees:	\$ 0.00
d. Parking Meter Fees:	\$ 0.00
e. Sale of Surplus Property:	\$ 0.00
f. Charges for Services:	\$ 960.00
g. Other Misc. Receipts:	\$ 0.00
h. Other:	\$ 0.00

Total: (a through h) carried to 'Misc local receipts' above

\$

C. Receipts from State Government

Please no commas or dollar signs for the input

1. Highway User Taxes:	\$ 48128.00
3. Other State funds:	
c. Motor Vehicle Registrations:	\$ 5748.00
d. Other (Specify):	
Comments: Road & Bridge	\$ 6129.00
e. Other (Specify):	
Comments: undefined	\$ 0.00

Total: (1+3c,d,e)

\$

D. Receipts from Federal Government

Please no commas or dollar signs for the input

2. Other Federal Agencies	
a. Forest Service:	\$ 0.00
b. FEMA:	\$ 0.00
c. HUD:	\$ 0.00
d. Federal Transit Administration:	\$ 0.00
e. U.S. Corp of Engineers	\$ 0.00
f. Other Federal:	\$ 0.00

Total: (2a-f)

\$

TOWN OF PAONIA, COLORADO

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Local highway disbursements

- | | |
|--|--|
| 1. Capital outlay: <i>(from A.1.d. 'Total Capital Outlay' below)</i> | \$ <input type="text"/> |
| 2. Maintenance: | \$ <input type="text" value="63301.00"/> |
| 3. Road and street services | |
| a. Traffic control operations: | \$ <input type="text" value="0.00"/> |
| b. Snow and ice removal: | \$ <input type="text" value="7690.00"/> |
| c. Other: | \$ <input type="text" value="0.00"/> |
| 4. General administration & miscellaneous | \$ <input type="text" value="10341.00"/> |
| 5. Highway law enforcement and safety | \$ <input type="text" value="79205.00"/> |

Total: (A.1-5)

\$

Please no commas or dollar signs for the input

B. Debt service on local obligations

- | | |
|---------------|--------------------------------------|
| 1. Bonds | |
| a. Interest | \$ <input type="text" value="0.00"/> |
| b. Redemption | \$ <input type="text" value="0.00"/> |
| 2. Notes | |
| a. Interest | \$ <input type="text" value="0.00"/> |
| b. Redemption | \$ <input type="text" value="0.00"/> |

SubTotal: (1+2)

\$

Please no commas or dollar signs for the input

C. Payments to State for Highways:

\$

D. Payments to Toll Facilities:

\$

Total Disbursements: (A+B+C+D)

\$

TOWN OF PAONIA, COLORADO

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES - (Detail)

Please no commas or dollar signs for the input

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$
3. System Preservation:	\$ 0.00	\$ 14682.00	\$
4. System Enhancement:	\$ 0.00	\$ 0.00	\$
5. Total Construction:			\$
d. Total Capital Outlay: (Lines A.1.a. + 1.b. + 1.c.5)			\$ 0

IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ 0.00	\$ 0.00	\$ 0.00	\$
1. Bonds (Refunding Portion)		\$ 0.00	\$ 0.00	\$
B. Notes (Total):	\$ 0.00	\$ 0.00	\$ 0.00	\$

V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 0.00	\$ 175,219.00	\$ 175,219.00	\$ 0.00	\$ 0.00

Notes & Comments:

undefined

Please enter your name: Cindy Jones

Please provide a telephone number where you may be reached: 970-527-4101