

Town of Collbran, Colorado

Financial Statements
and
Independent Auditors' Report

December 31, 2015

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By Justin L. Smith at 2:15 pm, Sep 30, 2016

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Town of Collbran, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Collbran, Colorado, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Collbran, Colorado, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis in Section B and budgetary comparison information in Section E be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Collbran, Colorado's basic financial statements. The budgetary comparison information in Section F is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information in Section F is the responsibility of management and was 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 above identified supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Jeff Wendland, CPA, LLC

Grand Junction, Colorado
September 30, 2016

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Collbran, Colorado

Management's Discussion and Analysis

December 31, 2015

The financial managers of the Town of Collbran (the Town) present the following discussion and analysis of the Town's financial performance to provide an overview of the Town's financial activities for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the Town.

Financial Highlights

The Governmental Funds reported fund balances of \$1,373,717 at December 31, 2015, an increase of \$115,042 from December 31, 2014.

The Business-type Funds reported a net position of \$1,669,724 at December 31, 2015, a decrease of \$1,860 from December 31, 2014.

Overview of the Financial Statements

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

The government-wide financial statements, fund financial statements and notes to the financial statements are discussed below.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. They are prepared using the full accrual basis of accounting.

The Statement of Net Position presents information on all of the Town's assets and liabilities (both short-term and long-term, if any), with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, conservation trust, and capital projects. The business-type activities of the Town include water and sewer.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements

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

Governmental funds. 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the conservation trust fund, and capital projects fund.

The basic governmental fund financial statements can be found on pages C3 through C5 of this report.

Proprietary funds. The Town maintains proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the Town.

The basic proprietary fund financial statements can be found on pages C6 through C8 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the Town's budgetary comparisons for the general fund. Required supplemental information can be found on pages E1 through E2 of this report. Schedules of Revenues and Expenditures – Budget and Actual for the Capital Projects Fund, Conservation Trust Fund, Water Fund, and Sewer Fund are presented immediately following the required supplemental information. They can be found on pages F1 through F4 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve, over time, as a useful indicator of the government's financial position. In the case of the Town, assets exceeded liabilities by \$3,646,540 at December 31, 2015 and by \$3,425,693 at December 31, 2014.

Government-wide Financial Analysis (continued)

The following summarized the Town's net position at December 31:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	1,425,014	1,316,173	537,235	447,224	1,962,249	1,763,397
Capital assets, net of accumulated depreciation	603,099	515,754	1,155,349	1,242,809	1,758,448	1,758,563
Total assets	2,028,113	1,831,927	1,692,584	1,690,033	3,720,697	3,521,960
Current liabilities	33,695	40,216	22,860	18,449	56,555	58,665
Noncurrent liabilities		20,000				20,000
Total liabilities	33,695	60,216	22,860	18,449	56,555	78,665
Property taxes assessed, but not collectible until subsequent year	17,602	17,602			17,602	17,602
Total deferred inflows	17,602	17,602			17,602	17,602
Net position:						
Invested in capital assets, net of related debt		495,753	1,155,349	1,242,809	1,155,349	1,738,562
Restricted for recreation and culture	3,192				3,192	
Restricted for emergencies	20,500	15,600			20,500	15,600
Unrestricted	1,953,124	1,242,756	514,375	428,775	2,467,499	1,671,531
Total net position	1,976,816	1,754,109	1,669,724	1,671,584	3,646,540	3,425,693

Most of the Town's assets are reflected in the investment in capital assets (i.e. land, buildings, equipment, and infrastructure). Capital assets, net, account for 47% of the total assets as of December 31, 2015. (Capital assets, net, accounted for 50% of the total assets as of December 31, 2014.) The Town will use these assets to provide services to the residents. Therefore, these assets are not an available source for funding of future spending.

Government-wide Financial Analysis (continued)

The following summarizes the change in the Town's net position for the year ended December 31:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES:						
Program revenues:						
Charges for services and fees	30,316	16,295	308,673	266,114	338,989	282,409
Operating grants and contrib.	23,640	16,436			23,640	16,436
Capital grants and contrib.	66,772	6,818	0	15,737	66,772	22,555
General revenues:						
Taxes	732,616	704,327			732,616	704,327
Earnings on investments	2,438	1,470			2,438	1,470
Total revenues	855,782	745,346	308,673	281,851	1,164,455	1,027,197
EXPENSES:						
General government	226,780	230,509			226,780	230,509
Public safety	178,264	146,004			178,264	146,004
Public works	157,975	148,374			157,975	148,374
Municipal court	16,438	13,405			16,438	13,405
Culture and recreation	53,283	58,183			53,283	58,183
Employee Settlement		10,982				10,982
Water			169,337	152,276	169,337	152,276
Sewer			141,194	175,155	141,194	175,155
Interest on long-term debt	335	3,120			335	3,120
Total expenses	633,075	610,577	310,531	327,431	943,606	938,008
Change in net position	222,707	134,769	(1,858)	(45,580)	220,849	89,189
Prior period adjustment						
Net position January 1	1,754,109	1,619,340	1,671,584	1,717,164	3,425,693	3,336,504
Net position December 31	1,976,816	1,754,109	1,669,726	1,671,584	3,646,542	3,425,693

Financial Analysis of the Town's Funds

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

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The General Fund has a fund balance of \$1,390,104 at December 31, 2015, an increase of \$139,524 from December 31, 2014. The unassigned portion of the fund balance in the amount of \$1,366,795 is available for spending.

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

Budgetary Highlights

The Budget to actual comparisons can be found on pages E1 through F4 of this report.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amount to \$1,758,448 (net of accumulated depreciation).

Town of Collbran, Colorado
Statement of Net Position
December 31, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and investments - Unrestricted	\$ 1,266,622	\$ 508,259	\$ 1,774,881
Receivables, net:			
Property tax	17,602	-	17,602
User fee	-	28,047	28,047
Other receivables	32,639	-	32,639
Due from other governments	105,342	-	105,342
Other current assets	2,809	929	3,738
Capital assets, net	603,099	1,155,349	1,758,448
Total Assets	<u><u>\$ 2,028,113</u></u>	<u><u>\$ 1,692,584</u></u>	<u><u>\$ 3,720,697</u></u>
Liabilities:			
Accounts payable	\$ 28,887	\$ 16,274	\$ 45,161
Accrued expenses and deposits	4,808	6,586	11,394
Total Liabilities	<u><u>\$ 33,695</u></u>	<u><u>\$ 22,860</u></u>	<u><u>\$ 56,555</u></u>
Deferred Inflows:			
Property taxes assessed, but not collectible until subsequent year	\$ 17,602	\$ -	\$ 17,602
Total Deferred Inflows	<u><u>\$ 17,602</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,602</u></u>
Net Position:			
Invested in capital assets, net of related debt	\$ -	\$ 1,155,349	\$ 1,155,349
Restricted for recreation and culture	3,192		3,192
Restricted for emergencies	20,500	-	20,500
Unrestricted	1,953,124	514,375	2,467,499
Total Net Position	<u><u>\$ 1,976,816</u></u>	<u><u>\$ 1,669,724</u></u>	<u><u>\$ 3,646,540</u></u>

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

Town of Collbran, Colorado
Statement of Activities
For the Year Ended December 31, 2015

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services and Fees	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental Activities:							
General government	\$ 226,780	\$ 13,534	\$ 17,815	\$ -	\$ (195,431)		\$ (195,431)
Public safety	178,264	392	4,000	30,000	(143,872)		(143,872)
Public works	157,975	-	-	-	(157,975)		(157,975)
Municipal court	16,438	6,414	-	-	(10,024)		(10,024)
Culture and recreation	53,283	9,976	1,825	36,772	(4,710)		(4,710)
Interest on long-term debt	335	-	-	-	(335)		(335)
Total Governmental Activities	633,075	30,316	23,640	66,772	(512,347)		(512,347)
Business-type Activities:							
Water	169,337	198,251	-	-		\$ 28,914	28,914
Sewer	141,194	110,422	-	-		(30,772)	(30,772)
Total Business-type Activities	310,531	308,673	-	-		(1,858)	(1,858)
Total	\$ 943,606	\$ 338,989	\$ 23,640	\$ 66,772	(512,347)	(1,858)	(514,205)
General Revenues:							
Taxes:							
Property tax, levied for general purposes					17,594	-	17,594
Sales tax and use tax					672,694	-	672,694
Cigarette tax					972	-	972
Franchise tax					19,693	-	19,693
Severance tax					11,482	-	11,482
Specific ownership tax					2,493	-	2,493
Mineral leasing tax					7,688	-	7,688
Earnings on investments					2,438	-	2,438
Total General Revenues and Transfers					735,054	-	735,054
Change in Net Position					222,707	(1,858)	220,849
Net Position - Beginning					1,754,109	1,671,584	3,425,693
Net Position - Ending					\$ 1,976,816	\$ 1,669,726	\$ 3,646,542

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

Town of Collbran, Colorado
Balance Sheet
Governmental Funds
December 31, 2015

	General Fund	Capital Projects Fund	Conservation Trust Fund	Total
Assets:				
Cash and investments - Unrestricted	\$ 1,264,690		\$ 1,932	\$ 1,266,622
Due from other governments	105,342		-	105,342
Due from other funds	18,319	(18,319)	-	-
Prepaid expenses	2,809		-	2,809
Other receivables	32,639		-	32,639
Property taxes assessed, but not collectible until subsequent year	17,602		-	17,602
Total Assets	<u>\$ 1,441,401</u>	<u>\$ (18,319)</u>	<u>\$ 1,932</u>	<u>\$ 1,425,014</u>
Liabilities and Fund Balance:				
Liabilities:				
Accounts payable	\$ 28,887	\$ -	\$ -	\$ 28,887
Other current liabilities	4,808	-	-	4,808
Due to other funds	-	-	-	-
Total Liabilities	<u>33,695</u>	<u>-</u>	<u>-</u>	<u>33,695</u>
Deferred Inflows of Resources:				
Property taxes assessed, but not collectible until subsequent year	17,602	-	-	17,602
Total Deferred Inflows	<u>17,602</u>	<u>-</u>	<u>-</u>	<u>17,602</u>
Fund Balance:				
Nonspendable fund balance	2,809	-	-	2,809
Restricted for recreation and culture	-	-	1,932	1,932
Restricted for emergencies	20,500	-	-	20,500
Unassigned fund balance	1,366,795	(18,319)	-	1,348,476
Total Fund Balance	<u>1,390,104</u>	<u>(18,319)</u>	<u>1,932</u>	<u>1,373,717</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 1,441,401</u>	<u>\$ (18,319)</u>	<u>\$ 1,932</u>	<u>\$ 1,425,014</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				<u>603,099</u>
Total Net Position - Governmental Activities				<u>\$ 1,976,816</u>

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

Town of Collbran, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Conservation Trust Fund</u>	<u>Total</u>
Revenues:				
Taxes	\$ 711,961	\$ 20,655	\$ -	\$ 732,616
Intergovernmental	12,790	-	-	12,790
Earnings on investments	2,438	-	76	2,514
Other revenues	101,166	-	6,696	107,862
Total Revenues	<u>828,355</u>	<u>20,655</u>	<u>6,772</u>	<u>855,782</u>
Expenditures:				
General government	198,856	-	-	198,856
Public safety	212,110	-	-	212,110
Public works	187,125	-	-	187,125
Municipal court	16,438	-	-	16,438
Culture and recreation	74,302	-	31,254	105,556
Debt service:				
Bond fees	-	200	-	200
Bond interest	-	455	-	455
Bond principal	-	20,000	-	20,000
Total Expenditures	<u>688,831</u>	<u>20,655</u>	<u>31,254</u>	<u>740,740</u>
Change in Fund Balances	139,524	-	(24,482)	115,042
Fund Balance - Beginning	<u>1,250,580</u>	<u>(18,319)</u>	<u>26,414</u>	<u>1,258,675</u>
Fund Balance - Ending	<u>\$ 1,390,104</u>	<u>\$ (18,319)</u>	<u>\$ 1,932</u>	<u>\$ 1,373,717</u>

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

Town of Collbran, Colorado
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental
Funds to the Statement of Activities
For the Year Ended December 31, 2015

Net Change in Fund Balance of Governmental Funds	\$ 115,042
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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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation during the year.	89,623
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Repayment of revenue bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of repayments.	20,000
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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 the governmental funds.	<u>320</u>
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Change in Net Position of Governmental Activities	<u><u>\$ 224,985</u></u>
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Town of Collbran, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2015

	Water Fund	Sewer Fund	Total
Assets:			
Current Assets:			
Cash	\$ 388,296	\$ 119,963	\$ 508,259
Prepays	866	63	929
User fees receivable	12,131	15,916	28,047
Total Current Assets	<u>401,293</u>	<u>135,942</u>	<u>537,235</u>
Non-current Assets:			
Capital assets, at cost	1,841,237	1,639,813	3,481,050
Accumulated depreciation	(1,036,018)	(1,289,683)	(2,325,701)
Total Non-current Assets	<u>805,219</u>	<u>350,130</u>	<u>1,155,349</u>
Total Assets	<u>1,206,512</u>	<u>486,072</u>	<u>1,692,584</u>
Liabilities:			
Current Liabilities:			
Accounts payable	3,113	13,161	16,274
Deposits	5,224	1,362	6,586
Total Liabilities	<u>8,337</u>	<u>14,523</u>	<u>22,860</u>
Net Position:			
Invested in capital assets	805,219	350,130	1,155,349
Unrestricted	392,956	121,419	514,375
Total Net Position	<u>\$ 1,198,175</u>	<u>\$ 471,549</u>	<u>\$ 1,669,724</u>

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

Town of Collbran, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Water Fund	Sewer Fund	Total
Operating Revenues:			
User charges	\$ 196,191	\$ 107,659	\$ 303,850
Other operating revenue	2,060	2,763	4,823
Total Operating Revenues	<u>198,251</u>	<u>110,422</u>	<u>308,673</u>
Operating Expenses:			
Salaries and benefits	\$ 26,046	\$ 20,532	\$ 46,578
Professional services	45,877	37,350	83,227
Supplies and chemicals	23,975	5,371	29,346
Utilities	15,717	28,143	43,860
Repairs and maintenance	1,958	5,308	7,266
Depreciation	47,149	40,310	87,459
Other	8,615	4,180	12,795
Total Operating Expenses	<u>169,337</u>	<u>141,194</u>	<u>310,531</u>
Operating Income (Loss)	<u>28,914</u>	<u>(30,772)</u>	<u>(1,858)</u>
Change in Net Position	28,914	(30,772)	(1,858)
Net Position - Beginning	<u>1,169,262</u>	<u>502,322</u>	<u>1,671,584</u>
Net Position - Ending	<u><u>\$ 1,198,176</u></u>	<u><u>\$ 471,550</u></u>	<u><u>\$ 1,669,726</u></u>

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

Town of Collbran, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities:			
Cash received from customers	\$ 200,871	\$ 125,097	\$ 325,968
Cash payments for goods and services	(96,801)	(74,491)	(171,292)
Cash payments to employees	(26,046)	(20,532)	(46,578)
Net Cash Provided (Used) by Operating Activities	<u>78,024</u>	<u>30,074</u>	<u>108,098</u>
 Net Change in Cash and Cash Equivalents	 78,024	 30,074	 108,098
Cash and Cash Equivalents - Beginning	310,272	89,889	400,161
Cash and Cash Equivalents - Ending	<u><u>\$ 388,296</u></u>	<u><u>\$ 119,963</u></u>	<u><u>\$ 508,259</u></u>
 Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:			
Operating Income (loss)	\$ 28,914	\$ (30,772)	\$ (1,858)
Adjustments to Reconcile:			-
Depreciation	47,149	40,310	87,459
(Increase) decrease in accounts receivable	2,570	14,825	17,395
(Increase) decrease in prepaids	733	(42)	691
Increase (decrease) in accounts payable	(1,392)	5,903	4,511
Increase (decrease) in customer deposits	50	(150)	(100)
Total Adjustments	<u> </u>	<u> </u>	<u> </u>
 Net Cash Provided (Used) by Operating Activities	 <u><u>\$ 78,024</u></u>	 <u><u>\$ 30,074</u></u>	 <u><u>\$ 108,098</u></u>

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

Town of Collbran, Colorado
Notes to the Financial Statements
December 31, 2015

I. Summary of Significant Accounting Policies

The Town of Collbran, Colorado, (the "Town") was incorporated under Colorado statutes in 1908. An elected Mayor and Town Board are responsible for setting policy, appointing administrative personnel, and adopting an annual budget in accordance with state statutes. The Town's major operations include public safety, public works, and culture and recreation.

The Town's financial statements are 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 more significant accounting policies established by GAAP used by the Town are discussed below.

A. Reporting Entity

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

Based on the criteria above, the Town is not financially accountable for any other entity nor is the Town a component unit of any other government.

B. Government-wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's public safety, public works, municipal court, culture and recreation, and administration are classified as governmental activities. The Town's water and sewer utilities are classified as business-type activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (public safety, public works, utilities, etc.). The functions are also supported by general government revenues (property and sales taxes, specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

Town of Collbran, Colorado
Notes to the Financial Statements
December 31, 2015

I. Summary of Significant Accounting Practices (continued)

C. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The Town reports the following 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 another fund.

The *Conservation Trust Fund* accounts for lottery proceeds required to be expended solely on park and recreation improvements.

The *Capital Projects Fund* accounts for the construction or acquisition of capital facilities. Receipts for these purposes arise from the sale of bonds, grants from other governments, and transfers from other funds.

The Town reports the following proprietary or business-type funds:

The *Water Fund* accounts for the delivery of water to the citizens of the Town.

The *Sewer Fund* accounts for sewer service to the citizens of the Town.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

Town of Collbran, Colorado
Notes to the Financial Statements
December 31, 2015

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

3. Financial Statement Presentation

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

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

E. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

2. Investments

Investments are stated at fair market value.

3. Receivables

Receivables are reported net of an allowance for uncollectible accounts. No allowance is recorded at December 31, 2015, as all accounts are considered to be collectible.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental unit until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflows.

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as "due to / from other funds" in the fund financial statements. Any residual balances not eliminated between the governmental and business-type activities are reported as "internal balances" in the government-wide financial statements.

Town of Collbran, Colorado
Notes to the Financial Statements
December 31, 2015

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

6. Capital Assets

Capital assets, which include land, treatment plants, reservoirs, distribution systems, buildings and improvements, equipment, vehicles, and infrastructure assets (only infrastructure acquired after January 1, 2003) are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial cost of \$750 or more (\$3,000 for infrastructure) and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Infrastructure assets are being capitalized prospectively beginning in 2003.

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

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

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

Assets	Years
Reservoirs and treatment plants	40
Land Improvements	10-20
Distribution systems	15-40
Buildings and improvements	30
Equipment and vehicles	3-15
Street improvements	5-12

7. Non-operating revenues

The Town recognizes revenues for services provided to customers as operating revenue. Other receipts are accounted for as non-operating revenue. Non-operating revenues include:

Tap fees - Accounting and Financial Reporting for Non-exchange Transactions, GASB 33, requires that government entities that receives tap fees record the tap fees as revenue for accounting periods beginning after June 15, 2000. Accordingly, the Town collected no tap fees during the year ended December 31, 2014.

Watershed permit fees – The Town is reimbursed by applicants for the cost of evaluating and issuing permits to operate in the Town's watershed.

Town of Collbran, Colorado
Notes to the Financial Statements
December 31, 2015

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

8. Use of Estimates

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

9. Legal Provisions and Authorization for Deposits

The Town pools deposits and investments of all funds. Each fund's share of the pool is readily identified by the Town's internal records. The Town is governed by state statutes as to the type of institutions and investments with which it may deposit funds and transact business.

10. Net Assets

Net assets represent the difference between assets, liabilities and deferred inflows. 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 or construction of improvements on those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

11. Expenditures Paid When Both Restricted and Unrestricted Funds Are Available

When expenditures are made for which both restricted and unrestricted funds are available the Town applies restricted funds first and then unrestricted funds.

II. Reconciliation of Government-wide and Fund Financial Statements

Explanation of Certain Differences between the Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance includes reconciliation between *net change in fund balances of governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains "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 as depreciation expense." The details of this \$89,623 difference are capital outlays of \$145,267 less depreciation expense of \$55,644.

Another element of that reconciliation explains, "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 the governmental funds." This difference is a decrease in accrued interest expense of \$320.

Town of Collbran, Colorado
Notes to the Financial Statements
December 31, 2015

III. Stewardship, Compliance and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

As required by Colorado Statutes, the Town followed the required timetable noted below in preparing, approving, and enacting its budget for 2015.

1. For the 2015 budget year, prior to August 25, 2014, the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries.
2. The Town Administrator, or other qualified person appointed by the Board, submitted to the Board, on or before October 15, 2014, a recommended budget which detailed the necessary property taxes along with other available revenues to meet the Town's operating requirements.
3. Prior to December 15, 2014, a public hearing was held for the budget, the Board certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the Town may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2014 were collected in 2015 and taxes certified in 2015 will be collected in 2016. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1 %) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

B. TABOR Amendment

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

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$20,500, which is the approximate required reserve at December 31, 2015.

Town of Collbran, Colorado
Notes to the Financial Statements
December 31, 2015

III. Stewardship, Compliance and Accountability (continued)

B. TABOR Amendment (continued)

The Town's voters approved the following ballot question which will allow the Town to collect, retain, and expend the full proceeds of the Town's sales tax, use tax, property tax, state grants, and other revenues from the date of November 8, 1994 and thereafter:

Shall the Town of Collbran, Mesa County, Colorado, without any increase in the property tax mill levy and sales and use tax rates, be authorized to increase its revenue and expenditure limitations established under Article X, Section 20 of the Colorado Constitution (commonly known as Amendment 1 and/or the TABOR Amendment) during 1994 and each subsequent year; to receive and expend state grants; and to receive and expend all sales tax, use tax and property tax revenues for capital projects and other basic municipal services without limiting in any year the amount of other revenues that may be collected and spent by the Town of Collbran.

The Town's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

C. Fund Balance

Beginning with fiscal year 2011, the Town implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. In the fund financial statements, the following classifications describe the relative strength of the spending constraint.

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expense and inventory), or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the Town's highest level of decision making authority, the Town Board of Trustees, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Town Board of Trustees.

Assigned fund balance – The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Town Board of Trustees or other individuals authorized to assign funds to be used for a specific purpose.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria. The Town will only report a positive unassigned fund balance in the General Fund.

There are currently no commitments or assignments of the Town's net assets. If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is Town policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned, and unassigned.

Town of Collbran, Colorado
Notes to the Financial Statements
December 31, 2015

IV. Detailed Notes on All Funds

A. Deposits and Investments

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 the PDPA. The 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 the aggregate uninsured deposits.

Colorado statutes specify instruments that local governments may invest, and include:

- Obligations of the U.S. and certain U.S. government agencies securities
- Certain international agency securities
- General obligation and revenue bonds for 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
- Guaranteed investment contracts

Interest Rate Risk. The Town limits its investments to savings accounts and investment pools (explained below) where each share is equal to one dollar and the Town avoids interest rate risk.

Credit Risk. State law and Town policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The Town's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The Town invests most funds in 2a7-like pools and thus avoids a concentration of credit risk.

Pools. The Town has invested in Colorado Local Government Liquid Asset Trust (ColoTrust) and Colorado Surplus Asset Fund Trust (C-SAFE). The trusts are investment vehicles established for local government entities in Colorado to pool surplus funds. The trusts operate similarly to a money market fund and each share is equal in value to \$1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to the trusts in connection with their direct investment and withdrawal functions. Substantially all securities owned by the trusts 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 trusts.

Town of Collbran, Colorado
Notes to the Financial Statements
December 31, 2015

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments

A summary of the Town's cash and investments at December 31, 2015, are shown below:

<u>Type</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Checking		\$ 266,782	\$ 266,782	\$ -
<i>Investments:</i>				
CSafe	AAAm	682,208	682,208	-
ColoTrust	AAAm	825,890	825,890	-
Total investments		<u>1,508,098</u>	<u>1,508,098</u>	<u>-</u>
Total Deposits and Investments		<u>\$ 1,774,880</u>	<u>\$ 1,774,880</u>	<u>\$ -</u>

Further information regarding CSafe and ColoTrust can be found at www.csafe.org and www.colotrust.com, respectively.

B. Receivables

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The \$17,602 of deferred inflows is property taxes levied in 2015 but not available until 2016.

C. Interfund Receivables, Payables, and Transfers

Interfund receivables and payables as of December 31, 2015 were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 18,319	\$ --
Conservation Trust Fund	--	--
Water Fund	--	--
Sewer Fund	--	--
Capital Projects Fund	--	<u>18,319</u>
Total	<u>\$ 18,333</u>	<u>\$ 18,333</u>

The interfund balances stated above resulted 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. It is not expected that the interfund balances will be paid within one year.

Town of Collbran, Colorado
Notes to the Financial Statements
December 31, 2015

IV. Detailed Notes on All Funds (continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

		Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015
Governmental funds:					
Equipment		\$ 384,073	\$ 104,024	\$ 89,394	\$ 398,703
Buildings		549,503	-	-	549,503
Improvements		481,532	41,241	-	522,773
Infrastructure		202,280	-	-	202,280
	Total	1,617,388	145,265	89,394	1,673,259
Less depreciation and amortization		(1,235,281)	(55,645)	87,119	(1,203,807)
	Net	382,107	89,620	176,513	469,452
Land		133,647	-	-	133,647
	Total - Governmental Funds	515,754	89,620	176,513	603,099
Proprietary Funds:					
Water					
Equipment		107,435	-	-	107,435
Water system		796,772	-	-	796,772
Reservoirs		84,363	-	-	84,363
Water Treatment Plant		852,667	-	-	852,667
	Total	1,841,237	-	-	1,841,237
Less depreciation		(988,869)	(47,149)	-	(1,036,018)
	Total - Water Fund	852,368	(47,149)	-	805,219
Sewer					
Equipment		83,899	-	-	83,899
Sewer System		1,512,329	-	-	1,512,329
	Total	1,596,228	-	-	1,596,228
Less Depreciation		(1,249,372)	(40,311)	-	(1,289,683)
	Net	346,856	(40,311)	-	306,545
Land		43,585	-	-	43,585
	Total - Sewer Fund	390,441	(40,311)	-	350,130
	Total Proprietary Funds	1,242,809	(87,460)	-	1,155,349
Total fixed assets - net - all funds		\$ 1,758,563	\$ 2,160	\$ 176,513	\$ 1,584,210

Depreciation expense was charged to functions as follows:

	Governmental Activities	Business-type Activities
General Government	\$ 25,646	
Public Safety	10,234	
Public Works	8,240	
Parks and Recreation	11,524	
Water Fund		\$ 47,149
Sewer Fund		40,310
	\$ 55,644	\$ 87,459

Town of Collbran, Colorado
Notes to the Financial Statements
December 31, 2015

IV. Detailed Notes on All Funds (continued)

E. Long-term Liabilities – Governmental Activities

1. Sales tax revenue bonds

In March, 2007 the Town issued sales tax revenue bonds in the amount of \$720,000 at an interest rate of 4.55%. The proceeds of the bonds were used to retire Series 1996 sales tax revenue bonds.

The bonds were issued for the purpose of constructing paved streets, curbs, gutters, sidewalks, storm drainage improvements and related improvements in the area of the Town between Plateau Creek and High Street, and the east and west Town limits. The proceeds from the bond issuance were deposited into the Town's Capital Projects Fund.

Bond principal and interest payments are made from the Town's share of Mesa County sales and use taxes. Bond activity during 2013 was:

Bonds payable at December 31, 2014	\$ 20,000
Bonds retired during year	<u>(20,000)</u>
Bonds payable at December 31, 2015	\$ -0-

Compensated Absences

The Town has a policy for the accumulation of sick pay up to certain limits. Vacation pay is accumulated from commencement of employment and may be used after six months of employment. Sick pay may be accumulated to a maximum of 120 days, but will be forfeited upon termination. Vacation pay may be accumulated up to 15 days and accrued vacation will be paid upon termination. The Town also accumulates compensatory leave which must be used or paid within 30 days. No significant liability for compensated absences existed at December 31, 2015.

Town of Collbran, Colorado
Notes to the Financial Statements
December 31, 2015

V. Other information

A. Pension Plans

1. Defined Contribution Plan – IRC Section 401 (a)

The Town offers a defined contribution pension plan which covers all permanent paid employees and elected officials of the Town. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate in the Plan from the date of employment. The Plan provides for contributions to be made by the Town and the employee of 8% each.

The Plan is administered by ICMA Retirement Corporation for one former employee and by the Colorado County Officials and Employees' Retirement Association (CCOERA) for all other employees and council members.

The total amount of the Town employees' covered payroll for the year ended December 31, 2015 was \$145,704 with a total payroll of \$229,710. The Town's required and actual contributions to the Plan for the year ended December 31, 2015 were \$11,656. The Town's contributions represent 8% of covered payroll.

The Town has no liability for losses under the Plan, but the Town does have the duty of care that would be required of an ordinary prudent investor.

2. Deferred Compensation Plan – IRC Section 457

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the Plan participants and their beneficiaries.

The accrual basis of accounting is used for the Plan. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value.

Plan investment purchases are determined by the Plan participant and therefore, the Plan's investment concentration varies between participants.

The Town has no liability for losses under the Plan but does have the duty of due care that would be required of an ordinary prudent investor.

The Plan is administered by ICMA Retirement Corporation.

B. Risk Management

The Town is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The Town carries commercial coverage for these risks and claims and does not expect claims to exceed their coverage.

Town of Collbran, Colorado
Notes to the Financial Statements
December 31, 2015

V. Other Information (continued)

C. Contingencies - Claim

During the normal course of business, the Town may incur claims and other assertions against it from various agencies and individuals. Management of the Town and their legal representatives feel that these claims or assertions are inconsequential and/or not susceptible to reasonable estimation. Therefore no liabilities have been recorded for these possible claims or assertions.

D. Land Lease and Indemnity Agreement

The Town entered into an agreement with Grand Valley National Bank (the "Bank") on April 23, 2003, whereby the Town has leased certain real property to the Bank, paid for the demolition and removal of a structure on the property, and agreed to indemnify the Bank for any and all future costs associated with any environmental hazards which may exist on or beneath the property. The Bank has paid the Town \$60,000 for the lease for a term of 60 years, unless terminated sooner by purchase or otherwise. The Bank has paid the Town an additional \$90,000 for the indemnity agreement. The Bank has an option to purchase the property anytime during the term of the lease for an additional \$60,000.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Collbran, Colorado
Schedule of Revenues
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2015

	Original And Final Budget	Actual	Final Budget Variance Positive (Negative)
Taxes:			
General property	17,500	\$ 17,594	\$ 94
Sales Taxes	606,000	652,039	46,039
Cigarette	800	972	172
Franchise	19,500	19,693	193
Severance	8,100	11,482	3,382
Specific ownership	2,000	2,493	493
Mineral Lease	9,500	7,688	(1,812)
Total Taxes	<u>663,400</u>	<u>711,961</u>	<u>48,561</u>
 Intergovernmental:			
Highway users	11,000	11,301	301
County road and bridge	800	528	(272)
Motor vehicle registration	780	949	169
Franchise fees	-	-	-
Grants	1,440	69,300	67,860
Motor vehicle use tax	50	12	(38)
Total Intergovernmental	<u>14,070</u>	<u>82,090</u>	<u>68,020</u>
 Earnings on Investments	<u>1,400</u>	<u>2,438</u>	<u>1,038</u>
 Other Revenues:			
Fines and penalties	3,300	6,414	3,114
Fees	9,020	12,298	
Miscellaneous	50	13,153	13,103
Total Other Revenues	<u>12,370</u>	<u>31,865</u>	<u>16,217</u>
 Total Revenues	<u><u>\$ 691,240</u></u>	<u><u>\$ 828,354</u></u>	<u><u>\$ 133,836</u></u>

Town of Collbran, Colorado
Schedule of Expenditures
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)
General Government:			
Personnel services	\$ 118,496	\$ 115,779	\$ 2,717
Supplies	17,700	5,620	12,080
Other services and charges	74,850	77,457	(2,607)
Capital outlay	2,000	-	2,000
Total General Government	<u>213,046</u>	<u>198,856</u>	<u>14,190</u>
Public Safety:			
Personnel services	124,012	115,355	8,657
Supplies	25,000	39,359	(14,359)
Other services and charges	27,350	13,316	14,034
Capital outlay	3,000	44,080	(41,080)
Total Public Safety	<u>179,362</u>	<u>212,110</u>	<u>(32,748)</u>
Public Works:			
Personnel services	65,597	64,306	1,291
Supplies	20,500	25,875	(5,375)
Other services and charges	59,150	59,554	(404)
Capital outlay	84,000	37,390	46,610
Total Public Works	<u>229,247</u>	<u>187,125</u>	<u>42,122</u>
Municipal Court:			
Personnel services	5,486	5,863	(377)
Supplies	100	63	37
Other services and charges	8,500	10,512	(2,012)
Capital outlay	-	-	-
Total Municipal Court	<u>14,086</u>	<u>16,438</u>	<u>(2,352)</u>
Culture and Recreation:			
Personnel services	12,327	12,043	284
Supplies	10,950	5,617	5,333
Other services and charges	29,450	21,709	7,741
Capital outlay	5,000	34,933	(29,933)
Total Culture and Recreation	<u>57,727</u>	<u>74,302</u>	<u>(16,575)</u>
Total Expenditures	<u>\$ 693,468</u>	<u>\$ 688,831</u>	<u>\$ 4,637</u>

OTHER SUPPLEMENTARY INFORMATION

Town of Collbran, Colorado
Schedule of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual
Capital Projects Fund
For the Year Ended December 31, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:			
Sales tax	\$ 20,655	\$ 20,655	\$ -
Expenditures:			
Debt service:			
Bond fees	200	200	-
Bond principal	20,000	20,000	-
Bond interest	455	455	-
Total Expenditures	<u>20,655</u>	<u>20,655</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Town of Collbran, Colorado
Schedule of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual
Special Revenue Fund - Conservation Trust Fund
For the Year Ended December 31, 2015

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:			
Intergovernmental:			
State lottery	\$ 7,500	\$ 6,696	\$ (804)
Other revenues	-	76	76
Total Revenues	<u>7,500</u>	<u>6,772</u>	<u>(728)</u>
Expenditures:			
Culture and recreation:			
Capital Outlay	<u>32,000</u>	<u>31,254</u>	<u>746</u>
Total Expenditures	<u>32,000</u>	<u>31,254</u>	<u>746</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources(Uses)	<u>\$ (24,500)</u>	<u>\$ (24,482)</u>	<u>\$ 18</u>

Town of Collbran, Colorado
Schedule of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual
With Reconciliation to GAAP Basis
Proprietary Funds - Water Fund
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)
Operating Revenues:			
User charges	\$ 151,950	\$ 196,191	\$ 44,241
Other revenues	750	2,060	1,310
Total Operating Revenues	<u>152,700</u>	<u>198,251</u>	<u>45,551</u>
Operating Expenses:			
Salaries and benefits	26,625	26,046	579
Professional services	45,877	45,877	-
Supplies and chemicals	8,500	23,975	(15,475)
Utilities	13,550	15,717	(2,167)
Repairs and maintenance	19,500	1,958	17,542
Other	7,853	8,615	(762)
Capital outlay	35,000	-	35,000
Total Operating Expenses	<u>156,905</u>	<u>122,188</u>	<u>34,717</u>
Net Income (Loss) - Non-GAAP Basis Before Capital Contributions	(4,205)	76,063	80,268
Capital Contributions			
Tap Fees	-	-	-
Watershed permits			-
Watershed permit costs			-
Net Income (Loss) - Non-GAAP Basis	<u>\$ (4,205)</u>	<u>76,063</u>	<u>\$ 80,268</u>
Reconciliation to GAAP Basis:			
Capital outlay		-	
Depreciation		(47,149)	
Total GAAP Basis Adjustments		<u>(47,149)</u>	
Net Income - GAAP basis		<u>\$ 28,914</u>	

Town of Collbran, Colorado
Schedule of Revenues and Expenditures
Budget (Non-GAAP Basis) and Actual
With Reconciliation to GAAP Basis
Proprietary Funds - Sewer Fund
For the Year Ended December 31, 2015

	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)
Operating Revenues:			
User charges	\$ 111,180	\$ 107,659	\$ (3,521)
Other revenues	600	2,763	2,163
Total Operating Revenues	<u>111,780</u>	<u>110,422</u>	<u>(1,358)</u>
 Operating Expenses:			
Salaries and benefits	21,060	20,532	528
Professional services	28,420	37,350	(8,930)
Supplies and chemicals	6,000	5,371	629
Utilities	25,400	28,143	(2,743)
Repairs and maintenance	24,000	5,308	18,692
Other	6,900	4,180	2,720
Capital outlay		-	-
Total Operating Expenses	<u>111,780</u>	<u>100,884</u>	<u>10,896</u>
 Net Income (Loss) - Non-GAAP Basis	 -	 9,538	
 Reconciliation to GAAP Basis:			
Capital outlay		-	
Depreciation		(40,310)	
Total GAAP Basis Adjustments		<u>(40,310)</u>	
 Net Income - GAAP Basis		 <u><u>\$ (30,772)</u></u>	