

TOWN OF CENTER, COLORADO


FINANCIAL STATEMENTS

December 31, 2015

TOWN OF CENTER, COLORADO
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Honorable Mayor
and Board of Trustees
Town of Center, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Center, Colorado, as of and for the year ended December 31, 2015, 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, 2015, 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.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | 719-589-5492 | www.wsbcpa.com

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison and pension information on pages 31-35 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's basic financial statements. The Schedule of Expenses and Transfers Out for All Proprietary Funds and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable Mayor and Board of Trustees

Town of Center

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.

Alamosa, Colorado

September 22, 2016

TOWN OF CENTER, COLORADO
BASIC FINANCIAL STATEMENTS

TOWN OF CENTER, COLORADO

STATEMENT OF NET POSITION

December 31, 2015

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 426,589	\$ 3,558,425	\$ 3,985,014
Accounts Receivable	82,279	334,279	416,558
Due from Other Governments	141,652	-	141,652
Property Taxes Receivable	176,888	-	176,888
Internal Balances	(86,484)	86,484	-
Inventories	9,404	321,153	330,557
Total Current Assets	750,328	4,300,341	5,050,669
Noncurrent Assets			
Land	3,750	178,732	182,482
Construction in Progress	285,783	39,366	325,149
Water Rights	-	74,500	74,500
Buildings and Improvements	38,802	311,156	349,958
Infrastructure	83,955	-	83,955
Plant, Property, and Equipment	381,234	951,383	1,332,617
Enterprise System	-	2,767,408	2,767,408
Less: Accumulated Depreciation	(192,807)	(3,026,383)	(3,219,190)
Net Pension Asset	51,885	-	51,885
Total Capital Assets	652,602	1,296,162	1,948,764
TOTAL ASSETS	1,402,930	5,596,503	6,999,433
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	23,057	-	23,057
LIABILITIES			
Current Liabilities			
Accounts Payable	131,747	175,595	307,342
Due to Other Governments	78,894	77,501	156,395
Unearned Revenue	-	77,232	77,232
Compensated Absences	2,937	-	2,937
Notes Payable	16,357	36,767	53,124
Customer Deposits	9,637	75,189	84,826
Total Current Liabilities	239,572	442,284	681,856
Long-Term Liabilities			
Compensated Absences	16,501	20,921	37,422
Notes Payable	27,407	1,047,850	1,075,257
Total Long-Term Liabilities	43,908	1,068,771	1,112,679
TOTAL LIABILITIES	283,480	1,511,055	1,794,535
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Tax	176,888	-	176,888
Pensions	1,069	-	1,069
Total Deferred Inflows of Resources	177,957	-	177,957
NET POSITION			
Net Investment in Capital Assets	608,838	1,296,162	1,905,000
Restricted for:			
TABOR	30,500	-	30,500
Unrestricted	325,212	2,789,286	3,114,498
TOTAL NET POSITION	\$ 964,550	\$ 4,085,448	\$ 5,049,998

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Functions/Programs Primary Government	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services		Operating Grants & Contributions		Capital Grants & Contributions	
			Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	TOTAL
General Government	\$ 404,260	\$ 765,608	\$ -	\$ -	\$ 361,348	\$ -	\$ 361,348
Public Safety	486,114	22,470	35,023	-	(428,621)	-	(428,621)
Municipal Court	26,387	4,089	-	-	(22,298)	-	(22,298)
Building and Planning	6,810	5,353	-	-	(1,457)	-	(1,457)
Sanitation	5,762	-	-	-	(5,762)	-	(5,762)
Streets and Parks	262,472	-	21,303	108,307	(132,862)	-	(132,862)
Health and Welfare	158,725	161,916	-	-	3,191	-	3,191
Highway and Streets	50,132	-	-	-	(50,132)	-	(50,132)
Total Governmental Activities	1,400,662	959,436	56,326	108,307	(276,593)	-	(276,593)
Business-Type Activities							
Light and power	1,800,927	1,873,280	-	-	-	72,353	72,353
Gas	1,005,595	1,211,225	-	-	-	205,630	205,630
Water	300,748	378,764	-	-	-	78,016	78,016
Total Business-Type Activities	3,107,270	3,463,269	-	-	-	355,999	355,999
Total Primary Government	\$ 4,507,932	\$ 4,422,705	\$ 56,326	\$ 108,307	(276,593)	355,999	79,406
General Revenues:							
Taxes:							
General Property Taxes - Net					189,735	-	189,735
Sales Taxes					248,498	-	248,498
Highway Users Tax					66,719	-	66,719
Other Taxes					67,632	-	67,632
Interest on Investments					2,322	1,468	3,790
Miscellaneous					8,543	-	8,543
Total General Revenues					583,449	1,468	584,917
Change in Net Position					306,856	357,467	664,323
Net Position at Beginning of Year, as Previously Stated					597,572	3,727,981	4,325,553
Change in Accounting Principle					60,122	-	60,122
Net Position at Beginning of Year, Restated					657,694	3,727,981	4,385,675
Net Position at End of Year					\$ 964,550	\$ 4,085,448	\$ 5,049,998

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015

	<u>GENERAL FUND</u>	<u>STREET IMPROVEMENT FUND</u>	<u>CONSERVATION TRUST FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Cash Equivalents	\$ (7,851)	\$ 434,440	\$ -	\$ 426,589
Accounts Receivable	82,279	-	-	82,279
Due from Other Governments	127,439	14,213	-	141,652
Due from Other Funds	3,427	-	-	3,427
Property Taxes Receivable	176,888	-	-	176,888
Inventory	9,404	-	-	9,404
TOTAL ASSETS	<u>\$ 391,586</u>	<u>\$ 448,653</u>	<u>\$ -</u>	<u>\$ 840,239</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 131,747	\$ -	\$ -	\$ 131,747
Due to Other Governments	78,894	-	-	78,894
Due to Other Funds	89,911	-	-	89,911
Customer Deposits	9,637	-	-	9,637
TOTAL LIABILITIES	<u>310,189</u>	<u>-</u>	<u>-</u>	<u>310,189</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Property Tax	176,888	-	-	176,888
FUND BALANCE				
Nonspendable				
Inventory	9,404	-	-	9,404
Restricted				
TABOR Amendment Reserve	30,500	-	-	30,500
Committed				
Capital Projects	-	448,653	-	448,653
Unassigned	(135,395)	-	-	(135,395)
TOTAL FUND BALANCE	<u>(95,491)</u>	<u>448,653</u>	<u>-</u>	<u>353,162</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 391,586</u>	<u>\$ 448,653</u>	<u>\$ -</u>	<u>\$ 840,239</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2015

Total Governmental Fund Balances	\$ 353,162
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.	600,717
Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the governmental funds, but must be deferred in the statement of net position.	23,057
Net pension assets (liabilities) are not due and payable in the current period and are not reported in the funds.	51,885
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.	(1,069)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Capital Leases Payable	\$ (43,764)
Compensated Absences	(19,438)
	(63,202)
Net Position of Governmental Activities	<u>\$ 964,550</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	GENERAL FUND	STREET IMPROVEMENT FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 382,761	\$ 123,104	\$ -	\$ 505,865
Licenses and Permits	5,353	-	-	5,353
Intergovernmental Revenue	210,049	-	21,303	231,352
Charges for Services	954,083	-	-	954,083
Interest on Accounts	2,041	281	-	2,322
Miscellaneous Revenue	8,365	-	178	8,543
TOTAL REVENUES	1,562,652	123,385	21,481	1,707,518
EXPENDITURES				
General Government	384,260	-	-	384,260
Public Safety	476,359	-	-	476,359
Municipal Court	26,387	-	-	26,387
Building and Planning	6,810	-	-	6,810
Sanitation	5,762	-	-	5,762
Streets and Parks	173,814	-	-	173,814
Health and Welfare	158,725	-	-	158,725
Highway and Streets	-	50,132	-	50,132
Capital Outlay	284,425	-	156,529	440,954
Debt Service	16,357	-	-	16,357
TOTAL EXPENDITURES	1,532,899	50,132	156,529	1,739,560
Excess (Deficiency) of Revenues Over Expenditures	29,753	73,253	(135,048)	(32,042)
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	60,121	-	-	60,121
TOTAL OTHER FINANCING SOURCES (USES)	60,121	-	-	60,121
Net Change in Fund Balance	89,874	73,253	(135,048)	28,079
Fund Balance at Beginning of Year	(185,365)	375,400	135,048	325,083
Fund Balance at End of Year	\$ (95,491)	\$ 448,653	\$ -	\$ 353,162

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 28,079

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

Governmental funds report capital outlay 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 outlay exceeded depreciation in the current period.

Capital asset additions	\$	366,979	
Capital asset deletions net of accumulated depreciation		(3,600)	
Depreciation expense		<u>(50,850)</u>	
			312,529

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

Capital lease proceeds		(60,121)	
Capital lease payments		16,357	
Change in compensated absences		<u>(3,739)</u>	
			(47,503)

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension expense.

13,751

Change in Net Position of Governmental Funds **\$ 306,856**

TOWN OF CENTER, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2015

	<u>LIGHT AND POWER FUND</u>	<u>NATURAL GAS FUND</u>	<u>WATER FUND</u>	<u>TOTAL</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 1,222,999	\$ 1,087,772	\$ 1,247,654	\$ 3,558,425
Accounts Receivable	179,691	123,000	31,588	334,279
Due from Other Funds	149,212	-	-	149,212
Inventories	224,324	14,605	82,224	321,153
Total Current Assets	<u>1,776,226</u>	<u>1,225,377</u>	<u>1,361,466</u>	<u>4,363,069</u>
Capital Assets				
Land and Improvements	106,032	5,750	66,950	178,732
Construction in Progress	-	-	39,366	39,366
Intangible and Water Rights	-	-	74,500	74,500
Buildings	65,400	105,690	140,066	311,156
Enterprise System Assets	1,727,865	394,994	644,549	2,767,408
Equipment and Furniture	738,243	150,606	62,534	951,383
Less Accumulated Depreciation	(2,039,842)	(445,546)	(540,995)	(3,026,383)
Total Capital Assets	<u>597,698</u>	<u>211,494</u>	<u>486,970</u>	<u>1,296,162</u>
TOTAL ASSETS	<u>2,373,924</u>	<u>1,436,871</u>	<u>1,848,436</u>	<u>5,659,231</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	101,853	67,942	5,800	175,595
Customer Deposits	29,648	39,712	5,829	75,189
Due to Other Funds	1,173	35,949	25,606	62,728
Unearned Revenue	18,866	58,366	-	77,232
Due to Other Governments	39,734	37,767	-	77,501
Note Payable	-	-	36,767	36,767
Total Current Liabilities	<u>191,274</u>	<u>239,736</u>	<u>74,002</u>	<u>505,012</u>
Noncurrent Liabilities				
Compensated Absences	7,982	8,658	4,281	20,921
Note Payable	-	-	1,047,850	1,047,850
Total Noncurrent Liabilities	<u>7,982</u>	<u>8,658</u>	<u>1,052,131</u>	<u>1,068,771</u>
TOTAL LIABILITIES	<u>199,256</u>	<u>248,394</u>	<u>1,126,133</u>	<u>1,573,783</u>
NET POSITION				
Net Investment in Capital Assets	597,698	211,494	486,970	1,296,162
Unrestricted	1,576,970	976,983	235,333	2,789,286
TOTAL NET POSITION	<u>\$ 2,174,668</u>	<u>\$ 1,188,477</u>	<u>\$ 722,303</u>	<u>\$ 4,085,448</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	LIGHT AND POWER FUND	NATURAL GAS FUND	WATER FUND	TOTAL
OPERATING REVENUES				
Charges for Services				
Utility Sales	\$ 1,857,494	\$ 1,210,693	\$ 377,893	\$ 3,446,080
Labor and Service Charges	13,942	317	871	15,130
Miscellaneous Revenue	1,844	215	-	2,059
Total Operating Revenues	1,873,280	1,211,225	378,764	3,463,269
OPERATING EXPENSES				
Salaries	118,915	132,498	91,126	342,539
FICA/Medicare	8,779	10,133	6,971	25,883
Employee Benefits	20,884	29,215	21,737	71,836
Electricity Purchase	1,087,929	-	-	1,087,929
Gas Purchase	-	581,497	-	581,497
Training	2,400	278	480	3,158
Repairs and Maintenance	35,380	13	16,126	51,519
Meter Replacement	-	1,790	-	1,790
Professional Fees	52,185	17,819	40,228	110,232
Fuel and oil	3,330	2,262	1,511	7,103
Supplies and Equipment	23,772	15,206	9,033	48,011
Depreciation	44,504	11,517	11,881	67,902
Administration Fees	372,000	202,000	97,000	671,000
Miscellaneous	8,111	1,367	4,655	14,133
Total Operating Expenses	1,778,189	1,005,595	300,748	3,084,532
Operating Income (Loss)	95,091	205,630	78,016	378,737
NON-OPERATING REVENUES (EXPENSES)				
Interest on Accounts	759	560	149	1,468
Loss on Sale of Assets	(22,738)	-	-	(22,738)
Total Non-operating Revenues (Expenses)	(21,979)	560	149	(21,270)
Change in Net Position	73,112	206,190	78,165	357,467
Net Position Beginning of Year	2,101,556	982,287	644,138	3,727,981
Net Position End of Year	\$ 2,174,668	\$ 1,188,477	\$ 722,303	\$ 4,085,448

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	<u>LIGHT AND POWER FUND</u>	<u>NATURAL GAS FUND</u>	<u>WATER FUND</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 1,803,901	\$ 1,373,989	\$ 417,316	\$ 3,595,206
Cash Payments to Suppliers for Goods and Services	(1,659,798)	(910,015)	(232,544)	(2,802,357)
Cash Payments to Employees	(118,915)	(132,498)	(91,126)	(342,539)
Cash Payments for Employee Benefits and Taxes	(29,664)	(39,348)	(28,708)	(97,720)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(4,476)</u>	<u>292,128</u>	<u>64,938</u>	<u>352,590</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES				
	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Customer Deposits	(8,647)	(10,130)	(664)	(19,441)
Loan Proceeds	-	-	1,103,000	1,103,000
Principal Payments on Debt	-	-	(18,383)	(18,383)
Purchase of Fixed Assets	-	-	(39,366)	(39,366)
Proceeds from Sale of Fixed Assets	90,000	-	-	90,000
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>81,353</u>	<u>(10,130)</u>	<u>1,044,587</u>	<u>1,115,810</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Income	759	560	149	1,468
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>759</u>	<u>560</u>	<u>149</u>	<u>1,468</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	77,636	282,558	1,109,674	1,469,868
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,145,363</u>	<u>805,214</u>	<u>137,980</u>	<u>2,088,557</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,222,999</u>	<u>\$ 1,087,772</u>	<u>\$ 1,247,654</u>	<u>\$ 3,558,425</u>
OPERATING INCOME (LOSS)				
	\$ 95,091	\$ 205,630	\$ 78,016	\$ 378,737
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation expense	44,504	11,517	11,881	67,902
Change in Assets and Liabilities				
(Increase) decrease in accounts receivable	1,853	48,421	7,688	57,962
(Increase) decrease in due from/to other funds	(136,724)	111,616	37,478	12,370
(Increase) decrease in inventory	-	-	(68,390)	(68,390)
Increase (decrease) in accounts payable	(31,013)	(133,478)	(1,735)	(166,226)
Increase (decrease) in compensated absences	(1)	-	-	(1)
Increase (decrease) in due to other governments	26,718	9,746	-	36,464
Increase (decrease) in unearned revenue	(4,904)	38,676	-	33,772
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (4,476)</u>	<u>\$ 292,128</u>	<u>\$ 64,938</u>	<u>\$ 352,590</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of Center, (the Town), reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

The Town of Center was incorporated in 1906. A Board of Trustees, consisting of six elected Board members and an elected mayor, governs the Town. As required by accounting principles generally accepted in the United States of America (US GAAP), these financial statements present the activities of the Town, which is legally separate and financially independent of other state and local governments. The Town provides numerous services to all Town residents including, but not limited to, general government, road maintenance, police protection, utility services, and parks and recreation.

Component Units

The Town's combined financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Town holds the corporate powers of the organization
- The Town appoints a voting majority of the organization's board
- The Town is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Town
- There is fiscal dependency by the organization on the Town
- The organization is financially accountable to the Town
- The organization receives or holds funds that are for the benefit of the Town; and the Town has access to a majority of the funds held; and the funds that are accessible are also significant to the Town

Based on the aforementioned criteria, the Town does not have any component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include a statement of net position and a statement of activities. Government-wide statements report information on all of the activities of the Town. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- 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 in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary 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 are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and use taxes, other taxes, charges for services, intergovernmental revenues, and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

- The *General Fund* is the general operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Street Improvement Fund* is used to account for street improvement costs and is funded by a sales tax of one percent.
- The *Conservation Trust Fund* is used to account for the Town share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks, and other public recreational facilities.

The Town reports the following major enterprise funds:

- The *Light and Power Fund* is used to account for user charges and expenses for operating, financing, and maintaining the Town's light and power system.
- The *Natural Gas Fund* is used to account for user charges and expenses for operating, financing, and maintaining the Town's natural gas system.
- The *Water Fund* is used to account for user charges and expenses for operating, financing, and maintaining the Town's water system.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a

TOWN OF CENTER, COLORADO
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proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Investments

The Town's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with maturity of three months or less from the date of acquisition. All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The Town's property taxes are collected by the County Treasurer who remits monthly receipts to the Town. Property tax revenue is recognized when received by the County Treasurer.

The 2015 property tax levy due January 1, 2016, has been recorded in the financial statements as a receivable and corresponding deferred inflows of resources in the financial statements.

Receivables/Payables From Other Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

Inventory

Inventories held by all funds except the General Fund public works department, Light and Power, Natural Gas, and Water funds have been recorded as expenditures at the time of purchase. General Fund, Light and Power, Natural Gas, and Water fund inventories are stated at market value at December 31, 2015, as management was unable to determine approximate cost.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Capital Assets

Capital assets, which include land, buildings and improvements, infrastructure, equipment, vehicles, and construction in progress, are reported in the applicable governmental activities columns in the Government-wide Financial Statements. The Town defines capital assets as assets with an initial, individual cost of more than \$1,000 and life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Capital assets are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	5-60
Equipment	5-10
Plant	60
Infrastructure	10
Vehicles	5-10

GASB No. 34 requires the Town to report and depreciate new infrastructure assets. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

Compensated absences

Personal time off is granted to full-time employees only and accrual rates are dependent on years of employment and exempt status. Employees may not carry-over more than 360 hours on December 31st of every year. Upon separation from the Town an employee will be paid for all accrued leave, up to the maximum accrual of 360 hours. A liability is recorded for compensated absences in the government-wide and proprietary fund financial statements.

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

Interest Capitalization

Interest costs are capitalized when incurred by proprietary funds and similar component units on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. No interest was capitalized in the current period.

Deferred Inflows

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

Encumbrances

The Town does record purchase orders in the accounting system upon approval of administration. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.

TOWN OF CENTER, COLORADO
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- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported based on the extent to which the Town is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the five categories:

- *Nonspendable* – amounts that cannot be spent because they are not in spendable form- such as inventory and prepaid insurance.
- *Restricted* – amounts with constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – amounts that can only be used for specific purposes as a result of constraints imposed by adopted ordinance of the Board of Trustees, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board of Trustees removed those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Trustees or by an official or body to which the governing body delegates the authority.
- *Unassigned* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and 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 Board of Trustees has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Contracts

The Town contracts with a private carrier for trash removal and sanitation services. The Town bills the individual customers and remits the collections less a billing fee to the carrier.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Changes in Accounting Principle

GASB Statement No. 68

During 2015, the Town adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions- an amendment of GASB Statement No. 27*, (GASB No. 68). It revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The Town provides the police chief and police officers with pension benefits through the State's multiple employer cost-sharing Fire and Police Pension Association (FPPA) defined benefit retirement program.

GASB No. 68 requires cost-sharing employers participating in the FPPA program, such as the Town, to record their proportionate share, as defined in GASB No. 68, of FPPA's net pension asset, which positively impacted the Town's beginning net position by \$43,582. The net pension asset recorded as of December 31, 2015 was \$51,885. Information regarding FPPA's current funding status can be found in its Comprehensive Annual Financial Report.

GASB Statement No. 71

The Town has implemented GASB Statement No. 71, *Pension Transition for contributions Made Subsequent to the Measurement Date*, by recognizing contributions from the plan's measurement date to the Town's fiscal year end. The Town's beginning net position was increased by \$16,540 to reflect contributions made during 2014 as a deferred outflow of resources.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

- Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 15 of each year.
- Publication of a notice stating that the budget is available for public inspection.
- Discussion of the budget in a meeting open to the public.
- Adoption of the budget in a public meeting by appropriate resolution, no later than December 31.
- Ordinance to adopt supplemental appropriations.

Formal budgetary integration is employed as a management control device for all funds of the Town. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

TOWN OF CENTER, COLORADO
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Stewardship

Expenditures in the following funds exceeded appropriations during 2015. This may be a violation of Colorado Revised Statutes 29-1-110.

General Fund	\$ 40,453
Conservation Trust Fund	\$ 131,529

The General Fund has a negative fund balance of \$95,491 as of December 31, 2015. This may be a violation of Colorado Revised Statutes.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of Cash and Investments for the Town are as follows:

Cash deposited with Banks	\$ 2,597,617
Cash held in Trust	1,103,000
Investments - ColoTrust	<u>284,397</u>
 Total cash, deposits, and investments on the Statement of Net Position	 <u><u>\$ 3,985,014</u></u>

CASH AND DEPOSITS

Colorado State Statutes govern the Town's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds 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 102% of the aggregate uninsured deposits. All deposits in 2015 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. At December 31, 2015, \$2,376,443 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

INVESTMENTS

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. They 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

TOWN OF CENTER, COLORADO
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- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

Credit Risk

The Town does not have a formal investment policy, they refer to Colorado State Statutes for investment guidance, that calls for diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. As of December 31, 2015, the local government investment pools (ColoTrust) in which the Town had invested was rated AAAM by Standard & Poor's.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates. The Town has no investments with maturities past five years.

The Colorado Government Liquid Asset Trust (ColoTrust) is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. ColoTrust operates in a manner similar to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool 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 pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes.

Investments in local government investment pools or money market funds are not categorized as to risk because they are not evidenced by securities that exist in physical or book entry form.

NOTE 4 ACCOUNTS RECEIVABLE

At December 31, 2015, the Town had accounts receivable as follows:

General Fund	\$ 82,279
Light & Power Fund (net of allowance for uncollectible accounts of \$16,814)	179,691
Gas Fund (net of allowance for uncollectible accounts of \$1,604)	123,000
Water Fund (net of allowance for uncollectible accounts of \$6,070)	31,588
Total	\$ 416,558

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

As of December 31, 2015, the Town had \$141,652 due from federal, state, and local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables/Payables

The Town reports interfund balances between many of its funds. The balances result from the time lapse between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are reported in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at December 31, 2015, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Light and Power Fund	\$ 1,173
	Gas Fund	1,192
	Water Fund	1,062
		<u>3,427</u>
Light & Power Fund	General Fund	89,911
	Gas Fund	34,757
	Water Fund	24,544
		<u>149,212</u>
Total		<u>\$ 152,639</u>

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 7 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
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land and Land Improvements	\$ 3,750	\$ -	\$ -	\$ 3,750
Construction in Progress	-	285,783	-	285,783
Total capital assets not being depreciated	3,750	285,783	-	289,533
Capital assets being depreciated				
Buildings and Improvements	38,802	-	-	38,802
Property, Plant & Equipment	306,038	81,196	6,000	381,234
Infrastructure	83,955	-	-	83,955
Total capital assets being depreciated	428,795	81,196	6,000	503,991
Less: Accumulated Depreciation	144,357	50,850	2,400	192,807
Total capital assets being depreciated, net	284,438	30,346	3,600	311,184
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 288,188</u>	<u>\$ 316,129</u>	<u>\$ 3,600</u>	<u>\$ 600,717</u>

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015
<i>Business-type Activities:</i>				
Capital assets not being depreciated				
Land and Land Improvements	\$ 186,828	\$ -	\$ 8,096	\$ 178,732
Water Rights	74,500	-	-	74,500
Construction in Progress	-	39,366	-	39,366
Total capital assets not being depreciated	261,328	39,366	8,096	292,598
Capital assets being depreciated				
Buildings	430,873	-	119,717	311,156
Enterprise System	2,767,408	-	-	2,767,408
Equipment and Furniture	951,383	-	-	951,383
Total capital assets being depreciated	4,149,664	-	119,717	4,029,947
Less: Accumulated Depreciation	2,973,556	67,902	15,076	3,026,382
Total capital assets being depreciated, net	1,176,108	(67,902)	104,641	1,003,565
<i>Business-type Activities Capital Assets, Net</i>	\$ 1,437,436	\$ (28,536)	\$ 112,737	\$ 1,296,163

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

<i>Governmental Activities</i>	
General Government	\$ 16,261
Streets and Parks	19,906
Public Safety	14,683
Total depreciation expense – governmental activities	\$ 50,850
<i>Business-type Activities</i>	
Light & Power Services	\$ 44,504
Natural Gas Services	11,517
Water Services	11,881
Total depreciation expense – business-type activities	\$ 67,902

TOWN OF CENTER, COLORADO
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NOTE 8 LONG-TERM DEBT

Changes in Long-term Debt

	Balance 12/31/2014	Additions	Deletions	Balance 12/31/2015	Due Within One Year
<i>Governmental Activities:</i>					
Lease Purchase Agreement	\$ -	\$ 60,121	\$ 16,357	\$ 43,764	\$ 13,754
Compensated Absences	15,699	3,739	-	19,438	2,937
Total Governmental Activities	<u>\$ 15,699</u>	<u>\$ 63,860</u>	<u>\$ 16,357</u>	<u>\$ 63,202</u>	<u>\$ 16,691</u>
<i>Business-type Activities:</i>					
Notes Payable	\$ -	\$ 1,103,000	\$ 18,383	\$ 1,084,617	\$ 36,767
Compensated Absences	20,922	-	1	20,921	-
Total Business-type Activities	<u>\$ 20,922</u>	<u>\$ 1,103,000</u>	<u>\$ 18,384</u>	<u>\$ 1,105,538</u>	<u>\$ 36,767</u>

GOVERNMENTAL ACTIVITIES

Lease Purchase Agreement

A lease purchase agreement, dated May 15, 2015, was entered into with Ford Motor Credit Company LLC, as lessor, and Town of Center (the Town), as lessee, for the purchase of two police cars. Payments are due in annual installments of \$16,358, which includes interest at a rate of 5.95%. Final payment is due May 2018. Payments were made from the General Fund. The vehicles are included in capital assets at a cost of \$59,696 with accumulated depreciation of \$5,970.

	Principal	Interest	Total
2016	\$ 13,754	\$ 2,604	\$ 16,358
2017	14,572	1,786	16,358
2018	15,438	919	16,357
	<u>\$ 43,764</u>	<u>\$ 5,309</u>	<u>\$ 49,073</u>

BUSINESS-TYPE ACTIVITIES

Note Payable

Series 2015 Bond dated January 27, 2015, payable to Colorado Water Resources and Power Development Authority for the purpose of constructing a new water storage tank with the maximum principal amount \$1,103,000 with an interest rate of 0%. Payments will be made semiannually over a 30 year period and the final payment is due in 2045. As of December 31, 2015, \$0 has been advanced on the loan; funds have been recorded as cash held in trust as they are available and repayment of funds began in 2015.

As of December 31, 2015, the Town is in compliance with the rate covenant requirements applicable to the Colorado Resource and Power Development Authority loan agreements.

TOWN OF CENTER, COLORADO
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The annual debt service for the note payable is as follows:

	Principal	Interest	Total
2016	\$ 36,767	\$ -	\$ 36,767
2017	36,767	-	36,767
2018	36,767	-	36,767
2019	36,767	-	36,767
2020	36,767	-	36,767
2021-2025	183,833	-	183,833
2026-2030	183,833	-	183,833
2031-2035	183,833	-	183,833
2036-2040	183,833	-	183,833
2041-2045	165,450	-	165,450
	<u>\$ 1,084,617</u>	<u>\$ -</u>	<u>\$ 1,084,617</u>

NOTE 9 PENSION PLANS

Defined Contribution Plan

The Town offers a SIMPLE IRA defined contribution plan through Invesco. This plan is available to all eligible full-time employees after six months of employment, except sworn police officers. The Town will contribute a matching contribution to each eligible employee equal to the employee's contributions up to a limit of 3%. The employees become 100% vested in the Town's contribution once they are eligible to contribute to the plan. Plan provisions and contribution requirements are established and may be amended by the Board of Trustees.

For the year ended December 31, 2015, total employee contributions to the Plan were \$14,577 and matching Town contributions totaled \$10,731.

Police Pension

General Information about the Fire and Police Statewide Defined Benefit Plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2014 has 212 participating employer fire and police departments.

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

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

Benefits provided. The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service

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

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

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

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

Contributions to the Plan from the Town were \$16,727 for the year ended December 31, 2015.

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

At December 31, 2015, the Town reported an asset of \$51,885 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2014, the Town's proportion was 0.046 percent, which was a decrease of 0.0028 from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Town reduced pension expense by \$13,751. At December 31, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (1,069)
Net difference between projected and actual earnings on pension plan investments	4,091	-
Changes in proportion	2,238	-
Contributions subsequent to the measurement date	16,728	-
Total	\$ 23,057	\$ (1,069)

\$16,728 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension liability (asset) in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2016	\$ 1,145
2017	1,145
2018	1,145
2019	1,145
2020	123
Thereafter	557
	\$ 5,260

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Long-term Investment Rate of Return	7.5%, compounded annually net of operating expenses, and including inflation
Projected Salary Increases	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.0%
Inflation	3.0%

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2007–December 31, 2011. As a result of the 2011 actuarial experience study, the main actuarial factor changes were:

- Reduced the inflation assumption from 3.5 percent to 3.0 percent.
- Reduced the normal investment return assumption from 8.0 percent to 7.5 percent.
- Revised the post-retirement mortality tables to reflect increased longevity.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	40.0%	8.9%
Equity Long/Short	10.0%	7.5%
Illiquid Alternatives	18.0%	10.5%
Fixed Income	15.0%	4.6%
Absolute Return	12.0%	6.5%
Managed Futures	4.0%	5.5%
Cash	1.0%	2.5%
Total	<u>100.0%</u>	

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, 2014 are summarized in the above table.

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

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

1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
<u>\$ 48,918</u>	<u>\$ (51,885)</u>	<u>\$ (135,968)</u>

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

NOTE 10 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment.

TOWN OF CENTER, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2015

On April 4, 2000, the voters of Center passed a ballot issue to permit the Town of Center "in 1999 and each subsequent year thereafter, to retain and spend Town revenues in excess of the spending, revenue raising, or other limits in Article X, Section 20, of the Colorado constitution, utilizing such revenues for public safety, municipal services, transportation and other public improvements, park and recreational facilities, and any other lawful purpose as voter-approved revenue change."

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3 percent of fiscal year spending in 1995 and thereafter. This Emergency Reserve has been presented as a reservation of fund balance in the General Fund. The entity is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Lawsuits

The Town is party to various legal actions normally associated with governmental activities, aggregate effect which, in management's and legal counsel's opinion, would not be material to the financial statements.

TOWN OF CENTER, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the Town's major special revenue funds.

TOWN OF CENTER, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 400,178	\$ 400,178	\$ 382,761	\$ (17,417)
Licenses and Permits	4,700	4,700	5,353	653
Intergovernmental Revenue	310,000	310,000	210,049	(99,951)
Charges for Services	898,720	898,720	954,083	55,363
Interest on Accounts	450	450	2,041	1,591
Miscellaneous Revenue	46,000	46,000	8,365	(37,635)
TOTAL REVENUE	<u>1,660,048</u>	<u>1,660,048</u>	<u>1,562,652</u>	<u>(97,396)</u>
EXPENDITURES				
General Government	472,900	472,900	384,260	88,640
Public Safety	486,800	486,800	476,359	10,441
Municipal Court	23,400	23,400	26,387	(2,987)
Building and Planning	12,975	12,975	6,810	6,165
Sanitation	-	-	5,762	(5,762)
Streets and Parks	88,121	88,121	173,814	(85,693)
Sanitation Contractual	154,000	154,000	158,725	(4,725)
Capital Outlay	247,500	247,500	284,425	(36,925)
Debt Service	6,750	6,750	16,357	(9,607)
TOTAL EXPENDITURES	<u>1,492,446</u>	<u>1,492,446</u>	<u>1,532,899</u>	<u>(40,453)</u>
Excess (Deficiency) of Revenues Over Expenditures	167,602	167,602	29,753	(137,849)
OTHER FINANCING SOURCES (USES)				
Debt Proceeds	-	-	60,121	60,121
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>60,121</u>	<u>60,121</u>
Net Change in Fund Balance	167,602	167,602	89,874	(77,728)
Fund Balance at Beginning of Year	<u>71,266</u>	<u>71,266</u>	<u>(185,365)</u>	<u>(256,631)</u>
Fund Balance at End of Year	<u>\$ 238,868</u>	<u>\$ 238,868</u>	<u>\$ (95,491)</u>	<u>\$ (394,480)</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
The schedule is presented on the GAAP basis.

TOWN OF CENTER, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
STREET IMPROVEMENT FUND
For the Year Ended December 31, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Sales Tax	\$ 157,000	\$ 157,000	\$ 123,104	\$ (33,896)
Interest Income	300	300	281	(19)
TOTAL REVENUES	<u>157,300</u>	<u>157,300</u>	<u>123,385</u>	<u>\$ (33,915)</u>
EXPENDITURES				
Highway and Streets	126,341	126,341	50,132	76,209
Capital Outlay	6,000	6,000	-	6,000
TOTAL EXPENDITURES	<u>132,341</u>	<u>132,341</u>	<u>50,132</u>	<u>82,209</u>
Net Change in Fund Balance	24,959	24,959	73,253	48,294
Fund Balance at Beginning of Year	376,185	376,185	375,400	(785)
Fund Balance at End of Year	<u>\$ 401,144</u>	<u>\$ 401,144</u>	<u>\$ 448,653</u>	<u>\$ 47,509</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

The schedule is presented on the GAAP basis.

TOWN OF CENTER, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Year Ended December 31, 2015

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Lottery Proceeds	\$ 23,750	\$ 23,750	\$ 21,303	\$ (2,447)
Miscellaneous Revenue	1,500	1,500	178	(1,322)
TOTAL REVENUES	<u>25,250</u>	<u>25,250</u>	<u>21,481</u>	<u>(3,769)</u>
EXPENDITURES				
Capital Outlay	25,000	25,000	156,529	(131,529)
TOTAL EXPENDITURES	<u>25,000</u>	<u>25,000</u>	<u>156,529</u>	<u>(131,529)</u>
Net Change in Fund Balance	250	250	(135,048)	(135,298)
Fund Balance at Beginning of Year	<u>136,250</u>	<u>136,250</u>	<u>135,048</u>	<u>(1,202)</u>
Fund Balance at End of Year	<u>\$ 136,500</u>	<u>\$ 136,500</u>	<u>\$ -</u>	<u>\$ (136,500)</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

The schedule is presented on the GAAP basis.

TOWN OF CENTER, COLORADO
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION ASSET
FPPA SWDB PENSION PLAN
For the Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Town's proportion of the net pension liability (asset)	0.0459739921%	0.0487393230%
Town's proportionate share of the net pension liability (asset)	\$ (51,885)	\$ (43,582)
Town's covered-employee payroll	\$ 216,442	\$ 211,568
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-24%	-21%
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%

*The amounts presented were determined as of the calendar year-end.

**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 presents information for those years for which information is available.

Notes to Required Supplementary Information:

There have not been any changes to benefit terms.

There have not been any changes in assumptions.

TOWN OF CENTER, COLORADO
SCHEDULE OF TOWN CONTRIBUTIONS
FPPA SWDB PENSION PLAN
For the Year Ended December 31, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 17,315	\$ 16,540	\$ 16,936
Contributions in relation to the contractually required contribution	<u>(17,315)</u>	<u>(16,540)</u>	<u>(16,936)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	216,442	211,568	211,695
Contributions as a percentage of covered-employee payroll	8.00%	7.82%	8.00%

** 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 presents information for those years for which information is available.

Notes to Required Supplementary Information:

There have not been any changes to benefit terms.

There have not been any changes in assumptions.

TOWN OF CENTER, COLORADO
SUPPLEMENTARY INFORMATION

TOWN OF CENTER, COLORADO
SCHEDULE OF EXPENSES AND TRANSFERS OUT
ALL PROPRIETARY FUNDS
BUDGET AND ACTUAL

For the Year Ended December 31, 2015

	BUDGETED AMOUNTS		EXPENDITURES REPORTED ON THE GAAP BASIS		ADJUSTMENTS TO BUDGETARY BASIS		EXPENDITURES ON THE BUDGETARY BASIS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	
	ORIGINAL	FINAL								
Proprietary Funds										
Enterprise Funds										
Light and Power Fund	\$ 2,037,200	\$ 2,037,200	\$ 1,800,927	\$ (44,504)	\$ 1,756,423	\$ 280,777				
Natural Gas Fund	1,089,550	1,089,550	1,005,595	(11,517)	994,078	95,472				
Water Fund	2,049,401	2,049,401	300,748	27,485	328,233	1,721,168				
Total Enterprise Funds	\$ 5,176,151	\$ 5,176,151	\$ 3,107,270	\$ (28,536)	\$ 3,078,734	\$ 2,097,417				

Adjustments to budgetary basis include costs of capitalized assets and depreciation expense.

LOCAL HIGHWAY FINANCE REPORT

City or County:
Town of Center
YEAR ENDING :
December 2015

This Information From The Records Of:
Town of Center

Prepared By: Joan Mobley
Phone: 719-754-3497

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	50,132
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	152,705	c. Other	
4. Miscellaneous local receipts (from page 2)	281	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	50,837
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	45,483
a. Bonds - Original Issues		6. Total (1 through 5)	146,452
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	152,986	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	66,719	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	219,705	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	146,452

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	375,400	219,705	146,452	448,653	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2015

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	29,601	a. Interest on investments	281
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	123,104	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	0	g. Other Misc. Receipts	0
6. Total (1. through 5.)	123,104	h. Other	0
c. Total (a. + b.)	152,705	i. Total (a. through h.)	281
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	66,719	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	66,719	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: