

TOWN OF BUENA VISTA, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2015

DRAFT AT 6-23-2016 SUBJECT TO CHANGE

**TOWN OF BUENA VISTA, COLORADO
DIRECTORY OF OFFICIALS
December 31, 2015**

Joel Benson, Mayor
Duff Lacy, Mayor Pro Tem

Keith Baker, Trustee
Carrie Carey, Trustee
Eric Gibb, Trustee
Phillip Puckett, Trustee
David Volpe, Trustee

Key Employees

Brandy Reitter, Town Administrator
Mary Jo Bennetts, Town Clerk
Michael J. Hickman, Town Treasurer/Finance Director
Jeff Parker, Town Attorney

DRAFT AT 6-23-2016 SUBJECT TO CHANGE

TOWN OF BUENA VISTA, COLORADO
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December 31, 2015

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FINANCIAL SECTION

DRAFT AT 6-23-2016 SUBJECT TO CHANGE

HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

3082 Evergreen Parkway, Suite 2
Evergreen, CO 80439
(303) 694-2727

Independent Auditors' Report

Town Council
Town of Buena Vista
Buena Vista, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Buena Vista, 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.

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, and each major fund of the Town of Buena Vista, Colorado, 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.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I-VIII, budgetary comparison information of the General Fund and Conservation Trust Fund, and Pension schedules 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 Buena Vista, Colorado's financial statements as a whole. The Capital Improvement Fund, Water Fund and Airport fund budgetary comparison schedules and the Local Highway Finance Report are supplementary information for purposes of additional analysis and are not a required part of the financial statements.

The Capital Improvement Fund, Water Fund and Airport fund budgetary comparison schedules 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hamblin and Associates

Evergreen, Colorado
June 5, 2016

BASIC FINANCIAL STATEMENTS

DRAFT AT 6-23-2016 SUBJECT TO CHANGE

TOWN OF BUENA VISTA, COLORADO

STATEMENT OF NET POSITION

December 31, 2015

| | <u>Governmental Activities</u> | <u>Business - Type Activities</u> | <u>Total</u> |
|---|------------------------------------|---|---------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,472,822 | \$ 1,734,310 | \$ 3,207,132 |
| Cash and cash equivalents - restricted | - | 600,945 | 600,945 |
| Investments - restricted | 986,589 | 12,091 | 998,680 |
| Accounts receivable | 39,297 | 250,561 | 289,858 |
| Intergovernmental receivable | 563,163 | - | 563,163 |
| Property taxes receivable | 371,691 | - | 371,691 |
| Prepaid expenses | 38,736 | 175 | 38,911 |
| Net pension asset | 18,963 | - | 18,963 |
| Inventories, net | - | 85,401 | 85,401 |
| Capital assets, net | 8,124,107 | 7,556,640 | 15,680,747 |
| Total Assets | 11,615,368 | 10,240,123 | 21,855,491 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows due to pensions | 51,122 | - | 51,122 |
| LIABILITIES | | | |
| Accounts payable | 96,079 | 123,726 | 219,805 |
| Accrued interest payable | - | 4,611 | 4,611 |
| Accrued compensated absences | 68,098 | 14,031 | 82,129 |
| Deposits/escrow accounts | 162,209 | - | 162,209 |
| Unearned revenue | - | 7,077 | 7,077 |
| Premium on bond payable | 26,358 | - | 26,358 |
| Notes payable - due within one year | 178,188 | 77,240 | 255,428 |
| Notes payable - due in more than one year | 2,551,812 | 172,185 | 2,723,997 |
| Total Liabilities | 3,082,744 | 398,870 | 3,481,614 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - property taxes | 371,691 | - | 371,691 |
| NET POSITION | | | |
| Net investment in capital assets | 5,394,107 | 7,307,215 | 12,701,322 |
| Restricted for emergencies (TABOR) | 93,100 | - | 93,100 |
| Restricted for debt service | 178,188 | 600,945 | 779,133 |
| Unrestricted | 2,546,660 | 1,933,093 | 4,479,753 |
| Total Net Position | \$ 8,212,055 | \$ 9,841,253 | \$ 18,053,308 |

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

TOWN OF BUENA VISTA, COLORADO

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

| FUNCTIONS/PROGRAMS | EXPENSES | PROGRAM REVENUES | | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION | | |
|----------------------------------|---------------------|--------------------------------------|------------------------------------|----------------------------------|---|----------------------------|----------------------|
| | | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS - TYPE ACTIVITIES | TOTAL |
| Governmental Activities | | | | | | | |
| Current: | | | | | | | |
| General government | \$ 1,049,740 | \$ 26,971 | \$ 41,397 | \$ - | \$ (981,372) | \$ - | \$ (981,372) |
| Public safety | 986,234 | 60,760 | - | - | (925,474) | - | (925,474) |
| Community services | 396,034 | - | - | - | (396,034) | - | (396,034) |
| Public works | 769,910 | 64,754 | - | 23,105 | (682,051) | - | (682,051) |
| Culture and recreation | 615,484 | 47,966 | 68,141 | - | (499,377) | - | (499,377) |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>3,817,402</u> | <u>200,451</u> | <u>109,538</u> | <u>23,105</u> | <u>(3,484,308)</u> | <u>-</u> | <u>(3,484,308)</u> |
| Business-Type Activities | | | | | | | |
| Current: | | | | | | | |
| Water operations | 636,536 | 913,944 | 149,013 | - | - | 426,421 | 426,421 |
| Airport operations | 721,464 | 401,274 | 1,323,117 | - | - | 1,002,927 | 1,002,927 |
| TOTAL BUSINESS - TYPE ACTIVITIES | <u>1,358,000</u> | <u>1,315,218</u> | <u>1,472,130</u> | <u>-</u> | <u>-</u> | <u>1,429,348</u> | <u>1,429,348</u> |
| TOTAL GOVERNMENT | <u>\$ 5,175,402</u> | <u>\$ 1,515,669</u> | <u>\$ 1,581,668</u> | <u>\$ 23,105</u> | <u>(3,484,308)</u> | <u>1,429,348</u> | <u>(2,054,960)</u> |
| | | GENERAL REVENUES | | | | | |
| | | Taxes | | | | | |
| | | | | | 347,377 | - | 347,377 |
| | | | | | 38,737 | - | 38,737 |
| | | | | | 2,840,356 | - | 2,840,356 |
| | | | | | 61,355 | - | 61,355 |
| | | | | | 190,280 | 1,868 | 192,148 |
| | | | | | 4,388 | 2,294 | 6,682 |
| | | | | | (350,000) | 350,000 | - |
| | | | | | 72,234 | - | 72,234 |
| | | | | | <u>3,204,727</u> | <u>354,162</u> | <u>3,558,889</u> |
| | | TOTAL GENERAL REVENUES AND TRANSFERS | | | | | |
| | | | | | (279,581) | 1,783,510 | 1,503,929 |
| | | | | | | | |
| | | | | | 8,421,551 | 8,057,743 | 16,479,294 |
| | | | | | | | |
| | | | | | 70,085 | - | 70,085 |
| | | | | | | | |
| | | | | | 8,491,636 | 8,057,743 | 16,549,379 |
| | | | | | | | |
| | | | | | <u>\$ 8,212,055</u> | <u>\$ 9,841,253</u> | <u>\$ 18,053,308</u> |

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

TOWN OF BUENA VISTA, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2015

| | GENERAL | CONSERVATION TRUST | CAPITAL IMPROVEMENT | TOTAL |
|--|---------------------|-----------------------|------------------------|-------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 1,472,822 | \$ - | \$ - | \$ 1,472,822 |
| Investments | 223,423 | 58,769 | 704,397 | 986,589 |
| Accounts receivable | 24,451 | 14,846 | - | 39,297 |
| Taxes receivable | 317,245 | - | 245,918 | 563,163 |
| Property taxes receivable | 371,691 | - | - | 371,691 |
| Prepaid expenses | 2,637 | - | 36,099 | 38,736 |
| TOTAL ASSETS | \$ 2,412,269 | \$ 73,615 | \$ 986,414 | \$ 3,472,298 |
| LIABILITIES | | | | |
| Accounts payable | \$ 82,718 | \$ - | \$ 13,361 | \$ 96,079 |
| Developer deposits | 162,209 | - | - | 162,209 |
| TOTAL LIABILITIES | 244,927 | - | 13,361 | 258,288 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | 371,691 | - | - | 371,691 |
| FUND BALANCES | | | | |
| Restricted | 93,100 | - | 178,188 | 271,288 |
| Committed | - | - | 794,865 | 794,865 |
| Assigned | 186,730 | 73,615 | - | 260,345 |
| Unassigned | 1,515,821 | - | - | 1,515,821 |
| TOTAL FUND BALANCE | 1,795,651 | 73,615 | 973,053 | 2,842,319 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE | \$ 2,412,269 | \$ 73,615 | \$ 986,414 | \$ 3,472,298 |
| TOTAL FUND BALANCE - GOVERNMENTAL FUNDS | | | | \$ 2,842,319 |
| Capital assets used in governmental activities are not resources and are not reported in the funds: | | | | |
| Capital Assets | | | | 12,842,325 |
| Accumulated Depreciation | | | | (4,718,218) |
| Pension assets and deferred outflows are not current, therefore are not reported in the funds: | | | | |
| Net Pension Asset | | | | 18,963 |
| Deferred Outflows Because of Pensions | | | | 51,122 |
| Earned but unpaid accumulated leave balances are not reported in the funds: | | | | |
| Compensated Absences | | | | (68,098) |
| Long-term liabilities are not due and payable in the current period | | | | |
| Bonds Payable | | | | (2,730,000) |
| Premium on Bond Payable | | | | (26,358) |
| TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES | | | | \$ 8,212,055 |

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

TOWN OF BUENA VISTA, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2015

| | <u>GENERAL</u> | <u>CONSERVATION TRUST</u> | <u>CAPITAL IMPROVEMENT</u> | <u>TOTAL</u> |
|--|---------------------|-------------------------------|--------------------------------|---------------------|
| REVENUES | | | | |
| Taxes | \$ 2,975,577 | \$ - | \$ 378,340 | \$ 3,353,917 |
| Licenses and permits | 132,921 | - | - | 132,921 |
| Fines | 53,706 | - | - | 53,706 |
| Rental income | 6,770 | - | - | 6,770 |
| Intergovernmental | 172,639 | 40,902 | 23,105 | 236,646 |
| Contributions | 17,688 | - | 9,551 | 27,239 |
| Interest income | 2,861 | 216 | 1,311 | 4,388 |
| Other | 65,634 | 6,600 | - | 72,234 |
| TOTAL REVENUES | <u>3,427,796</u> | <u>47,718</u> | <u>412,307</u> | <u>3,887,821</u> |
| EXPENDITURES | | | | |
| General government | 948,037 | - | 16,960 | 964,997 |
| Public safety | 1,010,964 | - | 70,714 | 1,081,678 |
| Community services | 382,724 | - | 78,385 | 461,109 |
| Public works | 385,102 | - | 398,532 | 783,634 |
| Culture and recreation | 331,780 | 16,614 | 220,616 | 569,010 |
| TOTAL EXPENDITURES | <u>3,058,607</u> | <u>16,614</u> | <u>785,207</u> | <u>3,860,428</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 369,189 | 31,104 | (372,900) | 27,393 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (out) | (570,000) | - | 220,000 | (350,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(570,000)</u> | <u>-</u> | <u>220,000</u> | <u>(350,000)</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (200,811) | 31,104 | (152,900) | (322,607) |
| FUND BALANCES - Beginning | <u>1,996,462</u> | <u>42,511</u> | <u>1,125,953</u> | <u>3,164,926</u> |
| FUND BALANCES - Ending | <u>\$ 1,795,651</u> | <u>\$ 73,615</u> | <u>\$ 973,053</u> | <u>\$ 2,842,319</u> |

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

TOWN OF BUENA VISTA, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS (Continued)
For the Year Ended December 31, 2015

| | |
|--|---------------------|
| NET CHANGE IN FUND BALANCES - ALL GOVERNMENTAL FUNDS | \$ (322,607) |
| Principal payments on debt are reported as expenditures in the funds and debt proceeds are shown as revenues: | |
| Principal Payments on Bonds Payable | 90,000 |
| Amortization of Bond Premium | 1,200 |
| Earned but unpaid accumulated leave balances are not reported in the funds: | |
| Change in Accrued Compensated Absences | (3,617) |
| Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities: | |
| Net Change Capitalized Assets | 545,668 |
| Depreciation Expense | <u>(590,225)</u> |
| CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES | <u>\$ (279,581)</u> |

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

TOWN OF BUENA VISTA, COLORADO

STATEMENT OF NET POSITION-
PROPRIETARY FUNDS
December 31, 2015

| | <u>WATER</u> | <u>AIRPORT</u> | <u>TOTAL</u> |
|--|---------------------|---------------------|---------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 1,926,246 | \$ (191,936) | \$ 1,734,310 |
| Cash and cash equivalents - restricted | 600,945 | - | 600,945 |
| Investments | 12,091 | - | 12,091 |
| Accounts receivable | 73,707 | 176,854 | 250,561 |
| Prepays | 175 | - | 175 |
| Inventory, net of allowance for obsolescence | 50,134 | 35,267 | 85,401 |
| Total Current Assets | <u>2,663,298</u> | <u>20,185</u> | <u>2,683,483</u> |
| Non-current Assets | | | |
| Capital assets | | | |
| Property, plant and equipment | 8,089,281 | 9,396,686 | 17,485,967 |
| Accumulated depreciation | <u>(3,688,553)</u> | <u>(6,240,774)</u> | <u>(9,929,327)</u> |
| Total Non-current Assets | <u>4,400,728</u> | <u>3,155,912</u> | <u>7,556,640</u> |
| TOTAL ASSETS | <u>7,064,026</u> | <u>3,176,097</u> | <u>10,240,123</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 72,088 | 51,638 | 123,726 |
| Accrued interest | 4,611 | - | 4,611 |
| Unearned revenue | 7,077 | - | 7,077 |
| Current portion of long-term debt | 77,240 | - | 77,240 |
| Total Current Liabilities | <u>161,016</u> | <u>51,638</u> | <u>212,654</u> |
| Long-Term Liabilities | | | |
| Notes and loans payable | 172,185 | - | 172,185 |
| Accrued compensated absences | 11,403 | 2,628 | 14,031 |
| Total Long-Term Liabilities | <u>183,588</u> | <u>2,628</u> | <u>186,216</u> |
| TOTAL LIABILITIES | <u>344,604</u> | <u>54,266</u> | <u>398,870</u> |
| NET POSITION | | | |
| Net investment in capital assets | 4,151,303 | 3,155,912 | 7,307,215 |
| Restricted, special purposes | 600,945 | - | 600,945 |
| Unrestricted | 1,967,174 | <u>(34,081)</u> | <u>1,933,093</u> |
| TOTAL NET POSITION | <u>\$ 6,719,422</u> | <u>\$ 3,121,831</u> | <u>\$ 9,841,253</u> |

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

TOWN OF BUENA VISTA, COLORADO

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

For the Year Ended December 31, 2015

| | WATER | AIRPORT | <u>TOTAL</u> |
|--|---------------------|---------------------|---------------------|
| OPERATING REVENUES | | | |
| Water sales | \$ 803,469 | \$ - | \$ 803,469 |
| Water meter sales | 5,041 | - | 5,041 |
| Finance charges | 8,820 | - | 8,820 |
| Fuel sales | - | 358,100 | 358,100 |
| Rental revenue | - | 12,859 | 12,859 |
| Other revenues | 95,914 | - | 95,914 |
| Other fees | 700 | 30,315 | 31,015 |
| | <u>913,944</u> | <u>401,274</u> | <u>1,315,218</u> |
| TOTAL OPERATING REVENUES | | | |
| | 913,944 | 401,274 | 1,315,218 |
| OPERATING EXPENSES | | | |
| Salaries and benefits | 259,919 | 146,812 | 406,731 |
| Fuel for resale | - | 235,271 | 235,271 |
| Professional services | 85,379 | 14,707 | 100,086 |
| Meters, materials, and freight | 9,682 | - | 9,682 |
| Insurance | 9,133 | 15,870 | 25,003 |
| Other general and administrative | 32,686 | 15,660 | 48,346 |
| Utilities | 14,547 | 25,193 | 39,740 |
| Repairs and maintenance | 11,170 | 13,294 | 24,464 |
| Plant and building operations | 30,533 | 868 | 31,401 |
| Capital outlay | (587) | 22,640 | 22,053 |
| Depreciation | 169,436 | 231,149 | 400,585 |
| | <u>621,898</u> | <u>721,464</u> | <u>1,343,362</u> |
| TOTAL OPERATING EXPENSES | | | |
| | 621,898 | 721,464 | 1,343,362 |
| OPERATING INCOME (LOSS) | <u>292,046</u> | <u>(320,190)</u> | <u>(28,144)</u> |
| | 292,046 | (320,190) | (28,144) |
| NON-OPERATING REVENUE (EXPENSE) | | | |
| Investment income | 1,451 | 843 | 2,294 |
| Operating grants and contributions | - | 1,323,117 | 1,323,117 |
| Other taxes | - | 1,868 | 1,868 |
| Interest and fiscal charges | (14,638) | - | (14,638) |
| Transfers in (out) | - | 350,000 | 350,000 |
| Cash capital contributions | 149,013 | - | 149,013 |
| | <u>135,826</u> | <u>1,675,828</u> | <u>1,811,654</u> |
| TOTAL NON-OPERATING REVENUE | | | |
| | 135,826 | 1,675,828 | 1,811,654 |
| CHANGE IN NET POSITION | 427,872 | 1,355,638 | 1,783,510 |
| NET POSITION - Beginning | <u>6,291,550</u> | <u>1,766,193</u> | <u>8,057,743</u> |
| | 6,291,550 | 1,766,193 | 8,057,743 |
| NET POSITION - Ending | <u>\$ 6,719,422</u> | <u>\$ 3,121,831</u> | <u>\$ 9,841,253</u> |
| | \$ 6,719,422 | \$ 3,121,831 | \$ 9,841,253 |

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

TOWN OF BUENA VISTA, COLORADO

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

| | WATER | AIRPORT | TOTAL |
|--|--------------|--------------|--------------|
| Cash Flows From Operating Activities: | | | |
| Cash received from customers | \$ 919,452 | \$ 387,750 | \$ 1,307,202 |
| Cash paid to suppliers and employees | (416,536) | (468,586) | (885,122) |
| Net Cash Provided (Used) by Operating Activities | 502,916 | (80,836) | 422,080 |
| Cash Flows From Non-capital Financing Activities: | | | |
| Transfers (to) from other funds | - | 350,000 | 350,000 |
| Operating grants and contributions received | - | 1,323,117 | 1,323,117 |
| Net Cash Provided by Non-capital Financing Activities | - | 1,673,117 | 1,673,117 |
| Cash Flows From Capital and Related Financing Activities: | | | |
| System development/resources fees | 149,013 | - | 149,013 |
| Additions to fixed assets | (441,151) | (1,614,835) | (2,055,986) |
| Loan Principal Payments | (76,088) | - | (76,088) |
| Loan and bond interest payments and fiscal charges | (14,638) | - | (14,638) |
| Net Cash (Used) by Capital and Related Financing Activities | (382,864) | (1,614,835) | (1,997,699) |
| Cash Flows From Investing Activities: | | | |
| Interest received | 1,451 | 843 | 2,294 |
| Net Increase in Cash | 121,503 | (21,711) | 99,792 |
| Cash - Beginning | 2,417,779 | (170,225) | 2,247,554 |
| Cash - Ending | \$ 2,539,282 | \$ (191,936) | \$ 2,347,346 |
| Cash and investments | \$ 1,926,246 | \$ (191,936) | \$ 1,734,310 |
| Restricted cash and investments | 613,036 | - | 613,036 |
| Total Cash - Ending | \$ 2,539,282 | \$ (191,936) | \$ 2,347,346 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | |
| Operating Income (Loss) | \$ 292,046 | \$ (320,190) | \$ (28,144) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | |
| Depreciation | 169,436 | 231,149 | 400,585 |
| (Increase) Decrease in: | | | |
| Accounts receivable | 2,271 | (24,372) | (22,101) |
| Inventory | 3,951 | 10,848 | 14,799 |
| Increase (decrease) in: | | | |
| Accounts payable | 44,710 | 24,330 | 69,040 |
| Deposits/escrows | (2,092) | - | (2,092) |
| Prepaid water charges | (4,106) | - | (4,106) |
| Unearned revenue | 1,378 | - | 1,378 |
| Accrued salaries and benefits | (6,422) | (4,042) | (10,464) |
| Accrued compensated absences | 1,744 | 1,441 | 3,185 |
| Total Adjustments | 210,870 | 239,354 | 450,224 |
| Net Cash Provided by Operating Activities | \$ 502,916 | \$ (80,836) | \$ 422,080 |

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

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Buena Vista (the Town) was incorporated under Colorado statutes in 1879 and provides services related to public safety, highways and streets, airport, water, recreation, planning and zoning, and general administration. The Town is the lowest level of government having oversight responsibility and control over all activities within the geographical area organized as the Town of Buena Vista, Colorado. The Town is located in Chaffee County, Colorado and is governed by an elected Mayor and Board of Trustees (the Town Board), which are responsible for setting policy, appointing administrative personnel and adopting an annual budget.

The Town's financial statements are prepared in conformity with generally accepted accounting principles (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 of the town's accounting policies are described below.

A. Reporting Entity

The financial statements of the reporting entity include those of the Town (the primary government) and its component units. The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an amendment of GASB 14*. The requirements for inclusion as a component unit are based primarily upon whether the Town is considered financially accountable for the potential component unit. The Town is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or because the potential component unit will provide specific a financial benefit to or impose a specific financial burden on the Town. The Town does not have any component units.

Basis of Presentation

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).

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government, excluding fiduciary activities. The effect of interfund activity has been removed from these statements, with the exception of interfund services provided and used.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements

Following the government-wide financial statements are separate financial statements for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The total fund balances for all governmental funds is reconciled to total net position for governmental activities as shown on the statement of net position. The net change in fund balance for all governmental funds is reconciled to the total change in net position as shown on the statement of activities in the government-wide financial statements.

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Town has all three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund) are accounted for through governmental funds. The measurement focus is on determination of and changes in financial position, rather than on net income. The following are the Town's governmental major funds:

The **General Fund** is used to account for all financial resources except those required to be accounted for in another fund and is the general operating fund of the Town.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The **Conservation Trust Fund** accounts for receipts and expenditures with respect to State allocations of lottery proceeds.

The **Capital Improvement Fund** accounts for receipts and expenditures with respect to capital projects. Revenues derived by this fund include a half-cent street improvement sales tax, cash-in-lieu fees from developers for parks, open space and trails, and capital grants.

Proprietary Funds

Proprietary funds are used to account for activities that are similar to those found in the private sector. The measurement focus is on the determination of net income and capital maintenance. 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 of capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Of the types of proprietary funds (enterprise and internal service funds), the Town has the following proprietary funds:

Enterprise Funds - the enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges. The Town has the following enterprise funds:

The **Water Fund** accounts for all the activities necessary for the provision of water services to Town residents.

The **Airport Fund** accounts for all the activities necessary for the operation of the Town's general aviation airport.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus And Basis Of Accounting

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.

Long-Term Economic Focus And Accrual Basis

Governmental and business-type activities in the government-wide financial statements, the proprietary fund financial statements, and the fiduciary 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 timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property tax, sales tax, intergovernmental revenues and other taxes. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures are generally recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due (i.e. matured).

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash, Cash Equivalents And Investments

The Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes and Town policy authorize the Town to invest in obligations of the United States or any agency thereof, time deposit certificates, and repurchase agreements. The Pension Trust Funds are also authorized to invest in corporate common or preferred stocks, bonds and mortgages, real or personal property, and other evidence of indebtedness or ownership (excluding any debt of the Town itself), and individual insurance policies.

D. Restricted Assets

Certain resources set aside for emergencies, specified voter approved projects and Water Fund operations and maintenance reserves are classified as restricted assets on the balance sheet because their use is limited by Colorado State Statutes, enabling legislation and debt covenants.

E. Receivables

The Town uses the allowance method for recognizing the uncollectable delinquent accounts receivable. At December 31, 2015, no allowance has been established, as all amounts are considered collectible. Each October, any utility bills more than 60 days old are certified to the County Treasurer for collection with the property taxes to be collected the following year.

F. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed, but uncollected, property taxes for calendar year 2015 have been recorded as a receivable and as deferred revenue. Property taxes are billed and collected by Chaffee County, Colorado and distributed to the municipalities and special districts within the county the month after collection.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories

Water parts are valued at market values based on current pricing. Airport fuel inventories are valued at average cost. The allowance for obsolete inventory at December 31, 2015 was \$2,703 for the Water Fund. The allowance for fuel loss was \$2,482 at year end for the Airport Fund.

H. Interfund Receivables and Payables

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses) in the governmental funds and transfers in (out) in the proprietary funds.

Transactions between the Town's various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to Town government.

Activity between funds that is representative of borrowing/lending arrangements outstanding at the end of the fiscal year is referred to as either "due to/due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the process of aggregating data for the statement of net position and the statement of activities some amounts reported on interfund activity and balances in the funds have been eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

I. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item qualifying for this category: the collective deferred outflows related to the Town's net pension obligation. Pension contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a change of the net pension liability or asset in future periods.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Deferred Outflows and Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Unavailable revenue from property taxes, reported in the governmental balance sheet are deferred and recognized as an inflow from resources in the period that the amounts become available. Collective deferred inflows related to the Town's net pension obligation are reported on the Statement of Net Position and are amortized over the average service lives of participants.

J. Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Purchased or constructed assets are recorded at historical cost where historical records are available or estimated historical costs where no historical records exist. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets (excluding land, water rights, construction in progress and capital assets held for other government) are depreciated using the straight-line method over the following estimated useful lives:

| | |
|----------------------------|---------------|
| Land improvements | 7 - 20 years |
| Buildings and improvements | 10 - 50 years |
| Equipment and vehicles | 5 - 20 years |
| Infrastructure | 7 - 40 years |

Capital assets held for other government represents a sewer line constructed in 2004 and 2005 from several funding sources, including Federal grants. This sewer line will ultimately be conveyed to the Buena Vista Sanitation District, the government responsible for providing sanitation services within Town boundaries. No depreciation is reported by the Town for the sewer line as a separate government is the operator of this system and the Town does not recognize any associated revenue.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

Vacation, sick leave, and compensatory time are accrued as earned. Accumulated unpaid vacation, compensatory time, and vested sick leave amounts are recorded in the government-wide financial statements by fund. The Town's personnel policy imposes limits on the maximum accrual of accumulated vacation time and sick leave. Upon termination, accrued unpaid vacation and compensatory time will be paid to the employee. Accrued sick leave has a cash value upon termination only if the employee has at least five years of full-time service with the Town at termination. Accrued compensated absences are liquidated by the fund that incurred the liability during the employee's employment.

A liability for vested, accrued leave time is reported in the governmental funds only if the amounts due at year end have matured.

L. Pensions

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Town's defined benefit pension plan and additions to/deductions from the fiduciary net position of the Town's defined benefit pension plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Position

In the government-wide and proprietary fund financial statements, net position is displayed in three components as follows:

Net Investment in Capital Assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - This consists of net position legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - This consists of net position not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

When an expense is incurred for purposes for which restricted and unrestricted net position is available, the Town's policy is to apply restricted net position first.

O. Fund Balance- Governmental Funds

The following fund balance classifications describe the relative strength of the spending constraints placed on a government's fund balance and purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantor, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balance- Governmental Funds (Continued)

- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing board delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Town Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution or ordinance. Each December the budget is adopted by resolution for the coming year. A fund balance commitment is indicated in the budget by the use of reserves. The budget document will also identify the budgeted use of any restricted funds planned in the budget.

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

P. Use Of Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

The Town's investment policy conforms to the investment policy guidelines set forth by the State of Colorado. The Town's investment policy sets the primary objectives of investments activities to be safety, liquidity, and yield, in that order. The policy sets a conservative, "prudent person" approach to investment purchases and management of the overall portfolio. The Town's Volunteer Firefighters Pension Trust is managed by the Fire and Police Pension Association of Colorado in accordance with State statute.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

At year end, the Town had the following deposits and investments as reported in the financial statements:

Cash and investments at December 31, 2015 consisted of the following:

| <u>Type</u> | <u>Rating</u> | <u>Carrying Value</u> |
|--|---------------|-----------------------|
| Deposits: | | |
| Demand deposits | | \$ 3,002,204 |
| Cash on hand | | 718 |
| | | <u>3,002,921</u> |
| Investments: | | |
| Certificates of Deposit | | 684,191 |
| Colotrust | AAAm by S & P | 1,119,644 |
| | | <u>1,803,835</u> |
| Total deposits and investments | | <u>\$ 4,806,757</u> |
| Reconciliation to Statement of Net Assets | | |
| Current: | | |
| Cash and cash equivalents - unrestricted | | \$ 4,195,767 |
| Cash and cash equivalents - restricted | | 610,990 |
| | | <u>\$ 4,806,757</u> |

At December 31, 2015, Town Funds had the following restricted cash and investments:

| | | |
|--|--|-------------------|
| Water Fund: | | |
| Water system development | | \$ 412,827 |
| CWRPDA loan - operations and maintenance reserve | | <u>198,163</u> |
| Total Cash and cash equivalents - restricted | | <u>\$ 610,990</u> |

A. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible depositories. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value of at least 102% of the uninsured deposits. The State Regulatory Commission for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2015, the Town had bank deposits of \$5,184,228. Depositor's insurance (FDIC) covers \$500,000 of this amount (two different banks at \$250,000 each); the balance is collateralized with securities held by the pledging financial institution's trust department or agent in a pledged collateral pool.

B. Investments

The Town's investment policy lists the authorized investment types as defined by Colorado statutes. Authorized investments include: direct obligations of the United States, obligations of U.S. government agencies, general or revenue obligations of any state of the United States, any territory, or political subdivision of any state, qualified bankers' acceptances, commercial paper, certificates of participation, repurchase agreements, qualified local government investment pool, money market funds, qualified corporate or bank debt, and certain guaranteed investment contracts. The Town held no such investments at December 31, 2015.

Local Government Investment Pool - At December 31, 2015, the Town had \$1,103,524 invested in COLOTRUST, an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating COLOTRUST. COLOTRUST operates similar to money market funds and each share is equal in value to \$1.00. COLOTRUST is rated AAAM by Standard and Poor's. Investments are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk the Town requires that U.S. Agency Securities have the highest possible rating. Colorado statutes establish standards for local government investment pools and the Town requires the investment pool to maintain the highest possible rating.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. State statute limits investments in U.S. Agency Securities to a maximum five-year maturity. The Town seeks to minimize interest rate risk by:

- Structuring investments to meet ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and
- Structuring investments to have staggered maturities of less than five years.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Custodial Credit Risk - For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Town will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. In accordance with Town policy, custodial risk is minimized by pre-qualifying custodial institutions, diversifying the investment portfolio, and maintaining quality standards for investments. At December 31, the Town held no investments with custodial institutions other than COLOTRUST.

Concentration of Credit Risk - State statutes generally do not limit the amount the Town may invest in one issuer, However, the Town's investment policy require diversification of investments, including limiting the concentration of investments in one issuer. At December 31, 2015, the Town's investments account for 42.3% of total deposits and investments.

NOTE 3: CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Adjustments/ Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------------|-----------------------------------|----------------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,043,709 | \$ - | \$ - | \$ 1,043,709 |
| Assets held for other government | 535,718 | - | - | 535,718 |
| Total capital assets not being depreciated | <u>1,579,427</u> | <u>-</u> | <u>-</u> | <u>1,579,427</u> |
| Capital assets being depreciated: | | | | |
| Land improvements | 963,008 | 412,120 | - | 1,375,128 |
| Buildings | 1,490,227 | 11,460 | - | 1,501,687 |
| Vehicles and heavy equipment | 1,174,782 | 49,430 | - | 1,224,212 |
| Equipment and furniture | 1,055,265 | 41,253 | - | 1,096,518 |
| Infrastructure | 6,033,765 | 31,588 | - | 6,065,353 |
| Total capital assets being depreciated | <u>10,717,047</u> | <u>545,851</u> | <u>-</u> | <u>11,262,898</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (201,831) | (81,338) | - | (283,169) |
| Buildings | (865,092) | (37,860) | - | (902,952) |
| Vehicles and heavy equipment | (914,970) | (50,426) | - | (965,396) |
| Equipment and furniture | (887,275) | (32,876) | - | (920,151) |
| Infrastructure | (1,258,642) | (387,725) | 184 | (1,646,551) |
| Total accumulated depreciation | <u>(4,127,809)</u> | <u>(590,225)</u> | <u>184</u> | <u>(4,718,218)</u> |
| Total capital assets being depreciated, net | <u>6,589,238</u> | <u>(44,374)</u> | <u>184</u> | <u>6,544,680</u> |
| Governmental Activities Capital Assets, Net | <u><u>\$ 8,168,665</u></u> | <u><u>\$ (44,374)</u></u> | <u><u>\$ 184</u></u> | <u><u>\$ 8,124,107</u></u> |

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions of the Town as follows:

| | |
|------------------------|-------------------|
| General Government | \$ 220,652 |
| Public Safety | 54,642 |
| Public Works | 188,032 |
| Culture and Recreation | 126,899 |
| Total | <u>\$ 590,225</u> |

Business-Type capital asset activity for the year ended December 31, 2015 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|------------------|---------------------------|
| Business-Type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land and water rights | \$ 697,079 | \$ 351,500 | \$ - | \$ 1,048,579 |
| Total capital assets not being depreciated | <u>697,079</u> | <u>351,500</u> | <u>-</u> | <u>1,048,579</u> |
| Capital assets being depreciated: | | | | |
| Buildings and treatment plant | 1,736,265 | 774,605 | - | 2,510,870 |
| Distribution systems | 4,419,100 | 422,796 | - | 4,841,896 |
| Storage tanks | 1,579,146 | - | - | 1,579,146 |
| Vehicles and equipment | 1,230,625 | 37,000 | - | 1,267,625 |
| Airport infrastructure | 1,624,124 | 476,730 | - | 2,100,854 |
| Land improvements | 4,075,554 | - | - | 4,075,554 |
| Office furniture and fixtures | 61,443 | - | - | 61,443 |
| Total capital assets being depreciated | <u>14,726,257</u> | <u>1,711,131</u> | <u>-</u> | <u>16,437,388</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and treatment plant | (903,290) | (96,702) | - | (999,992) |
| Distribution systems | (1,849,550) | (103,968) | - | (1,953,518) |
| Storage tanks | (660,344) | (33,908) | - | (694,252) |
| Vehicles and equipment | (1,012,093) | (48,389) | - | (1,060,482) |
| Airport infrastructure | (1,570,201) | (64,084) | - | (1,634,285) |
| Land improvements | (3,495,444) | (47,628) | - | (3,543,072) |
| Office furniture and fixtures | (37,820) | (5,906) | - | (43,726) |
| Total accumulated depreciation | <u>(9,528,742)</u> | <u>(400,585)</u> | <u>-</u> | <u>(9,929,327)</u> |
| Total capital assets being depreciated, net | <u>5,197,515</u> | <u>1,310,546</u> | <u>-</u> | <u>6,508,061</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 5,894,594</u> | <u>\$ 1,662,046</u> | <u>\$ -</u> | <u>\$ 7,556,640</u> |

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 4: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Transfers for 2015 were as follows:

| | <u>Transfers Out</u> | <u>Transfers In</u> |
|---------------------|----------------------|---------------------|
| General | \$ 570,000 | \$ - |
| Airport | - | 350,000 |
| Conservation Trust | - | - |
| Capital Improvement | - | 220,000 |
| | <u>\$ 570,000</u> | <u>\$ 570,000</u> |

Transfers are used to move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE 5: LONG-TERM DEBT

Governmental Activities - The following summarizes the changes in the Town's governmental long-term debt activities for the year ended December 31, 2015:

| | <u>Balance</u> <u>January 1,</u> <u>2015</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance</u> <u>December 31,</u> <u>2015</u> | <u>Due Within</u> <u>One Year</u> |
|--------------------------------------|--|------------------|-------------------|--|--------------------------------------|
| Governmental Activities | | | | | |
| 2012 Sales tax revenue bonds | \$ 2,820,000 | \$ - | \$ 90,000 | \$ 2,730,000 | \$ 95,000 |
| Compensated absences | 64,483 | 66,481 | 62,866 | 68,098 | - |
| Total Governmental Activities | <u>\$ 2,884,483</u> | <u>\$ 66,481</u> | <u>\$ 152,866</u> | <u>\$ 2,798,098</u> | <u>\$ 95,000</u> |

Issue: 2012 Sales Tax Revenue Bonds - Capital Improvements Fund

Original Amount: \$3,000,000

Interest: 2.0%

Purpose: to design, construct and install street improvements within the Town.

| <u>Payment</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Balance</u> <u>December 31</u> |
|----------------|---------------------|---------------------|---------------------|--------------------------------------|
| 2016 | \$ 95,000 | \$ 82,775 | \$ 177,775 | \$ 2,635,000 |
| 2017 | 95,000 | 80,875 | 175,875 | 2,540,000 |
| 2018 | 100,000 | 78,975 | 178,975 | 2,440,000 |
| 2019 | 100,000 | 76,975 | 176,975 | 2,340,000 |
| 2020 | 100,000 | 74,975 | 174,975 | 2,240,000 |
| 2021-2025 | 545,000 | 335,200 | 880,200 | 1,695,000 |
| 2026-2030 | 630,000 | 251,100 | 881,100 | 1,065,000 |
| 2031-2035 | 730,000 | 143,813 | 873,813 | 335,000 |
| 2036-2037 | 335,000 | 18,937 | 353,937 | - |
| | <u>\$ 2,730,000</u> | <u>\$ 1,143,625</u> | <u>\$ 3,873,625</u> | |

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 5: LONG-TERM DEBT (Continued)

Business-type Activities - The following summarizes the changes in the Town's business-type long-term debt activities for the year ended December 31, 2015:

| | Balance January 1, 2015 | Issued | Retired | Balance December 31, 2015 | Due Within One Year |
|---------------------------------------|-------------------------------|------------------|------------------|---------------------------------|------------------------|
| Business-Type Activities | | | | | |
| 1998 CWRPDA Loan | \$ 248,273 | \$ - | \$ 77,240 | \$ 171,033 | \$ 77,240 |
| Compensated absences | 10,846 | 10,901 | 7,716 | 14,031 | - |
| Total Business-Type Activities | <u>\$ 259,119</u> | <u>\$ 10,901</u> | <u>\$ 84,956</u> | <u>\$ 185,064</u> | <u>\$ 77,240</u> |

Issue: Colorado Water Resources And Power Development Authority (CWRPDA) Loan

On June 1, 1998, the Town entered a \$1,324,120 loan agreement with CWRPDA, the proceeds of which were utilized to construct a 600,000 gallon water storage tank, a transmission pipeline, and an extension of the infiltration system, a new well, and related equipment for the Water Enterprise Fund. Principal, interest, and administrative fee payment (which are reported as interest expense on the financial statements) are due annually on February 1 and August 1 through 2018.

The loan agreement contains various restrictive covenants and requirements, including maintenance of a three month operating and maintenance reserve. In addition, the loan agreement requires the Town to establish water rates at a level sufficient to cover operating expenses, as defined in the agreement, 110% of the current year debt service costs on this loan, any amount required to be paid into a debt service reserve account for that year, debt service for the current year on any subordinated debt, and any other amounts to be paid out of current year operations.

| <u>Payment</u> | <u>Principal</u> | <u>Interest</u> | <u>Administrative Fee</u> | <u>Total</u> | <u>Balance December 31</u> |
|----------------|-------------------|------------------|-------------------------------|-------------------|--------------------------------|
| 2016 | \$ 77,240 | \$ 6,802 | \$ 9,269 | \$ 93,311 | \$ 171,033 |
| 2017 | 82,757 | 4,685 | 6,621 | 94,063 | 88,276 |
| 2018 | 88,276 | 2,418 | 3,972 | 94,666 | - |
| | <u>\$ 248,273</u> | <u>\$ 13,905</u> | <u>\$ 19,862</u> | <u>\$ 282,040</u> | |

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 5: LONG-TERM DEBT (Continued)

Operating Leases

The Town is committed under various leases for office equipment. For accounting purposes, these leases are considered to be operating leases, and therefore, the liability and the related assets have not been recorded in these financial statements.

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS

A. General Employees Retirement Plan - Section 401(a) Plan

For all regular full-time employees, other than police officers, the Town contributes to a cost-sharing multiple-employer defined contribution pension plan (the Retirement Plan). The Retirement Plan, which is administered by Colorado County Officials and Employees Retirement Association (CCOERA), offers employees who have been with the Town for six months and that work at least 32 hours per week every month of the year, the opportunity to build retirement savings by pre-tax contributions of 3% of salary, which are matched with Town contributions. Employee contributions to the Pension Plan become immediately vested. Town contributions are vested at an annual rate of 25%. Town contributions become fully vested after four years. The contribution requirements of Retirement Plan participants and the Town are established, and may be amended, by the Board of Trustees. Unvested employer contributions are returned to the Town when an employee terminates employment and cashes out of the Retirement Plan. The amounts returned are recognized on the financial statements as revenue in the year received.

For the year ended December 31, 2015, the Town contributed \$64,182 to the Retirement Plan on behalf of participating employees. Participants of the Retirement Plan made equal matching contributions in 2015. No unvested contributions were returned to the Town in 2015.

CCOERA is also the Trustee of the Retirement Plan and, accordingly, the Town has no liability for losses under the plan. Consequently, the Retirement Plan is not part of the Town's financial statements.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

B. Deferred Compensation Plan

All employees are eligible to participate in a deferred compensation plan that was created in accordance with the Internal Revenue Code section 457 (the Deferred Compensation Plan). The Deferred Compensation Plan, which is administered by CCOERA, permits participants to defer a portion of their salary until future years. All compensation deferred under the Deferred Compensation 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 participants and their beneficiaries. Compensation deferred under the Deferred Compensation Plan is not available to employees until termination, retirement, death, or unforeseeable emergency.

Participants may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. The Town does not contribute to the Deferred Compensation Plan.

The individual participants determine investment decisions within the Deferred Compensation Plan and, therefore, the Deferred Compensation Plan's investment concentration varies between participants.

CCOERA is also the Trustee of the Deferred Compensation Plan and, accordingly, the Town has no liability for losses under the plan. Consequently, the Deferred Compensation Plan is not part of the Town's financial statements.

C. FPPA Statewide Defined Benefit Plan

Plan Description The Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

Description of Benefits A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

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

Members of the SWDB 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 SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20 percent of base salary through 2014. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

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

Net Pension Asset At December 31, 2015 the Town reported an asset of \$52,053 for its proportionate share of the net pension liability. (The Town reported an asset rather than a liability because the Plan's fiduciary net position currently exceeds the total pension liability.) The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. The Town proportion of the net pension liability was based on Town contributions to the plan for the calendar year 2014 relative to the total contributions of participating employers to the Plan.

At December 31, 2014, the Town proportion was 0.046123%, as compared to 0.042529% at December 31, 2013.

For the year ended December 31, 2014, the Town recognized pension expense of \$2,740, consisting of the following elements:

**Town's Proportionate Share of Collective Pension Expense for the Plan Year Ended
December 31, 2014**

| | |
|---|-----------------|
| Service Cost | \$ 31,334 |
| Interest on the Total Pension Liability | 53,370 |
| Current-Period Benefit Changes | (5,654) |
| IRC 414(h)(2) Employer-paid Member Contributions | (21,914) |
| Projected Earnings on Plan Investments | (56,680) |
| Pension Plan Administrative Expense | 1,375 |
| Other Changes in Plan Fiduciary Net Position | (5) |
| Recognition of Inflow of Resources due to Liabilities | (112) |
| Recognition of Outflow of Resources due to Assets | 1,026 |
| Total Pension Plan Expense | \$ 2,740 |

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

At December 31, 2014, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ 1,072 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 4,104 | |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | (2,899) | - |
| Town contributions subsequent to the measurement date | 27,640 | - |
| Total | <u>\$ 28,845</u> | <u>\$ 1,072</u> |

Town contributions subsequent to the measurement date of December 31, 2014 of \$27,640 which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2015. 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 ending December 31, | |
| 2015 | \$ 914 |
| 2016 | 914 |
| 2017 | 914 |
| 2018 | 914 |
| 2019 | (112) |
| Thereafter | (511) |
| | <u>\$ 3,033</u> |

**TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015**

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

Actuarial Assumptions The January 1, 2014 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal year ending December 31, 2014. The valuation used the following actuarial assumption and other inputs:

| | |
|--------------------------------------|----------------------------|
| Actuarial Method | Entry Age Normal |
| Amortization Method | Level % of Payroll, Open |
| Amortization Period | 30 Years |
| Asset Valuation Method | 5-Year Smoothed Fair Value |
| Long-term Investment Rate of Return* | 7.5% |
| Projected Salary Increases | 4.0% - 14.0% |
| Cost of Living Adjustments (COLA) | 0.0% |
| *Includes Inflation at | 3.0% |

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

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2011 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future.

The assumption changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012.

Effective with the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

**TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015**

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2014 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Rate of Return |
|-----------------------|-------------------|---|
| 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 | 100.0% | |

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB 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.

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

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

| | 1% Decrease 6.50% | Single Discount Rate Assumption 7.50% | 1% Increase 8.50% |
|-------------------------------|--------------------------|--|--------------------------|
| Town's Proportionate Share | \$ 49,076 | \$ (52,053) | \$ (136,409) |

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

D. FPPA Statewide Hybrid Plan - Defined Benefit Component

Plan Description The Statewide Hybrid Plan (SWH) is a cost-sharing multiple-employer defined benefit pension plan. The SWH is comprised of two components: Defined Benefit and Money Purchase. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report can be obtained on FPPA's website at <http://www.fppaco.org>.

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

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

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

D. FPPA Statewide Hybrid Plan - Defined Benefit Component (Continued)

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

Contributions The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of the SWH plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8 percent of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the Fire & Police Pension Association Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate from July 1, 2014 through June 30, 2015 is 12.5 percent. The Defined Benefit Component contribution rate from July 1, 2013 through June 30, 2014 was 12.6 percent.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service. Employer and member contributions are invested in funds at the discretion of members.

Net Pension Asset At December 31, 2015 the Town reported an asset of \$100,882 for its proportionate share of the net pension liability. (The Town reported an asset rather than a liability because the Plan's fiduciary net position currently exceeds the total pension liability.) The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. The Town proportion of the net pension liability was based on Town contributions to the plan for the calendar year 2014 relative to the total contributions of participating employers to the Plan.

At December 31, 2014, the Town proportion was 0.850631%, as compared to 0.752145% at December 31, 2013.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

D. FPPA Statewide Hybrid Plan - Defined Benefit Component (Continued)

For the year ended December 31, 2014, the Town recognized pension expense of \$(8,785), consisting of the following elements:

**Town's Proportionate Share of Collective Pension Expense for the Plan Year Ended
December 31, 2014**

| | |
|---|-------------------|
| Service Cost | \$ 10,233 |
| Interest on the Total Pension Liability | 16,796 |
| Current-Period Benefit Changes | 1,665 |
| IRC 414(h)(2) Employer-paid Member Contributions | (15,015) |
| Projected Earnings on Plan Investments | (23,856) |
| Pension Plan Administrative Expense | 578 |
| Other Changes in Plan Fiduciary Net Position | - |
| Recognition of Inflow of Resources due to Liabilities | 423 |
| Recognition of Outflow of Resources due to Assets | 391 |
| Total Pension Plan Expense | \$ (8,785) |

At December 31, 2014, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 3,634 | \$ - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 1,626 | |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | (8,998) | - |
| Town contributions subsequent to the measurement date | 12,463 | - |
| Total | \$ 8,725 | \$ - |

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

D. FPPA Statewide Hybrid Plan - Defined Benefit Component (Continued)

Town contributions subsequent to the measurement date of December 31, 2014 of \$12,463 which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2015. 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 ending December 31, | | |
| 2015 | \$ | 815 |
| 2016 | | 815 |
| 2017 | | 815 |
| 2018 | | 815 |
| 2019 | | 423 |
| Thereafter | | 1,518 |
| | \$ | <u>5,201</u> |

Actuarial Assumptions The January 1, 2014 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal year ending December 31, 2014. The valuation used the following actuarial assumption and other inputs:

| | |
|--------------------------------------|----------------------------|
| Actuarial Method | Entry Age Normal |
| Amortization Method | Level % of Payroll, Open |
| Amortization Period | 30 Years |
| Asset Valuation Method | 5-Year Smoothed Fair Value |
| Long-term Investment Rate of Return* | 7.5% |
| Projected Salary Increases | 4.0% - 16.0% |
| Cost of Living Adjustments (COLA) | 0.0% |
| *Includes Inflation at | 3.0% |

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

**TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015**

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

D. FPPA Statewide Hybrid Plan - Defined Benefit Component (Continued)

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2011 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future.

The assumption changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012.

Effective with the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

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 following table:

| Asset Class | Target Allocation | Long-Term Expected Rate of Return |
|-----------------------|-------------------|---|
| 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 | 100.0% | |

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

D. FPPA Statewide Hybrid Plan - Defined Benefit Component (Continued)

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWH-Defined Benefit Component 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.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

| | 1% Decrease 6.50% | Single Discount Rate Assumption 7.50% | 1% Increase 8.50% |
|-------------------------------|--------------------------|--|--------------------------|
| Town's Proportionate Share | \$ (71,238) | \$ (100,882) | \$ (127,228) |

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

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

E. FPPA Buena Vista Volunteer Fire Pension Plan - Defined Benefit Component

Plan Description The Buena Vista Volunteer Fire Pension Plan is an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report can be obtained on FPPA's website at <http://www.fppaco.org>.

Description of Benefits The Plan, as established and amended by the Plan's Board of Trustees through the Bylaws, provides for a monthly pension of \$250 for volunteers who have satisfied the normal age and service requirements and pro rata pensions for volunteers who have satisfied the normal age but only a portion of the service requirement. It further provides death benefits and a partial pension (50% of the amount the volunteer has earned) for surviving spouses. The normal age and service requirement is the date a volunteer reaches 50 years of age and completes 20 years of service. Pro-rata pensions would apply to volunteers who reached 50 years of age and had between 10 and 20 years of service. A one-time \$100 funeral benefit lump sum is also provided.

Membership: The number and classes of employees covered are shown below:

| | Actuarial Valuation as of January 1, 2015 |
|---|--|
| Number of: | |
| Active members | 11 |
| Retired members | 10 |
| Disabled members | 0 |
| Beneficiaries | 2 |
| Terminated vested members | 6 |
| Terminated members active in another fund | 0 |
| | 29 |

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

E. FPPA Buena Vista Volunteer Fire Pension Plan - Defined Benefit Component
(Continued)

Changes in the Net Pension Liability/(Asset) Sources of the changes in the net pension liability/(asset) for the measurement period ended December 31, 2014 is shown below:

| | Measurement Period Ended <u>December 31, 2014</u> |
|---|--|
| Service cost | \$ 4,453 |
| Interest on the total pension liability | 35,425 |
| Benefit changes | - |
| Difference between expected and actual experience of the Total Pension Liability | 12,571 |
| Changes of assumptions | - |
| Benefit payments | <u>(34,589)</u> |
| Net change in total pension liability | 17,860 |
| Total pension liability - beginning | <u>487,132</u> |
| Total pension liability - ending | <u><u>\$ 504,992</u></u> |

Actuarial Assumptions The January 1, 2015 actuarial valuation was used to determine the net pension liability/(asset) for the fiscal year ending December 31, 2014. The valuation used the following actuarial assumption and other inputs:

| | |
|--------------------------------------|----------------------------|
| Actuarial Method | Entry Age |
| Amortization Method | Level dollar - open |
| Remaining Amortization Period | 20 years |
| Asset Valuation Method | 5-Year Smoothed Fair Value |
| Long-term Investment Rate of Return* | 7.5% |
| Projected Salary Increases | N/A |
| Cost of Living Adjustments (COLA) | None |
| *Includes Inflation at | 3.0% |

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

E. FPPA Buena Vista Volunteer Fire Pension Plan - Defined Benefit Component
(Continued)

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.65% {based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Projected cash flows used in determining the Single Discount Rate are available upon request.

Other Assumptions and Changes for the January 1, 2015 Actuarial Valuation
The 2015 RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for pre-retirement mortality. The 2015 RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement mortality.

Marital status is assumed to be 90% male and female with males assumed to be three years older than females. There were no changes in actuarial assumptions nor changes in actuarial methods from the January 1, 2013 actuarial valuation.

Contributions and Funding Participating volunteer firefighters do not contribute to the pension plan. Contributions to the Plan are made by the Town and through a 90% matching grant from the State of Colorado. The contribution requirements of the Plan are established under Title 31, Article 30 of the Colorado Revised Statutes, as amended. The Town contributed \$22,800 to the Plan for the year ended December 31, 2014.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

E. FPPA Buena Vista Volunteer Fire Pension Plan - Defined Benefit Component
(Continued)

Summary of Plan Information: Additional information related to the Plan is summarized below:

| | Measurement Period Ended December 31, 2014 |
|--|---|
| Total Pension Liability | \$ 504,992 |
| Plan Fiduciary Net Position | 428,561 |
| Net Pension Liability (Asset) | <u>\$ 76,431</u> |
| Plan fiduciary net position as a Total Pension Expense/(Income) | 84.86% (4,541) |

**Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in
Future Pension Expense/(Income)**

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 7,183 | \$ - |
| Changes of assumptions | - | - |
| Town contributions subsequent to the measurement date | | - |
| Total | <u>\$ 9,186</u> | <u>\$ -</u> |

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 6: EMPLOYEE RETIREMENT COMMITMENTS (Continued)

E. FPPA Buena Vista Volunteer Fire Pension Plan - Defined Benefit Component
(Continued)

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

| 1% Decrease 6.50% | Single Discount Rate Assumption 7.50% | 1% Increase 8.50% |
|-------------------|--|-------------------|
| \$ 130,493 | \$ 76,431 | \$ 30,986 |

F. Death And Disability Benefits

Death and disability coverage is provided to full-time police officers through the Statewide Death and Disability Plan, which is administered by the FPPA. During the past year, the Town's required contribution rate was 2.6% of base salary for members. Town contributions to this plan totaled \$8,269 during 2015. Employees are not required to contribute to this plan.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 7: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

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 to declare emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$93,100, which is the approximate required reserve at December 31, 2015.

The Town's voters approved the following ballot issue on November 6, 2001:

Excluding ad valorem property taxes and rates, and without creating any new taxes, increasing any tax rate, or adding any new taxes of any kind, shall the Town of Buena Vista, Colorado, be permitted to collect, retain, and spend, for the fiscal year of 2001 and for each and every year thereafter, the full proceeds of the Town's taxes, grants and other revenues for expenditure on lawful municipal purposes, notwithstanding any State of Colorado restrictions on spending including the restrictions of Article X, Section 20 of the Constitution of the State of Colorado, and that these shall each constitute a voter approval revenue change?

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.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 8: RISK MANAGEMENT

The Town is exposed to various risks of loss related to workers compensation and general liability. The Town has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage.

The Town is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions. To address such risks, the Town is a participant in the public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency (CIRSA).

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$500,000 per claim or occurrence for property damage, \$600,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the Town may be liable for any losses in excess of this coverage, the Town does not anticipate losses at December 31, 2015. No settlements of claims against the Town in the last three years have exceeded the Town's coverage.

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The board of directors may credit member municipalities' future contributions in the event of a surplus. Although it has never occurred, CIRSA member municipalities are subject to a supplemental assessment in the event of a deficiency.

For 2015, the Town's deductible for property and liability claims per occurrence is \$1,000 for each. The auto liability deductible and the auto physical damage deductible are both \$1,000 per occurrence.

The Town carries no deductible for workers Compensation coverage. CIRSA's coverage for workers' compensation claims are the Colorado statutory limits of \$500,000 per occurrence and \$1,000,000 for employer liability.

The Town also carries accident medical insurance coverage for volunteers through CIRSA. This provides a medical coverage for a minor injury a volunteer receives when serving the Town in a volunteer capacity such as a community service worker, volunteer trail work, or volunteer coaching for recreation. Coverage is \$15,000 per occurrence with a \$25 deductible.

TOWN OF BUENA VISTA, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 9: COMMITMENTS AND CONTINGENCIES

A. Legal Claims

The Town is a defendant in a number of lawsuits pertaining to matters which are incidental to performing routine governmental and other functions. Based on the current status of these legal proceedings, it is the opinion of management that they will not have a material effect on the Town's financial position.

B. Federal And State Grants And Financial Sources

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on the Town's financial position.

NOTE 10: SUBSEQUENT EVENTS

The Town has performed an evaluation of subsequent events from 2015 year-end through the date the financial statements were available to be issued. The evaluation did not result in any subsequent events that required disclosures and/or adjustments.

NOTE 11: PRIOR PERIOD RESTATEMENT

For the year ended December 31, 2015, the Town adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB no.68), and the related GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, which is effective for financial statements for periods beginning after June 15, 2014. GASB No. 68 revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. GASB 68 requires employers participating in the FPPA programs to record the plans' net pension liability, as defined in GASB No. 68.

For the Town, the effect of implementing this standard was to change how it accounts and reports the net pension liability. Implementation of the standard resulted in a restatement of the prior period Net Position as follows:

| | |
|--|----------------------|
| Net Position, December 31, 2014 as previously stated | \$ 16,479,294 |
| Net Pension Asset (Liability) | 18,963 |
| Deferred Outflow of Resources due to Pensions | 51,122 |
| Net Position, December 31, 2014 as restated | <u>\$ 16,549,379</u> |

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT AT 6-23-2016 SUBJECT TO CHANGE

TOWN OF BUENA VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
FOR THE GENERAL FUND

For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

| | 2015 | | VARIANCE POSITIVE (NEGATIVE) | 2014 |
|-------------------------------|-------------------------------|------------------|------------------------------------|------------------|
| | ORIGINAL & FINAL BUDGET | ACTUAL | | ACTUAL |
| REVENUES | | | | |
| Taxes: | | | | |
| General property | \$ 331,200 | \$ 347,377 | \$ 16,177 | \$ 347,324 |
| Specific ownership | 42,700 | 38,737 | (3,963) | 40,639 |
| Franchise fees | 67,300 | 61,355 | (5,945) | 74,888 |
| General sales | 2,096,400 | 2,462,016 | 365,616 | 2,119,734 |
| Mineral severance | 22,800 | 57,667 | 34,867 | 27,354 |
| Cigarette | 9,600 | 8,425 | (1,175) | 8,465 |
| Total Taxes | <u>2,570,000</u> | <u>2,975,577</u> | <u>405,577</u> | <u>2,618,404</u> |
| Charges for Services: | | | | |
| Business licenses | 17,900 | 20,991 | 3,091 | 18,492 |
| Building and development fees | 96,060 | 45,660 | (50,400) | 22,789 |
| Other permits and fees | 23,300 | 19,094 | (4,206) | 22,716 |
| Recreation fees and permits | 32,200 | 41,196 | 8,996 | 36,805 |
| Fines | 48,477 | 53,706 | 5,229 | 47,064 |
| Cemetery fees | 5,400 | 5,980 | 580 | 7,200 |
| Lease income | 7,879 | 6,770 | (1,109) | 7,889 |
| Total Charges for Services | <u>231,216</u> | <u>193,397</u> | <u>(37,819)</u> | <u>162,955</u> |
| Intergovernmental: | | | | |
| Highway users tax | 116,389 | 120,341 | 3,952 | 118,034 |
| County road and bridge tax | 3,900 | 3,847 | (53) | 4,581 |
| Grants | 10,800 | 41,397 | 30,597 | 14,073 |
| Motor vehicle registration | 14,700 | 7,054 | (7,646) | 13,363 |
| Total Intergovernmental | <u>145,789</u> | <u>172,639</u> | <u>26,850</u> | <u>150,051</u> |
| Other Revenues | | | | |
| Contributions | 4,130 | 17,688 | 13,558 | 180 |
| Earnings on investments | 3,305 | 2,861 | (444) | 2,955 |
| Other revenue | 6,382 | 65,634 | 59,252 | 6,244 |
| Total Other Revenues | <u>13,817</u> | <u>86,183</u> | <u>72,366</u> | <u>9,379</u> |
| TOTAL REVENUES | <u>2,960,822</u> | <u>3,427,796</u> | <u>466,974</u> | <u>2,940,789</u> |

(Continued)

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
FOR THE GENERAL FUND

For the Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

| | 2015 | | VARIANCE POSITIVE (NEGATIVE) | 2014 ACTUAL |
|--|-------------------------------|---------------------|------------------------------------|---------------------|
| | ORIGINAL & FINAL BUDGET | ACTUAL | | |
| EXPENDITURES | | | | |
| General Government: | | | | |
| Mayor and Board of Trustees | 42,544 | 39,872 | 2,672 | 26,268 |
| Town Clerk | 87,708 | 77,624 | 10,084 | 78,565 |
| Municipal Court | 68,726 | 78,110 | (9,384) | 70,357 |
| Town Administrator | 385,365 | 436,516 | (51,151) | 388,367 |
| Financial Administration | 187,241 | 180,273 | 6,968 | 162,705 |
| Town Hall Operations | 17,102 | 23,123 | (6,021) | 16,401 |
| Public Support | 117,472 | 112,519 | 4,953 | 36,629 |
| Elections | 1,779 | - | 1,779 | 2,329 |
| Total General Government | <u>907,937</u> | <u>948,037</u> | <u>(40,100)</u> | <u>781,621</u> |
| Public Safety: | | | | |
| Police | 816,695 | 814,169 | 2,526 | 857,602 |
| Fire | 147,631 | 180,729 | (33,098) | 91,073 |
| Public Safety Complex | 32,399 | 16,066 | 16,333 | 17,327 |
| Total Public Safety | <u>996,725</u> | <u>1,010,964</u> | <u>(14,239)</u> | <u>966,002</u> |
| Community Services | | | | |
| Development | 439,080 | 354,271 | 84,809 | 184,122 |
| Community Center | 33,509 | 23,322 | 10,187 | 20,485 |
| Public Television | 12,757 | 5,131 | 7,626 | 13,447 |
| Total Community Services | <u>485,346</u> | <u>382,724</u> | <u>102,622</u> | <u>218,054</u> |
| Public Works: | | | | |
| Streets and Properties - Maintenance and Improvements | <u>339,138</u> | <u>385,102</u> | <u>(45,964)</u> | <u>341,268</u> |
| Culture and Recreation: | | | | |
| Parks | 224,330 | 167,799 | 56,531 | 162,810 |
| Cemetery | 13,022 | 2,741 | 10,281 | 3,080 |
| Recreation Programs | 165,751 | 161,240 | 4,511 | 147,361 |
| Total Culture and Recreation | <u>403,103</u> | <u>331,780</u> | <u>71,323</u> | <u>313,251</u> |
| TOTAL EXPENDITURES | <u>3,132,249</u> | <u>3,058,607</u> | <u>73,642</u> | <u>2,620,196</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In (Out) | <u>(570,000)</u> | <u>(570,000)</u> | <u>-</u> | <u>(360,000)</u> |
| Total Other Financing Sources | <u>(570,000)</u> | <u>(570,000)</u> | <u>-</u> | <u>(360,000)</u> |
| Net Change in Fund Balance | (741,427) | (200,811) | 393,332 | (39,407) |
| Fund Balances - Beginning of Year | <u>1,996,462</u> | <u>1,996,462</u> | <u>-</u> | <u>2,035,869</u> |
| Fund Balances - End of Year | <u>\$ 1,255,035</u> | <u>\$ 1,795,651</u> | <u>\$ 393,332</u> | <u>\$ 1,996,462</u> |

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
FOR THE CONSERVATION TRUST FUND

For the Year Ended December 31, 2015

With Comparative Totals for the Year Ended December 31, 2014

| | 2015 | | | <u>2014</u> <u>ACTUAL</u> |
|--|--|------------------|---|------------------------------|
| | <u>ORIGINAL & FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE POSITIVE (NEGATIVE)</u> | |
| REVENUES | | | | |
| Lottery proceeds | \$ 32,330 | \$ 40,902 | \$ 8,572 | \$ 25,598 |
| Interest income | 93 | 216 | 123 | 111 |
| Other revenue | - | 6,600 | 6,600 | - |
| TOTAL REVENUES | <u>32,423</u> | <u>47,718</u> | <u>15,295</u> | <u>25,709</u> |
| EXPENDITURES | | | | |
| Park maintenance | <u>14,980</u> | <u>16,614</u> | <u>(1,634)</u> | <u>19,366</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 17,443 | 31,104 | 48,547 | 6,343 |
| Other Financing Sources (Uses) Transfers in (out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(15,000)</u> |
| Net Change in Fund Balance | 17,443 | 31,104 | 48,547 | (8,657) |
| FUND BALANCE - Beginning of Year | <u>42,511</u> | <u>42,511</u> | <u>-</u> | <u>51,168</u> |
| FUND BALANCE - End of Year | <u>\$ 59,954</u> | <u>\$ 73,615</u> | <u>\$ 48,547</u> | <u>\$ 42,511</u> |

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY/(ASSET)
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO - STATEWIDE DEFINED BENEFIT PLAN
LAST TEN FISCAL YEARS***

| <u>Measurement period ending December 31,</u> | <u>2014</u> | <u>2013</u> |
|---|-------------|-------------|
| Town's portion of the net pension asset | 0.046123% | 0.042529% |
| Town's proportionate share of the net pension liability (asset) | (52,053) | (38,029) |
| Town's covered-employee payroll | 207,419 | 188,097 |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -25% | -20% |
| Plan fiduciary net position as a percentage of the total pension asset | 106.8% | 105.8% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

Notes to the Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset) for the year ended December 31, 2015:

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

SCHEDULE OF TOWN CONTRIBUTIONS

FIRE AND POLICE PENSION ASSOCIATION OF COLORADO - STATEWIDE DEFINED BENEFIT PLAN
LAST TEN FISCAL YEARS*

| <u>Measurement period ending December 31,</u> | <u>2014</u> | <u>2013</u> |
|--|-------------|-------------|
| Contractually required contribution | 16,593 | 14,778 |
| Contributions in relation to the contractually required contribution | (16,593) | (14,778) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Town's covered-employee payroll | 207,419 | 188,097 |
| Contributions as a percentage of covered-employee payroll | 8.0% | 8.0% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

Notes to the Schedule of Town Contributions for the Year Ended December 31, 2015

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY/(ASSET)
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO - STATEWIDE HYBRID PLAN
LAST TEN FISCAL YEARS***

| <u>Measurement period ending December 31,</u> | <u>2014</u> | <u>2013</u> |
|---|-------------|-------------|
| Town's portion of the net pension asset | 0.850630% | 0.752145% |
| Town's proportionate share of the net pension liability (asset) | (100,882) | (76,720) |
| Town's covered-employee payroll | 131,618 | 121,632 |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | -77% | -63% |
| Plan fiduciary net position as a percentage of the total pension asset | 140.6% | 139.0% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

Notes to the Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset) for the year ended December 31, 2015:

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

SCHEDULE OF TOWN CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO - STATEWIDE DEFINED BENEFIT PLAN
LAST TEN FISCAL YEARS*

| Measurement period ending December 31, | 2014 | 2013 |
|--|-----------|---------|
| Contractually required contribution | 10,529 | 9,730 |
| Contributions in relation to the contractually required contribution | (10,529) | (9,730) |
| Contribution deficiency (excess) | \$ - | \$ - |
| Town's covered-employee payroll | 131,618 # | 121,632 |
| Contributions as a percentage of covered-employee payroll | 8.0% | 8.0% |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

Notes to the Schedule of Town Contributions for the Year Ended December 31, 2015

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO - BUENA VISTA VOLUNTEER
FIRE DEPARTMENT PENSION FUND
LAST TEN FISCAL YEARS*

| Measurement period ending December 31, | 2014 |
|---|-------------------|
| Total Pension Liability | |
| Service Cost | \$ 4,453 |
| Interest on the Total Pension Liability | 35,425 |
| Benefit Changes | - |
| Difference between Expected and Actual Experience | 12,571 |
| Assumption Changes | - |
| Benefit Payments | (34,589) |
| Net Change in Total Pension Liability | 17,860 |
| Total Pension Liability - Beginning | 487,132 |
| Total Pension Liability - Ending (a) | \$ 504,992 |
| Plan Fiduciary Net Position | |
| Employer Contributions | \$ 24,000 |
| Pension Plan Net Investment Income | 27,215 |
| Benefit Payments | (34,589) |
| Pension Plan Administrative Expense | (1,011) |
| State of Colorado supplemental discretionary payment | 21,600 |
| Net Change in Plan Fiduciary Net Position | 37,215 |
| Plan Fiduciary Net Position - Beginning | 391,346 |
| Plan Fiduciary Net Position - Ending (b) | \$ 428,561 |
| Net Pension Liability/(Asset) - Ending (a)-(b) | \$ 76,431 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 84.86% |
| Covered Employee Payroll | N/A |
| Net Pension Liability as a Percentage of Covered Employee Payroll | N/A |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

Notes to the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios for the year ended December 31, 2015:

Note 1. Changes of assumptions.

No changes during the years presented above.

Note 2. Changes of benefit terms.

No changes during the years presented above.

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO - BUENA VISTA VOLUNTEER
FIRE DEPARTMENT PENSION FUND
LAST TEN FISCAL YEARS*

| FY Ending December 31, | Actuarially Determined Contribution | Actual Contribution** | Contribution Deficiency (Excess) | Covered Payroll | Actual Contribution as a % of Covered Payroll |
|---------------------------------------|--|----------------------------------|---|----------------------------|--|
| 2014 | \$ 13,043 | \$ 45,600 | \$ (32,557) | N/A | N/A |

**Notes to the Schedule of Contributions
for the year ended December 31, 2015:**

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2013 determines the contribution amounts for 2014 and 2015.

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar, Open*** |
| Remaining Amortization Period | 20 years*** |
| Asset Valuation Method | 5-Year smoothed market |
| Inflation | 3.00% |
| Salary Increases | N/A |
| Investment Rate of Return | 7.50% |
| Retirement Age | 50% per year of eligibility until 100% at age 65. |
| Mortality | Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment Disabled: RP-2000 Disabled Mortality Table All tables projected with Scale AA. |

*The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

** Includes both employer and State of Colorado Supplemental Discretionary Payment.

***Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

See the accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

DRAFT AT 6-23-2016 SUBJECT TO CHANGE

TOWN OF BUENA VISTA, COLORADO

BUDGETARY COMPARISON SCHEDULE
FOR THE CAPITAL IMPROVEMENTS FUND

For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

| | 2015 | | | 2014 ACTUAL |
|----------------------------------|-------------------------------|-------------------|------------------------------------|---------------------|
| | ORIGINAL & FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) | |
| REVENUES | | | | |
| Sales taxes | \$ 323,400 | \$ 378,340 | \$ 54,940 | \$ 327,122 |
| Contributions | 20,500 | 9,551 | (10,949) | 15,000 |
| Grants | 611,720 | 23,105 | (588,615) | 17,000 |
| Interest income | 1,570 | 1,311 | (259) | 5,543 |
| TOTAL REVENUES | <u>957,190</u> | <u>412,307</u> | <u>(544,883)</u> | <u>364,665</u> |
| EXPENDITURES | | | | |
| General Government | | | | |
| Office equipment/furniture | - | 16,960 | (16,960) | 10,530 |
| Public Safety | | | | |
| Police vehicles | 45,100 | 44,892 | 208 | 35,757 |
| Fire fighting equipment | 29,000 | 25,822 | 3,178 | 36,022 |
| Office equipment/furniture | - | - | - | 12,936 |
| Total Public Safety | <u>74,100</u> | <u>70,714</u> | <u>3,386</u> | <u>84,715</u> |
| Community Services | | | | |
| Capital outlay | 156,000 | 78,385 | 77,615 | 127 |
| Public Works | | | | |
| Vehicles and equipment | 155,000 | 12,173 | 142,827 | 4,941 |
| General | 40,000 | 12,659 | 27,341 | 8,790 |
| Street improvements | 526,390 | 373,700 | 152,690 | 2,152,784 |
| Total Public Works | <u>721,390</u> | <u>398,532</u> | <u>322,858</u> | <u>2,166,515</u> |
| Culture and Recreation | | | | |
| Park improvements | 772,300 | 220,616 | 551,684 | 62,722 |
| TOTAL EXPENDITURES | <u>1,723,790</u> | <u>785,207</u> | <u>938,583</u> | <u>2,324,609</u> |
| Excess (Deficiency) of | | | | |
| Revenues Over Expenditures | (766,600) | (372,900) | (1,483,466) | (1,959,944) |
| Other Financing Sources | | | | |
| Transfers in | 235,000 | 220,000 | 15,000 | 265,000 |
| Net Change in Fund Balance | (531,600) | (152,900) | (1,468,466) | (1,694,944) |
| FUND BALANCE - Beginning of Year | 1,125,953 | 1,125,953 | - | 2,820,897 |
| FUND BALANCE - End of Year | <u>\$ 594,353</u> | <u>\$ 973,053</u> | <u>\$ (1,468,466)</u> | <u>\$ 1,125,953</u> |

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

**WATER FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL**

**For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014**

| | 2015 | | | 2014 ACTUAL |
|---|-------------------------------|-------------------|------------------------------------|-------------------|
| | ORIGINAL & FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) | |
| REVENUES | | | | |
| Water sales | \$ 797,560 | \$ 803,469 | \$ 5,909 | \$ 766,255 |
| Water meter sales | 10,000 | 5,041 | (4,959) | 10,646 |
| Finance charges | 11,540 | 8,820 | (2,720) | 10,715 |
| Investment income | 2,100 | 1,451 | (649) | 1,903 |
| System development fees | 884,400 | 149,013 | (735,387) | 132,881 |
| Other fees | 800 | 700 | (100) | 600 |
| Other revenues | 680 | 95,914 | 95,234 | 5,100 |
| TOTAL REVENUES | <u>1,707,080</u> | <u>1,064,408</u> | <u>(642,672)</u> | <u>928,100</u> |
| EXPENDITURES | | | | |
| Salaries and benefits | 300,871 | 259,919 | 40,952 | 276,287 |
| Professional services | 38,708 | 85,379 | (46,671) | 91,430 |
| Meters, materials and freight | 3,000 | 9,682 | (6,682) | 4,945 |
| Insurance | 10,600 | 9,133 | 1,467 | 8,446 |
| Other general and administrative | 32,840 | 32,686 | 154 | 33,001 |
| Utilities | 17,300 | 14,547 | 2,753 | 17,072 |
| Repairs and maintenance | 46,613 | 11,170 | 35,443 | 21,479 |
| Plant and building operations | 84,039 | 30,533 | 53,506 | 42,836 |
| Capital outlay | 1,160,000 | (587) | 1,160,587 | - |
| Debt principal payments | 71,723 | 76,088 | (4,365) | 71,723 |
| Debt interest and fiscal charges | 16,835 | 14,638 | 2,197 | 12,517 |
| TOTAL EXPENDITURES | <u>1,782,529</u> | <u>543,188</u> | <u>1,239,341</u> | <u>579,736</u> |
| CHANGE IN NET POSITION- BUDGET BASIS | <u>(75,449)</u> | 521,220 | <u>596,669</u> | 348,364 |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Depreciation | | (169,436) | | (163,267) |
| Debt principal payments | | 76,088 | | 71,723 |
| Total GAAP basis adjustments | | <u>(93,348)</u> | | <u>(91,544)</u> |
| CHANGE IN NET POSITION- GAAP BASIS | | <u>\$ 427,872</u> | | <u>\$ 256,820</u> |

See the accompanying Independent Auditors' Report.

TOWN OF BUENA VISTA, COLORADO

AIRPORT ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

For the Year Ended December 31, 2015
With Comparative Totals for the Year Ended December 31, 2014

| | 2015 | | | |
|---|-------------------------------|---------------------|------------------------------------|--------------------|
| | ORIGINAL & FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) | 2014 ACTUAL |
| REVENUES | | | | |
| Charges for services: | | | | |
| Fuel sales | \$ 341,600 | \$ 358,100 | \$ 16,500 | \$ 261,810 |
| Rental revenue | 4,700 | 12,859 | 8,159 | 14,346 |
| Other fees and sales | 58,140 | 30,315 | (27,825) | 39,795 |
| Grant revenue | 1,269,886 | 1,323,117 | 53,231 | 145,326 |
| Transfers | 350,000 | 350,000 | - | 110,000 |
| Other taxes | 3,000 | 1,868 | (1,132) | 2,111 |
| Interest income | 420 | 843 | 423 | 611 |
| TOTAL REVENUES | 2,027,746 | 2,077,102 | 49,356 | 573,999 |
| EXPENDITURES | | | | |
| Fuel cost | 271,647 | 235,271 | 36,376 | 219,969 |
| Salaries and benefits | 124,596 | 146,812 | (22,216) | 141,686 |
| Professional services | 9,700 | 14,707 | (5,007) | 4,150 |
| Insurance | 15,500 | 15,870 | (370) | 14,548 |
| Other general and administrative | 23,865 | 15,660 | 8,205 | 32,186 |
| Utilities | 18,630 | 25,193 | (6,563) | 22,011 |
| Repairs and maintenance | 13,100 | 13,294 | (194) | 8,601 |
| Airport and weather station operations | 13,868 | 868 | 13,000 | 7,041 |
| Capital outlay | 1,607,361 | 1,637,475 | (30,114) | 153,589 |
| TOTAL EXPENDITURES | 2,098,267 | 2,105,150 | (6,883) | 603,781 |
| CHANGE IN NET POSITION- BUDGET BASIS | \$ (70,521) | (28,048) | \$ 56,239 | (29,782) |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Depreciation | | (231,149) | | (143,051) |
| Capitalized assets | | 1,614,835 | | 143,048 |
| Total GAAP basis adjustments | | 1,383,686 | | (3) |
| CHANGE IN NET POSITION - GAAP BASIS | | \$ 1,355,638 | | \$ (29,785) |

See the accompanying Independent Auditors' Report.

STATE REQUIRED REPORT SECTION

DRAFT AT 6-23-2016 SUBJECT TO CHANGE

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
Town of Buena Vista
YEAR ENDING :
December 2015

This Information From The Records Of The Town of Buena Vist

Prepared By: Michelle A Stoke
Phone: 719-395-8643 Ext 17

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) | 387,039 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 10,077 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | 6,493 |
| 2. General fund appropriations | 220,000 | b. Snow and ice removal | 1,754 |
| 3. Other local imposts (from page 2) | 417,077 | c. Other | 56,688 |
| 4. Miscellaneous local receipts (from page 2) | 35,462 | d. Total (a. through c.) | 64,935 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 41,749 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | 64,186 |
| a. Bonds - Original Issues | | 6. Total (1 through 5) | 567,986 |
| b. Bonds - Refunding Issues | | B. Debt service on local obligations: | |
| c. Notes | | 1. Bonds: | |
| d. Total (a. + b. + c.) | 0 | a. Interest | 84,574 |
| 7. Total (1 through 6) | 672,539 | b. Redemption | 90,000 |
| B. Private Contributions | | c. Total (a. + b.) | 174,574 |
| C. Receipts from State government (from page 2) | 136,024 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 0 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 808,563 | b. Redemption | |
| | | c. Total (a. + b.) | 0 |
| | | 3. Total (1.c + 2.c) | 174,574 |
| | | C. Payments to State for highways | |
| | | D. Payments to toll facilities | |
| | | E. Total disbursements (A.6 + B.3 + C + D) | |
| | | | 742,560 |

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

| | Opening Debt | Amount Issued | Redemptions | Closing Debt |
|------------------------------|--------------|---------------|-------------|--------------|
| A. Bonds (Total) | 2,916,397 | | 90,000 | 2,826,397 |
| 1. Bonds (Refunding Portion) | | | | |
| B. Notes (Total) | | | | 0 |

V. LOCAL ROAD AND STREET FUND BALANCE

| | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | 2,413,896 | 808,563 | 742,560 | 2,479,899 | 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 | | a. Interest on investments | |
| b. Other local imposts: | | b. Traffic Fines & Penalties | 28,742 |
| 1. Sales Taxes | 378,340 | 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 | 38,737 | g. Other Misc. Receipts | |
| 6. Total (1. through 5.) | 417,077 | h. Other | 6,720 |
| c. Total (a. + b.) | 417,077 | i. Total (a. through h.) | 35,462 |
| | (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 | 120,341 | 1. FHWA (from Item I.D.5.) | |
| 2. State general funds | | 2. Other Federal agencies: | |
| 3. Other State funds: | | a. Forest Service | |
| a. State bond proceeds | | b. FEMA | |
| b. Project Match | | c. HUD | |
| c. Motor Vehicle Registrations | 7,053 | d. Federal Transit Admin | |
| d. Other (Specify) - DOLA Grant | 4,783 | e. U.S. Corps of Engineers | |
| e. Other (Specify) Road and Bridge | 3,847 | f. Other Federal | |
| f. Total (a. through e.) | 15,683 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 136,024 | 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 | | 179,031 | 179,031 |
| (2). Capacity Improvements | | | 0 |
| (3). System Preservation | | 194,963 | 194,963 |
| (4). System Enhancement & Operation | | 13,045 | 13,045 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 387,039 | 387,039 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0 | 387,039 | 387,039 |
| | | | (Carry forward to page 1) |

Notes and Comments: