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Board of Trustees
and Management of Town of Columbine Valley
Arapahoe County, Colorado

In planning and performing our audit of the financial statements of the governmental activities and major fund of Town of Columbine Valley as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the entity's internal control to be significant deficiencies:

Significant deficiency

Segregation of duties

The Town has an inherent problem which is common with other entities of its size, in that it has a limited number of personnel performing accounting and administrative functions. Therefore, complete segregation of duties is not practical. Ideal segregation of duties would separate the duties of cash receipts and disbursements, wire transfers, preparation of bank reconciliations, accounts receivable, accounts payable, recording of journal entries, as well as other accounting functions in order to reduce the possibility of errors and irregularities. This situation emphasizes the need for on-going management review of the Town's operations as a compensating control, especially the ongoing review by the Town's Treasurer.

This communication is intended solely for the information and use of management, the Board of Trustees, and others within the entity, and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
May 9, 2016



An independent member of Nexia International

Board of Trustees
Town of Columbine Valley
Arapahoe County, Colorado

We have audited the financial statements of the governmental activities and major fund of Town of Columbine Valley (Town) as of and for the year ended December 31, 2015, and have issued our report thereon dated May 9, 2016. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Columbine Valley are described in Note 2 to the financial statements.

As described in Note 12, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68, by recognizing its net pension asset related to its participation in the Statewide Defined Benefit Plan administered by the Colorado Fire and Police Pension Association. Accordingly, the cumulative effect of the accounting change is recorded at the beginning of the year in the financial statements of the governmental activities.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of depreciation expense is based on the estimated useful life of the asset. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the net pension asset is based on actuarial assumptions and other inputs as described in Note 8 to the financial statements. We evaluated the key factors and assumptions used to develop the net pension asset in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Corrected misstatements

The attached schedule summarizes all misstatements (material and immaterial) detected as a result of audit procedures that were corrected by management.

Disagreements with management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the attached management representation letter dated May 9, 2016.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

We have provided a separate letter to you dated May 9, 2016, communicating internal control related matters identified during the audit.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the Schedule of Expenditures – Budget and Actual - General Fund, the Five Year Summary of Assessed Valuation, Mill levy and Property Taxes Collected, and the Local Highway Finance Report (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated May 9, 2016.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This information is intended solely for the use of the Board of Trustees and management of the Town of Columbine Valley and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
May 9, 2016

Client: 011-03018100 - Town of Columbine Valley
 Engagement: AUD - Town of Columbine Valley
 Period Ending: 12/31/2015
 Trial Balance: 0910.00 - General Fund
 Workpaper: 0920.25 - General Fund Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		2055.00		
To adjust the amount of accrued wages payable in 2015.				
414000	Public Safety - Salaries		2,867.00	
515000	Administration - Salaries		1,508.00	
208000	Accrued Wages/CAL Time			4,375.00
Total			4,375.00	4,375.00
Adjusting Journal Entries JE # 2		1325.00		
To increase the property tax receivable based on the mill levy.				
120000	Property Tax Receivable		5,808.00	
209000	Deferred Property Taxes			5,808.00
Total			5,808.00	5,808.00
Adjusting Journal Entries JE # 3		1415.00		
To record permits issued in 2015 recorded in 2016				
121000	Other Receivable		71,852.00	
224000	Arap Cty Open Space Sales Tax			3,377.00
314000	Sales Tax - New Homes			16,070.00
314100	Sales Tax -Remodels/Other			24,449.00
315000	Permits & Lic Fees - New Homes			8,569.00
315100	Permits & Lic Fees - Remodels			10,062.00
315200	Permits & Lic Fees - Plan Rev			9,325.00
Total			71,852.00	71,852.00
Adjusting Journal Entries JE # 4		0615.00		
To reverse write-off entry 4380 relating to bank reconciliation items.				
315100	Permits & Lic Fees - Remodels		50.00	
316000	Court Fines		125.00	
316000	Court Fines		2,780.00	
316500	Court Fines - Bow Mar		120.00	
419100	Public Safety - Equipment/Repairs		18.00	
419900	Public Safety - Misc Exp		49.00	
431100	Public Safety - Municipal Court - Interpreter		125.00	
439000	Public Safety - Municipal Court - Other		17.00	
539200	Administration - Credit Cards		71.00	
101000	Cash - Checking			3,355.00
Total			3,355.00	3,355.00
Adjusting Journal Entries JE # 5		1320.00		
To reclassify specific ownership tax and DMV fees recorded incorrectly as Shareback revenue				
880007	Arap Open Space Shareback		2,948.00	
312000	Specific Ownership			2,476.00
324000	MV Registration Fees			472.00
Total			2,948.00	2,948.00
Adjusting Journal Entries JE # 6		0990.10		
To reverse entry made to retained earnings so that fund balance rolls properly from the prior year.				
316000	Court Fines		40.00	
316500	Court Fines - Bow Mar		95.00	
539200	Administration - Credit Cards		5.00	
1110	Retained Earnings			140.00
Total			140.00	140.00

Client: 011-03018100 - Town of Columbine Valley
 Engagement: AUD - Town of Columbine Valley
 Period Ending: 12/31/2015
 Trial Balance: 0910.00 - General Fund
 Workpaper: 0920.25 - General Fund Adjusting Journal Entries Report

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 7		1312.00		
To record December sales tax				
121000	Other Receivable		12,937.00	
313000	Sales & Use Tax - City/Other			12,937.00
Total			<u><u>12,937.00</u></u>	<u><u>12,937.00</u></u>
Adjusting Journal Entries JE # 8		0720.00		
To record the change in restricted fund balances from the previous year.				
290000	General Fund Balance		36,363.00	
290003	Reserved - Conservation Trust			378.00
290007	Reserved - Open Space Tax			28,749.00
290010	Reserved - Emergency reserves			7,236.00
Total			<u><u>36,363.00</u></u>	<u><u>36,363.00</u></u>

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
Town of Columbine Valley
General Fund
Year Ended December 31, 2015

UNCORRECTED ADJUSTMENTS	Effect of misstatements on:			
Description	Assets	Liabilities	Fund Balance / Net Assets	Net Expense/Revenue and Change in Net Assets / Fund Balance
2014 expense recorded in 2015	-	-	\$ 6,199	\$ (6,199)
Net current year misstatements (Iron Curtain Method)	-	-	6,199	(6,199)
Net prior year misstatements	-	-	(6,199)	6,199
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ -	\$ -	\$ -
Financial statement totals	<u>\$ 2,050,997</u>	<u>\$ 283,281</u>	<u>\$ 1,454,873</u>	<u>\$ 96,079</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)			0%	-6%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)				

May 9, 2016

CliftonLarsonAllen LLP
8390 E Crescent Parkway, Suite 500
Greenwood Village, CO 80111

This representation letter is provided in connection with your audit of the financial statements of Town of Columbine Valley, which comprise the respective financial position of the governmental activities and the major fund as of December 31, 2015, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of May 9, 2016, the following representations made to you during your audit of the financial statements as of and for the year ended December 31, 2015.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 5, 2016, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- We acknowledge and have fulfilled our responsibility for 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates are reasonable.
- Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

- Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.
- We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
- We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefits (OPEB) liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

Information Provided

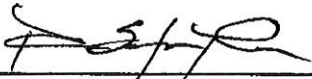
- We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

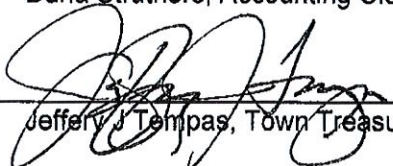
- All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
- We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations and provisions of contracts and grant agreements, or abuse whose effects should be considered when preparing financial statements.
- We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
- We have a process to track the status of audit findings and recommendations.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Town of Columbine Valley, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose

effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

- The entity has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We are responsible for determining whether we have received, expended, or otherwise been the beneficiary of any federal awards during the period of this audit. No federal award, received directly from federal agencies or indirectly as a subrecipient, was expended in an amount that cumulatively totals from all sources \$750,000 or more. For this representation, "award" means financial assistance and federal cost-reimbursement contracts that non-federal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, user grants, or contracts used to buy goods or services from vendors.
- We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
- The financial statements properly classify all funds and activities.
- All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- Deposits and investment securities and derivative instruments are properly classified as to risk and are properly valued and disclosed.
- Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

- We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- We acknowledge our responsibility for presenting the Schedule of Expenditures – Budget and Actual – General Fund, the Five Year Summary of Assessed Valuation, Mill Levy and Property Taxes Collected, and the Local High Finance Report in accordance with U.S. GAAP, and we believe this supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.
- As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- We understand that TABOR (Section 20 to Article X of the Colorado Constitution) is complex and subject to interpretation and that many of the provisions will require judicial interpretation. We have reviewed the various provisions and interpretations and believe to the best of our knowledge at this time, the Town is in compliance with TABOR.
- We have informed all banking and savings and loan institutions that our deposits are subject to the respective Public Deposit Protection Act and have provided banking institutions with our assigned number.

Signature:  5/10/16 Title: ACCOUNTING CLERK
Dana Struthers, Accounting Clerk

Signature:  5/10/16 Title: TREASURER
Jeffery J. Tempas, Town Treasurer

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
Town of Columbine Valley
General Fund
Year Ended December 31, 2015

UNCORRECTED ADJUSTMENTS

Effect of misstatements on:

Description	Assets	Liabilities	Fund Balance / Net Assets	Net Expense/Revenue and Change in Net Assets / Fund Balance
2014 expense recorded in 2015			\$ 6,199	\$ (6,199)
Net current year misstatements (Iron Curtain Method)	-	-	6,199	(6,199)
Net prior year misstatements	-	-	(6,199)	6,199
Combined current and prior year misstatements (Rollover Method)	\$ -	\$ -	\$ -	\$ -
Financial statement totals	<u>\$ 2,050,997</u>	<u>\$ 283,281</u>	<u>\$ 1,454,873</u>	<u>\$ 96,079</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)			0%	-6%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)				

TOWN OF COLUMBINE VALLEY, COLORADO
Arapahoe County, Colorado

FINANCIAL STATEMENTS
December 31, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Town of Columbine Valley
Arapahoe County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Town of Columbine Valley, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Town of Columbine Valley as of December 31, 2015, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 information, schedule of the Town's proportionate share of the net pension liability, and schedule of Town contributions on pages III - VIII and 25 - 27 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 Columbine Valley's basic financial statements. The Schedule of Expenditures – Budget and Actual – General Fund, the Five Year Summary of Assessed Valuation, Mill Levy and Property Taxes Collected, and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures – Budget and Actual – General Fund, the Five Year Summary of Assessed Valuation, Mill Levy and Property Taxes Collected, and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
May 9, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the Town's financial performance provides an overview of the Town's financial activities for the year ended December 31, 2015. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the Town's financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements.

The financial section of this report includes three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements give readers a broad overview of the Town's financial position and changes in financial position, similar to consolidated financial statements in a private sector business. These statements include the Statement of Net Position and the Statement of Activities.

The **Statement of Net Position** presents information on all of the Town's assets, liabilities, and deferred outflows and inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **Statement of Activities** shows how the Town's net position changed as a result of its operations during the most recent fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net position are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (the accrual basis of accounting).

The government-wide financial statements include functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*). The governmental activities of the Town include administration, public safety, public works, sanitation, planning and zoning, parks and open space, and judicial.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements. Funds are a self-balancing grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses governmental funds to account for its activity.

Governmental funds - All of the Town's basic services are included in governmental funds, which focus on 1) how cash and other financial assets can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. The governmental funds statements provide a detailed short-term view of cash, the governmental fund operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The Town maintains one individual governmental fund, which has been reported as a major fund.

The Town adopts an annual appropriated budget for its fund. Budgetary comparison statements have been provided for the fund to demonstrate compliance with this requirement.

The basic governmental fund financial statements can be found on pages 3-7 of this report.

Notes to financial statements. The notes provide additional information that is essential to have a complete understanding of the information contained in the government-wide and fund financial statements. Notes to financial statements begin on page 8 of this report.

Required Supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. The required supplementary information can be found on pages 25-27 of this report.

Supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. The supplementary information can be found on pages 29-32 of this report.

Government-wide Financial Analysis

Presented are condensed summary balances of the Town's Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position at December 31, 2015 with comparative balances at December 31, 2014. Total net position increased by \$165,450 during 2015. The increase in net position is related to revenues exceeding expenses by \$68,173 and an increase in net position of \$97,277 related to the net pension asset from the adoption of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

A substantial portion of the Town's net position (56 percent at December 31, 2015 and 61 percent at December 31, 2014) consists of its investment in capital assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The following is a condensed summary of the Town's net position at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
ASSETS		
Current and other assets	\$ 2,050,997	\$ 1,702,939
Capital assets	1,996,859	2,054,790
Net pension asset	<u>84,710</u>	<u>-</u>
Total assets	<u>4,132,566</u>	<u>3,757,729</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>37,217</u>	<u>-</u>
LIABILITIES		
Current liabilities	<u>305,835</u>	<u>66,784</u>
Total liabilities	<u>305,835</u>	<u>66,784</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>314,588</u>	<u>307,035</u>
NET POSITION		
Investment in capital assets	1,996,859	2,054,790
Restricted		
Emergency reserves	47,917	40,681
Conservation trust	20,354	19,976
Open space	289,345	260,596
Unrestricted	<u>1,194,885</u>	<u>1,007,867</u>
Total net position (*)	<u>\$ 3,549,360</u>	<u>\$ 3,383,910</u>

(*) 2014 balances have not been restated for the implementation of GASB Statement Nos. 68 and 71, as such balances are not required to be and cannot be determined. See Note 12.

An additional portion of the Town's net position (\$357,616) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position (\$1,194,885) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of 2015, the Town was able to report positive balances in all three categories of net position.

The Town's net position increased by \$165,450 during 2015 to \$3,549,360.

The following is a condensed summary of the Town's revenues and expenses for the year ended December 31, 2015, with comparative figures for the year ended December 31, 2014:

	<u>2015</u>	<u>2014</u>
REVENUES		
Program revenues:		
Charges for services	\$ 537,701	\$ 495,819
Capital grants and contributions	34,596	33,569
General revenues:		
Taxes	973,006	778,576
Intergovernmental	67,975	63,518
Net investment income	2,093	1,542
Miscellaneous	16,454	17,826
Total revenues	<u>1,631,825</u>	<u>1,390,850</u>
EXPENSES		
Administration	418,716	381,851
Public safety	634,044	635,252
Public works	346,077	384,239
Planning and zoning	72,239	52,462
Sanitation	67,355	66,707
Parks and open space	6,000	6,000
Unallocated depreciation on Town Hall	19,221	19,221
Total expenses	<u>1,563,652</u>	<u>1,545,732</u>
CHANGE IN NET POSITION	68,173	(154,882)
NET POSITION - BEGINNING, AS RESTATED	<u>3,481,187</u>	<u>3,538,792</u>
NET POSITION - ENDING (*)	<u>\$ 3,549,360</u>	<u>\$ 3,383,910</u>

(*) 2014 balances have not been restated for the implementation of GASB Statement Nos. 68 and 71, as such balances are not required to be and cannot be determined. See Note 12.

Effective January 1, 2005, the Town entered into an intergovernmental agreement with the Town of Bow Mar, Colorado to provide public safety and municipal court services for the Town of Bow Mar. The Town received \$255,795 in fees in 2015 to provide these services in accordance with the intergovernmental agreement. This represented an increase of \$5,015 from the fees received in 2014. Tax revenue increased 194,430 relating to additional sales and use tax collected on additional construction occurring in 2015. Administration expenses increased \$36,865 primarily due to additional inspection fees and plan review costs related to inspection and review of additional construction activity. Public works expense decreased \$38,162 in 2015 primarily due a decrease in expenditures of approximately \$48,000 in road repair.

General Fund Budgetary Highlights

The difference between the budgeted revenues of \$1,376,400 and the actual revenues of \$1,641,325 was \$264,925. The increase was mainly caused by the increase of \$168,295 in unanticipated sales and use tax revenue as well as an increase of \$95,141 in unanticipated permits and fees related to increased construction activity.

The difference between the budgeted expenditures of \$1,640,500 and the actual expenditures of \$1,545,246 was \$95,254. Public safety expenditures were \$46,212 less than budget due to lower salaries and benefits than budgeted, reduced municipal court costs for fewer summonses, and reduced automotive expenses. Planning and zoning expenditures were \$32,239 greater than the budgeted amounts due to additional costs for planning relating to new construction. Public works expenditures were \$74,331 under budgeted amounts due to reduced street repair expenditures. The remainder of expenditures in 2015 were generally in line with budgeted amounts.

Capital Assets

The Town's investment in capital assets at December 31, 2015 amounts to \$1,996,859 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, automotive equipment, and office and other equipment.

The capital asset increase during the year was \$39,284 for the purchase of a vehicle.

Capital assets are classified as follows (net of accumulated depreciation):

	<u>2015</u>	<u>2014</u>
Land	\$ 300,000	\$ 300,000
Automotive equipment	114,418	115,456
Drainage infrastructure	1,005,035	1,034,731
Perimeter wall/fence	44,699	49,411
Office and other equipment	8,950	12,214
Building - Town Hall	<u>523,757</u>	<u>542,978</u>
	<u>\$ 1,996,859</u>	<u>\$ 2,054,790</u>

Additional information on the Town's capital assets can be found in Note 4 of this report.

Economic Factors and Next Year's Budgets and Rates

The Town has budgeted for 2016 property tax revenue of \$312,843 (based on a total assessed valuation for the Town of \$39,645,583 and a mill levy of 7.891 mills for operations). Total revenues budgeted for 2016 from all sources equal \$1,600,000 including \$260,910 from the Town of Bow Mar for providing public safety and municipal court services to that town in 2016. Additional information on this arrangement can be found in Note 6 of this report. Total expenditures budgeted for 2016 equal \$1,665,000. This represents a budgeted increase in expenditures of approximately \$119,000 from 2015. The change in budgeted expenditures relates primarily to increases in the cost of wages and benefits and an anticipated increase in public works maintenance expenses in the Town.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town Administrator, Town of Columbine Valley, 2 Middlefield Road, Columbine Valley, Colorado 80123.

BASIC FINANCIAL STATEMENTS

TOWN OF COLUMBINE VALLEY, COLORADO
STATEMENT OF NET POSITION
December 31, 2015

ASSETS

Cash and investments	\$ 1,601,964
Receivables	
Other	136,190
Property taxes	312,843
Capital assets, not being depreciated	300,000
Capital assets, being depreciated, net of accumulated depreciation	1,696,859
Net pension asset	<u>84,710</u>
Total assets	<u>4,132,566</u>

DEFERRED OUTFLOWS OF RESOURCES

Change in investment earnings	6,679
Change in proportionate share	2,852
Contributions subsequent to measurement date	<u>27,686</u>
Total deferred outflows of resources	<u>37,217</u>

LIABILITIES

Accounts payable	259,293
Accrued salaries and benefits payable	23,988
Long-term liabilities:	
Due within one year	
Compensated absences	<u>22,554</u>
Total liabilities	<u>305,835</u>

DEFERRED INFLOWS OF RESOURCES

Property tax revenue	312,843
Change in experience	<u>1,745</u>
Total deferred inflows of resources	<u>314,588</u>

NET POSITION

Investment in capital assets	1,996,859
Restricted for:	
Emergency reserves	47,917
Conservation Trust	20,354
Open space	289,345
Unrestricted	<u>1,194,885</u>
Total net position	<u>\$ 3,549,360</u>

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

TOWN OF COLUMBINE VALLEY, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	
Administration	\$ 418,716	\$ 205,141	\$ -	\$ (213,575)
Public safety	634,044	332,560	-	(301,484)
Public works	346,077	-	-	(346,077)
Planning and zoning	72,239	-	-	(72,239)
Sanitation	67,355	-	-	(67,355)
Parks and open space	6,000	-	34,596	28,596
Unallocated depreciation	19,221	-	-	(19,221)
	<u>\$ 1,563,652</u>	<u>\$ 537,701</u>	<u>\$ 34,596</u>	<u>(991,355)</u>

General revenues:

Taxes:		
Property taxes		306,177
Specific ownership taxes		23,165
Sales and use tax		568,295
Utility franchise fees		47,141
Cable television franchise fees		28,228
Intergovernmental:		
State highway user's tax		46,584
County highway tax revenue		14,823
Motor vehicle registration fees		5,672
State cigarette tax apportionment		896
Interest income		2,093
Miscellaneous		16,454
Total general revenues		<u>1,059,528</u>
Change in net position		68,173
Net position - Beginning, as restated (See Note 12)		<u>3,481,187</u>
Net position - Ending		<u>\$ 3,549,360</u>

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

TOWN OF COLUMBINE VALLEY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2015

	General Fund
ASSETS	
Cash and investments	1,601,964
Receivables	136,190
Other	312,843
Property taxes	\$ 2,050,997
Total assets	
 LIABILITIES	
Accounts payable	\$ 259,293
Accrued salaries payable	23,988
Total liabilities	283,281
 DEFERRED INFLOWS OF RESOURCES	
Property tax revenue	312,843
Total deferred inflows of resources	312,843
 FUND BALANCE	
Restricted for:	
Emergency reserves	47,917
Conservation Trust	20,354
Open space	289,345
Assigned	165,000
Unassigned	932,257
Total fund balance	1,454,873
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 \$ 2,050,997

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

TOWN OF COLUMBINE VALLEY, COLORADO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
Year Ended December 31, 2015

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

Total governmental fund balance	<u>\$ 1,454,873</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balance sheet.	
Capital assets, net	1,996,859
Net pension asset is not due and received in the current period and, therefore, is not reported in the funds	
	84,710
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the funds	
Change in investment earnings	6,679
Change in proportionate share	2,852
Contributions subsequent to measurement date	<u>27,686</u>
	<u>37,217</u>
Some liabilities, compensated absences, were not due and payable in the current period and, therefore, were not reported in the fund balance sheet.	
Compensated absences	(22,554)
Deferred inflows of resources used in governmental activities are not due and payable in the current year and, therefore, are not reported in the funds	
Change in experience	<u>(1,745)</u>
Net position of governmental activities	<u>\$ 3,549,360</u>

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

TOWN OF COLUMBINE VALLEY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
Year Ended December 31, 2015

REVENUES	<u>General Fund</u>
Taxes	\$ 306,177
Property taxes	23,165
Specific ownership taxes	568,295
Sales and use tax	47,141
Utility franchisee fees	28,228
Cable television franchise fees	
Permits and fines	205,141
Permits, fees and services	76,765
Fines	
Intergovernmental	255,795
Town of Bow Mar	46,584
State highway user's tax	14,823
County highway tax	5,672
Motor vehicle registration fees	896
State cigarette tax apportionment	6,346
Conservation Trust Fund entitlement	28,250
Open space tax	2,093
Interest income	25,954
Miscellaneous	<u>1,641,325</u>
Total revenues	
EXPENDITURES	
Current	629,788
Public safety	67,355
Sanitation	418,911
Administration	72,239
Planning and zoning	311,669
Public works	39,284
Capital outlay	6,000
Conservation Trust Fund expenditures	<u>1,545,246</u>
Total expenditures	96,079
NET CHANGE IN FUND BALANCE	<u>1,358,794</u>
FUND BALANCE - BEGINNING	<u>\$ 1,454,873</u>
FUND BALANCE - ENDING	

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

**TOWN OF COLUMBINE VALLEY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2015**

A reconciliation reflecting the differences between the governmental fund net change in fund balance and change in net position reported for governmental activities in the statement of activities is as follows:

Net change in fund balances - Governmental fund	<u>\$ 96,079</u>
<p>Governmental funds report capital outlays as expenditures and do not report contributed capital. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense and revenue is recorded for the contributed capital.</p>	
Capital outlay	39,284
Less:	
Current year depreciation	(82,957)
Net book value of assets disposed	<u>(14,258)</u>
	<u>(57,931)</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	<u>7,120</u>
	<u>7,120</u>
<p>Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The (increases) decreases in these activities consist of:</p>	
Change in contributions subsequent to measurement date	677
Pension expense	(4,482)
Change in proportionate share (first year amortization)	(299)
Employer contribution expense	<u>27,009</u>
	<u>22,905</u>
Change in net position - Governmental activities	<u>\$ 68,173</u>

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

TOWN OF COLUMBINE VALLEY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes			
Property taxes	\$ 307,035	\$ 306,177	\$ (858)
Specific ownership taxes	19,970	23,165	3,195
Sales and use tax	400,000	568,295	168,295
Utility franchise fees	48,000	47,141	(859)
Cable television franchise fees	25,000	28,228	3,228
Permits and fines			
Permits, fees and services	110,000	205,141	95,141
Fines	90,000	76,765	(13,235)
Intergovernmental			
Town of Bow Mar	255,795	255,795	-
State highway user's tax	45,000	46,584	1,584
County highway tax revenue	12,000	14,823	2,823
Motor vehicle registration fees	5,000	5,672	672
State cigarette tax apportionment	500	896	396
Conservation Trust Fund entitlement	6,000	6,346	346
Open space tax	27,000	28,250	1,250
Investment income	2,500	2,093	(407)
Miscellaneous	22,600	25,954	3,354
Total revenues	<u>1,376,400</u>	<u>1,641,325</u>	<u>264,925</u>
EXPENDITURES			
Current			
Public safety	676,000	629,788	46,212
Sanitation	70,000	67,355	2,645
Administration	415,000	418,911	(3,911)
Planning and zoning	40,000	72,239	(32,239)
Public works	386,000	311,669	74,331
Capital outlay	39,000	39,284	(284)
Conservation Trust Fund expenditures	14,500	6,000	8,500
Total expenditures	<u>1,640,500</u>	<u>1,545,246</u>	<u>95,254</u>
NET CHANGE IN FUND BALANCE	(264,100)	96,079	360,179
FUND BALANCE - BEGINNING	<u>1,236,462</u>	<u>1,358,794</u>	<u>122,332</u>
FUND BALANCE - ENDING	<u>\$ 972,362</u>	<u>\$ 1,454,873</u>	<u>\$ 482,511</u>

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

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - DEFINITION OF REPORTING ENTITY

The Town of Columbine Valley, Colorado (Town) was incorporated pursuant to Section 31-1-203, Colorado Revised Statutes. The Town provides the following services: public safety (including the activity related to the proceeds from the seizure of contraband, if any), public works, municipal court, planning and zoning, sanitation, parks and open space, and general administrative services.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Town is not financially accountable for any other entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the Town are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the Town. The difference between the assets, liabilities, and deferred outflows and inflows of resources of the Town is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to 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 and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and leases are recorded as a reduction in liabilities.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and sales and use taxes. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental fund:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government.

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

Budgets

In accordance with the State Budget Law, the Town's Board of Trustees holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The Town's Board of Trustees can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied by the Town's Board of Trustees. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the Town.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include land, infrastructure, perimeter fences, automotive equipment, buildings, and office and other equipment, are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Infrastructure	40 years
Buildings	39 years
Perimeter fences	15 years
Automotive equipment	7 years
Office and other equipment	7 years

Deferred Outflows of Resources

The Town's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The Town has three types of items classified as deferred outflows of resources related to the implementation of GASB Statement No. 68: 1) contributions subsequent to measurement date; 2) change in investment earnings, and 3) change in proportionate share of the net pension asset. See Note 8 for additional information.

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Town has a policy that allows employees to accumulate unused vacation benefits up to certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The Town's General Fund is used to liquidate compensated absences of the governmental activities.

Pensions

The Town participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB 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.

Deferred Inflows of Resources

The Town's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The Town had one item, which is classified as a deferred inflow of resources due to the implementation of GASB Statement No. 68: 1) change in experience. See Note 8 for additional information. Another item is for property tax revenue, which is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected.

Fund Equity

Fund balances in the general fund are reported in classifications based on the extent to which the Town is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. In accordance with GASB Statement No. 54, fund balances are now classified in one of five categories: 1) nonspendable, 2) restricted, 3) committed, 4) assigned and 5) unassigned.

Nonspendable

Nonspendable fund balance represents amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Town did not have any nonspendable resources as of December 31, 2015.

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted

Restricted fund balances reflect amounts for which constraints have been placed on the use of the resources because of state or federal laws or externally imposed conditions by grantors or creditors. Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 11). A portion of the General Fund fund balance in the amount of \$47,917 has been restricted in compliance with this requirement. In addition, amounts held for the Conservation Trust Fund of \$20,354, as well as amounts held for the Open Space Entitlement of \$289,345 are classified as restricted fund balance at December 31, 2015 due to their restricted use for those purposes (see Note 6).

Committed

Committed fund balance is the amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specific use by taking formal Board action. The Town did not have any committed resources as of December 31, 2015.

Assigned

Assigned fund balance includes amounts that are constrained by the Board of Trustee's intended use of these resources for a specific purpose but are neither restricted nor committed. The Board approved the 2016 budget for the Town with budgeted expenditures exceeding budgeted revenues by \$165,000 which is shown as an assigned fund balance.

Unassigned

Unassigned fund balance represents the net resources in excess of the other spendable classifications.

Order of Expenditure of Funds

When multiple categories of fund balance are available for expenditure, the Town will first expend the restricted funds and then the unrestricted funds. Within the unrestricted funds category, the Town would first reduce the committed fund balance, next would be the assigned fund balance and finally the unassigned fund balance.

Net Position

The Town has a net position consisting of three components – investment in capital assets, restricted, and unrestricted.

Investment in capital assets consists of capital assets net of accumulated depreciations. As of December 31, 2015, the Town had an investment in capital assets of \$1,996,859.

Net position is reported as restricted when constraints have been placed on the use of the resources because of laws or externally imposed conditions by grantors or creditors.

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2015 consist of the following:

Deposits with financial institutions	\$ 11,982
Investments	<u>1,589,982</u>
Total cash and investments	<u>\$ 1,601,964</u>

Cash Deposits

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

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2015, the Town's cash deposits had a carrying balance of \$11,982.

Investments

The Town's investment policy follows state statutes regarding investments.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- Obligations of the United States, certain U.S. government agency securities and World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools
- Certain reverse repurchase agreements
- Certain corporate bonds
- Certain securities lending agreements

As of December 31, 2015, the Town had the following investments, which are recorded at fair value:

Investment Type	Maturity	Fair Value
Colorado Surplus Asset Fund Trust (CSAFE)	Less than one year	\$ 1,084,142
Money market mutual fund	Less than one year	<u>505,840</u>
		<u>\$ 1,589,982</u>

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Colorado Revised Statutes generally limit investment maturities to five years or less unless formally approved by the Board of Trustees. Corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

Credit Risk

The local government investment pool, Colorado Surplus Asset Fund Trust (CSAFE), is rated AAAM by Standard and Poor's.

At December 31, 2015, the Town's money market mutual fund is rated AAAM by Standard and Poor's.

Concentrations of Credit Risk

The Town does not have a policy that addresses limitations of the amount that can be invested in any one issuer.

CSAFE

At December 31, 2015, the Town had \$1,084,142 invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The trust is similar to a money market fund, with each share valued at \$1.00.

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 - CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2015 follows:

	<u>Balance at January 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2015</u>
Capital assets, not being depreciated:				
Land	\$ 300,000	\$ -	\$ -	\$ 300,000
Total capital assets, not being depreciated	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Capital assets, being depreciated:				
Automotive equipment	230,147	39,284	35,229	234,202
Drainage infrastructure	1,187,845	-	-	1,187,845
Perimeter wall/fence	58,112	-	-	58,112
Office and other equipment	55,033	-	-	55,033
Buildings - Town Hall	749,603	-	-	749,603
Total capital assets, being depreciated	<u>2,280,740</u>	<u>39,284</u>	<u>35,229</u>	<u>2,284,795</u>
Less accumulated depreciation for:				
Automotive equipment	114,691	26,064	20,971	119,784
Drainage infrastructure	153,114	29,696	-	182,810
Perimeter wall/fence	8,701	4,712	-	13,413
Office and other equipment	42,819	3,264	-	46,083
Buildings - Town Hall	206,625	19,221	-	225,846
Total accumulated depreciation	<u>525,950</u>	<u>82,957</u>	<u>20,971</u>	<u>587,936</u>
Total capital assets, being depreciated, net	<u>1,754,790</u>	<u>(43,673)</u>	<u>14,258</u>	<u>1,696,859</u>
Capital assets, net	<u>\$ 2,054,790</u>	<u>\$ (43,673)</u>	<u>\$ 14,258</u>	<u>\$ 1,996,859</u>

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

Unallocated - Town Hall	\$ 19,221
Public works	34,408
Public safety	27,661
Administration	1,667
Total depreciation expense - Governmental activities	<u>\$ 82,957</u>

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the Town's long-term obligations for the year ended December 31, 2015:

	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015	Due Within One Year
Compensated absences	29,674	20,702	27,822	22,554	22,554
	<u>\$ 29,674</u>	<u>\$ 20,702</u>	<u>\$ 27,822</u>	<u>\$ 22,554</u>	<u>\$ 22,554</u>

NOTE 6 - INTERGOVERNMENTAL AGREEMENTS

Conservation Trust Fund Entitlement

As a result of the State of Colorado lottery, the Town was entitled to and received \$6,346 of funds during 2015 based upon a formula considering population within the Town. The funds are restricted under the State Conservation Trust Fund statutes to acquisition, development and maintenance of parks and recreation facilities.

The Town has \$20,354 of remaining restricted funds which is planned to be spent in 2016 and future years in accordance with the guidelines established for lottery proceeds.

Open Space Tax Entitlement

On November 4, 2003, the voters in Arapahoe County approved a countywide sales and use tax of 0.25%, otherwise known as the Open Space Tax, which became effective on January 1, 2004. In November 2011, voters in Arapahoe County approved extending the tax through December 31, 2023. The Open Space Tax is to be used exclusively to purchase, develop, improve and maintain park and recreation facilities.

On June 22, 2004, the Town entered into an intergovernmental agreement with Arapahoe County to impose the Open Space Tax on building and construction materials purchased within the Town, and to participate in the shareback funds available through Arapahoe County.

The amount of shareback funds is based upon a formula considering the population within the Town. During the year ended December 31, 2015, the Town was entitled to and received \$28,250 in Open Space Tax shareback funds. The Town has restricted \$289,345 to be spent in future years in accordance with the guidelines established for Open Space Tax funds.

Town of Bow Mar

On December 6, 2004, the Town entered into an intergovernmental agreement (IGA) with the Town of Bow Mar (Bow Mar) for the Town to provide police and municipal court services to Bow Mar. The IGA may be renewed on an annual basis. The IGA has been extended through December 31, 2018.

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 6 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

For the year ended December 31, 2015, Bow Mar paid \$255,795 in four equal quarterly installments of \$63,949 to the Town.

The Town provides for the compensation, including salaries, wages and benefits of the police officers. The Town prepares its budget based on projected paid officer hours. In the event that the total paid officer hours including vacation, holiday, and sick hours are less than the amount budgeted, then the Town will rebate to Bow Mar an amount equal to the budgeted hours less the actual number of hours paid times one-half of the current standard hourly rate. No rebate was due to Bow Mar for 2015.

NOTE 7 – DEFINED CONTRIBUTION PLAN

The administrative employees of the Town participate in the Colorado County Officials and Employees Retirement Association Plan which is a defined contribution plan established by the Town and is maintained and administered by Colorado County Officials and Employees Retirement Association (CCOERA). At December 31, 2015, there were two Plan members. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees become Plan members immediately upon employment. Under this Plan, 5% of the Plan members' compensation is withheld and remitted to the Plan Administrator along with a matching payment of 5% from the Town. The Town's contributions, plus earnings, become vested at a rate of 33.3% for each year of participation in the Plan. Town contributions for Plan members who leave employment before they are fully vested are used to reduce the Town's current period contribution requirement. There is no liability for benefits under the Plan beyond the Town's matching payments. Plan provisions and contribution requirements are established and may be amended by the Town's Board of Trustees.

Contributions actually made by Plan members and the Town for the year ended December 31, 2015 are as follows:

Plan members	<u>\$ 6,328</u>
Town	<u>\$ 6,328</u>

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Plan Description

The Town provides retirement and disability insurance for its full-time police officers through the Colorado Fire and Police Pension Association (FPPA). The Town contributes to the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension plan administered FPPA. The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided through the Statewide Death and Disability Plan, which is also administered by FPPA. All full-time, paid police officers of the Town are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Colorado Statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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 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 to the pension plan from the Town were \$27,686 for the year ended December 31, 2015.

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At December 31, 2015, the Town reported an asset of \$84,710 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Town's proportion of the net pension asset was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2014, the Town's proportion was 0.075059369 percent, which was a decrease of 0.003524177 percent from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the Town recognized pension expense of \$4,781. At December 31, 2015, the District 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	\$ -	\$	1,745
Changes of assumptions	-		-
Net differences between projected and actual earnings on pension plan investments	6,679		-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,852		-
Town contributions subsequent to the measurement date	27,686		-
Total	\$ 37,217	\$	1,745

\$27,686 reported as deferred outflows of resources related to pension resulting from Town contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,		
2016	\$	1,786
2017		1,786
2018		1,786
2019		1,786
2020		116
Thereafter		526

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

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.

Effective with the January 1, 2013 valuations, a five-year smoothing methodology was used 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 COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate

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 FPPA 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.

Sensitivity of the Town's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Town's proportionate share of the net pension liability (asset)	79,866	(84,710)	(221,988)

Pension Plan Fiduciary Net Position

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

NOTE 9 – DEFERRED COMPENSATION PLAN

The Town has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is also administered by FPPA. Participation in the plan is optional for all police officers. The plan allows the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or death or unforeseen emergencies.

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 10 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The Town maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions, which is generally equivalent to total revenues. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On November 30, 1998, a majority of the Town's electors approved the following:

- Authorized the Town to collect, retain and spend all excess revenue collected in 1998 and thereafter without regard to any limitations under TABOR or any other law provided that no local tax rate or mill levy shall be increased without further voter approval.

The Town's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 12 – RESTATEMENT OF NET POSITION

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 Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68* (GASB No. 71), which are 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 No. 68 requires cost-sharing employers participating in the FPPA program to record their proportionate share, as defined in GASB No. 68, of FPPA's net pension asset.

For the Town, the effect of implementing this standard was to change how it accounts and reports the net pension asset. Implementation of the standard resulted in a restatement of the prior period net position as shown in the table below.

	Governmental Activities
Net position, December 31, 2014, as previously reported	\$ 3,383,910
Cumulative effect of application of GASB No. 68, Net pension asset	70,268
Cumulative effect of application of GASB No. 71, Deferred outflow of resources for contributions made subsequent to December 31, 2013	27,009
Net position, December 31, 2014, as restated	<u>\$ 3,481,187</u>

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF COLUMBINE VALLEY

REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of the Town's Proportionate Share of the Net Pension Asset
 December 31, 2015

	<u>2014</u>	<u>2013</u>
Town's proportion of the net pension liability (asset)	0.0750593690%	0.0785835455%
Town's proportionate share of the net pension liability (asset)	\$ (84,710)	\$ (70,268)
Town's covered-employee payroll	\$ 336,767	\$ 328,589
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(25.2%)	(21.4%)
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2013 was not available.

TOWN OF COLUMBINE VALLEY

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Town Contributions

2006 - 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 27,686	\$ 27,009	\$ 26,287	\$ 26,261	\$ 24,880	\$ 25,171	\$ 26,472	\$ 23,656	\$ 22,363	\$ 21,590
Contributions in relation to the contractually required contribution	27,686	27,009	26,287	26,261	24,880	25,171	26,472	23,656	22,363	21,590
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 342,855	\$ 336,767	\$ 328,589	\$ 328,260	\$ 310,564	\$ 314,375	\$ 331,498	\$ 295,424	\$ 280,875	\$ 269,867
Contributions as a percentage of covered employee payroll	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%

* The amounts presented for each fiscal year were determined as of December 31.

TOWN OF COLUMBINE VALLEY, COLORADO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2015

Changes in Actuarial Assumptions

Amounts reported in 2012 and later reflect a change in actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. For amounts reported in 2013 and later, a five-year smoothing methodology was used in the determination of actuarial value of assets. For amounts reported in 2014 and later, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

SUPPLEMENTARY INFORMATION

TOWN OF COLUMBINE VALLEY, COLORADO
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2015

	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES			
Public safety			
Automotive expenses	\$ 46,500	\$ 30,832	\$ 15,668
Salaries and benefits	527,800	501,277	26,523
Municipal court	60,700	37,665	23,035
Other	41,000	60,014	(19,014)
Total public safety	<u>676,000</u>	<u>629,788</u>	<u>46,212</u>
Sanitation	<u>70,000</u>	<u>67,355</u>	<u>2,645</u>
Administration			
Legal	40,000	36,850	3,150
Accounting and audit	20,000	19,800	200
Inspection	65,000	74,300	(9,300)
Town administration	177,415	166,036	11,379
Insurance and bonds	24,500	23,677	823
Office supplies and miscellaneous	85,015	95,183	(10,168)
County Treasurer's collection fees	3,070	3,065	5
Total administration	<u>415,000</u>	<u>418,911</u>	<u>(3,911)</u>
Planning and zoning			
Engineering	<u>40,000</u>	<u>72,239</u>	<u>(32,239)</u>
Public works			
Street repairs and maintenance	318,000	268,773	49,227
Street lighting	15,000	13,916	1,084
Ground maintenance	29,500	14,525	14,975
Other	23,500	14,455	9,045
Total public works	<u>386,000</u>	<u>311,669</u>	<u>74,331</u>
Capital outlay	<u>39,000</u>	<u>39,284</u>	<u>(284)</u>
Conservation Trust Fund expenditures	<u>14,500</u>	<u>6,000</u>	<u>8,500</u>
TOTAL EXPENDITURES	<u>\$ 1,640,500</u>	<u>\$ 1,545,246</u>	<u>\$ 95,254</u>

TOWN OF COLUMBINE VALLEY, COLORADO
FIVE YEAR SUMMARY OF ASSESSED VALUATION, MILL LEVY
AND PROPERTY TAXES COLLECTED
December 31, 2015

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied		Total Property Taxes		Percentage Collected to Levied
		Operating	Debt Service	Levied	Collected	
2011	\$ 34,676,990	9.331	-	\$ 323,571	\$ 323,274	99.91%
2012	\$ 31,998,740	9.352	-	\$ 299,252	\$ 300,086	100.28%
2013	\$ 32,318,330	9.336	-	\$ 301,724	\$ 307,260	101.83%
2014	\$ 32,359,930	9.316	-	\$ 301,465	\$ 301,396	99.98%
2015	\$ 32,957,780	9.316	-	\$ 307,035	\$ 306,177	99.72%
Estimated for year ending December 31, 2016	\$ 39,645,583	7.891	-	\$ 312,843		

NOTE:

Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Arapahoe
	YEAR ENDING : December 2015

This Information From The Records Of (example - City of _ or County of Town of Columbine Valley)	Prepared By: Phone:	Dana Struthers (303) 795-1434
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	241,809
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	4,237
2. General fund appropriations	599,111	b. Snow and ice removal	12,460
3. Other local imposts (from page 2)	23,165	c. Other	
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	16,697
5. Transfers from toll facilities		4. General administration & miscellaneous	105,115
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	310,911
a. Bonds - Original Issues		6. Total (1 through 5)	674,532
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	622,276	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	52,256	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	674,532	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	674,532

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	450,900	674,532	674,532		450,900

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	
1. Sales Taxes		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	23,165	g. Other Misc. Receipts	
6. Total (1. through 5.)	23,165	h. Other	
c. Total (a. + b.)	23,165	i. Total (a. through h.)	0
	(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	46,584	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	5,672	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	5,672	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	52,256	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: