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To the Honorable Mayor and Town Council Town of Carbondale, Colorado

We have audited the financial statements of Town of Carbondale (the "Town") for the year ended December 31, 2015. Professional standards require that we provide you with the following information related to our audit.

Qualitative Aspects of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in the Notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 estimates affecting the financial statements were:

- Estimating allowance for uncollectible trade receivables (all are considered to be collectible as of December 31, 2015): Management's estimate of uncollectible accounts is based on industry practice and experience, together with actual collections history since year-end.
- Estimated useful lives for depreciation on fixed assets: Management's estimate is based on industry practice and experience.

We evaluated the key factors and assumptions used to develop these estimates and found them to be reasonable in relation the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements prior to reporting the Town's year-end financial report.

Member: American Institute of Certified Public Accountants

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Town of Carbondale, Colorado

Financial Report

December 31, 2015



**Town of Carbondale, Colorado
Financial Report
December 31, 2015**

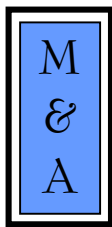
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**Town of Carbondale, Colorado
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December 31, 2015**

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INDEPENDENT AUDITOR'S REPORT

**The Honorable Mayor and Town Council
Town of Carbondale, Colorado**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Carbondale (the "Town"), as of and for the year ended December 31, 2015, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Carbondale as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITOR'S REPORT
The Honorable Mayor and Town Council
Town of Carbondale, Colorado

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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 Management's Discussion and Analysis in Section B 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The combining non-major fund financial statements, individual fund budgetary comparison information found in Section F, and the *Annual Highway Finance Report* listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major fund financial statements, individual fund budgetary comparison information found in Section F, and the *Annual Highway Finance Report* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.
June 23, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS



Town of Carbondale, Colorado

Management's Discussion and Analysis December 31, 2015

As management of the Town of Carbondale, ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2015.

Financial Highlights

- The 2015 Budget includes a 3% cost of living increase for Town employees.
- Sales and Use tax revenue increased 4.8% from 2014. Property taxes were even with 2014.
- The Town's governmental fund balances increased \$461,976, which includes the General Fund balance increase of \$301,487, and the Town's business-type activities increased \$193,519.

Overview of the Financial Statements

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

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all Town assets, liabilities, and deferred inflows of resources, with the difference between the three 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 presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected revenues such as grants or earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, streets, culture and recreation, and affordable housing. The business-type activities of the Town include water distribution and system maintenance and wastewater treatment.

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

Overview of the Financial Statements (continued)

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with the state budget statutes.

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

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

The basic proprietary fund financial statements can be found in Section C of this report. The Town also presents a budgetary comparison for its proprietary funds.

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

Government-wide financial analysis: As previously mentioned, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of the Town's finances, in a manner similar to a private-sector business.

Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

The following graph shows the Town's net position for 2015:

Town of Carbondale's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 9,707,631	9,068,515	6,270,169	6,193,437	15,977,800	15,261,952
Capital assets	21,401,752	21,049,875	16,084,407	16,139,474	37,486,159	37,189,349
Total assets	31,109,383	30,118,390	22,354,576	22,332,911	53,463,959	52,451,301
Other liabilities	949,902	829,624	133,311	236,013	1,083,213	1,065,637
Long-term liabilities outstanding	1,530,846	1,666,041	1,771,890	1,841,042	3,302,736	3,507,083
Total liabilities	2,480,748	2,495,665	1,905,201	2,077,055	4,385,949	4,572,720
Deferred Inflows of Resources	463,262	364,314	-	-	463,262	364,314
Net Position:						
Net invested in capital assets	19,870,906	19,383,834	16,084,407	16,139,474	35,955,313	35,523,308
Restricted	2,664,870	2,260,927	-	-	2,664,870	2,260,927
Unrestricted	5,629,597	5,613,650	4,364,968	4,116,382	9,994,565	9,730,032
Total net position	\$28,165,373	27,258,411	20,449,375	20,255,856	48,614,748	47,514,267

The largest portion of the Town's assets is reflected in the investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 70% of the total assets. The Town uses these assets to provide services to its citizens. The Town's remaining assets are generally available to pay liabilities or fund operations. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The Town's capital assets increased due to purchased capital assets being more than depreciation expense in 2015. Maturing for the Town's remaining debt are as follows; the Town's 2004 issue will be retired in 2024, and the Town's 2006 issue will retire in 2024. Additional information regarding the Town's long-term debt is available in Section D of the footnotes.

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Overview of the Financial Statements (continued)

Government-wide financial analysis (continued):

The following chart provides financial information from the Town's Statement of Activities:

Town of Carbondale's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES:						
Program revenues:						
Charges for services	\$ 1,343,498	1,259,005	2,475,266	2,359,408	3,818,764	3,618,413
Operating grants and contributions	1,000,279	1,139,058	-	-	1,000,279	1,139,058
Capital grants and contributions	584,470	931,196	425,457	343,199	1,009,927	1,274,395
General revenues:						
Property taxes	365,153	362,788	-	-	365,153	362,788
Sales and use taxes	4,718,203	4,507,302	-	-	4,718,203	4,507,302
Other taxes	443,748	392,841	-	-	443,748	392,841
Interest and other revenue	330,131	263,794	31,004	35,467	361,135	299,261
Transfers	(23,000)	-	23,000	-	-	-
Total Revenues	8,762,482	8,855,984	2,954,727	2,738,074	11,717,209	11,594,058
EXPENSES:						
General government	2,317,185	2,235,422	-	-	2,317,185	2,235,422
Public safety	1,881,462	1,765,434	-	-	1,881,462	1,765,434
Public works	1,715,093	1,620,612	-	-	1,715,093	1,620,612
Culture and recreation	1,856,508	1,783,514	-	-	1,856,508	1,783,514
Interest	81,123	85,282	-	-	81,123	85,282
Affordable housing	4,149	4,581	-	-	4,149	4,581
Water	-	-	1,338,457	1,265,516	1,338,457	1,265,516
Wastewater	-	-	1,422,751	1,458,420	1,422,751	1,458,420
Total Expenses	7,855,520	7,494,845	2,761,208	2,723,936	10,616,728	10,218,781
Change in Net Position	906,962	1,361,139	193,519	14,138	1,100,481	1,375,277
Net Position - Beginning	27,258,411	25,897,272	20,255,856	20,241,718	47,514,267	46,138,990
Net Position - Ending	\$ 28,165,373	27,258,411	20,449,375	20,255,856	48,614,748	47,514,267

The following provide additional insight into the above chart:

- Overall Revenues are comparable to 2014. Sales and Use Taxes increased in 2015 with accommodation, liquor and retail marijuana.
- Grants and contributions decreased significantly as Highway 133 is finished which accounted for most of the grants and contributions in 2014.

Overview of the Financial Statements (continued)

Governmental activities: Governmental activities increased the Town's net position by \$906,962. Key elements of this increase are as follows:

- The Town capitalized \$1,182,602 in fixed asset additions during 2015. This was for Highway 133, a townhome, park pavilion improvements, a sculpture, equipment, and a vehicle.

Business-type activities: Business-type activities increased the Town's net position by \$14,138. Key elements of this increase are as follows:

- Assets totaling \$538,898 were capitalized between the Water Fund and Wastewater Fund in 2015.
- The Water Fund had an increase in net position of \$101,760, and the Wastewater Fund had an increase in net position of \$91,759. On a cash basis, the Funds cumulatively decreased their cash and investment holdings by \$18,644.

Financial Analysis of the Town's Funds

As mentioned on page B2 of this analysis, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$8,618,757; an increase of \$461,976 from the prior year's ending fund balances. The following details ending fund balances for the past several years:

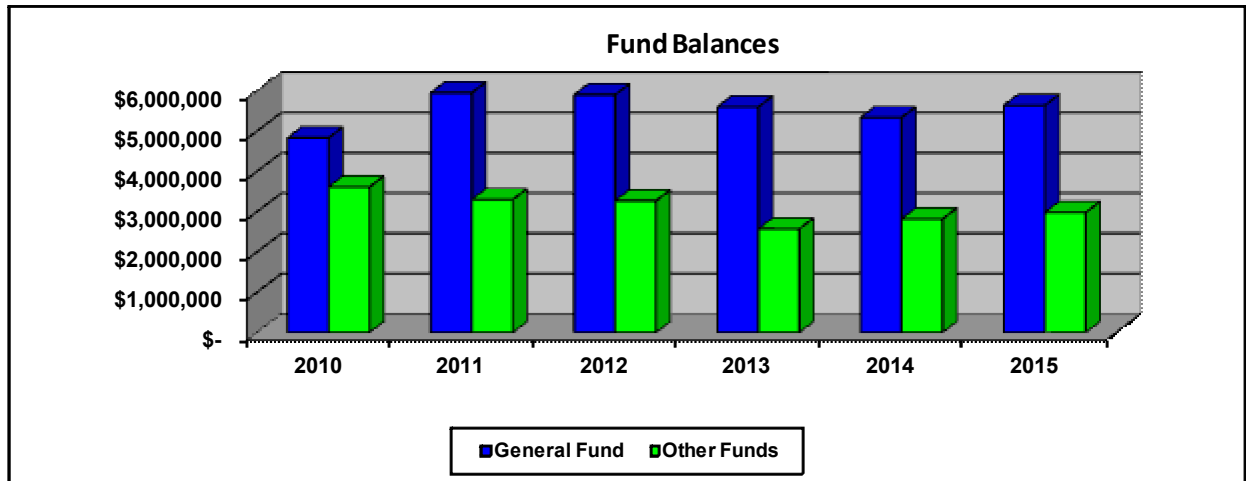
Fund	2010	2011	2012	2013	2014	2015
General	\$ 4,832,055	5,952,230	5,899,801	5,599,674	5,336,548	5,638,035
Recreation Sales and Use	1,084,189	897,153	919,743	871,226	804,593	996,019
Sales and Use	290,165	305,798	295,298	323,089	382,725	447,828
Streetscape	91,022	318,808	281,038	347,207	504,949	662,059
Development Dedication	940,589	778,061	653,374	663,878	546,911	407,908
Capital Projects	222,415	496,827	602,201	(146,158)	(236,604)	(125,427)
Other Governmental	984,071	504,363	518,349	513,060	817,659	592,335
Total	\$ 8,444,506	9,253,240	9,169,804	8,171,976	8,156,781	8,618,757

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Financial Analysis of the Town's Funds (continued)

Governmental funds (continued):

As indicated on the table on the previous page the Sales and Use Tax Fund and the Streetscape Fund balances have increased from the prior year. Certain Town fund balances were reduced from the prior year due to projects undertaken in the current year. The following graph is based on the table previously presented:



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

Cash in the Water Fund at the end of the current fiscal year was \$1,334,522. The Wastewater Fund had cash of \$4,603,834.

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Budget variances in the General Fund: The Town's General Fund revenues were over budget by \$597,801; General Fund expenditures were under budget by \$41,880. The General Fund's significant budget variances are detailed as follows:

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Reason
Revenues:					
Taxes	\$ 485,079	485,079	546,006	60,927	Revenues from accommodations, liquor & retail marijuana more than expected.
Licenses and permits	150,500	150,500	237,139	86,639	Building projects were begun in 2015 rather than later.
Intergovernmental	822,217	822,217	1,050,302	228,085	Mineral Leasing & Mineral Severance Tax were under budgeted to be conservative.
Charges for services	120,000	120,000	182,876	62,876	Major commercial project came in the end of 2015.
Other	77,500	77,500	182,398	104,898	Insurance Claims and Developer Reimbursabl
Expenditures:					
Attorney	100,000	100,000	146,577	(46,577)	Attorney for Thompson Divide and legal fees for developer reimbursable.
Administrative services	559,190	559,190	401,898	157,292	Reduction in Workers Comp Insurance that wasn't known when the budget was developed and the salary survey adjustment was budgeted in this department and then allocated when expensed in the correct departments.
Police department	1,399,064	1,399,064	1,535,676	(136,612)	Due to salary survey adjustment being expensed in the police department where a majority of the adjustments were on police salaries.

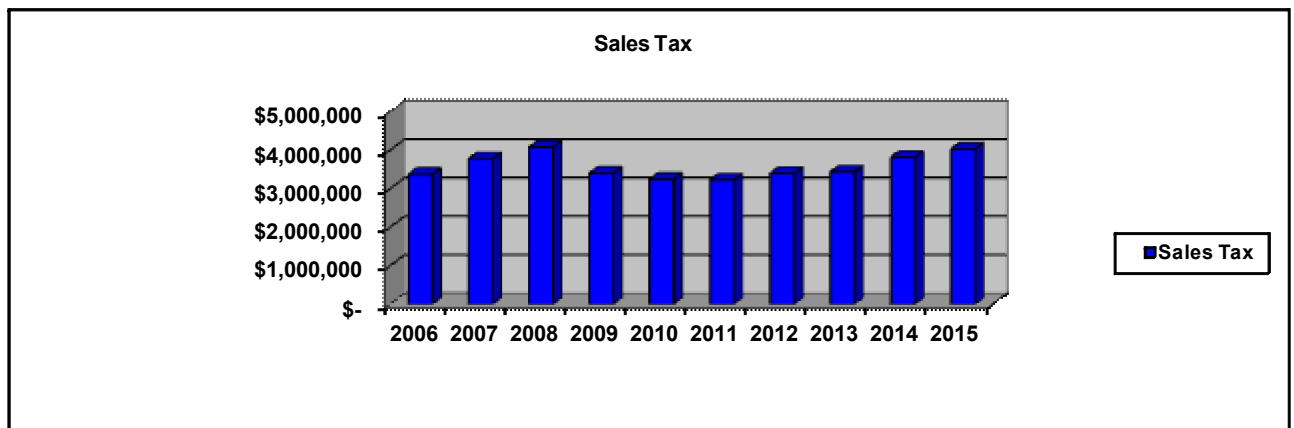
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Financial Analysis of the Town's Funds (continued)

Capital assets: The Town's government-wide capital assets, net of accumulated depreciation, decreased due to depreciation exceeding capital expenditures. Additional information as well as a detailed classification of the Town's net capital assets can be found in the Notes to the Financial Statements in Section D of this report.

Long-term debt: As of the end of the current fiscal year, the Town had \$3,646,374 in long-term debt. Additional information regarding the Town's debt can be found in Section D of this report.

Sales tax: The Town has a 3.5% sales tax that is used to fund its governmental operations. One half percent of the tax is dedicated to recreation expenditures. Sales tax increased from 2014 by approximately 5.7%. The following chart indicates changes in the sales tax:



Next year's budget and rates: The Town's General Fund balance at the end of fiscal year 2015 was \$5,638,035. In the 2016 budget, the Town anticipates reducing accumulated fund balance by approximately \$24,656.

Other information: Budgeted for 2016 include:

- 26.7% increase in Property Taxes
- Reduction in the Excise & Sales Tax for Retail Marijuana due to the market slowing down.
- 4% increase from sales tax over budgeted 2015.
- A reduction in Mineral Leasing of 8.5% and Severance Tax reduction of 61.4% based on information from the State
- A 3% wage increase for full time employees was approved in the 2016 budget.
- Transfer to Capital Construction Fund of \$500,000.

Request 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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Carbondale, Finance Department, 511 Colorado Ave., Carbondale, Colorado 81623.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



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

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents - Unrestricted	8,153,850	5,938,356	14,092,206
Cash and cash equivalents - Restricted	150,712	-	150,712
Receivables, net:			
Taxes	463,262	-	463,262
Accounts	-	263,820	263,820
Other	356,115	-	356,115
Intergovernmental	513,387	-	513,387
Prepaid expenses	67,502	67,993	135,495
Inventories	2,803	-	2,803
Capital assets, net	21,401,752	16,084,407	37,486,159
Total Assets	31,109,383	22,354,576	53,463,959
Liabilities:			
Accounts payable	258,056	103,482	361,538
Other liabilities	367,556	2,378	369,934
Compensated absences	317,033	27,451	344,484
Accrued interest	7,257	-	7,257
Reimbursable prepaid tap fees	-	1,771,890	1,771,890
Bonded debt payable:			
Due within one year	140,000	-	140,000
Due in more than one year	1,390,846	-	1,390,846
Total Liabilities	2,480,748	1,905,201	4,385,949
Deferred Inflows of Resources:			
Unavailable property tax revenue	463,262	-	463,262
Total Deferred Inflows of Resources	463,262	-	463,262
Net Position:			
Net invested in capital assets	19,870,906	16,084,407	35,955,313
Restricted for other purposes	2,664,870	-	2,664,870
Unrestricted	5,629,597	4,364,968	9,994,565
Total Net Position	28,165,373	20,449,375	48,614,748

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

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

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	2,317,185	692,300	95,031	-	(1,529,854)	-	(1,529,854)
Public safety	1,881,462	67,374	-	-	(1,814,088)	-	(1,814,088)
Public works	1,715,093	-	830,023	500,750	(384,320)	-	(384,320)
Culture and recreation	1,856,508	532,329	75,225	83,720	(1,165,234)	-	(1,165,234)
Affordable housing	4,149	51,495	-	-	47,346	-	47,346
Interest on long-term debt	81,123	-	-	-	(81,123)	-	(81,123)
Total governmental activities	7,855,520	1,343,498	1,000,279	584,470	(4,927,273)	-	(4,927,273)
Business-type activities:							
Water	1,338,457	1,186,786	-	228,402	-	76,731	76,731
Wastewater	1,422,751	1,288,480	-	197,055	-	62,784	62,784
Total business-type activities	2,761,208	2,475,266	-	425,457	-	139,515	139,515
Total	10,616,728	3,818,764	1,000,279	1,009,927	(4,927,273)	139,515	(4,787,758)
General revenues:							
Taxes:							
Property tax, levied for general purposes					365,153	-	365,153
Specific ownership tax					20,371	-	20,371
Sales and use tax					4,718,203	-	4,718,203
Franchise tax					268,464	-	268,464
Lodging Tax					85,527	-	85,527
Other miscellaneous taxes					69,386	-	69,386
Investment earnings					12,905	5,975	18,880
Miscellaneous					317,226	25,029	342,255
Transfers					(23,000)	23,000	-
Total general revenues and transfers					5,834,235	54,004	5,888,239
Change in Net Position					906,962	193,519	1,100,481
Net Position - Beginning					27,258,411	20,255,856	47,514,267
Net Position - Ending					28,165,373	20,449,375	48,614,748

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

FUND FINANCIAL STATEMENTS



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

	General	Recreation Sales and Use Tax	Sales and Use Tax	Streetscape	Development Dedication	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:								
Cash - Unrestricted	5,519,639	946,027	27,251	661,394	407,908	-	591,631	8,153,850
Cash - Restricted	150,712	-	-	-	-	-	-	150,712
Receivables, net of allowance for uncollectibles	344,942	-	649	-	-	-	10,524	356,115
Due from other governments	-	72,602	440,120	665	-	-	-	513,387
Due from other funds	117,690	-	-	-	-	-	-	117,690
Property tax receivable	269,399	-	-	193,863	-	-	-	463,262
Prepaid expenses	67,502	-	-	-	-	-	-	67,502
Inventory	2,803	-	-	-	-	-	-	2,803
Total Assets	6,472,687	1,018,629	468,020	855,922	407,908	-	602,155	9,825,321
Liabilities:								
Accounts/vouchers payable	204,684	19,463	192	-	-	27,737	5,920	257,996
Other liabilities	358,888	3,147	-	-	-	-	3,900	365,935
Accrued payroll and related liabilities	1,681	-	-	-	-	-	-	1,681
Due to other funds	-	-	20,000	-	-	97,690	-	117,690
Total Liabilities	565,253	22,610	20,192	-	-	125,427	9,820	743,302
Deferred Inflows of Resources:								
Unavailable property tax revenue	269,399	-	-	193,863	-	-	-	463,262
Total Deferred Inflows of Resources	269,399	-	-	193,863	-	-	-	463,262
Fund Balance:								
Nonspendable	104,915	-	-	-	-	-	-	104,915
Restricted	254,261	996,019	447,828	662,059	-	-	304,703	2,664,870
Committed	40,700	-	-	-	407,908	-	287,632	736,240
Assigned	178,609	-	-	-	-	-	-	178,609
Unassigned	5,059,550	-	-	-	-	(125,427)	-	4,934,123
Total Fund Balance	5,638,035	996,019	447,828	662,059	407,908	(125,427)	592,335	8,618,757
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	6,472,687	1,018,629	468,020	855,922	407,908	-	602,155	9,825,321

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

Town of Carbondale, Colorado
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2015

Governmental Funds Total Fund Balance	8,618,757
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Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.

Details of these amounts are as follows:

Capital asset	31,182,364	
Accumulated depreciation	<u>(9,780,612)</u>	
		21,401,752

Deferred charges such as deferred refunding costs, and premiums and discounts on bonded debt, are treated as current transactions on the fund financial statements but are capitalized and amortized on the Statement of Net Position. Details of these amounts are as follows:

Discount on bonded debt, net	1,144	
Premium on bonded debt, net	<u>(1,990)</u>	
		(846)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

This is the amount of Town long-term liabilities. Details of these amounts are as follows:

Accrued interest payable	(7,257)	
Bonded debt	(1,530,000)	
Compensated absences	<u>(317,033)</u>	
		<u>(1,854,290)</u>

Governmental Activities Net Position	<u><u>28,165,373</u></u>
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Town of Carbondale, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Recreation Sales and Use Tax	Sales and Use Tax	Streetscape	Development Dedication	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	546,006	652,816	3,912,777	160,143	-	-	102,751	5,374,493
Licenses, permits, and fees	237,139	-	-	-	35,930	-	-	273,069
Intergovernmental revenue	1,050,302	83,720	-	-	-	500,000	62,676	1,696,698
Charges for services	182,876	336,743	-	-	-	-	-	519,619
Fines and forfeitures	55,137	-	-	-	-	-	12,238	67,375
Investment income	12,191	509	1	-	67	90	47	12,905
Miscellaneous	644,864	54,838	-	-	-	750	117,738	818,190
Total Revenues	2,728,515	1,128,626	3,912,778	160,143	35,997	500,840	295,450	8,762,349
Expenditures:								
General government	2,074,618	-	10,175	-	-	-	309,872	2,394,665
Public safety	1,817,045	-	-	-	-	-	18,033	1,835,078
Public works	875,959	-	-	3,033	-	1,289,663	-	2,168,655
Culture and recreation	795,038	719,600	-	-	-	-	194,671	1,709,309
Debt service:								
Principal	-	-	-	-	-	-	135,000	135,000
Interest	-	-	-	-	-	-	80,798	80,798
Total Expenditures	5,562,660	719,600	10,175	3,033	-	1,289,663	738,374	8,323,505
Excess (Deficiency) of Revenues Over Expenditures	(2,834,145)	409,026	3,902,603	157,110	35,997	(788,823)	(442,924)	438,844
Other Financing Sources (Uses):								
Sale of fixed assets	23,132	-	-	-	-	-	-	23,132
Operating transfers in	4,012,500	-	-	-	-	900,000	217,600	5,130,100
Operating transfers (out)	(900,000)	(217,600)	(3,837,500)	-	(175,000)	-	-	(5,130,100)
Total Other Financing Sources (Uses)	3,135,632	(217,600)	(3,837,500)	-	(175,000)	900,000	217,600	23,132
Net Change in Fund Balance	301,487	191,426	65,103	157,110	(139,003)	111,177	(225,324)	461,976
Fund Balance - Beginning	5,336,548	804,593	382,725	504,949	546,911	(236,604)	817,659	8,156,781
Fund Balance - Ending	5,638,035	996,019	447,828	662,059	407,908	(125,427)	592,335	8,618,757

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

Town of Carbondale, Colorado
Reconciliation of Revenues, Expenditures and Changes in Fund Balances (Deficit)
of Governmental Funds to the Statement of Activities
December 31, 2015

Governmental Funds Changes in Fund Balances (Deficit)	461,976
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount of capital outlay and depreciation are as follows:

Capital additions	1,182,602	
Depreciation expense	<u>(830,725)</u>	
		351,877

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of principal on bonds	135,000	
Amortization of debt related deferrals, net	195	
Adjustments to current year interest	<u>(524)</u>	
		134,671

Changes in the Town employees' accrued compensated absences are considered changes in long-term liabilities. This is the change in accrued compensated absences during the year	<u>(41,562)</u>
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Governmental Activities Change in Net Position	<u><u>906,962</u></u>
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Town of Carbondale, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2015

	Water Fund	Wastewater Fund	Total
Assets:			
Current assets:			
Cash and investments	1,334,522	4,603,834	5,938,356
Accounts receivable	136,591	127,229	263,820
Prepaid expenses	67,993	-	67,993
Total current assets	<u>1,539,106</u>	<u>4,731,063</u>	<u>6,270,169</u>
Non-current assets:			
Land	51,048	133,391	184,439
Plant and system	13,775,817	12,539,083	26,314,900
Building and improvements	229,526	495,123	724,649
Machinery and equipment	550,341	1,294,526	1,844,867
Water rights	356,945	-	356,945
Accumulated depreciation	(5,155,831)	(8,185,562)	(13,341,393)
Total non-current assets	<u>9,807,846</u>	<u>6,276,561</u>	<u>16,084,407</u>
Total Assets	<u>11,346,952</u>	<u>11,007,624</u>	<u>22,354,576</u>
Liabilities:			
Current liabilities:			
Accounts/vouchers payable	52,536	50,946	103,482
Other liabilities	2,378	-	2,378
Total current liabilities	<u>54,914</u>	<u>50,946</u>	<u>105,860</u>
Long-term liabilities:			
Accrued compensated absences	20,049	7,402	27,451
Reimbursable prepaid tap fees	690,868	1,081,022	1,771,890
Total long-term liabilities	<u>710,917</u>	<u>1,088,424</u>	<u>1,799,341</u>
Total Liabilities	<u>765,831</u>	<u>1,139,370</u>	<u>1,905,201</u>
Net Position:			
Net invested in capital assets	9,807,846	6,276,561	16,084,407
Unrestricted	773,275	3,591,693	4,364,968
Total Net Position	<u>10,581,121</u>	<u>9,868,254</u>	<u>20,449,375</u>

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

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

	Water Fund	Wastewater Fund	Total
Operating Revenues:			
Charges for services:			
Service fees	1,150,459	1,217,228	2,367,687
Sale of meters	19,165	-	19,165
Other revenues:			
Penalty assessments	14,320	7,561	21,881
Miscellaneous	25,973	63,690	89,663
Total Operating Revenues	<u>1,209,917</u>	<u>1,288,479</u>	<u>2,498,396</u>
Operating Expenses:			
Operations and maintenance	388,058	331,478	719,536
Personnel costs	333,039	534,851	867,890
Administration	336,702	243,124	579,826
Depreciation	280,658	313,297	593,955
Total Operating Expenses	<u>1,338,457</u>	<u>1,422,750</u>	<u>2,761,207</u>
Operating (Loss)	<u>(128,540)</u>	<u>(134,271)</u>	<u>(262,811)</u>
Non-operating Revenue (Expenses):			
Investment income	1,898	5,975	7,873
Total Non-operating Revenue (Expenses)	<u>1,898</u>	<u>5,975</u>	<u>7,873</u>
(Loss) Before Contributions and Transfers	(126,642)	(128,296)	(254,938)
Capital contributions, and tap fees	228,402	197,055	425,457
Transfers in	-	23,000	23,000
Change in Net Position	101,760	91,759	193,519
Total Net Position - Beginning	<u>10,479,361</u>	<u>9,776,495</u>	<u>20,255,856</u>
Total Net Position - Ending	<u><u>10,581,121</u></u>	<u><u>9,868,254</u></u>	<u><u>20,449,375</u></u>

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

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

	Water Fund	Wastewater Fund	Total
Cash Flows From Operating Activities:			
Cash received from customers and others	1,169,695	1,214,036	2,383,731
Cash paid for goods, services and employees	(1,109,595)	(1,150,233)	(2,259,828)
Transfers	(75,647)	-	(75,647)
Other cash receipts	17,923	63,690	81,613
Net Cash Provided (Used) by Operating Activities	<u>2,376</u>	<u>127,493</u>	<u>129,869</u>
Cash Flows From Capital Financing Activities:			
Proceeds from tap and meter sales	197,906	161,597	359,503
Acquisition of capital assets	(243,665)	(272,233)	(515,898)
Proceeds from the sale of assets	9	-	9
Net Cash Provided (Used) by Capital Financing Activities	<u>(45,750)</u>	<u>(110,636)</u>	<u>(156,386)</u>
Cash Flows From Investing Activities			
Interest received	1,898	5,975	7,873
Net Cash Provided by Investing Activities	<u>1,898</u>	<u>5,975</u>	<u>7,873</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(41,476)	22,832	(18,644)
Cash and Cash Equivalents - Beginning	1,375,998	4,581,002	5,957,000
Cash and Cash Equivalents - Ending	<u>1,334,522</u>	<u>4,603,834</u>	<u>5,938,356</u>
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating (loss)	(128,540)	(134,271)	(262,811)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation expense	280,658	313,297	593,955
(Increase) decrease in operating accounts receivable	(14,249)	(10,753)	(25,002)
(Increase) decrease in prepaid expense	2,075	-	2,075
Increase (decrease) in other liabilities	(55,328)	(31,810)	(87,138)
Increase (decrease) in compensated absences	(6,593)	(8,970)	(15,563)
Transfers	(75,647)	-	(75,647)
Total Adjustments	<u>130,916</u>	<u>261,764</u>	<u>392,680</u>
Net Cash Provided (Used) by Operating Activities	<u>2,376</u>	<u>127,493</u>	<u>129,869</u>

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

NOTES TO THE FINANCIAL STATEMENTS



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

I. Summary of Significant Accounting Policies

The Town of Carbondale, Colorado (the "Town") is incorporated as a home rule municipality under Colorado statutes to provide public safety, highways and streets, water and sewer service, culture-recreation, public health improvements, planning and zoning, and general administrative services. The Town is located in Garfield County, Colorado and operates under a Board of Trustees-Manager form of government.

An elected Mayor and Board of Trustees are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The Town's major operations include water and sewer operations, road maintenance, police services, and culture and recreation.

The Town's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the Town are discussed below.

A. Reporting Entity

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

Based upon the above criteria, the Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

B. Government-wide and Fund Financial Statements

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts—net invested in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (public safety, highways and streets, utilities, etc.). The functions are also supported by general government revenues (property and sales taxes, intergovernmental revenue, fines and permits, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property and sales taxes, interest income, etc.).

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

2. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The *Recreation Sales and Use Tax Fund* - accounts for a ½ cent sales and use tax which is restricted for recreation purposes and for repayment of bonded debt. The Recreation Sales and Use Tax Fund are considered a special revenue fund.

The *Sales and Use Tax Fund* - accounts for the 3% sales and use tax revenues. The Sales and Use Tax Fund is presented as a special revenue fund because the revenues are derived from specific sales and use taxes and the expenditures involve not only various capital projects, but specific functions, activities, and debt service of the Town.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

The *Streetscape Fund* - accounts for a 1.5 mill ad valorem tax restricted to public streetscape improvements within the Town, including expanded downtown parking, pedestrian safety and street lights and beautification.

The *Development Dedication Fund* - accounts for revenue received from developers for new construction. It is based on a dollar value per square foot and assessed at time of building permit. This fee applies to all new annexations. Also represented in this fund is revenue derived from park dedication fees associated with new development.

The *Capital Projects Fund* - accounts for capital construction costs incurred by the Town.

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

The *Water Fund* - accounts for the purchase and delivery of water to the citizens of the Town. The water fund also maintains the infrastructure needed to provide water service.

The *Wastewater Fund* - accounts for activities related to the sewage treatment facilities and sewage transmission lines.

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Financial Statement Presentation

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.

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

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

2. Restricted Assets

Certain deposits and investments held by the Town are classified as restricted assets on the balance sheet because their use is limited to TRIDENT purposes.

3. Investments

Investments are stated at fair value.

4. Receivables

Receivables are reported net of an allowance for uncollectible accounts. Uncollectible amounts are charged off when management determines that the receivable will not be collected.

5. Property Taxes

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets (only infrastructure acquired after January 1, 2002), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The Town defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Infrastructure, buildings, and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Infrastructure	15 - 30
Buildings and improvements	15 - 40
Distribution systems	40 - 60
Equipment and vehicles	5 - 8

7. Compensated Absences

Earned but unused vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements.

8. Bond Discount and Premium

Bond discounts and premiums for the governmental fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method.

9. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item that qualifies for reporting in this category. Unavailable property tax revenue is reported in both the government-wide statement of net position and the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Categories and Classification of Fund Balance

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The Town classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Trustees. The Town's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Board of Trustees platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of a preliminary budget. The Budget is then formally presented to the Board of Trustees via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after the Board of Trustees approval, must be presented via a public process and again approval by the Board of Trustees.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the Board of Trustees or its management designee.

Unassigned – includes residual positive fund balance within a general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. The Town does not have a formal minimum fund balance policy.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

10. Categories and Classification of Fund Balance (continued)

In addition to the above note disclosure, GASB 54 requires disclosure of the following fund definitions:

General Fund:

The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Capital Projects Funds:

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Debt Service Funds:

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

E. Significant Accounting Policies

1. Use of Estimates

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Significant Accounting Policies (continued)

2. Proprietary Funds

As required by GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Town has elected to follow for its proprietary funds, all (1) GASB pronouncements and (2) FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

3. Comparative Data

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations.

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

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

- (1) For the 2015 budget year, prior to August 25, 2014, the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries.
- (2) The Town Manager, or other qualified person appointed by the Board of Trustees, submitted to the Board of Trustees, on or before October 15, 2014, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the Town's operating requirements.
- (3) Prior to December 15, 2014, a public hearing was held for the budget, the Board of Trustees certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board of Trustees adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

- (4) After adoption of the budget resolution, the Town may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

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

During the year, supplemental appropriations were necessary. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made. As a result of the supplementary budget appropriations, the 2015 appropriations were increase as follows:

Fund	Original Appropriation	Supplemental Appropriation
General Fund	\$ 6,304,539	6,754,539
Sales and Use Tax Fund	3,442,444	3,692,444
Capital Projects Fund	1,191,000	1,341,000
Wastewater Fund	1,184,971	1,384,971
Recreation Sales and Use Tax Fund	990,690	1,065,690
CHA Housing Fund	8,000	273,000
Lodging Tax Fund	60,000	90,000
1% of Arts Fund	13,920	51,920
Disposable Bag Fee Fund	13,000	18,000
Community Enhancement Fund	-	23,000

The Town's Sales and Use Tax Fund and Wastewater Fund had expenditures in excess of appropriations.

B. TABOR Amendment

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

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

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

In 2002 the Town's electorate voted to allow the Town to collect, retain, and expend revenues notwithstanding any of TABOR's restrictions.

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

III. Detailed Notes on all Funds

A. Deposits

Pursuant to its charter, the Town has adopted, by ordinance, an investment policy governing the types of institutions and investments with which it may deposit funds and transact business. Under this policy, the Town may invest in federally insured banks, debt obligations of the U.S. Government, its agencies and instrumentalities, governmental mutual fund and pools including 2a7-like pools, and repurchase agreements subject to policy requirements.

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the Town's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the Town's deposits was \$9,917,148.

At year end, the Town had the following investments and maturities:

			Maturities	
	Standard & Poors Rating	Carrying amounts	Less than one year	Less than five years
Deposits:				
Petty cash	Not Rated	\$ 995	995	-
Checking	Not Rated	1,989,424	1,989,424	-
Certificates of Deposit	Not Rated	135,665	135,665	-
Savings and money market	Not Rated	8,872,740	8,872,740	-
Investments:				
Investment pools	AAAm	3,244,094	3,244,094	-
		\$ 14,242,918	14,242,918	-

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

III. Detailed Notes on all Funds (continued)

A. Deposits (continued)

The Town's holding in an investment pool is comprised of a balance with COLOTRUST and CSAFE, which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to \$1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The Town has no regulatory oversight for the pools.

Interest Rate Risk: As a means of limiting its exposure to interest rate risk, the Town diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The Town coordinates its investment maturities to closely match cash flow needs and restricts the maximum investments term to less than five years from the purchase date. As a result of the limited length on maturities, the Town has limited its interest rate risk.

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

Concentration of Credit Risk: The Town places a fifty percent (50%) limit in which the Town may invest in any one issuer. Also, a twenty-five percent (25%) limit of the Town's portfolio may be invested in any single investment, except for U.S. Treasury Obligations.

At year end, more than five percent of the Town's investments were held in COLOTRUST and CSAFE. Such concentration is permitted by the Town's investment policy.

B. Receivables

Receivables as of year-end for the Town's funds, including applicable allowances for uncollectible accounts, are as follows:

	General	Recreation Sales and Use Tax	Sales and Use Tax	Streetscape	Lodging Tax	Disposable Bag Tax	Water	Wastewater	Total
Receivables:									
Taxes	\$269,399	-	-	193,863	-	-	-	-	463,262
Accounts	-	-	-	-	-	-	136,591	127,229	263,820
Other	344,942	-	649	-	7,581	2,943	-	-	356,115
Intergovernmental	-	72,602	440,120	665	-	-	-	-	513,387
Gross receivables	614,341	72,602	440,769	194,528	7,581	2,943	136,591	127,229	1,596,584
Less: allowance for uncollectible	-	-	-	-	-	-	-	-	-
Net receivables	\$614,341	72,602	440,769	194,528	7,581	2,943	136,591	127,229	1,596,584

Governmental funds report *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes \$463,262 of unearned revenue for property taxes levied in 2015 but not available until 2016.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

III. Detailed Notes on all Funds (continued)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 4,745,343	-	-	4,745,343
Construction in progress	40,708	-	-	40,708
Total capital assets, not being depreciated	<u>4,786,051</u>	<u>-</u>	<u>-</u>	<u>4,786,051</u>
Capital assets, being depreciated:				
Infrastructure	9,054,606	753,872	-	9,808,478
Buildings	9,130,609	295,451	-	9,426,060
Improvements other than buildings	3,554,575	40,500	-	3,595,075
Vehicles	1,423,744	47,100	(20,530)	1,450,314
Equipment	2,077,772	45,679	(7,065)	2,116,386
Total capital assets being depreciated	<u>25,241,306</u>	<u>1,182,602</u>	<u>(27,595)</u>	<u>26,396,313</u>
Less accumulated depreciation for:				
Infrastructure	(1,784,844)	(316,619)	-	(2,101,463)
Buildings	(2,335,730)	(237,731)	-	(2,573,461)
Improvements other than buildings	(2,139,261)	(128,411)	-	(2,267,672)
Vehicles	(953,435)	(95,600)	20,530	(1,028,505)
Equipment	(1,764,212)	(52,364)	7,065	(1,809,511)
Total accumulated depreciation	<u>(8,977,482)</u>	<u>(830,725)</u>	<u>27,595</u>	<u>(9,780,612)</u>
Total capital assets, being depreciated, net	<u>16,263,824</u>	<u>351,877</u>	<u>-</u>	<u>16,615,701</u>
Governmental activities				
capital assets, net	<u><u>\$ 21,049,875</u></u>	<u><u>351,877</u></u>	<u><u>-</u></u>	<u><u>21,401,752</u></u>

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Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

III. Detailed Notes on all Funds (continued)

C. Capital Assets (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 184,439	-	-	184,439
Water rights	356,945	-	-	356,945
Total capital assets, not being depreciated	541,384	-	-	541,384
Capital assets, being depreciated:				
Water/wastewater system and improvements	26,104,115	210,785	-	26,314,900
Buildings and improvements	724,649	-	-	724,649
Equipment	1,557,027	328,113	(40,273)	1,844,867
Total capital assets being depreciated	28,385,791	538,898	(40,273)	28,884,416
Less accumulated depreciation for:				
Water/wastewater system and improvements	(11,444,718)	(484,987)	-	(11,929,705)
Buildings and improvements	(346,733)	(21,375)	-	(368,108)
Equipment	(996,252)	(87,593)	40,265	(1,043,580)
Total accumulated depreciation	(12,787,703)	(593,955)	40,265	(13,341,393)
Total capital assets, being depreciated, net	15,598,088	(55,057)	(8)	15,543,023
Business-type activities capital assets, net	\$ 16,139,472	(55,057)	(8)	16,084,407

The Town had the following capital outlay and depreciation expense for the following functions:

	Capital Outlay	Depreciation Expense
Governmental activities:		
General government	\$ 16,265	190,022
Public safety	24,519	48,097
Public works, including infrastructure	800,982	336,006
Culture and recreation	73,947	256,600
Affordable housing	266,889	-
Total - governmental activities	\$ 1,182,602	830,725
Business-type activities:		
Water	\$ 243,665	280,658
Wastewater	272,233	313,297
Total - business-type activities	\$ 515,898	593,955

Any difference between capital outlay and additions to the business-type activity funds generally consists of contributed assets. Contributions of assets largely consist of assets provided by developers upon annexation.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

III. Detailed Notes on all Funds (continued)

D. Interfund Receivables, Payables, and Transfers

The Town had the following interfund receivables or payables as of December 31, 2015:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 117,690	-
Capital Construction Fund	-	97,690
Sales and Use Tax Fund	-	20,000
Total	\$ 117,690	117,690

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Transfers were as follows:

Fund In (Out)	Amount	Reason
General / (Sales and Use Tax)	\$ 3,837,500	Operating transfer
General / (Development Dedication)	175,000	Operating transfer
Capital Projects / (General)	900,000	Highway 133 improvements
Wastewater / (Community Enhancement)	23,000	Transfer purchased solar array
Bond Fund / (Recreation Sales and Use Tax)	217,600	Debt service for 2004 and 2006 Sales and Use Tax bonds.

E. Long-term Debt

1. Recreation Sales and Use Tax Series 2004 Bonds

On July 1, 2004, the Town issued Series 2004 Recreation Sales and Use Tax Bonds in the amount of \$2,200,000. The bond proceeds are to be used to finance the developing, constructing, and equipping of a new park and recreation facility, improvements to existing park facilities and to pay the costs of issuance of the bonds. The bonds after December 1, 2015, are subject to redemption prior to maturity, at the option of the Town. Interest is payable semi-annually on June 1 and December 1 at 2% to 5%. Principal payments are made December 1. The bonds require debt service payments through 2024.

2. Recreation Sales and Use Tax Series 2006 Bonds

On November 2, 2006, the Town issued Series 2006 Recreation Sales and Use Tax Bonds in the amount of \$450,000. The bond proceeds are to be used to finance the developing, constructing, and equipping of a new park and recreation facility, improvements to existing park facilities and to pay the costs of issuance of the bonds. The bonds after December 1, 2017, are subject to redemption prior to maturity, at the option of the Town. Interest is payable semi-annually on June 1 and December 1 at 4.5% to 5.0%. Principal payments are made December 1. The bonds require debt service payments through 2024.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

III. Detailed Notes on all Funds (continued)

E. Long-term Debt (continued)

3. Advance Refunding

The Town has advance refunded the 1988 Sales Tax Revenue Bonds and 1994 Series B CWRPDA Water Bonds. Sufficient U.S. government, state and local government securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Town's financial records. The information relating to these two debt issuances is not available at year end.

4. Schedule of Future Payment

The Town's annual debt service is as follows:

	Recreation Sales and Use Bonds Series 2004	Recreation Sales and Use Bonds Series 2006	Total
Year			
2016	\$ 169,075	45,438	214,513
2017	168,905	44,088	212,993
2018	168,500	42,660	211,160
2019	172,860	46,238	219,098
2020	171,750	44,575	216,325
2021 - 2024	676,750	180,663	857,413
Total	1,527,840	403,662	1,931,502
Less: interest	(317,840)	(83,662)	(401,502)
Bonds outstanding	<u>\$ 1,210,000</u>	<u>320,000</u>	1,530,000
Add: Unamortized bond premium			1,990
Less: Unamortized bond discount			(1,144)
Total debt			<u>1,530,846</u>

5. Compensated Absences

The Town has a policy for the accumulation of sick pay, vacation pay and compensatory time up to certain limits. Earned vacation pay accrues on a graduated scale from the date of employment and must be used within 12 months of the date of accrual. Upon retirement, an employee's accrued sick leave may be converted to monetary payment based upon the following scale:

Length of Employment	Percentage Payment
0 - 9 years	25%
10 - 14 years	33%
Over 15 years	50%

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

III. Detailed Notes on all Funds (continued)

E. Long-term Debt (continued)

5. Compensated Absences (continued)

The estimated liability for accrued leave for the Water and Wastewater Fund employees is recorded on that fund's financial statements; the estimated liability for all other employees is recorded in governmental activities in the Statement of Net Position.

6. Tap Fees Agreement

In November 2010, the Town entered into an agreement regarding tap fees (the "agreement" with Crystal River Limited Partnership ("CRLP"). As part of this agreement CRLP paid the Town \$493,761 to prepay water and wastewater tap fees. After the payment, CRLP had prepaid the Town for River Valley Ranch ("RVR") water and wastewater tap fees which CRLP had not issued prepaid tap fee certificates ("Remaining Credit Earned") to owners of lots with RVR; this amount totaled \$2,112,497.

The Town agreed, under certain conditions, that fees collected to serve properties within RVR shall reimburse CRLP up to the amount of the Remaining Credit Earned. One of the conditions is that the term to repay the obligation shall not exceed eight years. If the Town has not reimbursed its obligation to CRLP in 2017, the amount owed under the obligation will be considered extinguished, and the Town will no longer be liable for the obligation under the Agreement.

7. Changes in the Long-term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2015:

	Balance 1/1/15	Additions	(Reductions)	Balance 12/31/15	Due in One Year
Governmental Activities:					
Series 2004 Bonds	\$ 1,315,000	-	(105,000)	1,210,000	110,000
Series 2006 Bonds	350,000	-	(30,000)	320,000	30,000
Compensated absences	275,471	41,562	-	317,033	9,511
Business-Type Activities:					
Compensated absences	43,014	-	(15,563)	27,451	824
Reimbursable prepaid tap fees	1,841,042	-	(69,152)	1,771,890	-
Total	<u>\$ 3,824,527</u>	<u>41,562</u>	<u>(219,715)</u>	<u>3,646,374</u>	<u>150,335</u>

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

III. Detailed Notes on all Funds (continued)

F. Fund Balance

Fund balance classifications are reported in the aggregate on the face of the balance sheet. The components of each classification are as follows:

		Recreation						
	General	Sales and Use Tax	Sales and Use Tax	Streetscape	Development Dedication	Capital Projects	Conservation Trust	Victims Assistance
Nonspendable:								
Prepaid expenses	\$ 67,502	-	-	-	-	-	-	-
Inventory	2,803	-	-	-	-	-	-	-
Economic development	34,610	-	-	-	-	-	-	-
Total Nonspendable:	104,915	-	-	-	-	-	-	-
Restricted:								
Constitutionally required emergency reserve	236,000	-	-	-	-	-	-	-
Capital projects	-	-	447,828	-	-	-	-	-
Community enhancement	-	-	-	662,059	-	-	-	-
Culture and recreation	-	996,019	-	-	-	-	90,120	-
Tree funding	18,261	-	-	-	-	-	-	-
Total Restricted:	254,261	996,019	447,828	662,059	-	-	90,120	-
Committed:								
General operating	-	-	-	-	407,908	-	-	-
Parking	40,700	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	2,895
Total Committed:	40,700	-	-	-	407,908	-	-	2,895
Assigned:								
Town Manger contract	61,800	-	-	-	-	-	-	-
Economic development	82,200	-	-	-	-	-	-	-
Total Assigned:	144,000	-	-	-	-	-	-	-
	CHA Mortgage	Community Enhancement	Lodging Tax	1% of Arts	Efficient Building	Disposable Bag Tax	Bond	Bond Reserve
Restricted:								
Culture and recreation	-	770	8,476	-	-	-	-	-
Debt service	-	-	-	-	-	-	31,719	173,618
Total Restricted:	-	770	8,476	-	-	-	31,719	173,618
Committed:								
Community enhancement	-	-	-	24,193	-	-	-	-
Affordable housing	218,842	-	-	-	-	-	-	-
Efficient building	-	-	-	-	8,268	-	-	-
Education and awareness	-	-	-	-	-	33,434	-	-
Total Committed:	218,842	-	-	24,193	8,268	33,434	-	-

As of December 31, 2015, the Capital Projects Fund had a deficit fund balance of \$125,427.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Other Information

A. Benefits

The Town has established three contributory benefit plans as follows.

1. Contributory Pension Plan - IRS Section 401(a)

The Town established a defined contribution pension plan for all full-time employees. The plan is administered and invested by ICMA, Inc.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. All full time Town employees are eligible to participate in this plan. Eligibility is at the date of employment.

The Town contributes 5% of the employees' compensation to this plan. The Town's contributions vest 40% after two years, and the vesting percentage increases 20% each year thereafter, and become fully vested after five years. Forfeitures may first be used to pay administrative expenses of the plan, with any remainder being applied to reduce the Town's contributions.

The Town's current year covered payroll was \$5,442,133 and current year total payroll was \$3,612,100. For 2015, the Town's expense to the plan was \$152,031, which consisted of the Town's required and actual contributions of \$163,264 net of \$11,233 applied forfeitures. There was no outstanding liability to the plan at December 31, 2015

2. Deferred Compensation Plan - IRC 457

The Town offers its full time employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The plan is a defined contribution plan and the Town has no liability for losses under the plan and is only liable to pay the value of benefits credited to a participant's. The Town previously matched employee contributions up to 2% of the employees' wages. The maximum amount of deferred compensation for any participant for any taxable year shall not exceed the lesser of \$7,500 or 33% of the participant's includible compensation for the taxable year. The Town does not administer the plan; therefore, it is not presented in the Town's financial statements.

Due to economic conditions, the Town indefinitely suspended all matching contributions to the plan on January 1, 2010. Reinstatement of the matching contributions will be considered in future budgets. The Town may at any time amend this plan.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Other Information (continued)

A. Benefits (continued)

3. Police Pension 401(a) Plan

The Town's police department is covered by a defined contribution plan allowed under I.R.C. 401(a). The plan is administered and invested by ICMA, Inc.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. Eligibility is at the date of employment.

Employees contribute 8% and the Town contributes 8% of the employee's annual salary. Employee contributions are 100% vested when paid. The Town's contributions vest 20% after one year, and the vesting percentage increases 20% each year thereafter, and become fully vested after five years. Forfeitures may first be used to pay administrative expenses of the plan, with any remainder being applied to reduce the Town's contributions.

The Town's current year covered payroll was \$916,788 and current year total payroll was \$989,623. For 2015, the Town's expense to the plan was \$50,926, which consists of the Town's required and actual contributions of \$73,343, net of \$22,417 applied forfeitures. There was no outstanding liability to the plan at December 31, 2015.

B. Commitments and Contingencies - Landfill

The Town stopped accepting waste at its landfill in 1993 and substantially completed closure in 1995. Due to the Town's landfill being closed, it is not subject to certain state and federal requirements. However, state and federal laws and regulations did require that the Town place a final cover on its landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. No future costs associated with the Landfill are anticipated.

C. Risk Management

The Town is exposed to various risks of loss related to workers' compensation, general liability, and worker unemployment. The Town has acquired commercial coverage for these risks. Any settled claims are not expected to exceed the commercial insurance coverage. The Town is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. The Town is a member of the insurance pool described below to cover these risks.

Pursuant to an inter-local agreement authorized by state statute, the Town joined the Colorado Intergovernmental Risk Sharing Agency ("CIRSA") to provide insurance coverage. Members of the Council of directors are nominated and elected by members to two-year, staggered terms and meet at least monthly to direct operations. CIRSA budgets are funded by contributions from member governments.

Town of Carbondale, Colorado
Notes to the Financial Statements
December 31, 2015
(Continued)

IV. Other Information (continued)

C. Risk Management (continued)

The Town's share of assets, liabilities and fund equity as of December 31, 2015, the latest date for which information is available, is as follows:

Property and Casualty Pool:	%
Loss fund	0.891%
Pooled excess fund	0.488%

The December 31, 2015, combined financial information is as follows:

Cash and investments	\$ 80,334,087
Other assets	5,954,977
Total	<u>\$ 86,289,064</u>
Liabilities	\$ 39,544,707
Members fund balance	46,744,357
Total	<u>\$ 86,289,064</u>
Total revenue	\$ 25,465,310
Total expense	(26,908,923)
Excess of Revenue Over Expense	<u>\$ (1,443,613)</u>

Coverage provided by CIRSA is as follows: 1) \$250,000 per claim/occurrence property; 2) \$1,000,000 per claim/occurrence liability; and 3) \$150,000 per claim/occurrence crime. CIRSA has also acquired additional excess coverage from outside sources. The Town may be liable for any losses in excess of the above coverage. At December 31, 2015, the Town does not expect to incur losses in excess of the above coverage.

Surpluses or deficits for any year are subject to change for reasons which include: interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

D. Lease Agreements

1. Operating Leases

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

2. Building Lease

In October 2008 the Town entered into a lease agreement with Carbondale Community Nonprofit Center for use of a building. The term of the lease is for 49 years and will expire on August 31, 2057, with an option to extend. The lease requires a onetime base lease payment of \$49 and reimbursement of certain costs incurred by the Town.

REQUIRED SUPPLEMENTARY INFORMATION



Town of Carbondale, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes	485,079	485,079	546,006	60,927	500,845
Licenses and permits	150,500	150,500	237,139	86,639	228,304
Intergovernmental	822,217	822,217	1,050,302	228,085	1,167,420
Charges for services	120,000	120,000	182,876	62,876	190,821
Fines and forfeitures	50,000	50,000	55,137	5,137	55,599
Interest	12,000	12,000	12,191	191	10,800
Administrative charges	403,417	403,417	403,781	364	403,732
Developer reimbursable	10,000	10,000	58,684	48,684	9,437
Other	77,500	77,500	182,398	104,898	180,632
Total Revenues	2,130,713	2,130,713	2,728,514	597,801	2,747,590
Expenditures:					
General Government:					
Attorney	100,000	100,000	146,577	(46,577)	127,849
Municipal elections	9,100	9,100	405	8,695	6,858
Trustees	100,308	100,308	103,165	(2,857)	81,559
Municipal Court	40,713	40,713	52,045	(11,332)	28,786
Town Manager	288,440	288,440	282,361	6,079	278,079
Administrative services	559,190	559,190	401,898	157,292	469,140
Finance and records	303,552	303,552	295,481	8,071	293,728
Planning	310,702	310,702	326,962	(16,260)	304,654
Data processing	57,400	57,400	42,459	14,941	48,264
Building operations	89,738	89,738	63,630	26,108	78,372
Motor pool	235,495	235,495	222,128	13,367	267,847
Economic development	23,000	23,000	23,747	(747)	30,000
Sales tax administration	33,548	33,548	41,319	(7,771)	50,022
Affordable housing	30,000	30,000	28,000	2,000	28,000
Total General Government	2,181,186	2,181,186	2,030,177	151,009	2,093,158
Public Safety:					
Police department	1,399,064	1,399,064	1,535,676	(136,612)	1,438,095
Communications	35,000	35,000	48,119	(13,119)	40,909
Building inspection	151,171	151,171	152,541	(1,370)	146,308
Ordinance control	78,271	78,271	80,709	(2,438)	71,511
Total Public Safety	1,663,506	1,663,506	1,817,045	(153,539)	1,696,823
Public Works:					
Streets, alleys, snow removal	630,044	630,044	629,860	184	631,353
Public works administration	242,576	242,576	246,099	(3,523)	294,507
Total Public Works	872,620	872,620	875,959	(3,339)	925,860

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

Town of Carbondale, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)
(Continued)

	2015				2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures (continued):					
Culture and Recreation:					
Recreation	372,765	372,765	354,823	17,942	287,190
Municipal pool	-	-	-	-	28
Parks and cemetery	363,227	363,227	331,527	31,700	276,081
RV park	38,660	38,660	49,310	(10,650)	25,836
Boat ramp	1,175	1,175	1,378	(203)	20,688
Community affairs	66,500	66,500	58,000	8,500	52,179
Total Culture and Recreation	842,327	842,327	795,038	47,289	662,002
Other:					
Environmental health and recycling	44,900	44,900	44,440	460	57,797
Total Other	44,900	44,900	44,440	460	57,797
Total Expenditures	5,604,539	5,604,539	5,562,659	41,880	5,435,640
Excess (Deficiency) of Revenues Over Expenditures	(3,473,826)	(3,473,826)	(2,834,145)	639,681	(2,688,050)
Other Financing Sources (Uses):					
Sale of fixed assets	10,000	10,000	23,132	13,132	26,193
Transfers (out)	(700,000)	(1,150,000)	(900,000)	250,000	(1,465,000)
Transfers in	3,612,444	3,612,444	4,012,500	400,056	3,863,731
Total Other Financing Sources (Uses)	2,922,444	2,472,444	3,135,632	663,188	2,424,924
Net Change in Fund Balance	(551,382)	(1,001,382)	301,487	1,302,869	(263,126)
Fund Balance - Beginning			5,336,548		5,599,674
Fund Balance - Ending			5,638,035		5,336,548

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

Town of Carbondale, Colorado
Recreation Sales and Use Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Sales tax revenue	525,699	525,699	554,918	29,219	513,898
Use tax - motor vehicle	41,140	41,140	63,694	22,554	56,637
Use tax - building permits	16,000	16,000	34,204	18,204	41,336
Investment earnings	500	500	509	9	341
Intergovernmental	-	-	83,720	83,720	25,000
Charges for services	298,500	298,500	336,743	38,243	312,021
Other income	41,000	41,000	54,838	13,838	42,991
Total Revenues	922,839	922,839	1,128,626	205,787	992,224
Expenditures:					
Pool	1,600	1,600	-	1,600	46
Park improvements	-	75,000	21,609	53,391	111,362
Trail improvements	-	-	218	(218)	1,000
Riding area and building	-	-	5,709	(5,709)	-
Salaries and benefits	511,310	511,310	457,100	54,210	416,204
Park and recreation facilities	240,180	240,180	234,964	5,216	266,722
Master plan	20,000	20,000	-	20,000	46,023
Total Expenditures	773,090	848,090	719,600	128,490	841,357
Excess (Deficiency) of Revenues Over Expenditures	149,749	74,749	409,026	334,277	150,867
Other Financing Sources (Uses):					
Operating transfers (out)	(217,600)	(217,600)	(217,600)	-	(217,500)
Total Other Financing Sources (Uses)	(217,600)	(217,600)	(217,600)	-	(217,500)
Net Change in Fund Balance	(67,851)	(142,851)	191,426	334,277	(66,633)
Fund Balance - Beginning			804,593		871,226
Fund Balance - Ending			996,019		804,593

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

Town of Carbondale, Colorado
Sales and Use Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Sales tax	3,140,944	3,140,944	3,327,176	186,232	3,164,549
Use tax - motor vehicle	251,500	251,500	380,451	128,951	338,206
Use tax - building permits	50,000	50,000	205,150	155,150	247,927
Investment earnings	-	-	1	1	6
Total Revenues	<u>3,442,444</u>	<u>3,442,444</u>	<u>3,912,778</u>	<u>470,334</u>	<u>3,750,688</u>
Expenditures:					
Miscellaneous	5,000	5,000	10,175	(5,175)	2,321
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>10,175</u>	<u>(5,175)</u>	<u>2,321</u>
Excess (Deficiency) of Revenues Over Expenditures	3,437,444	3,437,444	3,902,603	465,159	3,748,367
Other Financing (Uses):					
Operating transfers (out)	(3,437,444)	(3,687,444)	(3,837,500)	(150,056)	(3,688,731)
Total Other Financing (Uses)	<u>(3,437,444)</u>	<u>(3,687,444)</u>	<u>(3,837,500)</u>	<u>-</u>	<u>(3,688,731)</u>
Net Change in Fund Balance	<u>-</u>	<u>(250,000)</u>	65,103	<u>315,103</u>	59,636
Fund Balance - Beginning			382,725		323,089
Fund Balance - Ending			<u>447,828</u>		<u>382,725</u>

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

Town of Carbondale, Colorado
Streetscape Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015		2014
	Original and Final Budget	Actual	Variance Positive (Negative)
			Actual
Revenues:			
Property tax	152,456	151,158	(1,298)
Specific ownership tax	8,100	8,502	402
Delinquent tax and interest	70	483	413
Total Revenues	<u>160,626</u>	<u>160,143</u>	<u>(483)</u>
Expenditures:			
Treasurer fee	4,200	3,033	1,167
Streetscape improvements	300,000	-	300,000
Total Expenditures	<u>304,200</u>	<u>3,033</u>	<u>301,167</u>
Net Change in Fund Balance	<u>(143,574)</u>	157,110	<u>300,684</u>
Fund Balance - Beginning		<u>504,949</u>	<u>347,207</u>
Fund Balance - Ending		<u>662,059</u>	<u>504,949</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Development Dedication Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015		2014
	Original and Final Budget	Actual	Variance Positive (Negative)
			Actual
Revenues:			
Park development fee	-	-	-
General development fee	24,000	35,930	11,930
Investment earnings	100	67	(33)
Total Revenues	<u>24,100</u>	<u>35,997</u>	<u>11,897</u>
Excess (Deficiency) of Revenues Over Expenditures	24,100	35,997	11,897
Other Financing Sources (Uses):			
Operating transfers (out)	<u>(175,000)</u>	<u>(175,000)</u>	-
Total Other Financing Sources (Uses)	<u>(175,000)</u>	<u>(175,000)</u>	-
Net Change in Fund Balance	<u>(150,900)</u>	<u>(139,003)</u>	<u>11,897</u>
Fund Balance - Beginning		<u>546,911</u>	<u>663,878</u>
Fund Balance - Ending		<u>407,908</u>	<u>546,911</u>

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

SUPPLEMENTARY INFORMATION



Town of Carbondale, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Grants	-	-	500,000	500,000	800,000
Investment earnings	50	50	90	40	86
Miscellaneous	-	-	750	750	103,396
Total Revenues	<u>50</u>	<u>50</u>	<u>500,840</u>	<u>500,790</u>	<u>903,482</u>
Expenditures:					
Highway 133	715,000	865,000	850,514	14,486	1,608,938
Construction	30,000	30,000	10,000	20,000	172,903
Street resurfacing	400,000	400,000	382,049	17,951	195,735
1% for the Arts project	-	-	-	-	1,859
Vehicles	46,000	46,000	47,100	(1,100)	214,493
Total Expenditures	<u>1,191,000</u>	<u>1,341,000</u>	<u>1,289,663</u>	<u>51,337</u>	<u>2,193,928</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,190,950)	(1,340,950)	(788,823)	449,453	(1,290,446)
Other Financing Sources (Uses):					
Operating transfers in	1,200,000	1,200,000	900,000	300,000	1,200,000
Total Other Financing Sources (Uses)	<u>1,200,000</u>	<u>1,200,000</u>	<u>900,000</u>	<u>300,000</u>	<u>1,200,000</u>
Net Change in Fund Balance	<u>9,050</u>	<u>(140,950)</u>	111,177	<u>252,127</u>	(90,446)
Fund Balance - Beginning			(236,604)		(146,158)
Fund Balance - Ending			(125,427)		(236,604)

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

Town of Carbondale, Colorado
Schedule of Revenues and Expenditures
Budget and Actual
Proprietary Funds
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	Water Fund				Wastewater Fund				
	2015		2014		2015		2014		
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:									
Charges for services:									
Sale of meters	5,000	19,165	14,165	18,017	-	-	-	-	-
Service fees	1,225,933	1,150,459	(75,474)	1,084,642	1,187,698	1,187,698	1,217,228	29,530	1,175,292
Penalty assessments	7,534	14,320	6,786	6,693	3,299	3,299	7,561	4,262	6,856
Miscellaneous	10,100	25,973	15,873	35,244	65,800	65,800	63,690	(2,110)	59,762
Total Revenues	<u>1,248,567</u>	<u>1,209,917</u>	<u>(38,650)</u>	<u>1,144,596</u>	<u>1,256,797</u>	<u>1,256,797</u>	<u>1,288,479</u>	<u>31,682</u>	<u>1,241,910</u>
Operating Expenses:									
Operations and maintenance	164,311	186,916	(22,605)	185,346	309,960	309,960	318,872	(8,912)	327,094
Personnel costs	397,463	333,039	64,424	322,193	467,937	467,937	534,851	(66,914)	494,339
Administration	318,821	336,702	(17,881)	332,796	231,299	231,299	243,124	(11,825)	221,664
Miscellaneous / contingency	-	-	-	-	-	-	-	-	-
Capital outlay	840,050	444,807	395,243	407,788	175,775	375,775	284,839	90,936	271,695
Total operating expenses	<u>1,720,645</u>	<u>1,301,464</u>	<u>419,181</u>	<u>1,248,123</u>	<u>1,184,971</u>	<u>1,384,971</u>	<u>1,381,686</u>	<u>3,285</u>	<u>1,314,792</u>
Operating Income (Loss) Budget Basis	(472,078)	(91,547)	380,531	(103,527)	71,826	(128,174)	(93,207)	34,967	(72,882)
Non-operating revenues (expenses):									
Investment earnings	2,000	1,898	(102)	1,797	8,000	8,000	5,975	(2,025)	6,573
Reimbursed prepaid tap fees	-	(33,693)	(33,693)	(69,494)	-	-	(35,458)	(35,458)	(73,134)
Total non-operating revenues (expenses):	<u>2,000</u>	<u>(31,795)</u>	<u>(33,795)</u>	<u>(67,697)</u>	<u>8,000</u>	<u>8,000</u>	<u>(29,483)</u>	<u>(37,483)</u>	<u>(66,561)</u>
Capital contributions	27,500	228,402	200,902	172,938	50,000	50,000	197,055	147,055	170,261
Transfers in	-	-	-	-	-	-	23,000	23,000	-
Excess (Deficiency) of Revenues Over Expenditures Budget (Non-GAAP) Basis	<u>(442,578)</u>	<u>105,060</u>	<u>547,638</u>	<u>1,714</u>	<u>129,826</u>	<u>(70,174)</u>	<u>97,365</u>	<u>167,539</u>	<u>30,818</u>
Reconciliation to GAAP Basis:									
Capitalized assets		243,665		254,867			272,233		176,515
Reimbursed prepaid tap fees		33,693		69,494			35,458		73,134
Depreciation		(280,658)		(272,261)			(313,297)		(320,143)
Net Income - GAAP Basis		<u>101,760</u>		<u>53,814</u>			<u>91,759</u>		<u>(39,676)</u>

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

Town of Carbondale, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2015

	Special Revenue					Sub-total Non-Major Governmental Funds
	Conservation Trust	Victims Assistance	CHA Mortgage	Community Enhancement	Lodging Tax	
Assets:						
Cash - Unrestricted	91,047	2,895	222,853	770	5,777	323,342
Other receivables	-	-	-	-	7,581	7,581
Total Assets	<u>91,047</u>	<u>2,895</u>	<u>222,853</u>	<u>770</u>	<u>13,358</u>	<u>330,923</u>
Liabilities:						
Accounts/vouchers payable	927	-	111	-	4,882	5,920
Other liabilities	-	-	3,900	-	-	3,900
Total Liabilities	<u>927</u>	<u>-</u>	<u>4,011</u>	<u>-</u>	<u>4,882</u>	<u>9,820</u>
Fund Balance:						
Restricted	90,120	-	-	770	8,476	99,366
Committed	-	2,895	218,842	-	-	221,737
Total Fund Balance	<u>90,120</u>	<u>2,895</u>	<u>218,842</u>	<u>770</u>	<u>8,476</u>	<u>321,103</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>91,047</u>	<u>2,895</u>	<u>222,853</u>	<u>770</u>	<u>13,358</u>	<u>330,923</u>

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

Town of Carbondale, Colorado
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2015
(Continued)

	Special Revenue			Debt Service		Sub-total Non-Major Governmental Funds	Total Non-Major Governmental Funds
	1% of Arts	Efficient Building	Disposable Bag Tax	Bond	Bond Reserve		
Assets:							
Cash - Unrestricted	24,193	8,268	30,491	31,719	173,618	323,342	591,631
Other receivables	-	-	2,943	-	-	7,581	10,524
Total Assets	<u>24,193</u>	<u>8,268</u>	<u>33,434</u>	<u>31,719</u>	<u>173,618</u>	<u>330,923</u>	<u>602,155</u>
Liabilities:							
Accounts/vouchers payable	-	-	-	-	-	5,920	5,920
Other liabilities	-	-	-	-	-	3,900	3,900
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,820</u>	<u>9,820</u>
Fund Balance:							
Restricted	-	-	-	31,719	173,618	99,366	304,703
Committed	24,193	8,268	33,434	-	-	221,737	287,632
Total Fund Balance	<u>24,193</u>	<u>8,268</u>	<u>33,434</u>	<u>31,719</u>	<u>173,618</u>	<u>321,103</u>	<u>592,335</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>24,193</u>	<u>8,268</u>	<u>33,434</u>	<u>31,719</u>	<u>173,618</u>	<u>330,923</u>	<u>602,155</u>

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

Town of Carbondale, Colorado
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue					Sub-total Non-major Governmental Funds
	Conservation Trust	Victims Assistance	CHA Mortgage	Community Enhancement	Lodging Tax	
Revenues:						
Taxes	-	-	-	-	85,527	85,527
Intergovernmental revenue	62,676	-	-	-	-	62,676
Fines and forfeitures	-	12,238	-	-	-	12,238
Miscellaneous	-	-	52,245	6,338	-	58,583
Total Revenues	<u>62,723</u>	<u>12,238</u>	<u>52,245</u>	<u>6,338</u>	<u>85,527</u>	<u>219,071</u>
Expenditures:						
General government	-	-	271,038	23,000	-	294,038
Public safety	-	18,033	-	-	-	18,033
Culture and recreation	59,482	-	-	-	86,208	145,690
Total Expenditures	<u>59,482</u>	<u>18,033</u>	<u>271,038</u>	<u>23,000</u>	<u>86,208</u>	<u>457,761</u>
Net Change in Fund Balance	3,241	(5,795)	(218,793)	(16,662)	(681)	(238,690)
Fund Balance - Beginning	<u>86,879</u>	<u>8,690</u>	<u>437,635</u>	<u>17,432</u>	<u>9,157</u>	<u>559,793</u>
Fund Balance - Ending	<u>90,120</u>	<u>2,895</u>	<u>218,842</u>	<u>770</u>	<u>8,476</u>	<u>321,103</u>

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

Town of Carbondale, Colorado
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2015
(Continued)

	Special Revenue			Debt Service		Sub-total Non-major Governmental Funds	Total Non-major Governmental Funds
	1% of Arts	Efficient Building	Disposable Bag Tax	Bond	Bond Reserve		
Revenues:							
Taxes	-	-	17,224	-	-	85,527	102,751
Intergovernmental revenue	-	-	-	-	-	62,676	62,676
Fines and forfeitures	-	-	-	-	-	12,238	12,238
Miscellaneous	59,155	-	-	-	-	58,583	117,738
Total Revenues	<u>59,155</u>	<u>-</u>	<u>17,224</u>	<u>-</u>	<u>-</u>	<u>219,071</u>	<u>295,450</u>
Expenditures:							
General government	-	-	15,535	299	-	294,038	309,872
Public safety	-	-	-	-	-	18,033	18,033
Culture and recreation	48,981	-	-	-	-	145,690	194,671
Debt service:							
Principal	-	-	-	135,000	-	-	135,000
Interest	-	-	-	80,798	-	-	80,798
Total Expenditures	<u>48,981</u>	<u>-</u>	<u>15,535</u>	<u>216,097</u>	<u>-</u>	<u>457,761</u>	<u>738,374</u>
Excess (Deficiency) of Revenues Over Expenditures	10,174	-	1,689	(216,097)	-	(238,690)	(442,924)
Other Financing Sources (Uses):							
Operating transfers in	-	-	-	217,600	-	-	217,600
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,600</u>	<u>-</u>	<u>-</u>	<u>217,600</u>
Net Change in Fund Balance	10,174	-	1,689	1,503	-	(238,690)	(225,324)
Fund Balance - Beginning	<u>14,019</u>	<u>8,268</u>	<u>31,745</u>	<u>30,216</u>	<u>173,618</u>	<u>559,793</u>	<u>817,659</u>
Fund Balance - Ending	<u>24,193</u>	<u>8,268</u>	<u>33,434</u>	<u>31,719</u>	<u>173,618</u>	<u>321,103</u>	<u>592,335</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015			2014
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Intergovernmental revenue	60,000	62,676	2,676	62,821
Interest	25	47	22	-
Total Revenues	<u>60,025</u>	<u>62,723</u>	<u>2,698</u>	<u>62,821</u>
Expenditures:				
Personnel	37,770	38,342	(572)	32,036
Park maintenance	45,000	21,140	23,860	36,879
Total Expenditures	<u>82,770</u>	<u>59,482</u>	<u>23,288</u>	<u>68,915</u>
Net Change in Fund Balance	<u>(22,745)</u>	3,241	<u>25,986</u>	(6,094)
Fund Balance - Beginning		<u>86,879</u>		<u>92,973</u>
Fund Balance - Ending		<u>90,120</u>		<u>86,879</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Victims Assistance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015			2014
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Fines and surcharge	16,500	12,238	(4,262)	12,124
Total Revenues	<u>16,500</u>	<u>12,238</u>	<u>(4,262)</u>	<u>12,124</u>
Expenditures:				
Victim's assistance	18,000	8,145	9,855	9,396
Police training	7,500	9,888	(2,388)	14,876
Board expenses	-	-	-	45
Total Expenditures	<u>25,500</u>	<u>18,033</u>	<u>7,467</u>	<u>24,317</u>
Net Change in Fund Balance	<u>(9,000)</u>	<u>(5,795)</u>	<u>3,205</u>	<u>(12,193)</u>
Fund Balance - Beginning		<u>8,690</u>		<u>20,883</u>
Fund Balance - Ending		<u>2,895</u>		<u>8,690</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
CHA Mortgage Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Real estate transfer assessment	-	-	-	-	4,075
Fannie Mae mortgage fee	1,100	1,100	-	(1,100)	3,880
Lease income	45,600	45,600	51,495	5,895	36,711
Other revenue	-	-	750	750	-
Total Revenues	<u>46,700</u>	<u>46,700</u>	<u>52,245</u>	<u>5,545</u>	<u>44,666</u>
Expenditures:					
Mortgage purchase	-	265,000	266,889	(1,889)	-
Other expense	8,000	8,000	4,149	3,851	7,719
Grant expense	-	-	-	-	742
Total Expenditures	<u>8,000</u>	<u>273,000</u>	<u>271,038</u>	<u>1,962</u>	<u>8,461</u>
Excess (Deficiency) of Revenues Over Expenditures	38,700	(226,300)	(218,793)	7,507	36,205
Other Financing Sources (Uses):					
Operating transfers in	-	-	-	-	265,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>265,000</u>
Net Change in Fund Balance	<u>38,700</u>	<u>(226,300)</u>	<u>(218,793)</u>	<u>7,507</u>	301,205
Fund Balance - Beginning			<u>437,635</u>		<u>136,430</u>
Fund Balance - Ending			<u>218,842</u>		<u>437,635</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Community Enhancement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Community enhancement	5,950	5,950	6,338	388	6,300
Total Revenues	<u>5,950</u>	<u>5,950</u>	<u>6,338</u>	<u>388</u>	<u>6,300</u>
Expenditures:					
Community projects	-	23,000	23,000	-	-
Total Expenditures	<u>-</u>	<u>23,000</u>	<u>23,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>5,950</u>	<u>(17,050)</u>	(16,662)	<u>388</u>	6,300
Fund Balance - Beginning			17,432		11,132
Fund Balance - Ending			<u>770</u>		<u>17,432</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Lodging Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015			2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Revenues:				
Lodging tax	60,000	60,000	85,527	25,527
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>85,527</u>	<u>25,527</u>
Expenditures:				
Chamber of Commerce	60,000	90,000	86,208	3,792
Total Expenditures	<u>60,000</u>	<u>90,000</u>	<u>86,208</u>	<u>3,792</u>
Net Change in Fund Balance	<u>-</u>	<u>(30,000)</u>	(681)	<u>29,319</u>
Fund Balance - Beginning			9,157	7,551
Fund Balance - Ending			<u>8,476</u>	<u>9,157</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
1% of Arts Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015			2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Revenues:				
Miscellaneous	2,000	2,000	59,155	57,155
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>59,155</u>	<u>57,155</u>
Expenditures:				
Reserve	13,920	51,920	48,981	2,939
Total Expenditures	<u>13,920</u>	<u>51,920</u>	<u>48,981</u>	<u>2,939</u>
Net Change in Fund Balance	<u>(11,920)</u>	<u>(49,920)</u>	10,174	<u>60,094</u>
Fund Balance - Beginning			14,019	19,614
Fund Balance - Ending			<u>24,193</u>	<u>14,019</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Efficient Building Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015			2014
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Miscellaneous	-	-	-	830
Total Revenues	-	-	-	830
Expenditures:				
Building inspection	4,000	-	4,000	-
Total Expenditures	4,000	-	4,000	-
Net Change in Fund Balance	<u>(4,000)</u>	-	<u>4,000</u>	830
Fund Balance - Beginning		<u>8,268</u>		<u>7,438</u>
Fund Balance - Ending		<u>8,268</u>		<u>8,268</u>

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

Town of Carbondale, Colorado
Special Revenue Funds
Disposable Bag Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015				2014
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes	13,000	13,000	17,224	4,224	16,663
Total Revenues	<u>13,000</u>	<u>13,000</u>	<u>17,224</u>	<u>4,224</u>	<u>16,663</u>
Expenditures:					
Miscellaneous	13,000	18,000	15,535	2,465	4,700
Total Expenditures	<u>13,000</u>	<u>18,000</u>	<u>15,535</u>	<u>2,465</u>	<u>4,700</u>
Net Change in Fund Balance	<u>-</u>	<u>(5,000)</u>	1,689	<u>6,689</u>	11,963
Fund Balance - Beginning			31,745		19,782
Fund Balance - Ending			<u>33,434</u>		<u>31,745</u>

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

Town of Carbondale, Colorado
Debt Service Funds
Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015			2014
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	-	-	-	-
Total Revenues	-	-	-	-
Expenditures:				
Bond principal	135,000	135,000	-	125,000
Bond interest	80,798	80,798	-	85,923
Agents fee	1,000	299	701	-
Total Expenditures	216,798	216,097	701	210,923
Excess (Deficiency) of Revenues Over Expenditures	(216,798)	(216,097)	701	(210,923)
Other Financing Sources (Uses):				
Operating transfers in	217,600	217,600	-	217,500
Total Other Financing Sources (Uses)	217,600	217,600	-	217,500
Net Change in Fund Balance	802	1,503	701	6,577
Fund Balance - Beginning		30,216		23,639
Fund Balance - Ending		31,719		30,216

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

Town of Carbondale, Colorado
Debt Service Funds
Bond Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
For the Year Ended December 31, 2015
(With Comparative Totals For 2014)

	2015		2014
	Original and Final Budget	Variance Positive (Negative)	Actual
	<u>Actual</u>		
Revenues:			
Investment earnings	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning	173,618		173,618
Fund Balance - Ending	<u>173,618</u>		<u>173,618</u>

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

**ANNUAL SCHEDULE OF REVENUES AND
EXPENDITURES FOR ROADS, BRIDGES AND STREETS**





Instructions

Data Entry

CY15 Contact Information

Calendar Year 2015

ANNUAL HIGHWAY FINANCE REPORT

Step 1: Enter your email and select your City or County from the list below.
Step 2: Click on "Start" to edit/update your data.
Step 3: Click on "Submit" at the bottom of the form to edit/update your data.

Your Email Address:

Select City:

II - RECEIPTS FOR ROAD AND STREET PURPOSES

A. Receipts from local sources

2. General Fund Appropriations:	\$	<input type="text" value="2509612"/>
3. Other local imposts: <i>from A.3. Total' below)</i>	\$	<input type="text" value="534,979"/>
4. Miscellaneous local receipts: <i>from A.4. Total' below)</i>	\$	<input type="text" value="42,434"/>
5. Transfers from toll facilities	\$	<input type="text" value="0"/>
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	<input type="text" value="0"/>
b. Bonds - Refunding Issues:	\$	<input type="text" value="0"/>
c. Notes:	\$	<input type="text" value="0"/>

SubTotal: \$

B. Private Contributions \$

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

A.3. Other local imposts

a. Property Taxes and Assessments	\$	<input type="text" value="310788"/>
b. Other Local Imposts		
1. Sales Taxes:	\$	<input type="text" value="30840"/>
2. Infrastructure and Impact Fees:	\$	<input type="text" value="175083"/>
3. Liens:	\$	<input type="text" value="0"/>
4. Licenses:	\$	<input type="text" value="0"/>
5. Specific Ownership and/or Other:	\$	<input type="text" value="18268"/>

Total: *(a + b) carried to 'Other local imposts' above)* \$

A.4. Miscellaneous local receipts

a. Interest on Investments:	\$	<input type="text" value="1081"/>
c. <i>(Total of A.4. Miscellaneous local receipts)</i>	\$	<input type="text" value="44259"/>

b. Traffic fines & Penalties:	\$ 41333
c. Parking Garage Fees:	\$ 0
d. Parking Meter Fees:	\$ 0
e. Sale of Surplus Property:	\$ 0
f. Charges for Services:	\$ 0
g. Other Misc. Receipts:	\$ 0
h. Other:	\$ 0

Total: (a through h) carried to 'Misc local receipts' above \$ 42,434

C. Receipts from State Government

1. Highway User Taxes:	\$ 172376
3. Other State funds:	
c. Motor Vehicle Registrations:	\$ 23100
d. Other (Specify) - DOLA Grant:	\$ 0
(Specify in comments section below)	
e. Other (Specify):	\$ 0
(Specify in comments section below)	

Total: (1+3c,d,e) \$ 195,476

D. Receipts from Federal Government

2. Other Federal Agencies	
a. Forest Service:	\$ 0
b. FEMA:	\$ 0
c. HUD:	\$ 0
d. Federal Transit Administration:	\$ 0
e. U.S. Corp of Engineers	\$ 0
f. Other Federal:	\$ 482563

Total: (2a-f) \$ 482,563

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

A. Local highway disbursements

1. Capital outlay: (from A.1.d. Total Capital Outlay below)	\$ 1,162,945
2. Maintenance:	\$ 1162945
3. Road and street services	
a. Traffic control operations:	\$ 14232
b. Snow and ice removal:	\$ 74190
c. Other:	\$ 60167
4. General administration & miscellaneous	\$ 645088
5. Highway law enforcement and safety	\$ 645497

Total: (A.1-5) \$ 3,765,064

B. Debt service on local obligations

1. Bonds	
a. Interest	\$ 0
b. Redemption	\$ 0
2. Notes	
a. Interest	\$ 0
b. Redemption	\$ 0

SubTotal: (1+2) \$ 0

C. Payments to State for Highways:

\$ 0

D. Payments to Toll Facilities:

\$ 0

Total Disbursements: $(A+B+C+D)$ \$ 3,765,064

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

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0	\$ 0	\$ 0
b. Engineering Costs:	\$ 0	\$ 3471	\$ 3,471
c. Construction			
1. New Facilities:	\$ 0	\$ 0	\$ 0
2. Capacity Improvements:	\$ 767425	\$ 0	\$ 767,425
3. System Preservation:	\$ 0	\$ 382049	\$ 382,049
4. System Enhancement:	\$ 0	\$ 10000	\$ 10,000
5. Total Construction:			\$ 1,159,474
d. Total Capital Outlay: <i>(Lines A.1.a. + 1.b. + 1.c.5)</i>			\$ 1,162,945

IV. LOCAL HIGHWAY DEBT STATUS

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ 0	\$ 0	\$ 0	\$ 0
1. Bonds (Refunding Portion)		\$ 0	\$ 0	\$ 0
B. Notes (Total):	\$ 0	\$ 0	\$ 0	\$ 0

V - LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 0	\$ 3,765,064	\$ 3,765,064	\$ 0	\$ 0

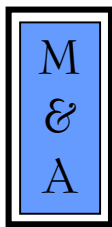
Notes & Comments:

Please enter your name: Renae Gustine

Please provide a telephone number where you may be reached: 9705101204

If all entries are to be considered final and no more editing is expected, please check here: ☐

Submit



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

To the Honorable Mayor and Town Council Town of Carbondale, Colorado

We have audited the financial statements of Town of Carbondale (the "Town") for the year ended December 31, 2015. Professional standards require that we provide you with the following information related to our audit.

Qualitative Aspects of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in the Notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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 estimates affecting the financial statements were:

- Estimating allowance for uncollectible trade receivables (all are considered to be collectible as of December 31, 2015): Management's estimate of uncollectible accounts is based on industry practice and experience, together with actual collections history since year-end.
- Estimated useful lives for depreciation on fixed assets: Management's estimate is based on industry practice and experience.

We evaluated the key factors and assumptions used to develop these estimates and found them to be reasonable in relation the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements prior to reporting the Town's year-end financial report.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

Corrected and Uncorrected Misstatements (continued)

The following material adjustment, which was detected as a result of audit procedures, was corrected by management:

- To increase property tax receivable and related deferred revenue.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

As is required in an audit engagement we have requested certain representations from management that are included in the management representation letter.

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

Sincerely,

McMahan and Associates, L.L.C.
June 23, 2016

Corrected and Uncorrected Misstatements (continued)

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Sincerely,

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June 23, 2016