



FINANCIAL STATEMENTS

Year Ended December 31, 2016



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Independent Auditors' Report

The Mayor and Members
of the Board of Trustees
Town of Milliken
Milliken, Colorado

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Milliken, Colorado as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Milliken as of December 31, 2016, and the respective changes in financial position and cash flows where applicable for the year then ended, in conformity with accounting principles generally accepted in the United States.

Other Matters

Accounting principles generally accepted in the United States require that management discussion and analysis, the General Fund and Grants Fund budget comparisons, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 evidence sufficient to express an opinion or provide any assurance.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining statements, individual fund statements and schedules on pages 43-53 and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Anderson & Whitney, P.C.

July 19, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Milliken (the Town), we are pleased to present the basic financial statements of the Town's financial activities for the year ended December 31, 2016. We also offer this narrative and analysis to help guide you in understanding the town's financial position, the fiscal reflection of the decisions adopted by the Board of Trustees, and the administration and execution of those decisions by Town staff. We encourage you to consider the information presented here in conjunction with the basic financial statements to enhance your understanding of the Town's financial performance.

FINANCIAL HIGHLIGHTS

The Town ended the year in strong financial position and is well-prepared to fund the operations and capital projects slated for 2017. The general operations of the Town are funded substantially through property and sales tax revenues, the former of which are supported significantly by the property taxes derived from over 220 oil and gas wells within Town limits. Fund revenues closed the year ahead of even our upwardly-revised projections, driven by continued growth in local construction activity and consumer spending. By the end of the year, the Town had issued 126 new residential home permits and multiple commercial construction permits, in addition to all of the remodeling, additions, solar installations, and various other minor construction projects undertaken by the community in 2016. This increased construction activity also fueled growth in the resources available for capital projects in the Impact Fees Fund and the Water and Sewer Funds, all of which will support future capital investments in the Town.

Expenditures remained in check through the end of the year, providing additional surpluses for future funding opportunities, even as Town staff worked hard to complete a multitude of capital projects and grant-funded activities. Consequently, the Board, and the citizens of Milliken can remain confident that the funds appropriated in the 2017 budget are secure and available to provide for the activities planned for the current year.

- The Town's assets exceeded liabilities and deferred inflows by \$46.5 million at December 31, 2016. Of this amount, \$5.4 million is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors. This represents an unrestricted increase of \$0.1 million over 2015.
- The General Fund Balance was \$2,660,404 as of December 31, 2016. Of this amount, \$172,329 is legally restricted for emergencies and \$102,000 is assigned to future commitments and contingencies. The remaining unassigned fund balance of \$2,386,075 is \$328,367 more than last year and represents 60% of General Fund operating expenditures, which exceeds the Board's 2016 target requirement of 50% by over \$400,000.
- The Water Fund has net position of \$21,628,644 at December 31, 2016, of which \$694,985 is available for operating reserves. \$3,880,151 is restricted for Capital Improvements, Water Rights Acquisition, and Debt Service. The remainder is invested in Net Capital Assets.
- The Sewer Fund has net position of \$7,037,026 at December 31, 2016, of which \$445,623 is available for operating reserves. \$2,512,937 is restricted for Capital Improvements. The remainder is invested in Net Capital Assets.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Basic Financial Statements of the Town are comprised of three components:

(1) Government-Wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Financial Statements. Below is a description of each component. In addition to the basic statements, this report also contains other supplementary information.

Government-Wide Financial Statements. The *Government-Wide Financial Statements* are designed to provide you with a broad overview of the Town's finances in a manner similar to a private sector business. These statements distinguish functions of the Town which are principally supported by taxes and intergovernmental revenues (Governmental Activities) from other functions of the Town that are intended to recover all, or a significant portion, of their costs through user fees and charges (Business-Type Activities). The Governmental Activities of the Town include General Government, Public Safety (Police), Public Works, Parks and Open Space, Community Development and Events. The Business-Type Activities include Water, Sewer, and Trash.

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

The *Statement of Activities* presents information showing how the government's Net Position changed during the 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 the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused personal time).

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. Some funds are required to be established by state law and/or bond covenants, however, the Town Board of Trustees also establishes other funds to help control and manage money for particular purposes. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with these finance-related legal requirements. All of the funds of the Town can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds. *Governmental Funds* are used to account for essentially the same functions reported as *Governmental Activities* in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for *Governmental Funds* with similar information presented for *Governmental Activities* in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *Governmental Funds* and *Governmental Activities*.

The Town maintains eight individual Governmental Funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and other Major Funds. Major funds are determined based on a variety of factors, not all of which are financial in nature, with an emphasis on presenting the most representative picture of governmental activities as possible. Those funds determined to be “non-major” are combined and reported as Other Governmental Funds into a single, aggregated presentation. Individual fund data for each of these non-major Funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds. The Town maintains one type of a proprietary fund – an *Enterprise Fund* – to account for its Water, Sewer, Trash and Stormwater Funds. *Enterprise Funds* are used to report the same functions presented as *Business-Type Activities* in the Government-Wide Financial Statements. These funds are considered to be Major Funds of the Town.

Notes to the Financial Statements. The Notes provide additional information that is essential to a full understanding of the data provided in the Financial Statements and offer helpful insights into the transactions that are reflected in all levels of this report.

Budgetary Comparisons. The Town adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the General Fund on page 38 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve as a useful indicator of a government's financial position over time. As of December 31, 2016, the Town's assets and deferred outflows exceeded liabilities and deferred inflows by \$46.5 million, compared to \$42.7 million in 2015, an increase of over 8%.

The following table provides a summary of the Town's net position for both years:

December 31	2016		2015	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business- Type Activities
Assets:				
Current and Other Assets	\$ 7,699,648	\$ 8,581,075	\$ 7,125,076	\$ 8,774,232
Capital Assets	14,655,177	24,561,506	14,419,459	21,789,218
Total Assets	22,354,825	33,142,581	21,544,535	30,563,450
Deferred Outflows:				
Pension Plan	168,224	--	50,449	--
Liabilities:				
Current and Other Liabilities	839,846	938,207	309,660	543,482
Long-Term Liabilities	2,010,000	3,445,054	2,546,881	3,770,424
Total Liabilities	2,849,846	4,383,261	2,856,541	4,313,906
Deferred Inflows:				
Deferred Property Taxes	1,934,771	--	2,324,695	--
Net Position:				
Net Investment in Capital Assets	12,332,339	21,131,974	11,919,403	18,034,316
Restricted	1,235,952	6,393,088	1,012,962	6,333,071
Unrestricted	4,170,141	1,234,258	3,481,383	1,882,157
Total Net Position	\$17,738,432	28,759,320	16,413,748	26,249,544

A portion of The Town's net position represents unrestricted net position of \$5,404,399, which may be used to meet the Town's ongoing obligations to citizens and creditors.

Another significant portion of the Town's net position reflects its investment in capital assets. These assets include land, infrastructure, buildings, equipment, and water rights. These capital assets are fixed investments and used to provide services to citizens; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves, cannot be used to liquidate these liabilities.

An additional \$7,629,040 of the Town's net position represents resources that are subject to external restrictions on how they may be used. Included in this category are the TABOR Emergency Reserve, Debt Service Reserve, and Conservation Trust Fund revenues restricted for Parks and Recreation projects.

The following table reflects the Changes in Net Position for comparative years:

Years Ended December 31	2016		2015	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
<u>Revenues</u>				
Program Revenues:				
Charges for Services	\$ 466,305	\$ 3,983,236	\$ 380,083	\$ 2,896,164
Operating Grants	586,908	--	960,948	--
Capital Contributions	--	1,742,470	--	1,068,060
General Revenues:				
Property Taxes	2,291,625	--	2,218,766	--
Specific Ownership Taxes	137,199	--	165,426	--
Sales and Use Taxes	1,293,391	--	1,214,161	--
Impact Fees	412,049	--	311,599	--
Other Taxes and Fees	501,557	--	536,118	--
Investment Earnings	14,698	22,739	9,380	16,621
Other Revenues	40,561	--	60,693	1,047
Transfers	201,311	(201,311)	246,000	(246,000)
Total Revenues	5,945,604	5,547,134	6,103,174	3,735,892
<u>Expenses</u>				
General Government	1,689,959	--	1,653,041	--
Public Safety	982,378	--	898,991	--
Public Works	428,461	--	389,217	--
Parks and Open Space	550,548	--	490,668	--
Community Development	498,898	--	419,343	--
Festivals and Programs	231,319	--	228,883	--
Administration	131,109	--	627,148	--
Other	4,918	--	--	--
Interest on Long-Term Debt	103,330	124,470	110,865	133,456
Water	--	1,821,206	--	1,712,107
Sewer	--	764,994	--	744,856
Trash	--	326,688	--	302,770
Total Expenses	4,620,920	3,037,358	4,818,156	2,893,189
Increase in Net Position	1,324,684	\$ 2,509,776	\$ 1,285,018	\$ 842,703

Governmental Activities. Governmental activities increased the Town's Net Position by \$1,324,684 in 2016. Key elements of this increase are as follows:

- Total revenues decreased approximately 2% as a result of decreased operating grants.
- Expenses decreased approximately 4% from the previous year, from decreased spending on operating grants.

Business-Type Activities. Business-type activities (i.e. utility services) increased the Town's net position by \$2,509,776 in 2016. This was primarily due to a significant increase in capital investment fees for new construction and an increase in the customer base from general population growth and development.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

As of December 31, 2016, the total fund balances of the Town's Governmental Funds were \$5,183,534. Approximately 76% of this consists of unrestricted fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of the fund balance total is restricted to indicate that it is not available for new spending because it is committed for the following purposes: Debt Service - \$943,716; a state-constitution mandated emergency reserve - \$172,329; a reserve for streets - \$119,907; impact fee funds earmarked for specific project types - \$697,832, and funds assigned to Capital Projects - \$761,675.

The Town has three Major Governmental Funds:

1. **General Fund.** This is the primary operating fund of the Town. It accounts for the Town's core governmental services. The General Fund Balance was \$2,660,404 as of December 31, 2016, and increased \$391,197 over 2015.
2. **Capital Projects.** The Capital Projects Fund accounts for the accumulation of funds for the Town's capital projects. The fund balance at December 31, 2016 was \$761,675, all of which is assigned for Capital Projects.
3. **Grants Fund.** The Grants Fund accounts for grant proceeds received, and Town matching funds provided, to complete grant-related projects. The Fund balance at December 31, 2016 was \$-0-.

The Town has three major Enterprise Funds, the Water, Sewer, and Stormwater Funds.

1. **Water Fund.** The Water Fund accounts for service charges and expenses of operating the Town's water system, in addition to the capital investment fees and capital project expenditures related to improving the infrastructure of the utility. The Water Fund net position at December 31, 2016 is \$21,628,644. Net position increased by \$1,801,148 during the year as a result of increased tap fees from new construction and a general increase in revenues from new customer growth. Significant engineering and legal costs were incurred in addressing the reverse osmosis treatment facility as discussed in Note 9.
2. **Sewer Fund.** The Sewer Fund accounts for service charges and expenses of operating the Town's sanitary sewer system, in addition to the capital investment fees and capital project expenditures related to improving the infrastructure of the utility. The Sewer Fund net position at December 31, 2016 is \$7,037,026. Net position increased by \$630,615 due significantly from an increase in sewer tap fees.
3. **Stormwater Fund.** The Stormwater Fund accounts for service charges and expenses of operating the Town's stormwater system. The Stormwater Fund net position at December 31, 2016 is \$68,396.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund.

	Final Budget	Actual
Beginning Fund Balance	\$ 2,269,207	\$ 2,269,207
Revenue and Transfers In	4,512,342	4,695,940
Expenditures and Transfers Out	4,629,958	4,304,743
Ending Fund Balance	\$ 2,151,591	\$ 2,660,404

The 2016 budget was amended during the year as part of the process of preparing the budget for 2017. At that time, updated estimates were made for all revenues and expenses and these revised estimates were adopted as the amended budget for 2016 at the end of the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At the end of the year, the Town's net investment in capital assets amounted to \$39,216,683. This investment in capital assets consists of land, infrastructure, utility distribution systems, property and equipment, net of accumulated depreciation.

Long-Term Debt. At December 31, 2016, the Town had \$3,429,532, of water and sewer loans payable, funded by service charges and a portion of capital investment fees. The Town also has General Obligation bonds outstanding for the debt incurred to construct the Police Station and Meeting House (\$1,555,000), which is funded through a property tax levy, and outstanding Sales Tax bonds (\$645,000) related to the installation of the signal light at Highways 60 and 257 at the entrance to Town. Accrued Compensated Absences (Vacation, Sick, and Compensatory Time - \$122,838) rounded out the balance of the Town's Long-Term obligations.

Additional information on the Town's capital assets and long-term debt can be found in the notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Milliken finances for all those with an interest in the Towns' fiscal condition. Questions concerning any of the information provided or for additional financial information should be addressed to the Town, 1101 Broad Street, Milliken, Colorado 80543.

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TOWN OF MILLIKEN, COLORADO

STATEMENT OF NET POSITION

December 31, 2016	Governmental Activities	Business- Type Activities	Total	Milliken Housing Authority
<u>ASSETS</u>				
Total Cash and Cash Equivalents	\$ 5,040,596	\$ 7,132,024	\$ 12,172,620	\$ 37,630
Receivables:				
Property taxes	2,203,940	-	2,203,940	-
Utility accounts	-	1,412,548	1,412,548	-
Other	150,149	-	150,149	291,169
Internal Balances	248,453	-	248,453	-
Prepaid Items	-	36,503	36,503	-
Capital Assets:				
Land and water rights	1,320,731	11,380,776	12,701,507	-
Depreciable	13,068,493	9,218,535	22,287,028	-
Construction in progress	265,953	3,962,195	4,228,148	-
Notes Receivable	-	-	-	1,526,235
Net Pension Asset	56,510	-	56,510	-
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension Plan	168,224	-	168,224	-
Total Assets and Deferred Outflows	22,523,049	33,142,581	55,665,630	1,855,034
<u>LIABILITIES</u>				
Accounts Payable	99,337	881,106	980,443	-
Accrued Expenses	102,498	17,000	119,498	-
Internal Balances	248,453	-	248,453	-
Accrued Interest Payable	-	40,101	40,101	-
Long-Term Debt:				
Deposits payable	76,720	15,522	92,242	-
Compensated Absences	122,838	-	122,838	-
Due within one year	190,000	331,763	521,763	-
Due in more than one year	2,010,000	3,097,769	5,107,769	-
Total Liabilities	2,849,846	4,383,261	7,233,107	-
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension Plan	2,175	-	2,175	-
Deferred Property Taxes	1,932,596	-	1,932,596	-
Total Liabilities and Deferred Inflows	4,784,617	4,383,261	9,167,878	-
<u>NET POSITION</u>				
Net Investment in Capital Assets	12,332,339	21,131,974	33,464,313	-
Restricted for:				
TABOR emergencies	172,329	-	172,329	-
Debt service	943,716	-	943,716	-
Streets	119,907	-	119,907	-
Capital improvements	-	6,393,088	6,393,088	-
Unrestricted	4,170,141	1,234,258	5,404,399	1,855,034
TOTAL NET POSITION	\$17,738,432	\$ 28,759,320	\$ 46,497,752	\$ 1,855,034

See Accompanying Notes to Financial Statements.

TOWN OF MILLIKEN, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Contributions
Functions/Programs:				
Governmental Activities:				
General government	\$ 1,689,959	\$ 390,571	\$ 321,198	\$ -
Public safety	982,378	75,734	-	-
Public works	428,461	-	205,521	-
Parks and open space	550,548	-	60,189	-
Community development	498,898	-	-	-
Festivals and programs	231,319	-	-	-
Administration	131,109	-	-	-
Other	4,918	-	-	-
Interest on long-term debt	103,330	-	-	-
Total Governmental Activities	4,620,920	466,305	586,908	-
Business-Type Activities:				
Water	1,821,206	2,494,383	-	1,249,371
Sewer	764,994	1,068,958	-	493,099
Trash	326,688	351,499	-	-
Stormwater	-	68,396	-	-
Interest on long-term debt	124,470	-	-	-
Total Business-Type Activities	3,037,358	3,983,236	-	1,742,470
TOTAL PRIMARY GOVERNMENT	\$ 7,658,278	\$ 4,449,541	\$ 586,908	\$ 1,742,470
Component Unit - Housing Authority	\$ -	\$ -	\$ -	\$ -

General Revenue:

Property taxes
 Specific ownership taxes
 Sales and use taxes
 Impact fees
 Other taxes and fees
 Investment earnings
 Other revenues
 Transfers

Total General Revenue

Change in Net Assets

Net Position - Beginning

NET POSITION - Ending

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business- Type Activities	Total	Milliken Housing Authority
\$ (978,190)	\$ -	\$ (978,190)	\$ -
(906,644)	-	(906,644)	-
(222,940)	-	(222,940)	-
(490,359)	-	(490,359)	-
(498,898)	-	(498,898)	-
(231,319)	-	(231,319)	-
(131,109)	-	(131,109)	-
(4,918)	-	(4,918)	-
(103,330)	-	(103,330)	-
(3,567,707)	-	(3,567,707)	-
-	1,922,548	1,922,548	-
-	797,063	797,063	-
-	24,811	24,811	-
-	68,396	68,396	-
-	(124,470)	(124,470)	-
-	2,688,348	2,688,348	-
(3,567,707)	2,688,348	(879,359)	-
\$ -	\$ -	\$ -	\$ -
2,291,625	-	2,291,625	-
137,199	-	137,199	-
1,293,391	-	1,293,391	-
412,049	-	412,049	-
501,557	-	501,557	-
14,698	22,739	37,437	10,901
40,561	-	40,561	10,005
201,311	(201,311)	-	-
4,892,391	(178,572)	4,713,819	20,906
1,324,684	2,509,776	3,834,460	20,906
16,413,748	26,249,544	42,663,292	1,834,128
\$17,738,432	\$28,759,320	\$46,497,752	\$ 1,855,034

**TOWN OF MILLIKEN, COLORADO
GOVERNMENTAL FUNDS**

BALANCE SHEET

December 31, 2016	General Fund	Grants Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash	\$ 2,596,842	\$ -	\$ 648,055	\$ 1,795,699	\$ 5,040,596
Receivables	1,963,668	150,149	-	240,272	2,354,089
Due From Other Funds	134,833	-	113,620	-	248,453
Total Assets	\$ 4,695,343	\$ 150,149	\$ 761,675	\$ 2,035,971	\$ 7,643,138
LIABILITIES					
Accounts Payable	\$ 78,135	\$ 15,316	\$ -	\$ 5,886	\$ 99,337
Accrued Expenses	102,498	-	-	-	102,498
Deposits Payable	76,720	-	-	-	76,720
Due To Other Funds	-	134,833	-	113,620	248,453
Total Liabilities	257,353	150,149	-	119,506	527,008
DEFERRED INFLOWS OF RESOURCES					
Deferred Property Taxes	1,777,586	-	-	155,010	1,932,596
FUND BALANCES					
Restricted for:					
Debt service	-	-	-	943,716	943,716
TABOR emergencies	172,329	-	-	-	172,329
Streets	-	-	-	119,907	119,907
Assigned	102,000	-	761,675	697,832	1,561,507
Unassigned	2,386,075	-	-	-	2,386,075
Total Fund Balances	2,660,404	-	761,675	1,761,455	5,183,534
TOTAL LIABILITIES, DEFERRALS AND FUND BALANCES	\$ 4,695,343	\$ 150,149	\$ 761,675	\$ 2,035,971	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and are not reported in the funds					14,655,177
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds					(2,322,838)
Net Pension Asset					56,510
Deferred Outflows of resources related to pensions					168,224
Deferred Inflows of resources related to pensions					(2,175)
Net Position of Governmental Activities					\$ 17,738,432

See Accompanying Notes to Financial Statements.

**TOWN OF MILLIKEN, COLORADO
GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES**

Year Ended December 31, 2016	General Fund	Grants Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenue:					
Taxes and fees	\$ 3,730,128	\$ -	\$ -	\$ 905,692	\$ 4,635,820
Licenses and permits	390,571	-	-	-	390,571
Intergovernmental	26,295	-	-	239,415	265,710
Fines and forfeitures	75,734	-	-	-	75,734
Grants and contributions	12,772	308,426	-	-	321,198
Investment earnings	11,065	-	-	3,633	14,698
Miscellaneous	40,561	-	-	-	40,561
Total Revenue	4,287,126	308,426	-	1,148,740	5,744,292
Expenditures:					
General government	1,246,684	-	-	-	1,246,684
Public safety	960,732	-	-	-	960,732
Public works	385,635	-	-	-	385,635
Parks and open space	439,549	-	-	-	439,549
Community development	498,898	-	-	-	498,898
Festivals and programs	231,319	-	-	-	231,319
Administration	93,141	9,122	-	28,846	131,109
Other	-	-	4,918	-	4,918
Debt service	-	-	-	295,300	295,300
Capital outlay	98,335	410,966	322,619	67,044	898,964
Total Expenditures	3,954,293	420,088	327,537	391,190	5,093,108
Revenue Over (Under) Expenditures	332,833	(111,662)	(327,537)	757,550	651,184
Other Financing Sources (Uses):					
Operating transfers in	408,814	12,248	460,131	70,000	951,193
Operating transfers out	(350,450)	(120,506)	-	(278,926)	(749,882)
Net Change in Fund Balances	391,197	(219,920)	132,594	548,624	852,495
Fund Balance, January 1	2,269,207	219,920	629,081	1,212,831	4,331,039
Fund Balance, December 31	\$ 2,660,404	\$ -	\$ 761,675	\$ 1,761,455	\$ 5,183,534

Continued on next page.

**TOWN OF MILLIKEN, COLORADO
GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES - Continued**

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ 852,495
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. This is the amount by which capital additions exceeded depreciation in the year.	235,718
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 governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences.	191,970
Increase in compensated absences liability, which does not require cash.	(14,752)
The General Fund reports Town police pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.	59,253
	<hr/>
Change in Net Position of Governmental Activities	\$ 1,324,684

See Accompanying Notes to Financial Statements.

TOWN OF MILLIKEN, COLORADO
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

STATEMENT OF NET POSITION

December 31, 2016	Water Fund	Sewer Fund	Trash Fund	Stormwater Fund	Total
ASSETS					
Current Assets:					
Equity in Pooled Cash	\$ 4,311,398	\$2,751,253	\$ 15,141	\$ 54,232	\$ 7,132,024
Accounts receivable	1,089,857	271,057	37,470	14,164	1,412,548
Prepaid items	36,503	-	-	-	36,503
Due from other funds	-	-	-	-	-
Total Current Assets	5,437,758	3,022,310	52,611	68,396	8,581,075
Capital Assets:					
Land	47,220	59,791	-	-	107,011
Water rights	11,273,765	-	-	-	11,273,765
Buildings and plant	400,979	-	-	-	400,979
Distribution/collection system	7,025,134	10,211,200	-	-	17,236,334
Equipment and vehicles	460,932	147,403	-	-	608,335
	19,208,030	10,418,394	-	-	29,626,424
Accumulated depreciation	(4,100,288)	(4,926,825)	-	-	(9,027,113)
Construction in progress	2,637,083	1,325,112	-	-	3,962,195
Total Capital Assets	17,744,825	6,816,681	-	-	24,561,506
Total Assets	23,182,583	9,838,991	52,611	68,396	33,142,581
LIABILITIES					
Current Liabilities:					
Accounts payable	842,923	10,826	27,357	-	881,106
Accrued interest payable	2,699	37,402	-	-	40,101
Accrued expenses	17,000	-	-	-	17,000
Current portion of long-term liabilities	20,230	311,533	-	-	331,763
Total Current Liabilities	882,852	359,761	27,357	-	1,269,970
Long-Term Liabilities:					
Long-term loans	671,087	2,426,682	-	-	3,097,769
Deposits payable	-	15,522	-	-	15,522
Total Long-Term Liabilities	671,087	2,442,204	-	-	3,113,291
Total Liabilities	1,553,939	2,801,965	27,357	-	4,383,261
NET POSITION					
Net Investment in Capital Assets	17,053,508	4,078,466	-	-	21,131,974
Restricted	3,880,151	2,512,937	-	-	6,393,088
Unrestricted	694,985	445,623	25,254	68,396	1,234,258
TOTAL NET POSITION	\$21,628,644	\$7,037,026	\$ 25,254	\$ 68,396	\$28,759,320

See Accompanying Notes to Financial Statements.

TOWN OF MILLIKEN, COLORADO
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION

Year Ended December 31, 2016	Water Fund	Sewer Fund	Trash Fund	Stormwater Fund	Total
Operating Revenue - charges for services	\$ 2,494,383	\$1,068,958	\$351,499	\$ 68,396	\$ 3,983,236
Operating Expenses:					
Personnel	107,291	160,960	-	-	268,251
Supplies	64,197	17,814	-	-	82,011
Contractual services	355,352	61,549	326,688	-	743,589
Communications	8,015	9,950	-	-	17,965
Utilities	40,150	93,565	-	-	133,715
Operations and maintenance	43,194	61,172	-	-	104,366
Insurance	7,106	12,710	-	-	19,816
Water treatment, assessments and penalties	938,371	-	-	-	938,371
Other	18,250	26,197	-	-	44,447
Depreciation	239,280	321,077	-	-	560,357
Total Operating Expenses	1,821,206	764,994	326,688	-	2,912,888
Operating Income (Loss)	673,177	303,964	24,811	68,396	1,070,348
Nonoperating Revenue (Expenses):					
Investment earnings	13,303	9,436	-	-	22,739
Interest expense	(33,451)	(91,019)	-	-	(124,470)
Miscellaneous	-	-	-	-	-
Net Nonoperating Expense	(20,148)	(81,583)	-	-	(101,731)
Income Before Contributions and Operating Transfers	653,029	222,381	24,811	68,396	968,617
Capital Investment Fees	1,249,371	493,099	-	-	1,742,470
Operating Transfers In (Out)	(101,252)	(84,865)	(15,194)	-	(201,311)
Change in Net Position	1,801,148	630,615	9,617	68,396	2,509,776
Fund Net Position, January 1	19,827,496	6,406,411	15,637	-	26,249,544
Fund Net Position, December 31	\$21,628,644	\$7,037,026	\$ 25,254	\$ 68,396	\$28,759,320

See Accompanying Notes to Financial Statements.

TOWN OF MILLIKEN, COLORADO
ENTERPRISE FUNDS

STATEMENT OF CASH FLOWS

Year Ended December 31, 2016	Water Fund	Sewer Fund	Trash Fund	Stormwater Fund	Total
Cash Flows from Operating Activities:					
Cash received from customers	\$ 1,811,200	\$ 983,911	\$341,445	\$ 54,232	\$3,190,788
Cash payments:					
To suppliers for goods and services	(1,026,504)	(340,016)	(324,230)	-	(1,690,750)
To employees for services	(107,291)	(160,960)	-	-	(268,251)
Net Cash Provided by Operating Activities	677,405	482,935	17,215	54,232	1,231,787
Cash Flows from Noncapital Financing Activities:					
Operating Transfer Out - General Fund	(101,252)	(84,865)	(15,194)	-	(201,311)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(101,252)	(84,865)	(15,194)	-	(201,311)
Cash Flows from Capital and Related Financing Activities:					
Acquisition of equipment and plant	(2,048,970)	(1,283,675)	-	-	(3,332,645)
Debt principal reduction	(19,302)	(306,068)	-	-	(325,370)
Interest paid on debt	(33,525)	(95,200)	-	-	(128,725)
Capital investment fees	1,249,371	493,099	-	-	1,742,470
Net Cash Provided (Used) by Capital and Related Financing Activities	(852,426)	(1,191,844)	-	-	(2,044,270)
Cash Flows from Investing Activities:					
Interest	13,303	9,436	-	-	22,739
Net Cash Provided by Investing Activities	13,303	9,436	-	-	22,739
Net Increase (Decrease) in Cash	(262,970)	(784,338)	2,021	54,232	(991,055)
Cash and Cash Equivalents, January 1	4,574,368	3,535,591	13,120	-	8,123,079
Cash and Cash Equivalents, December 31	\$ 4,311,398	\$ 2,751,253	\$ 15,141	\$ 54,232	\$7,132,024
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities:					
Operating Income (loss)	\$ 673,177	\$ 303,964	\$ 24,811	\$ 68,396	1,070,348
Depreciation	239,280	321,077	-	-	560,357
Change in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(683,183)	(85,047)	(10,054)	(14,164)	(792,448)
Prepaid items	(5,450)	-	-	-	(5,450)
Increase (decrease) in:					
Accounts payable	453,594	(53,807)	2,458	-	402,245
Accrued expenses	(13)	(3,252)	-	-	(3,265)
Net Cash Provided by Operating Activities	\$ 677,405	\$ 482,935	\$ 17,215	\$ 54,232	\$1,231,787

See Accompanying Notes to Financial Statements.

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

The accounting and reporting policies of the Town of Milliken, Colorado conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating the Town's financial statements.

Reporting Entity:

The financial report of the Town includes all of the integral parts of the Town's operations. The Town has determined that it has no financial accountability for any other agency which would require it to be in the reporting entity.

The Mayor appoints members of the Milliken Housing Authority. Otherwise, the Town has no role in the designation of management and no ability to influence operations. The Town does not have financial accountability for the Milliken Housing Authority, as the Authority is fiscally independent.

Proceeds from the seizure of contraband, if any, are included in the reporting entity.

Government-Wide and Fund Financial Statements:

The Government-Wide Financial Statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Government-Wide and Fund Financial Statements – Continued:

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 general government, except those required to be accounted for in another fund.

The *Grants Fund* accounts for receipt and spending of the proceeds of state, federal and private grants including any matching funds provided by the Town.

The *Capital Projects Fund* accounts for resources that are restricted, committed or assigned for capital outlay.

The Town reports the following major proprietary funds:

The *Water Fund* accounts for user charges and the expenses for operating, financing, and maintaining the Town's water system.

The *Sewer Fund* accounts for user charges and expenses for operating, financing, and maintaining the Town's sanitary sewer system.

The *Stormwater Fund* accounts for user charges and expenses for operating, financing, and maintaining the Town's stormwater utility.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

Accounts 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues from *nonoperating* 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 sewer fund, water fund, and the other enterprise funds are charges to customers for sales and services. Operating expenses for 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 nonoperating revenues and expenses.

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

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The Government-Wide Financial Statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Cigarette taxes, sales taxes, use taxes, taxpayer-assessed taxes, interest revenue, and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., streets and roads, bridges, stormwater drainage, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-Wide Financial Statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date received.

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

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Capital Assets – Continued:

Assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities.

Estimated useful lives for asset types are as follows:

Buildings and Improvements	30 – 50 years
Equipment and Vehicles	5 – 10 years
Infrastructure	10 – 50 years

Long-Term Obligations:

In the Government-Wide Financial Statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity:

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restrictions for the Town are recorded up to the maximum equity available in the fund balance and consist of:

Restricted for Emergencies:

These restrictions are established to comply with TABOR. Recorded TABOR restrictions at December 31, 2016 are \$172,329.

Assigned fund balances, if any, are amounts the Town intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official to which the Board delegates authority. Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Property Taxes:

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on March 1 and June 15, or in full on April 30. The Town uses the Weld County Treasurer to bill and collect its property taxes. Taxes levied in December 2016 are recorded as taxes receivable and deferred revenue as of December 31, 2016. The original January 1, 2016 levy for the General Fund and Debt Service Fund of the Town was 28.623 mills and 2.496 mills, respectively, or approximately \$1.8 million and \$.2 million, respectively.

Budget:

An annual budget and appropriation ordinance is adopted by the Town Board in accordance with the Local Government Budget Law. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States for all funds, except for modifications in the enterprise funds which are discussed below. The fund level of classification is the level at which expenditures may not legally exceed appropriations. All annual appropriations lapse at year end.

The Town Administrator is authorized to transfer budgeted amounts within departments of each fund. Any revisions that alter the total appropriation for each department must be approved by the Town Board through a supplemental appropriation ordinance.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States (GAAP), except for the enterprise funds:

- a. Depreciation and amortization expense is budgeted in the enterprise funds.
- b. Principal reduction of bonds is budgeted as expenses.
- c. Property and equipment purchases are budgeted as expenses.

Budgetary comparisons presented in the enterprise funds are on this non-GAAP budget basis.

Transfers In/Out:

Transfers to the General Fund were made from the Water, Sewer, Trash and Street Funds to reimburse the General Fund for various administrative expenses.

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Pooled Cash:

Most cash resources of the Town are combined and deposited in an interest bearing bank account. Interest income earned on the pooled account is allocated to the General Fund. If a fund's share of the pooled cash is a deficit, a Due to Other Funds account is established.

Employee Vacation and Sick Leave:

All full-time Town employees accumulate sick leave for subsequent use. A percentage of sick time is paid based on years of service upon termination. Employees also receive vacation leave. The amount earned but unused at the time of termination is paid.

Non-exempt employees meeting overtime criteria can choose to receive compensatory time in lieu of cash payment. The time that is accumulated is payable upon termination.

Statement of Cash Flows:

For purposes of the statement of cash flows, the Town considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

NOTE 2 - Cash and Investments:

The Town's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Town's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages and deeds of trust.

State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school Town, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

At December 31, 2016, the Town had \$3,630,783 invested in the Colorado Secure Assets Fund (CSAFE), an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. CSAFE is rated AAAM by Standard & Poor's. The Town's investment is measured at NAV.

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Capital Assets:

Governmental Activities	Balance, 1/1/16	Additions	Deletions	Transfers	Balance, 12/31/16
Not Depreciable:					
Land	\$ 1,320,351	\$ 380	\$ --	\$ --	\$ 1,320,731
Construction in progress	202,829	733,585	--	(670,461)	265,953
Depreciable:					
Buildings and improvements	4,983,342	--	--	--	4,983,342
Infrastructure	12,727,163	--	--	670,461	13,397,624
Equipment and vehicles	1,643,236	98,335	(75,528)	--	1,666,043
Total Cost	\$ 20,876,921	\$ 832,300	\$ (75,528)	\$ --	\$ 21,633,693
Less Accumulated Depreciation:					
Buildings and improvements	\$ 912,216	(111,987)	--	--	1,024,203
Infrastructure	4,213,763	(401,614)	--	--	4,615,377
Equipment and vehicles	1,331,483	(82,981)	75,528	--	1,338,936
Total Accumulated Depreciation	6,457,462	(596,582)	75,528	--	6,978,516
Capital Assets, Net	\$14,419,459	\$ 235,718	\$ --	\$ --	\$ 14,655,177

Depreciation expense is allocated as follows:

General Governmental Activities	\$ 361,859
Public Safety	80,899
Public Works	42,826
Parks and Recreation	110,998
	\$ 596,582

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Capital Assets – Continued:

Business-Type Activities	Balance, 1/1/16	Additions	Deletions	Transfers	Balance, 12/31/16
Not Depreciable:					
Land and improvements	\$ 59,791	\$ --	\$ --	\$ --	\$ 59,791
Easements	--	47,220	--	--	47,220
Water rights	11,273,765	--	--	--	11,273,765
Construction in progress	1,546,251	3,270,891	--	(854,947)	3,962,195
Depreciable:					
Buildings and improvements	400,979	--	--	--	400,979
Distribution/collection system	16,381,385	--	--	854,947	17,236,332
Equipment and vehicles	593,801	14,533	--	--	608,334
Total Cost	\$ 30,255,972	3,332,644	--	--	33,588,616
Less Accumulated Depreciation:					
Buildings and improvements	88,062	8,020	--	--	96,082
Distribution/collection system	7,811,838	543,331	--	--	8,355,169
Equipment and vehicles	566,854	9,005	--	--	575,859
Total Accumulated Depreciation	8,466,754	560,356	--	--	9,027,110
Capital Assets, Net	\$ 21,789,218	\$ 2,772,288	\$ --	\$ --	\$ 24,561,506

Depreciation expense is allocated as follows:

Water Fund	\$ 239,280
Sewer Fund	321,076
	\$ 560,356

NOTE 4 - Water and Sewer Debt:

December 31	2016
Series 2003, loan from Colorado Water Resource and Power Development Authority, due in varying monthly installments through 2024, average interest rate at 3.28%. (This debt will be serviced by the Sewer Fund, an Enterprise Fund.)	\$ 2,738,216
Series 2000, loan from USDA Rural Development, due in varying monthly installments through 2037, average interest at 4.75%. (This debt will be serviced by the Water Fund, an Enterprise Fund.)	691,316
Total Water and Sewer Debt	\$ 3,429,532

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - Water and Sewer Debt – Continued:

The annual requirements to amortize these loans as of December 31, 2016 are as follows:

Year Ending December 31	Principal	Interest	Total
2017	\$ 331,763	\$ 125,126	\$ 456,889
2018	338,201	119,734	457,935
2019	344,686	109,415	454,101
2020	356,685	101,127	457,812
2021	363,269	95,210	458,479
2022 – 2026	1,255,770	207,029	1,462,799
2027 – 2031	178,061	86,079	264,140
2032 – 2036	225,168	38,972	264,140
2037	35,929	1,098	37,027
	<u>\$ 3,429,532</u>	<u>\$ 883,790</u>	<u>\$ 4,313,322</u>

Changes in Enterprise Fund long-term debt during the year were as follows:

	Balance, 1/1/16	Additions	Retirements	Balance, 12/31/16	Due Within One Year
USDA Loan – Water	\$ 710,618	\$ --	\$ 19,302	\$ 691,316	\$ 20,230
CWRPDA Loan – Sewer	3,044,284		306,068	2,738,216	311,534
	<u>\$ 3,754,902</u>	<u>\$ --</u>	<u>\$ 325,370</u>	<u>\$ 3,429,532</u>	<u>\$ 331,764</u>

NOTE 5 – Governmental Long-Term Debt:

During 2004, the Town issued Sales and Use Tax Revenue Bonds, Series 2004A in the amount of \$1,350,000, to finance the construction and installation of traffic signals and related improvements to the intersection of State Highways 60 and 257. Principal payments are due annually on December 1. Interest payments are due semi-annually on June 1 and December 1, through 2023. Interest accrues at rates ranging from 4.15% to 4.85%.

During 2007, the Town issued General Obligation bonds, Series 2007, in the amount of \$2,500,000, for the purpose of designing, acquiring, constructing and furnishing a new police department facility. Principal payments are due annually on December 1. Interest payments are due semi-annually on June 1 and December 1, through 2027. Interest accrues at rates ranging from 4.0% to 4.5%.

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Governmental Long-Term Debt – Continued:

The following is a schedule of the future payments under these loans and capital leases, and the present value of the payments at December 31, 2016.

Year Ending December 31	Amount
2017	\$ 292,675
2018	299,755
2019	301,130
2020	290,828
2021	295,525
2022-2026	1,137,312
2027-2031	182,875
Total minimum payments	2,800,100
Less: Amount representing interest	600,100
Present value of future payments	\$ 2,200,000

Changes in long-term debt during the year were as follows:

	Balance, 1/1/16	Additions	Retirements	Balance, 12/31/16	Due Within One Year
Sales Tax Bonds	\$ 720,000	\$ --	\$ 75,000	\$ 645,000	\$ 80,000
G.O. Bonds	1,665,000	--	110,000	1,555,000	110,000
Capital Lease	6,970	--	6,970	--	--
Compensated Absences	108,086	156,753	142,001	122,838	--
	\$2,500,056	\$ 156,753	\$ 333,971	\$ 2,322,838	\$ 190,000

NOTE 6 – SWDB Plan:

The Town of Milliken police participate in the Statewide Defined Benefit (SWDB) Plan, a cost-sharing multiple-employer defined benefit pension fund administered by the Fire and Police Pension Association of Colorado (FPPA). Certain members are also in the Statewide Hybrid Plan. The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – SWDB Plan – Continued:

Plan description: Eligible employees of the Town are provided with pensions through the SWDB Plan - a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. FPPA issues a publicly available comprehensive annual financial report that can be obtained at www.fppaco.org

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for member of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, member currently covered under Social Security will received half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board of Directors discretion and can range from 0 percent to the higher of 3 percent or the Consumer Price Index change.

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

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

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

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – SWDB Plan – Continued:

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

Employer contributions are recognized by the SWDB Plan in the period in which the compensation becomes payable to the member and the Town of Milliken is statutorily committed to pay the contributions to the SWDB Plan. Employer contributions recognized by the SWDB Plan from the Town were \$40,519 for the year ended December 31, 2016.

At December 31, 2016, the Town reported an asset of \$1,842 for its proportionate share of the net pension asset of SWDB. The net pension asset was measured as of December 31, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2016. The Town proportion of the net pension asset was based on Town contributions to the SWDB for the calendar year 2015 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2015, the Town proportion was .1 percent, which was approximately the same as its proportion measured as of December 31, 2014. The proportion of the Statewide Hybrid plan is approximately .5 percent.

For the year ended December 31, 2016, the Town recognized pension expense of \$59,253. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Statewide Defined Benefit Plan		
December 31, 2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 14,896	\$ 2,175
Net difference between projected and actual earnings on pension plan investments	93,740	--
Changes in assumptions	28,930	--
Total	\$ 137,566	\$ 2,175

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – SWDB Plan – Continued:

Statewide Hybrid Plan		
December 31, 2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 16,357	\$ --
Net difference between projected and actual earnings on pension plan investments	11,415	--
Changes in assumptions	2,886	--
Total	\$ 30,658	\$ --

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Statewide Defined Benefit Plan	
Year Ending December 31	Amount
2017	\$ 28,521
2018	28,521
2019	28,521
2020	26,197
2021	4,505
Thereafter	19,126
	\$ 135,391

Statewide Hybrid Plan	
Year Ending December 31	Amount
2017	\$ 5,445
2018	5,445
2019	5,445
2020	5,206
2021	2,531
Thereafter	6,586
	\$ 30,658

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – SWDB Plan – Continued:

Actuarial assumptions: The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial method	Entry age normal
Amortization method	Level % of payroll, open
Amortization period	30 years
Asset valuation method	5-year smoothed fair value
Salary increases, including wage inflation at 2.5%	4.0 – 14.0 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.5 percent
Cost of living adjustment	0.0 percent

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

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

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

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

The Plan's long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – SWDB Plan – Continued:

As of the most recent analysis of the long-term expected rate of return, the target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global Equity	40%	8.9%
Equity Long/Short	10%	7.5%
Illiquid Alternatives	18%	10.5%
Fixed Income	15%	6.5%
Absolute Return	12%	5.5%
Managed Futures	4%	5.5%
Cash	1%	2.5%
Total	100%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.5 percent.

Discount rate: The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at the actuarially recommended rates.

Sensitivity of the Town of Milliken’s proportionate share of the net pension asset to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

Statewide Defined Benefit Plan			
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
December 31, 2016			
Proportionate share of the net pension liability (asset)	\$ 258,012	\$ (1,842)	\$ (217,381)
Statewide Hybrid Plan			
	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
December 31, 2016			
Proportionate share of the net pension liability (asset)	\$ (31,659)	\$ (54,668)	\$ (73,904)

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – SWDB Plan – Continued:

Pension plan fiduciary net position: Detailed information about the SWDB’s fiduciary net position is available in FPPA’s comprehensive annual financial report which can be obtained at www.cofppa.org.

NOTE 7 - Defined Contribution Plans

Non-Civil Employees’ Pension Plan: All non-civil employees who work a minimum of 20 hours each week are eligible to participate in a defined contribution pension plan upon completion of their probationary period. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The contribution requirements of plan participants and the Town are established, and may be amended, by the Board. The Town is required to contribute 3% of each participant’s base salary to the plan, and employees must contribute 2% of their salary. Employees become vested in employer contributions to the employees’ pension plan at 20% per year of service. During the year ended December 31, 2016, the Town and employee contributions were \$31,409 and \$20,940, respectively, equal to the required contributions.

NOTE 8 - Colorado Intergovernmental Risk Sharing Agency (CIRSA):

CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of Colorado Revised Statutes and the Colorado Constitution. In 1986, the Town Board authorized participation in the agency. The Town has participated each year since then.

The purposes of CIRSA are to provide members defined liability and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

The Town recognizes an expenditure for the amount paid to CIRSA annually for these coverages. The Town paid \$135,637 to CIRSA in 2016, including \$47,457 for workers compensation coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - Contingencies:

In 1992, Colorado voters approved "Amendment One", or the Taxpayer's Bill of Rights (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. Voter approval is also required to increase annual property taxes, revenue, or spending by more than inflation plus a local growth factor. Spending not subject to TABOR includes that from enterprise activities, gifts, federal funds, reserve expenditures, damage awards, or property sales.

In November 2001, the electors of the Town of Milliken voted to supersede TABOR and to collect, retain, and expend the full proceeds of all taxes, fees, and other revenue without increasing or adding taxes of any kind.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the applicable requirements of the Amendment. Included in the accompanying financial statements are emergency reserves required by TABOR, of at least 3% of fiscal year spending, recorded in the General Fund.

The Town is periodically subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its activities. The Town believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial position or activities of the Town.

The Town received Notices of Violations (NOV) and Cease and Desist Orders from the Colorado Department of Public Health and Environment (CDPHE) in May 2014, related to violations of its discharge permit for the operation of the Town's Reverse Osmosis (R/O) Water Treatment Facility. The violations related to the levels of selenium contained in the discharge brine from the facility, in addition to reporting deficiencies and a failure to address the discharge non-compliance issue in accordance with prior notifications and inspections. The Town immediately and comprehensively responded to the orders contained in the NOVs and is operating under a strict compliance schedule to assess and evaluate its long-term treatment options to resolve the matter permanently. The Town voluntarily ceased operation of the R/O facility on December 2, 2014 to eliminate any additional violations, and to demonstrate its commitment to resolving the problem until a solution is identified and implemented. In the meantime, the Town has negotiated a capacity and service-level amendment to its supply agreement with one of its outside water treatment providers and notified the other provider of the Town's intent to increase treatment volumes.

The financial implications of these events are many, and a civil penalty assessment has been paid to CDPHE of \$173,695 in October 2016.

TOWN OF MILLIKEN, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Contingencies – Continued:

In addition, the Town will potentially expend several hundred thousand dollars for water treatment in 2017, depending on the level of demand and the management of the supply. The Town has water restrictions in place to help alleviate the potential burden and related costs, and will continue to notify its customers of these restrictions and their enforcement.

NOTE 10 – Housing Authority Notes Receivable:

The Housing Authority has five separate notes receivable from Dove Valley, LLLP, the Company that owns and operated the low-income housing facility for which the Authority was created. Four of the notes carry interest at 0.5% compounded annually, with balances of \$400,000, \$200,000, \$747,192 and \$140,000 at December 31, 2016. The other note carries an interest rate of 5.0% and a balance of \$39,043 at December 31, 2016. All of the notes mature in December 2046, when all of the principal and accrued interest will be due. As of December 31, 2016, there was accrued interest of \$291,169, included in Other Receivables in the accompanying Statement of Net Position.

**TOWN OF MILLIKEN, COLORADO
GENERAL FUND**

**Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual**

Year Ended December 31, 2016	Actual	Original Budget	Amended Budget	Variance
Revenue:				
Taxes and fees	\$ 3,730,128	\$ 3,623,142	\$ 3,623,142	\$ 106,986
Licenses and permits	390,571	395,000	395,000	(4,429)
Intergovernmental	26,295	25,500	25,500	795
Fines and forfeitures	75,734	41,000	41,000	34,734
Grants and contributions	12,772	13,000	13,000	(228)
Investment earnings	11,065	4,300	4,300	6,765
Miscellaneous	40,561	4,400	4,400	36,161
Flood recovery	-	-	-	-
Total Revenue	4,287,126	4,106,342	4,106,342	180,784
Expenditures:				
General government	1,246,684	1,337,924	1,337,924	91,240
Public safety	960,732	1,017,384	1,017,384	56,652
Public works	385,635	371,952	371,952	(13,683)
Parks and open space	439,549	499,521	499,521	59,972
Community development	498,898	521,213	521,213	22,315
Festivals and programs	231,319	268,012	268,012	36,693
Administration	93,141	129,202	129,202	36,061
Capital outlay	98,335	68,500	68,500	29,835
Total Expenditures	3,954,293	4,213,708	4,213,708	319,085
Revenue Over (Under) Expenditures	332,833	(107,366)	(107,366)	440,199
Other Financing Sources (Uses):				
Operating transfers in (out)	58,364	(250)	(10,250)	68,614
Net Change in Fund Balances	391,197	(107,616)	(117,616)	508,813
Fund Balance, January 1	2,269,207	2,269,207	2,269,207	-
Fund Balance, December 31	\$ 2,660,404	\$ 2,161,591	\$ 2,151,591	\$ 508,813

TOWN OF MILLIKEN, COLORADO
SPECIAL REVENUE FUNDS
GRANTS FUND

Schedule of Revenue and Transfers Compared with Estimate

Year Ended December 31, 2016	Actual	Estimate	Variance
Intergovernmental	\$ 308,426	\$ 1,081,767	\$ (773,341)
Transfers In:			
General Fund	450	56,250	(55,800)
Impact Fee Fund	11,798	25,000	(13,202)
Total Revenue and Transfers In	\$ 320,674	\$ 1,163,017	\$ (842,343)

Schedule of Expenditures Compared with Budget

Year Ended December 31, 2016	Actual	Original and Final Budget	Variance From Final Budget
Professional services	\$ 9,122	\$ -	\$ (9,122)
Capital outlay	410,966	1,258,698	847,732
Transfers Out:			
General Fund	50,506	-	(50,506)
Impact Fee Fund	70,000	-	(70,000)
Total Expenditures	\$ 540,594	\$ 1,258,698	\$ 718,104

TOWN OF MILLIKEN, COLORADO

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF NET PENSION ASSET - STATEWIDE DEFINED BENEFIT PLAN**

Year Ended December 31	Cumulative Proportion of Net Pension Asset	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Net Pension Asset
2016	0.1%	\$ 1,842	\$ 506,488	4%	100%
2015	0.1%	112,857	548,437	21%	107%

Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF NET PENSION ASSET - STATEWIDE HYBRID PLAN**

Year Ended December 31	Cumulative Proportion of Net Pension Asset	Cumulative Proportionate Share	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Net Pension Asset
2016	0.5%	\$ 54,668	\$ 60,518	90%	129%
2015	0.5%	57,325	56,958	100%	137%

Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

TOWN OF MILLIKEN, COLORADO

**SCHEDULE OF EMPLOYER CONTRIBUTIONS -
STATEWIDE DEFINED BENEFIT PLAN**

Year Ended December 31	Statutorily Required Contributions	Contributions Made	Covered Payroll	% of Covered Payroll
2016	\$ 40,519	\$ 40,519	\$ 506,488	8.0%
2015	43,875	43,875	548,437	8.0%

Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS -
STATEWIDE HYBRID PLAN**

Year Ended December 31	Statutorily Required Contributions	Contributions Made	Covered Payroll	% of Covered Payroll
2016	\$ 7,177	\$ 7,177	\$ 60,518	11.8%
2015	6,835	6,835	56,958	12.0%

Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

ADDITIONAL INFORMATION

TOWN OF MILLIKEN, COLORADO
NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

December 31, 2016	Conservation Trust Fund	Impact Fee Fund	Street Fund	Oil & Gas 5.5% Exempt Fund	Debt Service Fund	Total
<u>ASSETS</u>						
Cash	\$ 113,620	\$ 655,172	\$ 109,847	\$ -	\$ 917,060	\$ 1,795,699
Receivables	-	42,660	15,646	-	181,966	240,272
Due from Other Funds	-	-	-	-	-	-
TOTAL ASSETS	113,620	697,832	125,493	-	1,099,026	2,035,971
<u>LIABILITIES</u>						
Accounts Payable	-	-	5,586	-	300	5,886
Due to Other Funds	113,620	-	-	-	-	113,620
Total Liabilities	113,620	-	5,586	-	300	119,506
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Property Taxes	-	-	-	-	155,010	155,010
<u>FUND BALANCES</u>						
Restricted	-	-	119,907	-	943,716	1,063,623
Assigned	-	697,832	-	-	-	697,832
Total Fund Balances	-	697,832	119,907	-	943,716	1,761,455
TOTAL LIABILITIES AND FUND BALANCES	\$ 113,620	\$ 697,832	\$ 125,493	\$ -	\$ 1,099,026	\$ 2,035,971

TOWN OF MILLIKEN, COLORADO
NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE

Year Ended December 31, 2016	Conservation Trust Fund	Impact Fee Fund	Street Fund	Oil & Gas 5.5% Exempt Fund	Debt Service Fund	Total
Operating Revenue:						
Taxes	\$ -	\$ -	\$ 53,930	\$ -	\$ 439,713	\$ 493,643
Impact fees	-	412,049	-	-	-	412,049
Intergovernmental	33,894	-	205,521	-	-	239,415
Grants and contributions	-	-	-	-	-	-
Interest	237	863	-	-	2,533	3,633
Total Operating Revenue	34,131	412,912	259,451	-	442,246	1,148,740
Expenditures:						
Administration	-	-	28,846	-	-	28,846
Debt service	-	-	-	-	295,300	295,300
Capital outlay	-	6,650	60,394	-	-	67,044
Total Expenditures	-	6,650	89,240	-	295,300	391,190
Revenue Over (Under) Expenditures	34,131	406,262	170,211	-	146,946	757,550
Operating Transfers In	-	70,000	-	-	-	70,000
Operating Transfers Out	(34,131)	(87,798)	(156,997)	-	-	(278,926)
Net Change in Fund Balances	-	388,464	13,214	-	146,946	548,624
Fund Balance, January 1	-	309,368	106,693	-	796,770	1,212,831
Fund Balance, December 31	\$ -	\$ 697,832	\$ 119,907	\$ -	\$ 943,716	\$1,761,455

**TOWN OF MILLIKEN, COLORADO
SPECIAL REVENUE FUNDS
CONSERVATION TRUST FUND**

Schedule of Revenue Compared with Estimate

Year Ended December 31, 2016	Actual	Estimate	Variance
Intergovernmental	\$ 33,894	\$ 35,000	\$ (1,106)
Interest	237	-	237
Total Revenue	\$ 34,131	\$ 35,000	\$ (869)

Schedule of Expenditures and Transfers Compared with Budget

Year Ended December 31, 2016	Actual	Original Budget	Final Budget	Variance From Final Budget
Transfer Out - Grants Fund	\$ 34,131	\$ 30,000	\$ 35,000	\$ 869
Total Expenditures and Transfers	\$ 34,131	\$ 30,000	\$ 35,000	\$ 869

**TOWN OF MILLIKEN, COLORADO
CAPITAL PROJECTS FUND**

Schedule of Revenue and Transfers Compared with Estimate

Year Ended December 31, 2016	Actual	Estimate	Variance
Grants and contributions	\$ -	\$ -	\$ -
Transfer In - Conservation Trust Fund	34,131	-	34,131
Transfer In - General Fund	350,000	350,000	-
Transfer In - Impact Fees Fund	76,000	76,000	-
Interest	-	-	-
Total Revenue and Transfers In	\$ 460,131	\$426,000	\$ 34,131

Schedule of Expenditures and Transfers Compared with Budget

Year Ended December 31, 2016	Actual	Original Budget	Final Budget	Variance From Final Budget
Capital Outlay	\$ 322,619	\$ 704,450	\$748,781	426,162
Other	4,918	-	-	(4,918)
Total Expenditures and Transfers Out	\$ 327,537	\$ 704,450	\$748,781	\$ 421,244

**TOWN OF MILLIKEN, COLORADO
SPECIAL REVENUE FUNDS
IMPACT FEE FUND**

Schedule of Revenue and Transfers Compared with Estimate

Year Ended December 31, 2016	Actual	Estimate	Variance
Impact Fees	\$412,049	\$274,300	\$ 137,749
Earnings on deposit	863	-	863
Transfer In - Grants Fund	70,000	-	70,000
Total Revenue and Transfers In	\$482,912	\$274,300	\$ 208,612

Schedule of Expenditures and Transfers Compared with Budget

Year Ended December 31, 2016	Actual	Original and Final Budget	Variance From Final Budget
Maintenance	\$ 6,650	\$ -	\$ (6,650)
Transfer Out - Grants Fund	11,798	25,000	13,202
Transfer Out - Streets Fund	-	90,000	90,000
Transfer Out - Capital Projects Fund	76,000	76,000	-
Total Expenditures and Transfers Out	\$ 94,448	\$191,000	\$ 96,552

TOWN OF MILLIKEN, COLORADO
SPECIAL REVENUE FUNDS
STREET FUND

Schedule of Revenue Compared with Estimate

Year Ended December 31, 2016	Actual	Estimate	Variance
Sales Taxes	\$ -	\$ -	\$ -
County Road and Bridge	53,930	51,903	2,027
Highway Users Tax	205,521	197,023	8,498
Transfer in - Impact Fee Fund	-	90,000	(90,000)
Total Revenue	\$ 259,451	\$ 338,926	\$ (79,475)

Schedule of Expenditures and Transfers Compared with Budget

Year Ended December 31, 2016	Actual	Original and Final Budget	Variance from Final Budget
Streets:			
Current operating:			
Maintenance	\$ 28,846	\$ 290,000	\$ 261,154
Training	-	3,800	3,800
Capital outlay, patching, seal coating	60,394	-	(60,394)
Transfer out - General fund	156,997	160,000	3,003
Total Expenditures and Transfers - Streets	\$ 246,237	\$ 453,800	\$ 207,563

**TOWN OF MILLIKEN, COLORADO
DEBT SERVICE FUND**

Schedule of Revenue Compared with Estimate

Year Ended December 31, 2016	Actual	Estimate	Variance
Property Taxes	\$ 181,800	\$ 186,460	\$ (4,660)
Sales and Use Taxes	257,913	235,397	22,516
Interest	2,533	-	2,533
Total Revenue	\$ 442,246	\$ 421,857	\$ 20,389

Schedule of Expenditures Compared with Budget

Year Ended December 31, 2016	Actual	Original and Final Budget	Variance from Final Budget
Debt Service:			
Principal	\$ 185,000	\$ 185,000	\$ -
Interest	110,300	110,300	-
Fees	-	-	-
Total Expenditures - Debt Service	\$ 295,300	\$ 295,300	\$ -

TOWN OF MILLIKEN, COLORADO
ENTERPRISE FUNDS - WATER FUND

Schedule of Revenue Compared with Estimate

Year Ended December 31, 2016	Actual	Estimate	Variance
Operating Revenue:			
Water service fees	\$ 1,929,497	\$ 1,308,800	\$ 620,697
Lease	13,359	10,000	3,359
Miscellaneous	32,943	-	32,943
Nonoperating Revenue:			
Capital investment fee	1,249,371	934,000	315,371
Cash-in-lieu fee	-	-	-
Grants and contributions	442,376	788,200	(345,824)
Water meter purchase	43,122	26,400	16,722
Supplemental impact fee	12,715	7,776	4,939
Interest on delinquent accounts	20,371	18,000	2,371
Earnings on investments	13,303	6,000	7,303
Total Revenue	\$ 3,757,057	\$ 3,099,176	\$ 657,881

Schedule of Expenses and Transfers Compared with Budget
(Non-GAAP Budget Basis)

Year Ended December 31, 2016	Actual	Original Budget	Final Budget	Variance
Operating Expenses:				
Personnel:				
Salaries	\$ 75,776	\$ 66,681	\$ 66,681	\$ (9,095)
Employee benefits	31,515	24,653	24,653	(6,862)
Supplies	64,197	79,155	79,155	14,958
Contractual services	355,352	145,000	395,000	39,648
Utilities	40,150	78,800	78,800	38,650
Repairs and maintenance	43,194	78,700	78,700	35,506
Insurance	7,106	12,552	12,552	5,446
Water assessments	60,782	54,000	54,000	(6,782)
Communications	8,015	9,240	9,240	1,225
Treatment fees	877,589	967,448	967,448	89,859
Miscellaneous	18,250	18,350	18,350	100
Depreciation	239,280	265,000	265,000	25,720
Total Operating Expenses	1,821,206	1,799,579	2,049,579	228,373
Nonoperating Expenses:				
Capital outlay	2,048,970	3,510,000	3,510,000	1,461,030
Loan payments	52,753	52,828	52,828	75
Total Nonoperating Expenses	2,101,723	3,562,828	3,562,828	1,461,105
Operating Transfers Out - General Fund	101,252	115,000	115,000	13,748
Total Expenses and Transfers	\$ 4,024,181	\$ 5,477,407	\$ 5,727,407	\$ 1,703,226

TOWN OF MILLIKEN, COLORADO
ENTERPRISE FUNDS - SEWER FUND

Schedule of Revenue Compared with Estimate

Year Ended December 31, 2016	Actual	Estimate	Variance
Operating Revenue:			
Sewer service charges	\$1,016,185	\$ 980,000	\$ 36,185
Miscellaneous	4,653	5,500	(847)
Nonoperating Revenue:			
Supplemental impact fee	27,362	16,992	10,370
Sewer tap fees	493,099	384,000	109,099
Flood grants reimbursement	387	-	387
Interest on delinquent accounts	20,371	18,000	2,371
Earnings on investments	9,436	3,500	5,936
Total Revenue	\$1,571,493	\$ 1,407,992	\$ 163,501

Schedule of Expenses and Transfers Compared with Budget
(Non-GAAP Budget Basis)

Year Ended December 31, 2016	Actual	Original Budget	Final Budget	Variance
Operating Expenses:				
Personnel:				
Salaries	\$ 117,363	\$ 124,808	\$ 124,808	\$ 7,445
Employee benefits	43,597	51,916	51,916	8,319
Supplies	17,814	23,600	23,600	5,786
Contractual services	61,549	97,500	97,500	35,951
Utilities	93,565	88,970	88,970	(4,595)
Repairs and maintenance	61,172	113,800	113,800	52,628
Insurance	12,710	18,477	18,477	5,767
Communications	9,950	10,500	10,500	550
Miscellaneous	26,197	20,550	20,550	(5,647)
Depreciation	321,077	325,000	325,000	3,923
Total Operating Expenses	764,994	875,121	875,121	110,127
Nonoperating Expenses:				
Loan payments	397,087	401,268	401,268	4,181
Capital outlay	1,283,675	731,000	1,231,000	(52,675)
Total Nonoperating Expenses	1,680,762	1,132,268	1,632,268	(48,494)
Operating Transfer Out - General Fund	84,865	110,000	110,000	25,135
Total Expenses and Transfers	\$2,530,621	\$2,117,389	\$ 2,617,389	\$ 86,768

**TOWN OF MILLIKEN, COLORADO
ENTERPRISE FUNDS - TRASH FUND**

Schedule of Revenue Compared with Estimate

Year Ended December 31, 2016	Actual	Estimate	Variance
Operating Revenue - Trash collection fees	\$ 351,499	\$ 317,255	\$ 34,244
Total Revenue	\$ 351,499	\$ 317,255	\$ 34,244

**Schedule of Expenses and Transfers Compared with Budget
(Non-GAAP Budget Basis)**

Year Ended December 31, 2016	Actual	Original Budget	Final Budget	Variance
Operating Expenses:				
Supplies	\$ -	\$ -	\$ -	\$ -
Contractual services	326,688	293,500	328,500	1,812
Total Operating Expenses	326,688	293,500	328,500	1,812
Nonoperating Expenses:				
Capital outlay	-	-	-	-
Operating Transfer Out - General Fund	15,194	21,000	21,000	-
Total Expenses and Transfers	\$ 341,882	\$ 314,500	\$ 349,500	\$ 1,812

TOWN OF MILLIKEN, COLORADO
ENTERPRISE FUNDS - STORMWATER FUND

Schedule of Revenue Compared with Estimate

Year Ended December 31, 2016	Actual	Estimate	Variance
Operating Revenue - stormwater collection fees	\$ 68,396	\$ 60,000	\$ 8,396
Total Revenue	\$ 68,396	\$ 60,000	\$ 8,396

Schedule of Expenses and Transfers Compared with Budget
(Non-GAAP Budget Basis)

Year Ended December 31, 2016	Actual	Original Budget	Final Budget	Variance
Operating Expenses:				
Supplies	\$ -	\$ -	\$ -	\$ -
Contractual services	-	-	-	-
Total Operating Expenses	-	-	-	-
Nonoperating Expenses:				
Capital outlay	-	-	-	-
Operating Transfer Out - General Fund	-	-	-	-
Total Expenses and Transfers	\$ -	\$ -	\$ -	\$ -

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Milliken
	YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of Town of Milliken	Prepared By: Courtney Diller Phone: (970) 660-5048

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	52,740
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	100,976
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	11,379
2. General fund appropriations		b. Snow and ice removal	10,707
3. Other local imposts (from page 2)	162,780	c. Other	0
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	22,086
5. Transfers from toll facilities		4. General administration & miscellaneous	70,435
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	246,237
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	33,850
7. Total (1 through 6)	162,780	b. Redemption	75,000
B. Private Contributions		c. Total (a. + b.)	108,850
C. Receipts from State government (from page 2)	205,521	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	368,301	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	108,850
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	355,087

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	106,693	368,301	355,087	119,907	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

City or County
Colorado
YEAR ENDING (mm/yy):
December 2016

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assesments	0	a. Interest on investments	
b. Other local imposts:		b. Other	0
1. Sales Taxes	108,850	c. Transfers	
2. Traffic Fines		d. Capital Credits	
3. Specific Ownership Tax	53,930	e. Sale of Assets	
4. Motor Vehicle Registration		f. Fees/Licenses/Permits	
5. From Cities/Counties	0	g. Service Performed	
6. Total (1. through 5.)	162,780	h. Refunds of Expenditures	
c. Total (a. + b.)	162,780	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	205,521	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registration	0	d. Mineral Leasing	
d. (Specify)		e. Pay Lieu of Tax	
e. (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	205,521	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). Capacity Improvements			0
(2). System Preservation		52,740	52,740
(3). Safety And Other			0
(4). Total Construction (1)+(2)+(3)	0	52,740	52,740
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	0	52,740	52,740
			(Carry forward to page 1)

Notes and Comments: