



Town of Milliken, Colorado

Financial Statements and Supplementary Information

For the Year Ended December 31, 2013



Town of Milliken, Colorado

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Independent Auditor's Report

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

We have audited the accompanying 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 (the "Town") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the 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, Colorado, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Emphasis of Matters

As noted in Note 2, an error resulting in an overstatement of fund balance in the General Fund, overstatement of net position in the governmental activities and an understatement of net position in the Water and Sewer Funds as of December 31, 2012 was discovered by management of the Town during the current year. Accordingly, adjustments have been made to the fund balance and net position as of December 31, 2012, to correct the error.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the budgetary comparison schedules on pages 37 and 38, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The combining and individual nonmajor fund financial statements, budgetary comparison information for the other funds and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Anton Collins Mitchell LLP

Greeley, Colorado
July 23, 2014

**Town of Milliken
Management's Discussion and Analysis
Year Ended December 31, 2013**

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, 2013. We also offer this narrative and analysis to help guide the reader 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 readers to review and consider the information presented here in conjunction with additional information provided in the Financial Statements.

FINANCIAL HIGHLIGHTS

The Town ended the year in strong financial position and well-prepared to fund the operations and capital projects slated for 2014. The general operations of the Town are primarily funded by property and sales tax revenues, the former of which are significantly supported by the property taxes attributed to over 200 oil and gas wells in the Town (53% for 2013). The water and sewer utilities and trash collection activities are funded by service charges to customers designed to recover the long-term costs of operations, and continue to provide quality services to Town residents.

- The assets of the Town exceeded its liabilities and deferred inflows of resources (Net Position) by \$37,004,784 at the close of 2013. Of this amount, \$8,942,339 (24.2%) is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's Net Position increased by \$1,193,796 in 2013. This increase is significantly attributable to the increase in building activity in 2013, which saw a three-fold increase in new home construction over 2012. This increased Building Permit and Impact Fees in the Governmental Activities and the Capital Investment Fees in the Water and Sewer Funds (Business-Type Activities). The Town also experienced a significant increase in Sales and Use Taxes (20.5%) over the previous year.
- Property Tax revenues increased in accordance with revenue limits, including the Town's exemption allowing for additional revenues from new oil and gas properties.
- At December 31, 2013, the combined fund balance for the Town's Governmental Funds was \$3,145,113, a slight decrease of \$135,118 from 2012. Nearly fifty-three percent (52.8%), or \$1,660,556 of this balance, is unassigned and available for spending at the Town's discretion.
- General Fund expenditures increased by \$717,670 (28.9%) compared to 2012. Flood Recovery Costs, resulting from damages incurred from the September 2013 flood, accounted for over 31.2% of this increase, which were significantly offset by insurance proceeds and Federal grant assistance. Filling long-term vacancies in the Police Department brought Public Safety costs back in line with previous years and the Town also adjusted personnel costs based on an in-depth salary survey, which brought many positions more in line with current market rates. The reclassification of the majority of Municipal Court costs, previously funded through grants, also contributed to this General Fund increase.

USING THIS ANNUAL REPORT

The basic financial statements of the Town are comprised of three components: (1) Government-Wide Financial Statements, (2) Specific Fund Financial Statements, and (3) Notes to the Financial Statements. Below is a brief description of the nature and purpose of each component.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. These statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions 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

**Town of Milliken
Management's Discussion and Analysis
Year Ended December 31, 2013**

the Town include General Government, Public Safety (Police), Public Works, Parks and Open Space, Community Development and Events. The Business-type Activities of the Town include Water, Sewer and Trash.

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

The *Statement of Activities* presents information showing how the Town's Net Position changed during the 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 for some items reported in this statement will result in cash flows in future 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 bond covenants; however, the Town Board of Trustees establishes other funds to help control and manage money for particular purposes. All of the Town's funds 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 *short-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 short-term financing requirements. The accounting method used for these funds is called *modified accrual* accounting.

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 Activities in the *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 short-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 presents 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. The Non-Major Funds are combined and reported as *Other Governmental Funds* into a single, aggregated presentation. Individual fund data for each of these Non-Major Governmental Funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds - The Town maintains one type of Proprietary Fund - an *Enterprise Fund* - to account for its Water, Sewer, and Trash 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.

**Town of Milliken
Management's Discussion and Analysis
Year Ended December 31, 2013**

Notes to 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 on all levels of these Financial Statements.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted previously, Net Position may serve as a useful indicator of the Town's financial position over time. For the year ending December 31, 2013, the Town's combined assets exceeded liabilities and deferred inflows of resources by \$37,004,784.

**CONDENSED STATEMENT OF NET POSITION
December 31, 2013 and 2012**

	<u>2013</u>			<u>2012</u>
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Total</u>
<u>Assets</u>				
Current Assets	\$5,406,948	\$6,835,576	\$12,242,524	\$10,566,932
Restricted Assets	155,017	73,668	228,685	210,828
Capital Assets - Net	<u>13,070,115</u>	<u>21,329,497</u>	<u>34,399,612</u>	<u>34,985,027</u>
Total Assets	<u>18,632,080</u>	<u>28,238,741</u>	<u>46,870,821</u>	<u>45,762,787</u>
<u>Liabilities</u>				
Current Liabilities	314,178	150,444	464,622	809,124
Long-Term Liabilities	<u>2,885,791</u>	<u>4,402,153</u>	<u>7,287,944</u>	<u>7,221,320</u>
Total Liabilities	<u>3,199,969</u>	<u>4,552,597</u>	<u>7,752,566</u>	<u>8,030,444</u>
<u>Deferred Inflows of Resources</u>				
Deferred Inflows of Resources - Unearned Property Taxes	<u>2,113,471</u>	-	<u>2,113,471</u>	<u>1,921,355</u>
Total Deferred Inflows of Resources	<u>2,113,471</u>	-	<u>2,113,471</u>	<u>1,921,355</u>
<u>Net Position</u>				
Net Investment in Capital Assets	10,312,652	16,942,866	27,255,518	27,376,714
Restricted	733,259	73,668	806,927	722,280
Unrestricted	<u>2,272,729</u>	<u>6,669,610</u>	<u>8,942,339</u>	<u>7,711,994</u>
Total Net Position at December 31	<u>\$13,318,640</u>	<u>\$23,686,144</u>	<u>\$37,004,784</u>	<u>\$35,810,988</u>
Total Increase in Net Position			\$1,207,342	
Percent Increase in Net Position			3.4%	

**Town of Milliken
Management's Discussion and Analysis
Year Ended December 31, 2013**

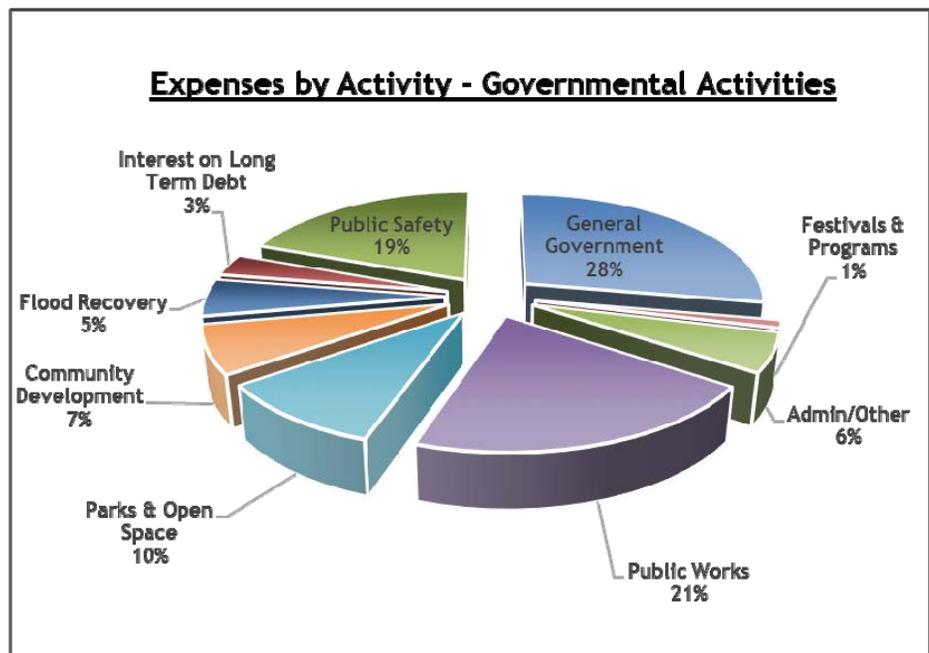
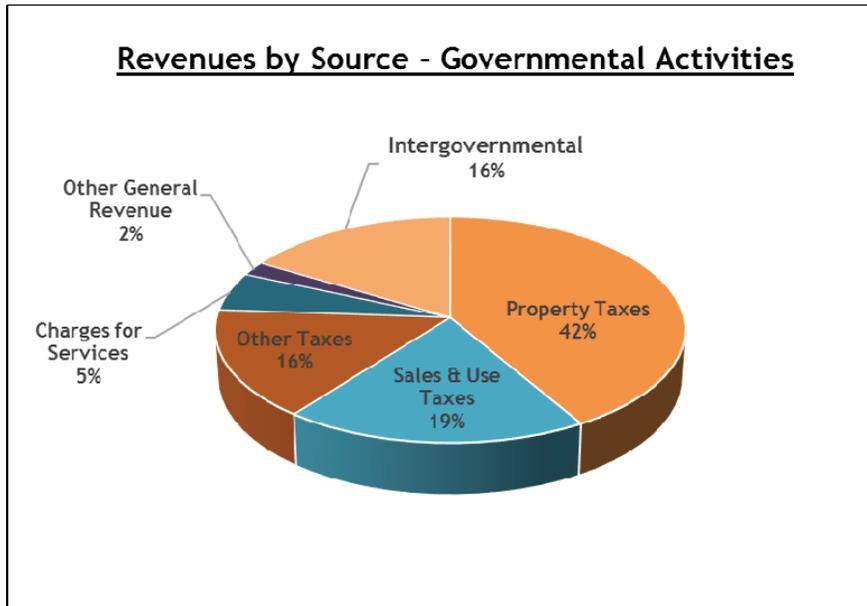
**CONDENSED STATEMENT OF ACTIVITIES
Years ended December 31, 2013 and 2012**

	2013			2012
	Governmental Activities	Business -Type Activities	Total	Total
Revenues				
Program Revenues:				
Charges for Services	\$235,658	\$2,464,878	\$2,681,220	\$2,771,099
Operating Grants and Contributions	577,389	87,102	664,491	439,294
Capital Grants and Contributions	124,874	585,971	710,845	293,944
General Revenues:				
Property Taxes	1,779,142	-	1,779,142	1,611,754
Specific Ownership Taxes	128,057	-	128,057	135,772
Sales and Use Taxes	811,205	-	811,205	673,356
Other Taxes	541,896	-	541,896	495,013
Other Revenues	76,990	-	96,306	210,363
Earnings on Investments	9,423	8,421	17,844	24,678
Transfers	246,000	(246,000)	-	-
Total Revenues	4,530,634	2,900,372	7,431,006	6,655,273
Expenses:				
General Government	1,163,369	-	1,163,369	1,131,455
Public Safety	795,468	-	795,468	762,196
Public Works	854,482	-	854,482	1,157,912
Parks and Open Space	410,144	-	410,144	288,527
Community Development	290,885	-	290,885	186,182
Festivals and Programs	45,723	-	45,723	56,456
Administration	102,305	-	102,305	37,055
Flood Recovery Costs	223,856	-	223,856	-
Other	129,699	-	129,699	-
Interest on Long-Term Debt	131,740	-	131,740	137,801
Water, Sewer and Trash	-	2,089,539	2,089,539	2,135,958
Total Expenses	4,147,671	2,089,539	6,237,210	5,893,542
Net Increase in Net Position	382,963	810,833	1,193,796	761,731
Net Position at Beginning of Year	13,336,837	22,474,151	35,810,988	35,203,416
Prior Period Adjustment	(401,160)	401,160	-	(154,159)
Net Position at End of Year	\$13,318,640	\$23,686,144	\$37,004,84	\$35,810,988

Town of Milliken
 Management's Discussion and Analysis
 Year Ended December 31, 2013

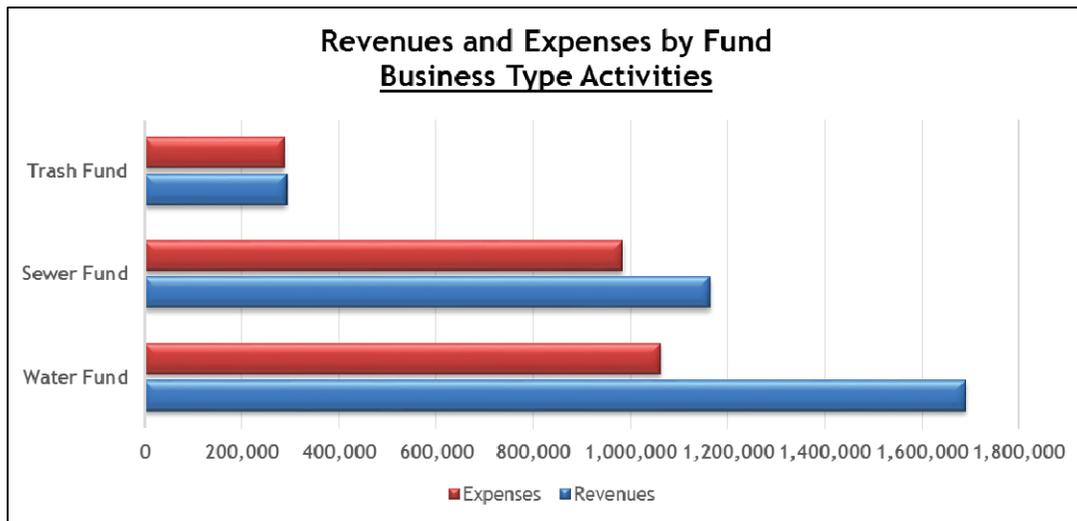
FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Activities. The focus of the Town's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements and in providing accountability for General Governmental Activities. The charts below illustrate the major sources of revenues, excluding transfers, that funded the Town's General Governmental Activities for 2013 and where those funds were directed in meeting the needs of the Town. For example, they help visualize the significant contribution made by Property Taxes (42%) and Sales and Use Taxes (19%) to the Town's financial well being. They also help demonstrate how the Town allocates these resources in providing a balanced menu of services to its citizens while carrying a relatively small amount of debt.



**Town of Milliken
Management's Discussion and Analysis
Year Ended December 31, 2013**

Business-Type Activities. The Net Position in the Town's Business-Type Activities increased by \$810,833 in 2013. This surplus is significantly the result of increased construction activity, which brought in additional tap fees, and the substantial cost savings realized from our efforts to manage our water treatment fees more effectively. In addition to these operational surpluses, the full recognition of a prior year obligation from the General Fund for fees provided to the Dove Valley Senior Housing Development effectively transferred additional fund balances into these funds, increasing Net Position by an additional \$401,160. The Town is committed to maintaining financially sustainable water, sewer and trash-collection services and providing adequate funding for the capital improvements necessary to maintain quality service to its citizens. These recent surpluses will significantly assist the Town in funding the important capital improvements recommended in our updated Water and Sewer Master Plan.



General Fund Budgetary Highlights

The Town's General Fund earned revenues of \$3,118,392, which was nearly \$430,000 more than 2012 and within .7% of the Town's revised Budget. The primary sources of this net increase were Property Taxes (\$170,512), Flood Grants and Reimbursements received to offset Flood Recovery Expenses (\$159,605), and an increase in sales and use taxes (\$128,143) and Building Permits (\$46,986) generated from a rebounding economy. Expenditures ended the year below the revised budget amounts with the exception of Flood Recovery Costs, which was more the result of timing differences between expenditures and reimbursements as opposed to unanticipated expenditures. The General Fund's Fund Balance was reduced by the full recognition of a prior year obligation for fees related to the Dove Valley Senior Housing Development (\$401,160), however, the ending balance still remained higher than the 50% reserve targeted by the Board of Trustees. One of the highlights of the year was the acquisition of four new natural gas vehicles (three trucks and a passenger van) for less than the Town had originally budgeted for the purchase of one truck through a joint effort with Weld County on a Congestion Mitigation and Air Quality Grant, which funded the majority of these costs.

Capital Assets

At the end of the year, the Town's net investment in capital assets amounted to \$34,399,612. This investment in capital assets consists of land, infrastructure, utility distribution systems, property and equipment, net of accumulated depreciation. During 2013, the Town acquired a vacant lot adjacent to the existing Skate Park as part of the planned expansion and rebuilding of the Park in 2014 with grant assistance from Great Outdoors Colorado. The Town also completed the renovation of the Milliken Heritage House, which will fully open once landscaping is completed in 2014. The vehicle purchases noted above rounded out the majority of capital asset additions in 2013.

**Town of Milliken
Management's Discussion and Analysis
Year Ended December 31, 2013**

CAPITAL ASSETS

	<u>Balance 12/31/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2013</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$1,273,022	\$73,902	\$ -	\$1,346,924
Construction in Progress	26,923	24,507	(26,923)	24,507
	<u>1,299,945</u>	<u>98,409</u>	<u>(26,923)</u>	<u>1,371,431</u>
Capital assets being depreciated:				
Buildings and Other Improvements	4,618,742	180,842	-	4,799,584
Infrastructure	10,781,967	48,106	-	10,830,073
Vehicles, Machinery & Equipment	1,289,593	185,520	-	1,475,113
	<u>16,690,302</u>	<u>414,468</u>	<u>-</u>	<u>17,104,770</u>
Less accumulated depreciation:				
Buildings and Other Improvements	(601,127)	(100,018)	-	(701,145)
Infrastructure	(3,184,831)	(337,996)	-	(3,522,827)
Vehicles, Machinery, and Equipment	(1,124,862)	(57,252)	-	(1,182,114)
	<u>(4,910,820)</u>	<u>(495,266)</u>	<u>-</u>	<u>(5,406,086)</u>
	<u>11,779,482</u>	<u>(80,798)</u>	<u>-</u>	<u>11,698,684</u>
Total Governmental Activities Capital Assets, Net	<u><u>\$13,079,427</u></u>	<u><u>\$17,611</u></u>	<u><u>\$(26,923)</u></u>	<u><u>\$13,070,115</u></u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 59,791	\$ -	\$ -	\$ 59,791
Water Rights	11,273,765	-	-	11,273,765
	<u>11,333,556</u>	<u>-</u>	<u>-</u>	<u>11,333,556</u>
Capital assets being depreciated:				
Collection and Distribution System	16,374,825	-	-	16,374,825
Building and Other Improvements	400,979	-	-	400,979
Vehicles, Machinery and Equipment	567,158	-	-	567,158
	<u>17,342,962</u>	<u>-</u>	<u>-</u>	<u>17,342,962</u>
Less accumulated depreciation:				
Collection and Distribution System	(6,182,188)	(543,398)	-	(6,725,586)
Building and Other Improvements	(64,004)	(8,020)	-	(72,024)
Vehicles, Machinery and Equipment	(524,726)	(24,685)	-	(549,411)
	<u>(6,770,918)</u>	<u>(576,103)</u>	<u>-</u>	<u>(7,347,021)</u>
	<u>10,572,044</u>	<u>(576,103)</u>	<u>-</u>	<u>9,995,941</u>
Total Business-Type Activities Capital Assets, Net	<u><u>\$21,905,600</u></u>	<u><u>\$(576,103)</u></u>	<u><u>\$ -</u></u>	<u><u>\$21,329,497</u></u>

**Town of Milliken
Management's Discussion and Analysis
Year Ended December 31, 2013**

Long-Term Debt

In 2013, the Town incurred additional debt in the form of a capital lease for the acquisition of a police vehicle and an increase in its liability for compensated absences (vacation and sick leave) held by its employees at the end of the year. The Town also retired \$491,305 of its current debt obligations. As of December 31, 2013 the Town had long-term debt in the Governmental Activities and the Business-Type Activities as follows:

	<u>Balance 12/31/12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/13</u>	<u>Due Within One Year</u>
Governmental Activities					
Sales and Use Tax Revenue Bonds	\$935,000	\$ -	\$70,000	\$865,000	\$70,000
General Obligation Bonds	1,965,000	-	100,000	1,865,000	100,000
Capital Leases	15,196	27,086	14,819	27,463	13,946
Compensated Absences	96,847	149,209	117,728	128,328	-
TOTAL	<u><u>\$3,012,043</u></u>	<u><u>\$45,021</u></u>	<u><u>\$184,819</u></u>	<u><u>\$2,872,245</u></u>	<u><u>\$183,946</u></u>
Business-Type Activities					
Notes Payable:					
US Department of Agriculture	\$763,421	-	\$16,814	\$746,607	\$17,572
CWRPD	<u>3,929,696</u>	<u>-</u>	<u>289,672</u>	<u>3,640,024</u>	<u>295,137</u>
TOTAL	<u><u>\$4,693,117</u></u>	<u><u>-</u></u>	<u><u>\$306,486</u></u>	<u><u>4,386,631</u></u>	<u><u>\$312,709</u></u>

Requests for Information

The Financial Report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Town of Milliken
P.O. Box 290
Milliken, CO 80543

Basic Financial Statements

Town of Milliken, Colorado
Statement of Net Position
December 31, 2013

	Primary Government			Component Unit Milliken Housing Authority
	Governmental Activities	Business-Type Activities	Total	
Assets				
Equity in pooled cash and cash equivalents	\$ 3,370,784	\$ 5,966,854	\$ 9,337,638	\$ -
Cash and cash equivalents	-	-	-	37,688
Receivables, net	2,423,684	456,982	2,880,666	249,019
Internal balances	(387,520)	387,520	-	-
Prepaid items	-	24,220	24,220	-
Restricted pooled cash and cash equivalents	155,017	73,668	228,685	-
Capital assets, not being depreciated	1,371,431	11,333,556	12,704,987	-
Capital assets, being depreciated, net	11,698,684	9,995,941	21,694,625	-
Notes receivable	-	-	-	1,526,235
Total assets	18,632,080	28,238,741	46,870,821	1,812,942
Liabilities				
Accounts payable	231,481	94,504	325,985	-
Accrued expenses	71,900	3,305	75,205	-
Accrued interest payable	10,797	52,635	63,432	-
Noncurrent liabilities:				
Accrued compensated absences	128,328	-	128,328	-
Deposits payable	-	15,522	15,522	-
Due within one year	183,946	312,709	496,655	-
Due in more than one year	2,573,517	4,073,922	6,647,439	-
Total liabilities	3,199,969	4,552,597	7,752,566	-
Deferred inflows of resources				
Unearned revenue - property taxes	2,113,471	-	2,113,471	-
Total deferred inflows of resources	2,113,471	-	2,113,471	-
Net position				
Net investment in capital assets	10,312,652	16,942,866	27,255,518	-
Restricted for:				
Emergencies	123,867	-	123,867	-
Debt service	554,172	73,668	627,840	-
Parks and recreation	55,220	-	55,220	-
Unrestricted	2,272,729	6,669,610	8,942,339	1,812,942
Total net position	\$ 13,318,640	\$ 23,686,144	\$ 37,004,784	\$ 1,812,942

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

Town of Milliken, Colorado
Statement of Activities
Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,163,369	\$ 69,304	\$ 7,403	\$ -
Public safety	795,468	42,354	-	-
Public works	854,482	124,000	190,000	124,874
Parks and open space	410,144	-	220,381	-
Community development	290,885	-	-	-
Festivals and programs	45,723	-	-	-
Administration	102,305	-	-	-
Flood recovery costs	223,856	-	159,605	-
Other	129,699	-	-	-
Interest on long-term debt	131,740	-	-	-
Total governmental activities	4,147,671	235,658	577,389	124,874
Business-type activities:				
Water	947,965	1,253,404	-	432,307
Sewer	874,701	918,877	87,102	153,664
Trash	266,873	292,597	-	-
Total business-type activities	2,089,539	2,464,878	87,102	585,971
Total primary government	\$ 6,237,210	\$ 2,700,536	\$ 664,491	\$ 710,845
Component unit:				
Milliken Housing Authority	\$ 821	\$ -	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes				
Specific ownership taxes				
Sales and use taxes				
Other taxes				
Earnings on investments				
Other revenues				
Subtotal general revenues				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
Prior period adjustment				
Net position at end of year				

Net (Expense) Revenue and Change in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Milliken Housing Authority
\$ (1,086,662)	\$ -	\$ (1,086,662)	\$ -
(753,114)	-	(753,114)	-
(415,608)	-	(415,608)	-
(189,763)	-	(189,763)	-
(290,885)	-	(290,885)	-
(45,723)	-	(45,723)	-
(102,305)	-	(102,305)	-
(64,251)	-	(64,251)	-
(129,699)	-	(129,699)	-
(131,740)	-	(131,740)	-
(3,209,750)	-	(3,209,750)	-
-	737,746	737,746	-
-	284,942	284,942	-
-	25,724	25,724	-
-	1,048,412	1,048,412	-
(3,209,750)	1,048,412	(2,161,338)	-
-	-	-	(821)
1,779,142	-	1,779,142	-
128,057	-	128,057	-
811,205	-	811,205	-
541,896	-	541,896	-
9,423	8,421	17,844	10,362
76,990	-	76,990	-
3,346,713	8,421	3,355,134	10,362
246,000	(246,000)	-	-
3,592,713	(237,579)	3,355,134	10,362
382,963	810,833	1,193,796	9,541
13,336,837	22,474,151	35,810,988	1,803,401
(401,160)	401,160	-	-
\$ 13,318,640	\$ 23,686,144	\$ 37,004,784	\$ 1,812,942

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

Town of Milliken, Colorado
Balance Sheet
Governmental Funds
December 31, 2013

	General	Debt Service	Streets	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 2,278,311	\$ 383,396	\$ 146,568	\$ 562,509	\$ 3,370,784
Restricted pooled cash and cash equivalents	-	155,017	-	-	155,017
Receivables, net	1,996,450	206,220	-	221,014	2,423,684
Due from other funds	14,223	-	-	-	14,223
Total assets	\$ 4,288,984	\$ 744,633	\$ 146,568	\$ 783,523	\$ 5,963,708
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable	\$ 163,765	\$ 300	\$ 55,200	\$ 12,216	\$ 231,481
Payroll liabilities payable	71,900	-	-	-	71,900
Due to other funds	387,520	-	-	14,223	401,743
Total liabilities	623,185	300	55,200	26,439	705,124
Deferred inflows of resources					
Unearned revenue - property taxes	1,779,376	190,161	-	143,934	2,113,471
Total deferred inflows of resources	1,779,376	190,161	-	143,934	2,113,471
Fund balances					
Restricted	123,867	554,172	-	55,220	733,259
Assigned	102,000	-	91,368	557,930	751,298
Unassigned	1,660,556	-	-	-	1,660,556
Total fund balances	1,886,423	554,172	91,368	613,150	3,145,113
Total liabilities, deferred inflows of resources and fund balances	\$ 4,288,984	\$ 744,633	\$ 146,568	\$ 783,523	\$ 5,963,708

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

Town of Milliken, Colorado
Reconciliation of the Governmental Funds Balance Sheet to the
Government-wide Statement of Net Position
December 31, 2013

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

Fund balances of governmental funds		\$ 3,145,113
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Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental fund financial statements.

Capital assets	\$18,476,201	
Less: accumulated depreciation	<u>(5,406,086)</u>	13,070,115

Long-term liabilities are not due and payable from current financial resources, and therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities at year-end consisted of:

Bonds and capital lease obligations payable	\$ (2,757,463)	
Accrued compensated absences	(128,328)	
Accrued interest payable	(10,797)	(2,896,588)

Total net position of governmental activities		\$ 13,318,640
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The accompanying notes are an integral part of these financial statements.

Town of Milliken, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2013

	General	Debt Service	Streets	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes and fees	\$2,574,910	\$ 403,780	\$ 49,271	\$ 232,339	\$ 3,260,300
Licenses and permits	124,000	-	-	-	124,000
Charges for services	69,304	-	-	-	69,304
Fines and forfeitures	42,354	-	-	-	42,354
Intergovernmental	71,045	-	190,000	149,336	410,381
Earnings on investments	7,574	866	275	708	9,423
Miscellaneous	62,197	-	-	14,793	76,990
Grants and contributions	7,403	-	-	-	7,403
Flood grants and reimbursements	159,605	-	-	-	159,605
Total revenues	3,118,392	404,646	239,546	397,176	4,159,760
Expenditures					
Current:					
General government	844,176	-	-	-	844,176
Public safety	754,089	-	-	-	754,089
Public works	585,688	-	142,381	-	728,069
Parks and open space	370,382	-	-	-	370,382
Community development	290,885	-	-	-	290,885
Festivals and programs	45,723	-	-	-	45,723
Administration	-	-	-	102,305	102,305
Other	-	301	-	129,398	129,699
Flood recovery costs	223,856	-	-	-	223,856
Debt service:					
Principal	14,819	170,000	-	-	184,819
Interest	813	130,908	-	-	131,721
Capital outlay	68,422	-	-	292,658	361,080
Total expenditures	3,198,853	301,209	142,381	524,361	4,166,804
Excess (deficiency) of revenues over expenditures	(80,461)	103,437	97,165	(127,185)	(7,044)
Other financing sources (uses)					
Transfers in	356,000	-	114,143	23,500	493,643
Transfers out	(6,000)	-	(110,000)	(131,643)	(247,643)
Capital lease proceeds	27,086	-	-	-	27,086
Total other financing sources (uses)	377,086	-	4,143	(108,143)	273,086
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	296,625	103,437	101,308	(235,328)	266,042
Fund balances at beginning of year	1,990,958	450,735	(9,940)	848,478	3,280,231
Prior period adjustment	(401,160)	-	-	-	(401,160)
Fund balances at end of year	\$1,886,423	\$ 554,172	\$ 91,368	\$ 613,150	\$ 3,145,113

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

Town of Milliken, Colorado
Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures and Changes in Fund Balances
to the Government-wide Statement of Activities
Year Ended December 31, 2013

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

Net change in fund balances - governmental funds \$ 266,042

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the current period:

Capital outlay	\$ 361,080	-
Donated assets	124,874	
Depreciation expense	<u>(495,266)</u>	(9,312)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the statement of net position. 184,819

Capital lease proceeds are reported as an other financing source in the governmental funds, but the proceeds increase the long-term liabilities in the statement of net position. (27,086)

Increase in accrued interest payable is reflected as an expense on the statement of activities and not reflected in the statement of revenues, expenditures and changes in fund balances. (19)

Increase in accrued compensated absences is reflected as an expense on the statement of activities and not reflected in the statement of revenues, expenditures and changes in fund balances. (31,481)

Change in net position of governmental activities \$ 382,963

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

Town of Milliken, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2013

	Water Fund	Sewer Fund	Trash Fund	Total
Assets				
Current assets				
Equity in pooled cash and cash equivalents	\$ 3,357,982	\$2,591,974	\$ 16,898	\$ 5,966,854
Receivables, net	241,029	191,327	24,626	456,982
Prepaid items	24,220	-	-	24,220
Due from other funds	315,080	72,440	-	387,520
Total current assets	3,938,311	2,855,741	41,524	6,835,576
Noncurrent assets				
Restricted pooled cash and cash equivalents	73,668	-	-	73,668
Capital assets, not being depreciated	11,273,765	59,791	-	11,333,556
Capital assets, being depreciated, net	3,613,201	6,382,740	-	9,995,941
Total noncurrent assets	14,960,634	6,442,531	-	21,403,165
Total assets	18,898,945	9,298,272	41,524	28,238,741
Liabilities				
Current liabilities				
Accounts payable	38,972	33,100	22,432	94,504
Accrued interest payable	2,915	49,720	-	52,635
Accrued wages payable	1,277	2,028	-	3,305
Current portion of notes payable	17,572	295,137	-	312,709
Total current liabilities	60,736	379,985	22,432	463,153
Noncurrent liabilities				
Deposits payable	-	15,522	-	15,522
Notes payable, net of current portion	729,035	3,344,887	-	4,073,922
Total noncurrent liabilities	729,035	3,360,409	-	4,089,444
Total liabilities	789,771	3,740,394	22,432	4,552,597
Net Position				
Net investment in capital assets	14,140,359	2,802,507	-	16,942,866
Restricted	73,668	-	-	73,668
Unrestricted - designated for subsequent years' expenditures	339,146	326,030	4,000	669,176
Unrestricted	3,556,001	2,429,341	15,092	6,000,434
Total net position	\$ 18,109,174	\$5,557,878	\$ 19,092	\$ 23,686,144

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

Town of Milliken, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2013

	Water Fund	Sewer Fund	Trash Fund	Total
Operating revenues				
Charges for services	\$ 1,234,088	\$ 918,877	\$ 292,597	\$ 2,445,562
Miscellaneous revenue	19,316	-	-	19,316
Total operating revenues	1,253,404	918,877	292,597	2,464,878
Operating expenses				
Operations and maintenance	577,579	433,471	266,873	1,277,923
Administration	82,364	-	-	82,364
Depreciation	252,074	324,029	-	576,103
Total operating expenses	912,017	757,500	266,873	1,936,390
Operating income	341,387	161,377	25,724	528,488
Nonoperating revenues (expenses)				
Earnings on investments	4,631	3,790	-	8,421
Flood grants and reimbursements	-	87,102	-	87,102
Interest expense	(35,948)	(117,201)	-	(153,149)
Total nonoperating revenues (expenses)	(31,317)	(26,309)	-	(57,626)
Income before contributions and transfers	310,070	135,068	25,724	470,862
Capital contributions	432,307	153,664	-	585,971
Transfers out	(115,000)	(110,000)	(21,000)	(246,000)
Change in net position	627,377	178,732	4,724	810,833
Net position at beginning of year	17,154,157	5,305,626	14,368	22,474,151
Prior period adjustment	327,640	73,520	-	401,160
Net position at end of year	\$ 18,109,174	\$ 5,557,878	\$ 19,092	\$ 23,686,144

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

Town of Milliken, Colorado
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2013

	Water Fund	Sewer Fund	Trash Fund	Total
Cash flows from operating activities				
Cash received from customers	\$ 1,203,887	\$ 887,738	\$ 291,818	\$ 2,383,443
Cash payments to suppliers	(595,706)	(332,968)	(264,919)	(1,193,593)
Cash payments to employees	(60,068)	(84,709)	-	(144,777)
Net cash flows from operating activities	548,113	470,061	26,899	1,045,073
Cash flows from non-capital financing activities				
Flood grants and reimbursements	-	31,456	-	31,456
Change in interfund receivable	12,560	1,080	-	13,640
Transfers out	(115,000)	(110,000)	(21,000)	(246,000)
Net cash flows from non-capital financing activities	(102,440)	(77,464)	(21,000)	(200,904)
Cash flows from capital and related financing activities				
Capital contributions	432,307	153,664	-	585,971
Change in restricted cash	(17,654)	-	-	(17,654)
Principal paid on long-term debt	(16,814)	(289,672)	-	(306,486)
Interest paid on long-term debt	(36,013)	(121,157)	-	(157,170)
Net cash flows from capital and related financing activities	361,826	(257,165)	-	104,661
Cash flows from investing activities				
Interest received	4,631	3,790	-	8,421
Net change in cash and cash equivalents	812,130	139,222	5,899	957,251
Cash and cash equivalents at beginning of year	2,545,852	2,452,752	10,999	5,009,603
Cash and cash equivalents at end of year	\$ 3,357,982	\$ 2,591,974	\$ 16,898	\$ 5,966,854
Reconciliation of operating income to net cash flows from operating activities:				
Operating income	\$ 341,387	\$ 161,377	\$ 25,724	\$ 528,488
Adjustments to reconcile operating income to cash flows from operating activities				
Depreciation	252,074	324,029	-	576,103
(Increase) decrease in:				
Receivables	(48,017)	(29,995)	(779)	(78,791)
Prepaid items	(1,402)	-	-	(1,402)
Increase (decrease) in:				
Accounts payable	6,000	15,920	1,954	23,874
Accrued wages payable	(429)	(128)	-	(557)
Deposits payable	(1,500)	(1,142)	-	(2,642)
Net cash flows from operating activities	\$ 548,113	\$ 470,061	\$ 26,899	\$ 1,045,073

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

Town of Milliken, Colorado

Notes to Financial Statements

December 31, 2013

1. Summary of Significant Accounting Policies

The financial statements of the Town of Milliken, Colorado (the "Town") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Definition of the Reporting Entity

The Town was founded September 17, 1910. The Town is governed by a Mayor and a six-member Board of Trustees ("Board") elected by the residents. The Town provides the following services: public safety (police); streets; parks and open space; planning and zoning; water, sewer and refuse; and general administrative services.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

The accompanying financial statements present the Town and its discretely presented component unit, an entity for which the Town is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town.

The Milliken Housing Authority (the "Authority") has been included as a discretely presented component unit in the accompanying financial statements. The Authority does not have the power to levy taxes, determine its own aggregate budget without the approval of the Town, or issue bonded debt. Separate financial statements are not issued. Financial information with regard to the Authority can be obtained from the Town's administrative offices at 1101 Broad Street (P.O. Box 290), Milliken, Colorado 80543.

Basis of Presentation

Government-wide 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 activities of the Town and the component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

Town of Milliken, Colorado
Notes to Financial Statements
December 31, 2013

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those 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.

Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Measurement Focus and 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 enterprise fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 recognized 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 recognized only when payments are due.

Sales taxes, intergovernmental grants, and earnings on investments associated with the current fiscal period 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 Town.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds) and the capital projects fund. The following are the Town's major and nonmajor governmental funds:

General Fund - The General Fund (a major fund) is the Town's general operating fund and is used to account for all financial transactions, except those required to be accounted for in another fund. Major revenue sources include local property taxes, sales tax, franchise tax and other intergovernmental revenues. Expenditures include all costs associated with the daily operation of general government, public safety, public works, parks and open space and community development.

Town of Milliken, Colorado
Notes to Financial Statements
December 31, 2013

Debt Service Fund - The Debt Service Fund (a major fund) accounts for the accumulation of resources for the payment of principal and interest on long-term revenue and general obligation debts of the governmental funds not being financed by proprietary funds.

Streets Fund - The Streets Fund (a major fund) accounts for revenues from specific taxes and is used to fund street projects throughout the Town.

The other governmental funds (nonmajor funds) are Special Revenue Funds (Conservation Trust, Impact Fees, Grants, and Oil and Gas 5.5% Exempt) and are established to account for revenues derived from recreation fees and specific taxes or other earmarked revenue sources, which finance specific activities as required by law or administrative action; and the Capital Projects Fund, which accounts for revenue sources and the corresponding expenditures for major capital projects.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as enterprise funds or internal service funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Town has three major enterprise funds, which are used to account for the activities of the Water, Sewer and Trash Funds.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds and enterprise funds, except capital expenditures are budgeted as expenditures in the enterprise funds. All annual appropriations lapse at year-end.

By October 15, the budget officer (not an elected official) of the Town submits a proposed operating budget for the fiscal year commencing the following January 1 to the Town Board (elected officials). The operating budget for all budgeted funds includes proposed expenditures and the means of financing.

Public hearings are held at the regular Board meetings to obtain taxpayer input. Prior to December 15, the budget is legally enacted through passage of a budget resolution. The Town Treasurer is authorized to transfer budgeted amounts within a department of any fund. The Board must approve revisions that change total expenditures of any fund or department within a fund. Appropriations are controlled and the budget is only amended in conformity with Colorado Revised Statutes, which require a balanced budget. Expenditures in excess of appropriations may violate Colorado Revised Statutes and must be reported to the Office of the State Auditor.

Budget amounts included in the financial statements are as originally adopted or as amended by the Board. The following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets for the year ended December 31, 2013:

Town of Milliken, Colorado
Notes to Financial Statements
December 31, 2013

	Original Budget	Total Revisions	Revised Budget
Governmental funds:			
General fund	\$3,057,651	\$ 224,013	\$ 3,281,664
Streets fund	253,300	(1,700)	251,600
Capital projects fund	671,500	(363,910)	307,590
Special revenue funds:			
Conservation trust fund	117,500	(43,775)	73,725
Impact fees fund	-	25,500	25,500
Grants fund	99,000	1,625	100,625
Oil and gas 5.5% exempt fund	115,836	-	115,836
Debt service fund	303,908	-	303,908
Business-type funds:			
Water fund	1,441,136	(238,170)	1,202,966
Sewer fund	1,092,833	76,728	1,169,561
Trash fund	295,000	(4,000)	291,000
Discretely presented component unit:			
Milliken Housing Authority	6,850	(6,028)	822
Total funds	\$7,454,514	\$ (329,717)	\$ 7,124,797

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and participation in local government investment pools. Cash balances from different funds are combined and invested to the extent possible in local government investment pools.

To improve cash management, cash received by the Town is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Town's records. Interest in the pool is presented as "Equity in pooled cash and cash equivalents" on the financial statements. Investments of the Town's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Town are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which approximates fair value.

Use of Estimates

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

Town of Milliken, Colorado
Notes to Financial Statements
December 31, 2013

Property Taxes

Property taxes for the current year are levied and attached as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due on the last day of February and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as a deferred inflow of resources.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Because these assets do not represent current financial resources, there is a corresponding nonspendable fund balance in the governmental funds.

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and machinery, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the enterprise fund 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 at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Description	Useful Life
Collection and distribution system	30 - 50 Years
Buildings and other improvements	30 - 50 Years
Infrastructure	10 - 50 Years
Vehicles, machinery and equipment	5 - 30 Years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets since their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Accrued Compensated Absences Payable

In accordance with the provisions of the GASB Statement No. 16, *Accounting for Compensated Absences*, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements. Compensated absences are reported in governmental funds only if they have matured.

Town of Milliken, Colorado
Notes to Financial Statements
December 31, 2013

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements if they will be liquidated with current resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance and Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This category represents the net position of the Town, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, fund balances of governmental funds are classified in separate categories. The categories, and their general meanings, are as follows:

Nonspendable – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Town Board of Trustees. The Town Board of Trustees is the highest level of decision making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by the Town Board of Trustees.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Town Board of Trustees has authority to assign amounts for specific purposes.

Unassigned – all other spendable amounts.

Town of Milliken, Colorado
Notes to Financial Statements
December 31, 2013

As of December 31, 2013, fund balances are composed of the following:

	General	Debt Fund	Streets Fund	Other Governmental Funds	Total Governmental Funds
Restricted:					
Emergency reserve	\$ 123,867	\$ -	\$ -	\$ -	\$ 123,867
Debt Service	-	554,172	-	-	554,172
Parks and recreation (conservation trust)	-	-	-	55,220	55,220
Assigned:					
Special revenue funds	-	-	-	557,930	557,930
Street projects	-	-	91,368	-	91,368
Special purposes	102,000	-	-	-	102,000
Unassigned:	1,660,556	-	-	-	1,660,556
Total	\$1,886,423	\$554,172	\$ 91,368	\$ 613,150	\$ 3,145,113

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

Interfund Transactions

Interfund receivables and payables are reported within individual funds. Transactions that represent reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

Transfers include operating subsidies and authorized transfers from funds receiving revenues to funds that will expend those resources.

Interfund receivables and payables represent borrowing arrangements between governmental fund types that are current interfund loans and expected to be paid off within one year. Advances to and from other funds represent borrowing arrangements between nongovernmental fund types that are noncurrent. All other outstanding current balances between funds are reported as "Due to/from other funds."

2. Prior Period Adjustment

During 2013, management of the Town determined that a long-term interfund payable from the General Fund to the Water and Sewer Funds had not been recorded in prior years. The result of the correction was to decrease fund balance and net position for the General Fund and governmental activities, respectively, by \$401,160 and to increase net position in the Water Fund by \$327,640 and Sewer Fund by \$73,520.

3. Reconciliation of Government-Wide and Fund Financial Statements

The governmental funds balance sheet includes a reconciliation between fund balances (total governmental funds) and net position of governmental activities, as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures and

Town of Milliken, Colorado
Notes to Financial Statements
December 31, 2013

changes in fund balances includes a reconciliation between net change in fund balances and changes in net position of governmental activities, as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustments to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the government fund statements during the consolidation of governmental activities.

4. Cash, Cash Equivalents and Investments

The composition of the Town's cash and cash equivalents, including restricted cash, on December 31, 2013, is as follows:

Cash on hand	\$ 650
Cash in financial institutions	5,948,203
Cash held by county treasurer	54,937
Local government investment pool	3,600,221
Total	\$ 9,604,011

Cash and cash equivalents per Statement of Net Position:

Government-wide Statement of Net Position	
Equity in pooled cash and cash equivalents	\$ 9,337,638
Cash and cash equivalents - component unit	37,688
Restricted pooled cash and cash equivalents	228,685
Total	\$ 9,604,011

Custodial Credit Risk - Deposits

This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits. The Town's deposit policy is in accordance with Colorado Revised Statutes ("CRS") 11-10.5-101, the Colorado Public Deposit Protection Act ("PDPA"), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance limits must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is maintained by another institution, or held in trust, for all of the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commission for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2013, all of the Town's deposits are either insured by the Federal Deposit Insurance Corporation ("FDIC") or collateralized by the PDPA program, and are therefore not deemed to be exposed to custodial credit risk.

Town of Milliken, Colorado

Notes to Financial Statements

December 31, 2013

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the Town would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a specific policy for custodial credit risk of investments. As of December 31, 2013, the Town had no investments exposed to custodial credit risk.

Credit Risk - Investments

State statutes and the Town's investment policies 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, authority, 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.

Local Government Investment Pool

At December 31, 2013, the Town had invested \$3,600,221 in the Colorado Secure Assets Fund ("CSAFE"), a local government investment pool established in Colorado to pool surplus funds for investment purposes. These funds operate similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank of the pooled investment provides safekeeping and depository services in connection with the direct investment and withdrawal functions of the pooled investment. All securities owned by pooled investments are held by the Federal Reserve Bank in the account maintained for the custodial bank. Investments of pooled investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The final maturity of any and all securities purchased by pooled investments may not exceed one year. CSAFE is rated AAAM by Standard and Poor's. The investment policy of CSAFE does not include investing in derivatives.

Investment Interest Rate Risk

The Town has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town held no investments as of December 31, 2013, other than those invested with CSAFE.

Restricted Cash and Investments

At December 31, 2013, the Water and Debt Service Funds had cash restricted for future debt payments in the amount of \$73,668 and \$155,017, respectively.

Town of Milliken, Colorado
Notes to Financial Statements
December 31, 2013

5. Receivables

Receivables at December 31, 2013, consist of the following:

	Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Unit
Taxes	\$ 2,113,471	\$ -	\$ 2,113,471	\$ -
Trade accounts	3,967	401,336	405,303	-
Intergovernmental	80,295	55,646	135,941	-
Other	225,951	-	225,951	249,019
Total	\$ 2,423,684	\$ 456,982	\$ 2,880,666	\$ 249,019

6. Notes Receivable

The Authority has five separate notes receivable from Dove Valley, LLLP, the Company that owns and operates 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, 2013. The other note carries an interest rate of 5.0% and a balance of \$39,043 at December 31, 2013. All of the notes mature in December 2046, when all of the principal and accrued interest will be due. As of December 31, 2013, there was accrued interest of \$71,090, included in "Receivables, net" in the accompanying statement of net position.

7. Interfund Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Contributed capital between the governmental funds and proprietary funds is shown within the transfer line for financial statement presentation.

Town of Milliken, Colorado
Notes to Financial Statements
December 31, 2013

The following summarizes interfund activity of the Town for the year ended December 31, 2013:

	Transfers Out							Total
	General Fund	Streets Fund	Nonmajor Governmental Funds	Water	Sewer	Trash		
Transfers in:								
Governmental funds:								
General Fund	\$ -	\$110,000	\$ -	\$115,000	\$110,000	\$21,000		\$ 356,000
Streets Fund	-	-	114,143	-	-	-		114,143
Nonmajor								
Governmental funds	6,000	-	17,500	-	-	-		23,500
Total transfers	\$ 6,000	\$110,000	\$ 131,643	\$115,000	\$110,000	\$21,000		\$ 493,643

The Town's interfund receivables and payables at December 31, 2013 (at the fund level) are shown below. These amounts represent short-term receivables and payables. The balances result from (1) the need to cover the temporary negative cash positions in individual funds and (2) to record a loan from the General Fund to the Water and Sewer Funds for waivers made for water and sewer taps. The loan is to be repaid over 25 years at 0.0% interest and has a balance at December 31, 2013 of \$387,520

Receivable Fund	Payable fund	Amount
General Fund	Grants Fund	\$ 14,223
Water Fund	General Fund	315,080
Sewer Fund	General Fund	72,440
		\$ 401,743

Town of Milliken, Colorado

Notes to Financial Statements

December 31, 2013

8. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2013, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,273,022	\$ 73,902	\$ -	\$ 1,346,924
Construction in progress	26,923	24,507	(26,923)	24,507
Total capital assets, not being depreciated	1,299,945	98,409	(26,923)	1,371,431
Capital assets, being depreciated:				
Buildings and other improvements	4,618,742	180,842	-	4,799,584
Infrastructure	10,781,967	48,106	-	10,830,073
Vehicles, machinery and equipment	1,289,593	185,520	-	1,475,113
Total capital assets, being depreciated	16,690,302	414,468	-	17,104,770
Less accumulated depreciation:				
Buildings and other improvements	(601,127)	(100,018)	-	(701,145)
Infrastructure	(3,184,831)	(337,996)	-	(3,522,827)
Vehicles, machinery and equipment	(1,124,862)	(57,252)	-	(1,182,114)
Total accumulated depreciation:	(4,910,820)	(495,266)	-	(5,406,086)
Capital assets, being depreciated, net	11,779,482	(80,798)	-	11,698,684
Total governmental activities capital assets, net	\$13,079,427	\$ 17,611	\$ (26,923)	\$13,070,115
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 59,791	\$ -	\$ -	\$ 59,791
Water rights	11,273,765	-	-	11,273,765
Total capital assets, not being depreciated	11,333,556	-	-	11,333,556
Capital assets, being depreciated:				
Collection and distribution system	16,374,825	-	-	16,374,825
Buildings and other improvements	400,979	-	-	400,979
Vehicles, machinery and equipment	567,158	-	-	567,158
Total capital assets, being depreciated:	17,342,962	-	-	17,342,962
Less accumulated depreciation:				
Collection and distribution system	(6,182,188)	(543,398)	-	(6,725,586)
Buildings and other improvements	(64,004)	(8,020)	-	(72,024)
Vehicles, machinery and equipment	(524,726)	(24,685)	-	(549,411)
Total accumulated depreciation:	(6,770,918)	(576,103)	-	(7,347,021)
Capital assets, being depreciated, net	10,572,044	(576,103)	-	9,995,941
Total business-type activities capital assets, net	\$21,905,600	\$ (576,103)	\$ -	\$21,329,497

Town of Milliken, Colorado
Notes to Financial Statements
December 31, 2013

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

Governmental activities:	
General government	\$ 287,712
Public safety	41,379
Public works	126,413
Parks and recreation	39,762
Total	\$ 495,266
Business-type activities:	
Water fund	\$ 252,074
Sewer fund	324,029
Total	\$ 576,103

9. Long-Term Liabilities

Governmental Activities

Bonds Payable

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 Highway 60 and Highway 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 2% 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 2037. Interest accrues at rates ranging from 4% to 6%.

Capital Leases

During 2011, the Town entered into a capital lease agreement for the purchase of a police vehicle. The lease is for \$30,433 and accrues interest at 5.35%. The lease requires three annual payments of \$8,213 beginning in November 2011. This lease will be paid off as of November 2014. The asset acquired with the capital lease is a police vehicle that is recorded by the Town as a capital asset with a cost of \$32,852 and accumulated depreciation of \$15,331 as of December 31, 2013.

During 2013, the Town entered into a capital lease agreement for the purchase of a police vehicle. The lease is for \$27,086 and accrues interest at 6.45%. The lease requires four annual payments of \$7,419 beginning in May 2013. This lease will be paid off as of May 2016. The asset acquired with the capital lease is a police vehicle that is recorded by the Town as a capital asset with a cost of \$35,514 and accumulated depreciation of \$4,143 as of December 31, 2013.

Town of Milliken, Colorado

Notes to Financial Statements

December 31, 2013

Business-Type Activities

Notes Payable

During 2000, the Town obtained financing from the U.S. Department of Agriculture Rural Development (“USDA”) to improve the water system. Semi-annual principal and interest payments of \$26,414 are due through December 1, 2037. Interest accrues at 4.75%.

During 2003, the Town obtained financing from the Colorado Water Resources and Power Development Authority (“CWRPDA”) to construct a wastewater treatment plant. Payments of principal and interest are due semi-annually on February 1 and August 1, through August 1, 2024. Interest accrues at 3.28%.

A summary of changes in long-term debt for the year ended December 31, 2013, follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental activities					
Sales and use tax revenue bonds	\$ 935,000	\$ -	\$ 70,000	\$ 865,000	\$ 70,000
General obligation bonds	1,965,000	-	100,000	1,865,000	100,000
Capital leases	15,196	27,086	14,819	27,463	13,946
Compensated absences	96,847	149,209	117,728	128,328	-
	\$ 3,012,043	\$ 176,295	\$ 302,547	\$ 2,885,791	\$ 183,946
Business-type activities					
Notes payable:					
USDA	\$ 763,421	\$ -	\$ 16,814	\$ 746,607	\$ 17,572
CWRPDA	3,929,696	-	289,672	3,640,024	295,137
	\$ 4,693,117	\$ -	\$ 306,486	\$ 4,386,631	\$ 312,709

The annual requirements to amortize all outstanding debts are as follows:

Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 183,946	\$ 125,989	\$ 312,709	\$ 111,583
2015	181,547	118,285	319,020	105,919
2016	191,970	110,750	325,370	99,852
2017	190,000	102,675	331,764	93,367
2018	205,000	94,755	338,201	86,169
2019-2023	1,150,000	324,993	1,833,013	310,936
2024-2028	655,000	77,950	553,650	119,269
2029-2033	-	-	195,589	68,551
2034-2037	-	-	177,315	18,195
	\$ 2,757,463	\$ 955,397	\$ 4,386,631	\$ 1,013,841

Town of Milliken, Colorado

Notes to Financial Statements

December 31, 2013

10. Public Entity Risk Pools

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency ("CIRSA"), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to state statute.

The purposes of CIRSA is to provide members defined liability, property, and workers compensation coverage and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets, nor does it have the ability to significantly affect the operations of CIRSA.

11. Pension Plans

Paid Policemen's Pension Plan - The Town and its police officers participate in a defined contribution pension plan (the "Police Pension Plan") for the benefit of all police officers. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The contribution requirements of the Police Pension Plan participants and the Town are established, and may be amended, by the Board of Trustees. The Town is required to contribute 12% of each participating employee's compensation hired prior to 2007, and 8% for those hired after 2007. Each employee must contribute 8% of their salary. Employees become vested in employer contributions to the Police Pension Plan at 20% after 1 year of service; 40% after 2 years; 60% after 3 years; 80% after 4 years; and 100% after 5 years. During the year ended December 31, 2013, the Town and employee contributions were \$51,357 and \$39,424, respectively, equal to the required contributions.

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 (the "Employees' 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% after 1 year of service; 40% after 2 years; 60% after 3 years; 80% after 4 years; and 100% after 5 years. During the year ended December 31, 2013, the Town and employee contributions were \$24,408 and \$16,252, respectively, equal to the required contributions.

Town of Milliken, Colorado

Notes to Financial Statements

December 31, 2013

12. Commitments and Contingencies

Tabor Amendment

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources, such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

On November 4, 2001, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town commencing on January 1, 2001, and subsequent years, notwithstanding the provisions of the Amendment.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). At December 31, 2013, the Town has restricted \$123,867 in the General Fund for emergencies as defined under Article X, Section 20 of the Colorado Constitution.

The Town believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

Litigation

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.

13. Violations of Law

Expenditures exceeded budgeted appropriations in the Capital Projects Fund by \$8,345, Conservation Trust Fund by \$8,345, Impact Fees Fund by \$12, Grants Fund by \$17,719, and Streets Fund by \$781, which may be in violation of Colorado state statutes.

14. Subsequent Events

The Town has evaluated subsequent events through July 23, 2014, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Required Supplementary Information

Town of Milliken, Colorado
Schedule of Revenues, Expenditures and Changes in Fund
Balance (Budget and Actual) - General Fund
Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and fees	\$2,346,058	\$2,569,906	\$2,574,910	\$ 5,004
Licenses and permits	51,900	101,900	124,000	22,100
Charges for services	98,400	69,150	69,304	154
Fines and forfeitures	33,500	38,200	42,354	4,154
Intergovernmental	61,053	65,953	71,045	5,092
Earnings on investments	5,540	8,340	7,574	(766)
Miscellaneous	99,500	83,900	62,197	(21,703)
Grants and contributions	8,300	7,036	7,403	367
Flood grants and reimbursements	-	196,000	159,605	(36,395)
Total revenues	2,704,251	3,140,385	3,118,392	(21,993)
Expenditures				
Current:				
General government	900,031	870,820	844,176	26,644
Public safety	877,536	820,449	754,089	66,360
Public works	616,391	623,140	585,688	37,452
Parks and open space	360,910	381,898	370,382	11,516
Community development	217,627	307,381	290,885	16,496
Festivals and programs	65,516	49,736	45,723	4,013
Flood recovery costs	-	208,600	223,856	(15,256)
Debt service	-	-	15,632	(15,632)
Capital outlay	-	-	68,422	(68,422)
Total expenditures	3,038,011	3,262,024	3,198,853	63,171
Deficiency of revenues over expenditures	(333,760)	(121,639)	(80,461)	41,178
Other financing sources (uses)				
Transfers in	356,000	356,000	356,000	-
Transfers out	(19,640)	(19,640)	(6,000)	13,640
Capital lease proceeds	-	-	27,086	27,086
Total other financing sources (uses)	336,360	336,360	377,086	40,726
Excess of revenues and other financing sources over expenditures and other financing sources (uses)	\$ 2,600	\$ 214,721	296,625	\$ 81,904
Fund balance at beginning of year			1,990,958	
Prior period adjustment			(401,160)	
Fund balance at end of year			\$1,886,423	

See accompanying Independent Auditor's Report.

Town of Milliken, Colorado
Schedule of Revenues, Expenditures and Changes in Fund
Balance (Budget and Actual) - Streets Fund
Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ -	\$ -	\$ 49,271	\$ 49,271
Intergovernmental	239,123	225,000	190,000	(35,000)
Earnings on investments	200	150	275	125
Total revenues	239,323	225,150	239,546	14,396
Expenditures				
Public works	143,300	141,600	142,381	(781)
Total expenditures	143,300	141,600	142,381	(781)
Excess of revenues over expenditures	96,023	83,550	97,165	13,615
Other financing sources (uses)				
Transfers in	115,836	115,836	114,143	(1,693)
Transfers out	(110,000)	(110,000)	(110,000)	-
Total other financing sources (uses)	5,836	5,836	4,143	(1,693)
Excess of revenues over expenditures and other financing sources (uses)	\$ 101,859	\$ 89,386	101,308	\$ 11,922
Fund balance at beginning of year			(9,940)	
Fund balance at end of year			<u>\$ 91,368</u>	

See accompanying Independent Auditor's Report.

Other Supplementary Information

Town of Milliken, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

	Conservation Trust Fund	Capital Projects Fund	Impact Fees Fund
Assets			
Equity in pooled cash and cash equivalents	\$ 55,220	\$ 365,202	\$ 142,087
Receivables, net	-	-	-
Total assets	\$ 55,220	\$ 365,202	\$ 142,087
Liabilities, deferred inflows of resources and fund balances			
Liabilities			
Accounts payable	-	6,859	176
Due to other funds	-	-	-
Total liabilities	-	6,859	176
Deferred inflows of resources			
Unearned revenue - property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances			
Restricted	55,220	-	-
Assigned	-	358,343	141,911
Total fund balances	55,220	358,343	141,911
Total liabilities, deferred inflows of resources and fund balances	\$ 55,220	\$ 365,202	\$ 142,087

Grants Fund	Oil and Gas 5.5% Exempt Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 562,509
77,080	143,934	221,014
<u>\$ 77,080</u>	<u>\$ 143,934</u>	<u>\$ 783,523</u>
5,181	-	12,216
14,223	-	14,223
<u>19,404</u>	<u>-</u>	<u>26,439</u>
-	143,934	143,934
-	143,934	143,934
-	-	55,220
57,676	-	557,930
<u>57,676</u>	<u>-</u>	<u>613,150</u>
<u>\$ 77,080</u>	<u>\$ 143,934</u>	<u>\$ 783,523</u>

See accompanying Independent Auditor's Report.

Town of Milliken, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2013

	Conservation Trust Fund	Capital Projects Fund	Impact Fees Fund
Revenues			
Taxes	\$ -	\$ -	\$ -
Fees	-	-	118,196
Intergovernmental	30,871	-	-
Earnings on investments	612	96	-
Miscellaneous revenue	-	14,793	-
Total revenues	31,483	14,889	118,196
Expenditures			
Administration	-	-	-
Other	-	103,886	25,512
Capital outlay	64,570	212,049	-
Total expenditures	64,570	315,935	25,512
Excess (deficiency) of revenues over expenditures	(33,087)	(301,046)	92,684
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(17,500)	-	-
Total other financing sources (uses)	(17,500)	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing sources (uses)	(50,587)	(301,046)	92,684
	105,807	659,389	49,227
Fund balances at end of year	\$ 55,220	\$ 358,343	\$ 141,911

Grants Fund	Oil and Gas 5.5% Exempt Fund	Total Nonmajor Governmental Funds
\$ -	\$ 114,143	\$ 114,143
-	-	118,196
118,465	-	149,336
-	-	708
-	-	14,793
118,465	114,143	397,176
102,305	-	102,305
-	-	129,398
16,039	-	292,658
118,344	-	524,361
121	114,143	(127,185)
23,500	-	23,500
-	(114,143)	(131,643)
23,500	(114,143)	(108,143)
23,621	-	(235,328)
34,055	-	848,478
\$ 57,676	\$ -	\$ 613,150

See accompanying Independent Auditor's Report.

Town of Milliken, Colorado
Schedule of Revenues, Expenditures and Changes in Fund
Balance (Budget and Actual) - Capital Projects Fund
Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$ -	\$ 75	\$ 96	\$ 21
Miscellaneous revenue	-	14,793	14,793	-
Total revenues	-	14,868	14,889	21
Expenditures				
Other	-	100,000	103,886	(3,886)
Capital outlay	671,500	207,590	212,049	(4,459)
Total expenditures	671,500	307,590	315,935	(8,345)
Deficiency of revenues over expenditures	(671,500)	(292,722)	(301,046)	(8,324)
Fund balance at beginning of year			659,389	
Fund balance at end of year			<u>\$ 358,343</u>	

See accompanying Independent Auditor's Report.

Town of Milliken, Colorado
Schedule of Revenues, Expenditures and Changes in Fund
Balance (Budget and Actual) - Conservation Trust Fund
Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 25,000	\$ 30,000	\$ 30,871	\$ 871
Earnings on investments	660	520	612	92
Total revenues	25,660	30,520	31,483	963
Expenditures				
Capital outlay	100,000	56,225	64,570	(8,345)
Total expenditures	100,000	56,225	64,570	(8,345)
Deficiency of revenues over expenditures	(74,340)	(25,705)	(33,087)	(7,382)
Other financing sources (uses)				
Transfers in	-	5,400	-	(5,400)
Transfers out	(17,500)	(17,500)	(17,500)	-
Total other financing sources (uses)	(17,500)	(12,100)	(17,500)	(5,400)
Deficiency of revenues over expenditures and other financing sources (uses)	\$ (91,840)	\$ (37,805)	(50,587)	\$ (12,782)
Fund balance at beginning of year			105,807	
Fund balance at end of year			\$ 55,220	

See accompanying Independent Auditor's Report.

Town of Milliken, Colorado
Schedule of Revenues, Expenditures and Changes in Fund
Balance (Budget and Actual) - Debt Service Fund
Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 368,573	\$ 396,763	\$ 403,780	\$ 7,017
Earnings on investments	725	800	866	66
Total revenues	369,298	397,563	404,646	7,083
Expenditures				
Debt service:				
Principal	170,000	170,000	170,000	-
Interest	130,908	130,908	130,908	-
Other	3,000	3,000	301	2,699
Total expenditures	303,908	303,908	301,209	2,699
Excess of revenues over expenditures	\$ 65,390	\$ 93,655	103,437	\$ 9,782
Fund balance at beginning of year			<u>450,735</u>	
Fund balance at end of year			<u>\$ 554,172</u>	

See accompanying Independent Auditor's Report.

Town of Milliken, Colorado
Schedule of Revenues, Expenditures and Changes in Fund
Balance (Budget and Actual) - Impact Fees Fund
Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees	\$ -	\$ 100,260	\$ 118,196	\$ 17,936
Total revenues	-	100,260	118,196	17,936
Expenditures				
Other	-	25,500	25,512	(12)
Total expenditures	-	25,500	25,512	(12)
Excess of revenues over expenditures	\$ -	\$ 74,760	92,684	\$ 17,924
Fund balance at beginning of year			<u>49,227</u>	
Fund balance at end of year			<u>\$ 141,911</u>	

See accompanying Independent Auditor's Report.

Town of Milliken, Colorado
Schedule of Revenues, Expenditures and Changes in Fund
Balance (Budget and Actual) - Grants Fund
Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 76,500	\$ 102,890	\$ 118,465	\$ 15,575
Total revenues	76,500	102,890	118,465	15,575
Expenditures				
Administration	99,000	100,625	102,305	(1,680)
Capital outlay	-	-	16,039	(16,039)
Total expenditures	99,000	100,625	118,344	(17,719)
Excess (deficiency) of revenues over expenditures	(22,500)	2,265	121	(2,144)
Other financing sources				
Transfers in	17,500	17,500	23,500	6,000
Excess (deficiency) of revenues and other financing sources over expenditures	\$ (5,000)	\$ 19,765	23,621	\$ 3,856
Fund balance at beginning of year			<u>34,055</u>	
Fund balance at end of year			<u>\$ 57,676</u>	

See accompanying Independent Auditor's Report.

Town of Milliken, Colorado
Schedule of Revenues, Expenditures and Changes in Fund
Balance (Budget and Actual) - Oil and Gas 5.5% Exempt Fund
Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 115,836	\$ 115,836	\$ 114,143	\$ (1,693)
Total revenues	115,836	115,836	114,143	(1,693)
Other financing uses				
Transfers out	(115,836)	(115,836)	(114,143)	1,693
Excess of revenues and other sources over expenditures	\$ -	\$ -	-	\$ -
Fund balance at beginning of year			-	
Fund balance at end of year			\$ -	

See accompanying Independent Auditor's Report.

Town of Milliken, Colorado
Schedule of Revenues, Expenditures and Changes in Net Position
Budget and Actual - Water Fund
Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 1,208,000	\$ 1,206,000	\$ 1,234,088	\$ 28,088
Miscellaneous revenues	11,500	106,280	19,316	(86,964)
Total operating revenues	1,219,500	1,312,280	1,253,404	(58,876)
Operating expenses				
Operations and maintenance	960,074	717,979	577,579	140,400
Administration	-	-	82,364	(82,364)
Depreciation	265,000	265,000	252,074	12,926
Total operating expenses	1,225,074	982,979	912,017	70,962
Operating income	(5,574)	329,301	341,387	12,086
Other revenues (expenses)				
Capital contributions	45,000	290,000	432,307	142,307
Earnings on investments	3,500	4,400	4,631	231
Capital investment refunds	-	(43,925)	-	43,925
Capital outlay	(65,000)	(25,000)	-	25,000
Interest expense	(36,062)	(36,062)	(35,948)	114
Total other revenues (expenses)	(52,562)	189,413	400,990	211,577
Excess (deficiency) of revenues over expenses	(58,136)	518,714	742,377	223,663
Transfers				
Transfers in	12,560	12,560	-	(12,560)
Transfers out	(115,000)	(115,000)	(115,000)	-
Total transfers	(102,440)	(102,440)	(115,000)	(12,560)
Change in net position - budgetary and GAAP basis	\$ (160,576)	\$ 416,274	627,377	\$ 211,103
Net position at beginning of year			17,154,157	
Prior period adjustment			327,640	
Net position at end of year			\$ 18,109,174	

See accompanying Independent Auditor's Report.

Town of Milliken, Colorado
Schedule of Revenues, Expenditures and Changes in Net Position
Budget and Actual - Sewer Fund
Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Operating revenues				
Charges for services	\$ 925,000	\$ 920,000	\$ 918,877	\$ (1,123)
Miscellaneous revenue	-	4,950	-	(4,950)
Total operating revenues	925,000	924,950	918,877	(6,073)
Operating expenses				
Operations and maintenance	472,864	498,592	433,471	65,121
Depreciation	335,000	335,000	324,029	10,971
Total operating expenses	807,864	833,592	757,500	76,092
Operating income	117,136	91,358	161,377	70,019
Other revenues (expenses)				
Capital contributions	6,000	130,000	153,664	23,664
Earnings on investments	6,400	3,775	3,790	15
Flood grants and reimbursements	-	73,000	87,102	14,102
Capital outlay	(47,000)	(15,000)	-	15,000
Interest expense	(127,969)	(127,969)	(117,201)	10,768
Flood recovery costs	-	(83,000)	-	83,000
Total other revenues (expenses)	(162,569)	(19,194)	127,355	146,549
Excess (deficiency) of revenues over expenses	(45,433)	72,164	288,732	216,568
Transfers				
Transfers in	1,080	1,080	-	(1,080)
Transfers out	(110,000)	(110,000)	(110,000)	-
Total transfers	(108,920)	(108,920)	(110,000)	(1,080)
Change in net position - budgetary and GAAP basis	\$ (154,353)	\$ (36,756)	178,732	\$ 215,488
Net position at beginning of year			5,305,626	
Prior period adjustment			73,520	
Net position at end of year			\$ 5,557,878	

See accompanying Independent Auditor's Report.

Town of Milliken, Colorado
Schedule of Revenues, Expenditures and Changes in Net Position
Budget and Actual - Trash Fund
Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Operating revenues				
Charges for services	\$ 295,000	\$ 290,000	\$ 292,597	\$ 2,597
Total operating revenues	295,000	290,000	292,597	2,597
Operating expenses				
Operations and maintenance	274,000	270,000	266,873	3,127
Total operating expenses	274,000	270,000	266,873	3,127
Operating income	21,000	20,000	25,724	5,724
Transfers				
Transfers out	(21,000)	(21,000)	(21,000)	-
Total transfers	(21,000)	(21,000)	(21,000)	-
Change in net position	\$ -	\$ (1,000)	4,724	\$ 5,724
Net position at beginning of year			14,368	
Net position at end of year			\$ 19,092	

See accompanying Independent Auditor's Report.

State Compliance Section

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 2013
This Information From The Records Of (example - City of _ or County of) Town of Milliken	Prepared By: Phone:	Patrick Murphy (970) 660-5044

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	205,703
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	1,570
2. General fund appropriations		b. Snow and ice removal	19,753
3. Other local imposts (from page 2)	275,872	c. Other	
4. Miscellaneous local receipts (from page 2)	275	d. Total (a. through c.)	21,323
5. Transfers from toll facilities		4. General administration & miscellaneous	25,355
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	252,381
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	42,458
7. Total (1 through 6)	276,147	b. Redemption	70,000
B. Private Contributions		c. Total (a. + b.)	112,458
C. Receipts from State government (from page 2)	190,000	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	466,147	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	112,458
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	364,839

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
	(9,940)	466,147	364,839		91,368

Notes and Comments:
(1) Fund Balance Reconciliation was added this year to reconcile to Town's Street Fund

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	114,143	a. Interest on investments	275
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	112,458	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	49,271	g. Other Misc. Receipts	
6. Total (1. through 5.)	161,729	h. Other	
c. Total (a. + b.)	275,872	i. Total (a. through h.)	275
	(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	190,000	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	190,000	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments:

- (1) Property Taxes are from Oil & Gas 5.5% Exemption Fund
- (2) Sales Taxes are from Debt Service Fund to the extent they funded debt service for traffic light
- (3) Other Taxes are Road and Bridge Taxes