



City of
Evans, Colorado

**Financial Statements
and Supplementary Information**
For the Year Ended December 31, 2015

City of Evans

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June 29, 2016

To the Honorable Mayor, City Council, and Citizens of the City of Evans:

State Law requires that all general-purpose local governments publish within 240 days of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Evans for the fiscal year ended December 31, 2015.

This report consists of management's representations concerning the finances of the City of Evans. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Evans financial statements have been audited by Anton Collins Mitchell, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Evans for the fiscal year ended December 31, 2015, are free of material misstatement. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Evans' financial statements for the fiscal year ended December 31, 2015 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The City of Evans MD&A can be found immediately following the report of the independent auditors.

Respectfully submitted,

A blue ink signature of Aden Hogan, Jr., consisting of several loops and a long horizontal stroke extending to the right.

Aden Hogan, Jr.
City Manager

A blue ink signature of Jessica Gonifas, written in a cursive style.

Jessica Gonifas, CPA
Deputy City Manager

**City of Evans, 1100 37TH Street, Evans Community Complex, Evans, Colorado 80620,
Phone – 970.475.1101, Fax – 970.330.3472, Website – www.cityofevans.org**



Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Evans, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Evans, Colorado (the "City"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

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



Emphasis of Matter

As discussed in Note 2 to the basic financial statements, the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of Statement No. 68*. As a result of the implementation of these standards, the City reported a \$1,119,403 increase in beginning net position for the restatement for the change in accounting principle for fiscal year 2015. Our opinion is not modified with respect to this matter.

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 4 through 14, the budgetary comparison information on pages 56 and 57, the Schedule of the City’s Proportionate Share of the Net Pension Asset on page 58, and Schedule of City Contributions on page 59 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 evidence sufficient 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 City’s basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Local Highway Finance Report, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and introductory section 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 schedules, Local Highway Finance Report, and schedule of expenditures of federal awards, 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 29, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Anton Collins Mitchell LLP

Greeley, Colorado
June 29, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

To serve the citizens of the City of Evans (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. Please read the information presented here in conjunction with the City's financial statements beginning on page 15.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of 2015 by \$120.2 million (net position). Of this amount, \$20.5 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. Of the remaining balance, \$95.8 million is investments in capital assets and \$3.9 million is restricted for other purposes.
- The City's total net position increased by \$7.7 million. The governmental activities drove this change with an increase of \$5 million due to an increase in revenue.
- Sales and use tax collections decreased by \$1 million, an 11 percent decrease over the prior year. Economic conditions contributed to this decrease.
- At the end of 2015, the City's governmental funds reported combined ending fund balances of \$19.1 million, an increase of \$3.3 million in comparison to the ending balances of 2014. Of this total amount, \$9.8 million, or 51 percent, is available for spending at the City's discretion (unassigned fund balance).
- At the end of 2015, the unassigned fund balance for the general fund was \$9.8 million, which was 74 percent of total general fund 2015 expenditures. In addition, the City Charter requires the Emergency Contingency Fund to maintain a balance of 25 percent of the preceding fiscal year's (2014) audited General Fund expenditures, not to exceed \$1 million. The resulting 2015 fund balance related to the Emergency Contingency Fund (shown as combined with the General Fund) amounts to \$1 million in reserve for emergencies. Fund balances at 2015 year end for the General Fund, including the Emergency Contingency Fund, amount to \$11.2 million.
- As required under Accounting Principle GASB 68, the City reported an asset of \$1,223,923 for its proportionate share of the net pension assets of the State of Colorado Fire and Police Pension Association plans. Footnote 9 explains the impact on net position in more detail.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements – Reporting the City of Evans as a Whole

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

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

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the City 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 the City include general government administration, City Council support and elections, public safety, maintenance and new construction of highways and streets, planning and zoning, maintenance of City facilities, buildings and land improvements, debt service, community development, engineering, and culture, parks and recreation activities. The business-type activities of the City include the City's water, wastewater, and storm drainage utility enterprise functions.

The government-wide financial statements include solely the operations of the City itself. The activity for the Evans Redevelopment Agency ("ERA") is reported as a blended component unit of the City. Separate financial statements are not issued for the ERA. The government-wide financial statements can be found on Pages 15-17 of this report.

Fund Financial Statements – Reporting the City of Evans' Most Significant Funds

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, or as required by legal enabling legislation. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds - Governmental funds are used to account for 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 upcoming inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's upcoming financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the different statements.

The City maintains ten individual governmental funds, including the blended component unit of the Evans Redevelopment Agency. 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, street construction fund and Evans Redevelopment Agency, which are major funds. Data from the remaining seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements included in other supplementary information.

The City adopts an annual budget for all of its funds. To demonstrate compliance, a budgetary comparison is provided for each of the funds.

The basic governmental fund financial statements are found on Pages 18-23 of this report.

Proprietary funds - The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater and storm drainage utility functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information on the City's water, wastewater and storm drainage funds.

The basic proprietary fund financial statements can be found on Pages 24-26 of this report.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on Pages 27-28 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on Pages 29-55 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City. Required and other supplementary information can be found on Pages 56-84 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – City of Evans as a Whole

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$120 million at the close of 2015.

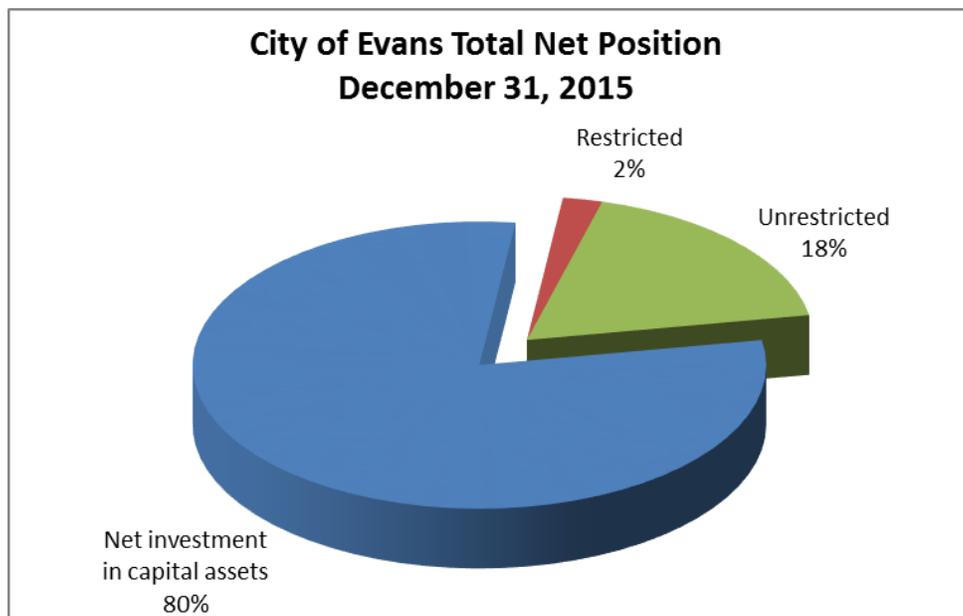
By far the largest portion (80 percent) of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (2 percent) represents resources that are subjected to external and internal restrictions on how they may be used. The remaining balance of unrestricted net position (\$20.5 million) may be used to meet the City's ongoing obligations to citizens and creditors. Table 1 provides a summary of the City's net position for 2015 as compared to 2014.

Table 1
City of Evans
Net Position (\$000's)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets:						
Current and other assets	\$ 20,963	\$ 17,601	\$ 5,618	\$ 5,217	\$ 26,581	\$ 22,818
Capital assets	30,157	28,715	69,327	66,686	99,484	95,401
Net pension asset	1,224	-	-	-	1,224	-
Total assets	52,344	46,316	74,945	71,903	127,289	118,219
Deferred outflows of resources	213	-	-	-	213	-
Liabilities:						
Current liabilities	1,463	1,450	1,166	471	2,629	1,921
Long-term liabilities	2,432	2,636	1,680	1,897	4,112	4,533
Total liabilities	3,895	4,086	2,846	2,368	6,741	6,454
Deferred inflows of resources						
Unearned revenue – property taxes	435	379	-	-	435	379
Deferred inflows of resources relating to pensions	74	-	-	-	74	-
Total Deferred inflows of resources	509	379	-	-	509	379
Net Position:						
Net investment in capital assets	28,047	26,370	67,761	64,873	95,808	91,243
Restricted	2,690	1,513	1,210	1,144	3,900	2,657
Unrestricted	17,417	13,968	3,128	3,518	20,545	17,486
Total net position	\$ 48,154	\$ 41,851	\$72,099	\$69,535	\$120,253	\$111,386

Note: Net position for 2014 was not restated as presented above for the implementation of GASB 68.



At the end of the current fiscal year and previous fiscal year, the City is able to report positive balances in all three categories of net position, for the City as a whole, as well as for its separate governmental and business-type activities.

Table 2 shows the changes in net position for the fiscal 2015 compared to the fiscal year 2014.

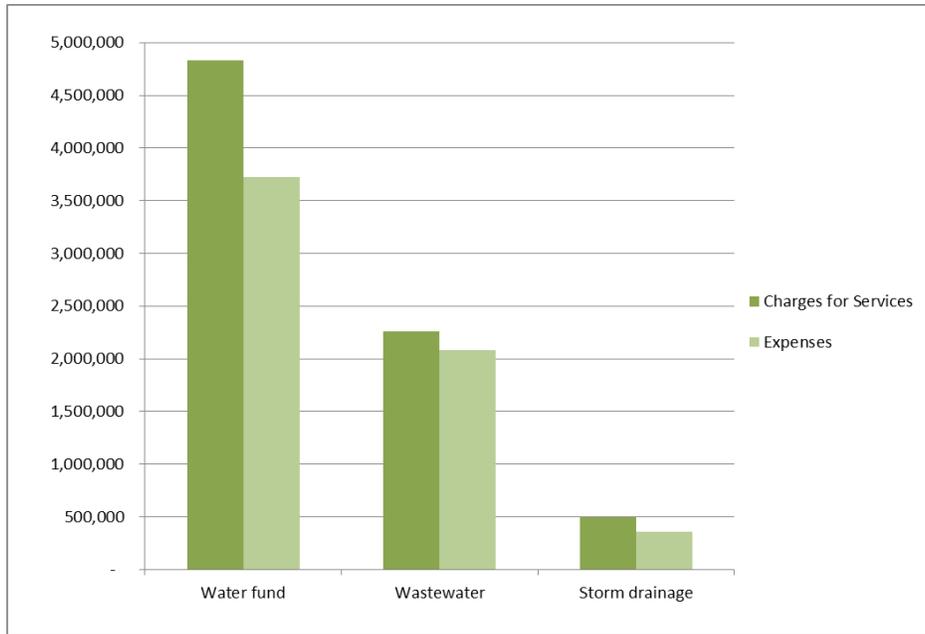
Table 2						
City of Evans						
Condensed Statement of Activities (\$000's)						
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$ 2,982	\$ 2,841	\$ 7,588	\$ 6,407	\$ 10,570	\$ 9,248
Operating grants and contributions	486	335	1,643	16	2,129	351
Capital grants and contributions	684	856	745	422	1,429	1,278
<i>General revenues:</i>						
Sales and use taxes	8,797	9,843	-	-	8,797	9,843
Property taxes	357	388	-	-	357	388
Specific Ownership	25	33	-	-	25	33
Franchise taxes	660	676	-	-	660	676
Other taxes	684	559	-	-	684	559
Intergovernmental	2,200	2,290	-	-	2,200	2,290
Unrestricted Investment	56	62	8	16	64	78
Earnings						
Other general revenue	624	248	1	15	625	263
Gain on extinguishment of debt	-	-	-	-	-	-
Gain (Loss) on disposition of capital assets	13	(8)	9	-	22	(8)
Total revenues	17,568	18,122	9,994	6,876	27,562	24,998
Expenses:						
General government	3,892	3,519	-	-	3,892	3,519
Public safety	3,934	4,029	-	-	3,934	4,029
Public works	3,005	2,706	-	-	3,005	2,706
Culture, parks and recreation	1,206	1,272	-	-	1,206	1,272
Community development	1,140	978	-	-	1,140	978
Flood Damage - Evans	422	775	-	-	422	775
2013 Flood						
Water enterprise	-	-	3,721	3,815	3,721	3,815
Wastewater enterprise	-	-	2,080	1,474	2,080	1,474
Storm Drainage enterprises	-	-	362	284	362	284
Interest on Long Term Debt	54	59	-	-	54	59
Total expenses	13,653	13,338	6,163	5,573	19,816	18,911
Excess before transfers	3,915	4,784	3,831	1,303	7,746	6,089
Transfers in (out)	1,269	1,141	(1,267)	(1,141)	2	-
Increase (decrease) in net position	5,183	5,925	2,564	162	7,747	6,087
Net position – Beginning	41,851	35,926	69,535	69,373	111,386	105,299
Restatement for Change in Accounting Principle	1,120	-	-	-	1,120	-
Net position – Ending	\$ 48,154	\$ 41,851	\$ 72,099	\$ 69,535	\$ 120,253	\$ 111,386

Note: Net position for 2014 was not restated as presented above for the implementation of GASB 68.

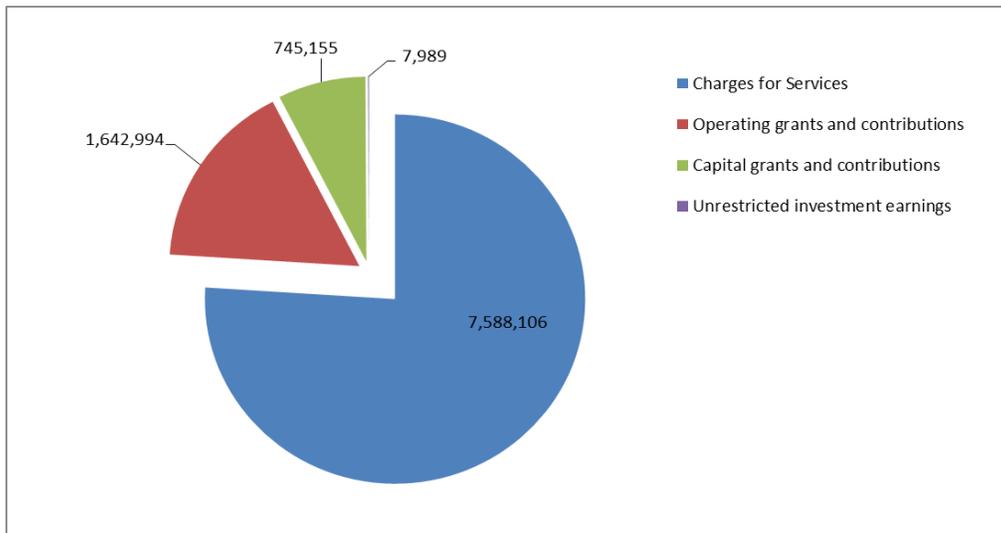
Governmental Activities - Governmental activities increased the City's net position by \$5 million, thereby accounting for substantially all of the total growth in the net position of the City as the enterprise funds recognized an increase in net position. Contributing to this growth was both the City's increase in revenues and decrease in expenditures.

Business-type Activities - Business-type activities increased the City's net position by \$2.6 million.

Business-type Activities - Charges for Services and Expenses



Business-type Activities - Revenues by Source



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2015, the City's governmental funds reported ending fund balances of \$19.1 million, an increase of \$3.3 million from the prior year. Approximately 50 percent of this total amount (\$9.8 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$9.2 million) is restricted to indicate that it is not available for new spending because it has been restricted or committed to 1) provide a reserve fund for the benefit of the holders of certain City debt instruments, 2) provide an emergency reserve as required by the City Charter and the State Constitution (amendment to Article X, Section 20) and 3) fund balance which was accumulated due to revenues which were assigned to a specific function (for example, impact fee revenues).

The General Fund is the chief operating fund of the City. As of December 31, 2015, the unassigned fund balance of the general fund was \$9.8 million. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. Total unassigned fund balance represents 74 percent of total General Fund expenditures. The increase in the fund balance of the General Fund was \$2.0 million during 2015. The major contributing factor to the increase was decreased general fund spending among activities.

In 2015, taxes are the General Fund's largest source of revenue at 70 percent, or \$10.5 million.

The Emergency Contingency Fund ended the 2015 fiscal year with a total fund balance of \$1.0 million, all of which is reserved for emergencies and not available for spending, except at the City Council's discretion in accordance with City Charter direction. For financial reporting purposes, this fund is reported within the General Fund.

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

Net position of the Water, Wastewater and Storm Drainage funds as of December 31, 2015, amounted to \$51.5 million, \$11.3 million, and \$9.2 million, respectively. The total growth (decline) in net position for the three funds during 2015 was \$901 thousand, \$1.6 million, and \$91 thousand, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the 2015 original budget and the final revised expenditure budget was \$3.9 million. The major appropriations approved during the year were:

- \$700 thousand transfer to the Capital Projects Streets fund as a result of higher than anticipated State Severance Tax and Federal Mineral Lease Tax revenues.
- \$948 thousand for one-time supplies, services, equipment and capital purchases from excess 2014 ending fund balance;
- \$574 thousand for capital projects which includes installation of emergency generators, and final payment for the construction of Riverside Library and Cultural Center.

During the year, actual revenues were \$15.1 million, which exceeded final budgetary estimates by \$1.8 million. The additional revenues are primarily due to sales tax, state severance tax and federal mineral lease tax.

Actual expenditures and other financing sources totaled \$14.4 million which was \$3.0 million under budgeted expenditures and other financing sources. The fund balance as of December 31, 2015 was \$11.2 million. Of this amount, \$131 thousand is nonspendable and related to 2016 expenditures prepaid in 2015, \$1 million is restricted for emergencies, \$312 thousand is committed for functions related to designated revenue, and \$9.8 million is unassigned and available for appropriations as the City Council sees fit.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounted to \$99.5 million (net of accumulated depreciation). This investment includes the investment in Greeley water; land; buildings and system; improvements; machinery and equipment; park facilities; sidewalks; roads; highways and bridges; and water, wastewater and storm drainage installations and systems. The City's investment in capital assets increased for both governmental activities and for business-type activities).

Major capital asset additions during the year included the following:

- Purchase of two backup generators (\$198,825)
- Construction in progress activity for a multitude of long range projects, like landscaping projects, permanent repairs from 2013 flood damage, park revitalization and facility improvements.

**City of Evans Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and water shares	\$ 7,153	\$ 7,152	\$ 33,631	\$ 25,829	\$ 40,784	\$ 32,981
Landscaping	1,215	1,215	-	-	1,215	1,215
Construction in progress	2,077	4,045	7,330	3,390	9,407	7,435
Intangible assets	66	87	7	9	73	96
Land improvements	1,349	1,425	-	-	1,349	1,425
Building & improvements	8,795	5,514	338	377	9,133	5,891
System improvements	-	-	27,408	28,670	27,408	28,670
Machinery & equipment	455	189	255	241	710	430
Transportation equipment	529	425	-	-	529	425
Infrastructure	8,518	8,663	357	368	8,875	9,031
Total	\$ 30,157	\$ 28,715	\$ 69,326	\$ 58,884	\$ 99,483	\$ 87,599

Additional information on the City's capital assets can be found in the notes to the financial statements on Pages 40-41 of this report.

Debt - As of December 31, 2015, the City had total capital lease obligations outstanding of \$2.1 million. In addition, the City has \$1.6 million in Colorado Water Resources and Power Development Authority ("CWRPDA") notes payable.

City of Evans Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Water loans	-	-	1,252	1,409	1,252	1,409
Wastewater loans	-	-	314	404	314	404
Capital Leases	2,110	2,345	-	-	2,110	2,345
Compensated Absences	322	291	114	84	436	375
Total	\$ 2,432	\$ 2,636	\$ 1,680	\$ 1,897	\$ 4,112	\$ 4,533

The City's general obligation indebtedness may not, by Charter, exceed in aggregate dollars, 15% of the City's prior year's total assessed property valuation. A requirement exists to have an affirmative vote of the citizens to authorize general obligation debt issuance. Business-type funds do not have any limitations on the amount of debt that may be issued nor do they require an elector vote provided that the debt is supported by revenues of the utility enterprise. Issuance of business-type fund debt must be approved by an affirmative vote of the Council by ordinance. Advanced refunding of all debt must be approved by ordinance by the Council.

Additional information on the City's long-term debt can be found in the notes to the financial statements on Pages 42-43 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The 2016 revenue picture (from both a sales tax and development fee perspective) was slightly improved from 2015. This was due to a conservative view of the economic conditions, and expectations of modest increases in revenue sources.
- Population has remained relatively unchanged over the past several years with a 2016 estimate of 20,153.
- The City's sales tax collections decreased by 11 percent in 2015, in large part due to a decrease in revenue from the industrial sector and motor vehicle use taxes of the City. The industrial category of taxes is considered volatile and the majority of revenues received is treated as "one-time" revenues and are not added to the long-term revenue projections. With the industrial category conservatively projected, sales tax revenues are still projected to increase 2 percent for 2016.
- Property tax decreased by 4 percent in 2015 and is projected to increase by 15 percent for 2016. The increase is largely due to increased property valuations.

All of these factors were considered in preparing the City's budget for the 2016 fiscal year.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Evans Finance Department, 1100 37th Street, Evans, Colorado 80620, (970) 475-1127.

Basic Financial Statements

City of Evans
Statement of Net Position

December 31, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash, cash equivalents, and investments	\$ 17,451,206	\$ 3,189,781	\$ 20,640,987
Receivables	2,380,750	1,079,553	3,460,303
Prepaid items	131,209	12,039	143,248
Restricted assets:			
Cash, cash equivalents, and investments	1,000,000	1,210,291	2,210,291
Loan proceeds receivable	-	126,384	126,384
Investment in Greeley water	-	7,802,013	7,802,013
Capital assets, not being depreciated	10,445,032	33,159,546	43,604,578
Capital assets, being depreciated, net	19,711,990	28,365,519	48,077,509
Net pension asset	1,223,923	-	1,223,923
Total assets	52,344,110	74,945,126	127,289,236
Deferred outflows of resources			
Deferred outflows of resources relating to pensions	213,264	-	213,264
Liabilities			
Accounts payable	1,087,251	1,076,985	2,164,236
Accrued payroll	66,059	4,477	70,536
Deposits and escrows	37,246	77,545	114,791
Unearned revenue	37,732	-	37,732
Other liabilities	234,548	7,163	241,711
Noncurrent liabilities:			
Accrued compensated absences	321,942	113,698	435,640
Due within one year	245,000	253,221	498,221
Due in more than one year	1,865,000	1,313,261	3,178,261
Total liabilities	3,894,778	2,846,350	6,741,128
Deferred inflows of resources			
Unearned revenue - property taxes	434,455	-	434,455
Deferred inflows of resources relating to pensions	74,356	-	74,356
Total deferred inflows of resources	508,811	-	508,811
Net Position			
Net investment in capital assets	28,047,022	67,760,596	95,807,618
Restricted for:			
Emergencies	1,000,000	-	1,000,000
Debt service	-	1,210,291	1,210,291
Parks and recreation	465,514	-	465,514
Pensions	1,223,923	-	1,223,923
Unrestricted	17,417,326	3,127,889	20,545,215
Total net position	\$ 48,153,785	\$ 72,098,776	\$ 120,252,561

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

City of Evans
Statement of Activities

Year Ended December 31, 2015

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,891,827	\$ 1,648,986	\$ 109,125	\$ 598,463
Public safety	3,934,465	581,872	-	-
Public works	3,005,300	121,068	-	85,372
Culture, parks and recreation	1,206,481	629,562	-	-
Community development	1,139,485	-	-	-
Flood recovery	422,116	-	377,247	-
Interest on long term-debt	53,715	-	-	-
Total governmental activities	13,653,389	2,981,488	486,372	683,835
Business-type activities:				
Water	3,721,211	4,835,923	35,628	428,059
Wastewater	2,079,719	2,259,684	1,547,522	281,907
Storm drainage	362,069	492,499	59,844	35,189
Total business-type activities	6,162,999	7,588,106	1,642,994	745,155
Total primary government	\$19,816,388	\$10,569,594	\$ 2,129,366	\$ 1,428,990

General revenues

Taxes:

- Property taxes
- Specific ownership taxes
- Sales and use taxes
- Franchise taxes
- Other taxes

Intergovernmental

Earnings on investments

Other revenues

Gain on disposal of capital assets

Subtotal general revenues

Transfers in (out)

Total general revenues and transfers

Changes in net position

Net position at beginning of year

Restatement for Change in Accounting Principle (Note 2)

Net position at end of year

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (1,535,253)	\$ -	\$ (1,535,253)
(3,352,593)	-	(3,352,593)
(2,798,860)	-	(2,798,860)
(576,919)	-	(576,919)
(1,139,485)	-	(1,139,485)
(44,869)	-	(44,869)
(53,715)	-	(53,715)
(9,501,694)	-	(9,501,694)
-	1,578,399	1,578,399
-	2,009,394	2,009,394
-	225,463	225,463
-	3,813,256	3,813,256
(9,501,694)	3,813,256	(5,688,438)
356,829	-	356,829
25,260	-	25,260
8,796,565	-	8,796,565
660,112	-	660,112
684,149	-	684,149
2,200,021	-	2,200,021
55,505	7,989	63,494
624,178	1,272	625,450
13,251	8,502	21,753
13,415,870	17,763	13,433,633
1,268,822	(1,267,351)	1,471
14,684,692	(1,249,588)	13,435,104
5,182,998	2,563,668	7,746,666
41,851,384	69,535,108	111,386,492
1,119,403	-	1,119,403
\$48,153,785	\$72,098,776	\$120,252,561

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

City of Evans
Balance Sheet
Governmental Funds
December 31, 2015

	General	Street Construction	Evans Redevelopment Agency
Assets			
Equity in pooled cash, cash equivalents and investments	\$ 9,366,381	\$ 2,405,523	\$ 154,936
Restricted cash, cash equivalents and investments	1,000,000	-	-
Receivables	2,099,472	206,836	3,750
Prepaid items	131,209	-	-
Total assets	\$ 12,597,062	\$ 2,612,359	\$ 158,686
Liabilities, deferred inflows of resources and fund balances			
Liabilities			
Accounts payable	\$ 784,000	\$ 15,980	\$ 13,051
Unearned revenue	36,932	-	-
Accrued payroll	66,059	-	-
Deposits and escrows	37,246	-	-
Other liabilities	8,642	115,844	-
Total liabilities	932,879	131,824	13,051
Deferred inflows of resources			
Unearned revenue - property taxes	434,455	-	-
Total deferred inflows of resources	434,455	-	-
Fund balances			
Nonspendable	131,209	-	-
Restricted	1,000,000	-	-
Committed	311,528	-	-
Assigned	-	2,480,535	145,635
Unassigned	9,786,991	-	-
Total fund balances	11,229,728	2,480,535	145,635
Total liabilities, deferred inflows of resources and fund balances	\$ 12,597,062	\$ 2,612,359	\$ 158,686

Other Governmental Funds	Total Governmental Funds
\$ 5,524,366	\$ 17,451,206
-	1,000,000
70,692	2,380,750
-	131,209
<u>\$ 5,595,058</u>	<u>\$ 20,963,165</u>

\$ 274,220	\$ 1,087,251
800	37,732
-	66,059
-	37,246
106,000	230,486
<u>381,020</u>	<u>1,458,774</u>

-	434,455
<u>-</u>	<u>434,455</u>

-	131,209
465,514	1,465,514
40,795	352,323
4,707,729	7,333,899
-	9,786,991
<u>5,214,038</u>	<u>19,069,936</u>

<u>\$ 5,595,058</u>	<u>\$ 20,963,165</u>
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The accompanying notes are an integral part of these financial statements.

City of Evans
Reconciliation of the Governmental Funds
Balance Sheet with the Government-wide Statement of Net Position
December 31, 2015

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

Total fund balance - governmental funds	\$ 19,069,936
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.

Capital assets	\$ 42,030,697	
Less: accumulated depreciation	<u>(11,873,675)</u>	30,157,022

Pension asset and related deferred inflows and deferred outflows are not current financial resources and, therefore, are not reported in the fund financial statements.

Pension asset	\$ 1,223,923	
Deferred outflows of resources relating to pensions	213,264	
Deferred inflows of resources relating to pensions	<u>(74,356)</u>	1,362,831

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 and related accounts at December 31, 2015 consist of:

Capital lease obligation	\$ (2,110,000)	
Compensated absences	(321,942)	
Accrued interest payable	<u>(4,062)</u>	(2,436,004)

Total net position - governmental activities	\$ 48,153,785
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The accompanying notes are an integral part of these financial statements.

City of Evans
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2015

	General	Street Construction	Evans Redevelopment Agency
Revenues			
Taxes	\$ 10,522,915	\$ -	\$ -
Licenses and permits	973,894	-	-
Intergovernmental	1,302,560	709,774	-
Grants and contributions			
Grants - flood	161,581	33,276	-
Other	707,588	85,372	-
Charges for services	430,984	-	-
Fines and forfeitures	529,565	-	-
Earnings on investments	34,786	5,309	-
Assessments	-	-	-
Miscellaneous	397,058	34,548	190,997
Total revenues	15,060,931	868,279	190,997
Expenditures			
General government	3,377,211	-	-
Public safety	4,053,502	-	-
Public works	1,518,372	294,298	-
Culture, parks and recreation	1,192,657	-	-
Community development	945,853	-	153,601
Flood recovery	361,561	9,996	-
Debt service			
Principal	235,000	-	-
Interest	54,169	-	-
Capital outlay	1,501,738	819,068	-
Total expenditures	13,240,063	1,123,362	153,601
Excess (deficiency) of revenues over expenditures	1,820,868	(255,083)	37,396
Other financing sources (uses)			
Proceeds from the sale of capital assets	44,697	-	-
Transfers in	1,301,763	1,200,929	4,319
Transfers out	(1,205,248)	-	-
Total other financing sources (uses)	141,212	1,200,929	4,319
Net changes in fund balances	1,962,080	945,846	41,715
Fund balance at beginning of year	9,267,648	1,534,689	103,920
Fund balance at end of year	\$ 11,229,728	\$ 2,480,535	\$ 145,635

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 10,522,915
1,200	975,094
187,687	2,200,021
182,390	377,247
-	792,960
661,282	1,092,266
-	529,565
15,410	55,505
384,563	384,563
1,575	624,178
<u>1,434,107</u>	<u>17,554,314</u>
-	3,377,211
-	4,053,502
588,907	2,401,577
-	1,192,657
-	1,099,454
50,559	422,116
-	235,000
-	54,169
418,025	2,738,831
<u>1,057,491</u>	<u>15,574,517</u>
376,616	1,979,797
-	44,697
-	2,507,011
(32,941)	(1,238,189)
<u>(32,941)</u>	<u>1,313,519</u>
343,675	3,293,316
4,870,363	15,776,620
<u>\$ 5,214,038</u>	<u>\$ 19,069,936</u>

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

City of Evans
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances with the Government-wide Statement of Activities
Year Ended December 31, 2015

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

Net change in fund balance - total governmental funds \$ 3,293,316

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities:

Capital outlay	\$ 2,738,831	
Depreciation expense	<u>(1,265,379)</u>	1,473,452

Proceeds from sale of capital assets are shown as an other financing source, but are reduced by the book value of the asset to calculate the loss on sale of capital assets on the statement of activities. This is the net book value of the capital assets sold. (31,446)

The repayment of the principal of long-term debt consumes current financial resources of governmental funds. 235,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued compensated absences	\$ (31,204)	
Change in accrued interest payable	<u>454</u>	(30,750)

Some items reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental fund financial statements.

Change in contributions subsequent to measurement date	\$ 2,731	
Pension expense - first year amortization	(3,219)	
Employer pension contribution expense	<u>243,914</u>	<u>243,426</u>

Change in net position of governmental activities \$ 5,182,998

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

City of Evans
Statement of Net Position
Proprietary Funds
December 31, 2015

	Water	Wastewater	Storm Drainage	Total
Assets				
Current assets				
Equity in pooled cash, cash equivalents, and investments	\$ 1,496,388	\$ 1,050,267	\$ 643,126	\$ 3,189,781
Receivables	547,993	443,763	87,797	1,079,553
Prepaid items	12,039	-	-	12,039
Total current assets	2,056,420	1,494,030	730,923	4,281,373
Noncurrent assets				
Restricted cash, cash equivalents, and investments	924,852	285,439	-	1,210,291
Loan proceeds receivable	126,384	-	-	126,384
Investment in Greeley water	7,802,013	-	-	7,802,013
Capital assets, not being depreciated	29,461,320	2,219,017	1,479,209	33,159,546
Capital assets, being depreciated, net	12,858,280	8,416,139	7,091,100	28,365,519
Total noncurrent assets	51,172,849	10,920,595	8,570,309	70,663,753
Total assets	53,229,269	12,414,625	9,301,232	74,945,126
Liabilities				
Current liabilities				
Accounts payable	357,256	663,951	55,778	1,076,985
Accrued expenses	1,146	10,494	-	11,640
Deposits and escrows	36,129	36,256	5,160	77,545
Current portion of note payable	156,579	96,642	-	253,221
Total current liabilities	551,110	807,343	60,938	1,419,391
Noncurrent liabilities				
Accrued compensated absences	52,757	53,618	7,323	113,698
Note payable	1,096,053	217,208	-	1,313,261
Total noncurrent liabilities	1,148,810	270,826	7,323	1,426,959
Total liabilities	1,699,920	1,078,169	68,261	2,846,350
Net position				
Net investment in capital assets	48,868,981	10,321,306	8,570,309	67,760,596
Restricted	924,852	285,439	-	1,210,291
Unrestricted	1,735,516	729,711	662,662	3,127,889
Total net position	\$ 51,529,349	\$ 11,336,456	\$ 9,232,971	\$ 72,098,776

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

City of Evans
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2015

	Water	Wastewater	Storm Drainage	Total
Operating revenues				
Water/sewer/storm drainage sales	\$ 4,648,318	\$ 2,259,684	\$ 492,499	\$ 7,400,501
Non-potable water sales	143,895	-	-	143,895
Water meters	29,081	-	-	29,081
Other sales	14,629	-	-	14,629
Total operating revenues	4,835,923	2,259,684	492,499	7,588,106
Operating expenses				
Water supply and administrative	3,010,462	-	-	3,010,462
Wastewater and administrative	-	669,824	-	669,824
Storm drainage and administrative	-	-	98,393	98,393
Depreciation expense	710,749	441,213	263,676	1,415,638
Flood recovery	-	951,722	-	951,722
Total operating expenses	3,721,211	2,062,759	362,069	6,146,039
Operating income (loss)	1,114,712	196,925	130,430	1,442,067
Nonoperating revenues (expenses)				
Grants and contributions	-	422,456	-	422,456
Grants and contributions - flood	35,628	1,125,066	59,844	1,220,538
Earnings on investments	3,630	3,130	1,229	7,989
Other nonoperating revenue	-	1,272	-	1,272
Gain on sale of capital assets	8,502	-	-	8,502
Interest expense	-	(16,960)	-	(16,960)
Total nonoperating revenues (expenses)	47,760	1,534,964	61,073	1,643,797
Income before transfers and contributions	1,162,472	1,731,889	191,503	3,085,864
Transfers out	(689,664)	(441,930)	(135,757)	(1,267,351)
Plant investment fees and cash in lieu of fees	428,059	281,907	35,189	745,155
Change in net position	900,867	1,571,866	90,935	2,563,668
Net position at beginning of year	50,628,482	9,764,590	9,142,036	69,535,108
Net position at end of year	\$ 51,529,349	\$ 11,336,456	\$ 9,232,971	\$ 72,098,776

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

City of Evans
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2015

	Water	Wastewater	Storm Drainage	Total
Cash flows from operating activities				
Cash received from customers	\$ 4,733,495	\$ 2,115,894	\$ 492,447	\$ 7,341,836
Cash payments to suppliers	(2,735,146)	(720,309)	(41,971)	(3,497,426)
Cash payments to employees	(163,778)	(344,051)	-	(507,829)
Net cash flows from operating activities	1,834,571	1,051,534	450,476	3,336,581
Cash flows from non-capital financing activities				
Transfers to other funds	(689,664)	(441,930)	(135,757)	(1,267,351)
Other nonoperating revenue	-	1,272	-	1,272
Grants and contributions	35,628	1,517,495	18,622	1,571,745
Net cash flows from non-capital financing activities	(654,036)	1,076,837	(117,135)	305,666
Cash flows from capital and related financing activities				
Plant investment fees and cash in lieu of fees	428,059	281,907	35,189	745,155
Principal paid on debt	(156,579)	(90,087)	-	(246,666)
Interest paid on debt	-	(16,960)	-	(16,960)
Change in restricted cash	(60,529)	(5,694)	-	(66,223)
Receipts of loan proceeds receivable	794,974	-	-	794,974
Proceeds from sale of capital assets	8,502	-	-	8,502
Acquisition of capital assets	(1,107,834)	(1,929,756)	(1,019,398)	(4,056,988)
Net cash flows from capital and related financing activities	(93,407)	(1,760,590)	(984,209)	(2,838,206)
Cash flows from investing activities				
Proceeds from sale of investments	489,153	249,058	603,278	1,341,489
Purchases of investments	(1,280,227)	(374,864)	(112,659)	(1,767,750)
Earnings on investments	3,400	3,304	1,462	8,166
Net cash flows from investing activities	(787,674)	(122,502)	492,081	(418,095)
Net change in cash and cash equivalents	299,454	245,279	(158,787)	385,946
Cash and cash equivalents at beginning of year	167,961	281,073	534,903	983,937
Cash and cash equivalents at end of year	\$ 467,415	\$ 526,352	\$ 376,116	\$ 1,369,883
Cash and cash equivalents at end of year	\$ 467,415	\$ 526,352	\$ 376,116	\$ 1,369,883
Investments	1,028,973	523,915	267,010	1,819,898
Cash, cash equivalents, and investments at end of year	\$ 1,496,388	\$ 1,050,267	\$ 643,126	\$ 3,189,781
Reconciliation of operating income to net cash flows from operating activities:				
Operating income	\$ 1,114,712	\$ 196,925	\$ 130,430	\$ 1,442,067
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation expense	710,749	441,213	263,676	1,415,638
Changes in operating assets and liabilities				
Receivables	(102,428)	(143,790)	(52)	(246,270)
Accounts payable and accrued expenses	111,538	557,186	56,422	725,146
Net cash flows from operating activities	\$ 1,834,571	\$ 1,051,534	\$ 450,476	\$ 3,336,581

City of Evans
Statement of Fiduciary Net Position
Cemetery Endowment Fund
December 31, 2015

Assets	
Restricted cash and investments	\$ 49,467
Total assets	\$ 49,467
Net position	
Restricted	\$ 49,467
Total net position	\$ 49,467

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

City of Evans
Statement of Changes in Fiduciary Net Position
Cemetery Endowment Fund
Year Ended December 31, 2015

Additions	
Earnings on investments	\$ 1,471
Total additions	1,471
Transfers	
Transfers out	(1,471)
Total transfers	(1,471)
Net change in net position	-
Net position at beginning of year	49,467
Net position at end of year	\$ 49,467

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

City of Evans
Notes to Financial Statements
December 31, 2015

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Evans, Colorado (the “City”) was founded on November 22, 1869, as a statutory city. On April 30, 1973, the City adopted a home rule charter which provided for adoption of a Council-Manager Government. The City’s major operations include general government; public safety; public works; culture, parks and recreation; and community development. The accompanying financial statements conform to accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

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.

Based on the application of these criteria, the following component unit is included in the City’s reporting entity.

Blended Component Unit

The Evans Urban Renewal Authority, known as the Evans Redevelopment Agency (“ERA”) was created by the City of Evans in 2009 to assist in the redevelopment of blighted and run-down neighborhoods and districts that were attracting little or no private investment and stimulate the transformation into attractive, thriving areas. The City Council serves as the Urban Renewal Authority and is governed by Colorado State Statutes. The activity for the ERA is reported as a blended component unit of the City, a major fund shown as the Evans Redevelopment Agency. Separate financial statements are not issued for the ERA.

Government-wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function

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or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Property taxes, when levied for; intergovernmental revenues, when eligibility requirements are met; charges for services; and interest associated with the current fiscal period, are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. All others, primarily licenses, fees and permits, are measurable and available only when cash is received.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. In addition, the Emergency Contingency Reserve Fund, used for funds accumulated for emergency contingencies established by the City Charter, is also reported in this fund.

Street Construction Fund - The Street Construction Fund is a capital projects fund. It is used to manage the City's major assets, such as roadways, alleys, and public rights-of-way, through the on-going maintenance and repair of existing assets and the construction of new assets.

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Evans Redevelopment Agency - The Evans Redevelopment Agency is a blended component unit, and reported as a special revenue fund. It reports the activities of the Evans Urban Renewal Authority.

Proprietary Funds - Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

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

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the primary intent is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds include the Water, Wastewater, and Storm Drainage Funds.

Fiduciary Funds - Trust and agency funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's trust fund is the Cemetery Endowment Fund.

Budgets

The City follows these procedures in establishing the budgetary data reflected in the supplementary information.

- By October 15, the City Manager submits to the City Council, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the City Council through passage of an ordinance.
- The City legally adopts budgets for all of the funds. Budgets for the General, special revenue, capital projects and fiduciary funds are adopted on a basis consistent with GAAP. Budgetary comparisons presented for the enterprise funds are presented on a non-GAAP budgetary basis.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the City Council. All appropriations lapse at year end.

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The following table summarizes the individual fund budgeted expenditures, as originally adopted, and as revised:

	Original Budget	Total Revisions	Revised Budget
Governmental funds:			
General	\$ 13,527,488	\$ 3,965,546	\$ 17,493,034
Special revenue funds:			
Parks Impact	110,000	200,000	310,000
Conservation Trust	627,000	-	627,000
Refuse Collection	640,900	-	640,900
Street Impact	400,000	879,000	1,279,000
Fire Impact	-	-	-
Cemetery Perpetual Care	-	75,000	75,000
Evans Redevelopment Agency	408,710	-	408,710
Capital projects fund:			
Street Construction	1,465,000	3,375,856	4,840,856
Parks Construction	5,369,332	(4,810,332)	559,000
Business-type funds:			
Water	4,653,912	1,023,720	5,677,632
Wastewater	3,046,616	1,342,780	4,389,396
Storm Drainage	410,892	1,353,959	1,764,851
Fiduciary fund:			
Cemetery Endowment	6,000	-	6,000
Total funds	\$ 30,665,850	\$ 7,405,529	\$ 38,071,379

Cash and Investments

Cash balances of the City's funds are pooled and invested in investments maturing within five years, in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the financial statements as "equity in pooled cash, cash equivalents, and investments." Overdrawn balances in the pooled cash accounts, if any, are treated by the City as interfund liabilities, payable to the fund deemed to have made the loan.

During 2015, the City had investments in commercial paper, corporate bonds, U.S. treasury obligations, U.S. instrumentality obligations, and local government investment pools.

Investments are reported at fair value which is based on quoted market prices.

For purpose of presentation in the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the City's cash and investment accounts at December 31, 2015, is provided in Note 3.

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Restricted Cash

The Emergency Contingency restricted cash, totaling \$1,000,000, as reported within the General Fund, is due to a reserve for unanticipated expenditures. The City, by Home Rule Charter, maintains a fund balance equal to 25% of the prior year's General Fund expenditures. The designation is to provide a fiscal cushion to absorb fluctuations in City operations due to economic downturns or emergencies. This designation encompasses the "emergency" reserve as defined in the TABOR amendment of the Colorado State Constitution. In the November 2012 election, the citizens of Evans approved a ballot initiative to provide for a ceiling of \$1 million in the Emergency Contingency Fund, allowing any amount exceeding this amount to be transferred to the General Fund. This ceiling was effective starting January 1, 2013.

The amount restricted in the Wastewater Fund, totaling \$285,439, is in compliance with the operation and maintenance reserve requirement of the loans from the Colorado Water Resource and Power Development Authority.

The amount restricted in the Water Fund, totaling \$924,852, is in compliance with the operation and maintenance reserve requirement of the loan from the Colorado Water Resource and Power Development Authority.

Prepaid Items

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

Bond Premiums, Discounts and Issuance Costs

In the governmental fund statements, bond premiums, discounts, and issuance costs are recognized as current period revenues and/or expenditures. Bond premiums and discounts in the government-wide and proprietary fund statements are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective-interest method. Issuance costs are expensed as incurred, while bond premiums and discounts are netted against the related debt.

Capital Assets

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

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

Assets are depreciated using the straight-line method. Depreciation expense is included in program expense in the government-wide statement of activities.

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Estimated useful lives for asset types are as follows:

Intangible assets	10 years
Land improvements	5 - 50 years
Infrastructure	10 - 30 years
Buildings and improvements	5 - 50 years
Machinery and equipment	5 - 20 years
Transportation equipment	6 - 15 years
System Improvements	5 - 40 years

Compensated Absences

Employees of the City are allowed to accumulate unused vacation, sick and compensatory time depending on length of employment. Upon termination of employment from the City, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay; there is no payment for sick leave upon termination.

Accumulated unpaid vacation and compensatory time is accrued when earned. In the governmental fund statements, accumulated compensated absences not expected to be paid with current available resources are reported as governmental activities liabilities, but not reported in the funds. These balances are generally liquidated by the General Fund. Compensated absences relating to the Enterprise Funds are recorded as a liability of those funds.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

Property Taxes

Property taxes are levied prior to December 31 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on the last day of February and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflows of resources is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflows of resources is recognized as revenue and the receivable is reduced.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

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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 City, 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 categorized 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 City Council (the "Council"). The Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through resolutions approved by the Council.

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. Under the Council's adopted policy, the Council has granted the City Manager, or the City Manager's designee, the authority to assign the designated fund balance for each governmental fund based on the intended use of resources by the City Council in the most recently adopted Budget and Long Range Financial Plans.

Unassigned - all other spendable amounts.

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

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As of December 31, 2015, fund balances are composed of the following:

	General Fund	Street Construction Fund	Evans Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 131,209	\$ -	\$ -	\$ -	\$ 131,209
Restricted:					
Emergency reserve	1,000,000	-	-	-	1,000,000
Parks and recreation	-	-	-	465,514	465,514
Committed:					
Surcharge fees	311,528	-	-	-	311,528
Street construction	-	-	-	40,795	40,795
Assigned:					
Special revenue funds	-	-	145,635	4,707,729	4,853,364
Street construction	-	2,480,535	-	-	2,480,535
Unassigned:					
	9,786,991	-	-	-	9,786,991
Total	\$ 11,229,728	\$ 2,480,535	\$ 145,635	\$ 5,214,038	\$ 19,069,936

Pensions

The City contributes to the Statewide Defined Benefit Plan (“SWDB”) and the Statewide Hybrid Plan (“SWH”). Both plans are cost-sharing multiple-employer defined benefit pension plans administered by the Fire and Police Pension Association of Colorado (“FPPA”). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the SWDB and SWH plans and additions to/deductions from the SWDB and SWH plans fiduciary net position have been determined on the same basis as they are reported by the FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Accounting 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 and disclosures 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.

2. Adoption of New Accounting Principle

Effective January 1, 2015, the City adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Prior to the adoption of GASB Statement No. 68, the City followed the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*.

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Statement No. 68 requires the City, as a participant in FPPA’s multiple-employer cost-sharing defined benefit plans, to record its proportionate share, as defined in GASB Statement No. 68, of the plan’s pension asset. Statement No. 71 requires the City to record as a deferred outflow of resources contributions made to the pension plan subsequent to the measurement date of the net pension liability. The impact of the adoption of GASB Statements No. 68 and 71 was to increase the net position at the beginning of the fiscal year by \$1,119,403.

3. Cash and Investments

A summary of deposits and investments as of December 31, 2015, follows:

Petty cash	\$ 1,967
Cash deposits	6,586,228
Investments	16,312,550
Total	\$ 22,900,745

The above amounts are classified in the statements of net position and fiduciary net position as follows:

Restricted cash and investments:	
Governmental activities	\$ 1,000,000
Business-type activities	1,210,291
Fiduciary funds	49,467
Unrestricted cash and investments:	
Governmental activities	17,451,206
Business-type activities	3,189,781
Total cash and investments	\$ 22,900,745

Cash Deposits

Custodial Credit Risk

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 City’s deposit policy is in accordance with 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 governments deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels 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 Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2015, the City had deposits with financial institutions with a carrying amount of \$6,586,228. The bank balances with the financial institutions were \$6,872,426, of which \$658,048 was covered by federal depository insurance. The remaining balance of \$6,214,378 was collateralized with securities held by the financial institutions’ agents but not in the City’s name.

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Investments

Credit Risk

The City's investment policy defines allowable investments instruments including:

- U.S. Treasury obligations
- U.S. instrumentality obligations
- Certificates of deposit
- Corporate bonds rated at lower than AA- by at least two nationally recognized rating agencies
- Repurchase agreements
- Investment grade obligations of state, county and local governments and public authorities
- Money market mutual funds regulated by the Securities and Exchange Commission whose portfolios consist of only dollar denominated securities
- Local government investment pools

The City manages its credit risk by limiting its investments to the types of securities listed above, by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors, and by diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

At December 31, 2015, the City had the following investments:

Investments	S&P Rating	Moody Rating	Fair Value	Weighted Average Maturity Date (in days)	Concentration of Credit Risk
US Treasury	AAA	Aaa	\$ 1,754,378	247	10.75%
US Instrumentality	AAA	Aaa	5,424,134	702	33.25%
Certificates of deposit	NR	NR	200,000	11	1.23%
Corporate Bonds	AA-/AA+	AA1/AA3	2,000,120	324	12.26%
CSAFE	AAAm	Aaa	2,139	N/A	0.01%
ColoTrust	AAAm	Aaa	6,931,779	N/A	42.49%
Total investments			\$ 16,312,550		

As of December 31, 2015, the City has invested funds in ColoTrust and CSAFE, investment pools that operate under the Colorado Revised Statutes (24-75-701) which are overseen by the Colorado Securities Commissioner. These investment pools invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days.

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Interest Rate Risk

Colorado state statutes require that no investment may have a maturity in excess of five years from the date of purchase, unless an available active market exists. The City has a formal investment policy, consistent with statutory requirements, that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment portfolio does not contain investments that exceed that limitation of five years.

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City Council approves a list of financial institutions and depositories authorized to provide investment services. Security broker/dealers must have a minimum capital requirement of \$10,000,000 and at least five years of operation.

4. Receivables

Receivables at December 31, 2015, consist of the following:

Receivables	General	Special Revenue	Capital Projects	Enterprise	Total
Taxes	\$ 434,455	\$ -	\$ -	\$ -	\$ 434,455
Accounts	348,398	63,716	155,384	532,711	1,100,209
Intergovernmental	1,315,648	1,377	57,051	366,583	1,740,659
Other	971	3,750	-	180,259	184,980
Total	\$ 2,099,472	\$ 68,843	\$ 212,435	\$ 1,079,553	\$ 3,460,303

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5. Capital Assets

A summary of changes in governmental activity capital assets is as follows:

	Beginning Balance	Increases	(Decreases) Transfers	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 7,151,850	\$ 1,419	\$ -	\$ 7,153,269
Landscaping	1,214,869	-	-	1,214,869
Construction in progress	4,045,067	1,403,091	(3,371,264)	2,076,894
Total capital assets, not being depreciated	12,411,786	1,404,510	(3,371,264)	10,445,032
Capital assets, being depreciated:				
Intangible assets	137,247	-	-	137,247
Land improvements	3,131,486	80,131	-	3,211,617
Infrastructure	12,208,518	424,811	-	12,633,329
Buildings and improvements	8,246,310	3,489,739	-	11,736,049
Machinery and equipment	1,812,341	425,678	-	2,238,019
Transportation equipment	1,576,495	285,226	(232,317)	1,629,404
Total capital assets, being depreciated	27,112,397	4,705,585	(232,317)	31,585,665
Less accumulated depreciation for:				
Intangible assets	(50,220)	(20,930)	-	(71,150)
Land improvements	(1,706,906)	(155,273)	-	(1,862,179)
Infrastructure	(3,545,664)	(569,149)	-	(4,114,813)
Buildings and improvements	(2,731,995)	(209,095)	-	(2,941,090)
Machinery and equipment	(1,623,401)	(160,149)	-	(1,783,550)
Transportation equipment	(1,150,981)	(150,783)	200,871	(1,100,893)
Total accumulated depreciation	(10,809,167)	(1,265,379)	200,871	(11,873,675)
Total capital assets, being depreciated, net	16,303,230	3,440,206	(31,446)	19,711,990
Governmental activities capital assets, net	\$ 28,715,016	\$ 4,844,716	\$ (3,402,710)	\$ 30,157,022

Depreciation for governmental activity capital assets has been allocated to the various activities as follows:

General government	\$ 506,151
Public safety	107,557
Public works	601,056
Culture, parks and recreation	12,654
Community development	37,961
Total depreciation expense - governmental activities	\$ 1,265,379

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A summary of changes in business-type activity capital assets is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Capital assets, not being depreciated:				
Investment in Greeley water	\$ 7,802,013	\$ -	\$ -	\$ 7,802,013
Water rights	25,755,155	-	-	25,755,155
Land	74,002	-	-	74,002
Construction in progress	3,389,890	3,940,499	-	7,330,389
Total capital assets, not being depreciated	37,021,060	3,940,499	-	40,961,559
Capital assets, being depreciated:				
System improvements	45,291,631	44,118	-	45,335,749
Machinery and equipment	1,415,699	72,372	-	1,488,071
Buildings and improvements	870,390	-	-	870,390
Intangible assets	21,207	-	-	21,207
Infrastructure	443,949	-	-	443,949
Total capital assets, being depreciated	48,042,876	116,490	-	48,159,366
Less accumulated depreciation for:				
System improvements	(16,621,826)	(1,305,819)	-	(17,927,645)
Machinery and equipment	(1,175,041)	(57,849)	-	(1,232,890)
Buildings and improvements	(492,830)	(39,651)	-	(532,481)
Intangible assets	(12,201)	(2,119)	-	(14,320)
Infrastructure	(76,311)	(10,200)	-	(86,511)
Total accumulated depreciation	(18,378,209)	(1,415,638)	-	(19,793,847)
Total capital assets, being depreciated, net	29,664,667	(1,299,148)	-	28,365,519
Business-type activities capital assets, net	\$ 66,685,727	\$ 2,641,351	\$ -	\$ 69,327,078

Depreciation for business-type activity capital assets has been allocated to the various operations as follows:

Water enterprise	\$ 710,749
Wastewater enterprise	441,213
Drainage enterprise	263,676
Total depreciation expense - business - type activities	\$ 1,415,638

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6. Long-Term Debt

Governmental Activities Debt

Following is a summary of governmental activity debt transactions for the year ended December 31, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental activities:					
Capital lease obligation	\$ 2,345,000	\$ -	\$ (235,000)	\$ 2,110,000	\$ 245,000
Compensated absences	290,738	286,353	(255,149)	321,942	-
Total long-term debt	\$ 2,635,738	\$ 286,353	\$ (490,149)	\$ 2,431,942	\$ 245,000

During 2013, the City entered into a capital lease obligation dated August 26, 2013, maturing on December 1, 2023, with semiannual interest and annual principal payments through December 1, 2023. The interest rate is 2.31%. Proceeds from the capital lease are being used to provide funds for the acquisition, construction, and equipping of the Riverside Library and Cultural Center, a joint project of the City and the High Plains Library District.

The following table represents the future debt service requirements on the governmental activity debt.

Year Ending December 31	Principal	Interest	Total
2016	\$ 245,000	\$ 48,742	\$ 293,742
2017	250,000	43,082	293,082
2018	255,000	37,306	292,306
2019	260,000	31,416	291,416
2020	265,000	25,410	290,410
2021 - 2023	835,000	38,924	873,924
Total	\$ 2,110,000	\$ 224,880	\$ 2,334,880

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Business-Type Activities Debt

Following is a summary of business-type activity debt transactions for the year ended December 31, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Wastewater - Colorado Water Resources and Power Development Authority ("CWRPDA") note payable (4/98)	\$ 281,346	\$ -	\$ (64,926)	\$ 216,420	\$ 70,336
Wastewater - CWRPDA note payable (11/98)	122,591	-	(25,161)	97,430	26,306
Water - CWRPDA note payable (2013)	1,409,211	-	(156,579)	1,252,632	156,579
Compensated absences	84,266	99,006	(69,574)	113,698	-
Total long term debt	\$1,897,414	\$ 99,006	\$ (316,240)	\$ 1,680,180	\$253,221

During 1998, the City issued two notes payable with the CWRPDA. The City has pledged future wastewater revenues, net of specified operating expenses, to repay approximately \$1.5 million in wastewater system revenue bonds issued in 1998. Proceeds from the bonds provided financing for the construction and maintenance of the headworks facility at the wastewater treatment facility. The bonds bear interest between 4.00% and 4.50%. The bonds are payable solely from wastewater net revenues and are payable through 2019. Annual principal and interest payments on the bonds are expected to require less than 25 percent of specified net budgeted revenues. The total principal remaining to be paid on the bonds is \$313,850. Principal and interest paid for the current year and specified net budget revenues were \$107,048 and \$117,753, respectively.

During 2013, the City entered into a loan agreement with the CWRPDA for a principal amount of \$1.5 million. The loan does not accrue interest and is payable in semi-annual principal payments beginning on May 1, 2014 with a maturity date of November 1, 2023. Imputed interest for this loan was deemed to not be material and thus is not recorded. The loan is secured by the net revenues of the ownership and operation of the water treatment system, as defined with the agreement. As of December 31, 2015, the City had drawn down \$1,373,616 from this loan. The remaining amount available of \$126,384 to be received is reflected as loan proceeds receivable in the accompanying statement of net position.

The following is a summary of the future debt service requirements for the City's business-type activity notes payable:

Year Ending December 31	Principal	Interest	Total
2016	\$ 253,221	\$ 14,119	\$ 267,340
2017	253,453	9,744	263,197
2018	262,047	5,067	267,114
2019	171,445	334	171,779
2020	156,579	-	156,579
2021 - 2023	469,737	-	469,737
Total	\$ 1,566,482	\$ 29,264	\$ 1,595,746

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7. Interfund Transfers

The following table summarizes interfund transfers for the year ended December 31, 2015:

	Transfers Out							Total
	General Fund	Water Fund	Wastewater Fund	Storm Drainage	Nonmajor Governmental Funds	Fiduciary		
Transfers In:								
General Fund	\$ -	\$ 689,664	\$ 441,930	\$ 135,757	\$ 32,941	\$ 1,471		\$1,301,763
Street Construction Fund	1,200,929	-	-	-	-	-		1,200,929
Evans Redevelopment Agency	4,319	-	-	-	-	-		4,319
Total	\$1,205,248	\$ 689,664	\$ 441,930	\$ 135,757	\$ 32,941	\$ 1,471		\$2,507,011

Transfers are used to reimburse the General Fund for indirect costs associated with administrative and operational support related to providing water, wastewater, storm drainage, and refuse services to citizens.

8. Risk Management

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

The City has a self-funded dental insurance arrangement. The insurance coverage is substantially the same as in prior fiscal years. The City is self-insured for its dental benefits through its General Fund for employees which range from \$0 to \$543 per employee per year depending on the level of coverage selected. The maximum claim liability for 2015 was \$146,000. Expenditures are charged to the General Fund as this is the fund in which the employees' payroll expenditure is charged at the maximum amount per level of coverage.

Claims processing and payments for the dental claims are made through a third-party administrator. The City uses the information provided by the third-party administrator to aid in the determination of self-insurance liabilities. Amounts due in the future year on claims as of December 31, 2015 are recognized as a current liability in the statement of net position.

	Claims Premium Liability at Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims and Premium Liability at End of Year
Fiscal Year 2015	\$ 8,919	\$ 46,317	\$ 46,544	\$ 8,692

9. Retirement Commitments

General Employees Defined Contributions Plan

Effective January 1, 1985, the City and its employees elected to adopt a defined contribution pension plan called the City of Evans Saving Plan (the "Plan"). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All regular, full-time employees who have been employed at least one year are eligible to participate in the Plan.

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The City's contribution to the Plan is as follows:

Employee Contribution	Employer Contribution
0%	3%
1%	4%
2%	5%
3%	6%
4% or More	7%

Employee contributions vest immediately. Employees will be vested in employer contributions according to the following schedule:

1 year on plan	30% vested
2 years on plan	60% vested
3 years on plan	100% vested

The City's total payroll for the year ended December 31, 2015 was \$6,247,159. The City's contributions to the plan for the years ending December 31, 2015, 2014, and 2013 were \$308,898, \$267,824, and \$251,279, respectively.

State of Colorado Fire and Police Pension Association - Defined Benefit Plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2014 has 212 participating employer fire and police departments.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

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

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in

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the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA. The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Fire & Police Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

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

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2014 was \$50,095,678. This amount was not included in the SWDB Plan Net Position.

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

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

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20 percent of base salary through 2014. The City is contributing 8 percent of base salary and the employees are contributing 12 percent of base salary for the reentry group. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent.

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8 percent effective January 1, 2007 through 2014. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

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Contributions to the Plan from the City were \$39,658 for the year ended December 31, 2015.

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

At December 31, 2015, the City reported an asset of \$119,765 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2014, the City's proportion was 0.1061 percent, which was a decrease of 0.0018 percent from its proportion measured as of December 31, 2013.

For the year ended December 31, 2015, the City recognized pension expense of \$11,427. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,233
Net difference between projected and actual earnings on pension plan investments	7,554	-
Changes in proportionate share of contributions	1,470	-
City contributions subsequent to the measurement date	39,658	-
	\$ 48,682	\$ 2,233

\$39,658 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization
2016	\$ 1,809
2017	1,809
2018	1,809
2019	1,809
2020	(80)
Thereafter	(365)
	\$ 6,791

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

Investment rate of return	7.5 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.0 - 14.0 percent
Cost of Living Adjustment	0.0 percent
Inflation	3.0 percent

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members.

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2007–December 31, 2011. As a result of the 2011 actuarial experience study, the main actuarial factor changes were:

- Reduced the inflation assumption from 3.5 percent to 3.0 percent.
- Reduced the normal investment return assumption from 8.0 percent to 7.5 percent.
- Revised the post-retirement mortality tables to reflect increased longevity.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	40%	8.9%
Equity Long/Short	10%	7.5%
Illiquid Alternatives	18%	10.5%
Fixed Income	15%	4.6%
Absolute Return	12%	6.5%
Managed Futures	4%	5.5%
Cash	1%	2.5%
Total	100%	

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
City's proportionate share of the net pension liability/(asset)	\$112,916	\$(119,765)	\$(313,851)

* The long-term rate of return used was 7.5 percent. The municipal bond rate used was 3.65 percent. The single discount rate for the plans was 7.50 percent.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

State of Colorado Fire and Police Pension Association - Statewide Hybrid Plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering full-time firefighters and police officers from departments that elect coverage. The Plan may also cover clerical staff or other fire district personnel whose services are auxiliary to fire protection. The Plan is comprised of two components: Defined Benefit and Money Purchase. With the latter component, employees have the option of choosing among various mutual funds offered by an outside investment manager. As of December 31, 2014, the Plan has 34 participating employer departments.

Employers may not withdraw from the Plan once affiliated.

Colorado Revised Statutes, Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

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

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

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

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The

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member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2014 was \$310,148. This amount was not included in the SWH Plan Net Position.

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

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service. Unvested Department contributions and earnings thereon are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. Any administrative expenses not covered by forfeitures are charged directly to member accounts.

A member may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan.

Employer and member contributions are invested in funds at the discretion of members.

Contributions to the Plan from the City were \$116,826 for the year ended December 31, 2015.

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

At December 31, 2015, the City reported an asset of \$1,104,158 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the net pension asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2014, the City's proportion was 8.5208 percent, which was a decrease of .7894 from its proportion measured as of December 31, 2013.

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For the year ended December 31, 2015, the City recognized pension expense of \$93,830. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 15,939	\$ -
Net difference between projected and actual earnings on pension plan investments	31,817	-
Changes in proportionate share of contributions	-	72,123
City contributions subsequent to the measurement date	116,826	-
	\$ 164,582	\$ 72,123

\$116,826 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization
2016	\$ 1,410
2017	1,410
2018	1,410
2019	1,410
2020	(6,544)
Thereafter	(23,463)
	\$ (24,367)

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

Investment rate of return	7.5 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.0 - 14.0 percent
Cost of Living Adjustment	0.0 percent
Inflation	3.0 percent

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members.

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The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2007–December 31, 2011. As a result of the 2011 actuarial experience study, the main actuarial factor changes were:

- Reduced the inflation assumption from 3.5 percent to 3.0 percent.
- Reduced the normal investment return assumption from 8.0 percent to 7.5 percent.
- Revised the post-retirement mortality tables to reflect increased longevity.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	40%	8.9%
Equity Long/Short	10%	7.5%
Illiquid Alternatives	18%	10.5%
Fixed Income	15%	4.6%
Absolute Return	12%	6.5%
Managed Futures	4%	5.5%
Cash	1%	2.5%
Total	100%	

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate. The following presents the City’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.50 percent, as well as what the City’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
City’s proportionate share of the net pension liability/(asset)	(\$779,707)	(\$1,104,158)	(\$1,392,524)

* The long-term rate of return used was 7.50 percent. The municipal bond rate used was 3.65 percent. The single discount rate for the plans was 7.50 percent.

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Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City Managers Association Retirement Corporation. The plan is available to the City Manager and Directors. The plan allows its participants to defer a portion of their current salary to all future years. Participation in the plan is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and therefore not reflected on the financial statements of the City. The City contributes 3% of the City Manager's gross income and also matches the City Manager's contributions up to a maximum of 4% into the plan. The City's contributions to the plan for the years ended December 31, 2015, 2014, and 2013 were \$4,172, \$3,867, and \$3,728, respectively.

10. Rate Maintenance

The 1998 Colorado Water Resources and Power Development Authority loan agreements (Wastewater Fund and Water Funds) require that net revenues, as defined, shall represent a sum equal to 110% of the amount necessary to pay, when due, the principal and interest on the loan. The following table shows these calculations and that the City is in compliance with these requirements.

Wastewater Fund

2015 Gross revenues	\$ 2,545,993
2015 Operation and maintenance expense	669,824
Net revenues as defined in 1998	
CWRPDA loan agreement	1,876,169
110% of 1998 loan debt service	(117,753)
Amount 2015 net revenue exceeded the 1998 loan requirements	\$ 1,758,416

Water Fund

2015 Gross revenues	\$ 5,267,612
2015 Operation and maintenance expense	3,010,462
Net revenues as defined in 2013	
CWRPDA loan agreement	2,257,150
110% of 2013 loan debt service	(172,237)
Amount 2015 net revenue exceeded the 2013 loan requirements	\$ 2,084,913

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11. Commitments and Contingencies

TABOR Reserves

In November 1992, Colorado voters passed the TABOR Amendment (the “Amendment”) to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and local growth. Revenue received in excess of the limitations may be required to be refunded unless the City’s electorates vote to retain the revenue.

On April 5, 1994, the voting citizens of the City of Evans authorized the City (retroactive to January 1, 1993) to collect, retain, and expend all revenues, notwithstanding any state restrictions of fiscal year spending. This effectively removed all revenue and spending limits imposed by the Amendment. The City did not increase or incur any new tax or bonded debt in 2015.

The City’s Home Rule Charter provision requires an Emergency Contingency Reserve Fund, reported in the General Fund in 2014, that shall maintain a balance equal to 5% of the budgeted General Fund revenues, until such fund is equal in amount to 25% of the prior year’s General Fund expenditures. In 2015, 5% of budgeted revenues were \$2,877,226 less than 25% of the prior year’s General Fund expenditures. In the November 2012 election, the citizens of Evans approved a ballot initiative to provide for a ceiling of \$1 million in the Emergency Contingency Fund, allowing any amount exceeding this amount to be transferred to the General Fund. This ceiling was effective starting January 1, 2013.

Litigation

At times, the City may be subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of business. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the City.

Grants

The City participated in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2015, may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

12. Related Party Transactions

The City has entered into an intergovernmental agreement (“IGA”) with the Evans Fire Protection District (the “District”) to provide financial support to the District until the District received sufficient revenue to support its operations. In order to provide for the funding of District operations as required in the IGA, the City paid the District \$471,358 in 2015.

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December 31, 2015

13. Riverside Library and Cultural Center

The City has entered into an IGA with the High Plains Public Library District (“HPLD”) for the acquisition of property and construction of shared facilities for public, municipal and/or commercial purposes. This project is known as the Riverside Library and Cultural Center. In accordance with this IGA, the City will provide real property on which the project is to be constructed and the City and HPLD will share the construction costs based on the number of square feet of the project to be owned by each party. An ownership agreement was also entered into relating to the Center; under the agreement the City will own 40% of the Center and the HPLD will own the remaining 60%. The Center was completed in 2015.

14. Subsequent Events

The City has evaluated subsequent events through June 29, 2016 the date which the financial statements were available to be issued. In May 2016, the City entered into a loan with the Colorado Water and Power Authority totaling \$41 million with an interest rate of 1.70% for improvements to the City Waste Water Treatment Facilities. There were no additional material subsequent events that required recognition or additional disclosure.

Required Supplementary Information

City of Evans
Schedule of Revenues, Expenditures and Changes in Fund
Balances (Budget and Actual) - General Fund
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,457,666	\$ 9,165,996	\$ 10,522,915	\$ 1,356,919
Licenses and permits	795,402	795,402	973,894	178,492
Intergovernmental	1,202,107	1,202,107	1,302,560	100,453
Grants and contributions				
Grants - flood	234,581	161,581	161,581	-
Other	47,333	907,746	707,588	(200,158)
Charges for services	323,210	323,210	430,984	107,774
Fines and forfeitures	409,130	409,130	529,565	120,435
Earnings on investments	35,535	35,535	34,786	(749)
Miscellaneous	216,750	321,677	397,058	75,381
Total revenues	11,721,714	13,322,384	15,060,931	1,738,547
Expenditures				
General government	3,148,224	3,495,328	3,377,211	118,117
Public safety	4,297,340	4,423,113	4,053,502	369,611
Public works	1,566,064	1,576,064	1,518,372	57,692
Culture, parks and recreation	1,455,295	1,641,695	1,192,657	449,038
Community development	688,729	1,219,670	945,853	273,817
Flood recovery	351,270	371,742	361,561	10,181
Debt service	289,170	289,170	289,169	1
Capital outlay	910,568	2,955,823	1,501,738	1,454,085
Total expenditures	12,706,660	15,972,605	13,240,063	2,732,542
Excess (deficiency) of revenues over expenditures	(984,946)	(2,650,221)	1,820,868	4,471,089
Other financing sources (uses)				
Proceeds from the sale of capital assets	-	-	44,697	44,697
Transfers out	(820,828)	(1,520,429)	(1,205,248)	315,181
Transfers in	1,382,808	1,382,808	1,301,763	(81,045)
Total other financing sources (uses)	561,980	(137,621)	141,212	278,833
Net change in fund balance	\$ (422,966)	\$ (2,787,842)	1,962,080	\$ 4,749,922
Fund balance at beginning of year			9,267,648	
Fund balance at end of year			\$ 11,229,728	

See accompanying Independent Auditor's Report.

City of Evans
Schedule of Revenues, Expenditures and Changes in Fund
Balances (Budget and Actual) - Evans Redevelopment Agency
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous revenue	\$ 230,000	\$ 230,000	\$ 190,997	\$ (39,003)
Total revenues	230,000	230,000	190,997	(39,003)
Expenditures				
Community development	408,710	408,710	153,601	255,109
Total expenditures	408,710	408,710	153,601	255,109
Other financing sources				
Transfers in	408,710	408,710	4,319	(404,391)
Total other financing sources	408,710	408,710	4,319	(404,391)
Net change in fund balance	\$ 230,000	\$ 230,000	41,715	\$ (188,285)
Fund balance at beginning of year			103,920	
Fund balance at end of year			\$ 145,635	

See accompanying Independent Auditor's Report.

City of Evans
Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset)

Last Ten Years

	2015	2014
FPPA - Defined Benefit Plan		
City's proportion of the net pension liability/(asset)	\$ (119,765)	\$ (135,044)
City's proportionate share of the net pension liability/(asset)	0.1061%	0.1079%
City's covered-employee payroll	\$ 477,223	\$ 468,957
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	25.10%	28.80%
Plan fiduciary net position as a percentage of the total pension	140.60%	139.00%
FPPA - Statewide Hybrid Plan		
City's proportion of the net pension liability/(asset)	\$ (1,104,158)	\$ (984,359)
City's proportionate share of the net pension liability/(asset)	9.3102%	8.5208%
City's covered-employee payroll	\$ 1,440,307	\$ 1,377,915
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	76.66%	71.44%
Plan fiduciary net position as a percentage of the total pension	106.80%	105.80%

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

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See accompanying Independent Auditor's Report.

City of Evans
Schedule of City Contributions

Last Ten Years

	2015	2014	2013
FPPA - Defined Benefit Plan			
Statutorily Required Contribution	\$ 39,658	\$ 38,178	\$ 37,505
Contributions in Relation to the Statutorily Required Contribution	39,658	38,178	37,505
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 613,934	\$ 550,536	\$ 539,700
Contributions as a Percentage of Covered Employee Payroll	6.46%	6.93%	6.95%
FPPA - Statewide Hybrid Plan			
Statutorily Required Contribution	\$ 116,826	\$ 115,244	\$ 110,233
Contributions in Relation to the Statutorily Required Contribution	\$ 116,826	\$ 115,244	\$ 110,233
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,808,548	\$ 1,661,575	\$ 1,585,776
Contributions as a Percentage of Covered Employee Payroll	6.46%	6.94%	6.95%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

See accompanying Independent Auditor's Report.

Notes to Schedule

Changes in plan provisions. The plan provisions have not changed since the prior valuation. The member contribution rate will increase in 2015 as a result of the member election.

Benefit Adjustments. Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors discretion and can range from 0 percent to 3 percent. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Changes of assumptions. Beginning in the January 1, 2104 actuarial valuation, the married assumption for active members was increased from 80 percent to 85 percent to reflect the passage of the Colorado Civil Union Act.

Other Supplementary Information
Combining and Individual Nonmajor Fund Statements and
Schedules

City of Evans
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Parks Impact	Conservation Trust	Fire Impact	Refuse Collection
Assets				
Equity in pooled cash, cash equivalents, and investments	\$ 1,718,232	\$ 660,508	\$ 315,886	\$ 400,509
Receivables	-	-	-	65,093
Total assets	\$ 1,718,232	\$ 660,508	\$ 315,886	\$ 465,602
Liabilities				
Accounts payable	\$ -	\$ 194,994	\$ -	\$ 45,328
Other liabilities	106,000	-	-	-
Unearned revenue	-	-	-	800
Total liabilities	106,000	194,994	-	46,128
Fund Balances				
Restricted	-	465,514	-	-
Committed	-	-	-	-
Assigned	1,612,232	-	315,886	419,474
Total fund balances	1,612,232	465,514	315,886	419,474
Total liabilities and fund balances	\$ 1,718,232	\$ 660,508	\$ 315,886	\$ 465,602

Street Impact	Parks Construction	Cemetery Perpetual Care	Total
\$ 1,200,020	\$ 1,136,458	\$ 92,753	\$ 5,524,366
-	5,599	-	70,692
\$ 1,200,020	\$ 1,142,057	\$ 92,753	\$ 5,595,058
\$ 8,325	\$ 25,573	\$ -	\$ 274,220
-	-	-	106,000
-	-	-	800
8,325	25,573	-	381,020
-	-	-	465,514
40,795	-	-	40,795
1,150,900	1,116,484	92,753	4,707,729
1,191,695	1,116,484	92,753	5,214,038
\$ 1,200,020	\$ 1,142,057	\$ 92,753	\$ 5,595,058

See accompanying Independent Auditor's Report.

City of Evans
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2015

	Parks Impact	Conservation Trust	Fire Impact	Refuse Collection
Revenues				
Intergovernmental	\$ -	\$ 187,687	\$ -	\$ -
Licenses and permits	-	-	-	1,200
Grants and contributions				
Grants - flood	-	-	-	6,144
Charges for services	-	-	-	661,282
Earnings on investments	5,624	2,095	1,036	1,550
Assessments	239,408	-	43,172	-
Miscellaneous	-	-	-	1,575
Total revenues	245,032	189,782	44,208	671,751
Expenditures				
Public works	-	-	-	588,907
Flood recovery	-	-	-	-
Capital outlay	-	237,874	-	-
Total expenditures	-	237,874	-	588,907
Excess (deficiency) of revenues over expenditures	245,032	(48,092)	44,208	82,844
Other financing uses				
Transfers out	-	-	-	(32,941)
Total other financing sources (uses)	-	-	-	(32,941)
Net changes in fund balances	245,032	(48,092)	44,208	49,903
Fund balance at beginning of year	1,367,200	513,606	271,678	369,571
Fund balance at end of year	\$ 1,612,232	\$ 465,514	\$ 315,886	\$ 419,474

Street Impact	Parks Construction	Cemetery Perpetual Care	Total
\$ -	\$ -	\$ -	\$ 187,687
-	-	-	1,200
-	176,246	-	182,390
-	-	-	661,282
4,206	566	333	15,410
97,798	-	4,185	384,563
-	-	-	1,575
102,004	176,812	4,518	1,434,107
-	-	-	588,907
-	50,559	-	50,559
22,376	157,775	-	418,025
22,376	208,334	-	1,057,491
79,628	(31,522)	4,518	376,616
-	-	-	(32,941)
-	-	-	(32,941)
79,628	(31,522)	4,518	343,675
1,112,067	1,148,006	88,235	4,870,363
\$ 1,191,695	\$ 1,116,484	\$ 92,753	\$ 5,214,038

See accompanying Independent Auditor's Report.

City of Evans
Parks Impact Fund
Budgetary Comparison Schedule
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Impact fees	\$ -	\$ -	\$ 239,408	\$ 239,408
Earnings on investments	1,015	1,015	5,624	4,609
Total revenues	1,015	1,015	245,032	244,017
Expenditures				
Capital outlay	110,000	310,000	-	310,000
Total expenditures	110,000	310,000	-	310,000
Net change in fund balance	\$ (108,985)	\$ (308,985)	245,032	\$ 554,017
Fund balance at beginning of year			1,367,200	
Fund balance at end of year			\$ 1,612,232	

See accompanying Independent Auditor's Report.

City of Evans
Conservation Trust Fund
Budgetary Comparison Schedule
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
State shared revenue	\$ 186,000	\$ 186,000	\$ 187,687	\$ 1,687
Earnings on investments	7,619	7,619	2,095	(5,524)
Total revenues	193,619	193,619	189,782	(3,837)
Expenditures				
Capital outlay	627,000	627,000	237,874	389,126
Total expenditures	627,000	627,000	237,874	389,126
Net change in fund balance	\$ (433,381)	\$ (433,381)	(48,092)	\$ 385,289
Fund balance at beginning of year			513,606	
Fund balance at end of year			\$ 465,514	

See accompanying Independent Auditor's Report.

City of Evans
Fire Impact Fund
Budgetary Comparison Schedule
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Impact fees	\$ -	\$ -	\$ 43,172	\$ 43,172
Earnings on investments	2,370	2,370	1,036	(1,334)
Total revenues	2,370	2,370	44,208	41,838
Net change in fund balance	\$ 2,370	\$ 2,370	44,208	\$ 41,838
Fund balance at beginning of year			271,678	
Fund balance at end of year			\$ 315,886	

See accompanying Independent Auditor's Report.

City of Evans
Refuse Collection Fund
Budgetary Comparison Schedule
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits				
Trash haulers' license	\$ 800	\$ 800	\$ 1,200	\$ 400
Charges for services				
Refuse collection charges	654,240	654,240	661,282	7,042
Grants and contributions:				
Grants - flood	-	-	6,144	6,144
Earnings on investments	3,789	3,789	1,550	(2,239)
Miscellaneous	-	-	1,575	1,575
Total revenues	658,829	658,829	671,751	12,922
Expenditures				
Public works				
Sanitation	607,959	607,959	588,907	19,052
Total expenditures	607,959	607,959	588,907	19,052
Excess of revenues over expenditures	50,870	50,870	82,844	31,974
Other financing uses				
Transfers out	(32,941)	(32,941)	(32,941)	-
Total other financing uses	(32,941)	(32,941)	(32,941)	-
Net change in fund balance	\$ 17,929	\$ 17,929	49,903	\$ 31,974
Fund balance at beginning of year			369,571	
Fund balance at end of year			\$ 419,474	

See accompanying Independent Auditor's Report.

City of Evans
Street Impact Fund
Budgetary Comparison Schedule
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Impact fees	\$ -	\$ -	\$ 97,798	\$ 97,798
Grants and contributions				
Other	-	462,599	-	(462,599)
Earnings on investments	4,672	4,672	4,206	(466)
Total revenues	4,672	467,271	102,004	(365,267)
Expenditures				
Capital outlay	400,000	1,279,000	22,376	1,256,624
Total expenditures	400,000	1,279,000	22,376	1,256,624
Net change in fund balance	\$ (395,328)	\$ (811,729)	79,628	\$ 891,357
Fund balance at beginning of year			<u>1,112,067</u>	
Fund balance at end of year			<u>\$ 1,191,695</u>	

See accompanying Independent Auditor's Report.

City of Evans
Cemetery Perpetual Care Fund
Budgetary Comparison Schedule
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Perpetual care fees	\$ 2,700	\$ 2,700	\$ 4,185	\$ 1,485
Earnings on investments	-	-	333	333
Total revenues	2,700	2,700	4,518	1,818
Expenditures				
Capital outlay	-	75,000	-	75,000
Total expenditures	-	75,000	-	75,000
Net change in fund balance	\$ 2,700	\$ (72,300)	4,518	\$ 76,818
Fund balance at beginning of year			88,235	
Fund balance at end of year			\$ 92,753	

See accompanying Independent Auditor's Report.

City of Evans
Street Construction Fund
Budgetary Comparison Schedule
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Grants and contributions	\$ 642,600	\$ 642,600	\$ 709,774	\$ 67,174
Grants - flood	-	210,832	33,276	(177,556)
Other	618,199	2,602,075	85,372	(2,516,703)
Earnings on investments	3,724	3,724	5,309	1,585
Miscellaneous	-	-	34,548	34,548
Total revenues	1,264,523	3,459,231	868,279	(2,590,952)
Expenditures				
Public works	190,000	287,338	294,298	(6,960)
Flood recovery	-	400,000	9,996	390,004
Capital outlay	1,275,000	4,153,518	819,068	3,334,450
Total expenditures	1,465,000	4,840,856	1,123,362	3,717,494
Excess (deficiency) of revenues over expenditures	(200,477)	(1,381,625)	(255,083)	1,126,542
Other financing sources				
Transfers in	501,328	1,200,929	1,200,929	-
Total other financing sources	501,328	1,200,929	1,200,929	-
Net change in fund balance	\$ 300,851	\$ (180,696)	945,846	\$ 1,126,542
Fund balance at beginning of year			1,534,689	
Fund balance at end of year			\$ 2,480,535	

See accompanying Independent Auditor's Report.

City of Evans
Parks Construction Fund
Budgetary Comparison Schedule
Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Grants and contributions				
Grants - flood	\$ 4,375,000	\$ 540,250	\$ 176,246	\$ (364,004)
Earnings on investments	-	-	566	566
Total revenues	4,375,000	540,250	176,812	(363,438)
Expenditures				
Flood recovery	5,369,332	35,000	50,559	(15,559)
Capital outlay	-	524,000	157,775	366,225
Total expenditures	5,369,332	559,000	208,334	350,666
Net change in fund balance	\$ (994,332)	\$ (18,750)	(31,522)	\$ (12,772)
Fund balance at beginning of year			<u>1,148,006</u>	
Fund balance at end of year			<u>\$ 1,116,484</u>	

See accompanying Independent Auditor's Report.

Budgetary Comparison Schedules

Enterprise Funds

City of Evans
Water Fund
Budgetary Comparison Schedule
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Water sales	\$ 4,383,809	\$ 4,383,809	\$ 4,648,318	\$ 264,509
Non-potable water sales	120,000	120,000	143,895	23,895
Other sales	13,000	13,000	14,629	1,629
Water meters	6,000	6,000	29,081	23,081
Total operating revenues	4,522,809	4,522,809	4,835,923	313,114
Operating expenses				
Water supply and administrative	3,322,969	3,345,969	3,010,462	335,507
Principal paid	155,447	155,447	156,579	(1,132)
Capital outlay	435,000	1,435,720	1,107,834	327,886
Total operating expenses	3,913,416	4,937,136	4,274,875	662,261
Operating income (loss)	609,393	(414,327)	561,048	975,375
Other revenues (expenses)				
Earnings on investments	7,760	7,760	3,630	(4,130)
Grants and contributions - flood	-	99,655	35,628	(64,027)
Plant investment fees and cash in lieu of fees	325,523	325,523	428,059	102,536
Lease purchase proceeds	-	748,000	794,974	46,974
Gain on sale of capital assets	-	-	8,502	8,502
Transfers to other funds	(723,106)	(723,106)	(689,664)	33,442
Interest expense	(17,390)	(17,390)	-	17,390
Total other revenues (expenses)	(407,213)	440,442	581,129	140,687
Change in net position - budgetary basis	\$ 202,180	\$ 26,115	1,142,177	\$ 1,116,062
Reconciliation to GAAP basis				
Depreciation			(710,749)	
Capital outlay			1,107,834	
Principal paid			156,579	
Lease purchase proceeds			(794,974)	
Change in net position - GAAP basis			900,867	
Net position at beginning of year			50,628,482	
Net position at end of year			\$ 51,529,349	

See accompanying Independent Auditor's Report.

City of Evans
Wastewater Fund
Budgetary Comparison Schedule
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Operating revenues				
Sewer sales	\$ 2,160,112	\$ 2,210,112	\$ 2,259,684	\$ 49,572
Total operating revenues	2,160,112	2,210,112	2,259,684	49,572
Operating expenses				
Wastewater and administration	841,514	856,515	669,824	186,691
Flood recovery	849,255	1,668,918	951,722	717,196
Principal paid	90,088	90,088	90,087	1
Capital outlay	780,284	1,288,400	1,929,756	(641,356)
Total operating expenses	2,561,141	3,903,921	3,641,389	262,532
Operating income (loss)	(401,029)	(1,693,809)	(1,381,705)	312,104
Other revenues (expenses)				
Earnings on investments	5,213	10,932	3,130	(7,802)
Grants and contributions				
Evans 2013 flood	1,583,076	1,657,269	1,125,066	(532,203)
Other	50,000	1,127,043	422,456	(704,587)
Plant investment fees and cash in lieu of fees	50,000	50,000	281,907	231,907
Other nonoperating revenue	5,719	-	1,272	1,272
Transfers to other funds	(468,515)	(468,515)	(441,930)	26,585
Interest expense	(16,960)	(16,960)	(16,960)	-
Total other revenue (expense)	1,208,533	2,359,769	1,374,941	(984,828)
Change in net position - budgetary basis	\$ 807,504	\$ 665,960	(6,764)	\$ (672,724)
Reconciliation to GAAP basis				
Depreciation expense			(441,213)	
Principal paid			90,087	
Capital outlay			1,929,756	
Change in net position - GAAP basis			1,571,866	
Net position at beginning of year			9,764,590	
Net position at end of year			\$ 11,336,456	

See accompanying Independent Auditor's Report.

City of Evans
Storm Drainage Fund
Budgetary Comparison Schedule
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Storm drainage sales	\$ 463,655	\$ 463,655	\$ 492,499	\$ 28,844
Total operating revenues	463,655	463,655	492,499	28,844
Operating expenses				
Storm drainage and administration	27,645	27,645	98,393	(70,748)
Flood recovery	-	9,000	-	9,000
Capital outlay	225,000	1,569,959	1,019,398	550,561
Total operating expenses	252,645	1,606,604	1,117,791	488,813
Operating income (loss)	211,010	(1,142,949)	(625,292)	517,657
Other revenues (expenses)				
Plant investment fees	20,000	20,000	35,189	15,189
Grants and contributions - flood	-	272,875	59,844	(213,031)
Earnings on investments	1,347	1,347	1,229	(118)
Transfers to other funds	(158,247)	(158,247)	(135,757)	22,490
Total other revenue (expense)	(136,900)	135,975	(39,495)	(175,470)
Change in net position - budgetary basis	\$ 74,110	\$ (1,006,974)	(664,787)	\$ 342,187
Reconciliation to GAAP basis				
Depreciation			(263,676)	
Capital outlay			1,019,398	
Change in net position - GAAP basis			90,935	
Net position at beginning of year			9,142,036	
Net position at end of year			\$ 9,232,971	

See accompanying Independent Auditor's Report.

Budgetary Comparison Schedule
Fiduciary Fund

City of Evans
Cemetery Endowment Fund
Budgetary Comparison Schedule
Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$ 6,000	\$ 6,000	\$ 1,471	\$ (4,529)
Expenses				
Transfers out	(6,000)	(6,000)	(1,471)	4,529
Total expenses	(6,000)	(6,000)	(1,471)	4,529
Net change in net position	\$ -	\$ -	-	\$ -
Net position at beginning of year			49,467	
Net position at end of year			<u>\$ 49,467</u>	

See accompanying Independent Auditor's Report.

Supplemental Section

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: Evans, CO
		YEAR ENDING : December 2015
This Information From The Records Of City of Evans, CO	Prepared By: Phone:	Finance Dept Chris Cooke 970-475-1107

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)	1,026,705
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	894,330
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	11,801
2. General fund appropriations	2,487,370	b. Snow and ice removal	10,326
3. Other local imposts (from page 2)	123,059	c. Other	
4. Miscellaneous local receipts (from page 2)	421,925	d. Total (a. through c.)	22,127
5. Transfers from toll facilities		4. General administration & miscellaneous	534,520
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	259,162
a. Bonds - Original Issues		6. Total (1 through 5)	2,736,844
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	3,032,354	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	611,315	2. Notes:	
D. Receipts from Federal Government (from page 2)	118,648	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,762,318	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,736,844

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
	2,646,756	3,762,318	2,736,844	3,672,231	(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2015

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	9,514
b. Other local imposts:		b. Traffic Fines & Penalties	313,952
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	97,798	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	25,260	g. Other Misc. Weld Cty Rd & Bridge	98,459
6. Total (1. through 5.)	123,059	h. Other	
c. Total (a. + b.)	123,059	i. Total (a. through h.)	421,925
	(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	552,659	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	33,276
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	58,656	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	85,372
f. Total (a. through e.)	58,656	g. Total (a. through f.)	118,648
4. Total (1. + 2. + 3.f)	611,315	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		223,748	223,748
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		328,061	328,061
(3). System Preservation		441,706	441,706
(4). System Enhancement & Operation		33,190	33,190
(5). Total Construction (1) + (2) + (3) + (4)	0	802,957	802,957
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,026,705	1,026,705
			(Carry forward to page 1)

Notes and Comments:



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Honorable Mayor and Members of the City Council
City of Evans, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Evans, Colorado (the "City"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 29, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anton Collins Mitchell LLP

Greeley, Colorado
June 29, 2016



Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Honorable Mayor and Members of the City Council
City of Evans, Colorado

Report on Compliance for Each Major Federal Program

We have audited the City of Evans, Colorado's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.



Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Anton Collins Mitchell LLP

Greeley, Colorado
June 29, 2016

City of Evans
Schedule of Findings and Questioned Costs
December 31, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major programs:

<u>CFDA/Contract Number</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

City of Evans, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	2015 Federal Expenditures
Department of Agriculture			
Direct Program:			
Emergency Watershed Protection Program	10.923		\$ 1,695
Total Department of Agriculture			1,695
Department of Housing and Urban Development			
Direct Program:			
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	14.269		199,932
Total Department of Housing and Urban Development			199,932
Department of the Interior			
Passed through Colorado Department of Local Affairs Distribution of Receipts to State and Local Governments			
	15.227		302,685
Total Department of Agriculture			302,685
Department of Transportation			
Passed through Colorado Department of Transportation Highway Planning and Construction			
	20.205	14 HA4 64604	60,381
Total Department of Transportation			60,381
Environmental Protection Agency			
Passed through Colorado Water Resources & Power Development Authority Capitalization Grants for Drinking Water State Revolving Funds			
	66.468	D13F039	546,525
Total Environmental Protection Agency			546,525
Department of Homeland Security			
Passed through Colorado Department of Public Safety:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-08-CO- 4145-PW	951,187
Hazard Mitigation Grant	97.039		199,011
Emergency Management Performance Grants	97.042	2015 EMPG/LEMS 15-EM-16-87	17,985
Total Department of Homeland Security			1,168,183
Total Expenditures of Federal Awards			\$ 2,279,401

See accompanying Independent Auditor's Report.

City of Evans
Notes to Schedule of Expenditures of Federal Awards
December 31, 2015

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Evans, Colorado (the "City") under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 - *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allocable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Subrecipients

There were no subrecipients of federal awards during the year ended December 31, 2015.