



City of
Evans, Colorado

**Financial Statements
and Supplementary Information**
For the Year Ended December 31, 2016

City of Evans

Contents

	<u>Page(s)</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	I
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-13
<u>Basic Financial Statements:</u>	
<u>Government-wide Financial Statements:</u>	
Statement of Net Position	14
Statement of Activities	15-16
<u>Fund Financial Statements:</u>	
Balance Sheet - Governmental Funds	17-18
Reconciliation of the Governmental Funds Balance Sheet with the Government-wide Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20-21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the Government-wide Statement of Activities	22
Statement of Net Position - Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25-26
Statement of Fiduciary Net Position - Cemetery Endowment Fund	27
Statement of Changes in Fiduciary Net Position - Cemetery Endowment Fund	28
Notes to Financial Statements	29-56
<u>Required Supplementary Information:</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) - General Fund	57
Schedule of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) - Evans Redevelopment Agency	58
Schedule of the City's Proportionate Share of the Net Pension Asset	59
Schedule of City Contributions	60
<u>Other Supplementary Information:</u>	
<u>Combining and Individual Nonmajor Fund Statements and Schedules:</u>	
Combining Balance Sheet - Nonmajor Governmental Funds	61-62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	63-64

City of Evans

Contents

	<u>Page(s)</u>
<u>FINANCIAL SECTION (Continued)</u>	
<u>Budgetary Comparison Schedules - Governmental Funds:</u>	
Parks Impact Fund	65
Conservation Trust Fund	66
Fire Impact Fund	67
Refuse Collection Fund	68
Street Impact Fund	69
Police Impact Fund	70
Cemetery Perpetual Care Fund	71
Street Construction Fund	72
Parks Construction Fund	73
2013 Lease Repayment Fund	74
<u>Budgetary Comparison Schedules - Enterprise Funds:</u>	
Water Fund	75
Waste Water Fund	76
Storm Drainage Fund	77
<u>Budgetary Comparison Schedule - Fiduciary Fund:</u>	
Cemetery Endowment Fund	78
<u>SUPPLEMENTAL SECTION</u>	
<u>State Compliance Section:</u>	
Local Highway Finance Report	79-80
<u>Reports to Governmental Agencies</u>	
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 <i>Government Auditing Standards</i>	81-82
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	83-84
Schedule of Findings and Questioned Costs	85-86
Schedule of Expenditures of Federal Awards	87
Notes to Schedule of Expenditures of Federal Awards	88
Corrective Action Plan	89



July 6, 2017

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, 2016.

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 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, 2016, are free of material misstatement. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Evans' financial statements for the fiscal year ended December 31, 2016 are fairly presented in conformity with GAAP. The independent auditor's 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 handwritten signature in black ink, appearing to read "James L. Becklenberg".

James L. Becklenberg
City Manager

A handwritten signature in black ink, appearing to read "Jessica Gonifas".

Jessica Gonifas, CPA
Deputy City Manager



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, 2016, 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, 2016, 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.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, the budgetary comparison information on pages 57 and 58, the Schedule of the City's Proportionate Share of the Net Pension Asset on page 59, and Schedule of City Contributions on page 60 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 July 6, 2017 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
July 6, 2017

July 6, 2017

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, 2016. 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 2016 by \$128.2 million (net position). Of this amount, \$24.8 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. Of the remaining balance, \$99.6 million is investments in capital assets and \$3.8 million is restricted for other purposes.
- The City's total net position increased by \$8.0 million. The governmental and business-type activities drove this change with an increase in revenue.
- Sales and use tax collections decreased by \$1.0 million, an 11 percent decrease from the prior year. Declining economic conditions contributed to this decrease.
- At the end of 2016, the City's governmental funds reported combined ending fund balances of \$19.3 million, an increase of \$204 thousand in comparison to the ending balances of 2015. Of this total amount, \$7.6 million, or 39 percent, is available for spending at the City's discretion (unassigned fund balance).
- At the end of 2016, the unassigned fund balance for the General Fund was \$7.6 million, which was 59 percent of total General Fund 2016 expenditures. In addition, the City Charter requires the Emergency Contingency Fund to maintain a balance of 25 percent of the preceding fiscal year's (2015) audited General Fund expenditures, not to exceed \$1 million. The resulting 2016 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 2016 year end for the General Fund, including the Emergency Contingency Fund, amount to \$9.1 million.
- As required under Accounting Principle GASB 68, the City reported an asset of \$932 thousand 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 twelve 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 nine 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 29-56 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 57-85 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 \$128.0 million at the close of 2016.

By far the largest portion (51 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 (3 percent) represents resources that are subjected to external and internal restrictions on how they may be used. The remaining balance of unrestricted net position (\$59.0 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 2016 as compared to 2015.

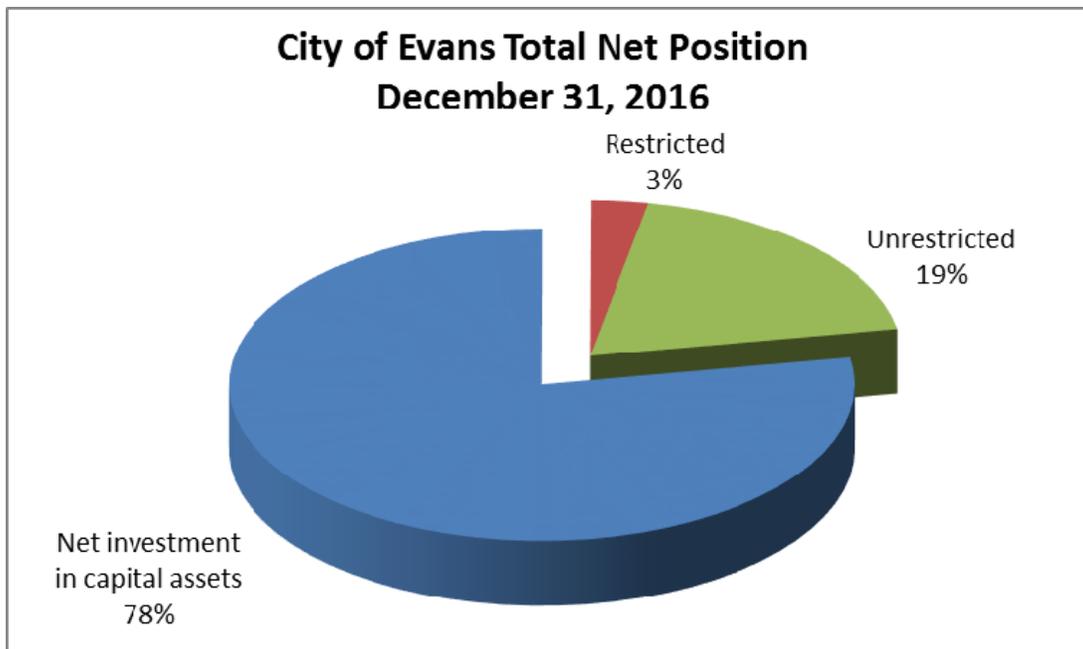
Table 1

City of Evans

Net Position (\$000's)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 21,743	\$ 20,963	\$ 46,162	\$ 5,618	\$ 67,905	\$ 26,581
Capital assets	33,220	30,157	75,032	69,327	108,252	99,484
Net pension asset	933	1,224	-	-	933	1,224
Total assets	55,896	52,344	121,194	74,945	177,090	127,289
Deferred outflows of resources	902	213	-	-	902	213
Liabilities:						
Current liabilities	2,012	1,463	3,682	1,166	5,694	2,629
Long-term liabilities	2,241	2,432	41,288	1,680	43,529	4,112
Total liabilities	4,253	3,895	44,970	2,846	49,223	6,741
Deferred inflows of resources						
Unearned revenue – property taxes	461	435	-	-	461	435
Deferred inflows of resources relating to pensions	66	74	-	-	66	74
Total Deferred inflows of resources	527	509	-	-	527	509
Net Position:						
Net investment in capital assets	31,355	28,047	68,250	67,761	99,605	95,808
Restricted	2,487	2,690	1,307	1,210	3,794	3,900
Unrestricted	18,176	17,417	6,667	3,128	24,843	20,545
Total net position	\$ 52,018	\$ 48,154	\$76,224	\$72,099	\$128,242	\$120,253

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 2016 compared to the fiscal year 2015.

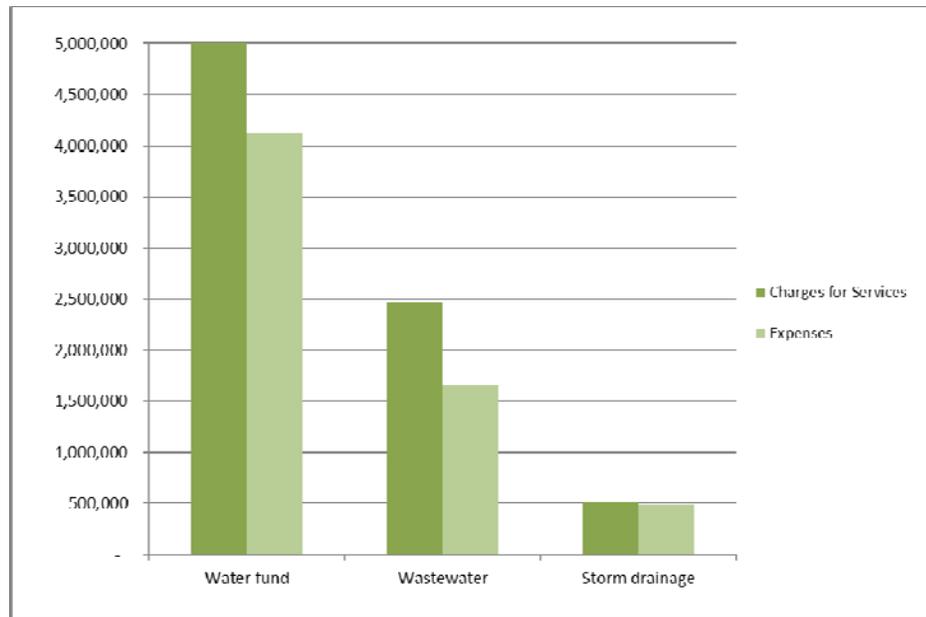
Table 2						
City of Evans						
Condensed Statement of Activities (\$000's)						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
<i>Program revenues:</i>						
Charges for services	\$ 3,466	\$ 2,982	\$ 8,073	\$ 7,588	\$ 11,539	\$ 10,570
Operating grants and contributions	378	486	189	1,643	567	2,129
Capital grants and contributions	957	684	3,329	745	4,286	1,429
<i>General revenues:</i>						
Sales and use taxes	7,795	8,797	-	-	7,795	8,797
Property taxes	450	357	-	-	450	357
Specific ownership taxes	27	25	-	-	27	25
Franchise taxes	628	660	-	-	628	660
Other taxes	69	684	-	-	69	684
Intergovernmental	2,073	2,200	-	-	2,073	2,200
Unrestricted Investment Earnings	86	56	39	8	125	64
Other general revenue	405	624	-	1	405	625
Gain on disposal of capital assets	9	13	13	9	22	22
Total revenues	16,343	17,568	11,643	9,994	27,986	27,562
Expenses:						
General government	4,414	3,892	-	-	4,414	3,892
Public safety	4,169	3,934	-	-	4,169	3,934
Public works	2,870	3,005	-	-	2,870	3,005
Culture, parks and recreation	1,154	1,206	-	-	1,154	1,206
Community development	742	1,140	-	-	742	1,140
Flood recovery	336	422	-	-	336	442
Water enterprise	-	-	4,124	3,721	4,124	3,721
Waste Water enterprise	-	-	1,659	2,080	1,659	2,080
Storm Drainage enterprise	-	-	482	362	482	362
Interest on Long Term Debt	48	54	-	-	48	54
Total expenses	13,733	13,653	6,265	6,163	19,998	19,816
Excess before transfers	2,610	3,915	5,378	3,831	7,988	7,746
Transfers in (out)	1,254	1,269	(1,253)	(1,267)	1	2
Increase (decrease) in net position	3,864	5,183	4,125	2,564	7,989	7,747
Net position – Beginning	48,154	41,851	72,099	69,535	120,253	111,386
Restatement for Change in Accounting Principle	-	1,120	-	-	-	1,120
Net position – Ending	\$ 52,018	\$ 48,154	\$ 76,224	\$ 72,099	\$ 128,242	\$ 120,253

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

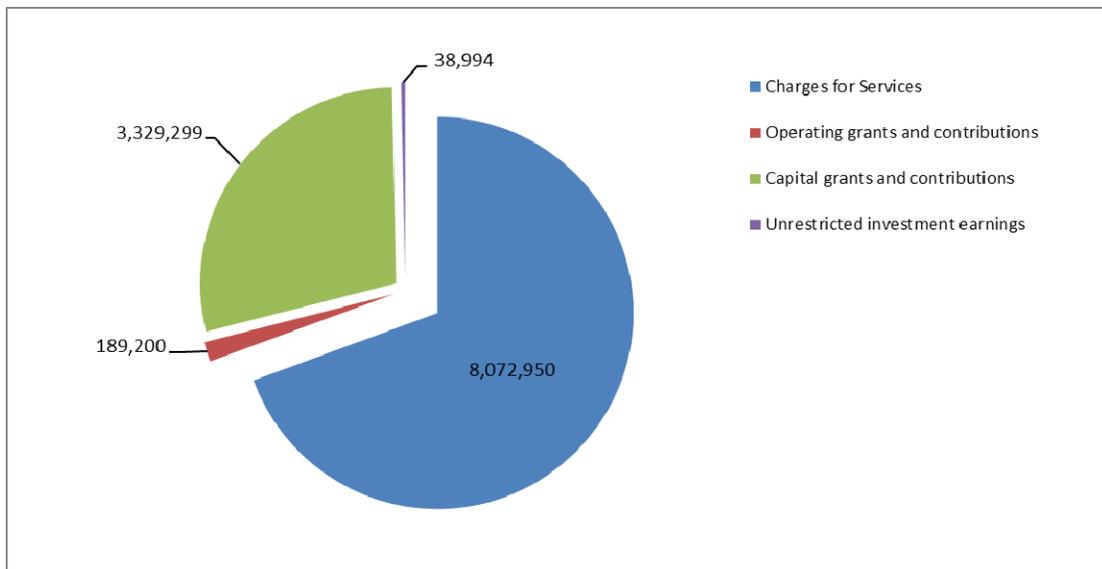
Governmental Activities - Governmental activities increased the City's net position by \$3.6 million, thereby accounting for a portion of the total growth in the net position of the City. Contributing to this growth was both the City's slight increase in revenues and decrease in expenditures.

Business-type Activities - Business-type activities increased the City's net position by \$4.1 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, 2016, the City's governmental funds reported ending fund balances of \$19.3 million, an increase of \$204 thousand from the prior year. Approximately 40 percent of this total amount (\$7.6 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance (\$11.7 million) is restricted, committed, or assigned to indicate that it is not available for new spending because it has been restricted, committed or assigned 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, 2016, the unassigned fund balance of the general fund was \$7.6 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 59 percent of total General Fund expenditures. The decrease in the fund balance of the General Fund was \$2.1 million during 2016. The major contributing factor to the increase was a transfer out to the 2013 Lease Repayment Fund for the early retirement of debt.

In 2016, taxes are the General Fund's largest source of revenue at 69 percent, or \$9.0 million.

The Emergency Contingency Fund ended the 2016 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, Waste Water and Storm Drainage funds as of December 31, 2016, amounted to \$52.7 million, \$14.2 million, and \$9.3 million, respectively. The total growth (decline) in net position for the three funds during 2016 was \$1.2 million, \$2.9 million, and \$76 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 2016 original budget and the final revised expenditure budget was \$5.1 million. The major appropriations approved during the year were:

- \$481 thousand transfer to the ERA for purchase of future economic development property;
- \$2.2 million transfer to the 2013 Lease Repayment Fund for the early retirement of the debt for Riverside Library and Cultural Center.

During the year, actual revenues were \$12.9 million, which exceeded final budgetary estimates by \$286 thousand. The additional revenues are primarily due to fines and forfeitures, charges for service, state severance tax and federal mineral lease tax.

Actual expenditures and other financing sources totaled \$16.3 million which was \$2.5 million under budgeted expenditures and other financing sources. The fund balance as of December 31, 2016 was \$9.1 million. Of this amount, \$146 thousand is nonspendable and related to 2017 expenditures prepaid in 2016, \$1 million is restricted for emergencies, \$384 thousand is committed for functions related to designated revenue, and \$7.6 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, 2016, amounted to \$108.2 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:

- 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	
	2016	2015	2016	2015	2016	2015
Land and water shares	\$ 7,613	\$ 7,153	\$ 33,631	\$ 33,631	\$ 41,244	\$ 40,784
Landscaping	1,859	1,215	-	-	1,859	1,215
Construction in progress	3,267	2,077	13,404	7,330	16,671	9,407
Intangible assets	96	66	5	7	101	73
Land improvements	1,226	1,349	-	-	1,226	1,349
Building & improvements	8,469	8,795	301	338	8,770	9,133
System improvements	-	-	26,925	27,408	26,925	27,408
Machinery & equipment	538	455	420	255	958	710
Transportation equipment	949	529	-	-	949	529
Infrastructure	9,202	8,518	347	357	9,549	8,875
Total	\$ 33,219	\$ 30,157	\$ 75,033	\$ 69,326	\$ 108,252	\$ 99,483

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, 2016, the City had total capital lease obligations outstanding of \$1.9 million. In addition, the City has \$41.2 million in Colorado Water Resources and Power Development Authority ("CWRPDA") notes payable.

City of Evans Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Water loans	-	-	1,096	1,252	1,096	1,409
Wastewater loans	-	-	40,071	314	40,071	314
Capital Leases	1,865	2,110	-	-	1,865	2,110
Compensated Absences	376	322	120	114	496	436
Total	\$ 2,241	\$ 2,432	\$ 41,287	\$ 1,680	\$ 43,528	\$ 4,269

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

- Population has remained relatively unchanged over the past several years with a 2013 estimate of 20,153.
- The City's sales tax collections decreased by 13 percent in 2016, in large part due to decreases for the second year 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. To conservatively estimate the collections in the industrial category, sales tax revenues are projected to decrease 7 percent for 2017.
- Property tax increased by 15 percent in 2016 and is projected to increase by 7 percent for 2017. The increase is largely due to increased property valuations.

All of these factors were considered in preparing the City's budget for the 2017 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, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash, cash equivalents and investments	\$ 17,811,638	\$ 6,357,187	\$ 24,168,825
Receivables	2,785,576	881,196	3,666,772
Prepaid items	145,892	12,039	157,931
Restricted assets:			
Cash, cash equivalents and investments	1,000,000	1,307,048	2,307,048
Loan proceeds receivable	-	37,604,175	37,604,175
Investment in Greeley water	-	7,802,013	7,802,013
Capital assets, not being depreciated	12,739,115	39,233,571	51,972,686
Capital assets, being depreciated, net	20,480,544	27,997,145	48,477,689
Net pension asset	932,793	-	932,793
Total assets	55,895,558	121,194,374	177,089,932
Deferred outflows of resources			
Deferred outflows of resources relating to pensions	902,404	-	902,404
Liabilities			
Accounts payable	1,214,577	3,430,788	4,645,365
Accrued payroll	49,880	5,969	55,849
Deposits and escrows	452,670	74,959	527,629
Unearned revenue	41,025	-	41,025
Other liabilities	249,932	-	249,932
Accrued interest payable	3,541	171,043	174,584
Noncurrent liabilities:			
Accrued compensated absences	375,810	120,120	495,930
Due within one year	250,000	263,453	513,453
Due in more than one year	1,615,000	40,903,994	42,518,994
Total liabilities	4,252,435	44,970,326	49,222,761
Deferred inflows of resources			
Unearned revenue - property taxes	461,489	-	461,489
Deferred inflows of resources relating to pensions	65,850	-	65,850
Total deferred inflows of resources	527,339	-	527,339
Net Position			
Net investment in capital assets	31,354,659	68,249,528	99,604,187
Restricted for:			
Emergencies	1,000,000	-	1,000,000
Debt service	-	1,307,048	1,307,048
Parks and recreation	554,606	-	554,606
Pensions	932,793	-	932,793
Unrestricted	18,176,130	6,667,472	24,843,602
Total net position	\$ 52,018,188	\$ 76,224,048	\$ 128,242,236

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

City of Evans
Statement of Activities

Year Ended December 31, 2016

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 4,413,732	\$ 1,631,116	\$ 91,116	\$ 392,725
Public safety	4,168,665	733,042	-	-
Public works	2,870,068	335,485	-	563,966
Culture, parks and recreation	1,154,380	766,542	-	-
Community development	742,306	-	-	-
Flood recovery	335,943	-	287,175	-
Interest on long term-debt	48,221	-	-	-
Total governmental activities	13,733,315	3,466,185	378,291	956,691
Business-type activities:				
Water	4,123,938	5,074,295	-	864,716
Wastewater	1,658,979	2,478,323	189,200	2,246,791
Storm drainage	481,864	520,332	-	217,792
Total business-type activities	6,264,781	8,072,950	189,200	3,329,299
Total primary government	\$19,998,096	\$11,539,135	\$ 567,491	\$ 4,285,990

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

Net position at end of year

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (2,298,775)	\$ -	\$ (2,298,775)
(3,435,623)	-	(3,435,623)
(1,970,617)	-	(1,970,617)
(387,838)	-	(387,838)
(742,306)	-	(742,306)
(48,768)	-	(48,768)
(48,221)	-	(48,221)
(8,932,148)	-	(8,932,148)
-	1,815,073	1,815,073
-	3,255,335	3,255,335
-	256,260	256,260
-	5,326,668	5,326,668
(8,932,148)	5,326,668	(3,605,480)
449,845	-	449,845
27,300	-	27,300
7,795,516	-	7,795,516
627,905	-	627,905
68,789	-	68,789
2,072,699	-	2,072,699
86,047	38,994	125,041
405,155	-	405,155
8,914	12,958	21,872
11,542,170	51,952	11,594,122
1,254,381	(1,253,348)	1,033
12,796,551	(1,201,396)	11,595,155
3,864,403	4,125,272	7,989,675
48,153,785	72,098,776	120,252,561
\$52,018,188	\$76,224,048	\$128,242,236

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

City of Evans
Balance Sheet
Governmental Funds
December 31, 2016

	General	Street Construction	Evans Redevelopment Agency
Assets			
Equity in pooled cash, cash equivalents and investments	\$ 7,491,129	\$ 2,373,306	\$ 254,868
Restricted cash, cash equivalents and investments	1,000,000	-	-
Receivables	1,946,354	707,329	-
Prepaid items	145,892	-	-
Total assets	\$ 10,583,375	\$ 3,080,635	\$ 254,868
Liabilities, deferred inflows of resources and fund balances			
Liabilities			
Accounts payable	\$ 431,623	\$ 616,282	\$ 338
Unearned revenue	40,225	-	-
Accrued payroll	49,880	-	-
Deposits and escrows	452,670	-	-
Other liabilities	28,088	115,844	-
Total liabilities	1,002,486	732,126	338
Deferred inflows of resources			
Unearned revenue - property taxes	461,489	-	-
Total deferred inflows of resources	461,489	-	-
Fund balances			
Nonspendable	145,892	-	-
Restricted	1,000,000	-	-
Committed	383,897	-	-
Assigned	-	2,348,509	254,530
Unassigned	7,589,611	-	-
Total fund balances	9,119,400	2,348,509	254,530
Total liabilities, deferred inflows of resources and fund balances	\$ 10,583,375	\$ 3,080,635	\$ 254,868

Other Governmental Funds	Total Governmental Funds
\$ 7,692,335	\$ 17,811,638
-	1,000,000
131,893	2,785,576
-	145,892
<u>\$ 7,824,228</u>	<u>\$ 21,743,106</u>
\$ 166,334	\$ 1,214,577
800	41,025
-	49,880
-	452,670
106,000	249,932
<u>273,134</u>	<u>2,008,084</u>
-	461,489
-	461,489
-	145,892
554,606	1,554,606
40,795	424,692
6,955,693	9,558,732
-	7,589,611
<u>7,551,094</u>	<u>19,273,533</u>
<u>\$ 7,824,228</u>	<u>\$ 21,743,106</u>

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, 2016

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

Total fund balance - governmental funds	\$ 19,273,533
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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	\$ 46,334,060	
Less: accumulated depreciation	<u>(13,114,401)</u>	33,219,659

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

Pension asset	\$ 932,793	
Deferred outflows of resources relating to pensions	902,404	
Deferred inflows of resources relating to pensions	<u>(65,850)</u>	1,769,347

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, 2016 consist of:

Capital lease obligation	\$ (1,865,000)	
Compensated absences	(375,810)	
Accrued interest payable	<u>(3,541)</u>	(2,244,351)

Total net position - governmental activities	\$ 52,018,188
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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, 2016

	General	Street Construction	Evans Redevelopment Agency
Revenues			
Taxes	\$ 8,969,355	\$ -	\$ -
Licenses and permits	944,577	-	-
Intergovernmental	1,159,768	695,588	-
Grants and contributions			
Grants - flood	-	4,595	-
Other	483,841	563,966	-
Charges for services	438,633	-	-
Fines and forfeitures	646,463	-	-
Earnings on investments	23,524	19,011	-
Assessments	-	-	-
Miscellaneous	242,722	-	161,078
Total revenues	12,908,883	1,283,160	161,078
Expenditures			
General government	3,793,969	-	-
Public safety	4,390,742	-	-
Public works	1,328,635	198,287	-
Culture, parks and recreation	1,035,112	-	-
Community development	647,214	-	48,842
Flood recovery	240,795	69,081	-
Debt service			
Principal	-	-	-
Interest	24,371	-	-
Capital outlay	1,386,086	1,997,818	444,375
Total expenditures	12,846,924	2,265,186	493,217
Excess (deficiency) of revenues over expenditures	61,959	(982,026)	(332,139)
Other financing sources (uses)			
Proceeds from the sale of capital assets	31,285	-	-
Transfers in	1,287,462	850,000	441,034
Transfers out	(3,491,034)	-	-
Total other financing sources (uses)	(2,172,287)	850,000	441,034
Net changes in fund balances	(2,110,328)	(132,026)	108,895
Fund balance at beginning of year	11,229,728	2,480,535	145,635
Fund balance at end of year	\$ 9,119,400	\$ 2,348,509	\$ 254,530

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 8,969,355
1,600	946,177
217,343	2,072,699
282,580	287,175
-	1,047,807
665,400	1,104,033
-	646,463
43,512	86,047
769,512	769,512
1,355	405,155
<u>1,981,302</u>	<u>16,334,423</u>
-	3,793,969
-	4,390,742
614,343	2,141,265
83,000	1,118,112
-	696,056
26,067	335,943
245,000	245,000
24,371	48,742
818,384	4,646,663
<u>1,811,165</u>	<u>17,416,492</u>
170,137	(1,082,069)
-	31,285
2,200,000	4,778,496
(33,081)	(3,524,115)
<u>2,166,919</u>	<u>1,285,666</u>
2,337,056	203,597
5,214,038	19,069,936
<u>\$ 7,551,094</u>	<u>\$ 19,273,533</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, 2016

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

Net change in fund balance - total governmental funds \$ 203,597

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	\$ 4,611,302	
Depreciation expense	<u>(1,526,294)</u>	3,085,008

Proceeds from sale of capital assets are shown as an other financing source, but are reduced by the net book value of the asset to calculate the gain or loss on sale of capital assets on the statement of activities. This is the net book value of the capital assets sold. (22,371)

The repayment of the principal of long-term debt consumes current financial resources of governmental funds. 245,000

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	\$ (53,868)	
Change in accrued interest payable	<u>521</u>	(53,347)

Pension expense relating to the City's defined benefit retirement plans are recognized on the statement of activities and not included in the fund financial statements. 406,516

Change in net position of governmental activities **\$ 3,864,403**

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

City of Evans
Statement of Net Position
Proprietary Funds
December 31, 2016

	Water	Wastewater	Storm Drainage	Total
Assets				
Current assets				
Equity in pooled cash, cash equivalents and investments	\$ 2,749,126	\$ 2,707,341	\$ 900,720	\$ 6,357,187
Receivables	550,153	266,035	65,008	881,196
Prepaid items	12,039	-	-	12,039
Total current assets	3,311,318	2,973,376	965,728	7,250,422
Noncurrent assets				
Restricted cash, cash equivalents and investments	1,014,937	292,111	-	1,307,048
Loan proceeds receivable	20,893	37,583,282	-	37,604,175
Investment in Greeley water	7,802,013	-	-	7,802,013
Capital assets, not being depreciated	29,722,937	8,012,544	1,498,090	39,233,571
Capital assets, being depreciated, net	12,272,966	8,854,162	6,870,017	27,997,145
Total noncurrent assets	50,833,746	54,742,099	8,368,107	113,943,952
Total assets	54,145,064	57,715,475	9,333,835	121,194,374
Liabilities				
Current liabilities				
Accounts payable	238,104	3,179,677	13,007	3,430,788
Accrued expenses	1,475	4,494	-	5,969
Deposits and escrows	33,603	36,205	5,151	74,959
Accrued interest payable	-	171,043	-	171,043
Current portion of note payable	156,579	106,874	-	263,453
Total current liabilities	429,761	3,498,293	18,158	3,946,212
Noncurrent liabilities				
Accrued compensated absences	52,198	60,859	7,063	120,120
Note payable	939,474	39,964,520	-	40,903,994
Total noncurrent liabilities	991,672	40,025,379	7,063	41,024,114
Total liabilities	1,421,433	43,523,672	25,221	44,970,326
Net position				
Net investment in capital assets	48,658,496	11,222,925	8,368,107	68,249,528
Restricted	1,014,937	292,111	-	1,307,048
Unrestricted	3,050,198	2,676,767	940,507	6,667,472
Total net position	\$ 52,723,631	\$ 14,191,803	\$ 9,308,614	\$ 76,224,048

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, 2016

	Water	Wastewater	Storm Drainage	Total
Operating revenues				
Water/sewer/storm drainage sales	\$ 4,779,805	\$ 2,478,323	\$ 520,332	\$ 7,778,460
Non-potable water sales	241,363	-	-	241,363
Water meters	41,274	-	-	41,274
Other sales	11,853	-	-	11,853
Total operating revenues	5,074,295	2,478,323	520,332	8,072,950
Operating expenses				
Water supply and administrative	3,409,833	-	-	3,409,833
Wastewater and administrative	-	749,712	-	749,712
Storm drainage and administrative	-	-	212,563	212,563
Depreciation expense	714,105	516,128	269,301	1,499,534
Flood recovery	-	16,820	-	16,820
Total operating expenses	4,123,938	1,282,660	481,864	5,888,462
Operating income	950,357	1,195,663	38,468	2,184,488
Nonoperating revenues (expenses)				
Grants and contributions	-	1,898,540	-	1,898,540
Grants and contributions - flood	83,669	189,200	167,478	440,347
Earnings on investments	22,209	12,702	4,083	38,994
Gain on sale of capital assets	6,915	6,043	-	12,958
Interest expense	-	(376,319)	-	(376,319)
Total nonoperating revenues (expenses)	112,793	1,730,166	171,561	2,014,520
Income before transfers and contributions				
	1,063,150	2,925,829	210,029	4,199,008
Transfers out	(649,915)	(418,733)	(184,700)	(1,253,348)
Plant investment fees and cash in lieu of fees	781,047	348,251	50,314	1,179,612
Change in net position	1,194,282	2,855,347	75,643	4,125,272
Net position at beginning of year	51,529,349	11,336,456	9,232,971	72,098,776
Net position at end of year	\$ 52,723,631	\$ 14,191,803	\$ 9,308,614	\$ 76,224,048

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

City of Evans
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2016

	Water	Wastewater	Storm Drainage	Total
Cash flows from operating activities				
Cash received from customers	\$ 5,196,751	\$ 2,886,377	\$ 522,151	\$ 8,605,279
Cash payments to suppliers	(3,454,364)	(991,681)	(255,594)	(4,701,639)
Cash payments to employees	(141,637)	(406,421)	-	(548,058)
Net cash flows from operating activities	1,600,750	1,488,275	266,557	3,355,582
Cash flows from non-capital financing activities				
Transfers to other funds	(649,915)	(418,733)	(184,700)	(1,253,348)
Grants and contributions	(40,866)	1,857,241	188,439	2,004,814
Net cash flows from non-capital financing activities	(690,781)	1,438,508	3,739	751,466
Cash flows from capital and related financing activities				
Plant investment fees and cash in lieu of fees	781,047	348,251	50,314	1,179,612
Principal paid on debt	(156,579)	(106,643)	-	(263,222)
Interest paid on debt	-	(212,459)	-	(212,459)
Change in restricted cash	(90,085)	(6,672)	-	(96,757)
Receipts of loan proceeds receivable	105,491	2,280,905	-	2,386,396
Proceeds from sale of capital assets	6,915	6,043	-	12,958
Acquisition of capital assets	(326,148)	(3,592,009)	(67,099)	(3,985,256)
Net cash flows from capital and related financing activities	320,641	(1,282,584)	(16,785)	(978,728)
Cash flows from investing activities				
Proceeds from sale of investments	512,365	408,286	122,606	1,043,257
Purchases of investments	(889,285)	(1,004,679)	(192,019)	(2,085,983)
Earnings on investments	22,128	12,875	4,083	39,086
Net cash flows from investing activities	(354,792)	(583,518)	(65,330)	(1,003,640)
Net change in cash and cash equivalents	875,818	1,060,681	188,181	2,124,680
Cash and cash equivalents at beginning of year	467,415	526,352	376,116	1,369,883
Cash and cash equivalents at end of year	\$ 1,343,233	\$ 1,587,033	\$ 564,297	\$ 3,494,563
Cash and cash equivalents at end of year	\$ 1,343,233	\$ 1,587,033	\$ 564,297	\$ 3,494,563
Investments	1,405,893	1,120,308	336,423	2,862,624
Cash, cash equivalents and investments at end of year	\$ 2,749,126	\$ 2,707,341	\$ 900,720	\$ 6,357,187

Continued.

City of Evans
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2016

	Water	Wastewater	Storm Drainage	Total
Reconciliation of operating income to net cash flows from operating activities:				
Operating income	\$ 950,357	\$ 1,195,663	\$ 38,468	\$ 2,184,488
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation expense	714,105	516,128	269,301	1,499,534
Changes in operating assets and liabilities				
Receivables	122,456	408,054	1,819	532,329
Accounts payable and accrued expenses	(186,168)	(631,570)	(43,031)	(860,769)
Net cash flows from operating activities	\$ 1,600,750	\$ 1,488,275	\$ 266,557	\$ 3,355,582
Noncash and related financing activities				
Capital assets acquired with accounts payable	\$ 64,260	\$ 3,155,669	\$ -	\$ 3,219,929
Loan Proceeds Receivable	\$ -	\$ 37,583,282	\$ -	\$ 37,583,282

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

City of Evans
Statement of Fiduciary Net Position
Cemetery Endowment Fund
December 31, 2016

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, 2016

Additions	
Earnings on investments	\$ 1,033
Total additions	1,033
Transfers	
Transfers out	(1,033)
Total transfers	(1,033)
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, 2016

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

City of Evans
Notes to Financial Statements
December 31, 2016

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.

City of Evans
Notes to Financial Statements
December 31, 2016

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, Waste Water, 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.

City of Evans
Notes to Financial Statements
December 31, 2016

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

	Original Budget	Total Revisions	Revised Budget
Governmental funds:			
General	\$ 13,747,893	\$ 5,095,020	\$ 18,842,913
Special revenue funds:			
Parks Impact	-	193,000	193,000
Conservation Trust	95,000	97,000	192,000
Refuse Collection	654,654	-	654,654
Street Impact	250,000	1,259,478	1,509,478
Fire Impact	-	-	-
Police Impact	-	-	-
Cemetery Perpetual Care	-	75,000	75,000
Evans Redevelopment Agency	358,710	481,000	839,710
Capital projects fund:			
Street Construction	3,185,500	4,627,193	7,812,693
Parks Construction	1,689,073	359,142	2,048,215
Debt service fund:			
2013 Lease Repayment	-	269,731	269,731
Business-type funds:			
Water	4,788,624	473,355	5,261,979
Wastewater	1,861,753	41,222,768	43,084,521
Storm Drainage	239,031	437,373	676,404
Fiduciary fund:			
Cemetery Endowment	6,000	-	6,000
Total funds	\$ 26,876,238	\$ 54,590,060	\$ 81,466,298

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 2016, the City had investments in commercial paper, corporate bonds, U.S. treasury obligations, U.S. instrumentality obligations, and local government investment pools.

Investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, based on quoted market values.

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.

City of Evans
Notes to Financial Statements
December 31, 2016

An analysis of the City's cash and investment accounts at December 31, 2016, is provided in Note 2.

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.

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.

City of Evans
Notes to Financial Statements
December 31, 2016

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 net 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 net 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.

City of Evans
Notes to Financial Statements
December 31, 2016

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. Only the General Fund reports a positive unassigned fund balance. In other governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to other purposes, the funds would report a negative unassigned fund balance; however, any amount reported as assigned fund balance would have to be eliminated before a negative unassigned fund balance could be reported.

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.

City of Evans
Notes to Financial Statements
December 31, 2016

As of December 31, 2016, fund balances are composed of the following:

	General Fund	Street Construction Fund	Evans Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 145,892	\$ -	\$ -	\$ -	\$ 145,892
Restricted:					
Emergency reserve	1,000,000	-	-	-	1,000,000
Parks and recreation	-	-	-	554,606	554,606
Committed:					
Surcharge fees	383,897	-	-	-	383,897
Street construction	-	-	-	40,795	40,795
Assigned:					
Special revenue funds	-	-	254,530	6,955,693	7,210,223
Street construction	-	2,348,509	-	-	2,348,509
Unassigned:					
	7,589,611	-	-	-	7,589,611
Total	\$ 9,119,400	\$ 2,348,509	\$ 254,530	\$ 7,551,094	\$ 19,273,533

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. Cash and Investments

A summary of deposits and investments as of December 31, 2016, follows:

Petty cash	\$ 1,967
Cash deposits	9,675,200
Investments	16,848,173
Total	\$ 26,525,340

City of Evans
Notes to Financial Statements
December 31, 2016

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	1,307,048
Fiduciary funds	49,467
Unrestricted cash and investments:	
Governmental activities	17,811,638
Business-type activities	6,357,187
<hr/>	
Total cash and investments	\$ 26,525,340

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, 2016, the City had deposits with financial institutions with a carrying amount of \$9,675,200. The bank balances with the financial institutions were \$10,162,333, of which \$1,000,000 was covered by federal depository insurance. The remaining balance of \$9,162,333 was collateralized with securities held by the financial institutions' agents but not in the City's name.

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

City of Evans
Notes to Financial Statements
December 31, 2016

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, 2016, the City had the following investments:

Investments	S&P Rating	Moody Rating	Fair Value	Average Maturity Date (in days)	Concentration of Credit Risk
US Treasury	AAA	Aaa	\$ 500,570	120	2.97%
US Instrumentality	AAA	Aaa	5,173,243	532	30.71%
Certificates of deposit	NR	NR	2,392,367	1,211	14.20%
Corporate Bonds	AA-/AA+	AA1/AA3	999,605	219	5.93%
ColoTrust	AAAm	Aaa	7,782,388	N/A	46.19%
Total investments			\$ 16,848,173		

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investment balances at fair value hierarchy are as follows:

Investments	Level 1	Level 2	Level 3	Total
US Treasury	\$ -	\$ 500,570	\$ -	\$ 500,570
US Instrumentality	-	5,173,243	-	5,173,243
Certificates of deposit	-	2,392,367	-	2,392,367
Corporate Bonds	-	999,605	-	999,605
ColoTrust	-	7,782,388	-	7,782,388
Total investments	\$ -	\$ 16,848,173	\$ -	\$ 16,848,173

As of December 31, 2016, the City has invested funds in ColoTrust and CSAFE, local government 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. Balances in CSAFE are valued using the net asset value ("NAV") per share (or its equivalent) of the investments; therefore, balances in CSAFE are included with cash and cash equivalents.

City of Evans
Notes to Financial Statements
December 31, 2016

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.

3. Receivables

Receivables at December 31, 2016, consist of the following:

Receivables	General	Special Revenue	Capital Projects	Enterprise	Total
Taxes	\$ 461,489	\$ -	\$ -	\$ -	\$ 461,489
Accounts	223,829	60,357	661,718	572,325	1,518,229
Intergovernmental	1,260,065	71,536	45,611	12,030	1,389,242
Other	971	-	-	296,841	297,812
Total	\$ 1,946,354	\$ 131,893	\$ 707,329	\$ 881,196	\$ 3,666,772

City of Evans
Notes to Financial Statements
December 31, 2016

4. Capital Assets

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

	Beginning Balance	Increases	(Decreases)	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 7,153,269	\$ 459,375	\$ -	\$ 7,612,644
Landscaping	1,214,869	644,536	-	1,859,405
Construction in progress	2,076,894	1,836,358	(646,186)	3,267,066
Total capital assets, not being depreciated	10,445,032	2,940,269	(646,186)	12,739,115
Capital assets, being depreciated:				
Intangible assets	137,247	51,750	-	188,997
Land improvements	3,211,617	42,630	-	3,254,247
Infrastructure	12,633,329	1,226,849	-	13,860,178
Buildings and improvements	11,736,049	-	-	11,736,049
Machinery and equipment	2,238,019	304,541	-	2,542,560
Transportation equipment	1,629,404	691,449	(307,939)	2,012,914
Total capital assets, being depreciated	31,585,665	2,317,219	(307,939)	33,594,945
Less accumulated depreciation for:				
Intangible assets	(71,150)	(21,792)	-	(92,942)
Land improvements	(1,862,179)	(166,164)	-	(2,028,343)
Infrastructure	(4,114,813)	(543,049)	-	(4,657,862)
Buildings and improvements	(2,941,090)	(325,582)	-	(3,266,672)
Machinery and equipment	(1,783,550)	(221,493)	-	(2,005,043)
Transportation equipment	(1,100,893)	(248,214)	285,568	(1,063,539)
Total accumulated depreciation	(11,873,675)	(1,526,294)	285,568	(13,114,401)
Total capital assets, being depreciated, net	19,711,990	790,925	(22,371)	20,480,544
Governmental activities capital assets, net	\$ 30,157,022	\$ 3,731,194	\$ (668,557)	\$ 33,219,659

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

General government	\$ 610,516
Public safety	129,735
Public works	724,991
Culture, parks and recreation	15,263
Community development	45,789
Total depreciation expense - governmental activities	\$ 1,526,294

City of Evans
Notes to Financial Statements
December 31, 2016

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	7,330,389	6,891,950	(817,925)	13,404,414
Total capital assets, not being depreciated	40,961,559	6,891,950	(817,925)	47,035,584
Capital assets, being depreciated:				
System improvements	45,335,749	878,239	-	46,213,988
Machinery and equipment	1,488,071	252,921	(54,267)	1,686,725
Buildings and improvements	870,390	-	-	870,390
Intangible assets	21,207	-	-	21,207
Infrastructure	443,949	-	-	443,949
Total capital assets, being depreciated	48,159,366	1,131,160	(54,267)	49,236,259
Less accumulated depreciation for:				
System improvements	(17,927,645)	(1,362,563)	-	(19,290,208)
Machinery and equipment	(1,232,890)	(87,643)	54,267	(1,266,266)
Buildings and improvements	(532,481)	(37,009)	-	(569,490)
Intangible assets	(14,320)	(2,119)	-	(16,439)
Infrastructure	(86,511)	(10,200)	-	(96,711)
Total accumulated depreciation	(19,793,847)	(1,499,534)	54,267	(21,239,114)
Total capital assets, being depreciated, net	28,365,519	(368,374)	-	27,997,145
Business-type activities capital assets, net	\$ 69,327,078	\$ 6,523,576	\$ (817,925)	\$ 75,032,729

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

Water enterprise	\$ 714,105
Wastewater enterprise	516,128
Drainage enterprise	269,301
Total depreciation expense - business - type activities	\$ 1,499,534

City of Evans
Notes to Financial Statements
December 31, 2016

5. Long-Term Debt

Governmental Activities Debt

Following is a summary of governmental activity debt transactions for the year ended December 31, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental activities:					
Capital lease obligation	\$ 2,110,000	\$ -	\$ (245,000)	\$ 1,865,000	\$ 250,000
Compensated absences	321,942	799,753	(745,885)	375,810	-
Total long-term debt	\$ 2,431,942	\$ 799,753	\$ (990,885)	\$ 2,240,810	\$ 250,000

During 2013, the City entered into a capital lease obligation, 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
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	270,000	19,288	289,288
2022 - 2023	565,000	19,636	584,636
Total	\$ 1,865,000	\$ 176,138	\$ 2,041,138

Business-Type Activities Debt

Following is a summary of business-type activity debt transactions for the year ended December 31, 2016:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Wastewater - Colorado Water Resources and Power Development Authority ("CWRPDA") note payable (4/98)	\$ 216,420	\$ -	\$ (70,337)	\$ 146,083	\$ 69,370
Wastewater - CWRPDA note payable (11/98)	97,430	-	(26,307)	71,123	27,504
Wastewater - CWRPDA note payable 2016	-	39,864,188	(10,000)	39,854,188	10,000
Water - CWRPDA note payable (2013)	1,252,632	-	(156,579)	1,096,053	156,579
Compensated absences	113,698	171,650	(165,228)	120,120	-
Total long term debt	\$1,680,180	\$ 40,035,838	\$ (428,451)	\$ 41,287,567	\$263,453

City of Evans
Notes to Financial Statements
December 31, 2016

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 \$217,207. Principal and interest paid for the current year and specified net budget revenues were \$110,763 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, 2016, the City had drawn down \$1,479,017 from this loan. The remaining amount available of \$20,983 to be received is reflected as loan proceeds receivable in the accompanying statement of net position.

During 2016, the City entered into a loan agreement with the CWRPDA for a principal amount of approximately \$39.9 million. The loan is secured by Pledged Property as defined within the agreement. Proceeds from the loan are providing financing for the construction and maintenance of the new wastewater treatment works at the Hill-N-Park site and the replacement of the Hill-N-Park lagoon system, decommissioning both lagoon systems, and replacing with new equipment. The loan bears interest of 1.7%. As of December 31, 2016, the City had drawn down approximately \$2.3 million from this loan. The remaining amount available of approximately \$37.6 million 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 and Servicing Fees	Total
2017	\$ 263,453	\$ 727,708	\$ 991,161
2018	272,046	722,831	994,877
2019	1,871,968	717,898	2,589,866
2020	1,891,384	681,814	2,573,198
2021	1,927,271	646,814	2,574,085
2022-2026	9,658,036	2,746,818	12,404,854
2027-2031	9,907,826	2,185,418	12,093,244
2032-2036	10,739,525	1,361,007	12,100,532
2037-2038	4,635,938	157,730	4,793,668
Total	\$ 41,167,447	\$ 9,948,038	\$ 51,115,485

City of Evans
Notes to Financial Statements
December 31, 2016

6. Interfund Transfers

The following table summarizes interfund transfers for the year ended December 31, 2016:

	Transfers Out						Total
	General Fund	Water Fund	Wastewater Fund	Storm Drainage	Nonmajor Governmental Funds	Fiduciary	
Transfers In:							
General Fund	\$ -	\$ 649,915	\$ 418,733	\$ 184,700	\$ 33,081	\$ 1,033	\$1,287,462
Street Construction Fund	850,000	-	-	-	-	-	850,000
Evans Redevelopment Agency	441,034	-	-	-	-	-	441,034
2013 Lease Repayment Fund	2,200,000	-	-	-	-	-	2,200,000
Total	\$3,491,034	\$ 649,915	\$ 418,733	\$ 184,700	\$ 33,081	\$ 1,033	\$4,778,496

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.

7. 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 2016 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, 2016 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 2016	\$ 8,692	\$ 48,900	\$ 46,150	\$ 11,442

City of Evans
Notes to Financial Statements
December 31, 2016

8. 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.

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, 2016 was \$6,413,259. The City’s contributions to the Plan for the years ending December 31, 2016, 2015 and 2014 were \$276,698, \$308,898 and \$267,824, 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, 2015 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

City of Evans
Notes to Financial Statements
December 31, 2016

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 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, 2015 was \$55,176,831. 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

City of Evans
Notes to Financial Statements
December 31, 2016

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.

Contributions to the Plan from the City were \$42,552 for the year ended December 31, 2016.

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

At December 31, 2016, the City reported an asset of \$1,802 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015 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, 2016, the City's proportion was 0.1022 percent, which was a decrease of 0.0039 from its proportion measured as of December 31, 2014.

For the year ended December 31, 2016, the City recognized pension expense of \$26,431. At December 31, 2016, 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	\$ 14,574	\$ 2,128
Changes of assumptions or other inputs	28,305	-
Net difference between projected and actual earnings on pension plan investments	91,716	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	5,514	-
City contributions subsequent to the measurement date	42,552	-
	\$ 182,661	\$ 2,128

City of Evans
Notes to Financial Statements
December 31, 2016

The \$42,552 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, 2017. 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
2017	\$ 28,536
2018	28,536
2019	28,536
2020	26,175
2021	5,017
Thereafter	21,181
	\$ 137,981

Actuarial assumptions. The actuarial valuations for the plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2015. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2016	January 1, 2015
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-term Investment rate of return *	7.5 percent	7.5 percent
Projected salary increases *	4.0 - 14.0 percent	4.0 - 14.0 percent
Cost of Living Adjustment	0.0 percent	0.0 percent
* Includes Inflation at	2.5 percent	3.0 percent

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January

City of Evans
Notes to Financial Statements
December 31, 2016

1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0%
Total	100.0%	

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

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)	\$252,440	\$(1,802)	\$(212,687)

* 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.

City of Evans
Notes to Financial Statements
December 31, 2016

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, 2015, the Plan has 36 participating employer departments.

Employers may not withdraw from the Plan once affiliated. The Plan assets for the Defined Benefit Component are included in the Fire & Police Members' Benefit Investment Fund and Plan assets associated with the Money Purchase Component and the Deferred Retirement Option Plan "DROP" are included in the Fire & Police Members' Self-Directed Investment Fund.

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 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, 2015 was \$512,328. This amount was not included in the SWH Plan Net Position.

City of Evans
Notes to Financial Statements
December 31, 2016

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, 2015 through June 30, 2016 is 12.6 percent. The Defined Benefit Component contribution rate from July 1, 2014 through June 30, 2015 was 12.5 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. Employer and member contributions are invested in funds at the discretion of members.

Contributions to the Plan from the City were \$145,665 for the year ended December 31, 2016.

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

At December 31, 2016, the City reported an asset of \$930,991 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2015, 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, 2015, the City's proportion was 8.8389 percent, which was a decrease of .4713 from its proportion measured as of December 31, 2014.

City of Evans
Notes to Financial Statements
December 31, 2016

For the year ended December 31, 2016, the City recognized pension expense of (\$244,730). At December 31, 2016, 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	\$ 278,551	\$ -
Changes of assumptions or other inputs	49,147	-
Net difference between projected and actual earnings on pension plan investments	194,403	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	51,977	63,722
City contributions subsequent to the measurement date	145,665	-
	\$ 719,743	\$ 63,722

The \$145,665 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
2017	\$ 92,623
2018	92,623
2019	92,623
2020	82,681
2021	41,537
Thereafter	108,269
	\$ 510,356

Actuarial assumptions. The actuarial valuations for the plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2015. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2016	January 1, 2015
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-term Investment rate of return *	7.5 percent	7.5 percent
Projected salary increases *	4.0 - 14.0 percent	4.0 - 14.0 percent
Cost of Living Adjustment	0.0 percent	0.0 percent
* Includes Inflation at	2.5 percent	3.0 percent

City of Evans
Notes to Financial Statements
December 31, 2016

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB is used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

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

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2016 and were used in the rollforward calculation of total pension liability as of December 31, 2015. Actuarial assumptions effective for actuarial valuations prior to January 1, 2016 were used in the determination of the actuarially determined contributions as of December 31, 2015. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37.0%	6.5%
Equity Long/Short	10.0%	4.7%
Illiquid Alternatives	20.0%	8.0%
Fixed Income	16.0%	1.5%
Absolute Return	11.0%	4.1%
Managed Futures	4.0%	3.0%
Cash	2.0%	0.0%
Total	100.0%	

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

City of Evans
Notes to Financial Statements
December 31, 2016

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)	(\$539,141)	(\$930,991)	(\$1,258,574)

* 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.

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 all full-time city employees. 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. The City's contributions to the plan for the years ended December 31, 2016, 2015, and 2014 were \$6,147, \$4,172 and \$3,867, respectively.

City of Evans
Notes to Financial Statements
December 31, 2016

9. Rate Maintenance

The 1998 and 2016 Colorado Water Resources and Power Development Authority loan agreements (Waste Water 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	
2016 Gross revenues	\$ 2,839,276
2016 Operation and maintenance expense	749,712
Net revenues as defined in 1998 and 2016	
CWRPDA loan agreement	2,089,564
110% of 1998 and 2016 loan debt service	(350,913)
Amount 2016 net revenue exceeded the	
1998 and 2016 loan requirements	\$ 1,738,651

Water Fund	
2016 Gross revenues	\$ 5,877,551
2016 Operation and maintenance expense	3,409,833
Net revenues as defined in 2013	
CWRPDA loan agreement	2,467,718
110% of 2013 loan debt service	(172,237)
Amount 2016 net revenue exceeded the	
2013 loan requirements	\$ 2,295,481

10. 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 2016.

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 2016, 5% of budgeted revenues were \$2,678,883 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

City of Evans
Notes to Financial Statements
December 31, 2016

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, 2016, 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.

11. 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 \$474,137 in 2016.

12. 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.

13. Subsequent Events

The City has evaluated subsequent events through July 6, 2017, the date which the financial statements were available to be issued. There were no 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, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,726,995	\$ 8,726,995	\$ 8,969,355	\$ 242,360
Licenses and permits	955,767	955,767	944,577	(11,190)
Intergovernmental	1,543,543	1,815,123	1,159,768	(655,355)
Grants and contributions				
Grants - flood	-	-	-	-
Other	-	272,916	483,841	210,925
Charges for services	373,853	373,853	438,633	64,780
Fines and forfeitures	362,370	362,370	646,463	284,093
Earnings on investments	-	-	23,524	23,524
Miscellaneous	115,636	115,636	242,722	127,086
Total revenues	12,078,164	12,622,660	12,908,883	286,223
Expenditures				
General government	3,368,213	3,962,248	3,793,969	168,279
Public safety	4,301,728	4,344,038	4,390,742	(46,704)
Public works	1,602,289	1,412,472	1,328,635	83,837
Culture, parks and recreation	1,510,357	1,391,183	1,035,112	356,071
Community development	682,863	1,234,943	647,214	587,729
Flood recovery	277,690	280,606	240,795	39,811
Debt service	293,741	-	24,371	(24,371)
Capital outlay	836,220	2,411,631	1,386,086	1,025,545
Total expenditures	12,873,101	15,037,121	12,846,924	2,190,197
Excess (deficiency) of revenues over expenditures	(794,937)	(2,414,461)	61,959	2,476,420
Other financing sources (uses)				
Proceeds from the sale of capital assets	-	-	31,285	31,285
Transfers out	(874,792)	(3,805,792)	(3,491,034)	314,758
Transfers in	1,403,196	1,403,196	1,287,462	(115,734)
Total other financing sources (uses)	528,404	(2,402,596)	(2,172,287)	230,309
Net change in fund balance	\$ (266,533)	\$ (4,817,057)	(2,110,328)	\$ 2,706,729
Fund balance at beginning of year			<u>11,229,728</u>	
Fund balance at end of year			<u>\$ 9,119,400</u>	

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, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous revenue	\$ 230,000	\$ 230,000	\$ 161,078	\$ (68,922)
Total revenues	230,000	230,000	161,078	(68,922)
Expenditures				
Community development	358,710	358,710	48,842	309,868
Capital outlay	-	481,000	444,375	36,625
Total expenditures	358,710	839,710	493,217	346,493
Other financing sources				
Transfers in	274,791	755,791	441,034	(314,757)
Total other financing sources	274,791	755,791	441,034	(314,757)
Net change in fund balance	\$ 146,081	\$ 146,081	108,895	\$ (37,186)
Fund balance at beginning of year			<u>145,635</u>	
Fund balance at end of year			<u>\$ 254,530</u>	

See accompanying Independent Auditor's Report.

City of Evans
Schedule of the City's Proportionate Share of the Net Pension Asset

Last Ten Years

	2016	2015	2014
FPPA - Defined Benefit Plan			
City's proportion of the net pension liability/(asset)	\$ (1,802)	\$ (119,765)	\$ (135,044)
City's proportionate share of the net pension liability/(asset)	0.1022%	0.1061%	0.1079%
City's covered-employee payroll	\$ 613,934	\$ 550,536	\$ 539,700
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	0.29%	21.75%	25.02%
Plan fiduciary net position as a percentage of the total pension	100.10%	106.80%	105.80%
FPPA - Statewide Hybrid Plan			
City's proportion of the net pension liability/(asset)	\$ (930,991)	\$ (1,104,158)	\$ (984,539)
City's proportionate share of the net pension liability/(asset)	8.8389%	9.3102%	8.5208%
City's covered-employee payroll	\$ 1,808,548	\$ 1,661,575	\$ 1,585,766
City's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	51.48%	66.45%	62.09%
Plan fiduciary net position as a percentage of the total pension	129.44%	140.60%	139.00%

* 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

	2016	2015	2014	2013
FPPA - Defined Benefit Plan				
Statutorily Required Contribution	\$ 42,552	\$ 39,658	\$ 38,178	\$ 37,505
Contributions in Relation to the Statutorily Required Contribution	42,552	39,658	38,178	37,505
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 531,901	\$ 613,934	\$ 550,536	\$ 539,700
Contributions as a Percentage of Covered Employee Payroll	8.00%	6.46%	6.93%	6.95%
FPPA - Statewide Hybrid Plan				
Statutorily Required Contribution	\$ 145,665	\$ 116,826	\$ 115,244	\$ 110,233
Contributions in Relation to the Statutorily Required Contribution	\$ 145,665	\$ 116,826	\$ 115,244	\$ 110,233
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,820,819	\$ 1,808,548	\$ 1,661,575	\$ 1,585,766
Contributions as a Percentage of Covered Employee Payroll	8.00%	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.

Other Supplementary Information
Combining and Individual Nonmajor Fund Statements and
Schedules

City of Evans
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Parks Impact	Conservation Trust	Fire Impact
Assets			
Equity in pooled cash, cash equivalents, and investments	\$ 1,962,052	\$ 554,606	\$ 395,105
Receivables	-	-	-
Total assets	\$ 1,962,052	\$ 554,606	\$ 395,105
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Other liabilities	106,000	-	-
Unearned revenue	-	-	-
Total liabilities	106,000	-	-
Fund Balances			
Restricted	-	554,606	-
Committed	-	-	-
Assigned	1,856,052	-	395,105
Total fund balances	1,856,052	554,606	395,105
Total liabilities and fund balances	\$ 1,962,052	\$ 554,606	\$ 395,105

Refuse Collection	Street Impact	Parks Construction	Cemetery Perpetual Care	2013 Lease Repayment	Police Impact	Total
\$ 428,010	\$ 1,439,876	\$ 869,178	\$ 95,786	\$ 1,930,629	\$ 17,093	\$ 7,692,335
61,384	70,509	-	-	-	-	131,893
\$ 489,394	\$ 1,510,385	\$ 869,178	\$ 95,786	\$ 1,930,629	\$ 17,093	\$ 7,824,228
\$ 44,996	\$ 4,453	\$ 116,885	\$ -	\$ -	\$ -	\$ 166,334
-	-	-	-	-	-	106,000
800	-	-	-	-	-	800
45,796	4,453	116,885	-	-	-	273,134
-	-	-	-	-	-	554,606
-	40,795	-	-	-	-	40,795
443,598	1,465,137	752,293	95,786	1,930,629	17,093	6,955,693
443,598	1,505,932	752,293	95,786	1,930,629	17,093	7,551,094
\$ 489,394	\$ 1,510,385	\$ 869,178	\$ 95,786	\$ 1,930,629	\$ 17,093	\$ 7,824,228

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, 2016

	Parks Impact	Conservation Trust	Fire Impact
Revenues			
Intergovernmental	\$ -	\$ 217,343	\$ -
Licenses and permits	-	-	-
Grants and contributions			
Grants - flood	-	-	-
Charges for services	-	-	-
Earnings on investments	14,370	4,066	2,768
Assessments	355,080	-	76,451
Miscellaneous	-	-	-
Total revenues	369,450	221,409	79,219
Expenditures			
Public works	-	-	-
Culture, parks and recreation	83,000	-	-
Flood recovery	-	-	-
Capital outlay	42,630	132,317	-
Debt service	-	-	-
Total expenditures	125,630	132,317	-
Excess (deficiency) of revenues over expenditures	243,820	89,092	79,219
Other financing uses			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net changes in fund balances	243,820	89,092	79,219
Fund balance at beginning of year	1,612,232	465,514	315,886
Fund balance at end of year	\$ 1,856,052	\$ 554,606	\$ 395,105

Refuse Collection	Street Impact	Parks Construction	Cemetery Perpetual Care	2013 Lease Repayment	Police Impact	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 217,343
1,600	-	-	-	-	-	1,600
-	70,509	212,071	-	-	-	282,580
665,400	-	-	-	-	-	665,400
3,193	10,288	8,075	752	-	-	43,512
-	318,607	-	2,281	-	17,093	769,512
1,355	-	-	-	-	-	1,355
671,548	399,404	220,146	3,033	-	17,093	1,981,302
614,343	-	-	-	-	-	614,343
-	-	-	-	-	-	83,000
-	-	26,067	-	-	-	26,067
-	85,167	558,270	-	-	-	818,384
-	-	-	-	269,371	-	269,371
614,343	85,167	584,337	-	269,371	-	1,811,165
57,205	314,237	(364,191)	3,033	(269,371)	17,093	170,137
-	-	-	-	2,200,000	-	2,200,000
(33,081)	-	-	-	-	-	(33,081)
(33,081)	-	-	-	2,200,000	-	2,166,919
24,124	314,237	(364,191)	3,033	1,930,629	17,093	2,337,056
419,474	1,191,695	1,116,484	92,753	-	-	5,214,038
\$ 443,598	\$ 1,505,932	\$ 752,293	\$ 95,786	\$ 1,930,629	\$ 17,093	\$ 7,551,094

See accompanying Independent Auditor's Report.

City of Evans
Parks Impact Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Impact fees	\$ -	\$ -	\$ 355,080	\$ 355,080
Earnings on investments	12,118	12,118	14,370	2,252
Total revenues	12,118	12,118	369,450	357,332
Expenditures				
Capital outlay	-	110,000	42,630	67,370
Culture, parks and recreation	-	83,000	83,000	-
Total expenditures	-	193,000	125,630	67,370
Net change in fund balance	\$ 12,118	\$ (180,882)	243,820	\$ 424,702
Fund balance at beginning of year			1,612,232	
Fund balance at end of year			\$ 1,856,052	

See accompanying Independent Auditor's Report.

City of Evans
Conservation Trust Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental				
State shared revenue	\$ 188,000	\$ 188,000	\$ 217,343	\$ 29,343
Earnings on investments	1,203	1,203	4,066	2,863
Total revenues	189,203	189,203	221,409	32,206
Expenditures				
Capital outlay	95,000	192,000	132,317	59,683
Total expenditures	95,000	192,000	132,317	59,683
Net change in fund balance	\$ 94,203	\$ (2,797)	89,092	\$ 91,889
Fund balance at beginning of year			465,514	
Fund balance at end of year			\$ 554,606	

See accompanying Independent Auditor's Report.

City of Evans
Fire Impact Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Impact fees	\$ -	\$ -	\$ 76,451	\$ 76,451
Earnings on investments	2,740	2,740	2,768	28
Total revenues	2,740	2,740	79,219	76,479
Net change in fund balance	\$ 2,740	\$ 2,740	79,219	\$ 76,479
Fund balance at beginning of year			315,886	
Fund balance at end of year			\$ 395,105	

See accompanying Independent Auditor's Report.

City of Evans
Refuse Collection Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits				
Trash haulers' license	\$ 800	\$ 800	1,600	\$ 800
Charges for services				
Refuse collection charges	657,060	657,060	665,400	8,340
Earnings on investments	3,752	3,752	3,193	(559)
Miscellaneous	-	-	1,355	1,355
Total revenues	661,612	661,612	671,548	9,936
Expenditures				
Public works				
Sanitation	621,573	621,573	614,344	7,229
Total expenditures	621,573	621,573	614,344	7,229
Excess of revenues over expenditures	40,039	40,039	57,204	17,165
Other financing uses				
Transfers out	(33,081)	(33,081)	(33,081)	-
Total other financing uses	(33,081)	(33,081)	(33,081)	-
Net change in fund balance	\$ 6,958	\$ 6,958	24,123	\$ 17,165
Fund balance at beginning of year			<u>419,474</u>	
Fund balance at end of year			<u>\$ 443,597</u>	

See accompanying Independent Auditor's Report.

City of Evans
Street Impact Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Impact fees	\$ -	\$ -	\$ 318,607	\$ 318,607
Grants and contributions				
Other	-	462,599	70,509	(392,090)
Earnings on investments	4,389	4,389	10,288	5,899
Total revenues	4,389	466,988	399,404	(67,584)
Expenditures				
Capital outlay	250,000	1,509,478	85,167	1,424,311
Total expenditures	250,000	1,509,478	85,167	1,424,311
Net change in fund balance	\$ (245,611)	\$ (1,042,490)	314,237	\$ 1,356,727
Fund balance at beginning of year			1,191,695	
Fund balance at end of year			<u>\$ 1,505,932</u>	

See accompanying Independent Auditor's Report.

City of Evans
Police Impact Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Impact fees	\$ -	\$ -	\$ 17,093	\$ 17,093
Net change in fund balance	\$ -	\$ -	17,093	\$ 17,093
Fund balance at beginning of year			-	
Fund balance at end of year			\$ 17,093	

See accompanying Independent Auditor's Report.

City of Evans
Cemetery Perpetual Care Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessments				
Perpetual care fees	\$ 2,700	\$ 2,700	\$ 2,281	\$ (419)
Earnings on investments	-	-	752	752
Total revenues	2,700	2,700	3,033	333
Expenditures				
Capital outlay	-	75,000	-	75,000
Total expenditures	-	75,000	-	75,000
Net change in fund balance	\$ 2,700	\$ (72,300)	3,033	\$ 75,333
Fund balance at beginning of year			92,753	
Fund balance at end of year			<u>\$ 95,786</u>	

See accompanying Independent Auditor's Report.

City of Evans
Street Construction Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental Grants and contributions	\$ 1,600,283	\$ 5,146,791	\$ 695,588	\$ (4,451,203)
Grants - flood	-	-	4,595	4,595
Other	-	-	563,966	563,966
Earnings on investments	-	-	19,011	19,011
Total revenues	1,600,283	5,146,791	1,283,160	(3,863,631)
Expenditures				
Public works	190,000	191,754	198,287	(6,533)
Flood recovery	-	360,073	69,081	290,992
Capital outlay	2,995,500	7,260,866	1,997,818	5,263,048
Total expenditures	3,185,500	7,812,693	2,265,186	5,547,507
Excess (deficiency) of revenues over expenditures	(1,585,217)	(2,665,902)	(982,026)	1,683,876
Other financing sources				
Transfers in	600,000	850,000	850,000	-
Total other financing sources	600,000	850,000	850,000	-
Net change in fund balance	\$ (985,217)	\$ (1,815,902)	(132,026)	\$ 1,683,876
Fund balance at beginning of year			2,480,535	
Fund balance at end of year			<u>\$ 2,348,509</u>	

See accompanying Independent Auditor's Report.

City of Evans
Parks Construction Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Grants and contributions				
Grants - flood	\$ 1,655,148	\$ 1,655,148	\$ 212,071	\$ (1,443,077)
Earnings on investments	-	-	8,075	8,075
Total revenues	1,655,148	1,655,148	220,146	(1,435,002)
Expenditures				
Flood recovery	35,000	35,000	26,067	8,933
Capital outlay	1,654,073	2,013,215	558,270	1,454,945
Total expenditures	1,689,073	2,048,215	584,337	1,463,878
Net change in fund balance	\$ (33,925)	\$ (393,067)	(364,191)	\$ 28,876
Fund balance at beginning of year			1,116,484	
Fund balance at end of year			\$ 752,293	

See accompanying Independent Auditor's Report.

City of Evans
2013 Lease Repayment Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
Principal paid	\$ -	\$ 245,360	\$ 245,000	\$ 360
Interest expense	-	24,371	24,371	-
Total expenditures	-	269,731	269,371	-
Excess (deficiency) of revenues over expenditures	-	(269,731)	(269,371)	360
Other financing sources				
Transfers in	-	2,200,000	2,200,000	-
Total other financing sources	-	2,200,000	2,200,000	-
Net change in fund balance	\$ -	\$ 1,930,269	1,930,629	\$ 360
Fund balance at beginning of year			-	
Fund balance at end of year			\$ 1,930,629	

See accompanying Independent Auditor's Report.

Budgetary Comparison Schedules
Enterprise Funds

City of Evans
Water Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Water sales	\$ 4,352,792	\$ 4,439,976	\$ 4,779,805	\$ 339,829
Non-potable water sales	250,000	250,000	241,363	(8,637)
Other sales	-	-	11,853	11,853
Water meters	20,000	20,000	41,274	21,274
Total operating revenues	4,622,792	4,709,976	5,074,295	364,319
Operating expenses				
Water supply and administrative	3,511,175	3,735,509	3,409,833	325,676
Principal paid	156,579	156,579	156,579	-
Capital outlay	386,918	635,939	390,408	245,531
Total operating expenses	4,054,672	4,528,027	3,956,820	571,207
Operating income	568,120	181,949	1,117,475	935,526
Other revenues (expenses)				
Earnings on investments	8,222	8,222	22,209	13,987
Grants and contributions - flood	-	-	83,669	83,669
Plant investment fees and cash in lieu of fees	270,000	270,000	781,047	511,047
Lease purchase proceeds	-	126,384	105,491	(20,893)
Gain on sale of capital assets	-	-	6,915	6,915
Transfers to other funds	(733,952)	(733,952)	(649,915)	84,037
Total other revenues (expenses)	(455,730)	(329,346)	349,416	678,762
Change in net position - budgetary basis	\$ 112,390	\$ (147,397)	1,466,891	\$ 1,614,288
Reconciliation to GAAP basis				
Depreciation			(714,105)	
Capital outlay			390,408	
Principal paid			156,579	
Lease purchase proceeds			(105,491)	
Change in net position - GAAP basis			1,194,282	
Net position at beginning of year			51,529,349	
Net position at end of year			\$ 52,723,631	

See accompanying Independent Auditor's Report.

City of Evans
Wastewater Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Operating revenues				
Sewer sales	\$ 2,220,112	\$ 2,467,543	\$ 2,478,323	\$ 10,780
Total operating revenues	2,220,112	2,467,543	2,478,323	10,780
Operating expenses				
Wastewater and administration	857,449	867,449	749,712	117,737
Flood recovery	-	20,630	16,820	3,810
Principal paid	96,642	110,762	106,643	4,119
Capital outlay	418,000	41,486,725	6,747,678	34,739,047
Total operating expenses	1,372,091	42,485,566	7,620,853	34,864,713
Operating income (loss)	848,021	(40,018,023)	(5,142,530)	34,875,493
Other revenues (expenses)				
Earnings on investments	20,049	20,049	12,702	(7,347)
Grants and contributions				
Evans 2013 flood	-	508,873	189,200	(319,673)
Other	-	1,650,272	1,898,540	248,268
Plant investment fees and cash in lieu of fees	50,000	50,000	348,251	298,251
Loan proceeds	-	40,995,477	2,280,906	(38,714,571)
Gain on sale of capital assets	-	-	6,043	6,043
Transfers to other funds	(475,542)	(475,542)	(418,733)	56,809
Interest expense	(14,120)	(123,413)	(376,319)	(252,906)
Total other revenue (expense)	(419,613)	42,625,716	3,940,590	(38,685,126)
Change in net position - budgetary basis	\$ 428,408	\$ 2,607,693	(1,201,940)	\$ (3,809,633)
Reconciliation to GAAP basis				
Depreciation expense			(516,128)	
Principal paid			106,643	
Loan proceeds			(2,280,906)	
Capital outlay			6,747,678	
Change in net position - GAAP basis			2,855,347	
Net position at beginning of year			11,336,456	
Net position at end of year			\$ 14,191,803	

See accompanying Independent Auditor's Report.

City of Evans
Storm Drainage Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Storm drainage sales	\$ 476,037	\$ 666,563	\$ 520,332	\$ (146,231)
Total operating revenues	476,037	666,563	520,332	(146,231)
Operating expenses				
Storm drainage and administration	28,411	218,937	212,563	6,374
Capital outlay	50,000	296,847	67,099	229,748
Total operating expenses	78,411	515,784	279,662	236,122
Operating income	397,626	150,779	240,670	89,891
Other revenues (expenses)				
Plant investment fees	20,000	20,000	50,314	30,314
Grants and contributions - flood	-	-	167,478	167,478
Earnings on investments	5,787	5,787	4,083	(1,704)
Transfers to other funds	(160,620)	(160,620)	(184,700)	(24,080)
Total other revenue (expense)	(134,833)	(134,833)	37,175	172,008
Change in net position - budgetary basis	\$ 262,793	\$ 15,946	277,845	\$ 261,899
Reconciliation to GAAP basis				
Depreciation			(269,301)	
Capital outlay			67,099	
Change in net position - GAAP basis			75,643	
Net position at beginning of year			9,232,971	
Net position at end of year			\$ 9,308,614	

See accompanying Independent Auditor's Report.

Budgetary Comparison Schedule
Fiduciary Fund

City of Evans
Cemetery Endowment Fund
Budgetary Comparison Schedule
Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Earnings on investments	\$ 6,000	\$ 6,000	\$ 1,033	\$ (4,967)
Expenses				
Transfers out	(6,000)	(6,000)	(1,033)	4,967
Total expenses	(6,000)	(6,000)	(1,033)	4,967
Net change in net position	\$ -	\$ -	-	\$ -
Net position at beginning of year			49,467	
Net position at end of year			\$ 49,467	

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 2016

This Information From The Records Of City of Evans, CO

Prepared By:

Finance Dept Jacque Troudt

Phone:

970-475-1127

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)	1,731,590
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	703,856
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	12,280
2. General fund appropriations	1,099,602	b. Snow and ice removal	10,745
3. Other local imposts (from page 2)	345,907	c. Other	
4. Miscellaneous local receipts (from page 2)	554,547	d. Total (a. through c.)	23,025
5. Transfers from toll facilities		4. General administration & miscellaneous	570,566
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	288,422
a. Bonds - Original Issues		6. Total (1 through 5)	3,317,460
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)	2,000,056	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	606,887	2. Notes:	
D. Receipts from Federal Government (from page 2)	568,561	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,175,504	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)	3,317,460

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
	3,672,231	3,175,504	3,317,460	3,530,275	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2016

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	29,299
b. Other local imposts:		b. Traffic Fines & Penalties	436,547
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	318,607	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	27,300	g. Other Misc. Weld Cty Rd & Bridge	88,701
6. Total (1. through 5.)	345,907	h. Other	
c. Total (a. + b.)	345,907	i. Total (a. through h.)	554,547
	(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	537,893	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	4,595
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	68,994	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	563,966
f. Total (a. through e.)	68,994	g. Total (a. through f.)	568,561
4. Total (1. + 2. + 3.f)	606,887	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		262,346	262,346
c. Construction:			0
(1). New Facilities			
(2). Capacity Improvements		844,885	844,885
(3). System Preservation		589,822	589,822
(4). System Enhancement & Operation		34,538	34,538
(5). Total Construction (1) + (2) + (3) + (4)	0	1,469,244	1,469,244
d. Total Capital Outlay (Lines I.a. + 1.b. + 1.c.5)	0	1,731,590	1,731,590
			(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, 2016, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated July 6, 2017.

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. We consider the deficiency in internal control over financial reporting described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a significant deficiency.

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
July 6, 2017



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, 2016. 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, 2016.



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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a significant deficiency.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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
July 6, 2017

City of Evans
Schedule of Findings and Questioned Costs
December 31, 2016

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? X Yes _____ 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? X Yes _____ 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)? X Yes _____ No

Identification of major programs:

<u>CFDA/Contract Number</u>	<u>Name of Federal Program or Cluster</u>
15.227	Distribution of Receipts to State and Local Governments
20.205	Highway Planning and Construction
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? X Yes _____ No

City of Evans
Schedule of Findings and Questioned Costs
December 31, 2016

Section II - Financial Statement Findings

Finding 2016-001 - Recording Grant Receivables and Related Revenues (Significant Deficiency)

Condition: During the course of our audit procedures, we noted that in the prior year the City did not properly record grant receivables and related revenue for expenditures that were incurred in the prior fiscal year. Therefore, \$416,000 in grant revenue was recorded in the current fiscal year that should have been recorded in the prior year.

Criteria: The City should have a system of internal controls to allow management or employees, in the normal course of performing assigned functions, to prevent, or detect and correct, errors in financial reporting on a timely basis.

Questioned Costs: None.

Effect: The City's grant revenue was overstated by approximately \$416,000 during the fiscal year and understated by the same amount in the prior year.

Cause: The City submitted requests for reimbursement for the related grant at the beginning of the second quarter of the fiscal year for expenditures that were incurred after the request for reimbursement at the beginning of the first quarter. The City did not identify that some of the expenditures submitted for reimbursement were incurred and recorded as expenditures in the prior year.

Recommendation: We recommend that the City develop a reconciliation to ensure that grant revenue is recorded in the same fiscal year as the related expenditures are incurred.

View of Responsible Officials and Planned Corrective Action: The City will revisit reimbursement procedures and year-end accounting procedures to ensure these items are reviewed more timely in the future.

Section III - Federal Award Findings and Questioned Costs

See Finding 2016 -001 above.

Section IV - Prior Year Findings

There were no findings in the prior year that were required to be reported.

City of Evans, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	2016 Federal Expenditures
Department of Housing and Urban Development			
Direct Program:			
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	14.269		\$ 412,507
Total Department of Housing and Urban Development			412,507
Department of the Interior			
Passed through Colorado Department of Local Affairs			
Distribution of Receipts to State and Local Governments	15.227	EIAF 7597 EIAF 7568	1,114,451
Total Department of Agriculture			1,114,451
Department of Transportation			
Passed through Colorado Department of Transportation			
Highway Planning and Construction	20.205	14 HA4 64604	632,472
Total Department of Transportation			632,472
Environmental Protection Agency			
Passed through Colorado Water Resources & Power Development Authority			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	D13F039	82,283
Capitalization Grants for Clean Water State Revolving Funds	66.458	W16A039	1,800,348
Total Environmental Protection Agency			1,882,631
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 2015 EMPG/LEMS	792,033
Emergency Management Performance Grants	97.042	15-EM-16-87	16,129
Homeland Security Grant Program	97.067		2,916
Total Department of Homeland Security			811,078
Total Expenditures of Federal Awards			\$ 4,853,139

See accompanying Independent Auditor's Report.

City of Evans
Notes to Schedule of Expenditures of Federal Awards
December 31, 2016

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, 2016. 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 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, 2016.



Corrective Action Plan December 31, 2016

Auditor Finding 2016-001 - Recording Grant Receivables and Related Revenues (Significant Deficiency)

During the course of audit procedures, it was noted that in the prior year the City did not properly record grant receivables and related revenue for expenditures that were incurred in the prior fiscal year. Therefore, \$416,000 in grant revenue was recorded in the current fiscal year that should have been recorded in the prior year.

We recommend that the City develop a reconciliation to ensure that grant revenue is recorded in the same fiscal year as the related expenditures are incurred.

City Planned Corrective Action

The City concurs with the finding. The City will revisit reimbursement procedures and year-end accounting procedures to ensure these items are reviewed more timely in the future.

City Responsible Party

Jacque Troudt, CPA, Finance Manager

City Planned Implementation Date

December 31, 2017