

TOWN OF PARACHUTE, COLORADO

Financial Statements

December 31, 2013

TOWN OF PARACHUTE, COLORADO

Board of Trustees

Judy Beasley	Mayor
Juanita Williams	Mayor Pro-Tem
Candy Allbee	Trustee
John Loshke	Trustee
Roy McClung	Trustee
Tom Rugaard	Trustee
John Yadloski	Trustee

Town Officials

Stuart S. McArthur	Town Manager
S. Denise Chiaretta	Town Treasurer
Dustie Colella	Town Clerk

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TOWN OF PARACHUTE, COLORADO

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Trustees
Town of Parachute, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Parachute, Colorado, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, and each major fund of the Town of Parachute, Colorado, as of December 31, 2013, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Conservation Trust Fund 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 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Parachute's financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dazzio & Plutt, LLC

July 10, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the annual financial report of the Town of Parachute, Colorado (the Town), the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended December 31, 2013. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Town's assets exceeded its liabilities by \$18,059,087 (net position) for the fiscal year reported.
- Total net position is comprised of the following:

Net investment in capital assets in the amount of \$11,366,501 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.

Net position of \$58,259 is restricted for parks and open space and \$65,900 is restricted for emergency reserves.

Net position of \$6,568,427, which includes committed funds for capital projects, represents the portion available to maintain the Town's continuing obligations to citizens and creditors.

- The Town's governmental funds (the General, Conservation Trust and Capital Projects Funds) report a total ending fund balance of \$6,424,393 this year. This compares to the prior year ending fund balance of \$5,916,617, an increase of \$507,776 during the current year. Unassigned General Fund balance of \$4,626,600 was assigned to the 2014 budget.
- Overall, the Town is maintaining a reasonable financial position in light of the continuing uncertainties of the national economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data for fiscal year 2013 versus fiscal year 2012.

Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This presents information that includes all of the Town's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall fiscal health of the Town would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Town infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish the governmental activities of the Town that are principally supported by property, sales and use taxes from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, parks and recreation, community services, and economic development. Business-type activities include the Water Utility, the Wastewater Utility, and the Garbage trash collection system.

The government-wide financial statements are presented in a later section of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The Town has two types of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different, with fund financial statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability, focusing on the use of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The three Town proprietary funds are classified as enterprise funds. The enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the governmental activities of the Town as described above.

The basic financial statements for the three enterprise funds are presented in a later section of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are included in a later section of this report.

Supplementary Information

Budget to actual comparisons for the enterprise funds are presented in the supplementary section of this report.

Financial Analysis of the Town as a Whole

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Town as a whole.

The Town's net position at fiscal year-end is \$18,059,087. The following tables provide a summary of the Town's net position for 2013, compared to the 2012 net position of \$18,122,006.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets:						
Current Assets	\$ 6,871,779	\$ 6,347,933	\$ 371,061	\$ 473,560	\$ 7,242,840	\$ 6,821,493
Capital Assets	9,455,723	9,823,151	2,249,008	2,348,456	11,704,731	12,171,607
Total Assets	<u>16,327,502</u>	<u>16,171,084</u>	<u>2,620,069</u>	<u>2,822,016</u>	<u>18,947,571</u>	<u>18,993,100</u>
Liabilities:						
Current Liabilities	177,129	97,728	65,938	67,638	243,067	165,366
Noncurrent Liabilities	33,594	14,174	263,628	290,562	297,222	304,736
Total Liabilities	<u>210,723</u>	<u>111,902</u>	<u>329,566</u>	<u>358,200</u>	<u>540,289</u>	<u>470,102</u>
Deferred Inflows of Resources						
	348,195	400,992	-	-	348,195	400,992
Net Position:						
Net Investment in						
Capital Assets	9,408,393	9,805,775	1,958,108	2,031,663	11,366,501	11,837,438
Restricted	124,159	939,708	-	-	124,159	939,708
Unrestricted	<u>6,236,032</u>	<u>4,912,707</u>	<u>332,395</u>	<u>432,153</u>	<u>6,568,427</u>	<u>5,344,860</u>
Total Net Position	<u>\$ 15,768,584</u>	<u>\$ 15,658,190</u>	<u>\$ 2,290,503</u>	<u>\$ 2,463,816</u>	<u>\$ 18,059,087</u>	<u>\$ 18,122,006</u>

The Town continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio of 8.15:1 is an indicator of a strong financial position. In order to maintain its cautious approach to economic conditions, the Town made no large investments in capital in 2013, with the exception of vehicles of \$133,675.

The Town reported a net position increase of \$110,394 for governmental activities. The net position decrease of \$173,313 for the enterprise funds in total is a result of the depreciation expense of \$110,546 and additional treatment costs of \$35,516.

Note that approximately 63% of the Town's total net position is tied up in capital. The Town's total net position has decreased \$62,919 or about 3.5% from 2012. In 2013, revenues in the various funds reflect the following activity compared to 2012.

Governmental Revenues: Taxes increased \$214,909 over 2012; capital grants decreased \$194,572 in 2013; and planning and zoning decreased \$92,283.

Water Enterprise: The increase in charge for services was \$25,946.

Wastewater Enterprise: The increase in charge for services was \$9,919. No tap fees were collected in 2013 whereas in 2012 the amount was \$171,113.

Garbage Enterprise: In 2013 revenues and expenses remained constant with 2012.

The following tables provide a summary of the Town's changes in net position for 2013, with a comparison to 2012.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Charges for Services	\$ 220,382	\$ 190,939	\$ 563,315	\$ 528,302	\$ 783,697	\$ 719,241
Taxes	1,629,543	1,233,839	-	-	1,629,543	1,233,839
Capital Grants	5,829	194,572	-	343,726	5,829	538,298
Licenses & Permits	15,373	48,902	-	-	15,373	48,902
Intergovernmental	322,296	517,538	-	-	322,296	517,538
Net Investment Income	7,095	6,470	-	-	7,095	6,470
Gain on Sale of Assets	41,000	400	-	-	41,000	400
Other	-	108,346	80	264	80	108,610
Total Revenues	2,241,518	2,301,006	563,395	872,292	2,804,913	3,173,298
Expenses						
General Government	845,821	906,746	-	-	845,821	906,746
Public Safety	552,432	524,575	-	-	552,432	524,575
Highways and Streets	555,738	667,747	-	-	555,738	667,747
Culture and Recreation	174,044	146,646	-	-	174,044	146,646
Interest	3,089	518	11,777	11,219	14,866	11,737
Water	-	-	410,976	392,814	410,976	392,814
Wastewater	-	-	261,405	335,563	261,405	335,563
Garbage	-	-	52,550	52,518	52,550	52,518
Total Expenses	2,131,124	2,246,232	736,708	792,114	2,867,832	3,038,346
Increase (Decrease)						
In Net Position	110,394	54,774	(173,313)	80,178	(62,919)	134,952
Net Position - Beginning	15,658,190	15,603,416	2,463,816	2,383,638	18,122,006	17,987,054
Net Position - Ending	<u>\$ 15,768,584</u>	<u>\$ 15,658,190</u>	<u>\$ 2,290,503</u>	<u>\$ 2,463,816</u>	<u>\$ 18,059,087</u>	<u>\$ 18,122,006</u>

GOVERNMENTAL REVENUES

The Town relies heavily on property, sales and use taxes to support governmental operations. In 2013, taxes equaled 58% of total revenues for the Town. Overall, general government operating revenues are down \$59,488 or 2.59% when compared with 2012.

GOVERNMENTAL FUNCTIONAL EXPENSES

Overall operating costs are down \$115,108 or 5.12% when compared to 2012, mainly evidencing the decreased maintenance and repair costs of the Town's Highways and Streets. Public Safety comprises 25.92% of the Town's total governmental expenses, General Government at 39.69%, Highways and Street at 26.08% and Culture and Recreation at 8.17%.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

Information about the Town's governmental funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2013, the total fund balances of the Town's governmental funds were \$6,424,393. Approximately 13 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the Town. The remainder of fund balance is not available for new spending because it is for the following purposes: (1) a state-Constitution mandated emergency reserve (\$65,900), (2) capital reserves (\$870,839) and (3) amounts assigned for use in 2014 (\$4,626,600). The Town had Governmental revenues and other financing sources of \$2,285,036 and expenditures of \$1,777,260.

Proprietary Funds

Information about the Town's proprietary funds begins on page 22. These funds are accounted for using the accrual basis of accounting.

As of December 31, 2013, the total net position of the Town's proprietary funds was \$2,290,503. Approximately 15 percent or \$332,395 consists of unrestricted net position, which is available as working capital and for current spending in accordance with the purposes of the Town. The remainder of net position is invested in capital assets (\$1,958,108). The Town had Proprietary operating revenues, non-operating revenues, and contributions of \$563,395 and operating expenses and non-operating expenses of \$736,708.

Budgetary Highlights

The Towns budget is prepared in accordance with Colorado Revised Statutes.

	Original		Modified	
	Appropriation	Amendments	Appropriation	Actual
General Fund	\$ 1,856,596	\$ -	\$ 1,856,596	\$ 1,777,260
Conservation Trust Fund	45,000	-	45,000	-
Capital Projects Fund	-	-	-	-
Water Fund	415,638	20,000	435,638	350,953
Waste Water Fund	237,080	10,337	247,417	233,756
Garbage Fund	59,000	-	59,000	52,550
	<u>\$ 2,613,314</u>	<u>\$ 30,337</u>	<u>\$ 2,643,651</u>	<u>\$ 2,414,519</u>

Capital Assets and Debt Administration

Capital Assets

The Town's net investment in capital assets as of December 31, 2013, was \$9,455,723 for governmental activities and \$2,249,008 for business-type activities. The governmental activities capital assets include infrastructure that was first reported in 2004. The following table provides a summary of capital asset activity.

	Beginning			Ending
	Balance	Additions	Deletions	Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,739,421	\$ -	\$ -	\$ 2,739,421
Depreciable Capital Assets:				
Buildings	3,282,846	-	-	3,282,846
Improvements/Infrastructure	4,918,236	-	-	4,918,236
Furniture & Equipment	143,073	-	-	143,073
Machinery & Equipment	388,913	-	-	388,913
Vehicles	446,939	133,675	79,843	500,771
Total Depreciable Capital Assets	<u>9,180,007</u>	<u>133,675</u>	<u>79,843</u>	<u>9,233,839</u>
Accumulated Depreciation:				
Buildings	(598,496)	(90,725)	-	(689,221)
Improvements/Infrastructure	(808,755)	(331,567)	-	(1,140,322)
Furniture & Equipment	(72,976)	(14,878)	-	(87,854)
Machinery & Equipment	(241,680)	(16,096)	-	(257,776)
Vehicles	(374,370)	(47,837)	(79,843)	(342,364)
Total Accumulated Depreciation	<u>(2,096,277)</u>	<u>(501,103)</u>	<u>(79,843)</u>	<u>(2,517,537)</u>
Net Depreciable Capital Assets	<u>7,083,730</u>	<u>(367,428)</u>	<u>-</u>	<u>6,716,302</u>
Total Net Governmental Activities	<u>\$ 9,823,151</u>	<u>\$ (367,428)</u>	<u>\$ -</u>	<u>\$ 9,455,723</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,067	\$ -	\$ -	\$ 5,067
Water Rights	282,101	-	-	282,101
Total Capital Assets Not Being Depreciated	<u>287,168</u>	<u>-</u>	<u>-</u>	<u>287,168</u>
Depreciable Capital Assets:				
Water Utility System	2,188,052	8,766	-	2,196,818
Wastewater Utility System	836,858	-	-	836,858
Water Storage Tanks	649,105	-	-	649,105
Machinery & Equipment	278,316	-	-	278,316
Vehicles	18,457	2,332	-	20,789
Total Depreciable Capital Assets	<u>3,970,788</u>	<u>11,098</u>	<u>-</u>	<u>3,981,886</u>
Accumulated Depreciation:				
Water Utility System	(1,101,937)	(54,581)	-	(1,156,518)
Wastewater System	(552,173)	(20,758)	-	(572,931)
Water Storage Tanks	(93,523)	(13,555)	-	(107,078)
Machinery & Equipment	(159,714)	(17,728)	-	(177,442)
Vehicles	(2,153)	(3,924)	-	(6,077)
Total Accumulated Depreciation	<u>(1,909,500)</u>	<u>(110,546)</u>	<u>-</u>	<u>(2,020,046)</u>
Net Depreciable Capital Assets	<u>2,061,288</u>	<u>(99,448)</u>	<u>-</u>	<u>1,961,840</u>
Total Business-Type Activities	<u>\$ 2,348,456</u>	<u>\$ (99,448)</u>	<u>\$ -</u>	<u>\$ 2,249,008</u>

At December 31, 2013, the depreciable capital assets for governmental activities were 27% depreciated. As for the Town's business-type activities, 50.7% of the asset values were depreciated at December 31, 2013. Both the governmental and the business-type activities numbers reflect continued, although very slight, aging of the infrastructure compared to 2012.

Long-term Debt

During the year ended December 31, 2013, the Town entered into a new capital lease of \$43,518 and paid leases totaling \$16,766 resulting in capital leases payable of \$61,504 (\$47,330 for the General Fund, \$7,087 for the Water Fund, and \$7,087 for the Wastewater Fund) and notes payable of \$276,726 (Water Fund). An additional \$22,691 of notes was paid by the Water Fund.

Additional information on Town's debt can be found in Note 6.

Economic Conditions Affecting the Town

The following factors are expected to have a significant effect on the Town's financial position and results of operations and were taken into account in developing the 2014 budget.

General Fund revenues are, at best, remaining flat. Sales taxes are projected to be down from 2013. Assessed values are down, thus the property taxes received will be reduced. Nevertheless, sales and property taxes are up from 2013. Taxes continue to be the large majority of the General Fund revenues. Sales taxes represent more than 50.0% of the total. One major Source of Funds identified in the 2014 budget is beginning fund balance. At the beginning of 2014, the General Fund available balance is in excess of \$5.4 million. In 2014 the Town creates a new fund called the Reserve Fund. As an established policy amount, \$3.0 million was transferred from the General Fund to the Reserve Fund. This amount represents two (2) years of operating funds. In addition, the TABOR 3% Emergency Reserve amount of \$41,390 was transferred to the new fund. A remaining available fund balance in the General Fund is \$833,000.

Although the fund balance continues to be very healthy for the General Fund. The same is not true for the Water and Wastewater Funds. Funds have been allocated in each of these funds to conduct an update to the utility master plan during 2014. For the Water and Wastewater Funds, \$27,925 and \$10,000, respectfully, has been budgeted from this purpose. Part of this master plan will include installing meters, so future water use can be determined and bills can be issued based on usage rather the flat rate that is current practice. Fees for both water and wastewater will be evaluated and projected. The Board will be asked to approve the implementation of higher fees during 2014.

One function that is missing from the General Fund this year is the expenditures for street and alley maintenance. We have created another fund called the Streets and Alleys Fund for the purpose of being able to track specifically how much is spent on street maintenance. Revenues related to roads and highways have been removed from the General Fund and allocated directly to streets and alleys. These revenues include Specific Ownership Tax, M.V. Special Assessment, Highway User Tax, and County Road & Bridge Property Tax Share-back. In addition, a transfer of \$160,000 has been budgeted from the General Fund to cover the costs of street maintenance for the Town. A Debt Service fund has been created in 2014 to service expenditures for governmental funds.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town at 222 Grand Valley Way, P.O. Box 100, Parachute, CO 81635.

BASIC FINANCIAL STATEMENTS

TOWN OF PARACHUTE, COLORADO

STATEMENT OF NET POSITION

December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 6,306,569	\$ 323,478	\$ 6,630,047
Cash and Investments - Restricted	6,036	-	6,036
Property Taxes Receivable	348,195	-	348,195
Accounts Receivable	212,421	46,141	258,562
Internal Balances	(1,442)	1,442	-
Capital Assets Not Being Depreciated	2,739,421	287,168	3,026,589
Capital Assets, Net of Accumulated Depreciation	6,716,302	1,961,840	8,678,142
Total Assets	16,327,502	2,620,069	18,947,571
Liabilities			
Accounts Payable	29,729	23,860	53,589
Accrued Payroll and Related	69,462	-	69,462
Compensated Absences	64,202	14,806	79,008
Noncurrent Liabilities:			
Due Within One Year	13,736	27,272	41,008
Due In More Than One Year	33,594	263,628	297,222
Total Liabilities	210,723	329,566	540,289
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	348,195	-	348,195
Total Deferred Inflows of Resources	348,195	-	348,195
Net Position			
Net Investment in Capital Assets	9,408,393	1,958,108	11,366,501
Restricted:			
Parks and Open Space	58,259	-	58,259
Emergency Reserves	65,900	-	65,900
Unrestricted	6,236,032	332,395	6,568,427
Total Net Position	\$ 15,768,584	\$ 2,290,503	\$ 18,059,087

The notes to the financial statements are an integral part of this statement.

TOWN OF PARACHUTE, COLORADO

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013**

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Permits, Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
General Government	\$ 845,821	\$ 91,185	\$ -	\$ -
Public Safety	552,432	62,161	-	-
Highway and Streets	555,738	82,409	-	-
Culture and Recreation	174,044	-	5,829	-
Interest Expense	3,089	-	-	-
Total Governmental Activities	2,131,124	235,755	5,829	-
Business-type Activities				
Water	422,191	285,354	49	-
Wastewater	261,967	221,761	31	-
Garbage	52,550	56,200	-	-
Total Business-type Activities	736,708	563,315	80	-
Total	\$ 2,867,832	\$ 799,070	\$ 5,909	\$ -

General Revenues:

- Property Taxes
- Specific Ownership Taxes
- Sales and Use Taxes
- Franchise and Other Taxes
- State Mineral Severance
- State Mineral Lease
- Unrestricted Investment Earnings
- Gain on Sale of Fixed Assets

Total General Revenues

Changes In Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (754,636)	\$ -	\$ (754,636)
(490,271)	-	(490,271)
(473,329)	-	(473,329)
(168,215)	-	(168,215)
(3,089)	-	(3,089)
<u>(1,889,540)</u>	<u>-</u>	<u>(1,889,540)</u>
-	(136,788)	(136,788)
-	(40,175)	(40,175)
-	3,650	3,650
-	<u>(173,313)</u>	<u>(173,313)</u>
<u>(1,889,540)</u>	<u>(173,313)</u>	<u>(2,062,853)</u>
401,984	-	401,984
19,228	-	19,228
1,199,085	-	1,199,085
9,246	-	9,246
144,696	-	144,696
177,600	-	177,600
7,095	-	7,095
41,000	-	41,000
<u>1,999,934</u>	<u>-</u>	<u>1,999,934</u>
110,394	(173,313)	(62,919)
<u>15,658,190</u>	<u>2,463,816</u>	<u>18,122,006</u>
<u>\$ 15,768,584</u>	<u>\$ 2,290,503</u>	<u>\$ 18,059,087</u>

TOWN OF PARACHUTE, COLORADO

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Conservation Trust Fund</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 5,377,471	\$ 870,839	\$ 58,259	\$ 6,306,569
Property Taxes Receivable	348,195	-	-	348,195
Accounts Receivable	212,421	-	-	212,421
Restricted Cash	6,036	-	-	6,036
Total Assets	<u>\$ 5,944,123</u>	<u>\$ 870,839</u>	<u>\$ 58,259</u>	<u>\$ 6,873,221</u>
Liabilities				
Accounts Payable	\$ 29,729	\$ -	\$ -	\$ 29,729
Accrued Payroll Liabilities	69,462	-	-	69,462
Due to Other Funds	1,442	-	-	1,442
Total Liabilities	<u>100,633</u>	<u>-</u>	<u>-</u>	<u>100,633</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	348,195	-	-	348,195
Fund Balances				
Restricted for:				
Parks and Open Space	-	-	58,259	58,259
Emergency Reserves	65,900	-	-	65,900
Assigned to:				
Capital Projects	-	870,839	-	870,839
Subsequent Year's Budget	4,626,600	-	-	4,626,600
Unassigned	802,795	-	-	802,795
Total Fund Balances	<u>5,495,295</u>	<u>870,839</u>	<u>58,259</u>	<u>6,424,393</u>
Total Liabilities and Fund Balances	<u>\$ 5,944,123</u>	<u>\$ 870,839</u>	<u>\$ 58,259</u>	<u>\$ 6,873,221</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PARACHUTE, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2013

Total Fund Balances for Governmental Funds		\$ 6,424,393
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets	\$ 11,973,260	
Less Accumulated Depreciation	<u>(2,517,537)</u>	9,455,723
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. However, all liabilities - both current and long-term - are reported in the statement of net position.		
Balances at December 31, 2013 are:		
Capital Lease	(47,330)	
Compensated Absences	<u>(64,202)</u>	<u>(111,532)</u>
Net Position of Governmental Activities		<u>\$ 15,768,584</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PARACHUTE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2013

	General Fund	Capital Projects Fund	Conservation Trust Fund	Total
Revenues				
Taxes	\$ 1,629,543	\$ -	\$ -	\$ 1,629,543
Licenses & Permits	15,373	-	-	15,373
Intergovernmental	404,705	-	5,829	410,534
Planning & Zoning	1,561	-	-	1,561
Fines & Forfeitures	62,161	-	-	62,161
Miscellaneous	74,251	-	-	74,251
Net Investment Income	6,993	-	102	7,095
Total Revenues	2,194,587	-	5,931	2,200,518
Expenditures				
Current				
Judicial	68,826	-	-	68,826
Executive & Legislative	399,218	-	-	399,218
Fiscal	54,443	-	-	54,443
Legal	22,720	-	-	22,720
Building	49,128	-	-	49,128
Planning & Zoning	32,057	-	-	32,057
Law Enforcement	513,201	-	-	513,201
Records Coordination	42,629	-	-	42,629
Weed & Pest Control	7,150	-	-	7,150
Street & Alley	221,406	-	-	221,406
Engineering	16,986	-	-	16,986
Parks	140,744	-	-	140,744
Contributions	15,916	-	-	15,916
Capital Outlay	176,183	-	-	176,183
Debt Service				
Principal	13,564	-	-	13,564
Interest	3,089	-	-	3,089
Total Expenditures	1,777,260	-	-	1,777,260
Excess Revenues Over Expenditures	417,327	-	5,931	423,258
Other Financing Sources				
Debt Proceeds	43,518	-	-	43,518
Gain on Sale of Fixed Assets	41,000	-	-	41,000
Total Other Financing Sources	84,518	-	-	84,518
Net Change in Fund Balances	501,845	-	5,931	507,776
Fund Balances - Beginning	4,993,450	870,839	52,328	5,916,617
Fund Balances - Ending	\$ 5,495,295	\$ 870,839	\$ 58,259	\$ 6,424,393

The notes to the financial statements are an integral part of this statement.

TOWN OF PARACHUTE, COLORADO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013**

Net Change in Fund Balances - Governmental Funds	\$	507,776
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.</p>		
Capital Outlay	\$ 133,675	
Depreciation	<u>(501,103)</u>	(367,428)
<p>Long-term debt (e.g., issuance of bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Capital Leases Issued	(43,518)	
Principal Payment - Capital Leases	<u>13,564</u>	<u>(29,954)</u>
Change in Net Position of Governmental Activities		<u><u>\$ 110,394</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PARACHUTE, COLORADO

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended December 31, 2013

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Property Tax	\$ 425,991	\$ 401,984	\$ (24,007)
Specific Ownership Tax	13,000	19,228	6,228
Sales Tax	1,173,100	1,082,981	(90,119)
Use Tax	5,000	3,938	(1,062)
Lodging Tax	60,000	112,166	52,166
Other Tax	7,500	9,246	1,746
Fines & Forfeitures	56,100	62,161	6,061
Planning & Zoning	6,100	1,561	(4,539)
Licenses & Permits	10,250	15,373	5,123
State Mineral Severance	-	144,696	144,696
State Mineral Lease	-	177,600	177,600
Motor Vehicle Assessment	3,000	5,936	2,936
Highway User Tax	40,000	38,678	(1,322)
County Road & Bridge	22,000	37,795	15,795
Miscellaneous	27,255	74,251	46,996
Interest	4,000	6,993	2,993
Total Revenues	1,853,296	2,194,587	341,291
Expenditures			
Judicial	55,589	68,826	(13,237)
Executive & Legislative	377,358	399,218	(21,860)
Fiscal	69,300	54,443	14,857
Legal	11,100	22,720	(11,620)
Building	52,700	49,128	3,572
Planning & Zoning	33,696	32,057	1,639
Law Enforcement	456,686	513,201	(56,515)
Records Coordination	36,728	42,629	(5,901)
Weed & Pest Control	9,500	7,150	2,350
Street & Alley	368,024	221,406	146,618
Engineering	2,800	16,986	(14,186)
Parks	150,372	140,744	9,628
Contributions	16,300	15,916	384
Capital Outlay	204,391	176,183	28,208
Debt Service	12,052	16,653	(4,601)
Total Expenditures	1,856,596	1,777,260	79,336
Excess Revenues Over (Under) Expenditures	(3,300)	417,327	261,955
Other Financing Sources			
Proceeds from Capital Lease	-	43,518	43,518
Gain on Sale of Assets	-	41,000	41,000
Transfers In	3,300	-	(3,300)
Total Other Financing Sources	3,300	84,518	81,218
Net Change in Fund Balance	-	501,845	343,173
Fund Balance - Beginning	112,000	4,993,450	4,881,450
Fund Balance - Ending	\$ 112,000	\$ 5,495,295	\$ 5,224,623

The notes to the financial statements are an integral part of this statement.

TOWN OF PARACHUTE, COLORADO
CONSERVATION TRUST FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended December 31, 2013

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues			
Conservation Trust	\$ 6,000	\$ 5,829	\$ (171)
Interest	50	102	52
Total Revenues	<u>6,050</u>	<u>5,931</u>	<u>(119)</u>
Expenditures			
Capital Outlay	45,000	-	45,000
Total Expenditures	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Excess Revenues Over (Under)			
Expenditures	(38,950)	5,931	44,881
Fund Balance - Beginning	<u>40,000</u>	<u>52,328</u>	<u>12,328</u>
Fund Balance - Ending	<u><u>\$ 1,050</u></u>	<u><u>\$ 58,259</u></u>	<u><u>\$ 57,209</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PARACHUTE, COLORADO

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013**

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Garbage Fund</u>	<u>Total</u>
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 241,139	\$ 61,486	\$ 20,853	\$ 323,478
Accounts Receivable	15,991	23,140	7,010	46,141
Due From Other Funds	-	1,442	-	1,442
Total Current Assets	<u>257,130</u>	<u>86,068</u>	<u>27,863</u>	<u>371,061</u>
Noncurrent Assets				
Capital Assets Not Being Depreciated	286,196	972	-	287,168
Capital Assets, Net of Accumulated Depreciation	<u>1,668,731</u>	<u>293,109</u>	<u>-</u>	<u>1,961,840</u>
Total Noncurrent Assets	<u>1,954,927</u>	<u>294,081</u>	<u>-</u>	<u>2,249,008</u>
Total Assets	<u>2,212,057</u>	<u>380,149</u>	<u>27,863</u>	<u>2,620,069</u>
Liabilities				
Current Liabilities				
Accounts Payable	10,394	9,479	3,987	23,860
Compensated Absences	13,232	1,574	-	14,806
Current Portion of Long-term Debt-Leases	1,715	1,715	-	3,430
Current Portion of Long-term Debt-Notes	<u>23,842</u>	<u>-</u>	<u>-</u>	<u>23,842</u>
Total Current Liabilities	<u>49,183</u>	<u>12,768</u>	<u>3,987</u>	<u>65,938</u>
Noncurrent Liabilities				
Leases Payable	5,372	5,372	-	10,744
Notes Payable	<u>252,884</u>	<u>-</u>	<u>-</u>	<u>252,884</u>
Total Noncurrent Liabilities	<u>258,256</u>	<u>5,372</u>	<u>-</u>	<u>263,628</u>
Total Liabilities	<u>307,439</u>	<u>18,140</u>	<u>3,987</u>	<u>329,566</u>
Net Position				
Net Investment in Capital Assets	1,671,114	286,994	-	1,958,108
Unrestricted	<u>233,504</u>	<u>75,015</u>	<u>23,876</u>	<u>332,395</u>
Total Net Position	<u>\$ 1,904,618</u>	<u>\$ 362,009</u>	<u>\$ 23,876</u>	<u>\$ 2,290,503</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PARACHUTE, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

For the Year Ended December 31, 2013

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Garbage Fund</u>	<u>Total</u>
Operating Revenues				
Charges for Sales and Services				
Water Sales	\$ 285,000	\$ -	\$ -	\$ 285,000
Wastewater Charges	-	221,761	-	221,761
Garbage Fees	-	-	56,200	56,200
Other	354	-	-	354
Total Operating Revenues	<u>285,354</u>	<u>221,761</u>	<u>56,200</u>	<u>563,315</u>
Operating Expenses				
Personnel	185,810	38,929	-	224,739
Operations	138,767	192,038	52,550	383,355
Capital Outlay	5,230	1,061	-	6,291
Depreciation	81,169	29,377	-	110,546
Total Operating Expenses	<u>410,976</u>	<u>261,405</u>	<u>52,550</u>	<u>724,931</u>
Operating Income (Loss)	<u>(125,622)</u>	<u>(39,644)</u>	<u>3,650</u>	<u>(161,616)</u>
Nonoperating Revenues (Expenses)				
Net Investment Income	49	31	-	80
Interest Expense	(11,215)	(562)	-	(11,777)
Total Nonoperating Revenues (Expenses)	<u>(11,166)</u>	<u>(531)</u>	<u>-</u>	<u>(11,697)</u>
Change In Net Position	(136,788)	(40,175)	3,650	(173,313)
Net Position - Beginning	<u>2,041,406</u>	<u>402,184</u>	<u>20,226</u>	<u>2,463,816</u>
Net Position - Ending	<u>\$ 1,904,618</u>	<u>\$ 362,009</u>	<u>\$ 23,876</u>	<u>\$ 2,290,503</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PARACHUTE, COLORADO

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2013

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Garbage Fund</u>	<u>Total</u>
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 293,865	\$ 219,529	\$ 55,887	\$ 569,281
Cash Payments for Goods and Services	(141,284)	(199,620)	(52,926)	(393,830)
Cash Payments to Employees for Services	<u>(185,810)</u>	<u>(38,929)</u>	<u>-</u>	<u>(224,739)</u>
Net Cash Provided by Operating Activities	<u>(33,229)</u>	<u>(19,020)</u>	<u>2,961</u>	<u>(49,288)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition and Construction of Capital Assets	(9,931)	(1,166)	-	(11,097)
Principal Paid on Long-Term Debt	(24,292)	(1,601)	-	(25,893)
Interest Paid on Long-Term Debt	<u>(11,215)</u>	<u>(562)</u>	<u>-</u>	<u>(11,777)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(45,438)</u>	<u>(3,329)</u>	<u>-</u>	<u>(48,767)</u>
Cash Flows from Investing Activities				
Net Investment Income	<u>49</u>	<u>31</u>	<u>-</u>	<u>80</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(78,618)	(22,318)	2,961	(97,975)
Cash and Cash Equivalents - Beginning	<u>319,757</u>	<u>83,804</u>	<u>17,892</u>	<u>421,453</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 241,139</u></u>	<u><u>\$ 61,486</u></u>	<u><u>\$ 20,853</u></u>	<u><u>\$ 323,478</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	<u>\$ (125,622)</u>	<u>\$ (39,644)</u>	<u>\$ 3,650</u>	<u>\$ (161,616)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities				
Depreciation	81,169	29,377	-	110,546
Effect of Changes In Operating Assets and Liabilities				
Accounts Receivable	8,511	(2,232)	(313)	5,966
Due to/from Other Funds	-	(1,442)	-	(1,442)
Accounts Payable	<u>2,713</u>	<u>(5,079)</u>	<u>(376)</u>	<u>(2,742)</u>
Total Adjustments	<u>92,393</u>	<u>20,624</u>	<u>(689)</u>	<u>112,328</u>
Net Cash Provided by Operating Activities	<u><u>\$ (33,229)</u></u>	<u><u>\$ (19,020)</u></u>	<u><u>\$ 2,961</u></u>	<u><u>\$ (49,288)</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

The financial statements of the Town of Parachute, Colorado, (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The following notes to the financial statements are an integral part of the Town's financial statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

The Town was incorporated in Garfield County, Colorado and is governed by a seven member elected Board of Trustees. The Town provides public safety, public works (roads and streets), culture and recreation, water utility, wastewater utility, trash collection and general administrative services.

The reporting entity consists of (a) the primary government; i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all the activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by given function or segment; fines and forfeitures; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

Property taxes, sales taxes, franchise taxes and interest are susceptible to accrual and so have been recognized as revenues in the current period. All other revenue items are considered to be measurable and available when cash is received by the Town and are recognized as revenue at that time.

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for long-term capital construction projects of the Town.

The *Conservation Trust Fund* is a special revenue fund that accounts for lottery proceeds received from the state and related allowed expenditures of the Town.

The Town reports the following major enterprise funds:

The *Water Fund* accounts for revenues and expenses associated with providing water services to Town residents.

The *Wastewater Fund* accounts for revenues and expenses associated with providing wastewater services to Town residents.

The *Garbage Fund* accounts for revenues and expenses associated with providing refuse collection services to Town residents.

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 Town's enterprise functions and various other functions of 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 applicant for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all Town levied taxes.

Proprietary funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses,

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Town's water fund recognize as capital contributions the entire portion of tap fees, as they are intended to recover the cost of the capital investment in the water distribution system.

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

C. Assets, Liabilities and Net Position/Fund Balance

Cash and Investments

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which the Town may invest which include: obligations of the United States and certain U.S. government agency securities, general obligation and revenue bonds of U.S. local government entities, bankers acceptances of certain banks, commercial paper, written repurchase agreements collateralized by certain authorized securities, certain money market funds, guaranteed investment contracts, and local government investment pools.

Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

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

Property Taxes

Property taxes are levied by the Town's Board of Trustees. The levy is certified in November of the year prior to the year the taxes are collected. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied during December and are payable either in two installments due the last day of February and June 15th or in full on April 30. The bill becomes delinquent on March 1, May 1, and June 16 and penalties and interest may be assessed by the County. The County Treasurer remits the taxes collected monthly to the Town. Property Taxes are recorded as a receivable and as a deferred inflow of resources when levied, and subsequently recorded as revenue in the year they are available or collected.

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town currently capitalizes expenditures that cost more than \$5,000 and have a life of one year or more. Such capital assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capital assets because their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities. Generally accepted accounting principles requires the Town to report general infrastructure assets obtained subsequent to January 1, 2004 but allows the Town to retroactively capitalize general infrastructure assets obtained prior to that date. The Town elected to not report general infrastructure assets retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and depreciated over their remaining useful lives.

Capital assets of the Town are depreciated, using the straight-line method over their estimated useful lives:

Infrastructure	10 - 20 years
Buildings	50 years
Buildings Improvements	10 - 20 years
Water Distribution Systems	5 - 40 years
Wastewater Facilities	50 years
Vehicles, Machinery and Equipment	5 - 10 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports unavailable revenue for property taxes to be collected in the subsequent period. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Compensated Absences

Accumulated unpaid vacation and sick leave amounts are accrued as a liability as the benefits are earned, if the employees' rights to receive compensation are attributable to services already rendered, and it is probable that the employer will compensate employees for the benefits through paid time off or some other means. The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated liability at the fund reporting level only when due. Proprietary funds report the liability when incurred.

Upon termination, employees with over two years of service are entitled to receive 33% of their accrued sick leave.

Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt service expenditures.

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

Net Position and Fund Balances

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position that is associated with non-liquid, capital assets less outstanding capital asset related debt.

Restricted net position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

The Town reports the following restricted net position balances:

Restricted for Parks and Open Space

Represents the balance of funds remaining from the Conservation Trust (State Lottery) Fund proceeds.

Restricted for Emergency Reserves

Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 10).

Unrestricted net position represents assets that do not have any third party limitations on their use.

Fund Balances

Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The following classifications describe the relative strength of the spending constraints:

- ***Nonspendable*** fund balance includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

maintained intact. The “not in spendable form” criterion includes prepaid items and inventories.

- **Restricted** fund balances are reported as restricted when there are constraints placed on their use that are either: a) externally imposed by creditors (such as through debt covenant), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** fund balances include amounts that can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. No fund balances are committed at year end.
- **Assigned** fund balance is the portion of the fund balance that reflects the Town's intended use of resources as determined by the Board of Trustees. These amounts are constrained by the Town's intent to be used for specific purposes, but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The following fund balances are assigned:

Capital Projects – used to account for the portion of the year-end fund balance that is included in the Capital Projects Fund.

Subsequent Year's Budget – used to account for the portion of the year-end fund balance which is appropriated in the subsequent year's budget.

- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

amounts of fund balance, it is the Town's policy to use assigned fund balances before using unassigned fund balances

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of 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. An example of such an estimate that has been made by management is depreciation expense.

New Accounting Pronouncement

Effective January 1, 2013, the Town implemented the provisions of GASB No. 65, "Items Previously Reported as Assets and Liabilities" (GASB No. 65).

GASB No. 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities.

The Town's receivable related to property taxes to be collected in 2014 is treated as a deferred inflow of resources.

NOTE 3 BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. The enterprise funds adopt budgets on the Non-GAAP basis wherein tap fees are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenditures, and depreciation expense is not budgeted. All annual appropriations lapse at fiscal year-end.

Not later than the first regular meeting in September, the Town Manager submits a proposed operating budget for the fiscal year commencing the following January 1 to the Board of Trustees. The operating budget for all budgeted funds includes proposed expenditures and the means of financing.

Public hearings are held at the regular Trustee meetings to obtain taxpayer input. Prior to December 15, the budget is legally enacted through passage of a budget ordinance.

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

The appropriation can only be modified upon completion of notification and publication requirements. During the year ended December 31, 2013, the Town approved one supplementary appropriation amending the appropriation in the Water Fund from \$415,638 to \$435,638 and the Wastewater Fund from \$237,080 to \$247,417.

NOTE 4 CASH AND INVESTMENTS

Cash and investments as of December 31, 2013 consist of the following:

	Governmental Activities	Business- type Activities	Total
Unrestricted	\$ 6,306,569	\$ 323,478	\$ 6,630,047
Restricted	6,036	-	6,036
Total	\$ 6,312,605	\$ 323,478	\$ 6,636,083

	Governmental Activities	Business- type Activities	Total
On-hand	\$ 200	\$ -	\$ 200
Deposits	4,190,235	323,478	4,513,713
Investments	2,122,170	-	2,122,170
Total	\$ 6,312,605	\$ 323,478	\$ 6,636,083

A. Cash Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral

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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be 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, 2013, the Town's deposits were both insured by federal depository insurance and collateralized with securities held by third parties in the Town's name, and consequently were not exposed to custodial credit risk.

<u>FDIC</u>	<u>Collateralized</u>	<u>Total</u>
<u>\$ 500,000</u>	<u>\$ 4,029,115</u>	<u>\$ 4,529,115</u>

B. Investments

The Town has not adopted a formal investment policy; however, the Town follows state statutes regarding investments. Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees, such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States, certain U.S. government agency securities and securities of the World Bank
- General obligation and revenue bonds of US local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

Investment credit risk

This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Debt securities of the U.S. government and

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

obligations of U.S. government agencies that are explicitly guaranteed by the U.S. Government are not considered to have credit risk.

Interest rate risk

Changes in market interest rates could adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates.

At December 31, 2013, the Town had the following investments:

<u>Investment Type</u>	<u>S & P Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years) Less Than:</u>	
			<u>1</u>	<u>1 - 5</u>
COLOTRUST	AAAm	<u>\$ 2,122,170</u>	<u>\$ 2,122,170</u>	<u>\$ -</u>

The Town has investments in the Colorado Local Government Liquid Asset Trust (COLOTRUST), investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operate similarly to a money market fund and each share is equal in value to \$1.00.

TOWN OF PARACHUTE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013**

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,739,421	\$ -	\$ -	\$ 2,739,421
Depreciable Capital Assets:				
Buildings	3,282,846	-	-	3,282,846
Improvements/Infrastructure	4,918,236	-	-	4,918,236
Furniture & Equipment	143,073	-	-	143,073
Machinery & Equipment	388,913	-	-	388,913
Vehicles	446,939	133,675	79,843	500,771
Total Depreciable Capital Assets	<u>9,180,007</u>	<u>133,675</u>	<u>79,843</u>	<u>9,233,839</u>
Accumulated Depreciation:				
Buildings	(598,496)	(90,725)	-	(689,221)
Improvements/Infrastructure	(808,755)	(331,567)	-	(1,140,322)
Furniture & Equipment	(72,976)	(14,878)	-	(87,854)
Machinery & Equipment	(241,680)	(16,096)	-	(257,776)
Vehicles	<u>(374,370)</u>	<u>(47,837)</u>	<u>(79,843)</u>	<u>(342,364)</u>
Total Accumulated Depreciation	<u>(2,096,277)</u>	<u>(501,103)</u>	<u>(79,843)</u>	<u>(2,517,537)</u>
Net Depreciable Capital Assets	<u>7,083,730</u>	<u>(367,428)</u>	<u>-</u>	<u>6,716,302</u>
Total Net Governmental Activities	<u>\$ 9,823,151</u>	<u>\$ (367,428)</u>	<u>\$ -</u>	<u>\$ 9,455,723</u>

Depreciation expense is allocated to specific departments as follows.

General Government	\$ 94,240
Public Safety	39,231
Highway and Streets	334,332
Culture and Recreation	<u>33,300</u>
Total Depreciation Expense	<u>\$ 501,103</u>

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,067	\$ -	\$ -	\$ 5,067
Water Rights	282,101	-	-	282,101
Total Capital Assets Not Being Depreciated	287,168	-	-	287,168
Depreciable Capital Assets:				
Water Utility System	2,188,052	8,766	-	2,196,818
Wastewater Utility System	836,858	-	-	836,858
Water Storage Tanks	649,105	-	-	649,105
Machinery & Equipment	278,316	-	-	278,316
Vehicles	18,457	2,332	-	20,789
Total Depreciable Capital Assets	3,970,788	11,098	-	3,981,886
Accumulated Depreciation:				
Water Utility System	(1,101,937)	(54,581)	-	(1,156,518)
Wastewater System	(552,173)	(20,758)	-	(572,931)
Water Storage Tanks	(93,523)	(13,555)	-	(107,078)
Machinery & Equipment	(159,714)	(17,728)	-	(177,442)
Vehicles	(2,153)	(3,924)	-	(6,077)
Total Accumulated Depreciation	(1,909,500)	(110,546)	-	(2,020,046)
Net Depreciable Capital Assets	2,061,288	(99,448)	-	1,961,840
Total Business-Type Activities	\$ 2,348,456	\$ (99,448)	\$ -	\$ 2,249,008

Depreciation was charged to functions/programs as follows:

Water Fund	\$ 81,170
Wastewater Fund	29,376
Total Depreciation Expense	\$ 110,546

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

NOTE 6 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term debt for the year ended December 31, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Lease Payable - Ally - 1/2 GMC Sierra	\$ 17,376	\$ -	\$ 3,202	\$ 14,174	\$ 3,430
Lease Payable - Ally - 2013 Tahoe	-	43,518	10,362	33,156	10,306
Compensated Absences	<u>64,202</u>	<u>-</u>	<u>-</u>	<u>64,202</u>	<u>-</u>
Total	<u>\$ 81,578</u>	<u>\$ 43,518</u>	<u>\$ 13,564</u>	<u>\$111,532</u>	<u>\$ 13,736</u>
Business-type Activities					
Note Payable - CWCB	\$ 94,293	\$ -	\$ 8,210	\$ 86,083	\$ 8,463
Note Payable - Bureau of Reclamatio	22,478	-	3,472	19,006	3,578
Note Payable - Alpine Bank	182,646	-	11,009	171,637	11,801
Lease Payable - Ally - 1/2 GMC Sierra	17,376	-	3,202	14,174	3,430
Compensated Absences	<u>14,806</u>	<u>-</u>	<u>-</u>	<u>14,806</u>	<u>-</u>
Total	<u>\$331,599</u>	<u>\$ -</u>	<u>\$ 25,893</u>	<u>\$305,706</u>	<u>\$ 27,272</u>

Capital Leases

The Town entered into a 20 quarter lease with Ally Financial Services for financing the acquisition of a 2013 GMC Sierra truck with an initial cost of \$36,913, at an interest rate of 6.94%, in December 2012. The lease is secured by the vehicle acquired.

The Town entered into a 16 quarter lease with Ally Financial Services for financing the acquisition of a 2013 Chevrolet Tahoe with an initial cost of \$43,518, at an interest rate of 6.89%, in January 2013. The lease is secured by the vehicle acquired.

The future maximum lease obligations and the net present value of these maximum lease payments as of December 31, 2013, are as follows:

<u>Year ending December 31,</u>	<u>2013 GMC Sierra</u>	<u>2013 Chevrolet Tahoe</u>
2014	\$ 8,651	\$ 12,328
2015	8,650	12,328
2016	8,651	12,328
2017	<u>6,488</u>	<u>-</u>
Total maximum lease payments	32,440	36,984
Less amount representing interest	<u>(4,092)</u>	<u>(3,828)</u>
Present value of maximum lease payments	<u>\$ 28,348</u>	<u>\$ 33,156</u>

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

Colorado Water Conservancy Board

The Town entered into a loan with the State of Colorado, Colorado Water Conservancy Board (CWCS), for \$250,000 for improvements to various water projects in February 1983. Payments are due in annual installments due May 1 of \$11,369, which includes interest, principal, and a \$250 fee, through 2022 with interest of 3.08%. Security for the loan consists of one acre of land, several hundred feet of water lines, and miscellaneous equipment. In 1983, the Town increased its sales tax levy from 2% to 3% by special election to provide for capital improvement and debt retirement.

Principal and interest requirements for this loan are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 8,463	\$ 2,655	\$ 11,118
2015	8,724	2,394	11,118
2016	8,994	2,125	11,119
2017	9,271	1,848	11,119
2018	9,557	1,562	11,119
2019 - 2022	41,074	3,206	44,280
	<u>\$ 86,083</u>	<u>\$ 13,790</u>	<u>\$ 99,873</u>

Bureau of Reclamation

The Town entered into a contract with the Federal Government to purchase 75 acre feet of water from Ruedi Reservoir in December 2001. The Town incurred a capital cost repayment obligation of \$61,104. Payments are due in annual installments due January 1 of \$4,157 through 2019 with interest of 3%.

Principal and interest payments are payable from income derived by the Town from operation of the water system. Principal and interest requirements for this loan are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	3,578	579	4,157
2016	3,687	470	4,157
2017	3,799	358	4,157
2018	3,915	242	4,157
2019	4,027	130	4,157
	<u>\$ 19,006</u>	<u>\$ 1,779</u>	<u>\$ 20,785</u>

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

Alpine Bank

The Town entered into a note payable with Alpine Bank for \$250,000 on November 2005 to be used for the expansion of the water treatment plant. Payments are due in annual installments due April 1 of \$17,922 through 2024 with a final payment of \$16,591 in 2025 with interest of 1.9%.

Principal and interest payments are payable from income derived by the Town from operation of the water system. Principal and interest requirements for this loan are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 11,801	\$ 6,121	\$ 17,922
2015	12,222	5,700	17,922
2016	12,657	5,265	17,922
2017	13,109	4,813	17,922
2018	13,576	4,346	17,922
2019 - 2023	75,499	14,111	89,610
2024 - 2025	<u>32,773</u>	<u>1,740</u>	<u>34,513</u>
	<u>\$ 171,637</u>	<u>\$ 42,096</u>	<u>\$ 213,733</u>

NOTE 7 RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are financed and funded through participation in the Colorado Intergovernmental Risk Sharing Agency (CIRSA).

CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of Colorado Revised Statutes and the Colorado Constitution.

CIRSA is a joint self-insurance pool created by intergovernmental agreement to provide property, general and automobile liability and public official's coverage to its members. A seven member Board elected by and from its members governs CIRSA.

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and those amounts are available from insurance providers under excess specific and aggregate insurance

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

The Town has not been informed of any excess losses that may have been incurred by the pool; there have been no claims in excess of insurance coverage in any of the past three years. There have been no significant changes in insurance coverage from the prior year in any of the major categories of risk.

NOTE 8 DEFINED CONTRIBUTION PLAN

The Town has adopted a defined contribution plan for all salaried employees other than police officers. Participation in the plan is mandatory for covered employees. The fund is named Colorado County Officials and Employees Retirement Association (CCOERA).

Employees vest in the Town's contribution at 20% per year. All salaried employees who have contributed to the plan are entitled to the benefits after completion of one year of service and upon termination. The employee and employer each contribute 4% of earnings. The Town is not liable for amounts over the 4%. All contributions were current. Employer and employee contributions to CCOERA for the years ending December 31, 2013, 2012 and 2011 were \$24,422, \$22,306, and \$29,329, respectively, equal to their required contribution for each year. The Town's total payroll for 2013 is \$867,254, of which \$610,552, or 70%, is covered under the plan.

NOTE 9 POLICE PENSION

The Town's police officers participate in the Fire and Police Pension Association (FPPA), a multiple-employer cost sharing, defined benefit public employee retirement plan. Substantially all full-time employees participating in fire or police departments in Colorado hired on or after April 8, 1978 (New Hires) are covered, provided that they are not already covered by a statutory exempt plan. Plan members and the Town are required to contribute at a rate set by statute. The contribution rate for members and the Town is 8% of covered salary. Employer and employee contributions to FPPA for the years ending in December 31, 2013, 2012, and 2011 were \$20,536, \$20,515, and \$20,672, respectively, equal to their required contribution for each year.

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

Death and disability coverage is provided for members through the Statewide Death and Disability Plan, which is also administered by the FPPA. All full-time, paid police officers of the Town are members of the two plans. Title 31, Article 30 of the Colorado Revised Statutes, as amended, assigns the authority to establish benefit provisions to the State Legislature.

Financial statements of the plans can be obtained from the FPPA at 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111 Or by calling 1-800-332-2772

NOTE 10 TAX SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

The Town's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

In November 1998, a majority of the Town's electors approved a ballot issue permitting the Town, without increasing or adding any taxes of any kind, to collect, retain, and expend the full proceeds of the Town's fees, revenues and non-federal grants and to spend such revenue for debt service, municipal operations, capital projects, and any other lawful municipal operations, notwithstanding any state restrictions on fiscal year spending, including, without limitation the restrictions of Article X, Section 20, of the Colorado Constitution from the date of January 1, 1994 and thereafter.

TOWN OF PARACHUTE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2013

The Town has no authorized but unissued debt subject to the amendment's limitations. Based on fiscal year spending for 2013, \$65,900 of the year-end fund balance in the General Fund will be reserved for emergencies.

SUPPLEMENTARY INFORMATION

TOWN OF PARACHUTE, COLORADO

CAPITAL PROJECTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended December 31, 2013

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues			
None	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
None	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures	-	-	-
Fund Balance - Beginning	<u>870,839</u>	<u>870,839</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 870,839</u></u>	<u><u>\$ 870,839</u></u>	<u><u>\$ -</u></u>

See Independent Auditor's Report

TOWN OF PARACHUTE, COLORADO

WATER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Water Sales	\$ 265,675	\$ 285,675	\$ 285,000	\$ (675)
Tap Fees	2,743	2,743	-	(2,743)
Misc Revenues	100	100	354	254
Interest Income	40	40	49	9
Transfers In	123,688	123,688	-	(123,688)
Total Revenues	<u>392,246</u>	<u>412,246</u>	<u>285,403</u>	<u>(126,843)</u>
Expenditures				
Personnel	146,496	166,496	185,810	(19,314)
Office	5,600	5,600	5,294	306
Operations Supplies	16,875	16,875	21,087	(4,212)
Water	32,500	32,500	50,171	(17,671)
Repairs & Maintenance	6,000	6,000	2,204	3,796
Purchased Services	22,600	22,600	14,416	8,184
Insurance	13,895	13,895	13,399	496
Utilities	28,000	28,000	29,339	(1,339)
Professional Services	8,000	8,000	742	7,258
Other Expenses	2,600	2,600	2,115	485
Debt Service-Interest	38,224	38,224	11,215	27,009
Capital Outlay	67,548	67,548	15,161	52,387
Transfers Out	20,000	20,000	-	20,000
Contingency	7,300	7,300	-	7,300
Total Expenditures	<u>415,638</u>	<u>435,638</u>	<u>350,953</u>	<u>84,685</u>
Excess Revenues Over (Under)				
Expenditures	(23,392)	(23,392)	(65,550)	(42,158)
Funds Available - Beginning	<u>23,392</u>	<u>23,392</u>	<u>2,058,539</u>	<u>2,035,147</u>
Funds Available - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,992,989</u>	<u>\$ 1,992,989</u>

See Independent Auditor's Report

TOWN OF PARACHUTE, COLORADO

WASTEWATER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Wastewater Charges	\$ 198,074	\$ 208,411	\$ 221,761	\$ 13,350
Tap Fees	3,632	3,632	-	(3,632)
Interest Income	-	-	31	31
Transfers In	35,374	35,374	-	(35,374)
Total Revenues	<u>237,080</u>	<u>247,417</u>	<u>221,792</u>	<u>(25,625)</u>
Expenditures				
Personnel	37,850	37,850	38,929	(1,079)
Office	2,800	2,800	2,694	106
Operations Supplies	20,000	20,000	18,407	1,593
Treatment	110,000	120,337	145,516	(25,179)
Repairs & Maintenance	18,300	18,300	12,857	5,443
Purchased Services	1,500	1,500	-	1,500
Insurance	7,172	7,172	1,539	5,633
Utilities	11,100	11,100	11,025	75
Professional Services	6,000	6,000	-	6,000
Other Expenses	600	600	-	600
Debt Service-Interest	2,606	2,606	562	2,044
Capital Outlay	9,152	9,152	2,227	6,925
Transfers Out	10,000	10,000	-	10,000
Total Expenditures	<u>237,080</u>	<u>247,417</u>	<u>233,756</u>	<u>13,661</u>
Excess Revenues Over (Under)				
Expenditures	-	-	(11,964)	(11,964)
Funds Available - Beginning	-	-	424,155	424,155
Funds Available - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,191</u>	<u>\$ 412,191</u>

See Independent Auditor's Report

TOWN OF PARACHUTE, COLORADO

GARBAGE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended December 31, 2013**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues			
Garbage Fees	\$ 59,000	\$ 56,200	\$ (2,800)
Total Revenues	<u>59,000</u>	<u>56,200</u>	<u>(2,800)</u>
Expenditures			
Contract Hauler	<u>59,000</u>	<u>52,550</u>	<u>6,450</u>
Total Expenditures	<u>59,000</u>	<u>52,550</u>	<u>6,450</u>
Excess Revenues Over (Under)			
Expenditures	-	3,650	3,650
Funds Available - Beginning	<u>-</u>	<u>20,226</u>	<u>20,226</u>
Funds Available - Ending	<u>\$ -</u>	<u>\$ 23,876</u>	<u>\$ 23,876</u>

See Independent Auditor's Report

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Parachute			
		YEAR ENDING : December 2013			
This Information From The Records of Town of Parachute		Prepared By: Phone:	Dustie Colella 971-285-7630		
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)	16,915		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,424		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	991		
2. General fund appropriations	113,238	b. Snow and ice removal	3,374		
3. Other local imposts (from page 2)	103,771	c. Other	31,642		
4. Miscellaneous local receipts (from page 2)	62,609	d. Total (a. through c.)	36,007		
5. Transfers from toll facilities	0	4. General administration & miscellaneous	4,937		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	309,265		
a. Bonds - Original Issues	0	6. Total (1 through 5)	368,548		
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:			
c. Notes	0	1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest	0		
7. Total (1 through 6)	279,618	b. Redemption	0		
B. Private Contributions	0	c. Total (a. + b.)	0		
C. Receipts from State government (from page 2)	44,530	2. Notes:			
D. Receipts from Federal Government (from page 2)	44,400	a. Interest	0		
E. Total receipts (A.7 + B + C + D)	368,548	b. Redemption	0		
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	0		
		C. Payments to State for highways	0		
		D. Payments to toll facilities	0		
		E. Total disbursements (A.6 + B.3 + C + D)	368,548		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
		Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)		0	0	0	0
1. Bonds (Refunding Portion)					
B. Notes (Total)		0	0	0	0
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	368,548	368,548	0	0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	37,917	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	62,162
1. Sales Taxes	8,221	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	1,262	f. Charges for Services	447
5. Specific Ownership &/or Other	56,371	g. Other Misc. Receipts	0
6. Total (1. through 5.)	65,854	h. Other	0
c. Total (a. + b.)	103,771	i. Total (a. through h.)	62,609
	(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	38,678	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	5,852	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	0
e. Other (Specify)		f. Other Federal	44,400
f. Total (a. through e.)	5,852	g. Total (a. through f.)	44,400
4. Total (1. + 2. + 3.f)	44,530	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	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	16,915	16,915
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	16,915	16,915
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	16,915	16,915
			(Carry forward to page 1)

Notes and Comments:

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