

**TOWN OF AULT
AULT, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2016**



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TOWN OF AULT, COLORADO

BOARD OF TRUSTEES
DECEMBER 31, 2016

Board of Trustees

Butch White – Mayor

Dallas Schleining - Trustee

Brenda Sterner – Trustee

Tim Falk – Trustee

Scott Riley – Trustee

Rob Piotrowski - Trustee

Dan Hines – Trustee

ADMINISTRATION

Sharon Sullivan – Town Clerk/Treasurer

The discussion and analysis of the Town of Ault's financial performance provides an overall review of the Town's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the Town's financial performance.

Financial Highlights

The Town of Ault's overall net position increased by \$2,714,436, with its governmental net position increasing by \$137,021 and business-type net position increasing by \$2,577,415 for the year, with the large increase mainly due to the new Wastewater Treatment Facility.

- The assets of the Town exceeded its liabilities at the close of fiscal year 2016 by \$8,370,767 (*net position*). Of this amount, \$2,245,714 (*unrestricted net position*) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- At the end of 2016, the unrestricted net position for the governmental funds was \$1,230,882 and proprietary funds (business-type activities) were \$1,014,832.

As of the close of fiscal year 2016, the Town's General Fund reported an ending fund balance of \$1,209,046 compared to the fiscal year 2015 balance of \$1,080,791.

- General Fund 2016 revenues increased by \$5,847 to \$1,043,718.
- General Fund expenditures increased in 2016 by \$89,520 to \$890,104.

Using the Basic Financial Statements

The Basic Financial Statements consists of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Town of Ault as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the Town's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail. The governmental fund statements tell how general Town services were financed in the short term as well as what remains for future spending. The Town has two major governmental funds, the General Fund and the Street Systems Fund.

Proprietary fund statements offer short and long-term financial information about the activities that the Town operates as a business. The Town operates two proprietary funds as follows:

- Water Fund
- Sanitation Fund

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the Town as a Whole

The Town's total net position was \$8,370,767 as of December 31, 2016 and \$5,656,331 as of December 31, 2015. This represents an increase of \$2,714,436.

Government-Wide Financial Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private businesses. The statements of net position include all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. The change in net position is important because it tells the reader that for the Town as a whole, the financial position of the Town has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions, and state or federal government required programs.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town include: general government, public safety (police), public works, parks and recreation, and health and welfare. The Business-type Activities of the Town of Ault consists of water and sanitation services.

Town of Ault
Management's Discussion and Analysis
December 31, 2016

Net Position

Net position might serve over time as a useful indicator of a government's financial position. In the case of the Town of Ault, assets exceeded liabilities by approximately \$8.4 million at the close of 2016.

Net position of the Town at December 31, 2016 were as follows:

	Condensed Statement of Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and Other Assets	\$ 1,755,266	\$ 1,541,462	\$ 1,995,644	\$ 2,931,573	\$ 3,750,910	\$ 4,473,035
Capital Assets, net	<u>507,235</u>	<u>591,667</u>	<u>7,104,217</u>	<u>3,739,052</u>	<u>7,611,452</u>	<u>4,330,719</u>
TOTAL ASSETS	<u>2,262,501</u>	<u>2,133,129</u>	<u>9,099,861</u>	<u>6,670,625</u>	<u>11,362,362</u>	<u>8,803,754</u>
Deferred Outflows	<u>84,956</u>	<u>23,578</u>	<u>-</u>	<u>-</u>	<u>23,578</u>	<u>-</u>
LIABILITIES						
Current Liabilities	78,605	50,882	440,367	415,074	518,972	465,956
Non-Current Liabilities	<u>5,361</u>	<u>-</u>	<u>2,440,901</u>	<u>2,614,373</u>	<u>2,446,262</u>	<u>2,614,373</u>
TOTAL LIABILITIES	<u>83,966</u>	<u>50,882</u>	<u>2,881,268</u>	<u>3,029,447</u>	<u>2,965,234</u>	<u>3,080,329</u>
Deferred Inflows	<u>111,317</u>	<u>90,672</u>	<u>-</u>	<u>-</u>	<u>111,317</u>	<u>90,672</u>
Net Position						
Net Investment in Capital Assets	501,874	591,667	4,663,316	1,124,679	5,165,190	1,716,346
Restricted Net Position	419,418	376,311	540,445	1,716,492	959,863	2,092,803
Unrestricted	<u>1,230,882</u>	<u>1,047,175</u>	<u>1,014,832</u>	<u>800,007</u>	<u>2,245,714</u>	<u>1,847,182</u>
TOTAL NET POSITION	<u>\$ 2,152,174</u>	<u>\$ 2,015,153</u>	<u>\$ 6,218,593</u>	<u>\$ 3,641,178</u>	<u>\$ 8,370,767</u>	<u>\$ 5,656,331</u>

The statement of net position reflects a cash position totaling \$3,750,910 of total assets. The bulk of the Town's resources, \$7.6 million, are invested in capital assets. These assets consist of land and improvements, buildings, equipment, and utility system assets. The remaining assets represent receivables.

The Town of Ault uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ault's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources since; in general, the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Ault
Management's Discussion and Analysis
December 31, 2016

Changes in Net Position

Governmental activities increased the Town of Ault's net position by \$137,021

Business activities increased the Town's net position by \$2,577,415.

A summary of the changes in net position is as follows:

	Condensed Statement of Activities					
	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Program Revenues						
Charges for Services	\$ 307,480	\$ 259,763	\$ 876,630	\$ 855,846	\$ 1,184,110	\$ 1,115,609
Operating Grants and Contrib.	143,575	170,754	-	-	143,575	170,754
Capital Grants and Contrib.	-	-	2,550,369	268,825	2,550,369	268,825
Total Program Revenues	451,055	430,517	3,426,999	1,124,671	3,878,054	1,555,188
General Revenues:						
Taxes	684,256	698,599	-	-	684,256	698,599
Other General Revenues	14,485	12,340	6,813	5,081	21,298	17,421
Total General Revenues	698,741	710,939	6,813	5,081	705,554	716,020
Total Revenues	1,149,796	1,141,456	3,433,812	1,129,752	4,583,608	2,271,208
Program Expenses						
General Government	215,458	173,620	-	-	215,458	173,620
Public Safety	547,767	518,478	-	-	547,767	518,478
Public Works	170,156	211,864	-	-	170,156	211,864
Parks and Recreation	47,671	62,455	-	-	47,671	62,455
Health & Welfare	52,934	37,022	-	-	52,934	37,022
Economic development/assistance	-	495	-	-	-	495
Interest Expense	8,789	-	-	-	8,789	-
Water Operations	-	-	462,572	414,303	462,572	414,303
Sanitation Operations	-	-	363,825	375,313	363,825	375,313
Total Expenses	1,042,775	1,003,934	826,397	789,616	1,869,172	1,793,550
Transfers	30,000	30,154	(30,000)	(30,154)	-	-
Change in Net Position	137,021	167,676	2,577,415	309,982	2,714,436	477,658
Net Position, Beginning	2,015,153	1,787,752	3,641,178	3,331,196	5,656,331	5,118,948
Prior Period Restatement	-	59,725	-	-	-	59,725
Net Position, Beginning (As Restated)	2,015,153	1,847,477	3,641,178	3,331,196	5,656,331	5,178,673
Net Position, Ending	\$ 2,152,174	\$ 2,015,153	\$ 6,218,593	\$ 3,641,178	\$ 8,370,767	\$ 5,656,331

For 2016, the Town's Governmental Activities show an increase of \$8,340 in total revenues and an increase of \$38,841 in expenses, resulting in an increase in net position of \$137,021 over 2015. The Business-type Activities show an increase of \$20,784 in revenues and an increase of \$39,170 in expenses resulting in an increase in net position of \$2,577,415 over 2015.

Financial Analysis of the Town's Funds

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

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

General Fund – The General Fund went from a balance of \$ \$1,080,791 to 1,379,730. This increase is principally the result of maintaining expenditures below budget. Total revenues increased by \$5,847. Expenditures increased by \$89,520.

Proprietary Funds - Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the business-type activities of the Town as a whole. The proprietary fund statements, however, will provide a greater level of detail than the information found in the government-wide statements.

Water Fund – The net position increased by \$289,964 in 2016, which is an upward trend from the increase of \$142,419 in 2015.

Sanitation Fund – The net position increased by \$2,287,451 in 2016, up from the increase of 167,563 in 2015. This is largely due to \$2,088,300 in grant revenue for the Wastewater Treatment Plant project.

Town of Ault
Management's Discussion and Analysis
December 31, 2016

Capital Assets

Approximately 20% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings, infrastructure, and improvements.

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 219,806	\$ -	\$ -	\$ 219,806
Capital assets being depreciated:				
Buildings and improvements	236,547	10,410	-	246,957
Land improvements	357,087	-	-	357,087
Vehicles and equipment	376,620	49,382	84,979	341,023
Infrastructure	<u>1,321,671</u>	<u>-</u>	<u>-</u>	<u>1,321,671</u>
Total capital assets being depreciated	<u>2,291,925</u>	<u>59,792</u>	<u>84,979</u>	<u>2,266,738</u>
Less accumulated depreciation:				
Buildings and improvements	179,184	3,673	-	182,857
Land improvements	283,812	10,006	-	293,818
Vehicles and equipment	311,924	26,938	84,979	253,883
Infrastructure	<u>1,200,990</u>	<u>48,633</u>	<u>-</u>	<u>1,249,623</u>
Total accumulated depreciation	<u>1,975,910</u>	<u>89,250</u>	<u>84,979</u>	<u>1,980,181</u>
Total capital assets, net	<u>\$ 535,821</u>	<u>\$ (29,458)</u>	<u>\$ -</u>	<u>\$ 506,363</u>

Approximately 80% of the Town's capital assets support business-type activities. The Town's business-type activities capital assets consist of its investments in its utility systems and related equipment.

Town of Ault
Management's Discussion and Analysis
December 31, 2016

	Balance			Balance		
	January 1,			December 31,		
	2016	Additions	Deletions	2016		
BUSINESS-TYPE ACTIVITIES:						
Capital assets not being depreciated:						
Land	\$ 15,338	\$ -	\$ -	\$ 15,338		
Water rights	958,908	-	-	958,908		
Construction in progress	<u>866,478</u>	<u>3,498,649</u>	<u>-</u>	<u>4,365,127</u>		
Total capital assets not being depreciated	<u>1,840,724</u>	<u>3,498,649</u>	<u>-</u>	<u>5,339,373</u>		
Capital assets being depreciated:						
Water and sewer systems	3,624,175	-	-	3,624,175		
Equipment	<u>93,087</u>	<u>5,706</u>	<u>1,500</u>	<u>97,293</u>		
Total capital assets being depreciated	<u>3,717,262</u>	<u>5,706</u>	<u>1,500</u>	<u>3,721,468</u>		
Less accumulated depreciation:						
Water and sewer systems	1,739,149	135,023	-	1,874,172		
Equipment	<u>79,785</u>	<u>4,168</u>	<u>1,500</u>	<u>82,453</u>		
Total accumulated depreciation	<u>1,818,934</u>	<u>139,191</u>	<u>1,500</u>	<u>1,956,625</u>		
Total Capital Assets, net	<u>\$ 3,739,052</u>	<u>\$ 3,365,164</u>	<u>\$ -</u>	<u>\$ 7,104,216</u>		

The Town's Governmental Activities reported depreciation expense of \$228,441 in the Government-Wide Financial Statements. The Town's Business-Type Activities reported \$89,250 in depreciation expense allocated to the Water and Sanitation Funds at \$28,849 and \$110,342 respectively.

Long-Term Debt

The Town's governmental and business-type activities for long-term debt consist of various capital leases, loans and notes payable that were used for capital asset acquisition and system improvements. Long-term debt transactions for the year were as follows:

GOVERNMENTAL ACTIVITIES	Balance			Balance		
	January 1,			December 31,		
	2016	Advances	Repayments	2016	Current Portion	Interest Expense
Capital Leases - Equipment	\$ 691	\$ 9,004	\$ 2,200	\$ 7,495	\$ 2,134	\$ 429
Compensated Absences	<u>23,469</u>	<u>5,963</u>	<u>-</u>	<u>29,432</u>	<u>29,432</u>	<u>-</u>
Total Obligations	<u>\$ 24,160</u>	<u>\$ 14,967</u>	<u>\$ 2,200</u>	<u>\$ 36,927</u>	<u>\$ 31,566</u>	<u>\$ 429</u>

Town of Ault
 Management's Discussion and Analysis
 December 31, 2016

BUSINESS -TYPE ACTIVITIES	Balance			Balance		
	January 1, 2016	Advances	Repayments	December 31, 2016	Current Portion	Interest Expense
2006 CWRPDA Loan	\$ 793,712	\$ -	\$ 69,491	\$ 724,221	\$ 70,713	\$ 13,385
2015 CWRPDA Loan	1,991,667	-	102,137	1,889,530	102,137	-
Compensated Absences	7,975	1,088	-	9,063	9,063	-
Total Obligations	\$ 2,793,354	\$ 1,088	\$ 171,628	\$ 2,622,814	\$ 181,913	\$ 13,385

General Fund Budget

The General Fund accounts for all of the general government services provided by the Town of Ault including: public safety (police), public works, parks and recreation, and general government services. The Town's General Fund revenues were higher than budgeted by \$5,847, which is a slightly higher margin than last year. The Town's expenditures were \$89,520 less than budgeted.

Economic Factors and Future Budgets and Rates

The economy has slowly improved, and the Town has seen an increase in new construction, although sales tax revenue has leveled off, largely due to the decrease of revenue from industrial sales. It is important to remain cautious in planning.

The Town has just completed construction of the upgraded Waste Water Treatment Facility, to comply with State regulations. This required loan and grant commitments by the Town. The comprehensive plan and land use code are under revision. The Town Board will continue to review the fee structure in the coming years to be sure to stay up with the demands of the infrastructure.

The Town must continue to strategize for growth and needs of the future. Steady yet smart growth is needed to continue with an upward trend.

Request for Information

The financial statements are designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the Town's finances. Questions concerning this or any additional information should be addressed to Town Clerk/Treasurer, Town of Ault, 201 1st Street, P.O. Box 1098 Ault, CO 80610 or call (970) 834-2844.

FINANCIAL SECTION

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Trustees
Town of Ault
Ault, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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.

Auditors' 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 from material misstatement.

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

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

Opinion

In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component unit, each major funds, and the aggregate remaining fund information of the Town of Ault, 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 conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Town of Ault's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 5, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M9 and pension schedules on pages 35-36 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.

Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 37-38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the budgetary comparison schedules on pages 39-42 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2017 on our consideration of the Town of Ault's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of 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 Town of Ault's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Local Highway Finance Report* on pages 43-44 is presented for purposes of legal compliance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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.



Englewood, Colorado
April 11, 2017

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the Town's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2016.

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TOWN OF AULT, COLORADO

STATEMENT OF NET POSITION

December 31, 2016

	Primary Government			Component Unit
	Governmental	Business - Type	Total	Northern Plains
	Activities	Activities		Public Library
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 1,566,649	\$ 894,694	\$ 2,461,343	\$ 1,465,323
Accounts Receivable	81,528	555,701	637,229	-
Property Tax Receivable	108,450	-	108,450	-
Prepaid Expenses	13,771	4,804	18,575	-
Restricted Cash and Investments	-	540,445	540,445	-
TOTAL CURRENT ASSETS	1,770,398	1,995,644	3,766,042	1,465,323
NONCURRENT ASSETS				
Capital Assets not being depreciated	219,806	5,339,373	5,559,179	35,000
Capital Assets being depreciated (net)	286,557	1,764,844	2,051,401	582,234
Net Pension Asset	872	-	872	-
TOTAL NONCURRENT ASSETS	507,235	7,104,217	7,611,452	617,234
TOTAL ASSETS	2,277,633	9,099,861	11,377,494	2,082,557
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES				
Pension Contributions Subsequent to Measurement Date	19,856	-	19,856	-
Pension Difference Between Projected and Actual Returns - net	44,361	-	44,361	-
Experience Difference Between Projected and Actual Returns - net	7,049	-	7,049	-
Assumptions Differences - net	13,690	-	13,690	-
TOTAL DEFERRED OUTFLOWS	84,956	-	84,956	-
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	34,202	253,066	287,268	23,221
Accrued Payroll	-	-	-	5,152
Developer Tap Fees Payable	-	3,276	3,276	-
Accrued Interest Payable	-	2,112	2,112	-
Customer Deposits	4,987	-	4,987	-
Unearned Revenues	7,850	-	7,850	-
Current Portion of Noncurrent Liabilities	31,566	181,913	213,479	22,959
TOTAL CURRENT LIABILITIES	78,605	440,367	518,972	51,332
NONCURRENT LIABILITIES				
Capital Leases Payable	5,361	-	5,361	76,927
Notes Payable	-	2,440,901	2,440,901	-
TOTAL NONCURRENT LIABILITIES	5,361	2,440,901	2,446,262	76,927
TOTAL LIABILITIES	83,966	2,881,268	2,965,234	128,259
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Deferred Revenue - Property Taxes	108,450	-	108,450	-
Pension Difference Between Projected and Actual Experience - net	1,029	-	1,029	-
Pension Change in Proportionate Share - net	1,838	-	1,838	-
TOTAL DEFERRED INFLOWS	111,317	-	111,317	-
NET POSITION				
Net Investment in Capital Assets	501,874	4,663,316	5,165,190	517,348
Restricted:				
for TABOR Emergencies	31,000	-	31,000	13,000
for Impact Related Improvements	367,306	-	367,306	-
for Parks and Recreation	22,112	-	22,112	-
for Operations and Maintenance Reserve	-	540,445	540,445	-
Unrestricted	1,245,014	1,014,832	2,259,846	1,423,950
TOTAL NET POSITION	\$ 2,167,306	\$ 6,218,593	\$ 8,385,899	\$ 1,954,298

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

TOWN OF AULT, COLORADO

STATEMENT OF ACTIVITIES
 Year Ended December 31, 2016

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
Governmental Activities				
Current:				
General Government	\$ 215,458	\$ 66,766	\$ 48,036	\$ -
Public Safety	547,767	219,086	5,954	-
Public Works	170,156	15,215	71,331	-
Parks and Recreation	47,671	6,413	17,973	-
Health & Welfare	52,934	-	-	-
Interest Expense	8,789	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	1,042,775	307,480	143,294	-
Business - Type Activities				
Current:				
Water Operations	462,572	405,316	-	357,569
Sanitation Operations	363,825	471,314	-	2,192,800
TOTAL BUSINESS - TYPE ACTIVITIES	826,397	876,630	-	2,550,369
TOTAL PRIMARY GOVERNMENT	\$ 1,869,172	\$ 1,184,110	\$ 143,294	\$ 2,550,369
Component Unit				
Northern Plains Public Library	\$ 263,606	\$ 2,918	\$ 519	\$ -

GENERAL REVENUES

Taxes
 Investment Earnings
 Other Revenues

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION - Beginning of Year

NET POSITION - End of Year

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

**NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION -
PRIMARY GOVERNMENT**

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL	COMPONENT UNIT
\$ (100,656)	\$ -	\$ (100,656)	\$ -
(322,727)	-	(322,727)	-
(83,610)	-	(83,610)	-
(23,285)	-	(23,285)	-
(52,934)	-	(52,934)	-
(8,789)	-	(8,789)	-
<u>(592,001)</u>	<u>-</u>	<u>(592,001)</u>	<u>-</u>
-	300,313	300,313	-
<u>-</u>	<u>2,300,289</u>	<u>2,300,289</u>	<u>-</u>
-	2,600,602	2,600,602	-
<u>(592,001)</u>	<u>2,600,602</u>	<u>2,008,601</u>	<u>-</u>
-	-	-	(260,169)
699,669	-	699,669	397,477
5,138	6,813	11,951	4,301
9,347	-	9,347	3,646
<u>30,000</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
<u>744,154</u>	<u>(23,187)</u>	<u>720,967</u>	<u>405,424</u>
152,153	2,577,415	2,729,568	145,255
<u>2,015,153</u>	<u>3,641,178</u>	<u>5,656,331</u>	<u>1,809,043</u>
\$ <u>2,167,306</u>	\$ <u>6,218,593</u>	\$ <u>8,385,899</u>	\$ <u>1,954,298</u>

TOWN OF AULT, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2016

With Comparative Totals for December 31, 2015

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>GENERAL</u>	<u>STREET SYSTEMS</u>	<u>NON-MAJOR CONSERVATION TRUST</u>
ASSETS			
Cash and Investments	\$ 1,172,293	\$ 372,244	\$ 22,112
Accounts Receivable	81,528	-	-
Property Tax Receivable	108,450	-	-
Prepaid Expenses	<u>12,458</u>	<u>1,313</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,374,729</u>	<u>\$ 373,557</u>	<u>\$ 22,112</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 29,264	\$ 4,938	\$ -
Deposits	4,987	-	-
Unearned Revenue - Other	<u>7,850</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>42,101</u>	<u>4,938</u>	<u>-</u>
DEFERRED INFLOWS			
Deferred Revenue - Property Taxes	<u>108,450</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Nonspendable:			
Prepays	12,458	1,313	-
Restricted Fund Balance			
Restricted for TABOR Emergencies	31,000	-	-
Restricted for Impact Related Projects	-	367,306	-
Restricted for Parks and Recreation	-	-	22,112
Committed:			
Committed for Martinez Memorial	6,083	-	-
Unassigned	<u>1,174,637</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>1,224,178</u>	<u>368,619</u>	<u>22,112</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,374,729</u>	<u>\$ 373,557</u>	<u>\$ 22,112</u>

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

TOTALS

<u>2016</u>	<u>2015</u>
\$ 1,566,649	\$ 1,365,807
81,528	73,542
108,450	87,418
<u>13,771</u>	<u>14,695</u>
<u>\$ 1,770,398</u>	<u>\$ 1,541,462</u>

\$ 34,202	\$ 13,340
4,987	5,532
<u>7,850</u>	<u>7,850</u>
<u>47,039</u>	<u>26,722</u>

<u>108,450</u>	<u>87,418</u>
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13,771	14,695
31,000	31,000
367,306	301,236
22,112	44,075
6,083	6,083
<u>1,174,637</u>	<u>1,030,233</u>
<u>1,614,909</u>	<u>1,427,322</u>
<u>\$ 1,770,398</u>	<u>\$ 1,541,462</u>

TOWN OF AULT, COLORADO

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION GOVERNMENTAL ACTIVITIES**
Year Ended December 31, 2016

FUND BALANCE - GOVERNMENTAL FUNDS		\$1,614,909
Amounts Reported for Governmental Activities on the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not resources and are not reported in the funds:		
Capital Assets	2,486,544	
Accumulated Depreciation	(1,980,181)	506,363
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
Net pension asset	872	
Net pension liability		
Contributions subsequent to measurement date	19,856	
Difference between projected and actual investment returns on the pension plan	56,826	
Amortization of the investment return difference	(12,465)	
Difference between projected and actual pension plan experience	7,815	
Amortization of the experience difference	(766)	
Change in assumptions	15,177	
Amortization of change in assumptions	(1,487)	
Change in proportionate share of the net pension liability - fund level		
Amortization of the change in proportion - fund level		
Difference between projected and actual investment returns on the pension plan		
Amortization of the investment return difference		
Difference between projected and actual pension plan experience	(1,270)	
Amortization of the experience difference	241	
Change in proportionate share of the net pension liability - plan level	(2,273)	
Amortization of the change in proportion - plan level	435	82,961
Long-term liabilities are not due and payable in the current period		
Accrued Compensated Absences	(29,432)	
Capital Leases Payable	<u>(7,495)</u>	<u>(36,927)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$2,167,306</u>

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

TOWN OF AULT, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS

Year Ended December 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	SPECIAL REVENUE FUNDS			TOTALS	
	GENERAL	STREET SYSTEMS	NON-MAJOR CONSERVATION	2016	2015
			TRUST		
REVENUES					
Taxes	\$ 692,553	\$ 23,598	\$ -	\$ 716,151	\$ 712,451
Licenses and Permits	85,600	10,465	-	96,065	101,099
Intergovernmenta	40,890	53,138	17,973	112,001	148,014
Fines and Forfeits	210,728	-	-	210,728	158,074
Other	28,540	1,379	64	29,983	21,818
TOTAL REVENUES	<u>1,058,311</u>	<u>88,580</u>	<u>18,037</u>	<u>1,164,928</u>	<u>1,141,456</u>
EXPENDITURES					
Current					
General Governmen	205,226	6,100	-	211,326	172,937
Public Safety	481,636	-	-	481,636	507,997
Public Works	2,900	110,846	-	113,746	125,048
Parks and Recreation	51,943	-	-	51,943	49,311
Health & Welfare	41,099	-	-	41,099	33,973
Economic Development	-	-	-	-	495
Capital Outlay	104,886	291	-	105,177	28,668
Debt Service	2,414	-	-	2,414	12,450
TOTAL EXPENDITURES	<u>890,104</u>	<u>117,237</u>	<u>-</u>	<u>1,007,341</u>	<u>930,879</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	168,207	(28,657)	18,037	157,587	210,577
OTHER FINANCING SOURCES (USES)					
Transfers In	40,000	94,820	-	134,820	107,229
Transfers Out	(64,820)	-	(40,000)	(104,820)	(77,075)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(24,820)</u>	<u>94,820</u>	<u>(40,000)</u>	<u>30,000</u>	<u>30,154</u>
CHANGE IN FUND BALANCE	143,387	66,163	(21,963)	187,587	240,731
FUND BALANCE, Beginning	1,080,791	302,456	44,075	1,427,322	1,186,591
FUND BALANCE, Ending	<u>\$ 1,224,178</u>	<u>\$ 368,619</u>	<u>\$ 22,112</u>	<u>\$ 1,614,909</u>	<u>\$ 1,427,322</u>

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

TOWN OF AULT, COLORADO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE 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 - Governmental Funds	\$	187,587
Principal payments on debt are reported as expenditures and debt proceeds are reported as revenues in the funds:		
Principal Payments on Capital Leases Payable		(6,804)
Accrued Compensated Absences are expensed when paid in the funds:		
Change in Accrued Leave		(5,963)
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.		
Change in contributions subsequent to the measurement date	681	
Current year projected to actual investment return difference	51,322	
Current year amortization of overall investment return difference:	(11,364)	
Change in projected and actual pension plan experience	7,815	
Amortization of the experience difference differences	(766)	
Change in assumptions differences	15,177	
Amortization of change in assumptions differences	(1,487)	
Change in net pension asset/liability	(54,973)	
Current year projected to actual pension plan experience difference	1	
Current year amortization of overall experience difference:	120	
Current year change in proportionate share of cost-sharing plan asset/liability	51	
Current year amortization of overall proportionate share differences	215	6,792
Current year change in proportionate share of activity level asset/liability		
Current year amortization of fund level proportionate share differences		
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities		
Capitalized Assets	59,791	
Depreciation Expense	(89,250)	(29,459)
Change in Net Position - Governmental Activities	\$	<u>152,153</u>

The accompanying notes are an integral part of the financial statements

TOWN OF AULT, COLORADO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2016

With Comparative Totals for December 31, 2015

	<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTALS</u>	
	<u>WATER</u>	<u>SANITATION</u>	<u>2016</u>	<u>2015</u>
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 1,003,726	\$ (109,032)	\$ 894,694	\$ 1,115,479
Restricted Cash and Investments	-	540,445	540,445	1,716,492
Accounts Receivable	34,980	520,721	555,701	83,641
Inventory	-	-	-	10,983
Prepaid Expenses	3,040	1,764	4,804	4,978
TOTAL CURRENT ASSETS	1,041,746	953,898	1,995,644	2,931,573
NONCURRENT ASSETS				
Land	-	15,338	15,338	15,338
Water Rights	958,908	-	958,908	958,908
Construction in Progress	-	4,365,127	4,365,127	866,478
Equipment	61,740	35,554	97,294	93,087
Improvements	1,137,014	2,487,161	3,624,175	3,624,175
Less Accumulated Depreciation	(695,507)	(1,261,118)	(1,956,625)	(1,818,934)
TOTAL NONCURRENT ASSETS	1,462,155	5,642,062	7,104,217	3,739,052
TOTAL ASSETS	2,503,901	6,595,960	9,099,861	6,670,625
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	15,680	237,386	253,066	229,910
Developer Tap Fees Payable	-	3,276	3,276	3,276
Accrued Interest Payable	-	2,112	2,112	2,315
Current Portion of Noncurrent Liabilities	4,606	177,307	181,913	179,573
TOTAL CURRENT LIABILITIES	20,286	420,081	440,367	415,074
NONCURRENT LIABILITIES				
Notes Payable	-	2,440,901	2,440,901	2,614,373
TOTAL LIABILITIES	20,286	2,860,982	2,881,268	3,029,447
NET POSITION				
Net Investment in Capital Assets	1,462,155	3,028,312	4,490,467	953,081
Restricted for Operations and Maintenance Reserve	-	540,445	540,445	1,716,492
Unrestricted	1,021,460	166,221	1,187,681	971,605
TOTAL NET POSITION	\$ 2,483,615	\$ 3,734,978	\$ 6,218,593	\$ 3,641,178

The accompanying notes are an integral part of the financial statements

TOWN OF AULT, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
PROPRIETARY FUNDS

Year Ended December 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTALS</u>	
	<u>WATER</u>	<u>SANITATION</u>	<u>2016</u>	<u>2015</u>
OPERATING REVENUES				
Charges for Services	\$ 401,030	\$ 471,314	\$ 872,344	\$ 845,800
Miscellaneous Revenue	<u>4,286</u>	<u>-</u>	<u>4,286</u>	<u>10,046</u>
TOTAL OPERATING REVENUES	<u>405,316</u>	<u>471,314</u>	<u>876,630</u>	<u>855,846</u>
OPERATING EXPENSES				
Personal Services	112,343	90,783	203,126	185,242
Supplies	8,356	22,982	31,338	21,787
Purchased Services	257,630	107,495	365,125	362,411
Other Operating Expenses	3,134	1,056	4,190	5,049
Fleet Maintenance	1,655	411	2,066	1,986
Repairs & Maintenance	2,135	17,964	20,099	40,551
Small Capital	48,470	-	48,470	20,572
Depreciation	<u>28,849</u>	<u>110,342</u>	<u>139,191</u>	<u>136,837</u>
TOTAL OPERATING EXPENSES	<u>462,572</u>	<u>351,033</u>	<u>813,605</u>	<u>774,435</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>(57,256)</u>	<u>120,281</u>	<u>63,025</u>	<u>81,411</u>
NONOPERATING INCOME (EXPENSE)				
Investment Earnings	4,651	2,162	6,813	5,081
Interest Expense	<u>-</u>	<u>(12,792)</u>	<u>(12,792)</u>	<u>(15,181)</u>
NONOPERATING INCOME (EXPENSE)	<u>4,651</u>	<u>(10,630)</u>	<u>(5,979)</u>	<u>(10,100)</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(52,605)	109,651	57,046	71,311
TRANSFERS				
Transfers In	-	-	-	75
Transfers Out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(30,000)</u>	<u>(30,229)</u>
NET TRANSFERS	<u>(15,000)</u>	<u>(15,000)</u>	<u>(30,000)</u>	<u>(30,154)</u>
CAPITAL CONTRIBUTIONS				
Grant Revenue	-	2,088,300	2,088,300	-
Capital Contributions	<u>357,569</u>	<u>104,500</u>	<u>462,069</u>	<u>268,825</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>357,569</u>	<u>2,192,800</u>	<u>2,550,369</u>	<u>268,825</u>
CHANGE IN NET POSITION	289,964	2,287,451	2,577,415	309,982
NET POSITION, Beginning	<u>2,193,651</u>	<u>1,447,527</u>	<u>3,641,178</u>	<u>3,331,196</u>
NET POSITION, Ending	<u>\$ 2,483,615</u>	<u>\$ 3,734,978</u>	<u>\$ 6,218,593</u>	<u>\$ 3,641,178</u>

The accompanying notes are an integral part of the financial statements

TOWN OF AULT, COLORADO

STATEMENT OF CASH FLOW:

PROPRIETARY FUNDS

Increase (Decrease) in Cash and Cash Equivalents

Year Ended December 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	BUSINESS-TYPE ACTIVITIES		TOTAL	
	WATER	SANITATION	2016	2015
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 418,137	\$ (2,410)	\$ 415,727	\$ 879,563
Cash Payments to Suppliers	(307,526)	(139,517)	(447,043)	(242,145)
Cash Payments to Employees	(112,343)	(90,783)	(203,126)	(185,242)
Net Cash Provided by Operating Activities	(1,732)	(232,710)	(234,442)	452,176
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(2,853)	(3,501,502)	(3,504,355)	(840,879)
Debt Proceeds				
Proceeds From Grants	-	2,088,300	2,088,300	-
Capital Contributions	357,569	104,500	462,069	268,825
Principal Payments on Debt	-	(172,220)	(172,220)	1,923,968
Interest Payments on Debt	-	(12,996)	(12,996)	(15,380)
Net Cash Provided (Used) by Capital and Related Financing Activities	354,716	(1,493,918)	(1,139,202)	1,336,534
Cash Flows from Non-Capital Financing Activities:				
Transfers - Net	(15,000)	(15,000)	(30,000)	(30,154)
Cash Flows From Investing Activities:				
Investment Income	4,651	2,162	6,813	5,081
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	342,635	(1,739,466)	(1,396,831)	1,763,637
CASH AND EQUIVALENTS, Beginning	661,091	2,170,879	2,831,970	1,068,333
CASH AND EQUIVALENTS, Ending	\$ 1,003,726	\$ 431,413	\$ 1,435,139	\$ 2,831,970
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ (57,256)	\$ 120,281	\$ 63,025	\$ 81,411
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	28,849	110,342	139,191	136,837
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in				
Accounts Receivable	1,589	(473,649)	(472,060)	24,990
Inventories	10,983	-	10,983	147
Prepaid Expenses	249	(75)	174	(1,420)
Increase (Decrease) in				
Accounts Payable	14,239	8,917	23,156	211,975
Payroll Liabilities	(385)	1,474	1,089	(1,764)
Total Adjustments	55,524	(352,991)	(297,467)	370,765
Net Cash Provided by Operating Activities	\$ (1,732)	\$ (232,710)	\$ (234,442)	\$ 452,176

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Ault was incorporated in 1904 and is administered by a 7 member board of trustees, and provides municipal services to a population of 1,563 persons. The Town's basic financial statements include the accounts of all Town operations.

This summary of the Town of Ault's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the Town of Ault conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

In accordance with Governmental Accounting Standards, the Town has considered the possibility of inclusion of additional entities in its basic financial statements. The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based upon the application of these criteria, the following component unit is included in the Town's reporting entity because of the significance of its operational or financial relationship to the Town.

Discretely Presented Component Unit

The Northern Plains Public Library – the Mayor appoints a board member to represent the Board of Trustees at Library meetings. New members for the Library Board are selected by the Library Board, and then presented to the Town Board of Trustees for approval. Currently, one member of the Town's Board of Trustees is a member of the Library Board. The Library serves the citizens of Weld County School District RE-9, which includes the Town of Ault. The Town Board of Trustees approves the annual budget for the Library, and includes their audit into the Town Audit. The Library is presented as a governmental fund type discretely presented component unit. Complete financial statements of the Library can be obtained from the Northern Plains Public Library, 216 2nd Street, Ault, CO 80610.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment is offset by program revenues.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual 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 financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, sales and use taxes, franchise fees, state shared revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In the fund financial statements, the Town reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

Street Systems Fund – This is a special revenue fund that accounts for the financial resources related to improvements of the Town's streets and drainage systems. The Town has dedicated its specific ownership taxes, motor vehicle registration fees, Highway Users Tax Fund receipts and Road and Bridge tax revenue for this purpose.

The Town also reports the following major proprietary funds:

Water and Sanitation Funds – These funds account for the activities related to offering the respective services to the Town's residents.

Budgets

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- (1) Prior to or by the regular Board meeting in December, the budget is legally enacted through passage of resolutions, after receiving input through public hearings.
- (2) The Town Clerk and Finance Committee reports monthly to the Town Board explaining any variance from the approved budget.
- (3) The Ault Municipal Code requires the adoption of a budget for proprietary funds. Depreciation expense is not a budgeted item.
- (4) The Town does not utilize encumbrance accounting and all appropriations lapse at year end.

Budgets are adopted based on the requirements of state statutes. The following timetable is used:

- (1) Submission of the proposed budget to the Board of Trustees by October 15 of each year.
- (2) Certification of mill levies to the County Commissioners by December 15 of each year.
- (3) Final adoption of the budget and appropriations by December 15 of each year.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less.

Property Taxes

Property taxes for the Town are levied by the Town Board and certified for collection to Weld County by December 15 of each year. These taxes become due January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. Property taxes levied in the current year for collection in the subsequent year by the General Fund are included in receivables and deferred inflows at year end. These taxes are classified as deferred inflows since they were levied for and are not available to the Town until the subsequent year.

Inventory

Inventories are valued at cost, using the first-in, first-out (FIFO) method.

Property, Plant and Equipment

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. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property and equipment of the Town is depreciated using the straight line method over the following estimated useful lives.

	<u>Primary Government</u>	<u>Component Unit</u>
Buildings and improvements	10 - 40 years	40 years
Infrastructure	3 - 15 years	N/A
Furniture and equipment	5 - 10 years	5 - 15 years
Utility systems	20 -50 years	N/A
Land improvements	15 25 years	N/A
Books	N/A	10 years

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Employees of the Town are allowed to accumulate unused vacation, sick and compensatory time depending on length of employment. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time and compensatory time at their current rate of pay, and all accrued sick time at one half their current rate of pay.

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position reports 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has pension related items that qualify for reporting in this category.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred property taxes, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. In addition, the Town also has pension related deferred inflows that are reported at the activity level.

Net Position/Fund Balance

In the government-wide financial statements and for the proprietary fund statements, Net Position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance (Continued)

Fund balances are reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by the highest formal action, the adoption of an Ordinance, of the government's highest level of decision-making authority, the Town Board, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

Net Position/Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town’s financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments follows:

Governmental Activities - Unrestricted	\$ 1,566,648
Business-type Activities - Unrestricted	894,695
Business-type Activities - Escrow	462,458
Business-type Activities - Restricted (O&M Reserve)	<u>77,987</u>
Total Cash and Investments	\$ 3,001,788

The Town's cash and investment balances are comprised of the following:

Cash and Cash Equivalents	\$ 2,028,448
Cash on Hand	400
Investments	<u>972,940</u>
Total Cash and Investments	\$ 3,001,788

Restricted cash and investment balances are comprised of the following:

Restricted - O & M Reserve	\$ 140,710
Restricted - Escrow	462,458
Unrestricted	<u>2,398,620</u>
Total Cash	\$ 3,001,788

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Town'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 government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) 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 to be maintained by another institution, or held in trust for all 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, all of the Town's bank deposits as shown below were either insured by federal depository insurance or collateralized under PDPA. Uninsured deposits in financial institutions are placed into three categories depending on the custody credit risk. The categories are as follows:

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

The categories are as follows:

1. Uncollateralized
2. Collateralized with securities held by the pledging financial institution
3. Collateralized with securities held by the pledging financial institution's trust department, or agent but not in the entity's name

	Bank Balance	Carrying Balance
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Collateralized (Not held in Town's name)	1,797,041	1,723,233
Petty Cash	-	400
Total	\$ 2,047,041	\$ 1,973,633

Investments

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2016 using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	Weighted Average Maturity
Local Govt Pool - Colotrust	\$ -	\$ 972,940	\$ -	\$ 972,940	-

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- **Investment Pools:** Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.

The Town recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2016, there were no changes in the methods or assumptions utilized to derive the fair value of the Town's assets and liabilities.

Credit Risk

The Town invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) Safety, 2) Liquidity, and 3) Yield. The Town Treasurer is responsible for all of the investments of the Town.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Eligible investments shall conform to state law and may include any of the following:

- Obligations of the United States and certain U.S. government agencies securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptance of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

As of December 31, 2016, the Town's investments consisted of the following:

	<u>Rating</u>	<u>Fair Value</u>	<u>Weighted Avg. Maturity (Yrs)</u>
Local Govt Pool - Colotrust	AAAm	\$ 1,376	N/A
Certificate of Deposit		509,106	
Debt Proceeds in Escrow		<u>462,458</u>	
Total Investments		<u>\$ 972,940</u>	

During the year ended December 31, 2016, the Town invested funds in Colotrust. As investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pool invests 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 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAm by the Standard and Poor's Corporation.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes. The Town's investment portfolio does not contain investments that exceed that limitation.

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer. The Town's sole investment is in Colotrust.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town Board of Trustees approves a list of financial institutions and depositories authorized to provide investment services.

NOTE 3: CAPITAL ASSETS

A Summary of the Town’s governmental activity capital assets is as follows:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 219,806	\$ -	\$ -	\$ 219,806
Capital assets being depreciated:				
Buildings and improvements	236,547	10,410	-	246,957
Land improvements	357,087	-	-	357,087
Vehicles and equipment	376,620	49,382	84,979	341,023
Infrastructure	<u>1,321,671</u>	<u>-</u>	<u>-</u>	<u>1,321,671</u>
Total capital assets being depreciated	<u>2,291,925</u>	<u>59,792</u>	<u>84,979</u>	<u>2,266,738</u>
Less accumulated depreciation:				
Buildings and improvements	179,184	3,673	-	182,857
Land improvements	283,812	10,006	-	293,818
Vehicles and equipment	311,924	26,938	84,979	253,883
Infrastructure	<u>1,200,990</u>	<u>48,633</u>	<u>-</u>	<u>1,249,623</u>
Total accumulated depreciation	<u>1,975,910</u>	<u>89,250</u>	<u>84,979</u>	<u>1,980,181</u>
Total capital assets, net	<u>\$ 535,821</u>	<u>\$ (29,458)</u>	<u>\$ -</u>	<u>\$ 506,363</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation is charged to the Town’s Governmental Activities as follows:

General Government	\$ 850
Public Safety	20,430
Public Works	56,119
Health and Welfare	598
Culture and recreation	<u>11,253</u>
Total Depreciation	<u>\$ 89,250</u>

The following schedule presents business-type activities capital assets at December 31, 2016:

	<u>Balance</u> <u>January 1,</u> <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31,</u> <u>2016</u>
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 15,338	\$ -	\$ -	\$ 15,338
Water rights	958,908	-	-	958,908
Construction in progress	<u>866,478</u>	<u>3,498,649</u>	-	<u>4,365,127</u>
Total capital assets not being depreciated	<u>1,840,724</u>	<u>3,498,649</u>	-	<u>5,339,373</u>
Capital assets being depreciated:				
Water and sewer systems	3,624,175	-	-	3,624,175
Equipment	<u>93,087</u>	<u>5,706</u>	<u>1,500</u>	<u>97,293</u>
Total capital assets being depreciated	<u>3,717,262</u>	<u>5,706</u>	<u>1,500</u>	<u>3,721,468</u>
Less accumulated depreciation:				
Water and sewer systems	1,739,149	135,023	-	1,874,172
Equipment	<u>79,785</u>	<u>4,168</u>	<u>1,500</u>	<u>82,453</u>
Total accumulated depreciation	<u>1,818,934</u>	<u>139,191</u>	<u>1,500</u>	<u>1,956,625</u>
Total Capital Assets, net	<u>\$ 3,739,052</u>	<u>\$ 3,365,164</u>	<u>\$ -</u>	<u>\$ 7,104,216</u>

Depreciation is charged to the Town’s Business-type Activities as follows:

Depreciation is charged to the Town's Business-Type Activities as follows:	
Water	\$ 28,849
Sewer	<u>110,342</u>
Total Depreciation	<u>\$ 139,191</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016

NOTE 4: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES

Changes in governmental activity long-term debt are as follows:

GOVERNMENTAL ACTIVITIES	Balance January 1,			Balance December 31,			Current Portion	Interest Expense
	2016	Advances	Repayments	2016				
Capital Leases - Equipment	\$ 691	\$ 9,004	\$ 2,200	\$ 7,495	\$ 2,134	\$ 429		
Compensated Absences	23,469	5,963	-	29,432	29,432	-		
Total Obligations	\$ 24,160	\$ 14,967	\$ 2,200	\$ 36,927	\$ 31,566	\$ 429		

CAPITAL LEASE PAYABLE

In April 2012, the Town entered into a lease/purchase agreement for a copier. The copier lease requires 48 monthly payments of \$233 consisting of both principal and interest at an effective rate of 6%. The copier value of \$9,901 was capitalized and debt is serviced through the General Fund. The copier was traded in for a new copier in March 2016 on a new lease. The new lease requires 48 monthly payments of \$215 consisting of both principal and interest at an effect rate of 6.75%. The copier value of \$9,004 was capitalized and debt is serviced through the General Fund.

Scheduled future payments on the capital leases are as follows:

Year	Copier Equipment Payment
2017	\$ 2,575
2018	2,575
2019	2,575
2020	643
Total Payments	8,368
Interest at 6%	(873)
Present Value of Payments	\$ 7,495

NOTE 5: LONG - TERM DEBT – BUSINESS-TYPE ACTIVITIES

Changes in business-type activity long-term debt are as follows:

BUSINESS -TYPE ACTIVITIES	Balance January 1,			Balance December 31,			Current Portion	Interest Expense
	2016	Advances	Repayments	2016				
2006 CWRPDA Loan	\$ 793,712	\$ -	\$ 69,491	\$ 724,221	\$ 70,713	\$ 13,385		
2015 CWRPDA Loan	1,991,667	-	102,137	1,889,530	102,137	-		
Compensated Absences	7,975	1,088	-	9,063	9,063	-		
Total Obligations	\$ 2,793,354	\$ 1,088	\$ 171,628	\$ 2,622,814	\$ 181,913	\$ 13,385		

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 5: LONG - TERM DEBT – BUSINESS-TYPE ACTIVITIES (Conintued)

NOTES PAYABLE

A governmental agency bond was issued to the Colorado Water Resources and Power Development Authority (“CWRPDA”) in 2006 for the amount of \$1,396,850. Beginning November 2006, semi-annual payments of \$41,539 are required, including interest at a 1.75% annual rate, with a final payment due May 1, 2026. Both the principal and interest thereon are payable solely from the net revenue (gross revenue less operations and maintenance expenses) of the wastewater treatment system. The net revenue of the system is pledged as collateral on the bond. The proceeds of the bond were used to upgrade the Town’s wastewater treatment facility from a facultative lagoon system to an aerated lagoon facility. The debt is serviced through the Sanitation Fund.

In April 2015, the Town entered into a direct loan with CWRPDA for \$2,000,000. The term is for 20 years, interest at 0% per annum. Semi-annual payments of \$51,068.38 are due each November 1 and May 1, beginning May 2016. The first payment of \$8,333.33 was due and paid November 1, 2015. The proceeds are being used to upgrade the Town’s wastewater treatment facilities. CWRPDA has designated the project as a 2015 Green Project. As such, the interest rate was reduced from the original 2% annual rate to 0%.

The Town must maintain an “operations and maintenance” reserve in the Sanitation Fund to report resources set aside to subsidize potential deficiencies from the Town’s operations that could adversely affect debt service payments. The amount is equal to three months of operations and maintenance expenses (excluding depreciation), and may be represented by cash or securities or unrestricted Net Position. The Town has funded this reserve through restriction of its cash balances in the Sanitation Fund (Note 2), in the amount of \$70,355, as of December 31, 2016. The Town believes it is in compliance with all required covenants and obligations called for by the loan agreement.

The debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 172,849	\$ 12,366	\$ 185,215
2018	174,092	11,123	185,215
2019	175,357	9,858	185,215
2020	176,644	8,571	185,215
2021	177,954	7,262	185,216
2022-2026	868,692	15,845	884,537
2027-2031	510,684	-	510,684
2032-2035	357,480	-	357,480
Total	\$ 2,613,752	\$ 65,025	\$ 2,678,777

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 6: INTERFUND TRANSACTIONS

The Town has recorded the following routine transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 40,000	\$ 65,359
Street Systems Fund	95,359	-
Conservation Trust Fund	-	40,000
Water Fund	-	15,000
Sanitation Fund	-	15,000
Total	<u>\$ 135,359</u>	<u>\$ 135,359</u>

NOTE 7: EMPLOYEE BENEFIT PLANS

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

Summary of Significant Accounting Policies

Pensions. The Town participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire & Police Pension Association of Colorado (“FPPA”). The net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the accrual basis of accounting as required by the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. 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.

General Information about the Pension Plan

Plan description. Eligible employees of the Town are provided with pensions through the Statewide Defined Benefit Plan (SWDB) - a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), rules and regulations codified by the Fire and Police Pension Association, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report, the most recent of which is for the fiscal year ended December 31, 2014, that can be obtained at:

http://fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20FPPA%20CAFR.pdf.

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 7: EMPLOYEE BENEFIT PLANS

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

General Information about the Pension Plan (Continued)

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. 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.

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.

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

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

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 7: EMPLOYEE BENEFIT PLANS

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

General Information about the Pension Plan (Continued)

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 through 2014. Per the 2014 member election, members of the affiliate social security group will have their required 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.

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the Town were \$19,175 for the plan year ended December 31, 2015 and \$19,856 for the fiscal year ended December 31, 2016. The current year contributions will be expensed in 2017 for FPPA purposes and are a timing difference at year end.

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

At December 31, 2016, the Town reported an asset of \$872 for its proportionate share of the SWDB's net pension asset. The net pension asset or liability 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 January 1, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2015. The Town's proportion of the net pension asset was based on Town's contributions to the SWDB for the calendar year 2015 relative to the total contributions of participating employers to the SWDB.

At December 31, 2015, the Town's proportion was .04944%, which was an increase of .002558% from its proportion measured as of December 31, 2015.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 7: EMPLOYEE BENEFIT PLANS

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

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

For the year ended December 31, 2016, the Town recognized pension expense of \$13,295. At December 31, 2016 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 7,049	\$ (1,030)
Changes of assumptions or other inputs	\$ 13,690	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 44,361	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (1,838)
Contributions subsequent to the measurement date	\$ 19,856	\$ -
Total	\$ 84,956	\$ (2,868)

\$19,856 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an adjustment of the net pension asset in the year ended December 31, 2017.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 7: EMPLOYEE BENEFIT PLANS

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

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

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 June 30:	Amortization Amount
2017	\$ (13,283)
2018	\$ (13,283)
2019	\$ (13,282)
2020	\$ (12,185)
2021	\$ (1,918)
Thereafter	\$ (8,281)
Total	\$ (62,232)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 Years
Price inflation	2.80%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation *	7.50%
Salary increase, including wage inflation	4.00-14.00%
Cost of Living Adjustments (COLA)	0.00%
* Includes inflation at	2.50%

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality 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.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study adopted by FPPA’s Board in July, 2011. The assumption changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 7: EMPLOYEE BENEFIT PLANS

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

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

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

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	37.00%	6.50%
Equity Long/Short	10.00%	4.70%
Non U.S. Equity - Developed	20.00%	8.00%
Non U.S. Equity - Emerging	16.00%	1.50%
Core Fixed Income	11.00%	4.10%
High Yield	4.00%	3.00%
Long Duration Gov't/Credit	2.00%	0.00%
Total	100.00%	

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 7: EMPLOYEE BENEFIT PLANS

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

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

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 Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 3.65% (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 proportionate share of the net pension asset (liability) to changes in the discount rate. The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ (122,100)	\$ 872	\$ 102,872

SIMPLE IRA EMPLOYEE BENEFIT PLAN

The Town has established an employer SIMPLE IRA Plan, which is a "money-purchase" plan under current law and U.S. Treasury regulations for all substantially full-time non-police employees. A contribution to each employee's account is made and all contributions vest immediately to the employee. The Town has no statutory or contractual liability for any individual's post-employment benefits under this plan. Employer contributions for the year ended December 31, 2016, 2015 and 2014 totaled \$10,595, \$8,851, and \$8,017, respectively.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 8: RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases sufficient commercial insurance to cover losses from these events, and does not self-insure or participate in a public entity risk pool. All risk management activities are allocated among the various funds according to actual or perceived risk as determined by management and the Board of Trustees. Settlement amounts have not exceeded insurance coverage for the three prior years. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but which not have been reported, are considered. There are no outstanding claims or incurred but not reported liabilities (IBNR) for the year ended December 31, 2016.

NOTE 9: COMMITMENTS AND CONTIGENCIES

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. In November 1995, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town in 1994 and subsequent years, notwithstanding the provisions of the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2016, the emergency reserve of \$30,000 was recorded in the General Fund.

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 10: RATE MAINTENANCE

The 2006 Colorado Water Resources and Power Development Authority sewer loan agreement requires that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and parity debt coming due. The computation of said rate maintenance is as follows:

	<u>Sanitation Fund</u>
Gross operating revenue	\$ 471,314
Investment earnings	<u>2,162</u>
Total revenue	<u>473,476</u>
Operations and maintenance expense	351,032
Less: Depreciation	<u>(110,342)</u>
Adjusted O&M	<u>240,690</u>
Net revenue	<u>\$ 232,786</u>
Total debt service	
2006 CWRPDA Revenue Bonds	\$ 82,876
2015 CWRPDA Revenue Bonds	<u>102,137</u>
	185,013
Required rate	<u>110%</u>
Net revenue required	<u>203,514</u>
Excess (deficit)	<u>\$ 29,272</u>

NOTE 11: JOINT VENTURE

The Town participates with various towns, cities, and Weld County, Colorado in the Weld 911 Emergency Telephone Service Authority (the Authority) which provides emergency 911 dialing services to customers within the Town limits. On dissolution of the Authority, the Net Position will be shared proportionately based on main telephone station access lines within the agency's jurisdiction. As of December 31, 2016, the Town has not made and is not required to contribute to the Authority. The Authority is governed by a seven-member board of directors, of which four are chosen by the Weld County, Colorado Board of Commissioners. The Authority is primarily funded through a \$.50 per month surcharge to each customer's telephone bill. Accounting responsibility has been placed with Weld County, Colorado and is included as a discretely presented component unit in its Comprehensive Annual Financial Report.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF AULT, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
GENERAL FUND**

Year Ended December 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016			2015
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	ACTUAL
REVENUES				
Property and Sales Taxes	\$ 736,518	\$ 639,180	\$ (97,338)	\$ 634,269
Franchise Taxes	65,000	53,373	(11,627)	58,676
Licenses, Permits and Fees	65,400	85,600	20,200	87,288
Intergovernmental Revenue	76,900	35,500	(41,400)	76,439
Fines and Forfeits	176,917	210,728	33,811	158,074
Investment Earnings	2,000	3,606	1,606	2,615
Miscellaneous Revenue	16,500	24,934	8,434	18,110
Grant Revenue	4,000	5,390	1,390	2,400
TOTAL REVENUES	1,143,235	1,058,311	(84,924)	1,037,871
EXPENDITURES				
General Government	178,598	205,226	(26,628)	171,091
Public Safety	550,321	481,636	68,685	507,997
Public Works	2,000	2,900	(900)	1,219
Parks and Recreation	61,475	51,943	9,532	46,462
Health & Welfare	43,215	41,099	2,116	33,973
Economic Development	495	-	495	495
Capital Outlay	98,200	104,886	(6,686)	26,897
Debt Service	16,000	2,414	13,586	12,450
Contingency	-	-	-	-
TOTAL EXPENDITURES	950,304	890,104	60,200	800,584
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES				
	192,931	168,207	(24,724)	237,287
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	2,753	-	(2,753)	-
Transfers In	40,000	40,000	-	12,229
Transfers Out	(65,000)	(64,820)	180	(65,000)
TOTAL OTHER FINANCING SOURCES (USES)	(22,247)	(24,820)	(2,573)	(52,771)
CHANGE IN FUND BALANCE	170,684	143,387	(27,297)	184,516
FUND BALANCE, Beginning	1,214,549	1,080,791	(133,758)	896,275
FUND BALANCE, Ending	\$ 1,385,233	\$ 1,224,178	\$ (161,055)	\$ 1,080,791

See the accompanying Independent Auditors' Report.

TOWN OF AULT, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
STREET SYSTEMS FUND**

Year Ended December 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2015 ACTUAL
REVENUES				
Property and Sales Taxes	\$ 21,022	\$ 23,598	\$ 2,576	\$ 19,506
Licenses, Permits and Fees	5,000	10,465	5,465	13,811
Intergovernmental Revenue	51,000	53,138	2,138	54,011
Investment Earnings	800	1,468	668	1,042
Miscellaneous Revenue	-	(89)	(89)	-
TOTAL REVENUES	77,822	88,580	10,758	88,370
EXPENDITURES				
General Government	2,250	6,100	(3,850)	1,846
Public Works	131,849	110,846	21,003	123,829
Parks and Recreation	150	-	150	2,849
Capital Outlay	600	291	309	1,771
Contingency	-	-	-	-
TOTAL EXPENDITURES	134,849	117,237	17,612	130,295
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(57,027)	(28,657)	28,370	(41,925)
OTHER FINANCING SOURCES (USES)				
Transfers In	95,000	94,820	(180)	95,000
Transfers Out	(50)	-	50	(75)
TOTAL OTHER FINANCING SOURCES (USES)	94,950	94,820	(130)	94,925
CHANGE IN FUND BALANCE	37,923	66,163	28,240	53,000
FUND BALANCE, Beginning	322,979	302,456	(20,523)	249,456
FUND BALANCE, Ending	\$ 360,902	\$ 368,619	\$ 7,717	\$ 302,456

See the accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

Special Revenue Fund is established to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

The following is the Special Revenue Fund for the Town:

Conservation Trust Fund -- This fund accounts for lottery proceeds received from the State government. Expenditures are restricted to the development or improvement of Town parks.

TOWN OF AULT, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
CONSERVATION TRUST FUND - NONMAJOR**

Year Ended December 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016			2015 ACTUAL
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Intergovernmental Revenue	\$ 16,000	\$ 17,973	\$ 1,973	\$ 15,164
Investment Earnings	<u>45</u>	<u>64</u>	<u>19</u>	<u>51</u>
TOTAL REVENUES	16,045	18,037	1,992	15,215
EXPENDITURES				
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	16,045	18,037	1,992	15,215
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>	<u>(12,000)</u>
CHANGE IN FUND BALANCE	(23,955)	(21,963)	1,992	3,215
FUND BALANCE, Beginning	<u>44,882</u>	<u>44,075</u>	<u>(807)</u>	<u>40,860</u>
FUND BALANCE, Ending	<u>\$ 20,927</u>	<u>\$ 22,112</u>	<u>\$ 1,185</u>	<u>\$ 44,075</u>

See the accompanying Independent Auditors' Report.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed in a manner similar to private business enterprises. The costs of providing goods or services to the general public on a continuing basis are recovered primarily from user charges.

The following are the Enterprise Funds of the Town:

Water Fund -- This fund accounts for the provision of water services to Town residents.

Sanitation Fund -- This fund accounts for the provision of waste management services to Town residents.

TOWN OF AULT, COLORADO

WATER FUND
SCHEDULE OF REVENUES, EXPENSES
AND CHANGE IN FUND NET POSITION -
BUDGET AND ACTUAL

Year Ended December 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2015
	FINAL BUDGET	ACTUAL		ACTUAL
OPERATING REVENUES				
Charges for Services	\$ 413,700	\$ 401,030	\$ (12,670)	\$ 399,784
Miscellaneous Revenue	<u>3,500</u>	<u>4,286</u>	<u>786</u>	<u>4,140</u>
TOTAL OPERATING REVENUES	<u>417,200</u>	<u>405,316</u>	<u>(11,884)</u>	<u>403,924</u>
OPERATING EXPENSES				
Personal Services	99,368	112,343	(12,975)	100,387
Supplies	7,600	8,356	(756)	8,697
Purchased Services	239,170	257,630	(18,460)	238,372
Other Operating Expenses	3,580	3,134	446	2,357
Fleet Maintenance	2,500	1,655	845	1,484
Repairs & Maintenance	27,000	2,135	24,865	15,569
Capital Outlay	45,600	51,323	(5,723)	179,213
Contingency	-	-	-	-
TOTAL OPERATING EXPENSES	<u>424,818</u>	<u>436,576</u>	<u>(11,758)</u>	<u>546,079</u>
OPERATING INCOME	(7,618)	(31,260)	(23,642)	(142,155)
NON-OPERATING REVENUE (EXPENSE)				
Investment Earnings	<u>2,500</u>	<u>4,651</u>	<u>2,151</u>	<u>3,398</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(5,118)	(26,609)	(21,491)	(138,757)
Transfer In	-	-	-	75
Transfer Out	(15,000)	(15,000)	-	(15,000)
Capital Contributions	<u>111,150</u>	<u>357,569</u>	<u>246,419</u>	<u>164,325</u>
NET INCOME (LOSS) - BUDGET (GAAP) BASIS	<u>\$ 91,032</u>	<u>315,960</u>	<u>\$ 224,928</u>	<u>10,643</u>
GAAP BASIS ADJUSTMENTS				
Capital Outlay		2,853		158,916
Depreciation		<u>(28,849)</u>		<u>(27,140)</u>
TOTAL GAAP BASIS ADJUSTMENTS		<u>(25,996)</u>		<u>131,776</u>
CHANGE IN FUND NET POSITION		289,964		142,419
NET POSITION, beginning		<u>2,193,651</u>		<u>2,051,232</u>
NET POSITION, ending		<u>\$ 2,483,615</u>		<u>\$ 2,193,651</u>

See the accompanying Independent Auditors' Report.

TOWN OF AULT, COLORADO

SANITATION FUND
SCHEDULE OF REVENUES, EXPENSES
AND CHANGE IN FUND NET POSITION -
BUDGET AND ACTUAL

Year Ended December 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2015 ACTUAL
	FINAL BUDGET	ACTUAL		
OPERATING REVENUES				
Charges for Services	\$ 470,806	\$ 471,314	\$ 508	\$ 446,016
Miscellaneous Revenue	-	-	-	5,906
TOTAL OPERATING REVENUES	470,806	471,314	508	451,922
OPERATING EXPENSES				
Personal Services	86,578	90,783	(4,205)	84,855
Supplies	29,100	22,982	6,118	13,090
Purchased Services	111,155	107,495	3,660	124,039
Other Operating Expenses	826	1,056	(230)	2,692
Fleet Maintenance	393	411	(18)	502
Repairs & Maintenance	17,774	17,964	(190)	24,982
Capital Outlay	3,698,905	3,501,502	197,403	682,238
Contingency	-	-	-	-
TOTAL OPERATING EXPENSES	3,944,731	3,742,193	202,538	932,398
OPERATING INCOME	(3,473,925)	(3,270,879)	203,046	(480,476)
NON-OPERATING REVENUE (EXPENSE)				
Investment Earnings	1,650	2,162	512	1,683
Debt Service Principal	(171,325)	(78,322)	93,003	(76,624)
Interest Expense	(13,900)	(12,792)	1,108	(15,181)
TOTAL NON-OPERATING REVENUE (EXPENSE)	(183,575)	(88,952)	94,623	(90,122)
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(3,657,500)	(3,359,831)	297,669	(570,598)
Transfer Out	(15,000)	(15,000)	-	(15,229)
Grant Revenue	2,088,600	2,088,300	(300)	-
Loan Proceeds	1,646,137	-	(1,646,137)	353,863
Capital Contribution	99,000	104,500	5,500	104,500
NET INCOME (LOSS) - BUDGET (GAAP) BASIS	\$ 161,237	(1,182,031)	\$ (1,343,268)	(127,464)
GAAP BASIS ADJUSTMENTS				
Loan Proceeds		-		(353,863)
Capital Outlay		3,501,502		681,963
Debt Principal		78,322		76,624
Depreciation		(110,342)		(109,697)
TOTAL GAAP BASIS ADJUSTMENTS		3,469,482		295,027
CHANGE IN FUND NET POSITION		2,287,451		167,563
NET POSITION, beginning		1,447,527		1,279,964
NET POSITION, ending		\$ 3,734,978		\$ 1,447,527

See the accompanying Independent Auditors' Report.

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COMPONENT UNIT

Component Units are legally separate entities that do not qualify as a primary government.

The Town has one Discretely Presented Component Unit:

Northern Plains Public Library -- The Library serves the citizens of Weld County School District RE-9, which includes the Town of Ault.

TOWN OF AULT, COLORADO

NORTHERN PLAINS PUBLIC LIBRARY (COMPONENT UNIT)

SCHEDULE OF REVENUES, EXPENSES

AND CHANGE IN FUND BALANCE -

BUDGET AND ACTUAL

Year Ended December 31, 2016

With Comparative Totals for the Year Ended December 31, 2015

	2016		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2015 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 398,672	\$ 397,477	\$ (1,195)	\$ 390,298
Charges for Service	2,520	2,918	398	2,664
Intergovernmental Revenue	1,000,400	219	(1,000,181)	345
Other Revenue	3,750	3,946	196	2,772
Investment Earnings	4,000	4,301	301	2,537
Total Revenues	<u>1,409,342</u>	<u>408,861</u>	<u>(1,000,481)</u>	<u>398,616</u>
EXPENDITURES				
Operating Expenses	127,790	86,755	41,035	67,591
Salaries and Benefits	124,550	120,957	3,593	112,996
Debt Service	28,000	27,432	568	27,432
Capital Outlay	2,045,500	35,463	2,010,037	41,881
Total Expenditures	<u>2,325,840</u>	<u>270,607</u>	<u>2,055,233</u>	<u>249,900</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(916,498)	138,254	1,054,752	148,716
FUND BALANCE, Beginning	<u>1,224,447</u>	<u>1,298,697</u>	<u>74,250</u>	<u>1,149,981</u>
FUND BALANCE, Ending	<u>\$ 307,949</u>	<u>\$ 1,436,951</u>	<u>\$ 1,129,002</u>	<u>\$ 1,298,697</u>
FUND BALANCE - NORTHERN PLAINS PUBLIC LIBRARY FUND		\$ 1,436,951		
Capital assets used in governmental activities are not resources and are not reported in the funds:				
Capital Assets		1,285,885		
Accumulated Depreciation		(668,652)		
Long-term liabilities are not due and payable in the current period				
Capital Leases Payable		<u>(99,886)</u>		
TOTAL NET POSITION - NORTHERN PLAINS PUBLIC LIBRARY ACTIVITY		<u>\$ 1,954,298</u>		

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION

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State Compliance

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Ault
	YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Sharon Sullivan Phone: 970-834-2844

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)	53,705
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	28,918
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	201,132	b. Snow and ice removal	368
3. Other local imposts (from page 2)	24,612	c. Other Street Lighting	33,772
4. Miscellaneous local receipts (from page 2)	97,433	d. Total (a. through c.)	34,140
5. Transfers from toll facilities		4. General administration & miscellaneous	2,240
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	198,892
a. Bonds - Original Issues		6. Total (1 through 5)	317,895
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)	323,177	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	61,354	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	384,531	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)	317,895

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
	256,490	384,531	317,895	323,126	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	10,118	a. Interest on investments	1,468
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	9,500	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	4,994	g. Other Misc. Receipts	95,965
6. Total (1. through 5.)	14,494	h. Other	
c. Total (a. + b.)	24,612	i. Total (a. through h.)	97,433
	(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	53,138	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	8,216	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	8,216	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	61,354	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		7,100	7,100
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		46,314	46,314
(4). System Enhancement & Operation		291	291
(5). Total Construction (1) + (2) + (3) + (4)	0	46,605	46,605
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	53,705	53,705
			(Carry forward to page 1)

Notes and Comments: