

TOWN OF STRATTON, COLORADO

Financial Statements

For the Year Ended December 31, 2016



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Additional Information

Highway Users Tax Report

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Town of Stratton, Colorado
Stratton, Colorado 80836

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stratton, 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stratton, Colorado, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension information on pages a-h and 29-30 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. For the management discussion & analysis we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stratton, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements, and the Highway Users Tax Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

WINFREY, COUNTY & HAYS, PC
Certified Public Accountants



by: Gerald County, CPA

August 22, 2017

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2016

Purpose

The Town of Stratton's Management's Discussion and Analysis (MD&A) is designed to:

1. Assist the reader in focusing on significant financial issues.
2. Provide an overview of the Town's financial activity.
3. Identify changes in the Town's financial position.
4. Identify any material deviation from the budget.
5. Identify individual fund issues or concerns.

The MD&A is designed to focus on the report year's activities, resulting changes and currently known facts. Please read it in conjunction with the Town's Financial Statements beginning on page 2 of that document.

Introduction

The Town of Stratton is a Statutory Rule Municipality that was incorporated in 1915. The type of government is Town Board-Mayor with the seven elected officials being responsible for all policy decisions that affect the Town's financial condition. The appointed Town Clerk/Treasurer is responsible for preparing the annual budget, which is adopted by the Board by December 15th. The Clerk/Treasurer is responsible for financial reporting to the Town Board and to the public-at-large. The Town maintains seven separate funds, which are as follows:

1. General Fund
2. Community Building Fund
3. Conservation Trust Fund
4. Lodger's Tax Fund
5. Sanitation Fund
6. Water Fund

Financial Information

The Town's government-wide statements have been prepared using the economic resources measurement of focus and the accrual basis of accounting. The Town's fund financial statements for governmental funds have been prepared using the modified accrual basis of accounting. The financial system of the Town incorporates financial and administrative controls that ensure the safeguarding of assets and the reliability of financial reports. To ensure budgeting controls, the Town Board approves all major budgetary changes by passage of a Resolution amending the budget.

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2016
(continued)

Financial Highlights

The Town of Stratton remains in stable condition, as the unrestricted fund balance in the General Fund at year-end is \$676,169. This balance is considered to be safe levels of reserves, as it would allow the Town to cover its governmental operating costs for fourteen months in the unlikely event of loss of revenues.

The net position of the Town exceeds its liabilities at the close of the fiscal year by \$5,078,725. Of this amount, \$1,326,313 (unrestricted net position) may be used to meet the Town's ongoing obligations to residents and creditors.

At December 31, 2016, the Town's governmental funds reported combined ending fund balances of \$732,399 reflecting a decrease of \$74,494.

The general fund received a grant of \$65,000 to Friends of the Stratton Playground Committee from a grant from GOCO.

Overview of the Financial Statements

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

Government-wide financial statements

The government-wide financial statements use an accounting method similar to those used by private sectors companies. The focus of the Statement of Net Position (the unrestricted net position) is designed similar to a bottom line for the Town and its government and business-like activities. The statement reports all the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenue and expenses are reported in this statement for times that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2016
(continued)

The government-wide statements are divided into two categories:

- Governmental Activities reflects the Town's basic services including administrative, public safety, public works, judicial, building division, cemetery, parks, and recreation. Property tax, sales tax and intergovernmental taxes finance the majority of these activities. The police department receives seventy-five percent of sales taxes revenue while public works receives the remaining twenty-five per cent.
- Business-type activities are funds that reflect private sector type operations, which includes the Town's Water, Sewer, and Community Building funds. Fees for services should cover the majority of the cost of these operations including depreciation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Stratton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds

Most of the Town's basic services are reported in governmental funds, which focus on cash flows. The unrestricted balances left at year-end are available for spending in future years. The funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view as to cash, operations, and basic services provided.

The Town of Stratton maintains three governmental funds. Only the General Fund is considered to be a major fund. Data from the governmental funds are combined into a single aggregated presentation. Annual budget appropriations are adopted for each of these funds. Budgetary comparison statements are provided to demonstrate compliance with budgets.

Proprietary Funds

The Town's water, sewer and community building services are reported in proprietary funds. They focus on overall economic position rather than year-end fund balances. Enterprise funds are the type of proprietary funds used to account for each of the Town's utilities. Enterprise funds are used to report the same functions presented in business-type activities in the governmental-wide financial statements, only in more detail.

Notes to Financial Statement

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the Financial Statements can be found immediately after the basic financial statements.

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2016
(continued)

Government-Wide Financial Analysis

This financial report for the year ended December 31, 2016 reflects the reporting requirements of GASB 34. GASB 34 requires governments to report the information found in the Basic Financial Statements and to include a presentation of comparative data from the prior period as it becomes available with the passage of time.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Stratton's assets exceeded liabilities by \$5,078,725 at the close of the current fiscal year.

Of the Town's total assets of \$6,858,063, \$5,344,407 or 78% reflects capital assets (e.g. land, infrastructure, buildings, utility delivery systems, and equipment). The amount of debt against those assets is \$1,640,946, for a net investment in capital assets of \$3,703,443. The Town uses these assets to provide services to citizens, consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt or \$3,703,443, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following reflects the Town's net position

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/15</u>
Current assets	872,479	920,474	638,144	566,748	1,510,622	1,487,222
Net pension asset	154	10,305	0	0	154	10,305
Capital assets	<u>1,285,484</u>	<u>1,201,644</u>	<u>4,058,923</u>	<u>4,158,617</u>	<u>5,344,407</u>	<u>5,360,261</u>
Total Assets	2,158,117	2,132,424	4,697,067	4,725,365	6,855,183	6,857,788
Deferred Outflows of Resources	16,782	4,768	0	0	16,782	4,768
Current liabilities	45,012	17,555	94,942	90,320	139,953	107,875
Long-term liabilities	<u>0</u>	<u>0</u>	<u>1,558,100</u>	<u>1,640,947</u>	<u>1,558,100</u>	<u>1,640,947</u>
Total Liabilities	45,012	17,555	1,653,041	1,731,267	1,698,053	1,748,822
Deferred Inflows of Resources	97,216	95,725	0	0	97,216	95,725
Net Position						
Invested in capital assets	1,285,484	1,201,644	2,417,959	2,436,152	3,703,443	3,637,796
Restricted	46,089	40,610	29,000	48,420	75,089	89,030
Unrestricted	<u>703,979</u>	<u>781,658</u>	<u>597,066</u>	<u>509,526</u>	<u>1,301,045</u>	<u>1,291,184</u>
	<u>2,035,551</u>	<u>2,023,912</u>	<u>3,044,025</u>	<u>2,994,098</u>	<u>5,079,577</u>	<u>5,018,010</u>

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2016
(continued)

Statement of Activities

For 2016, total net position for Governmental Activities increased by \$10,787. Net position for Business-type Activities (Enterprise Fund) increased by \$49,927.

The following condensed table of changes in net position illustrates changes in net position for Governmental Activities and Business-type Activities.

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/15</u>
Revenues						
Program Revenues						
Charges for service	22,562	25,017	388,446	403,243	411,008	428,260
Operating grants & contributions	57,310	52,467			57,310	52,467
Capital grants	126,109	21,822	50	525,731	126,159	547,553
General Revenues						
Property taxes	88,606	102,842	0	0	88,606	102,842
Sales Taxes	103,553	102,385			103,553	102,385
Other taxes	69,999	70,650			69,999	70,650
Investment interest	319	679	299	439	618	1,118
Other	20,447	7,927	0	0	20,447	7,927
Transfers	3,761	1,500	(3,761)	(1,500)	0	0
Sale of assets	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>
Total Revenues	492,666	386,289	385,034	927,913	877,700	1,314,202
Expenses						
General Government	125,668	122,513			125,668	122,513
Judicial	550	680			550	680
Public Safety	87,634	67,680			87,634	67,680
Public Works	138,028	94,823			138,028	94,823
Economic Development	17,490	17,860			17,490	17,860
Health & Welfare	1,709	1,577			1,709	1,577
Culture & Recreation	109,948	98,868			109,948	98,868
Debt Service	0	2,267			0	2,267
Water			190,196	199,639	190,196	199,639
Sanitation			127,198	122,347	127,198	122,347
Community Building	<u>0</u>	<u>0</u>	<u>17,712</u>	<u>22,776</u>	<u>17,712</u>	<u>22,776</u>
Total Expenses	<u>481,027</u>	<u>406,268</u>	<u>335,106</u>	<u>344,762</u>	<u>816,133</u>	<u>751,030</u>
Increase (decrease) in net assets	11,640	(19,979)	49,927	583,151	61,567	563,172
Net Position - Beginning	2,023,912	2,031,781	2,994,098	2,410,947	5,018,010	4,442,728
Prior period adjustments	<u>0</u>	<u>12,110</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,110</u>
Net Position - Ending	<u>2,035,551</u>	<u>2,023,912</u>	<u>3,044,025</u>	<u>2,994,098</u>	<u>5,079,577</u>	<u>5,018,010</u>

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2016
(continued)

As previously noted, governmental activities are principally supported by taxes, intergovernmental revenues, grant funding and charges for services. These revenues support General Government activities, including Administration, Planning, Data Processing, Economic Development and Town Board, Public Safety, Public Works, including Streets, Mosquito Control, Parks and Recreation.

Net position in Business-type activities increased from the prior year. Due to the planned water and sanitation capital outlay projects, rates were increased when the funding was secured. State approval delayed the anticipated project start dates so reserves continue to build.

Financial Analysis of the Government's Funds

As earlier noted, the Town of Stratton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Governmental Funds are accounted for using the modified accrual basis of accounting, and the balance of spendable resources (unreserved fund balance) is shown at year end. The unreserved fund balance serves as a useful measure of a government's net resources available for spending at year end. At year end, the Town's Governmental funds reported a combined fund balance of \$732,399. Of that balance, \$683,430 was unrestricted and is available for spending at the Town's discretion.

The individual General Fund is the only major fund. It is the chief operating fund of the Town of Stratton. It accounts for all general services provided by the Town, excluding special revenue funds.

Proprietary Funds

The Town's Water, Sewer and Community Building funds are used to account for those operations that are financed and operated in a manner similar to private business, in that fees are charged to external users for goods and services.

GENERAL FUND BUDGETARY HIGHLIGHTS

No budgets were amended for the Town for 2016.

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2016
(continued)

CAPITAL ASSETS

At December 31, 2016, the Town had invested in a range of capital assets including land, buildings and improvements, vehicles, equipment, park facilities, infrastructure (including streets, alleys, traffic signals and signs) of governmental activities, water and wastewater plants, utility lines and storm drainage ditches.

The Town's capital assets by activity at December 31, 2016 were as follows:

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/15</u>
Land	5,800	5,800	88,377	88,377	94,177	94,177
Infrastructure	810,469	810,470	0	0	810,469	810,470
System	0	0	4,293,275	4,293,275	4,293,275	4,293,275
Buildings	325,850	325,850	440,892	440,892	766,742	766,742
Equipment & Vehicles	327,142	328,292	104,906	104,906	432,049	433,199
Improvements	728,904	742,263	28,358	28,358	757,262	770,621
Assets under Construction	147,686	0	0	0	147,686	0
Less accumulated depreciation	<u>(1,060,367)</u>	<u>(1,011,031)</u>	<u>(896,886)</u>	<u>(797,192)</u>	<u>(1,957,253)</u>	<u>(1,808,223)</u>
Total	<u>1,285,484</u>	<u>1,201,644</u>	<u>4,058,923</u>	<u>4,158,617</u>	<u>5,344,407</u>	<u>5,360,261</u>

In 2016 the governmental funds addition of capital assets included assets under construction. The assets under construction included playground equipment for \$104,000 and work on the town shop building for \$43,685.

DEBT ADMINISTRATION

At December 31, 2016, the Town had total outstanding debt of \$1,640,964. Outstanding debt by activity was as follows:

	<u>Business-type Activities</u>	
	<u>12/31/16</u>	<u>12/31/15</u>
Loans payable	1,640,964	1,722,465

The loan payable is for water and sanitation system improvements and the purchase of the water well.

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2016
(continued)

SUMMARY OF FINANCIAL CONDITION

In 2017 the Town of Stratton will continue to focus on enhancement of its ending fund position while maintaining services and improving operating efficiencies. Improvements are anticipated to be made to the community park as well as the maintenance facilities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town is anticipating continuing positive financial impact from the water system improvements. In addition, the Town will be investigating additional funding opportunities for improvement and maintenance needs. The Town will also be looking at implementing a 10-year master plan for improvements where needed.

REQUESTS FOR INFORMATION

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report or need additional information, contact the Town Clerk/Treasurer, 918 Colorado Avenue, Stratton, CO 80836 or call (719) 348-5612.

BASIC FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO
Statement of Net Position
December 31, 2016

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	695,507	544,472	1,239,979
Certificates of deposit	10,000	100,000	110,000
Accounts receivable	17,815	28,544	46,359
Due from other governments	16,336	0	16,336
Due from other funds	34,873	(34,873)	0
Accrued property taxes	97,948	0	97,948
Prepaid expenses	2,880	0	2,880
Capital assets, net of accumulated depreciation	1,285,484	4,058,923	5,344,407
Net pension asset	<u>154</u>	<u>0</u>	<u>154</u>
Total Assets	2,160,997	4,697,067	6,858,063
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension expense	16,782	0	16,782
LIABILITIES			
Accounts payable	45,012	6,973	51,984
Accrued sick leave	0	2,412	2,412
Meter deposits	0	2,693	2,693
Noncurrent liabilities			
Due within one year	0	82,864	82,864
Due in more than one year	<u>0</u>	<u>1,558,100</u>	<u>1,558,100</u>
Total Liabilities	45,012	1,653,041	1,698,053
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	97,948	0	97,948
Deferred pension expense	<u>(732)</u>	<u>0</u>	<u>(732)</u>
Total Deferred Inflows of Resources	97,216	0	97,216
NET POSITION			
Invested in capital assets	1,285,484	2,417,959	3,703,443
Restricted for recreation	35,063	0	35,063
Restricted for TABOR	11,026	0	11,026
Restricted for loan retirement	0	29,000	29,000
Unrestricted	<u>703,979</u>	<u>597,066</u>	<u>1,301,045</u>
Total Net Position	<u>2,035,551</u>	<u>3,044,025</u>	<u>5,079,577</u>

TOWN OF STRATTON, COLORADO
Statement of Activities
For the Year Ended December 31, 2016

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants</u>
Governmental Activities				
General government	125,668	6,875		
Judicial	550			
Public safety	87,634	352		
Public works	138,028		43,862	
Economic development	17,490			
Health & welfare	1,709			
Culture & recreation	<u>109,948</u>	<u>15,335</u>	<u>13,449</u>	<u>126,109</u>
Total Governmental Activities	481,027	22,562	57,310	126,109
Business-type Activities				
Community building	17,712	9,849	0	50
Sanitation	127,198	125,053	0	0
Water	<u>190,196</u>	<u>253,544</u>	<u>0</u>	<u>0</u>
Total Business-type Activities	<u>335,106</u>	<u>388,446</u>	<u>0</u>	<u>50</u>
Total	<u>816,133</u>	<u>411,008</u>	<u>57,310</u>	<u>126,159</u>

General revenues:

Taxes

 Property taxes, levied for general purposes

 Auto taxes

 Sales taxes

 Franchise taxes

 Cigarette taxes

 Lodging taxes

Miscellaneous

Investment earnings

Transfers

Sale of assets

 Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and
Changes in Net Position

<u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Activities</u>	<u>Total</u>
(118,793)		(118,793)
(550)		(550)
(87,282)		(87,282)
(94,167)		(94,167)
(17,490)		(17,490)
(1,709)		(1,709)
<u>44,945</u>		<u>44,945</u>
(275,046)	0	(275,046)
	(7,814)	(7,814)
	(2,145)	(2,145)
	<u>63,348</u>	<u>63,348</u>
<u>0</u>	<u>53,390</u>	<u>53,390</u>
(275,046)	53,390	(221,656)
88,606		88,606
10,091		10,091
103,553		103,553
46,383		46,383
1,216		1,216
12,309		12,309
20,447		20,447
319	299	618
3,761	(3,761)	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>286,685</u>	<u>(3,462)</u>	<u>283,223</u>
11,640	49,927	61,567
<u>2,023,912</u>	<u>2,994,098</u>	<u>5,018,010</u>
<u>2,035,551</u>	<u>3,044,025</u>	<u>5,079,577</u>

TOWN OF STRATTON, COLORADO

Balance Sheet

Governmental Funds

December 31, 2016

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	654,686	40,821	695,507
Certificates of deposit	10,000	0	10,000
Accounts receivable	15,990	1,825	17,815
Due from other governments	16,336	0	16,336
Due from other funds	35,195	0	35,195
Accrued property taxes receivable	97,948	0	97,948
Prepaid expenses	<u>0</u>	<u>2,880</u>	<u>2,880</u>
Total Assets	<u>830,155</u>	<u>45,526</u>	<u>875,681</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts payable	45,012	0	45,012
Due to other funds	<u>0</u>	<u>322</u>	<u>322</u>
Total Liabilities	45,012	322	45,334
Deferred Inflows of Resources			
Deferred property tax revenue	97,948	0	97,948
Fund Balances			
Restricted			
TABOR reserve	11,026	0	11,026
Recreation	0	35,063	35,063
Nonspendable	0	2,880	2,880
Unrestricted	<u>676,169</u>	<u>7,261</u>	<u>683,430</u>
Total Fund Balances	<u>687,195</u>	<u>45,204</u>	<u>732,399</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>830,155</u>	<u>45,526</u>	<u>875,681</u>

TOWN OF STRATTON, COLORADO
 Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
 December 31, 2016

Total Governmental Fund Balances	732,399
Amounts reported for governmental activities in the statement of net assets are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,285,484
Net pension asset is not a financial resource and not reported in the governmental funds	154
Deferred outflows of resources, reported as deferred amount on pensions, are not financial resources and thus are not reported as assets in governmental funds	16,782
Deferred inflows of resources, reported as deferred amount on pensions, are not financial resources and thus are not reported as liabilities in governmental funds	<u>732</u>
Net Position of Governmental Activities	<u>2,035,551</u>

TOWN OF STRATTON, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
REVENUES			
Taxes	245,580	12,309	257,889
Licenses & permits	1,604	0	1,604
Fines & fees	352	0	352
Charges for services	20,125	0	20,125
Intergovernmental	48,591	7,370	55,961
Grants	104,354	0	104,354
Library	11,069	0	11,069
Sale of assets	0	0	0
Miscellaneous	<u>37,511</u>	<u>41</u>	<u>37,552</u>
Total Revenues	469,186	19,720	488,905
EXPENDITURES			
Current			
General government	125,668	0	125,668
Judicial	550	0	550
Public safety	86,705	0	86,705
Public works	115,000	0	115,000
Economic development	0	17,490	17,490
Health & welfare	1,709	0	1,709
Parks & recreation	46,539	0	46,539
Library	25,814	0	25,814
Debt Service	0	0	0
Capital Outlay	<u>147,685</u>	<u>0</u>	<u>147,685</u>
Total Expenditures	<u>549,670</u>	<u>17,490</u>	<u>567,160</u>
Revenues over (under) Expenditures	(80,485)	2,230	(78,255)
Other Financing Sources (Uses)			
Operating transfers in	<u>3,761</u>	<u>0</u>	<u>3,761</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(76,724)	2,230	(74,494)
Fund Balance - Beginning	<u>763,919</u>	<u>42,974</u>	<u>806,893</u>
Fund Balance - Ending	<u>687,195</u>	<u>45,204</u>	<u>732,399</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances - Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2016

Net change in fund balances - total governmental funds		(74,494)
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.</p>		
Capital outlays	147,686	
Depreciation expense	<u>(63,845)</u>	83,841
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds</p>		
Pension expenses		2,292
Change in net position of government activities		<u>11,640</u>

TOWN OF STRATTON, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2016

ASSETS	<u>Sanitation</u>	<u>Water</u>	<u>Community Building</u>	<u>Total</u>
Current Assets				
Cash in bank	18,009	512,451	14,012	544,472
Certificates of deposit	50,000	50,000	0	100,000
Accounts receivable	9,630	18,914	0	28,544
Due from other funds	<u>7,030</u>	<u>0</u>	<u>0</u>	<u>7,030</u>
Total Current Assets	84,669	581,366	14,012	680,046
Fixed Assets				
Land, buildings & equipment	1,187,306	3,246,524	521,979	4,955,809
Less: accumulated depreciation	<u>(311,106)</u>	<u>(397,269)</u>	<u>(188,511)</u>	<u>(896,886)</u>
Net Fixed Assets	<u>876,200</u>	<u>2,849,255</u>	<u>333,468</u>	<u>4,058,923</u>
TOTAL ASSETS	960,868	3,430,621	347,480	4,738,969
LIABILITIES				
Current Liabilities				
Accounts payable	1,960	4,457	500	6,918
Due to other funds	35,195	6,708	0	41,903
Key deposits	0	0	55	55
Accrued sick leave	1,206	1,206	0	2,412
Meter deposits	0	2,693	0	2,693
Current portion of long term debt	<u>24,985</u>	<u>57,879</u>	<u>0</u>	<u>82,864</u>
Total Current Liabilities	63,347	72,942	555	136,844
Long-Term Debt				
Loans payable	<u>270,103</u>	<u>1,287,997</u>	<u>0</u>	<u>1,558,100</u>
TOTAL LIABILITIES	333,449	1,360,940	555	1,694,944
NET POSITION				
Invested in capital assets	581,112	1,503,379	333,468	2,417,959
Restricted for loan retirement	0	29,000	0	29,000
Unrestricted	<u>46,307</u>	<u>537,302</u>	<u>13,457</u>	<u>597,066</u>
TOTAL NET POSITION	<u>627,419</u>	<u>2,069,682</u>	<u>346,924</u>	<u>3,044,025</u>

TOWN OF STRATTON, COLORADO
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	<u>Sanitation</u>	<u>Water</u>	<u>Community Building</u>	<u>Total</u>
OPERATING REVENUE				
Charges for service	125,053	243,349	0	368,402
Connect fees	0	1,995	0	1,995
Rental income	0	7,981	8,719	16,699
Access passes	0	0	1,130	1,130
Other income	<u>0</u>	<u>220</u>	<u>0</u>	<u>220</u>
Total Operating Revenues	125,053	253,544	9,849	388,446
OPERATING EXPENSES				
Salaries	36,046	36,209	0	72,255
Payroll taxes	9,930	9,283	0	19,214
Benefits	9,684	10,168	0	19,853
Consulting fees	6,249	6,313	0	12,562
Supplies	11,502	25	0	11,527
Repairs	2,148	32,210	336	34,694
Utilities	19,000	16,305	5,143	40,448
Samples	0	0	0	0
Miscellaneous	730	5,013	0	5,743
Depreciation	<u>24,602</u>	<u>62,858</u>	<u>12,234</u>	<u>99,694</u>
Total Operating Expenses	<u>119,892</u>	<u>178,385</u>	<u>17,712</u>	<u>315,989</u>
OPERATING INCOME (LOSS)	5,161	75,159	(7,864)	72,457
Non Operating Income (Expense)				
Interest income	117	182	0	299
Interest expense	(7,306)	(11,811)	0	(19,117)
Grants	0	0	50	50
Transfers in (out)	<u>0</u>	<u>(3,761)</u>	<u>0</u>	<u>(3,761)</u>
Total Non Operating Income (Expense)	<u>(7,189)</u>	<u>(15,390)</u>	<u>50</u>	<u>(22,529)</u>
CHANGE IN NET POSITION	(2,028)	59,769	(7,814)	49,927
Net Position - Beginning	<u>629,447</u>	<u>2,009,913</u>	<u>354,738</u>	<u>2,994,098</u>
Net Position - Ending	<u>627,419</u>	<u>2,069,682</u>	<u>346,924</u>	<u>3,044,025</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	<u>Sanitation</u>	<u>Water</u>	<u>Community Building</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	124,588	256,609	9,849	391,046
Payments to suppliers	(37,643)	(49,930)	(5,327)	(92,900)
Payments for salaries and benefits	(55,549)	(55,549)	0	(111,098)
Net Cash Provided by Operating Activities	31,395	151,130	4,522	187,047
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in (out)	0	(3,761)	0	(3,761)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grants and donations received	0	0	50	50
Debt payments	(24,438)	(57,063)	0	(81,501)
Purchase of capital assets	0	0	0	0
Interest paid	(7,306)	(11,811)	0	(19,117)
Net Cash Provided by Capital and Related Financing Activities	(31,743)	(68,875)	50	(100,568)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	117	182	0	299
Net increase (decrease) in cash	(231)	78,677	4,572	83,017
Cash Balance - beginning of year	18,240	433,775	9,440	461,455
Cash Balance - end of year	18,009	512,451	14,012	544,472
Reconciliation of operating income (loss) to net cash provided (used) by operations				
Operating income (loss)	5,161	75,159	(7,864)	72,457
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	24,602	62,858	12,234	99,694
(Increase) decrease in accounts receivable	(465)	3,065	0	2,600
(Increase) decrease in due to/from other funds	2,202	6,820	0	9,022
(Decrease) increase in accounts payable	(216)	3,116	151	3,052
Accrued sick leave	112	112	0	223
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>31,395</u>	<u>151,130</u>	<u>4,522</u>	<u>187,047</u>

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Town of Stratton, Colorado conform to generally accepted accounting principles (GAAP) as applicable to governments. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant principles

A. Reporting Entity

The Town is a political subdivision of the State of Colorado which is governed by an elected mayor and elected 6-member board of trustees. In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of (a) the primary government, (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no additional agencies or entities which should be included in the financial statements of the Town.

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

Government-wide financial statements include a statement of net position and the statement of activities. These statements present summaries of governmental and business-type activities for the Town, accompanied by a total column. Governmental activities, which generally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Amounts recorded as program revenues include (1) charges to customers for goods or services (2) operating grants and contributions, and (3) capital grants and contributions.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

The government-wide financial statements and proprietary funds are accounted for under economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual method of accounting, revenues are recognized in the period in which they are earned.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

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

The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property tax, sales and use tax, intergovernmental revenues and other taxes. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

- The general fund is the Town's primary operating fund. It accounts for all financial resources except those required to be in another fund.

Operating revenues for proprietary funds are those revenues that are a result of providing services to individuals and businesses that are serviced by the various Town proprietary funds. The Town also recognizes as operating revenues in Water and Sewer funds the tap fees intended to recover the cost of connecting new customers to the system.

All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The Town reports the following major proprietary funds:

- The sewer and water accounts for activities of the Town's distribution and collection operations.

C. Assets, Liabilities and Net Assets or Equity

1. Cash and Cash Equivalents

The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The Town pools cash from several funds for the purpose of increasing interest income. Interest is allocated to individual funds based on the average cash of the funds.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

2. Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable balances are recorded on the statement of net position, net of allowance for uncollectible accounts, of \$9,630 in the Sanitation Fund, and \$18,914 in the Water Fund.

The Town uses a bad debt allowances that are not limited to a specific percent of receivables, but are reviewed annually to determine their adequacy. Actual bad debts are low due to continued review.

3. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between funds for goods provided or services rendered. These receivable and payables are classified as “due to/due from other funds” on the balance sheet for governmental funds and on the statement of position for the proprietary funds when they are expected to be liquidated within one year.

Through the budgetary process, the Town budgets transfers between funds. The amounts are for funding purposes per the budget.

4. Property taxes

Taxes are levied by December 15, and tax bills are mailed January 1 of the following year creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, and the second by June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates. Notices of delinquencies are mailed in September, and tax sales are scheduled for November.

5. Prepaid Items

Payments to vendors for services that will benefit periods beyond the year-end are recorded as prepaid items.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$2,000 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 fixed assets are recorded at their estimated fair value at the date of donation.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

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

Property, plant and equipment are depreciated in the proprietary funds using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20-50
Improvements	20-30
Buildings	10-50
Equipment	5-20
Vehicles	10

General infrastructure assets acquired prior to January 1, 2001 are not being reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2001.

7. Compensated Absences

Sick/personal days accrue to permanent employees at the rate of 8 days per year for employees working 40 hours per week and 6 days per year for employees working 32 hours per week. A maximum of 36 days may be accumulated by employees working 40 hours per week and a maximum of 32 days for employees working 32 hours per week. Employees are allowed to carry 30 accrued compensated absence days into the following year. If an employee has accrued more than 30 days as of December 31, the excess days will be paid out in January of the following year.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bonds issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure. Actual results could differ from those estimates.

10. Encumbrances

Encumbrance accounting where purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation is not utilized by the Town.

11. Net Position/Fund Balance

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

Invested in Capital Assets – this category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding debt balances that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Assets – indicates the portion of net assets which has been legally segregated for specific purposes or is not available for appropriation.

Unrestricted Net Assets – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

When both restricted and unrestricted funds are available, restricted are deemed first spent.

In the fund financial statements, fund balances of governmental funds are classified in the following categories:

Nonspendable – amounts that cannot be spent because they are either not in spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted – when constraints placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

Committed – amounts that can be only used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or the Town Clerk to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - amounts that are available for any purpose. These amounts are reported only in the General Fund.

The Towns Board of Trustees is the sole authority with the ability to commit funds for specific purposes. Committed funds cannot be used for any other purposes unless the Board of Trustees uses the same action that it took to originally commit the amounts.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

All funds must have budgets to be allowed expenditures. Budgets for all funds except proprietary funds are adopted on a basis consistent with generally accepted accounting principles. The proprietary funds are prepared on the accrual basis of accounting excluding depreciation expense. All annual appropriations lapse at year end.

By August 25, the County Assessor forwards certification of assessed valuation to the Town. On or before October 1, departments must submit to the budget officer an estimate of their expenditure requirements and their estimated revenue for the ensuing budget year. The budget officer shall prepare and submit to the Board of Trustees a proposed budget by October 15. Upon receipt of the proposed budget, the Board of Trustees shall publish a notice showing the proposed budget is open for inspection by the public and the date the Board will consider adoption of such proposed budget.

By December 15, the Board of Trustees certifies to County Commissioners the mill levy against the assessed valuation. Final adoption and an ordinance or resolution making appropriations is due by December 31 and submitted to division of local government within 30 days. Expenditures may not legally exceed budgeted appropriations at the fund level.

- B. 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 governments. The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the amendment’s language in order to determine its compliance.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

Voters of the Town passed a referendum at an election held November 4, 1997, permitting the Town to collect, retain, and expend the full proceeds of the Town's property taxes, non-federal grants, and all other rates, fees, tolls and charges for capital projects and municipal services, for the year 1997 and each subsequent year, notwithstanding any state restriction on fiscal year spending including, without limitation, the restrictions of Article X, Section 20, of the Colorado Constitution.

(3) DETAILED NOTES ON ALL FUNDS

- A. Cash and Cash Equivalents - all are in a single financial institution. They are displayed on the balance sheets as Cash in Bank, Cash on Hand, and Certificates of Deposit.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Division of Banking is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

- B. Custodial Credit Risk - the risk that, in the event of bank failure, the Town's deposit may not be returned to it. The Town does not have a written deposit policy for custodial credit risk.

	Bank <u>Balance</u>	Carrying <u>Balance</u>
Insured (FDIC)	\$500,000	\$500,000
Uninsured: Collateral held by Town's agent in agent's name	874,984	847,777
Cash on hand	0	118
With County Treasurer	<u>0</u>	<u>2,083</u>
Total Deposits	\$1,374,984	\$1,349,978
Shown as Certificates of Deposit Cash		<u>(110,000)</u> \$1,239,978

- C. Accrued Property Taxes Receivable - the amount of current year property taxes which are due January 1 of the following year. There is an offsetting amount of deferred property tax revenue. This amount has not been included in the revenues of the current year.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

D. Changes in General Fixed Assets - a summary of changes in the general fixed assets follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Land	5,800	-0-	-0-	5,800
Assets Under Construction	-0-	147,686	-0-	147,686
Infrastructure	810,469	-0-	-0-	810,469
Buildings	325,850	-0-	-0-	325,850
Other Improvements	742,263	-0-	13,359	728,904
Equipment	273,392	-0-	1,150	272,242
Vehicles	<u>54,900</u>	<u>-0-</u>	<u>-0-</u>	<u>54,900</u>
Total	2,212,674	147,686	14,509	2,345,851
Less Accumulated Depreciation				
Land	-0-	-0-	-0-	-0-
Infrastructure	192,455	16,715	-0-	209,170
Buildings	118,910	6,405	-0-	125,315
Other Improvements	481,005	24,263	13,359	491,909
Equipment	179,994	13,725	1,150	192,569
Vehicles	<u>38,667</u>	<u>2,737</u>	<u>-0-</u>	<u>41,404</u>
Total	<u>1,011,031</u>	<u>63,845</u>	<u>14,509</u>	<u>1,060,367</u>
Government Activities				
Net Capital Asset	<u>1,201,643</u>	<u>83,840</u>	<u>-0-</u>	<u>1,285,484</u>

Depreciation expense in the governmental funds was allocated \$325 to general government, \$3,222 to public safety, \$23,028 to public works, and \$37,270 to culture & recreation.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Land	88,377	-0-	-0-	88,377
Site Improvement	28,358	-0-	-0-	28,358
Building	440,891	-0-	-0-	440,891
Equipment	75,906	-2-	-0-	75,908
Vehicles	29,000	-0-	-0-	29,000
System	<u>4,293,275</u>	<u>-0-</u>	<u>-0-</u>	<u>4,293,275</u>
Total	4,955,807	-2-	-0-	4,955,809
Less Accumulated Depreciation				
Land	-0-	-0-	-0-	-0-
Site Improvements	12,710	1,418	-0-	14,128
Building	112,977	8,818	-0-	121,795
Equipment	62,848	3,333	-0-	66,181
Vehicles	26,500	2,500	-0-	29,000
System	<u>582,157</u>	<u>83,625</u>	<u>-0-</u>	<u>665,782</u>
Total	<u>797,191</u>	<u>99,694</u>	<u>-0-</u>	<u>896,886</u>
Business-type Activities				
Net Capital Asset	<u>4,158,616</u>	<u>(99,692)</u>	<u>-0-</u>	<u>4,058,923</u>

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

Depreciation in the business-type activities was as follows:

Water	\$62,858
Sewer	24,602
Community Building	<u>12,234</u>
Total	<u>\$99,694</u>

E. Changes in Long-Term Debt

	Balance <u>January 1</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>December 31</u>
Loans payable	1,722,465	-0-	81,501	1,640,964

In 2006, the Water Fund, entered into a loan agreement with The First National Bank of Stratton in the amount of \$135,000 to help finance acquisition of a water well. The loan calls for 15 annual payments of \$13,009 with interest at 5%. Following is a payment schedule:

<u>Year Ending December 31</u>	<u>Loan Principle</u>	<u>Loan Interest</u>	<u>Total</u>
2017	10,251	2,758	13,009
2018	10,764	2,245	13,009
2019	11,302	1,707	13,009
2020	11,867	1,142	13,009
2021	<u>10,980</u>	<u>550</u>	<u>11,530</u>
Total	55,164	8,402	63,566

In 2008 the Water Fund entered into a loan agreement with Colorado Water Resources & Power Development Authority in the amount of \$483,000 for improvements to the water system. The loan calls for semi-annual payments of \$10,673 through May 2038 with interest at 1.875%. Following is a payment schedule:

<u>Year Ending December 31</u>	<u>Loan Principle</u>	<u>Loan Interest</u>	<u>Total</u>
2017	14,358	6,988	21,346
2018	14,629	6,718	21,347
2019	14,904	6,442	21,346
2020	15,185	6,162	21,347
2021	15,471	5,875	21,346
2022-2026	81,838	24,894	106,732
2027-2031	89,842	16,890	106,732
2032-2036	98,629	8,103	106,732
2037-2038	<u>31,429</u>	<u>591</u>	<u>32,020</u>
Total	376,285	82,663	458,948

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

In 2008 the Water Fund entered into a loan agreement with Colorado Water Resources & Power Development Authority in the amount of \$90,000 for improvements to the water system. The loan calls for semi-annual payments of \$1,943 through May 2039 with interest at 1.750%. Following is a payment schedule:

<u>Year Ending</u> <u>December 31</u>	<u>Loan</u> <u>Principle</u>	<u>Loan</u> <u>Interest</u>	<u>Total</u>
2017	2,637	1,249	3,886
2018	2,683	1,202	3,885
2019	2,730	1,155	3,885
2020	2,778	1,107	3,885
2021	2,827	1,058	3,885
2022-2026	14,900	4,529	19,429
2027-2031	16,256	3,172	19,428
2032-2036	17,735	1,693	19,428
2037-2039	<u>9,464</u>	<u>250</u>	<u>9,714</u>
Total	72,010	15,415	87,425

Under the terms of this loan, the Town must maintain an operations & maintenance reserve equal to three months of operations & maintenance expenses. The Town must also establish and collect charges for water service which, together with other moneys available, are expected to produce "gross revenues" that will be at least sufficient to pay the sum of (1) all amounts required for operations and maintenance excluding depreciation, (2) a sum equal to 110% of the debt service due on the governmental agency bond plus all other debt service, and (3) amount, if any, to be paid during such calendar year into any debt service reserve in conjunction with any obligations secured by the pledged property.

Current assets	581,366	Operating expenses	178,385
Current liabilities	<u>72,942</u>	less depreciation	<u>(62,858)</u>
Working capital	508,423	Net expenses	115,527

Calculation -

25% of operating expenses minus depreciation	28,882
Current assets minus current liabilities	<u>508,423</u>
Excess	479,542

Total operating revenue	253,544	Operating expenses	178,385
Interest income	<u>182</u>	less depreciation	<u>(62,858)</u>
Total revenue	253,727	Net expenses	115,527

Debt payments	57,063	Coverage	200.65%
Interest paid	<u>11,811</u>		
Total debt payments	68,875	Should be at least	110.00%

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

In 2007 the Sanitation Fund entered into a loan agreement with Colorado Water Resources & Power in the amount of \$442,000 for improvements to the lagoon system. The loan calls for semi-annual payments of \$13,349 through May 2027 with interest at 1.875%. Following is a payment schedule:

<u>Year Ending</u> <u>December 31</u>	<u>Loan</u> <u>Principle</u>	<u>Loan</u> <u>Interest</u>	<u>Total</u>
2017	22,050	4,648	26,698
2018	22,465	4,233	26,698
2019	22,889	3,809	26,698
2020	23,320	3,378	26,698
2021	23,759	2,939	26,698
2022-2026	125,680	7,811	133,491
2027	<u>13,225</u>	<u>124</u>	<u>13,349</u>
Total	253,388	26,942	280,330

Under the terms of this loan, the Town must maintain an operations & maintenance reserve equal to three months of operations & maintenance expenses. The Town must also establish and collect charges for sewer service which, together with other moneys available, are expected to produce "gross revenues" that will be at least sufficient to pay the sum of (1) all amounts required for operations and maintenance excluding depreciation, (2) a sum equal to 110% of the debt service due on the governmental agency bond plus all other debt service, and (3) amount, if any, to be paid during such calendar year into any debt service reserve in conjunction with any obligations secured by the pledged property.

Current assets	84,669	Operating expenses	119,892
Current liabilities	<u>63,347</u>	less depreciation	<u>(24,602)</u>
Working capital	21,322	Net expenses	95,290
Calculation -			
25% of operating expenses minus depreciation			23,822
Current assets minus current liabilities			<u>21,322</u>
Excess			(2,501)
Total operating revenue	125,053	Operating expenses	119,892
Interest income	<u>117</u>	less depreciation	<u>(24,602)</u>
Total revenue	125,170	Net expenses	95,290
Debt payments	24,438	Coverage	94.13%
Interest paid	<u>7,306</u>		
Total Debt Payments	31,743	Should be at least	110.00%

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

In 2008 the Sanitation Fund entered into a loan agreement with Department of Local Affairs in the amount of \$65,000 for improvements to the sewer system. The loan calls for semi-annual payments of \$5,020 through 2027 with interest at 5%. Following is a payment schedule:

Year Ending <u>December 31</u>	Loan <u>Principle</u>	Loan <u>Interest</u>	<u>Total</u>
2017	2,935	2,085	5,020
2018	3,082	1,938	5,020
2019	3,236	1,784	5,020
2020	3,398	1,622	5,020
2021	3,568	1,452	5,020
2022-2026	20,700	4,401	25,101
2027	<u>4,781</u>	<u>239</u>	<u>5,020</u>
Total	41,700	13,521	55,221

In 2013 the Water Fund entered into a loan agreement with Colorado Water Resources & Power in the amount of \$919,000 for improvements to the water system. The loan calls for semi-annual payments of \$15,317 through May 2044 with no interest at. Following is a payment schedule:

Year Ending <u>December 31</u>	Loan <u>Principle</u>	Loan <u>Interest</u>	<u>Total</u>
2017	30,633	-0-	30,633
2018	30,634	-0-	30,634
2019	30,633	-0-	30,633
2020	30,634	-0-	30,634
2021	30,633	-0-	30,633
2022-2026	153,167	-0-	153,167
2027-2031	153,166	-0-	153,166
2032-2036	153,167	-0-	153,167
2037-2041	153,166	-0-	153,166
2042-2044	<u>76,584</u>	<u>-0-</u>	<u>76,584</u>
Total	842,417	-0-	842,417

Under the terms of this loan, the Town must maintain an operations & maintenance reserve equal to three months of operations & maintenance expenses. The Town must also establish and collect charges for water service which, together with other moneys available, are expected to produce "gross revenues" that will be at least sufficient to pay the sum of (1) all amounts required for operations and maintenance excluding depreciation, (2) a sum equal to 110% of the debt service due on the governmental agency bond plus all other debt service, and (3) amount, if any, to be paid during such calendar year into any debt service reserve in conjunction with any obligations secured by the pledged property.

The calculation for compliance with this covenant is on page 20.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

Total long-term commitments -

<u>Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2017	82,864	17,728	100,592
2018	84,257	16,336	100,593
2019	85,694	14,897	100,591
2020	87,182	13,411	100,593
2021	87,238	11,874	99,112
2022-2026	396,285	41,635	437,920
2027-2031	277,270	20,425	297,695
2032-2036	269,531	9,796	279,327
2037-2041	194,059	841	194,900
2042-2044	<u>76,584</u>	<u>-0-</u>	<u>76,584</u>
Total	1,640,964	146,943	1,787,907

(4) OTHER INFORMATION

- A. Pension Plan - the employees of the Town are covered under the Social Security system, except for police officers.

General Information about the Fire & Police Statewide Defined Benefit Plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2015 has 194 participating employer fire and police departments.

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

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

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

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result, their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA. The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Fire & Police Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

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

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2015 was \$55,176,831. This amount was not included in the SWDB Plan Net Position.

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

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

Members of this Plan and their employers are contributing at the rate of 8.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 16.5 percent through 2015. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of plans reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5 percent of base salary in 2015. It is a local decision on who pays the additional 4 percent contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4.25 percent and 4 percent, respectively, of base salary for a total contribution rate of 8.25 percent in 2015. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the Plan from the Town were \$4,700 for the year ended December 31, 2016.

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

At December 31, 2016, the Town reported an asset of \$154 for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability/(asset) was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating Towns, actuarially determined. At December 31, 2015, the Town's proportion was 0.0087489499 percent, which was a decrease of 0.0003822842 percent from its proportion measured as of December 31, 2014.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

For the year ended December 31, 2016, the Town recognized pension income of \$2,292. At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	1,247	182
Changes in assumptions	2,423	0
Net difference between actual and projected earnings on pension plan investments	7,850	0
Changes in proportion and differences between Town contributions and proportionate share of contributions	562	(914)
Town contributions subsequent to the measurement date	<u>4,700</u>	<u>N/A</u>
Total	<u>16,782</u>	<u>(732)</u>

There is \$3,848 reported as deferred outflows of resources related to pensions, resulting from Town contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2017	56
2018	56
2019	56
2020	56
2021	56
Thereafter	229

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.5 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	4.0 – 14.0 percent
Cost of Living Adjustment	0.0 percent
Inflation	2.5 percent

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

Mortality rates were based on the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members.

The actuarial valuations for the fiscal year ending December 31, 2015 used the following assumptions and other inputs:

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2016	January 1, 2015
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-term Investment Rate of Return*	7.5%	7.5%
Projected Salary Increases*	4.0% - 14.0%	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.5%	3.0%

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	6.5%
Equity Long/Short	10%	4.7%
Illiquid Alternatives	20%	8.0%
Fixed Income	16%	1.5%
Absolute Return	11%	4.1%
Managed Futures	4%	3.0%
Cash	2%	0.0%
Total	100%	

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2016
(continued)

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

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

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
Town's proportionate share of the net pension liability/(asset)	21,606	(154)	(18,203)

* *The long-term rate of return used was 7.5 percent. The municipal bond rate used was 3.57 percent. The single discount rate for the plans was 7.50 percent.*

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

- B. The Town, pursuant to a resolution dated January 11, 1996, joined the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool. CIRSA is a collection of municipalities who participate in a self-insurance pool. The Town is at risk of loss for various property, liability and worker's compensation issues, and their participation in the public entity risk pool is an attempt to handle these potential issues.

CIRSA's rights and responsibilities include the provision of services pertaining to or associated with insurance or self-insurance, loss control, risk management and claims administration. The Town, as a member of the pool, has agreed to pay annual contributions as established by the board of directors of CIRSA, including coverage of losses and contributions to a reserve fund to pay claims for which previous contributions were insufficient. In addition, the Town will follow loss control procedures adopted by the board and provide information and records as needed for loss protection.

- C. The Town had no proceeds under the Colorado Contraband Forfeiture Act.



REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF STRATTON, COLORADO
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	249,092	249,092	245,580	(3,512)
Licenses & Permits	2,135	2,135	1,604	(531)
Intergovernmental	53,750	53,750	48,591	(5,159)
Charges for Service	96,892	96,892	20,125	(76,767)
Court & Traffic Fines	300	300	352	52
Grants	9,796	9,796	104,354	94,558
Miscellaneous	<u>17,009</u>	<u>17,009</u>	<u>48,580</u>	<u>31,571</u>
TOTAL REVENUES	428,974	428,974	469,186	40,212
EXPENDITURES				
General Government	112,751	112,751	125,668	(12,917)
Judicial	650	650	550	100
Public Safety	76,855	76,855	86,705	(9,850)
Public Works	136,889	136,889	158,685	(21,796)
Health & Welfare	3,943	3,943	1,709	2,234
Parks, & Recreation	119,387	119,387	150,539	(31,152)
Library	26,292	26,292	25,814	478
Contingency Reserve	<u>839,758</u>	<u>839,758</u>	<u>0</u>	<u>839,758</u>
TOTAL EXPENDITURES	<u>1,316,525</u>	<u>1,316,525</u>	<u>549,670</u>	<u>766,855</u>
Excess of revenue over (under) Expenditures	(887,551)	(887,551)	(80,485)	807,066
Other Financing Sources (Uses)				
Operating Transfers In (Out)	0	0	3,761	3,761
Excess of Revenues and Other Sources over (under) Expenditures	(887,551)	(887,551)	(76,724)	810,827
Fund Balance - Beginning	<u>887,551</u>	<u>887,551</u>	<u>763,919</u>	<u>(123,632)</u>
Fund Balance - Ending	<u>0</u>	<u>0</u>	<u>687,195</u>	<u>687,195</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Schedule of Town's Proportionate Share of the Net Pension Liability/(Asset)
Last 10 Years

Proportion (percentage) of the net pension liability/(asset)	<u>2015</u>	<u>2014</u>	<u>2013</u>
	0.0087489499%	0.0091312341%	0.0092685578%
Proportionate share of the net pension liability/(asset)	(154.00)	(10,305)	(8,288)
Covered employee payroll	42,534	41,096	40,290
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	-0.36%	-25.08%	-20.57%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.10%	106.80%	105.80%

Schedule of Town's Contributions and Related Ratios
Last 10 Fiscal Years
As of December 31,

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contributions	4,700	3,956	3,822	3,687
Contributions in relation to the contractually required contribution	<u>4,700</u>	<u>3,956</u>	<u>3,822</u>	<u>3,687</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	50,534	42,534	41,096	40,290
Contributions as a percentage of covered-employee payroll	9.30%	9.30%	9.30%	9.15%

Notes to Required Supplementary Information for the Year Ended December 31, 2016

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

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

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

See auditor's report and notes to the financial statements.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
3,508	3,286	3,263	3,289	3,162	3,040
<u>3,508</u>	<u>3,286</u>	<u>3,263</u>	<u>3,289</u>	<u>3,162</u>	<u>3,040</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
38,333	35,910	35,665	35,940	34,560	33,228
9.15%	9.15%	9.15%	9.15%	9.15%	9.15%



OTHER INFORMATION

TOWN OF STRATTON, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds		<u>Total</u>
	<u>Conservation Trust</u>	<u>Lodgers Tax</u>	
ASSETS			
Cash and cash equivalents	35,063	5,759	40,821
Accounts receivable	0	1,825	1,825
Prepaid expenses	<u>0</u>	<u>2,880</u>	<u>2,880</u>
TOTAL ASSETS	<u>35,063</u>	<u>10,464</u>	<u>45,526</u>
 LIABILITIES AND FUND EQUITY			
Liabilities			
Due to other funds	<u>0</u>	<u>322</u>	<u>322</u>
Total Liabilities	0	322	322
 Fund Equity			
Fund Balance			
Restricted for recreation	35,063	0	35,063
Nonspendable	0	2,880	2,880
Unrestricted	<u>0</u>	<u>7,261</u>	<u>7,261</u>
Total Fund Equity	<u>35,063</u>	<u>10,141</u>	<u>45,204</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>35,063</u>	 <u>10,464</u>	 <u>45,526</u>

TOWN OF STRATTON, COLORADO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	<u>Special Revenue Funds</u>		<u>Total</u>
	Conservation <u>Trust</u>	Lodgers <u>Tax</u>	
REVENUES			
Taxes	0	12,309	12,309
Interest income	29	12	41
Intergovernmental	<u>7,370</u>	<u>0</u>	<u>7,370</u>
Total Revenues	7,399	12,321	19,720
EXPENDITURES			
Advertising	0	17,490	17,490
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>17,490</u>	<u>17,490</u>
Excess of Revenues over (under) Expenditures	7,399	(5,169)	2,230
Fund Balance - Beginning	<u>27,664</u>	<u>15,310</u>	<u>42,974</u>
Fund Balance - Ending	<u>35,063</u>	<u>10,141</u>	<u>45,204</u>

SUPPLEMENTARY INFORMATION

GENERAL FUND

The General Fund accounts for all transactions of the Town not required to be accounted for in other funds. This fund represents an accounting for the Town's ordinary operations financed primarily from taxes. It is the most significant fund in relation to the Town's overall operation.

TOWN OF STRATTON, COLORADO
 General Fund
 Comparative Balance Sheet
 At December 31

	<u>2016</u>	<u>2015</u>	<u>Change</u>
ASSETS			
Cash			
On Hand	118	118	0
In Bank	652,484	707,603	(55,119)
Certificate of Deposit	10,000	10,000	0
With County Treasurer	<u>2,083</u>	<u>2,083</u>	<u>0</u>
Total Cash	664,686	719,805	(55,119)
Accounts Receivable	15,990	14,295	1,695
Due From Other Governments	16,336	21,200	(4,864)
Due From Other Funds	35,195	26,173	9,022
Accrued Property Tax Receivable	<u>97,948</u>	<u>96,027</u>	<u>1,921</u>
TOTAL ASSETS	<u>830,155</u>	<u>877,500</u>	<u>(47,346)</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities			
Accounts Payable	37,383	8,239	29,144
Payroll Withholdings Payable	7,629	9,316	(1,687)
Due to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	45,012	17,555	27,457
Deferred Inflows of Resources			
Deferred Property Tax Revenue	97,948	96,027	1,921
Fund Balance			
Unrestricted	676,169	750,973	(74,804)
Restricted - TABOR Reserve	<u>11,026</u>	<u>12,946</u>	<u>(1,920)</u>
Total Fund Balance	<u>687,195</u>	<u>763,919</u>	<u>(76,724)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>830,155</u>	<u>877,500</u>	<u>(47,346)</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2016

With Comparative Actual Amounts for the Year Ended December 31, 2015

			Variance Favorable (Unfavorable)	Actual Prior Year
TAXES	<u>Budget</u>	<u>Actual</u>		
Property	96,027	88,076	(7,951)	90,179
Tax Penalties & Interest	788	530	(258)	492
Specific Ownership	14,766	10,091	(4,675)	15,155
Sales Taxes	106,211	104,013	(2,198)	102,385
Gas Franchise	8,080	5,463	(2,617)	7,187
Electrical Franchise	<u>23,220</u>	<u>37,407</u>	<u>14,187</u>	<u>21,588</u>
Total Taxes	249,092	245,580	(3,512)	236,985
LICENSES & PERMITS				
Liquor Licenses	1,247	745	(502)	723
Other Licenses	531	618	87	257
Building Permits	<u>357</u>	<u>240</u>	<u>(117)</u>	<u>210</u>
Total Licenses & Permits	2,135	1,604	(531)	1,190
INTERGOVERNMENTAL				
Highway Users Tax	31,360	31,080	(280)	30,988
Cigarette Tax	927	1,216	289	1,051
Motor Vehicle Fees	3,934	3,513	(421)	3,596
Road & Bridge	<u>17,529</u>	<u>12,782</u>	<u>(4,747)</u>	<u>14,034</u>
Total Intergovernmental	53,750	48,591	(5,159)	49,669
CHARGES FOR SERVICE				
Swimming	17,653	15,314	(2,339)	17,921
Trash - Net	<u>79,239</u>	<u>4,811</u>	<u>(74,428)</u>	<u>5,538</u>
Total Charges For Service	96,892	20,125	(76,767)	23,459
COURT & TRAFFIC FINES	300	352	52	230
OTHER				
Sale of Assets	0	0	0	1,000
Interest Income	237	278	41	560
Library	4,029	11,069	7,040	1,339
Other	<u>12,743</u>	<u>37,233</u>	<u>24,490</u>	<u>25,974</u>
Total Other	17,009	48,580	31,571	28,873
GRANTS	<u>9,796</u>	<u>104,354</u>	<u>94,558</u>	<u>3,650</u>
Total Revenues	428,974	469,186	40,212	344,056

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2016

With Comparative Actual Amounts for the Year Ended December 31, 2015

(continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Prior Year <u>Actual</u>
GENERAL GOVERNMENT				
Current				
Clerk Salary	31,827	14,599	17,228	28,658
Clerk Benefits	13,067	18,539	(5,472)	13,366
Audit	4,150	5,867	(1,717)	4,069
Attorney	8,400	8,400	0	8,400
Insurance	28,287	22,805	5,482	25,597
Payroll Taxes	2,332	9,564	(7,232)	7,605
Dues & Fees	3,858	5,119	(1,261)	3,782
Tornado Siren	1,842	0	1,842	0
Printing & Publishing	1,743	1,538	205	1,480
Supplies & Maintenance	1,439	3,835	(2,396)	1,787
Election Expenses	350	0	350	0
Miscellaneous	6,806	23,152	(16,346)	19,938
Town Hall	6,220	10,255	(4,035)	5,483
County Treasurer Fees	2,430	1,995	435	2,346
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total General Government	112,751	125,668	(12,917)	122,513
JUDICIAL				
Judge Salary	650	550	100	675
Court Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Total Judicial	650	550	100	680
PUBLIC SAFETY				
Current				
Police Salaries	43,385	50,334	(6,949)	43,412
Benefits	11,419	17,320	(5,901)	14,924
Payroll Taxes	6,532	0	6,532	0
Police Expense	3,681	9,725	(6,044)	4,227
Phone	1,019	1,709	(690)	1,204
Maintenance	1,660	2,907	(1,247)	0
Rabies Control	97	0	97	0
FPPA	4,062	4,710	(648)	3,956
Capital Outlay	<u>5,000</u>	<u>0</u>	<u>5,000</u>	<u>0</u>
Total Public Safety	76,855	86,705	(9,850)	67,723

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2016

With Comparative Actual Amounts for the Year Ended December 31, 2015

(continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Actual Prior <u>Year</u>
PUBLIC WORKS				
Current				
Street Labor	21,491	32,255	(10,764)	17,088
Benefits	5,925	5,749	176	11,177
Payroll Taxes	5,123	0	5,123	0
Traffic	408	0	408	0
Street Lighting	17,061	15,236	1,825	16,077
Utilities	3,429	2,904	525	2,827
Maintenance	7,952	13,393	(5,441)	8,315
Supplies	25,500	45,464	(19,964)	16,377
Capital Outlay	<u>50,000</u>	<u>43,685</u>	<u>6,315</u>	<u>40,500</u>
Total Public Works	136,889	158,685	(21,796)	112,360
HEALTH & WELFARE				
Current				
Spraying & Exterminating	562	458	104	326
Recycling	1,251	1,251	0	1,251
Trash Expense	<u>2,130</u>	<u>0</u>	<u>2,130</u>	<u>0</u>
Total Health & Welfare	3,943	1,709	2,234	1,577
PARKS & RECREATION				
Current				
Swimming Pool Labor	23,775	22,899	876	23,309
Payroll Taxes	1,998	0	1,998	0
Swimming Pool Utilities	4,839	4,397	442	4,873
Swimming Pool Expenses	8,000	16,255	(8,255)	5,622
Senior Citizens	1,157	0	1,157	0
Park Expenses	75	2,401	(2,326)	5,420
Scout House	663	587	76	625
Capital Outlay	<u>78,880</u>	<u>104,000</u>	<u>(25,120)</u>	<u>6,585</u>
Total Parks, Culture & Recreation	119,387	150,539	(31,152)	46,434

TOWN OF STRATTON, COLORADO
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 For the Year Ended December 31, 2016
 With Comparative Actual Amounts for the Year Ended December 31, 2015
 (continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
LIBRARY				
Current				
Books	2,000	2,274	(274)	839
Miscellaneous	787	1,538	(751)	1,400
Office	0	1,515	(1,515)	150
Payroll	15,571	15,537	34	14,867
Payroll Taxes	1,057	243	814	0
Travel & Conference	420	189	231	380
Supplies	969	125	844	482
Contract Services	1,100	0	1,100	0
Repairs & Maintenance	446	995	(549)	425
Electric	1,726	1,751	(25)	1,663
Gas	795	650	145	695
Phone/Internet	1,421	998	423	1,404
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	26,292	25,814	478	22,305
Contingency Reserve	<u>839,758</u>	<u>0</u>	<u>839,758</u>	<u>0</u>
Total Expenditures	<u>1,316,525</u>	<u>549,670</u>	<u>766,855</u>	<u>373,592</u>
Excess of Revenue over (under) Expenditures	(887,551)	(80,485)	807,066	(29,536)
Other Financing Sources (Uses)				
Operating Transfers In	0	3,761	3,761	1,500
Equity Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,643</u>
Excess of revenues and Other Sources over (under) Expenditures and Other Uses	(887,551)	(76,724)	810,827	(18,393)
Fund Balance - Beginning	<u>887,551</u>	<u>763,919</u>	<u>(123,632)</u>	<u>782,312</u>
Fund Balance - Ending	<u>0</u>	<u>687,195</u>	<u>687,195</u>	<u>763,919</u>

See auditor's report and notes to the financial statements.

SPECIAL REVENUE FUNDS

Conservation Trust Fund - to account for lottery funds from the state that are to be expended for recreational purposes.

Lodgers Tax Fund - to account for expenditures for advertising of the Town. Revenues are from a special tax on hotel rooms and camping sites.

TOWN OF STRATTON, COLORADO
 Conservation Trust Special Revenue Fund
 Comparative Balance Sheet
 At December 31,

ASSETS	<u>2016</u>	<u>2015</u>	<u>Change</u>
Cash In Bank	35,063	10	35,052
Certificates of Deposit	<u>0</u>	<u>27,654</u>	<u>(27,654)</u>
Total Assets	<u>35,063</u>	<u>27,664</u>	<u>7,399</u>
FUND BALANCE			
Restricted	<u>35,063</u>	<u>27,664</u>	<u>7,399</u>

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended December 31, 2016
 With Comparative Actual Amounts for the Year Ended December 31, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
REVENUES				
Lottery Receipts	4,549	7,370	2,821	6,370
Other Income	0	0	0	0
Interest Income	<u>48</u>	<u>29</u>	<u>(19)</u>	<u>50</u>
Total Revenues	4,597	7,399	2,802	6,420
EXPENDITURES				
Current				
Park Maintenance	0	0	0	0
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,953</u>
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>37,953</u>
Excess of Revenues over (under) Expenditures	4,597	7,399	2,802	(31,533)
Fund Balance - Beginning	<u>0</u>	<u>27,664</u>	<u>27,664</u>	<u>59,197</u>
Fund Balance - Ending	<u>4,597</u>	<u>35,063</u>	<u>30,466</u>	<u>27,664</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Lodgers Tax Special Revenue Fund
Comparative Balance Sheet
At December 31,

ASSETS	<u>2016</u>	<u>2015</u>	<u>Change</u>
Current Assets			
Cash in Bank	5,759	10,910	(5,152)
Accounts Receivable	1,825	4,722	(2,897)
Prepaid Expense	<u>2,880</u>	<u>0</u>	<u>2,880</u>
TOTAL ASSETS	<u>10,464</u>	<u>15,633</u>	<u>(5,169)</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Due to Other Funds	322	322	0
FUND BALANCE			
Nonspendable	2,880	0	2,880
Unrestricted	<u>7,261</u>	<u>15,310</u>	<u>(8,049)</u>
TOTAL FUND BALANCE	<u>10,141</u>	<u>15,310</u>	<u>(5,169)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>10,464</u>	<u>15,633</u>	<u>(5,169)</u>

Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual

For the Year Ended December 31, 2016

With Comparative Actual Amounts for the Year Ended December 31, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
REVENUES				
Lodgers Taxes	20,577	12,309	(8,268)	22,073
Interest Income	<u>10</u>	<u>12</u>	<u>2</u>	<u>9</u>
Total Revenues	20,587	12,321	(8,266)	22,082
EXPENDITURES				
Current				
State Signs	1,800	2,520	(720)	1,800
Billboards	12,227	14,970	(2,743)	12,060
Advertising	4,080	0	4,080	4,000
Contingency Reserve	<u>7,531</u>	<u>0</u>	<u>7,531</u>	<u>0</u>
Total Expenditures	<u>25,638</u>	<u>17,490</u>	<u>8,148</u>	<u>17,860</u>
Excess of Revenues over Expenditures	(5,051)	(5,169)	(118)	4,222
Fund Balance - Beginning	<u>5,051</u>	<u>15,310</u>	<u>10,259</u>	<u>11,088</u>
Fund Balance - Ending	<u>0</u>	<u>10,141</u>	<u>10,141</u>	<u>15,310</u>

See auditor's report and notes to the financial statements.



PROPRIETARY FUNDS

Community Building Fund - to account for the expenses of operating and maintaining the community building. Primary financing is from the rental of the building.

Sanitation Fund - to account for the provisions of sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operations, maintenance, billing, and collections.

Water Fund - to account for the provisions of water services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operations, maintenance, billing, and collections.

TOWN OF STRATTON, COLORADO
 Community Building Proprietary Fund
 Comparative Statement of Net Position
 At December 31,

ASSETS	<u>2016</u>	<u>2015</u>	<u>Change</u>
Current Assets			
Cash In Bank	14,012	9,440	4,572
Fixed Assets			
Site Improvement	28,358	28,358	0
Buildings	440,892	440,892	0
Equipment	52,728	52,728	0
Less: Accumulated Depreciation	(188,511)	(176,277)	(12,234)
Net Fixed Assets	<u>333,468</u>	<u>345,702</u>	<u>(12,234)</u>
 TOTAL ASSETS	 347,480	 355,142	 (7,662)
 LIABILITIES			
Current Liabilities			
Accounts Payable	500	349	151
Key Deposits	<u>55</u>	<u>55</u>	<u>0</u>
Total Current Liabilities	555	404	151
 NET POSITION			
Investment in capital assets, net of accumulated depreciation	333,468	345,702	(12,234)
Unrestricted	<u>13,457</u>	<u>9,036</u>	<u>4,420</u>
TOTAL NET POSITION	<u>346,924</u>	<u>354,738</u>	<u>(7,814)</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Community Building Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts for the Year Ended December 31, 2015

	(Non GAAP)		Variance Favorable (Unfavorable)	Actual Prior Year
REVENUES	<u>Budget</u>	<u>Actual</u>		<u>Year</u>
Rental Income	9,721	8,719	(1,002)	7,990
Access Passes	<u>1,367</u>	<u>1,130</u>	<u>(237)</u>	<u>1,425</u>
Total Revenues	11,088	9,849	(1,239)	9,415
EXPENDITURES				
Current				
Repairs	1,098	336	762	826
Supplies	558	0	558	441
Utilities	8,180	5,143	3,038	7,153
Contingency Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>9,836</u>	<u>5,478</u>	<u>4,358</u>	<u>8,420</u>
Income (Loss) Before Adjustments Below	1,252	4,370	3,118	995
NON-OPERATING REVENUES (EXPENSES)				
Grants & Donations	0	50	50	100
Operating Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,500)</u>
Income (Loss) Before Adjustment to Proprietary Basis of Accounting	1,252	4,420	3,168	(405)
Adjustments to Proprietary Fund Basis of Accounting				
Depreciation Expense	<u>0</u>	<u>(12,234)</u>	<u>(12,234)</u>	<u>(14,356)</u>
Net Income (Loss) Proprietary Basis of Accounting	1,252	(7,814)	(9,066)	(14,761)
Net Position - Beginning	<u>0</u>	<u>354,738</u>	<u>354,738</u>	<u>369,499</u>
Net Position - Ending	<u>1,252</u>	<u>346,924</u>	<u>345,672</u>	<u>354,738</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Sanitation Proprietary Fund
Comparative Statement of Net Position
At December 31,

	<u>2016</u>	<u>2015</u>	<u>Change</u>
ASSETS			
Current Assets			
Cash In Bank	18,009	18,240	(231)
Certificates of Deposit	50,000	50,000	0
Accounts Receivable	9,630	9,165	465
Due from Other Funds	<u>7,030</u>	<u>322</u>	<u>6,708</u>
Total Current Assets	84,669	77,727	6,942
Fixed Assets			
Land, Buildings & Equipment	1,187,306	1,187,306	0
Less: Accumulated Depreciation	<u>(311,106)</u>	<u>(286,504)</u>	<u>(24,602)</u>
Net Fixed Assets	<u>876,200</u>	<u>900,802</u>	<u>(24,602)</u>
TOTAL ASSETS	960,868	978,529	(17,660)
LIABILITIES			
Current Liabilities			
Accounts Payable	1,960	2,176	(216)
Due to Other Funds	35,195	26,286	8,909
Accrued Sick Leave	1,206	1,094	112
Current Portion of Long Term	<u>24,985</u>	<u>24,438</u>	<u>547</u>
Total Current Liabilities	63,347	53,994	9,353
Loan Payable	<u>270,103</u>	<u>295,088</u>	<u>(24,985)</u>
TOTAL LIABILITIES	333,449	349,082	(15,632)
NET POSITION			
Investment in capital assets, net of accumulated depreciation	581,112	581,276	(164)
Unrestricted	<u>46,307</u>	<u>48,171</u>	<u>(1,864)</u>
TOTAL NET POSITION	<u>627,419</u>	<u>629,447</u>	<u>(2,028)</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Sanitation Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts for the Year Ended December 31, 2015

	Budget	Actual	Variance Favorable (Unfavorable)	Actual Prior Year
OPERATING REVENUES				
Sewer Collections	117,629	125,053	7,424	108,238
EXPENDITURES				
Electricity	19,627	19,000	627	19,254
Lift Station	6,482	2,148	4,334	5,108
Salary	21,593	25,317	(3,724)	22,051
Benefits	7,306	5,844	1,462	7,638
Miscellaneous	2,755	730	2,025	3,662
Payroll Taxes	5,246	9,930	(4,684)	5,247
Consulting	7,661	6,249	1,412	6,722
Supplies	6,609	11,502	(4,893)	5,096
Town Clerk Salary	10,640	10,729	(89)	10,198
Town Clerk Benefits	5,255	3,841	1,414	4,453
Debt Service	31,719	31,743	(24)	21,048
Contingency Reserve	<u>24,133</u>	<u>0</u>	<u>24,133</u>	<u>0</u>
Total Expenditures	<u>149,026</u>	<u>127,033</u>	<u>21,993</u>	<u>110,476</u>
Income (Loss) Before Adjustments Below	(31,397)	(1,980)	29,417	(2,237)
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	98	117	19	124
Income (Loss) Before Adjustment To Proprietary Fund Basis of Accounting	(31,299)	(1,864)	29,435	(2,114)
Adjustments to Proprietary Fund Basis of Accounting				
Loan Principal Paid	0	24,438	24,438	13,234
Depreciation	<u>0</u>	<u>(24,602)</u>	<u>(24,602)</u>	<u>(25,105)</u>
Net Income Proprietary Fund Basis of Accounting	(31,299)	(2,028)	29,271	(13,985)
Net Position - Beginning	<u>31,299</u>	<u>629,447</u>	<u>598,148</u>	<u>643,432</u>
Net Position - Ending	<u>0</u>	<u>627,419</u>	<u>627,419</u>	<u>629,447</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
 Water Proprietary Fund
 Comparative Statement of Net Position
 At December 31,

ASSETS	<u>2016</u>	<u>2015</u>	<u>Change</u>
Current Assets			
Cash	512,451	433,775	78,677
Certificates of Deposit	50,000	50,000	0
Accounts Receivable	18,914	21,979	(3,065)
Due from Other Funds	<u>0</u>	<u>112</u>	<u>(112)</u>
Total Current Assets	581,366	505,867	75,499
Fixed Assets			
Land, Buildings & Equipment	3,246,524	3,246,524	0
Less: Accumulated Depreciation	<u>(397,269)</u>	<u>(334,411)</u>	<u>(62,858)</u>
Net Fixed Assets	<u>2,849,255</u>	<u>2,912,113</u>	<u>(62,858)</u>
 TOTAL ASSETS	 3,430,621	 3,417,980	 12,641
 LIABILITIES			
Current Liabilities			
Accounts Payable	4,457	1,341	3,116
Accrued Sick Leave	1,206	1,094	112
Meter Deposits	2,693	2,693	0
Due to Other Funds	6,708	0	6,708
Current Portion of Long Term	<u>57,879</u>	<u>57,080</u>	<u>799</u>
Total Current Liabilities	72,942	62,208	10,734
Long-Term Liabilities			
Loans Payable	<u>1,287,997</u>	<u>1,345,859</u>	<u>(57,862)</u>
 TOTAL LIABILITIES	 1,360,940	 1,408,067	 (47,128)
 NET POSITION			
Investment in capital assets, net of accumulated depreciation	1,503,379	1,509,174	(5,795)
Restricted for loan retirement	29,000	48,420	(19,420)
Unrestricted	<u>537,302</u>	<u>452,319</u>	<u>84,984</u>
TOTAL NET POSITION	<u>2,069,682</u>	<u>2,009,913</u>	<u>59,769</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Water Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP) and Actual
For the Year Ended December 31, 2016
With Comparative Actual Amounts for the Year Ended December 31, 2015

	Budget	Actual	Variance Favorable (Unfavorable)	Actual Prior Year
OPERATING REVENUES				
Charges for Service	268,360	243,349	(25,011)	277,098
Rental income	10,338	7,981	(2,357)	6,487
Miscellaneous	0	220	220	6,487
Connection Fees	<u>1,871</u>	<u>1,995</u>	<u>124</u>	<u>2,005</u>
Total Operating Revenues	280,569	253,544	(27,025)	285,590
EXPENDITURES				
Current				
Salary	21,592	25,317	(3,725)	22,051
Town Clerk Salary	10,910	10,893	17	10,198
Payroll Taxes	5,246	6,730	(1,484)	5,247
Town Clerk Health Insurance	7,306	10,168	(2,862)	7,638
Town Clerk Payroll Taxes	5,255	2,553	2,702	4,453
Consulting Fees	4,734	6,313	(1,579)	5,256
Miscellaneous	2,646	5,013	(2,367)	4,135
Office Supplies	1,892	25	1,867	2,039
Pumping Power	17,112	14,586	2,526	16,391
Samples	0	0	0	81
Printing & Publishing	435	0	435	352
Utilities	1,068	1,719	(651)	1,174
Maintenance	30,000	32,210	(2,210)	61,052
Debt Services				
Interest Expense	11,858	11,811	47	12,603
Principal Paid	57,017	57,063	(46)	56,272
Capital Outlay	0	0	0	1,030,098
Contingency Reserve	<u>495,295</u>	<u>0</u>	<u>495,295</u>	<u>0</u>
Total Expenditures	<u>672,366</u>	<u>184,402</u>	<u>487,964</u>	<u>1,239,036</u>
Income (Loss) Before Adjustments Below	(391,797)	69,142	460,939	(953,446)

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
 Water Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Position
 Budget (Non-GAAP) and Actual
 For the Year Ended December 31, 2016
 With Comparative Actual Amounts for the Year Ended December 31, 2015
 (continued)

	Budget (Non-GAAP)	Actual	Variance Favorable (Unfavorable)	Actual Prior Year
NON-OPERATING REVENUES (EXPENSE)				
Interest Income	270	182	(88)	316
Operating Transfers In (out)	(79,239)	(3,761)	75,478	0
Grants	<u>0</u>	<u>0</u>	<u>0</u>	<u>525,631</u>
Income (Loss) Before Adjustment to Proprietary Fund Basis of Accounting	(470,766)	65,564	536,330	(427,500)
Adjustments to Proprietary Fund Basis of Accounting				
Capital Outlay	0	0	0	1,030,098
Principal Paid	0	57,063	57,063	56,272
Depreciation	<u>0</u>	<u>(62,858)</u>	<u>(62,858)</u>	<u>(46,973)</u>
Net Income Proprietary Fund Basis of Accounting	(470,766)	59,769	530,535	611,897
Net Position - Beginning	<u>470,766</u>	<u>2,009,913</u>	<u>1,539,147</u>	<u>1,398,016</u>
Net Position - Ending	<u>0</u>	<u>2,069,682</u>	<u>2,069,682</u>	<u>2,009,913</u>

See auditor's report and notes to the financial statements.

ADDITIONAL INFORMATION

HIGHWAY USERS TAX REPORT

Calendar Year 2016

LOCAL HIGHWAY FINANCE REPORT

COUNTY/CITY:Stratton

II - RECEIPTS FOR ROAD AND STREET PURPOSES

A. Receipts from local sources

2. General Fund Appropriations:	\$	164,168.00
3. Other local imposts: <i>from A.3. Total below</i>	\$	22,873.00
4. Miscellaneous local receipts: <i>from A.4. Total below</i>	\$	0.00
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00
		0.00
SubTotal:	\$	187,041.00
B. Private Contributions	\$	0.00

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

A.3. Other local imposts

a. Property Taxes and Assessments	\$	0.00
b. Other Local Imposts		
1. Sales Taxes:	\$	0.00
2. Infrastructure and Impact Fees:	\$	0.00
3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	22,873.00
		22,873.00
Total: <i>(a + b) carried to 'Other local imposts' above</i>	\$	22,873.00

A.4. Miscellaneous local receipts

a. Interest on Investments:	\$	0.00
b. Traffic fines & Penalties:	\$	0.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	0.00
f. Charges for Services:	\$	0.00
g. Other Misc. Receipts:	\$	0.00
h. Other:	\$	0.00
		0.00
Total: <i>(a through h) carried to 'Misc local receipts' above</i>	\$	0.00

C. Receipts from State Government

1. Highway User Taxes:	\$	30,988.00
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	0.00
d. Other:		
Comments: undefined	\$	0.00
e. Other:		
Comments: undefined	\$	0.00
Total: (1+3c,d,e)	\$	<u>30,988.00</u>

D. Receipts from Federal Government

2. Other Federal Agencies		
a. Forest Service:	\$	0.00
b. FEMA:	\$	0.00
c. HUD:	\$	0.00
d. Federal Transit Administration:	\$	0.00
e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00
Total: (2a-f)	\$	<u>0.00</u>

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

A. Local highway disbursements

1. Capital outlay: (from A.1.d. 'Total Capital Outlay' below)	\$	0.00
2. Maintenance:	\$	141,767.00
3. Road and street services		
a. Traffic control operations:	\$	0.00
b. Snow and ice removal:	\$	0.00
c. Other:	\$	15,236.00
4. General administration & miscellaneous	\$	9,003.00
5. Highway law enforcement and safety	\$	52,023.00
Total: (A.1-5)	\$	<u>218,029.00</u>

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	0.00
b. Redemption	\$	0.00
2. Notes		
a. Interest	\$	0.00
b. Redemption	\$	0.00
	SubTotal: (1+2)	\$ 0.00

C. Payments to State for Highways: \$ 0.00

D. Payments to Toll Facilities: \$ 0.00

Total Disbursements: (A+B+C+D) \$ 218,029.00

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES - (Detail)

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$ 0.00
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$ 0.00
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 0.00	\$ 0.00
4. System Enhancement:	\$ 0.00	\$ 0.00	\$ 0.00
5. Total Construction:			\$ 0.00
d. Total Capital Outlay: (Lines A.1.a. + 1.b. + 1.c.5)			\$ 0.00

IV. LOCAL HIGHWAY DEBT STATUS

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
1. Bonds (Refunding Portion)		\$ 0.00	\$ 0.00	\$ 0.00

B. Notes (Total): \$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00

V - LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C.Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 0.00	\$ 218,029.00	\$ 218,029.00	\$ 0.00	\$ 0.00

Notes & Comments:
undefined

Date Submitted: 07/17/2017