

**TOWN OF ALMA  
ALMA, COLORADO**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2017**

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**RECEIVED**

Office of the State Auditor

September 30, 2018

TOWN OF ALMA

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## **INTRODUCTORY SECTION**

**TOWN OF ALMA**  
**ROSTER OF TOWN OFFICIALS**

**December 31, 2017**

**Board Of Trustees**

Gary Goettelman	- Mayor
Saam Golgoon	- Mayor Pro-tem
Minette Doss	- Trustee
Bob Ensign	- Trustee
Mike Matkus	- Trustee
Corrie Stiles	- Trustee
Andrew Zimmerman	- Trustee

**Staff**

Nancy Comer	- Town Administrator
Tim Zingler	- Public Works Director
Steve Holland	- Chief of Police

## **FINANCIAL SECTION**

**TOWN OF ALMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2017**

The discussion and analysis of the Town of Alma's (the Town) financial performance provides an overall review of the Town's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the Town's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

The Town of Alma remains in strong financial condition overall.

- The assets of the Town exceeded its liabilities at the close of fiscal year 2017 by 2,923,876 (*net assets*). Of this amount, \$458,701 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations or unforeseen expenses.

- As of the close of fiscal year 2017, the Town of Alma's governmental funds reported a combined ending fund balance of \$555,761, an increase of \$89,281 compared to fiscal year 2015.

- At the end of fiscal year 2017, unassigned fund balance for the general fund was \$251,494 or 53 percent of the total general fund expenditures. This balance will be monitored to insure that balances are adequate to allow for contingencies.

- General Fund 2017 revenues increased by \$1,899 from 2016 levels, while expenses decreased \$30,933.

**Using the Basic Financial Statements**

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

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

The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail. The governmental fund statements tell how general Town services were financed in the short-term, as well as what remains for future spending.

**TOWN OF ALMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2017**

The Town of Alma has the following governmental funds:

- General Fund
- Conservation Trust Fund
- Debt Service Fund

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

- Water Fund
- Sewer Fund

Fiduciary fund statements provide information about financial relationships where the Town acts solely as a trustee or agent for the benefit of others to whom the resources in question belong. The Town does not have any fiduciary funds.

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

**Financial Analysis of the Town as a Whole**

The Town's total assets were \$4,123,796 as of December 31, 2017. Of this amount, \$1,897,605 or 46 percent is attributable to the Town's proprietary funds.

**Government-Wide Financial Statements**

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town of Alma include: general government; public safety (police); public works; and community culture and recreation. The Business-type Activities of the Town of Alma include water and sewer utilities.

**TOWN OF ALMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2017**

**Net Position**

Net position might serve over time as a useful indicator of a government's financial position. In the case of the Town of Alma, assets exceeded liabilities by \$2,923,876 at the close of 2017. Combined net assets of the Town at December 31, 2017 were:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>ASSETS</b>						
Current and Other Assets	\$ 676,845	\$ 597,729	\$ 287,472	\$ 223,164	\$ 964,317	\$ 820,893
Capital Assets	1,448,478	1,565,865	1,586,430	1,647,804	3,034,908	3,213,669
Total Assets	<u>2,125,323</u>	<u>2,163,594</u>	<u>1,873,902</u>	<u>1,870,968</u>	<u>3,999,225</u>	<u>4,034,562</u>
DEFERRED OUTFLOWS	100,868	91,688	23,703	19,916	124,571	111,604
<b>LIABILITIES</b>						
Current Liabilities	11,338	18,175	6,573	7,709	17,911	25,884
Noncurrent Liabilities	438,535	477,093	577,415	608,149	1,015,950	1,085,242
Total Liabilities	<u>449,873</u>	<u>495,268</u>	<u>583,988</u>	<u>615,858</u>	<u>1,033,861</u>	<u>1,111,126</u>
DEFERRED INFOWS	150,290	123,648	15,769	12,626	166,059	136,274
<b>NET POSITION</b>						
Net Investment in Capital Assets	1,052,530	1,145,291	1,081,057	1,114,031	2,133,587	2,259,322
Restricted	291,127	292,613	40,461	40,838	331,588	333,451
Unrestricted	282,371	198,462	176,330	107,531	458,701	305,993
Total Net Position	<u>\$ 1,626,028</u>	<u>\$ 1,636,366</u>	<u>\$ 1,297,848</u>	<u>\$ 1,262,400</u>	<u>\$ 2,923,876</u>	<u>\$ 2,898,766</u>

The statement of net assets reflects a cash position totaling \$746,329, or 18 percent of total assets. The bulk of the Town's resources, \$3,034,908, or 74 percent of total assets, are invested in capital assets. These assets consist of land, buildings, infrastructure, and water & sewer systems.

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

**TOWN OF ALMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2017**

**Changes in Net Assets**

Governmental activities decreased the Town of Alma's net assets by \$(10,339). This is primarily due to the increase in charges for service and sales and franchise taxes.

Business activities increased the Town's net assets by 35,448.

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>PROGRAM REVENUES</b>						
Charges for Services	\$ 181,610	\$ 131,944	\$ 217,317	\$ 217,317	\$ 398,927	\$ 349,261
Operating Grants	34,502	20,036	-	-	34,502	20,036
Capital Grants	-	93,953	45,000	45,000	45,000	138,953
Total Program Revenues	<u>216,112</u>	<u>245,933</u>	<u>262,317</u>	<u>262,317</u>	<u>478,429</u>	<u>508,250</u>
<b>GENERAL REVENUES</b>						
Property Taxes	115,253	111,944	-	-	115,253	111,944
Specific Ownership Taxes	16,678	14,161	-	-	16,678	14,161
Sales Taxes	158,571	164,843	-	-	158,571	164,843
Franchise & Other Taxes	18,384	26,489	-	-	18,384	26,489
Gain(Loss) on Disposal of Capital Assets	(56,000)	-	-	-	(56,000)	-
Interest Income	2,972	1,349	811	811	3,783	2,160
Other Revenues	7,618	8,852	-	-	7,618	8,852
Total General Revenues	<u>263,476</u>	<u>327,638</u>	<u>811</u>	<u>811</u>	<u>264,287</u>	<u>328,449</u>
Total Revenues	<u>479,588</u>	<u>573,571</u>	<u>263,128</u>	<u>263,128</u>	<u>742,716</u>	<u>836,699</u>
<b>PROGRAM EXPENSES</b>						
General Government	223,133	252,620	-	-	223,133	252,620
Public Safety	102,140	103,372	-	-	102,140	103,372
Public Works	143,263	135,859	-	-	143,263	135,859
Culture and Recreation	10,486	7,239	-	-	10,486	7,239
Water Operations	-	-	103,917	103,917	103,917	103,917
Sewer Operations	-	-	70,971	70,971	70,971	70,971
Interest	10,904	-	-	-	10,904	-
Total Program Expenses	<u>489,926</u>	<u>499,090</u>	<u>174,888</u>	<u>174,888</u>	<u>664,814</u>	<u>673,978</u>
<b>CHANGE IN NET POSITION</b>	<u>(10,338)</u>	<u>74,481</u>	<u>88,240</u>	<u>88,240</u>	<u>77,902</u>	<u>162,721</u>
Net Position, Beginning	1,636,366	1,561,885	1,174,160	1,174,160	2,810,526	2,736,045
Prior Period Restatement	-	-	-	-	-	-
Net Position, Beginning (as Restated)	<u>1,636,366</u>	<u>1,561,885</u>	<u>1,174,160</u>	<u>1,174,160</u>	<u>2,810,526</u>	<u>2,736,045</u>
<b>NET POSITION, ENDING</b>	<b>\$ 1,626,028</b>	<b>\$ 1,636,366</b>	<b>\$ 1,262,400</b>	<b>\$ 1,262,400</b>	<b>\$ 2,888,428</b>	<b>\$ 2,898,766</b>

**Reporting the Town's Most Significant Funds**

The analysis of the Town's major funds begins immediately following the government wide financial statements. Fund financial statements provide more detailed information about the Town's major funds.

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

**TOWN OF ALMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2017**

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

**Capital Assets**

The following is a summary of the Town's capital asset activity for the year. Additional capital asset information can be found in the footnotes to the financial statements.

	<u>Balance 1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/17</u>
<b>Governmental activities:</b>				
Capital Assets not being depreciated:				
Land & Improvements	\$ 473,831	\$ -	\$ -	\$ 473,831
Construction in Progress	2,992	3,458	-	6,450
Non-Depreciable Collection	59,000	-	-	59,000
Total capital assets not being depreciated	<u>535,823</u>	<u>3,458</u>	<u>-</u>	<u>539,281</u>
Capital assets being depreciated:				
Buildings & Improvements	389,233	-	-	389,233
Equipment & Vehicles	532,401	74,000	128,000	478,401
Streets	873,693	-	-	873,693
Total capital assets being depreciated:	<u>1,795,327</u>	<u>74,000</u>	<u>128,000</u>	<u>1,741,327</u>
Accumulated depreciation:				
Buildings & Improvements	(192,417)	(11,322)	-	(203,739)
Equipment and vehicles	(245,281)	(52,263)	(32,000)	(265,544)
Streets	(327,899)	(34,948)	-	(362,847)
Total accumulated depreciation	<u>(765,597)</u>	<u>(98,533)</u>	<u>(32,000)</u>	<u>(832,130)</u>
<b>Total governmental activities capital assets, net of depreciation:</b>	<u>\$ 1,565,553</u>	<u>\$ (21,075)</u>	<u>\$ 96,000</u>	<u>\$ 1,448,478</u>

**TOWN OF ALMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2017**

	<b>Balance 1/1/17</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/17</b>
<b>Business-type activities:</b>				
Capital Assets not being depreciated:				
Land & Improvements				
Water rights	\$ 60,090	\$ -	\$ -	\$ 60,090
Total Capital Assets not being depreciated	60,090	-	-	60,090
Capital Assets being depreciated:				
Water plant and lines	2,215,079	-	-	2,215,079
Sewer plant & lines	684,288	-	-	684,288
Water equipment	24,965	-	-	24,965
Sewer equipment	37,136	-	-	37,136
Total capital assets being depreciated:	2,961,468	-	-	2,961,468
Accumulated depreciation:				
Water plant and lines	(860,554)	(47,315)	-	(907,869)
Sewer plant & lines	(452,257)	(13,479)	-	(465,736)
Water equipment	(23,806)	-	-	(23,806)
Sewer equipment	(37,136)	(579)	-	(37,715)
Total accumulated depreciation	(1,373,753)	(61,373)	-	(1,435,126)
<b>Total business-type activities capital assets, net of depreciation</b>				
	<b>\$ 1,647,805</b>	<b>\$ (61,373)</b>	<b>\$ -</b>	<b>\$ 1,586,432</b>

**Debt Administration**

The following is a summary of the Town's long-term debt activity. Additional debt information can be found in the footnotes to the financial statements.

	<b>Balance 01/01/17</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/17</b>	<b>Current Portion</b>	<b>Interest Expense</b>
<b>Governmental Activities</b>						
2001 General Obligation Bonds	\$ 37,117	\$ -	\$ 6,981	\$ 30,136	\$ 6,981	\$ 1,141
2015 Copier Capital Lease	5,857	-	1,388	4,469	1,459	329
PERA Net Pension Liability	259,148	-	14,564	244,584	-	-
2016 TBK Bank Lease	174,972	-	15,626	159,346	16,465	9,402
<b>Total Governmental Activities Debt</b>	<b>\$ 477,094</b>	<b>\$ -</b>	<b>\$ 38,559</b>	<b>\$ 438,535</b>	<b>\$ 24,905</b>	<b>\$ 10,872</b>
<b>Business-type Activities</b>						
1992 Water & Sewer Revenue Bonds	\$ 216,300	\$ -	\$ 9,100	207,200	\$ 9,500	\$ 10,703
2011 CWRPDA Water Loan	317,235	-	19,062	298,173	19,445	6,563
PERA Net Pension Liability	74,376	5,003	7,337	72,042	-	78,215
<b>Total Business-type Activities Debt</b>	<b>\$ 607,911</b>	<b>\$ 5,003</b>	<b>\$ 35,499</b>	<b>\$ 577,415</b>	<b>\$ 28,945</b>	<b>\$ 95,481</b>

**TOWN OF ALMA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2017**

**General Fund Budget**

The Town's General Fund revenues were \$300,725 less than the amounts budgeted primarily due to not receiving a State grant that was budgeted. Expenditures were \$383,775 under budget. The unexpended funds were also due to not receiving the state grant that scheduled to be received for capital purposes.

**Conservation Trust Fund Budget**

The Town's Conservation Trust Fund had minimal expenditures. Monies will be set aside next year for projects in the future. The Riverwalk Project is still in the planning stage yet again.

**The Future of the Town**

Due to the high cost of equipment and vehicle maintenance, the Town of Alma is working on the construction of a garage sufficient to house the majority of the Town's rolling stock. Also, a vehicle replacement schedule will be implemented to help alleviate some of the unplanned repairs. Monies have been budgeted, loan secured, and grants funds have been acquired for the building of the garage. The first round of bids came back more than \$200,000 over estimates. The town will either rebid the project or act as its own general contractor to build the garage.

The water department has plans for technological updating. Monies have been budgeted for equipment updates.

A grant has been received from Colorado Water Resources & Power Development Authority for a \$10,000 matching funds to develop a Project Needs Assessment of the sewer plant. RG Consulting Engineers were hired to do the assessment. The Town will need to update or replace the existing lagoon system in order to meet mandated limits for ammonia.

**Requests for Information**

The financial report is designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the Town's finances. Questions concerning this or any additional information should be addressed to Nancy Comer, Town Administrator, Town of Alma, P.O. Box 1050, Alma, Colorado 80420.

# Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

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Board of Trustees  
Town of Alma  
Alma, Colorado

## Independent Auditors' Report

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Alma, Colorado, as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the basic financial statements of the Town, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, 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 Alma, Colorado, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Report on Summarized Comparative Information*

We have previously audited the Town of Alma's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Matters**

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

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M7 and pension schedules on pages 44 - 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 48-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the combining and individual fund schedules on pages 51-56 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Local Highway Finance Report page 57-58 is presented for purposes of legal compliance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Englewood, Colorado  
September 21, 2018

## **Basic Financial Statements**

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TOWN OF ALMA

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Cash	\$ 437,674	\$ 191,184	\$ 628,858
Restricted Cash and Investments	77,010	40,461	117,471
Receivables			
Property Tax Receivable	111,743	-	111,743
Utility Receivable	-	50,330	50,330
Cash with Fiscal Agent	1,321	-	1,321
Accounts Receivable	35,957	-	35,957
Prepaid Expenses	13,140	5,497	18,637
Total Current Assets	<u>676,845</u>	<u>287,472</u>	<u>964,317</u>
<b>Noncurrent Assets</b>			
Capital Assets not being Depreciated	539,281	60,090	599,371
Capital Assets being Depreciated	1,741,327	2,961,467	4,702,794
Accumulated Depreciation	(832,130)	(1,435,127)	(2,267,257)
Total Noncurrent Assets	<u>1,448,478</u>	<u>1,586,430</u>	<u>3,034,908</u>
TOTAL ASSETS	<u>2,125,323</u>	<u>1,873,902</u>	<u>3,999,225</u>
<b>DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>			
Deferred Outflows - Pensions	100,868	23,703	124,571
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 2,226,191</u>	<u>\$ 1,897,605</u>	<u>\$ 4,123,796</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 3,930	\$ 399	\$ 4,329
Accrued Liabilities	5,411	-	5,411
Accrued Interest Payable	1,997	6,174	8,171
Total Current Liabilities	<u>11,338</u>	<u>6,573</u>	<u>17,911</u>
<b>Noncurrent Liabilities</b>			
Due within one year	25,119	29,116	54,235
Due in more than one year	413,416	548,299	961,715
Total Noncurrent Liabilities	<u>438,535</u>	<u>577,415</u>	<u>1,015,950</u>
TOTAL LIABILITIES	<u>449,873</u>	<u>583,988</u>	<u>1,033,861</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>			
Deferred Property Taxes	111,743	-	111,743
Deferred Inflows Pensions	-	15,769	15,769
Deferred Inflows - Pensions	38,547	-	38,547
TOTAL DEFERRED INFLOWS	<u>150,290</u>	<u>15,769</u>	<u>166,059</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,052,530	1,081,057	2,133,587
Restricted Net Position	291,127	40,461	331,588
Unrestricted Net Position	282,371	176,330	458,701
TOTAL NET POSITION	<u>1,626,028</u>	<u>1,297,848</u>	<u>2,923,876</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,226,191</u>	<u>\$ 1,897,605</u>	<u>\$ 4,123,796</u>

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

TOWN OF ALMA

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>PROGRAM REVENUES</u>		
		CHARGES FOR	OPERATING
	<u>EXPENSES</u>	<u>SERVICES</u>	<u>GRANTS AND</u> <u>CONTRIBUTIONS</u>
<b>FUNCTIONS/PROGRAMS</b>			
Government Activities			
Current:			
General Government	\$ 223,133	\$ 34,387	\$ 19,802
Public Safety	102,140	113,194	-
Public Works	143,263	34,029	13,327
Culture and Recreation	10,486	-	1,373
Interest on Debt	10,904	-	-
TOTAL GOVERNMENT ACTIVITIES	<u>489,926</u>	<u>181,610</u>	<u>34,502</u>
Business-type Activities			
Current:			
Water	99,919	121,887	-
Sewer	69,762	78,094	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>169,681</u>	<u>199,981</u>	<u>-</u>
TOTAL GOVERNMENT	<u>\$ 659,607</u>	<u>\$ 381,591</u>	<u>\$ 34,502</u>
GENERAL REVENUES			
Property Taxes			
Specific Ownership Taxes			
Sales Taxes			
Franchise Taxes			
Interest Income			
Gain (Loss) on Disposal of Capital Assets			
Insurance Proceeds			
Other Revenues			
TOTAL GENERAL REVENUES AND TRANSFERS			
CHANGE IN NET POSITION			
NET POSITION - Beginning			
NET POSITION - Ending			

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

NET (EXPENSE) REVENUE AND  
CHANGES IN NET POSITION

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
\$ (168,944)	\$ -	\$ (168,944)
11,054	-	11,054
(95,907)	-	(95,907)
(9,113)	-	(9,113)
<u>(10,904)</u>	<u>-</u>	<u>(10,904)</u>
<u>(273,814)</u>	<u>-</u>	<u>(273,814)</u>
-	21,968	21,968
-	8,332	8,332
-	<u>30,300</u>	<u>30,300</u>
<u>(273,814)</u>	<u>30,300</u>	<u>(243,514)</u>
115,253	-	115,253
16,678	-	16,678
158,571	-	158,571
18,384	-	18,384
2,972	1,677	4,649
(56,000)	-	(56,000)
-	3,471	3,471
<u>7,618</u>	<u>-</u>	<u>7,618</u>
<u>263,476</u>	<u>5,148</u>	<u>268,624</u>
<u>(10,338)</u>	<u>35,448</u>	<u>25,110</u>
<u>1,636,366</u>	<u>1,262,400</u>	<u>2,898,766</u>
<u>\$ 1,626,028</u>	<u>\$ 1,297,848</u>	<u>\$ 2,923,876</u>

TOWN OF ALMA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

With Comparative Totals for December 31, 2016

	<u>General</u>	<u>Debt Service</u>	<u>Other</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Cash	\$ 437,674	\$ -	\$ -
Restricted Cash and Investments	-	63,035	13,975
Receivables			
Property Tax Receivable	100,630	11,113	-
Cash with Fiscal Agent	1,204	117	-
Accounts Receivable	35,957	-	-
Prepaid Expenses	13,140	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 588,605</u>	<u>\$ 74,265</u>	<u>\$ 13,975</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 3,930	\$ -	\$ -
Accrued Liabilities	5,411	-	-
TOTAL LIABILITIES	<u>9,341</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>			
Deferred Property Taxes	<u>100,630</u>	<u>11,113</u>	<u>-</u>
<b>FUND BALANCE</b>			
Nonspendable Fund Balance	13,140	-	-
Restricted Fund Balance	214,000	63,152	13,975
Unassigned Fund Balance	251,494	-	-
TOTAL FUND BALANCE	<u>478,634</u>	<u>63,152</u>	<u>13,975</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 588,605</u>	<u>\$ 74,265</u>	<u>\$ 13,975</u>

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

**Total**

<u>2017</u>	<u>2016</u>
\$ 437,674	\$ 369,991
77,010	73,196
111,743	115,391
1,321	1,187
35,957	30,731
13,140	7,233
<u>\$ 676,845</u>	<u>\$ 597,729</u>

\$ 3,930	\$ 7,399
5,411	8,459
<u>9,341</u>	<u>15,858</u>
<u>111,743</u>	<u>115,391</u>
13,140	7,233
291,127	73,301
251,494	385,946
555,761	466,480
<u>\$ 676,845</u>	<u>\$ 597,729</u>

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**TOWN OF ALMA**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES NET POSITION  
DECEMBER 31, 2017**

<b>Fund Balance - Governmental Funds</b>		\$ 555,761
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	\$ 539,281	
Capital assets, being depreciated	1,741,327	
Accumulated depreciation	<u>(832,130)</u>	1,448,478
Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds		
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
Net pension liability	(244,584)	
Contributions subsequent to measurement date - outflow	19,341	
Difference between projected and actual investment returns on the pension plan - outflow	89,368	
Amortization of the investment return difference	(37,585)	
Difference between projected and actual pension plan experience - outflow	15,925	
Amortization of the experience difference	(7,411)	
Change in Assumptions - outflow	32,105	
Amortization of Change in Assumptions	(15,002)	
Change in proportionate share of the net pension liability - plan level - outflow	13,512	
Amortization of the change in proportion - plan level	(12,716)	
Change in proportionate share of the net pension liability - fund level - outflow	32,016	
Amortization of the change in proportion - fund level	(28,685)	
Difference between projected and actual pension plan experience - inflow	(463)	
Amortization of the experience difference	181	
Change in pension plan assumptions - inflow	(8,575)	
Amortization of the change in assumptions	7,656	
Change in proportionate share of the net pension liability - inflow	(68,413)	
Amortization of the change in proportion	<u>31,067</u>	(182,263)
Internal Service operations primarily benefit Governmental Activities		
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Bonds payable	(30,136)	
Notes payable	(159,346)	
Capital leases payable	(4,469)	
Accrued interest payable	<u>(1,997)</u>	(195,948)
<b>Total Net Position - Governmental Activities</b>		<b><u>\$ 1,626,028</u></b>

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

TOWN OF ALMA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Funds</u>
<b>REVENUES</b>			
Taxes	\$ 296,426	\$ 12,460	\$ -
Intergovernmental Revenues	33,129	-	1,372
Licenses and Permits	7,303	-	-
Fines and Forfeits	113,194	-	-
Charges for Services	61,113	-	-
Investment Earnings	2,788	61	123
Other Revenues	47,619	-	-
<b>TOTAL REVENUES</b>	<u>561,572</u>	<u>12,521</u>	<u>1,495</u>
<b>EXPENDITURES</b>			
Current:			
General Government	199,607	-	-
Public Safety	99,400	-	-
Public Works	62,835	-	-
Parks, Recreation and Other	10,110	-	-
Capital Outlay	79,137	-	-
Debt Service	25,028	10,190	-
<b>TOTAL EXPENDITURES</b>	<u>476,117</u>	<u>10,190</u>	<u>-</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	85,455	2,331	1,495
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt Proceeds	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>85,455</u>	<u>2,331</u>	<u>1,495</u>
<b>FUND BALANCE, BEGINNING</b>	<u>393,179</u>	<u>60,821</u>	<u>12,480</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 478,634</u>	<u>\$ 63,152</u>	<u>\$ 13,975</u>

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

<b>TOTAL</b>	
<b>2017</b>	<b>2016</b>
\$ 308,886	\$ 317,437
34,501	20,037
7,303	26,972
113,194	55,707
61,113	49,265
2,972	1,349
47,619	102,804
<u>575,588</u>	<u>573,571</u>
199,607	196,672
99,400	92,438
62,835	50,752
10,110	6,863
79,137	133,867
35,218	36,149
<u>486,307</u>	<u>516,741</u>
89,281	56,830
-	<u>200,000</u>
89,281	256,830
466,480	209,650
<u>\$ 555,761</u>	<u>\$ 466,480</u>

**TOWN OF ALMA**

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>Change in Fund Balance - Governmental Funds</b>	\$	89,281
<p>Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level</p>		
Capitalized Asset Purchases	77,458	
Depreciation Expense	(98,533)	
Gain (Loss) on Asset Disposals	<u>(96,000)</u>	(117,075)
<p>Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.</p>		
Change in contributions subsequent to the measurement date	1,950	
Current year projected to actual investment return difference	3,337	
Current year amortization of overall investment return differences	(17,178)	
Change in net pension asset/liability	14,252	
Current year projected to actual pension plan experience difference	9,622	
Current year amortization of overall experience differences	(5,531)	
Change in the changes of assumptions	32,105	
Current year amortization of change of assumptions differences	(11,174)	
Current year change in proportionate share of cost-sharing plan asset/liability	(65,065)	
Current year amortization of overall proportionate share differences	27,493	
Current year change in proportionate share of activity level asset/liability	32,016	
Current year amortization of overall proportionate share activity level differences	<u>(28,685)</u>	(6,858)
<p>Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level</p>		
Principal payments on bonds payable	6,980	
Principal payments on notes payable	15,626	
Principal payments on capital leases	1,388	
Change in accrued interest payable	<u>320</u>	<u>24,314</u>
<b>Change in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>(10,338)</u></b>

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

TOWN OF ALMA

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

**DECEMBER 31, 2017**

**With Comparative Totals for December 31, 2016**

	<b>Business-type Activities</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>	
	<b>Fund</b>	<b>Fund</b>	<b>2017</b>	<b>2016</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments				
Cash	\$ (7,587)	\$ 198,771	\$ 191,184	\$ 131,889
Restricted Cash and Investments	30,845	9,616	40,461	40,838
Receivables				
Utility Receivable	32,275	18,055	50,330	44,940
Prepaid Expenses	3,238	2,259	5,497	5,497
Total Current Assets	<u>58,771</u>	<u>228,701</u>	<u>287,472</u>	<u>223,164</u>
<b>Noncurrent Assets</b>				
Capital Assets not being depreciated	60,090	-	60,090	60,090
Capital Assets being depreciated	2,240,044	721,423	2,961,467	2,961,467
Accumulated Depreciation	(932,255)	(502,872)	(1,435,127)	(1,373,753)
Total Noncurrent Assets	<u>1,367,879</u>	<u>218,551</u>	<u>1,586,430</u>	<u>1,647,804</u>
<b>TOTAL ASSETS</b>	<u>1,426,650</u>	<u>447,252</u>	<u>1,873,902</u>	<u>1,870,968</u>
<b>DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>				
Deferred Outflows - Pensions	<u>11,549</u>	<u>12,154</u>	<u>23,703</u>	<u>19,916</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 1,438,199</u>	<u>\$ 459,406</u>	<u>\$ 1,897,605</u>	<u>\$ 1,890,884</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 399	\$ -	\$ 399	\$ 1,289
Accrued Interest Payable	4,078	2,096	6,174	6,420
Total Current Liabilities	<u>4,477</u>	<u>2,096</u>	<u>6,573</u>	<u>7,709</u>
<b>Noncurrent Liabilities</b>				
Due within one year	25,434	3,682	29,116	29,116
Due in more than one year	432,127	116,172	548,299	579,033
Total Noncurrent Liabilities	<u>457,561</u>	<u>119,854</u>	<u>577,415</u>	<u>608,149</u>
<b>TOTAL LIABILITIES</b>	<u>462,038</u>	<u>121,950</u>	<u>583,988</u>	<u>615,858</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>				
Deferred Inflows Pensions	<u>10,397</u>	<u>5,372</u>	<u>15,769</u>	<u>12,626</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	946,339	134,718	1,081,057	1,114,031
Restricted Net Position	30,845	9,616	40,461	40,838
Unrestricted Net Position	(11,420)	187,750	176,330	107,531
<b>TOTAL NET POSITION</b>	<u>965,764</u>	<u>332,084</u>	<u>1,297,848</u>	<u>1,262,400</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 1,438,199</u>	<u>\$ 459,406</u>	<u>\$ 1,897,605</u>	<u>\$ 1,890,884</u>

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

TOWN OF ALMA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**With Comparative Totals for the Year Ended December 31, 2016**

	<u>Business-type Activities</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
	<u>Fund</u>	<u>Fund</u>	<u>2017</u>	<u>2016</u>
<b>Operating Revenues</b>				
Utility Charges	\$ 121,147	\$ 78,094	\$ 199,241	\$ 214,322
Other Charges for Services	740	-	740	2,995
Total Revenues	<u>121,887</u>	<u>78,094</u>	<u>199,981</u>	<u>217,317</u>
<b>Operating Expenses</b>				
Personnel Services	11,072	23,285	34,357	32,629
Administrative/Office Expenses	410	300	710	779
Insurance	-	-	-	8,762
Operating Supplies	-	111	111	137
Professional Fees	4,004	5,232	9,236	8,893
Repairs and Maintenance	11,901	1,667	13,568	24,184
Travel and Training	363	68	431	695
Treatment	996	3,909	4,905	4,106
Telephone and Utilities	7,702	7,296	14,998	14,221
Other Operating Expenses	3,319	10,159	13,478	811
Depreciation Expense	47,895	13,479	61,374	61,341
Other Capital Outlay	45	-	45	604
Total Expenditures	<u>87,707</u>	<u>65,506</u>	<u>153,213</u>	<u>157,162</u>
Operating Income (Loss)	<u>34,180</u>	<u>12,588</u>	<u>46,768</u>	<u>60,155</u>
<b>Other Income (Expense)</b>				
Investment Earnings	728	949	1,677	811
Other Revenue	3,273	198	3,471	-
Interest Expense	<u>(12,212)</u>	<u>(4,256)</u>	<u>(16,468)</u>	<u>(17,726)</u>
Total Other Income (Expense)	<u>(8,211)</u>	<u>(3,109)</u>	<u>(11,320)</u>	<u>(16,915)</u>
Net Income (Loss)	25,969	9,479	35,448	43,240
<b>Contributed Capital</b>				
Plant Investment Fees	-	-	-	45,000
<b>Change in Net Position</b>	25,969	9,479	35,448	88,240
<b>Net Position, Beginning</b>	<u>939,795</u>	<u>322,605</u>	<u>1,262,400</u>	<u>1,174,160</u>
<b>Net Position, Ending</b>	<u>\$ 965,764</u>	<u>\$ 332,084</u>	<u>\$ 1,297,848</u>	<u>\$ 1,262,400</u>

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

TOWN OF ALMA

**STATEMENT OF CASH FLOWS -  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2017  
 With Comparative Totals for the Year Ended December 31, 2016**

	<u>Business-type Activities</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
	<u>Fund</u>	<u>Fund</u>	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 118,874	\$ 75,717	\$ 194,591	\$ 203,261
Cash Paid to Suppliers	(26,277)	(37,091)	(63,368)	(62,894)
Cash Paid to Employees	(20,393)	(11,945)	(32,338)	(36,443)
Net Cash Provided by Operating Activities	<u>72,204</u>	<u>26,681</u>	<u>98,885</u>	<u>103,924</u>
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	-	-	-	45,000
Debt Principal Payments	(24,719)	(3,682)	(28,401)	(27,149)
Interest Payments	(12,384)	(4,330)	(16,714)	(18,006)
Cash Flows Used by Capital and Related Financing Activities	<u>(37,103)</u>	<u>(8,012)</u>	<u>(45,115)</u>	<u>(155)</u>
Cash Flows (Uses) From Noncapital Financing Activities:				
Cash from Other Funds	-	-	-	(46,196)
Other Revenues (Expense)	3,273	198	3,471	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>3,273</u>	<u>198</u>	<u>3,471</u>	<u>(46,196)</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	728	949	1,677	811
Net Increase (Decrease) in Cash	39,102	19,816	58,918	58,384
Cash - Beginning	(15,844)	188,571	172,727	114,343
Cash - Ending	<u>\$ 23,258</u>	<u>\$ 208,387</u>	<u>\$ 231,645</u>	<u>\$ 172,727</u>
Cash				
Restricted Cash and Investments	(7,587)	198,771	191,184	131,889
Total	<u>30,845</u>	<u>9,616</u>	<u>40,461</u>	<u>40,838</u>
	<u>\$ 23,258</u>	<u>\$ 208,387</u>	<u>\$ 231,645</u>	<u>\$ 172,727</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	\$ 34,180	\$ 12,588	\$ 46,768	\$ 60,155
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	47,895	13,479	61,374	61,341
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivable	(3,013)	(2,377)	(5,390)	(14,056)
Prepaid Expenses	-	-	-	1,273
Pension Deferred Outflows	(284)	(3,503)	(3,787)	(8,889)
(Increase) Decrease in:				
Accounts Payable	(201)	(688)	(889)	1,290
Net Pension Liability	(7,337)	5,003	(2,334)	(3,839)
Pension Deferred Inflows	964	2,179	3,143	6,649
Total Adjustments	<u>38,024</u>	<u>14,093</u>	<u>52,117</u>	<u>43,769</u>
Net Cash Used for Operating Activities	<u>\$ 72,204</u>	<u>\$ 26,681</u>	<u>\$ 98,885</u>	<u>\$ 103,924</u>

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

## TOWN OF ALMA

### NOTES TO FINANCIAL STATEMENTS

December 31, 2017

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Alma (the Town) conform to generally accepted accounting principles as applicable to governmental entities. Following is a summary of the more significant policies.

##### **A. Reporting Entity**

In evaluating how to define the government, for financial reporting purposes, the Town's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* including subsequent amendments.

Based upon the application of these criteria, no governmental organizations are includable within the Town's reporting entity.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Grant and entitlement revenues are recognized to the extent of the related expenditures or when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts; a deferred revenue account is established when receipts exceed the related expenditures.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Governmental Fund Types The fund types are described below.

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

*Special Revenue Funds:* These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Town's special revenue fund, Conservation Trust, is not considered to be a major fund.

TOWN OF ALMA

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Governmental Fund Types (Continued)

*Debt Service Fund:* This fund was established to account for the repayment of general obligation bonds related to the Town's curb and gutter project. In November 1998, the Town's citizens passed a ballot measure allowing the issuance of up to \$120,000 in bonds for the completion of the project. This fund is shown as a major governmental fund.

Proprietary Fund Types These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the Enterprise Funds.

*Enterprise Funds (Water and Sewer Funds):* These funds were established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges.

**C. Budgets and Budgetary Accounting**

Budgets are adopted on a modified accrual basis (except for the Enterprise Funds, which budget on a cash basis). Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at the end of the fiscal year.

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements listed below.

- Budgets are required by state law for all funds. By October 15, the Town Clerk submits to the Board of Trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year's end.
- Public hearings are conducted by the Board of Trustees to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- Budgeted amounts reported in the accompanying financial statements are as adopted or amended by the Board of Trustees.
- The Town does not use encumbrance accounting.

TOWN OF ALMA

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance**

Cash The Town pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest-bearing accounts comprised of certificates of deposit, savings accounts, and money market accounts, which are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Cash and Cash Equivalents For the purpose of the statement of cash flows, cash consists of demand deposits and certificates of deposit held by the bank.

Receivables All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be collectable. Based on a review of outstanding balances at year end, the Town does not believe an allowance for doubtful accounts is necessary.

Property, Plant, and Equipment Capital assets used in governmental activities operations are accounted for in the government-wide financial statements. Public domain (infrastructure) capital assets consisting of certain improvements other than buildings, such as sidewalks, and parking lots, are capitalized. Property, plant, and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost. Depreciation has been provided over the estimated useful lives of the governmental activities capital assets of the Town, using the straight-line method of depreciation.

The Town's policy is to capitalize and inventory annually all capital assets with a unit value of greater than \$5,000 and an estimated useful life of greater than one year.

Property, plant, and equipment acquired for proprietary funds are capitalized in the respective fund to which they apply. Property, plant, and equipment are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Donated are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' balance sheets. Depreciation has been provided over the estimated useful lives of five to forty years using the straight-line method of depreciation.

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

TOWN OF ALMA

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance** (Continued)

Deferred Outflows and inflows of Resources In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has pension related items that qualify for reporting in this category.

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

Net Position/Fund Balance Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board of trustees may authorize the Town Administrator to assign fund balance.

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Deferred Outflows, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (Continued)**

The board of trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

**E. Revenues and Expenditures/Expenses**

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

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

**F. Comparative Data**

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 2: CASH AND INVESTMENTS**

The Town is governed by the deposit and investment limitations of state law. The deposits and investments held at December 31, 2017, and reported at fair value, are shown below.

Cash	\$ 285,006
Investments	461,323
Total Cash and Investments	<u>\$ 746,329</u>

These balances are allocated in the financial statements as follows:

Governmental Activities - Unrestricted	\$ 437,674
Governmental Activities - Restricted	77,010
Business-type Activities - Unrestricted	191,184
Business-type Activities - Restricted	40,461
Total Cash and Investments	<u>\$ 746,329</u>

**Deposits**

**Custodial Credit Risk - Deposits**

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Town's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2017, all of the Town's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

Deposits at December 31, 2017 were as follows:

	<b><u>Bank Balance</u></b>	<b><u>Carrying Amount</u></b>
FDIC Insured	\$ 252,000	\$ 252,000
PDPA Collateralized	31,701	33,006
Total Deposits	<u>\$ 283,701</u>	<u>\$ 285,006</u>

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments**

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

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

The Town does not have an investment policy that would further limit its investment choices.

During the year ended December 31, 2017, the Town invested funds in the Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments** (Continued)

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. The Town's investment portfolio contains no investments that exceed that limitation.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2017, the Town's investments consisted of the investment pool.

The Town has restricted cash as follows:

<b><u>Restricted Cash</u></b>	
Debt Service Fund	\$ 63,035
Conservation Trust Fund	13,975
Total Governmental Activity	<u>77,010</u>
Water Fund	
1992 Water & Sewer Revenue Bonds	14,148
2011 CWRPDA Loan	16,697
Total Water Fund	<u>30,845</u>
Sewer Fund	
1992 Water & Sewer Revenue Bonds	9,616
Total Business Type Activities	<u>40,461</u>
Total Restricted Cash	<u>\$ 117,471</u>

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 3: CAPITAL ASSETS**

The following is a summary of the changes in governmental capital assets during the year:

	<b>Balance 1/1/17</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/17</b>
<b>Governmental activities:</b>				
Capital Assets not being depreciated:				
Land & Improvements	\$ 473,831	\$ -	\$ -	\$ 473,831
Construction in Progress	2,992	3,458	-	6,450
Non-Depreciable Collection	59,000	-	-	59,000
Total capital assets not being depreciated	<u>535,823</u>	<u>3,458</u>	<u>-</u>	<u>539,281</u>
Capital assets being depreciated:				
Buildings & Improvements	389,233	-	-	389,233
Equipment & Vehicles	532,401	74,000	128,000	478,401
Streets	873,693	-	-	873,693
Total capital assets being depreciated:	<u>1,795,327</u>	<u>74,000</u>	<u>128,000</u>	<u>1,741,327</u>
Accumulated depreciation:				
Buildings & Improvements	(192,417)	(11,322)	-	(203,739)
Equipment and vehicles	(245,281)	(52,263)	(32,000)	(265,544)
Streets	(327,899)	(34,948)	-	(362,847)
Total accumulated depreciation	<u>(765,597)</u>	<u>(98,533)</u>	<u>(32,000)</u>	<u>(832,130)</u>
<b>Total governmental activities capital assets, net of depreciation:</b>	<u>\$ 1,565,553</u>	<u>\$ (21,075)</u>	<u>\$ 96,000</u>	<u>\$ 1,448,478</u>

Depreciation has been allocated to the various operating departments as follows:

General Government	\$ 19,906
Public Safety	600
Public Works	77,651
Parks and Recreation	376
Total Depreciation	<u>\$ 98,533</u>

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 3: CAPITAL ASSETS (Continued)**

The following is a summary of the changes in business-type activity capital assets during the year:

	<u>Balance 1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/17</u>
<b>Business-type activities:</b>				
Capital Assets not being depreciated:				
Land & Improvements				
Water rights	\$ 60,090	\$ -	\$ -	\$ 60,090
Total Capital Assets not being depreciated	<u>60,090</u>	<u>-</u>	<u>-</u>	<u>60,090</u>
Capital Assets being depreciated:				
Water plant and lines	2,215,079	-	-	2,215,079
Sewer plant & lines	684,288	-	-	684,288
Water equipment	24,965	-	-	24,965
Sewer equipment	37,136	-	-	37,136
Total capital assets being depreciated:	<u>2,961,468</u>	<u>-</u>	<u>-</u>	<u>2,961,468</u>
Accumulated depreciation:				
Water plant and lines	(860,554)	(47,315)	-	(907,869)
Sewer plant & lines	(452,257)	(13,479)	-	(465,736)
Water equipment	(23,806)	-	-	(23,806)
Sewer equipment	(37,136)	(579)	-	(37,715)
Total accumulated depreciation	<u>(1,373,753)</u>	<u>(61,373)</u>	<u>-</u>	<u>(1,435,126)</u>
<b>Total business-type activities capital assets, net of depreciation</b>	<u>\$ 1,647,805</u>	<u>\$ (61,373)</u>	<u>\$ -</u>	<u>\$ 1,586,432</u>

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 4: LONG-TERM DEBT**

The following is a summary changes in long-term debt during the year:

	<u>Balance</u> <u>01/01/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/17</u>	<u>Current</u> <u>Portion</u>	<u>Interest</u> <u>Expense</u>
<b>Governmental Activities</b>						
2001 General Obligation Bonds	\$ 37,117	\$ -	\$ 6,981	\$ 30,136	\$ 6,981	\$ 1,141
2015 Copier Capital Lease	5,857	-	1,388	4,469	1,459	329
PERA Net Pension Liability	259,148	-	14,564	244,584	-	-
2016 TBK Bank Lease	<u>174,972</u>	<u>-</u>	<u>15,626</u>	<u>159,346</u>	<u>16,465</u>	<u>9,402</u>
<b>Total Governmental Activities Debt</b>	<b><u>\$ 477,094</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 38,559</u></b>	<b><u>\$ 438,535</u></b>	<b><u>\$ 24,905</u></b>	<b><u>\$ 10,872</u></b>
<b>Business-type Activities</b>						
1992 Water & Sewer Revenue Bonds	\$ 216,300	\$ -	\$ 9,100	207,200	\$ 9,500	\$ 10,703
2011 CWRPDA Water Loan	317,235	-	19,062	298,173	19,445	6,563
PERA Net Pension Liability	<u>74,376</u>	<u>5,003</u>	<u>7,337</u>	<u>72,042</u>	<u>-</u>	<u>78,215</u>
<b>Total Business-type Activities Debt</b>	<b><u>\$ 607,911</u></b>	<b><u>\$ 5,003</u></b>	<b><u>\$ 35,499</u></b>	<b><u>\$ 577,415</u></b>	<b><u>\$ 28,945</u></b>	<b><u>\$ 95,481</u></b>

**Governmental Activities**

During 2001, the Town issued \$120,000 of Series 2001 General Obligation Bonds. The proceeds from these bonds will be used in the construction of curb, gutter, and sidewalks in the Town. The bonds require semiannual interest payments on January 5<sup>th</sup> and July 5<sup>th</sup> of each year beginning in January of 2002. Principal payments are due annually on July 5<sup>th</sup> of each year. Final payment on the bonds will be in July, 2021. The bonds bear interest at 6.150 percent. These bonds are repaid through the Debt Service Fund. Payments to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	7,195	1,853	9,048
2019	7,416	1,411	8,827
2020	7,645	955	8,600
2021	<u>7,880</u>	<u>486</u>	<u>8,366</u>
Totals	<b><u>\$ 30,136</u></b>	<b><u>\$ 4,705</u></b>	<b><u>\$ 34,841</u></b>

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 4: LONG-TERM DEBT (Continued)**

**Governmental Activities (Continued)**

During 2015, the Town entered into a lease agreement for the acquisition of a copier. The lease qualifies as a capital lease as the lease term exceeds 75% of the useful life of the underlying asset. The lease requires monthly payments of \$137 for a period of sixty three months beginning in September, 2015. The Town has imputed a 5% interest rate on the lease payment. The Town has capitalized assets with a cost of \$7,604 and a remaining value of \$7,332 as part of this lease. Remaining lease payment requirements are as follows:

<u>Year</u>	<u>Amount</u>
2018	1,650
2019	1,650
2020	<u>1,512</u>
Future Minimum Payments	4,812
Interest at 5% (Imputed)	<u>(343)</u>
Present Value of Future Payment:	<u>\$ 4,469</u>

During 2016, the Town entered into a \$200,000 lease agreement for the construction of a maintenance shop. The lease requires ten annual lease payments of \$25,028 commencing October 2016 and bears interest at 5.37%. The lease was set up as a one year lease with nine annual renewals subject to annual appropriation. The lease proceeds are being held in escrow at year end. Remaining lease payment requirements are as follows:

<u>Year</u>	<u>Payment</u>
2018	\$ 25,028
2019	25,028
2020	25,028
2021	25,028
2022	25,028
2023-2025	<u>75,083</u>
Total Payments	200,223
Interest at 5.37%	<u>(25,251)</u>
Present Value of Payments	<u>\$ 174,972</u>

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 4: LONG-TERM DEBT (Continued)**

**Business-type Activities**

The \$341,100 Water and Sewer Revenue Bonds (FmHA) were dated September 10, 1992. This issue bears interest at five (5) percent. Original principal was allocated at \$203,100 to the Water Fund and \$138,000 to the Sewer Fund. Principal and interest are payable January 1 and July 1 of each year. The bonds also require the maintenance of a reserve fund in the amount of \$22,964. This has been jointly funded by the Water and Sewer Funds proportional to the outstanding balance of the bonds and is shown as restricted cash in the financial statements as outlined in Note 2. Payments are allocated between the Water and Sewer Funds. Payments to maturity are as follows:

Year	Water Fund		Sewer Fund		Total		Total Pmt
	Principal	Interest	Principal	Interest	Principal	Interest	
2018	\$ 5,656	\$ 6,098	\$ 3,844	\$ 4,144	\$ 9,500	\$ 10,242	\$ 19,742
2019	6,014	5,811	4,086	3,949	10,100	9,760	19,860
2020	6,252	5,507	4,248	3,743	10,500	9,250	19,750
2021	6,609	5,190	4,491	3,527	11,100	8,717	19,817
2022	6,966	5,025	4,734	3,300	11,700	8,325	20,025
2023-2027	40,249	31,320	27,351	12,672	67,600	43,992	111,592
2028-2032	51,621	12,363	35,079	5,002	86,700	17,365	104,065
Totals	<u>\$ 123,367</u>	<u>\$ 71,314</u>	<u>\$ 83,833</u>	<u>\$ 36,337</u>	<u>\$ 207,200</u>	<u>\$ 107,651</u>	<u>\$ 314,851</u>

In April 2011, the Town entered into a loan agreement with the Colorado Water Resource and Power Development Authority in the amount of \$616,385. The proceeds are to be used to complete upgrades to the water system. The loan requires semi-annual principal and interest payments on May 1 and November 1 of each year through 2031. The loan bears interest at 2.0% per annum. Pursuant to the loan agreement, the Town was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$17,874. The Town has funded this reserve through the restriction of its cash balances in the Water Fund. The Town believes it is in compliance with all required covenants and obligations called for by the loan agreement.

The 2011 CWRPDA loan matures as follows:

Year	Principal	Interest	Total
2018	\$ 19,445	\$ 5,867	\$ 25,312
2019	19,836	5,476	25,312
2020	20,235	5,077	25,312
2021	20,642	4,670	25,312
2022	21,057	4,256	25,313
2023-2027	111,805	14,756	126,561
2028-2031	85,153	3,440	88,593
Totals	<u>\$ 298,173</u>	<u>\$ 43,542</u>	<u>\$ 341,715</u>

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS**

**A. Police**

**DEFINED CONTRIBUTION (ICMA)**

The Town offers its uniformed employees a retirement plan created in accordance with Internal Revenue Code Section 401(a). Employees are eligible to participate in the plan on the first day of employment. This plan is a defined-contribution plan administered by a third party trustee. Under the terms of the plan, the Town is the only non-employee contributor and contributes seven (7) percent of each participant's salary, each participant is required to contribute seven (7) percent of salary, although they can contribute more. Contribution requirements of the Town and the participants are established and may be amended by the Town Council. An employee is immediately 100 percent vested in any employer contribution. Since the assets are held in trust by a third party trustee, they are not reflected on the Town's financial statements. For the years ended December 31, 2017, 2016, and 2015, the Town contributed \$0, \$0, and \$691, respectively, equal to their required contributions. For the year ended December 31, 2017, there was no covered payroll requiring contributions, although employees made elective contributions.

**STATEWIDE DEFINED BENEFIT PLAN (FPPA)**

**Summary of Significant Accounting Policies**

*Pensions.* The District participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire & Police Pension Association of Colorado ("FPPA"). The net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the accrual basis of accounting as required by the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the Pension Plan**

*Plan description.* Eligible employees of the District are provided with pensions through the Statewide Defined Benefit Plan (SWDB) - a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), rules and regulations codified by the Fire and Police Pension Association, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report, the most recent of which is for the fiscal year ended December 31, 2016, that can be obtained at:

[http://fppaco.org/pdfs/annual\\_audit\\_actuarial\\_reports/annual%20reports/2014%20FPPA%20CAFR.pdf](http://fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20FPPA%20CAFR.pdf).

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

NOTE 5: PENSION OBLIGATIONS (Continued)

A. Police (Continued)

**STATEWIDE DEFINED BENEFIT PLAN (FPPA)**

**General Information about the Pension Plan**

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

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

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

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

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

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

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (Continued)**

**A. Police (Continued)**

**STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)**

**General Information about the Pension Plan (Contributed)**

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

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the District were \$15,072 for the plan year ended December 31, 2015 and \$15,562 for the fiscal year ended December 31, 2016. The current year contributions will be expensed in 2016 for FPPA purposes and are a timing difference at year end.

At December 31, 2017, the District reported a liability of \$3,477 for its proportionate share of the SWDB's net pension asset. The net pension asset or liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2017. The District's proportion of the net pension asset was based on District's contributions to the SWDB for the calendar year 2016 relative to the total contributions of participating employers to the SWDB.

At December 31, 2017, the District's proportion was .009623%, which was a decrease of .00808% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017 the District recognized pension expense of \$6,387. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF ALMA

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017

**NOTE 5: PENSION OBLIGATIONS** (Continued)

**A. Police** (Continued)

**STATEWIDE DEFINED BENEFIT PLAN (FPPA)** (Continued)

**General Information about the Pension Plan** (Contributed)

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 4,133	\$ (282)
Net difference between projected and actual earnings on pension plan investments	\$ 14,680	\$ -
Changes of assumptions or other inputs	\$ -	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 127	\$ (2,830)
Contributions subsequent to the measurement date	\$ 4,247	\$ -
Total	\$ 23,187	\$ (3,112)

\$4,247 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an adjustment of the net pension asset in the year ended December 31, 2018.

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (Continued)**

**A. Police (Continued)**

**STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)**

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Fiscal Year Totals
2018	\$ 4,875
2019	4,876
2020	4,532
2021	856
2022	114
Total	\$ 15,828

*Actuarial assumptions.* The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 Years
Long-term investment rate of return *	7.50%
Projected salary increases *	4.0%-14.0%
Cost of Living Adjustments (COLA)	0.0%
* Includes inflation at	2.50%

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (Continued)**

**A. Police (Continued)**

**STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)**

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of December 31, 2016 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
Global Equity	36.00%	9.25%
Equity Long/Short	10.00%	7.35%
Illiquid Alternatives	23.00%	10.75%
Fixed Income	15.00%	4.10%
Absolute Return	10.00%	6.55%
Managed Futures	4.00%	5.50%
Cash - *	2.00%	0.00%
Total	100.00%	

\* While the expected inflation exceeds the expected rate of return for cash, a 0.0 percent real rate of return is utilized.

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

TOWN OF ALMA

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017

**NOTE 5: PENSION OBLIGATIONS** (Continued)

**A. Police** (Continued)

**STATEWIDE DEFINED BENEFIT PLAN (FPPA)** (Continued)

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension asset (liability)	\$ (29,586)	\$ (3,477)	\$ 18,207

**B. General Employees**

**DEFINED BENEFIT - PERA**

**Summary of Significant Accounting Policies**

**Pensions.** The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF ALMA

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2017

**NOTE 5: PENSION OBLIGATIONS** (Continued)

**B. General Employees** (Continued)

**DEFINED BENEFIT – PERA** (Continued)

**General Information about the Pension Plan**

*Plan description.* Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits provided.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee’s member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (Continued)**

**B. General Employees (Continued)**

**DEFINED BENEFIT – PERA (Continued)**

**General Information about the Pension Plan (Continued)**

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA’s Annual Increase Reserve for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

*Contributions.* Eligible employees and the Town are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

<b>January 1<sup>st</sup> through December 31<sup>st</sup> <sup>1</sup></b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Employer contribution rate	10.00%	10.00%	10.00%	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the LGDTF	8.98%	8.98%	8.98%	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	2.20%	2.20%	2.20%	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	1.50%	1.50%	1.50%	1.50%
<b>Total employer contribution rate to the LGDTF</b>	<b>12.68%</b>	<b>12.68%</b>	<b>12.68%</b>	<b>12.68%</b>

<sup>1</sup> Rates are expressed as a percentage of salary as defined in C.R.S. 24-51-101(42).

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (Continued)**

**B. General Employees (Continued)**

**DEFINED BENEFIT – PERA (Continued)**

**General Information about the Pension Plan (Continued)**

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were \$17,504 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, 2017, the Town reported a liability of \$307,535 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Town proportion of the net pension liability was based on the Town contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the Town proportion was .02277%, which was a decrease of .0075% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Town recognized pension expense of \$25,950. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 5,592	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 48,420	\$ -
Changes of assumptions or other inputs	\$ 21,814	\$ (1,182)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 861	\$ (44,025)
Contributions subsequent to the measurement date	\$ 19,010	\$ -
Total	\$ 95,697	\$ (45,207)

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (Continued)**

**B. General Employees (Continued)**

**DEFINED BENEFIT – PERA (Continued)**

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

\$19,010 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. 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:	Fiscal Year Totals
2018	\$ 2,374
2019	15,113
2020	13,642
2021	351
Total	\$ 31,480

*Actuarial assumptions.* Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and were effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50-10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience.

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (Continued)**

**B. General Employees (Continued)**

**DEFINED BENEFIT – PERA (Continued)**

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

As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
  - Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

**NOTE 5: PENSION OBLIGATIONS** (Continued)

**B. General Employees** (Continued)

**DEFINED BENEFIT – PERA** (Continued)

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

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were 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 then adding expected inflation.

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

*Discount rate.* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown in Note 8. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (Continued)**

**B. General Employees (Continued)**

**DEFINED BENEFIT – PERA (Continued)**

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc postretirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (Continued)**

**B. General Employees (Continued)**

**DEFINED BENEFIT – PERA (Continued)**

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

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent.

*Sensitivity of Town proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (453,447)	\$ (307,535)	\$ (186,705)

*Pension plan fiduciary net position.* Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Internal Allocations**

The Town’s internal allocation of the PERA net pension liability and related deferred outflows and inflows of resources is determined by the underlying payroll amounts. The allocation of the payroll for the years ended December 31, 2016, 2015, 2014, and 2013 were as follows:

	General Fund	Water Fund	Sewer Fund	Total All Funds
12/31/14 Allocation	70.30%	18.60%	11.10%	100.00%
12/31/15 Allocation	77.70%	13.00%	9.30%	100.00%
12/31/16 Allocation	78.40%	10.80%	10.80%	100.00%
12/31/17 Allocation	79.40%	10.30%	10.30%	100.00%

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 5: PENSION OBLIGATIONS (Continued)**

**B. General Employees (Continued)**

**DEFINED BENEFIT – PERA (Continued)**

**Internal Allocations**

Accordingly, the Town is required to allocate the net pension liability based on those amounts which creates a change in internal proportion that is reflected as either a deferred outflow or inflow in the respective activity and fund. The change in proportion is amortized and will be reflected as an adjustment to the activity or funds pension expense as follows:

	Govt Activities	Water Fund	Sewer Fund
Remaining Change in Proportio	\$ 32,016	\$ (32,740)	\$ 725
2015	(4,490)	4,694	(204)
2016	(13,191)	11,278	1,913
2017	(11,004)	11,280	(276)
2018	(3,178)	5,009	(1,831)
2019	(153)	479	(327)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Defined Contribution Pension Plans**

**Voluntary Investment Program**

*Plan Description* - Employees of the District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees have the option of contributing pre or post-tax dollars.

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 6: POSTEMPLOYMENT HEALTHCARE BENEFITS**

Health Care Trust Fund

*Plan Description* – The Town contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding Policy* – The Town is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2017 and the preceding two fiscal years, the District contributions to the HCTF were \$1,529, \$1,408, and \$1,754, respectively, equal to their required contributions for each year.

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 7: RISK MANAGEMENT**

The Town is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town carries commercial insurance. The amounts of settlements have not exceeded insurance coverage the past three years, nor were there any significant changes in insurance coverage.

**NOTE 8: CONTINGENCIES, COMMITMENTS AND COMPLIANCE**

**A. Grants**

The Town receives revenues from various federal and state grant programs, which are subject to final review and approval as to allowability by the respective grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**B. Tabor Amendment**

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The Town is subject to the Tabor Amendment. Fiscal year 1993 provides the basis for limits in future years to assessed valuation. Revenue received in excess of the limitations may be required to be refunded unless the Town's electorate vote to retain the revenue. The Tabor Amendment is subject to many interpretations, but the Town feels it is in substantial compliance with the Amendment. On April 5, 1994, the Town passed the following exemption to the Tabor Amendment:

Shall the Town of Alma, Colorado, be authorized to collect and expend the full revenues generated, including without limitation any reduction in debt service, beginning May 1, 1994 and for each subsequent year thereafter without any increase in such tax rates, and to spend such revenues for debt service, municipal operations, capital projects and any other lawful municipal purpose? Nothing in this question can be construed to remove the remaining restrictions of Article X, Section 20 of the Colorado Constitution with is commonly known as Amendment One and/or the TABOR Amendment.

The Town has reserved \$14,000 in the General Fund to meet the three (3) percent emergency reserve required by the Tabor Amendment.

**TOWN OF ALMA**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2017**

**NOTE 9: DEFICIT NET POSITION**

The Water Fund has an unrestricted net position deficit of \$(11,420), primarily due to adding the PERA net pension liability of \$36,021, as further described in Note 5, and outstanding loan obligations in the Water Fund. The Town expects these deficit net positions to continue for the foreseeable future, especially those related to outstanding pension obligations.

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**Required Supplementary Information  
(Pension Schedules Unaudited)**

**TOWN OF ALMA**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE  
NET PENSION ASSET (LIABILITY)  
PERA Pension Plan  
Last 10 Fiscal Years<sup>(1)</sup>**

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Town's proportion of the net pension asset (liability)	0.022775%	0.030277%	0.029381%	0.028148%
Town's proportionate share of the net pension asset (liability)	\$ (307,535)	\$ (333,524)	\$ (263,347)	\$ (231,638)
Town's covered-employee payroll	\$ 138,043	\$ 171,949	\$ 160,996	\$ 150,174
Town's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	222.78%	193.97%	163.57%	154.25%
Plan fiduciary net position as a percentage of the total pension liability	73.65%	76.87%	80.72%	81.00%

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**TOWN OF ALMA**

**SCHEDULE OF TOWN CONTRIBUTIONS  
PERA Pension Plan  
Last 10 Fiscal Years <sup>(1)</sup>**

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Contractually required contributions	\$ 17,504	\$ 21,803	\$ 20,414	\$ 19,042
Actual contributions	<u>(17,504)</u>	<u>(21,803)</u>	<u>(20,414)</u>	<u>(19,042)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 138,043	\$ 171,949	\$ 160,996	\$ 150,174
Contributions as a percentage of covered employee payroll	12.68%	12.68%	12.68%	12.68%

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**TOWN OF ALMA**

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE  
NET PENSION ASSET (LIABILITY)  
FPPA SWDB Pension Plan  
Last 10 Fiscal Years<sup>(1)</sup>**

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Town's proportion of the net pension asset (liability)	0.009623%	0.017707%	0.015435%	0.014417%
Town's proportionate share of the net pension asset (liability)	\$ (3,477)	\$ 312	\$ 17,419	\$ 12,892
Town's covered-employee payroll	\$ 49,250	\$ 85,838	\$ 69,409	\$ 62,621
Town's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	7.06%	0.36%	25.10%	20.59%
Plan fiduciary net position as a percentage of the total pension liability	98.21%	100.10%	106.83%	105.83%

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

**TOWN OF ALMA**

**SCHEDULE OF TOWN CONTRIBUTIONS**  
**FPPA SWDB Pension Plan**  
**Last 10 Fiscal Years <sup>(1)</sup>**

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Contractually required contributions	\$ 3,940	\$ 6,867	\$ 5,553	\$ 5,010
Actual contributions	<u>(3,940)</u>	<u>(6,867)</u>	<u>(5,553)</u>	<u>(5,010)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 49,250	\$ 85,838	\$ 69,409	\$ 62,621
Contributions as a percentage of covered employee payroll	8.00%	8.00%	8.00%	8.00%

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

<sup>(1)</sup> - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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## **Required Supplementary Information**

TOWN OF ALMA

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	2017				2016 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
<b>REVENUES</b>					
<b>Taxes</b>					
Property Taxes	\$ 101,383	\$ 101,383	\$ 104,372	\$ 2,989	\$ 101,035
Specific Ownership Taxes	12,500	12,500	15,099	2,599	12,815
Sales Taxes	148,500	148,500	158,571	10,071	164,843
Franchise Taxes	26,000	26,000	18,384	(7,616)	26,489
Total Tax Revenue	<u>288,383</u>	<u>288,383</u>	<u>296,426</u>	<u>8,043</u>	<u>305,182</u>
<b>Intergovernmental Revenues</b>					
Cigarette Taxes	1,000	1,000	1,096	96	1,262
Highway Users	13,174	13,174	13,242	68	13,112
Road and Bridge	3,175	3,175	85	(3,090)	2,162
Clerk/Motor Vehicle Fees	1,365	1,365	1,321	(44)	1,322
Mineral Lease	4,000	4,000	112	(3,888)	130
Severance Tax	400	400	510	110	521
State Grants	400,000	400,000	16,763	(383,237)	-
Total Intergovernmental Revenue	<u>423,114</u>	<u>423,114</u>	<u>33,129</u>	<u>(389,985)</u>	<u>18,509</u>
<b>Licenses and Permits</b>					
Building Permits	800	800	425	(375)	6,089
Other Licenses and Permits	15,500	15,500	6,878	(8,622)	20,883
Total Licenses and Permits	<u>16,300</u>	<u>16,300</u>	<u>7,303</u>	<u>(8,997)</u>	<u>26,972</u>
<b>Fines and Forfeits</b>					
	<u>76,950</u>	<u>76,950</u>	<u>113,194</u>	<u>36,244</u>	<u>55,707</u>
<b>Charges for Services</b>					
Utility Charges	34,000	34,000	33,604	(396)	35,745
Rents	10,950	10,950	10,637	(313)	13,020
Other Charges for Services	1,000	1,000	16,872	15,872	500
Total Charges for Services	<u>45,950</u>	<u>45,950</u>	<u>61,113</u>	<u>15,163</u>	<u>49,265</u>
<b>Investment Earnings</b>					
	<u>800</u>	<u>800</u>	<u>2,788</u>	<u>1,988</u>	<u>1,234</u>
<b>Other Revenues</b>					
Donations	-	-	-	-	93,953
Sale of Capital Assets	-	-	40,000	40,000	-
Other Miscellaneous Revenue	10,800	10,800	7,619	(3,181)	8,851
Total Other Revenue	<u>10,800</u>	<u>10,800</u>	<u>47,619</u>	<u>36,819</u>	<u>102,804</u>
TOTAL REVENUES	<u>862,297</u>	<u>862,297</u>	<u>561,572</u>	<u>(300,725)</u>	<u>559,673</u>

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF ALMA

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	<b>2017</b>				<b>2016</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	
(Continued)					
<b>EXPENDITURES</b>					
<b>General Government</b>					
Personnel Services	106,252	106,252	109,130	2,878	107,026
Fuel and Automotive	-	-	990	(990)	1,133
Insurance	9,000	9,000	16,619	(7,619)	7,255
Professional Fees	21,500	21,500	21,388	112	21,386
Repairs and Maintenance	1,500	1,500	1,049	451	689
Supplies	9,100	9,100	9,298	(198)	8,346
Telephone and Utilities	25,900	25,900	20,931	4,969	22,205
Travel and Training	600	600	797	(197)	475
Other Expenses	14,550	14,550	19,405	(4,855)	27,937
Total General Government	<u>188,402</u>	<u>188,402</u>	<u>199,607</u>	<u>(5,449)</u>	<u>196,452</u>
<b>Public Safety</b>					
Personnel Services	138,069	138,069	90,022	48,047	74,686
Fuel and Automotive	4,000	4,000	2,206	1,794	5,376
Insurance	3,300	3,300	-	3,300	2,515
Professional Fees	4,200	4,200	4,200	-	4,200
Supplies	3,100	3,100	2,514	586	980
Telephone and Utilities	1,500	1,500	205	1,295	573
Travel and Training	5,600	5,600	42	5,558	350
Other Expenses	1,500	1,500	211	1,289	3,758
Total Public Safety	<u>161,269</u>	<u>161,269</u>	<u>99,400</u>	<u>61,869</u>	<u>92,438</u>
<b>Public Works</b>					
Personnel Services	46,265	46,265	29,653	16,612	25,384
Contract Labor	-	-	634	(634)	-
Fuel and Automotive	9,542	9,542	9,904	(362)	6,238
Repairs and Maintenance	10,000	10,000	18,699	(8,699)	8,306
Supplies	900	900	211	689	5,380
Telephone and Utilities	3,000	3,000	3,421	(421)	4,307
Other Expenses	2,000	2,000	313	1,687	1,137
Total Public Works/Comm Devel	<u>71,707</u>	<u>71,707</u>	<u>62,835</u>	<u>8,872</u>	<u>50,752</u>
<b>Parks, Recreation and Other</b>					
Personnel Services	-	-	2,854	2,854	-
Repairs and Maintenance	-	-	1,699	(1,699)	4,606
Telephone and Utilities	-	-	2,451	(2,451)	2,257
Other Expenses	-	-	3,106	(3,106)	-
Total Parks, Recreation & Other	<u>-</u>	<u>-</u>	<u>10,110</u>	<u>(4,402)</u>	<u>6,863</u>

See accompanying Independent Auditors' Report.

TOWN OF ALMA

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	<b>2017</b>				<b>2016</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget</b>	<b>Actual</b>
(Continued)					
<b>Capital Outlay</b>					
General Government Capital Outlay	9,000	9,000	2,293	6,707	1,298
Public Works Capital Outlay	390,000	390,000	76,521	313,479	96,945
Parks, Recreation and Other Capital Outlay	3,000	3,000	323	2,677	35,624
Total Capital Outlay	<u>402,000</u>	<u>402,000</u>	<u>79,137</u>	<u>322,863</u>	<u>133,867</u>
<b>Debt Service</b>					
Principal	25,050	25,050	25,028	22	26,678
TOTAL EXPENDITURES	<u>848,428</u>	<u>848,428</u>	<u>476,117</u>	<u>383,775</u>	<u>507,050</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ 13,869</u>	<u>\$ 13,869</u>	85,455	<u>\$ 83,050</u>	52,623
<b>Budget to GAAP Basis Reconciliation</b>					
Debt Proceeds			-		200,000
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			85,455		252,623
<b>FUND BALANCE, BEGINNING</b>			<u>393,179</u>		<u>140,556</u>
<b>FUND BALANCE, ENDING</b>			<u>\$ 478,634</u>		<u>\$ 393,179</u>

See accompanying Independent Auditors' Report.

## **Other Supplementary Information**

**TOWN OF ALMA**

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

**With Comparative Totals for December 31, 2016**

	<b>SPECIAL REVENUE FUNDS</b>		
	<b>Conservation Trust Fund</b>	<b>Total</b>	
		<b>2017</b>	<b>2016</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Restricted Cash and Investments	\$ 13,975	\$ 13,975	\$ 12,480
	<u>13,975</u>	<u>13,975</u>	<u>12,480</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>FUND BALANCE</b>			
Restricted Fund Balance	\$ 13,975	\$ 13,975	\$ 12,480
	<u>13,975</u>	<u>13,975</u>	<u>12,480</u>

See accompanying Independent Auditors' Report.

TOWN OF ALMA

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**With Comparative Totals for the Year Ended December 31, 2016**

	<b>SPECIAL REVENUE FUNDS</b>		
	<b>Conservation Trust Fund</b>	<b>Total</b>	
		<b>2017</b>	<b>2016</b>
<b>REVENUES</b>			
Intergovernmental Revenues	\$ 1,372	\$ 1,372	\$ 1,528
Investment Earnings	123	123	40
<b>TOTAL REVENUES</b>	<u>1,495</u>	<u>1,495</u>	<u>1,568</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	1,495	1,495	1,568
<b>FUND BALANCE, BEGINNING</b>	<u>12,480</u>	<u>12,480</u>	<u>10,912</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 13,975</u>	<u>\$ 13,975</u>	<u>\$ 12,480</u>

See accompanying Independent Auditors' Report.

TOWN OF ALMA

**BUDGETARY COMPARISON SCHEDULE**

**Conservation Trust Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	2017		Variance With Final Budget	2016 Actual
	Original & Final Budget	Actual		
<b>REVENUES</b>				
<b>Intergovernmental Revenues</b>				
Cons Trust Fund Revenue	\$ 1,100	\$ 1,372	\$ 272	\$ 1,528
<b>Investment Earnings</b>	-	123	123	40
<b>TOTAL REVENUES</b>	<u>1,100</u>	<u>1,495</u>	<u>395</u>	<u>1,568</u>
Parks, Recreation and Other Capital Outlay	<u>1,100</u>	-	<u>1,100</u>	-
<b>OTHER FINANCING SOURCES (USES)</b>				
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ -</u>	<u>1,495</u>	<u>\$ 1,495</u>	<u>1,568</u>
<b>FUND BALANCE, BEGINNING</b>		<u>12,480</u>		<u>10,912</u>
<b>FUND BALANCE, ENDING</b>		<u>\$ 13,975</u>		<u>\$ 12,480</u>

See accompanying Independent Auditors' Report.

TOWN OF ALMA

**BUDGETARY COMPARISON SCHEDULE**

**Debt Service Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2017**

**With Comparative Totals for the Year Ended December 31, 2016**

	2017			2016 Actual
	Original & Final Budget	Actual	Variance With Final Budget	
<b>REVENUES</b>				
<b>Taxes</b>				
Property Taxes	\$ 11,113	\$ 10,881	\$ (232)	\$ 10,910
Specific Ownership Taxes	-	1,579	1,579	1,346
Total Tax Revenue	11,113	12,460	1,347	12,256
<b>Investment Earnings</b>	-	61	61	75
TOTAL REVENUES	11,113	12,521	1,408	12,331
<b>EXPENDITURES</b>				
<b>General Government</b>				
Other Expenses	-	-	-	220
<b>Debt Service</b>				
Principal	11,113	10,190	923	9,472
TOTAL EXPENDITURES	11,113	10,190	923	9,692
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	\$ -	2,331	\$ 2,331	2,639
<b>FUND BALANCE, BEGINNING</b>		60,821		58,182
<b>FUND BALANCE, ENDING</b>		\$ 63,152		\$ 60,821

See accompanying Independent Auditors' Report.

TOWN OF ALMA

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

**BUDGET AND ACTUAL**

**Water Fund**

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		Variance with Final Budget	2016
	Final Budget	Actual		Actual
<b>Operating Revenues</b>				
Utility Charges	\$ 118,700	\$ 121,147	\$ 2,447	\$ 130,622
Other Charges for Services	-	740	740	2,959
Total Revenues	<u>118,700</u>	<u>121,887</u>	<u>3,187</u>	<u>133,581</u>
<b>Operating Expenses</b>				
Personnel Services	25,904	11,072	14,832	12,472
Administrative/Office Expenses	1,300	410	890	458
Insurance	6,000	-	6,000	4,730
Professional Fees	5,500	4,004	1,496	3,376
Repairs and Maintenance	21,500	11,901	9,599	12,033
Travel and Training	800	363	437	695
Treatment	2,500	996	1,504	1,334
Telephone and Utilities	6,750	7,702	(952)	6,768
Other Operating Expenses	8,741	3,319	5,422	455
Other Capital Outlay	-	45	(45)	428
Contingency Reserve	4,953	-	4,953	-
Total Expenditures	<u>83,948</u>	<u>39,812</u>	<u>44,136</u>	<u>42,749</u>
Operating Income (Loss)	<u>34,752</u>	<u>82,075</u>	<u>47,323</u>	<u>90,832</u>
<b>Other Income (Expense)</b>				
Investment Earnings	10	728	718	357
Other Revenue	2,300	3,273	973	-
Debt Service	(37,062)	(36,930)	132	(36,935)
Total Other Income (Expense)	<u>(34,752)</u>	<u>(32,929)</u>	<u>1,823</u>	<u>(36,578)</u>
Net Income (Loss) before Transfers	-	49,146	49,146	54,254
<b>Contributed Capital</b>				
Plant Investment Fees	-	-	-	22,500
Change in Net Position (Budget Basis)	<u>\$ -</u>	<u>49,146</u>	<u>\$ 49,146</u>	<u>76,754</u>
<b>Budget to GAAP Reconciliation</b>				
Principal Paid		24,718		23,629
Depreciation Expense		(47,895)		(47,862)
Change in Net Position - GAAP Basis		25,969		52,521
Net Position, Beginning		<u>939,795</u>		<u>887,274</u>
Net Position, Ending		<u>\$ 965,764</u>		<u>\$ 939,795</u>

See accompanying Independent Auditors' Report.

TOWN OF ALMA

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

**BUDGET AND ACTUAL**

**Sewer Fund**

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		Variance with Final Budget	2016
	Final Budget	Actual		Actual
<b>Operating Revenues</b>				
Utility Charges	\$ 72,720	\$ 78,094	\$ 5,374	\$ 83,700
Other Charges for Services	60	-	(60)	36
Total Revenues	<u>72,780</u>	<u>78,094</u>	<u>5,314</u>	<u>83,736</u>
<b>Operating Expenses</b>				
Personnel Services	26,404	23,285	3,119	20,157
Administrative/Office Expenses	440	300	140	321
Insurance	4,400	-	4,400	4,032
Operating Supplies	850	111	739	137
Professional Fees	6,250	5,232	1,018	5,517
Repairs and Maintenance	8,000	1,667	6,333	12,151
Travel and Training	750	68	682	-
Treatment	2,200	3,909	(1,709)	2,772
Telephone and Utilities	7,750	7,296	454	7,453
Other Operating Expenses	223	10,159	(9,936)	356
Other Capital Outlay	7,500	-	7,500	176
Total Expenditures	<u>64,767</u>	<u>52,027</u>	<u>12,740</u>	<u>53,072</u>
Operating Income (Loss)	<u>8,013</u>	<u>26,067</u>	<u>18,054</u>	<u>30,664</u>
<b>Other Income (Expense)</b>				
Investment Earnings	-	949	949	454
Other Revenue	-	198	198	-
Debt Service	(8,013)	(7,938)	75	(7,940)
Total Other Income (Expense)	<u>(8,013)</u>	<u>(6,791)</u>	<u>1,222</u>	<u>(7,486)</u>
Net Income (Loss) before Transfers	-	19,276	19,276	23,178
<b>Contributed Capital</b>				
Plant Investment Fees	-	-	-	22,500
Change in Net Position (Budget Basis)	<u>\$ -</u>	<u>19,276</u>	<u>\$ 19,276</u>	<u>45,678</u>
<b>Budget to GAAP Reconciliation</b>				
Principal Paid		3,682		3,520
Depreciation Expense		(13,479)		(13,479)
Change in Net Position - GAAP Basis		9,479		35,719
Net Position, Beginning		<u>322,605</u>		<u>286,886</u>
Net Position, Ending		<u>\$ 332,084</u>		<u>\$ 322,605</u>

See accompanying Independent Auditors' Report.

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## **COMPLIANCE SECTION**

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## **State Compliance**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: ALMA
	YEAR ENDING : December 2017

This Information From The Records Of (example - City of _ or County of	Prepared By: Phone:
--	------------------------

**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	26,040
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	4,665
2. General fund appropriations	44,780	b. Snow and ice removal	16,696
3. Other local imposts (from page 2)	2,678	c. Other	8,564
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	29,925
5. Transfers from toll facilities		4. General administration & miscellaneous	5,956
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	61,921
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	47,458	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	14,463	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	61,921	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	61,921

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	61,921	61,921		0

**Notes and Comments:**

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2017

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	2,678	g. Other Misc. Receipts	
6. Total (1. through 5.)	2,678	h. Other	
c. Total (a. + b.)	2,678	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	13,164	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	1,299	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,299	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	14,463	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: