

**TOWN OF AULT
AULT, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

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

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Office of the State Auditor

July 31, 2018

TOWN OF AULT, COLORADO

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DECEMBER 31, 2017

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The discussion and analysis of the Town of Ault's financial performance provides an overall review of the Town's financial activities for the year ended December 31, 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 Ault's overall net position increased by \$448,195, with its governmental net position increasing by \$247,090 and business-type net position increasing by \$201,105 for the year, with the large increase mainly due to the new Wastewater Treatment Facility.

- The assets of the Town exceeded its liabilities at the close of fiscal year 2017 by \$8,834,094 (*net position*). Of this amount, \$3,226,798 (*unrestricted net position*) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- At the end of 2017, the unrestricted net position for the governmental funds was \$1,471,105 and proprietary funds (business-type activities) were \$1,755,693.

As of the close of fiscal year 2017, the Town's General Fund reported an ending fund balance of \$1,465,207 compared to the fiscal year 2016 balance of \$1,224,178.

- General Fund 2017 revenues increased by \$79,872 to \$1,138,183.
- General Fund expenditures decreased in 2017 by \$77,061 to \$813,043.

Using the Basic Financial Statements

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

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

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

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

- Water Fund
- Sanitation Fund

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

Financial Analysis of the Town as a Whole

The Town's total net position was \$8,834,094 as of December 31, 2017 and \$8,385,899 as of December 31, 2016. This represents an increase of \$448,195.

Government-Wide Financial Statements

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

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

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

Net Position

Net position might serve over time as a useful indicator of a government's financial position. In the case of the Town of Ault, assets exceeded liabilities by approximately \$8.8 million at the close of 2017.

Town of Ault
Management's Discussion and Analysis
December 31, 2017

Net position of the Town at December 31, 2017 were as follows:

	Condensed Statement of Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and Other Assets	\$ 2,071,875	\$ 1,770,398	\$ 2,070,279	\$ 1,995,644	\$ 4,142,154	\$ 3,766,042
Capital Assets, net	453,695	507,235	6,838,595	7,104,217	7,292,290	7,611,452
TOTAL ASSETS	2,525,570	2,277,633	8,908,874	9,099,861	11,434,444	11,377,494
Deferred Outflows	92,191	84,956	-	-	92,191	84,956
LIABILITIES						
Current Liabilities	74,698	78,605	222,368	440,367	297,066	518,972
Non-Current Liabilities	19,279	5,361	2,266,808	2,440,901	2,286,087	2,446,262
TOTAL LIABILITIES	93,977	83,966	2,489,176	2,881,268	2,583,153	2,965,234
Deferred Inflows	109,388	111,317	-	-	109,388	111,317
Net Position						
Net Investment in Capital Assets	450,617	501,874	4,577,691	4,663,316	5,028,308	5,165,190
Restricted Net Position	492,674	420,418	86,314	540,445	578,988	960,863
Unrestricted	1,471,105	1,245,014	1,755,693	1,014,832	3,226,798	2,259,846
TOTAL NET POSITION	\$ 2,414,396	\$ 2,167,306	\$ 6,419,698	\$ 6,218,593	\$ 8,834,094	\$ 8,385,899

The statement of net position reflects a cash position totaling \$4,142,154 of total assets. The bulk of the Town's resources, \$7.3 million, are invested in capital assets. These assets consist of land and improvements, buildings, equipment, and utility system assets. The remaining assets represent receivables.

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

Town of Ault
Management's Discussion and Analysis
December 31, 2017

Changes in Net Position

Governmental activities increased the Town of Ault's net position by \$247,090
Business activities increased the Town's net position by \$201,105.

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

	Condensed Statement of Activities					
	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Program Revenues						
Charges for Services	\$ 274,220	\$ 307,480	\$ 915,081	\$ 876,630	\$ 1,189,301	\$ 1,184,110
Operating Grants and Contrib.	127,571	143,294	-	-	127,571	143,294
Capital Grants and Contrib.	-	-	290,275	2,550,369	290,275	2,550,369
Total Program Revenues	<u>401,791</u>	<u>450,774</u>	<u>1,205,356</u>	<u>3,426,999</u>	<u>1,607,147</u>	<u>3,877,773</u>
General Revenues:						
Taxes	747,201	699,669	-	-	747,201	699,669
Other General Revenues	99,717	14,485	10,928	6,813	110,645	21,298
Total General Revenues	<u>846,918</u>	<u>714,154</u>	<u>10,928</u>	<u>6,813</u>	<u>857,846</u>	<u>720,967</u>
Total Revenues	<u>1,248,709</u>	<u>1,164,928</u>	<u>1,216,284</u>	<u>3,433,812</u>	<u>2,464,993</u>	<u>4,598,740</u>
Program Expenses						
General Government	177,983	215,458	-	-	177,983	215,458
Public Safety	562,872	547,767	-	-	562,872	547,767
Public Works	165,245	170,156	-	-	165,245	170,156
Parks and Recreation	60,483	47,671	-	-	60,483	47,671
Health & Welfare	49,461	52,934	-	-	49,461	52,934
Economic development/assistance	495	-	-	-	495	-
Interest Expense	-	8,789	-	-	-	8,789
Water Operations	-	-	451,541	462,572	451,541	462,572
Sanitation Operations	-	-	548,718	363,825	548,718	363,825
Total Expenses	<u>1,016,539</u>	<u>1,042,775</u>	<u>1,000,259</u>	<u>826,397</u>	<u>2,016,798</u>	<u>1,869,172</u>
Transfers	<u>14,920</u>	<u>30,000</u>	<u>(14,920)</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Change in Net Position	247,090	152,153	201,105	2,577,415	448,195	2,729,568
Net Position, Beginning	<u>2,167,306</u>	<u>2,015,153</u>	<u>6,218,593</u>	<u>3,641,178</u>	<u>8,385,899</u>	<u>5,656,331</u>
Net Position, Ending	<u>\$ 2,414,396</u>	<u>\$ 2,167,306</u>	<u>\$ 6,419,698</u>	<u>\$ 6,218,593</u>	<u>\$ 8,834,094</u>	<u>\$ 8,385,899</u>

For 2017, the Town's Governmental Activities show an increase of \$83,781 in total revenues and a decrease of \$26,236 in expenses, resulting in an increase in net position of \$247,090 over 2016. The Business-type Activities show a decrease of \$2,217,528 in revenues and an increase of \$173,862 in expenses resulting in an increase in net position of \$201,105 over 2016.

Financial Analysis of the Town's Funds

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

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

General Fund – The General Fund went from a balance of \$ \$1,224,178 to 1,465,207. This increase is principally the result of maintaining expenditures below budget. Total revenues increased by \$79,872. Expenditures decreased by \$77,061.

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

Water Fund – The net position increased by \$228,226 in 2017, which is slightly below the increase of \$289,964 in 2016.

Sanitation Fund – The net position decreased by \$27,121 in 2017, below the increase of 2.3 million in 2016. This is largely due to \$2,088,300 in grant revenue for the Wastewater Treatment Plant project.

Town of Ault
Management's Discussion and Analysis
December 31, 2017

Capital Assets

	Balance			Balance
	January 1,		Deletions	December 31,
	2017	Additions		2017
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 219,806	\$ -	\$ -	\$ 219,806
Capital assets being depreciated:				
Buildings and improvements	246,957	-	-	246,957
Land improvements	357,087	-	2,930	354,157
Vehicles and equipment	341,023	8,890	1,200	348,713
Infrastructure	<u>1,321,671</u>	-	-	<u>1,321,671</u>
Total capital assets being depreciated	<u>2,266,738</u>	<u>8,890</u>	<u>4,130</u>	<u>2,271,498</u>
Less accumulated depreciation:				
Buildings and improvements	182,857	3,483	-	186,340
Land improvements	293,818	7,357	2,442	298,733
Vehicles and equipment	253,883	29,993	1,200	282,676
Infrastructure	<u>1,249,623</u>	<u>20,237</u>	-	<u>1,269,860</u>
Total accumulated depreciation	<u>1,980,181</u>	<u>61,070</u>	<u>3,642</u>	<u>2,037,609</u>
Total capital assets, net	<u>\$ 506,363</u>	<u>\$ (52,180)</u>	<u>\$ 488</u>	<u>\$ 453,695</u>

Approximately 6% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings, infrastructure, and improvements.

Approximately 94% of the Town's capital assets support business-type activities. The Town's business-type activities capital assets consist of its investments in its utility systems and related equipment.

	Balance			Balance
	January 1,		Deletions	December 31,
	2017	Additions		2017
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 15,338	\$ -	\$ -	\$ 15,338
Water rights	958,908	-	-	958,908
Construction in progress	<u>4,365,127</u>	-	<u>4,365,127</u>	-
Total capital assets not being depreciated	<u>5,339,373</u>	-	<u>4,365,127</u>	<u>974,246</u>
Capital assets being depreciated:				
Water and sewer systems	3,624,175	4,390,065	-	8,014,240
Equipment	<u>97,293</u>	<u>6,800</u>	<u>10,197</u>	<u>93,896</u>
Total capital assets being depreciated	<u>3,721,468</u>	<u>4,396,865</u>	<u>10,197</u>	<u>8,108,136</u>
Less accumulated depreciation:				
Water and sewer systems	1,874,172	292,952	-	2,167,124
Equipment	<u>82,453</u>	<u>4,408</u>	<u>10,197</u>	<u>76,664</u>
Total accumulated depreciation	<u>1,956,625</u>	<u>297,360</u>	<u>10,197</u>	<u>2,243,788</u>
Total Capital Assets, net	<u>\$ 7,104,216</u>	<u>\$ 4,099,505</u>	<u>\$ 4,365,127</u>	<u>\$ 6,838,594</u>

Town of Ault
 Management's Discussion and Analysis
 December 31, 2017

The Town's Governmental Activities reported depreciation expense of \$61,070 in the Government-Wide Financial Statements. The Town's Business-Type Activities reported \$297,360 in depreciation expense allocated to the Water and Sanitation Funds at \$24,468 and \$272,892 respectively.

Long-Term Debt

	Balance			Balance		
	January 1,		Repayments	December 31,		Interest
	2017	Advances		2017	Current	
GOVERNMENTAL ACTIVITIES	2017	Advances	Repayments	2017	Portion	Expense
Capital Leases - Equipment	\$ 7,495	\$ -	\$ 2,134	\$ 5,361	\$ 2,283	\$ 441
Compensated Absences	29,432	4,393	-	33,825	33,825	-
Total Obligations	\$ 36,927	\$ 4,393	\$ 2,134	\$ 39,186	\$ 36,108	\$ 441

	Balance			Balance		
	January 1,		Repayments	December 31,		Interest
	2017	Advances		2017	Current	
BUSINESS -TYPE ACTIVITIES	2017	Advances	Repayments	2017	Portion	Expense
2006 CWRPDA Loan	\$ 724,221	\$ -	\$ 70,713	\$ 653,508	\$ 71,956	\$ 12,160
2015 CWRPDA Loan	1,889,530	-	102,137	1,787,393	102,137	-
Compensated Absences	9,063	1,951	-	11,014	11,014	-
Total Obligations	\$ 2,622,814	\$ 1,951	\$ 172,850	\$ 2,451,915	\$ 185,107	\$ 12,160

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

General Fund Budget

The General Fund accounts for all of the general government services provided by the Town of Ault including: public safety (police), public works, parks and recreation, and general government services. The Town's General Fund revenues were higher than budgeted by \$100,131, which is a slightly higher margin than last year. The Town's expenditures were \$119,306 less than budgeted.

Economic Factors and Future Budgets and Rates

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

Town of Ault
Management's Discussion and Analysis
December 31, 2017

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

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

Request for Information

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

FINANCIAL SECTION

Holscher, Mayberry & Company, LLC

Certified Public Accountants

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

Board of Trustees
Town of Ault
Ault, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Ault, Colorado, as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component unit, each major funds, and the aggregate remaining fund information of the Town of Ault, Colorado, as of December 31, 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 Ault's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 11, 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-M9 and pension schedules on pages 36-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 38-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. In addition, the budgetary comparison schedules on pages 40-43 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Local Highway Finance Report* on pages 44-45 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
May 29, 2018

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the Town's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2017.

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TOWN OF AULT, COLORADO

STATEMENT OF NET POSITION

December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Northern Plains Public Library
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 1,842,130	\$ 1,892,976	\$ 3,735,106	\$ 1,589,168
Accounts Receivable	99,160	86,545	185,705	-
Property Tax Receivable	108,074	-	108,074	-
Prepaid Expenses	11,753	4,444	16,197	-
Restricted Cash and Investments	10,758	86,314	97,072	-
TOTAL CURRENT ASSETS	2,071,875	2,070,279	4,142,154	1,589,168
NONCURRENT ASSETS				
Capital Assets not being depreciated	219,806	974,246	1,194,052	35,000
Capital Assets being depreciated (net)	233,889	5,864,349	6,098,238	560,308
TOTAL NONCURRENT ASSETS	453,695	6,838,595	7,292,290	595,308
TOTAL ASSETS	2,525,570	8,908,874	11,434,444	2,184,476
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES				
Pension Contributions Subsequent to Measurement Date	22,929	-	22,929	-
Pension Difference Between Projected and Actual Returns - net	43,730	-	43,730	-
Experience Difference Between Projected and Actual Returns - net	14,465	-	14,465	-
Assumptions Differences - net	11,067	-	11,067	-
TOTAL DEFERRED OUTFLOWS	92,191	-	92,191	-
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	25,917	32,079	57,996	7,487
Accrued Payroll	-	-	-	4,805
Developer Tap Fees Payable	-	3,275	3,275	-
Accrued Interest Payable	-	1,906	1,906	-
Customer Deposits	4,822	-	4,822	-
Unearned Revenues	7,850	-	7,850	-
Current Portion of Noncurrent Liabilities	36,109	185,108	221,217	24,134
TOTAL CURRENT LIABILITIES	74,698	222,368	297,066	36,426
NONCURRENT LIABILITIES				
Accrued Compensated Absences	-	5,904	5,904	-
Capital Leases Payable	3,078	-	3,078	52,845
Net Pension Liability	16,201	-	16,201	-
Notes Payable	-	2,260,904	2,260,904	-
TOTAL NONCURRENT LIABILITIES	19,279	2,266,808	2,286,087	52,845
TOTAL LIABILITIES	93,977	2,489,176	2,583,153	89,271
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Deferred Revenue - Property Taxes	108,074	-	108,074	-
Pension Difference Between Projected and Actual Experience - net	824	-	824	-
Pension Change in Proportionate Share - net	490	-	490	-
TOTAL DEFERRED INFLOWS	109,388	-	109,388	-
NET POSITION				
Net Investment in Capital Assets	450,617	4,577,691	5,028,308	518,329
Restricted:				
for TABOR Emergencies	34,000	-	34,000	12,000
for Impact Related Improvements	420,331	-	420,331	-
for Parks and Recreation	38,343	-	38,343	-
for Operations and Maintenance Reserve	-	86,314	86,314	-
Unrestricted	1,471,105	1,755,693	3,226,798	1,564,876
TOTAL NET POSITION	\$ 2,414,396	\$ 6,419,698	\$ 8,834,094	\$ 2,095,205

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

TOWN OF AULT, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General Government	\$ 177,983	\$ 41,909	\$ 30,190	\$ -
Public Safety	562,872	217,080	6,240	-
Public Works	165,245	11,481	74,978	-
Parks and Recreation	60,483	3,750	16,163	-
Health & Welfare	49,461	-	-	-
Economic Development	495	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	1,016,539	274,220	127,571	-
Business - Type Activities:				
Water Operations	451,541	431,532	-	246,275
Sanitation Operations	548,718	483,549	-	44,000
TOTAL BUSINESS - TYPE ACTIVITIES	1,000,259	915,081	-	290,275
TOTAL PRIMARY GOVERNMENT	\$ 2,016,798	\$ 1,189,301	\$ 127,571	\$ 290,275
Component Unit				
Northern Plains Public Library	\$ 261,963	\$ 2,618	\$ 3,726	\$ -

GENERAL REVENUES
 Taxes
 Investment Earnings
 Other Revenues
 TRANSFERS
 TOTAL GENERAL REVENUES AND TRANSFERS
 CHANGE IN NET POSITION
 NET POSITION - Beginning of Year
 NET POSITION - End of Year

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

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

<u>GOVERNMENT ACTIVITIES</u>	<u>BUSINESS - TYPE ACTIVITES</u>	<u>TOTAL</u>	<u>COMPONENT UNIT</u>
\$ (105,884)	\$ -	\$ (105,884)	\$ -
(339,552)	-	(339,552)	-
(78,786)	-	(78,786)	-
(40,570)	-	(40,570)	-
(49,461)	-	(49,461)	-
(495)	-	(495)	-
<u>(614,748)</u>	<u>-</u>	<u>(614,748)</u>	<u>-</u>
-	226,266	226,266	-
-	(21,169)	(21,169)	-
-	<u>205,097</u>	<u>205,097</u>	-
<u>(614,748)</u>	<u>205,097</u>	<u>(409,651)</u>	<u>-</u>
-	-	-	(255,619)
747,201	-	747,201	386,187
9,797	10,928	20,725	7,483
89,920	-	89,920	2,856
<u>14,920</u>	<u>(14,920)</u>	<u>-</u>	<u>-</u>
<u>861,838</u>	<u>(3,992)</u>	<u>857,846</u>	<u>396,526</u>
247,090	201,105	448,195	140,907
<u>2,167,306</u>	<u>6,218,593</u>	<u>8,385,899</u>	<u>1,954,298</u>
<u>\$ 2,414,396</u>	<u>\$ 6,419,698</u>	<u>\$ 8,834,094</u>	<u>\$ 2,095,205</u>

TOWN OF AULT, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2017

With Comparative Totals for December 31, 2016

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>GENERAL</u>	<u>STREET SYSTEMS</u>	<u>NON-MAJOR CONSERVATION TRUST</u>
ASSETS			
Cash and Investments	\$ 1,391,728	\$ 422,817	\$ 38,343
Accounts Receivable	99,160	-	-
Property Tax Receivable	108,074	-	-
Prepaid Expenses	<u>10,422</u>	<u>1,331</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,609,384</u>	<u>\$ 424,148</u>	<u>\$ 38,343</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 23,431	\$ 2,486	\$ -
Deposits	4,822	-	-
Unearned Revenue - Other	<u>7,850</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>36,103</u>	<u>2,486</u>	<u>-</u>
DEFERRED INFLOWS			
Deferred Revenue - Property Taxes	<u>108,074</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Nonspendable:			
Prepays	10,422	1,331	-
Restricted Fund Balance			
Restricted for TABOR Emergencies	34,000	-	-
Restricted for Impact Related Projects	-	420,331	-
Restricted for Parks and Recreation	-	-	38,343
Committed:			
Committed for Martinez Memorial	6,083	-	-
Unassigned	<u>1,414,702</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>1,465,207</u>	<u>421,662</u>	<u>38,343</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,609,384</u>	<u>\$ 424,148</u>	<u>\$ 38,343</u>

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

TOTALS

<u>2017</u>	<u>2016</u>
\$ 1,852,888	\$ 1,566,649
99,160	81,528
108,074	108,450
<u>11,753</u>	<u>13,771</u>
<u>\$ 2,071,875</u>	<u>\$ 1,770,398</u>

\$ 25,917	34,202
4,822	4,987
<u>7,850</u>	<u>7,850</u>
<u>38,589</u>	<u>47,039</u>

<u>108,074</u>	<u>108,450</u>
----------------	----------------

11,753	13,771
34,000	31,000
420,331	367,306
38,343	22,112
6,083	6,083
<u>1,414,702</u>	<u>1,174,637</u>
<u>1,925,212</u>	<u>1,614,909</u>
<u>\$ 2,071,875</u>	<u>\$ 1,770,398</u>

TOWN OF AULT, COLORADO

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

FUND BALANCE - GOVERNMENTAL FUNDS \$1,925,212

Amounts Reported for Governmental Activities on the Statement of Net Position
are Different Because:

Capital assets used in governmental activities are not resources
and are not reported in the funds:

Capital Assets	2,491,303	
Accumulated Depreciation	<u>(2,037,608)</u>	453,695

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	(16,201)	
Contributions subsequent to measurement date	22,929	
Difference between projected and actual investment returns on the pension plan	68,792	
Amortization of the investment return difference	(25,062)	
Difference between projected and actual pension plan experience	16,855	
Amortization of the experience difference	(2,390)	
Change in assumptions	13,763	
Amortization of change in assumptions	(2,696)	
Difference between projected and actual pension plan experience	(1,152)	
Amortization of the experience difference	328	
Change in proportionate share of the net pension liability - plan level	(1,011)	
Amortization of the change in proportion - plan level	<u>521</u>	74,676

Long-term liabilities are not due and payable in the current period

Accrued Compensated Absences:	(33,826)	
Capital Leases Payable	<u>(5,361)</u>	<u>(39,187)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$2,414,396

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

TOWN OF AULT, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	SPECIAL REVENUE FUNDS			TOTALS	
	GENERAL	STREET SYSTEMS	NON-MAJOR CONSERVATION TRUST	2017	2016
REVENUES					
Taxes	\$ 737,001	\$ 28,081	\$ -	\$ 765,082	\$ 716,151
Licenses and Permits	52,709	9,231	-	61,940	96,065
Intergovernmental	35,229	55,319	16,163	106,711	112,001
Fines and Forfeits	211,768	-	-	211,768	210,728
Other	101,476	1,664	68	103,208	29,983
TOTAL REVENUES	<u>1,138,183</u>	<u>94,295</u>	<u>16,231</u>	<u>1,248,709</u>	<u>1,164,928</u>
EXPENDITURES					
Current					
General Government	171,405	4,788	-	176,193	211,326
Public Safety	489,000	-	-	489,000	481,636
Public Works	3,341	131,937	-	135,278	113,746
Parks and Recreation	47,576	158	-	47,734	51,943
Health & Welfare	37,905	-	-	37,905	41,099
Economic Development	495	-	-	495	-
Capital Outlay	60,746	3,400	-	64,146	105,177
Debt Service	2,575	-	-	2,575	2,414
TOTAL EXPENDITURES	<u>813,043</u>	<u>140,283</u>	<u>-</u>	<u>953,326</u>	<u>1,007,341</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	325,140	(45,988)	16,231	295,383	157,587
OTHER FINANCING SOURCES (USES)					
Transfers In	605	99,031	-	99,636	134,820
Transfers Out	(84,716)	-	-	(84,716)	(104,820)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(84,111)</u>	<u>99,031</u>	<u>-</u>	<u>14,920</u>	<u>30,000</u>
CHANGE IN FUND BALANCE	241,029	53,043	16,231	310,303	187,587
FUND BALANCE, Beginning	<u>1,224,178</u>	<u>368,619</u>	<u>22,112</u>	<u>1,614,909</u>	<u>1,427,322</u>
FUND BALANCE, Ending	<u>\$ 1,465,207</u>	<u>\$ 421,662</u>	<u>\$ 38,343</u>	<u>\$ 1,925,212</u>	<u>\$ 1,614,909</u>

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

TOWN OF AULT, COLORADO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
Year Ended December 31, 2017

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because

Net Change in Fund Balance - Governmental Funds	\$	310,303	
Principal payments on debt are reported as expenditures and debt proceeds are reported as revenues in the funds:			
Principal Payments on Capital Leases Payable		2,134	
Accrued Compensated Absences are expensed when paid in the funds:			
Change in Accrued Leave			(4,394)
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
Change in contributions subsequent to the measurement date		3,073	
Current year projected to actual investment return difference		11,966	
Current year amortization of overall investment return difference:		(12,597)	
Change in projected and actual pension plan experience		9,040	
Amortization of the experience difference differences		(1,624)	
Change in assumptions differences		(1,414)	
Amortization of change in assumptions differences		(1,209)	
Change in net pension asset/liability		(17,073)	
Current year projected to actual pension plan experience difference		118	
Current year amortization of overall experience difference:		87	
Current year change in proportionate share of cost-sharing plan asset/liability		1,262	
Current year amortization of overall proportionate share differences		<u>86</u>	(8,285)
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities			
Capitalized Assets		8,890	
Gain (loss) on asset disposals		(489)	
Depreciation Expense		<u>(61,069)</u>	<u>(52,668)</u>
Change in Net Position - Governmental Activities	\$		<u><u>247,090</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF AULT, COLORADO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2017

With Comparative Totals for December 31, 2016

	BUSINESS-TYPE ACTIVITIES		TOTALS	
	WATER	SANITATION	2017	2016
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 1,235,739	\$ 657,237	\$ 1,892,976	\$ 894,694
Restricted Cash and Investments	-	86,314	86,314	540,445
Accounts Receivable	33,544	53,001	86,545	555,701
Prepaid Expenses	2,697	1,747	4,444	4,804
TOTAL CURRENT ASSETS	1,271,980	798,299	2,070,279	1,995,644
NONCURRENT ASSETS				
Land	-	15,338	15,338	15,338
Water Rights	958,908	-	958,908	958,908
Construction in Progress	-	-	-	4,365,127
Equipment	54,942	38,954	93,896	97,294
Improvements	1,161,588	6,852,652	8,014,240	3,624,175
Less Accumulated Depreciation	(709,777)	(1,534,010)	(2,243,787)	(1,956,625)
TOTAL NONCURRENT ASSETS	1,465,661	5,372,934	6,838,595	7,104,217
TOTAL ASSETS	2,737,641	6,171,233	8,908,874	9,099,861
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	20,689	11,390	32,079	253,066
Developer Tap Fees Payable	-	3,275	3,275	3,275
Accrued Interest Payable	-	1,906	1,906	2,112
Current Portion of Noncurrent Liabilities	5,111	179,997	185,108	181,913
TOTAL CURRENT LIABILITIES	25,800	196,568	222,368	440,366
NONCURRENT LIABILITIES				
Compensated Absences	-	5,904	5,904	4,457
Notes Payable	-	2,260,904	2,260,904	2,436,444
TOTAL NONCURRENT LIABILITIES	-	2,266,808	2,266,808	2,440,901
TOTAL LIABILITIES	25,800	2,463,376	2,489,176	2,881,267
NET POSITION				
Net Investment in Capital Assets	1,465,661	2,936,491	4,402,152	4,490,468
Restricted for Operations and Maintenance Reserve	-	86,314	86,314	540,445
Unrestricted	1,246,180	685,052	1,931,232	1,187,681
TOTAL NET POSITION	\$ 2,711,841	\$ 3,707,857	\$ 6,419,698	\$ 6,218,594

The accompanying notes are an integral part of the financial statements

TOWN OF AULT, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTALS</u>	
	<u>WATER</u>	<u>SANITATION</u>	<u>2017</u>	<u>2016</u>
OPERATING REVENUES				
Charges for Services	\$ 429,232	\$ 483,549	\$ 912,781	\$ 872,344
Miscellaneous Revenue	<u>2,300</u>	<u>-</u>	<u>2,300</u>	<u>4,286</u>
TOTAL OPERATING REVENUES	<u>431,532</u>	<u>483,549</u>	<u>915,081</u>	<u>876,630</u>
OPERATING EXPENSES				
Personal Services	118,308	98,718	217,026	203,126
Supplies	6,887	27,740	34,627	31,338
Purchased Services	274,582	104,164	378,746	365,125
Other Operating Expenses	1,121	1,048	2,169	4,190
Fleet Maintenance	1,482	484	1,966	2,066
Repairs & Maintenance	21,630	34,413	56,043	20,099
Small Capital	3,063	(2,901)	162	48,470
Depreciation	<u>24,468</u>	<u>272,892</u>	<u>297,360</u>	<u>139,191</u>
TOTAL OPERATING EXPENSES	<u>451,541</u>	<u>536,558</u>	<u>988,099</u>	<u>813,605</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>(20,009)</u>	<u>(53,009)</u>	<u>(73,018)</u>	<u>63,025</u>
NONOPERATING INCOME (EXPENSE)				
Investment Earnings	7,948	2,980	10,928	6,813
Interest Expense	<u>-</u>	<u>(12,160)</u>	<u>(12,160)</u>	<u>(12,792)</u>
NONOPERATING INCOME (EXPENSE)	<u>7,948</u>	<u>(9,180)</u>	<u>(1,232)</u>	<u>(5,979)</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>(12,061)</u>	<u>(62,189)</u>	<u>(74,250)</u>	<u>57,046</u>
TRANSFERS				
Transfers In	9,012	6,068	15,080	-
Transfers Out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>
NET TRANSFERS	<u>(5,988)</u>	<u>(8,932)</u>	<u>(14,920)</u>	<u>(30,000)</u>
CAPITAL CONTRIBUTIONS				
Grant Revenue	-	-	-	2,088,300
Capital Contributions	<u>246,275</u>	<u>44,000</u>	<u>290,275</u>	<u>462,069</u>
TOTAL CAPITAL CONTRIBUTIONS	<u>246,275</u>	<u>44,000</u>	<u>290,275</u>	<u>2,550,369</u>
CHANGE IN NET POSITION	228,226	(27,121)	201,105	2,577,415
NET POSITION, Beginning	<u>2,483,615</u>	<u>3,734,978</u>	<u>6,218,593</u>	<u>3,641,178</u>
NET POSITION, Ending	<u>\$ 2,711,841</u>	<u>\$ 3,707,857</u>	<u>\$ 6,419,698</u>	<u>\$ 6,218,593</u>

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

TOWN OF AULT, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Increase (Decrease) in Cash and Cash Equivalents

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	BUSINESS-TYPE ACTIVITIES		TOTAL	
	WATER	SANITATION	2017	2016
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 433,311	\$ 951,285	\$ 1,384,596	\$ 415,727
Cash Payments to Suppliers	(303,251)	(389,497)	(692,748)	(447,043)
Cash Payments to Employees	(118,308)	(98,718)	(217,026)	(203,126)
Net Cash Provided by Operating Activities	11,752	463,070	474,822	(234,442)
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(27,974)	(3,765)	(31,739)	(3,504,355)
Debt Proceeds				
Proceeds From Grants	-	-	-	2,088,300
Capital Contributions	246,275	44,000	290,275	462,069
Principal Payments on Debt	-	(172,849)	(172,849)	(172,220)
Interest Payments on Debt	-	(12,366)	(12,366)	(12,996)
Net Cash Provided (Used) by Capital and Related Financing Activities	218,301	(144,980)	73,321	(1,139,202)
Cash Flows from Non-Capital Financing Activities:				
Transfers - Net	(5,988)	(8,932)	(14,920)	(30,000)
Cash Flows From Investing Activities:				
Investment Income	7,948	2,980	10,928	6,813
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	232,013	312,138	544,151	(1,396,831)
CASH AND EQUIVALENTS, Beginning	1,003,726	431,413	1,435,139	2,831,970
CASH AND EQUIVALENTS, Ending	\$ 1,235,739	\$ 743,551	\$ 1,979,290	\$ 1,435,139
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ (20,009)	\$ (53,009)	\$ (73,018)	\$ 63,025
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	24,468	272,892	297,360	139,191
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Accounts Receivable	1,436	467,720	469,156	(472,060)
Inventories	-	-	-	10,983
Prepaid Expenses	343	16	359	174
Increase (Decrease) in:				
Accounts Payable	5,009	(225,995)	(220,986)	23,156
Payroll Liabilities	505	1,446	1,951	1,089
Total Adjustments	31,761	516,079	547,840	(297,467)
Net Cash Provided by Operating Activities	\$ 11,752	\$ 463,070	\$ 474,822	\$ (234,442)

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Reporting Entity

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

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

Discretely Presented Component Unit

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

Government-Wide and Fund Financial Statements

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The Town also reports the following major proprietary funds:

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

Budgets

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

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

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

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Equivalents

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

Property Taxes

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

Inventory

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

Property, Plant and Equipment

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

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

Deferred Outflows and Inflows of Resources

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

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

Net Position/Fund Balance

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

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance (Continued)

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

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

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

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

Net Position/Fund Balance Flow Assumptions

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

Comparative Data

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments follows:

Cash and Investments	\$ 3,735,106
Restricted Cash and Investments	<u>97,072</u>
Total Cash and Investments	<u>\$ 3,832,178</u>

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

Cash	\$ 3,830,788
Investments	<u>1,390</u>
Total Cash and Investments	<u>\$ 3,832,178</u>

Restricted cash and investment balances are comprised of the following:

Governmental Activities - Unrestricted	\$ 1,842,130
Business-type Activities - Unrestricted	1,892,976
Governmental Activities - Restricted (Deposits)	10,758
Business-type Activities - Rest. (O&M Reserve)	<u>86,314</u>
Total Cash and Investments	<u>\$ 3,832,178</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 (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2017, all of the Town's bank deposits as shown below were either insured by federal depository insurance or collateralized under PDPA. Uninsured deposits in financial institutions are placed into three categories depending on the custody credit risk. The categories are as follows:

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

The categories are as follows:

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

	<u>Bank</u> <u>Balance</u>	<u>Book</u> <u>Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Secured (Not in Entity's Name)	3,601,466	3,580,213
Petty Cash	<u>-</u>	<u>575</u>
Total Cash	<u>\$ 3,851,466</u>	<u>\$ 3,830,788</u>

Investments

Credit Risk

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

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

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

As of December 31, 2017, the Town's investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted</u> <u>Maturity</u>	<u>Rating</u>
Local Government Pool	\$ 1,390	-	AAAm

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

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

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 3: CAPITAL ASSETS

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

	Balance			Balance
	January 1,			December 31,
	2017	Additions	Deletions	2017
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 219,806	\$ -	\$ -	\$ 219,806
Capital assets being depreciated:				
Buildings and improvements	246,957	-	-	246,957
Land improvements	357,087	-	2,930	354,157
Vehicles and equipment	341,023	8,890	1,200	348,713
Infrastructure	<u>1,321,671</u>	<u>-</u>	<u>-</u>	<u>1,321,671</u>
Total capital assets being depreciated	<u>2,266,738</u>	<u>8,890</u>	<u>4,130</u>	<u>2,271,498</u>
Less accumulated depreciation:				
Buildings and improvements	182,857	3,483	-	186,340
Land improvements	293,818	7,357	2,442	298,733
Vehicles and equipment	253,883	29,993	1,200	282,676
Infrastructure	<u>1,249,623</u>	<u>20,237</u>	<u>-</u>	<u>1,269,860</u>
Total accumulated depreciation	<u>1,980,181</u>	<u>61,070</u>	<u>3,642</u>	<u>2,037,609</u>
Total capital assets, net	<u>\$ 506,363</u>	<u>\$ (52,180)</u>	<u>\$ 488</u>	<u>\$ 453,695</u>

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

General Government	\$ 850
Public Safety	24,226
Public Works	26,568
Health and Welfare	615
Culture and recreation	<u>8,811</u>
Total Depreciation	<u>\$ 61,070</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 3: CAPITAL ASSETS (Continued)

The following schedule presents business-type activities capital assets at December 31, 2017:

	<u>Balance</u>			<u>Balance</u>
	<u>January 1,</u>			<u>December 31,</u>
	<u>2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>2017</u>
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 15,338	\$ -	\$ -	\$ 15,338
Water rights	958,908	-	-	958,908
Construction in progress	<u>4,365,127</u>	<u>-</u>	<u>4,365,127</u>	<u>-</u>
Total capital assets not being depreciated	<u>5,339,373</u>	<u>-</u>	<u>4,365,127</u>	<u>974,246</u>
Capital assets being depreciated:				
Water and sewer systems	3,624,175	4,390,065	-	8,014,240
Equipment	<u>97,293</u>	<u>6,800</u>	<u>10,197</u>	<u>93,896</u>
Total capital assets being depreciated	<u>3,721,468</u>	<u>4,396,865</u>	<u>10,197</u>	<u>8,108,136</u>
Less accumulated depreciation:				
Water and sewer systems	1,874,172	292,952	-	2,167,124
Equipment	<u>82,453</u>	<u>4,408</u>	<u>10,197</u>	<u>76,664</u>
Total accumulated depreciation	<u>1,956,625</u>	<u>297,360</u>	<u>10,197</u>	<u>2,243,788</u>
Total Capital Assets, net	<u>\$ 7,104,216</u>	<u>\$ 4,099,505</u>	<u>\$ 4,365,127</u>	<u>\$ 6,838,594</u>

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

Depreciation is charged to the Town's Business-Type Activities as follows:	
Water	\$ 24,468
Sewer	<u>272,892</u>
Total Depreciation	<u>\$ 297,360</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 4: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES

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

	Balance			Balance		
	January 1,			December 31,	Current	Interest
GOVERNMENTAL ACTIVITIES	2017	Advances	Repayments	2017	Portion	Expense
Capital Leases - Equipment	\$ 7,495	\$ -	\$ 2,134	\$ 5,361	\$ 2,283	\$ 441
Compensated Absences	29,432	4,393	-	33,825	33,825	-
Total Obligations	\$ 36,927	\$ 4,393	\$ 2,134	\$ 39,186	\$ 36,108	\$ 441

CAPITAL LEASE PAYABLE

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

Scheduled future payments on the capital leases are as follows:

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

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

	Balance			Balance		
	January 1,			December 31,	Current	Interest
BUSINESS -TYPE ACTIVITIES	2017	Advances	Repayments	2017	Portion	Expense
2006 CWRPDA Loan	\$ 724,221	\$ -	\$ 70,713	\$ 653,508	\$ 71,956	\$ 12,160
2015 CWRPDA Loan	1,889,530	-	102,137	1,787,393	102,137	-
Compensated Absences	9,063	1,951	-	11,014	11,014	-
Total Obligations	\$ 2,622,814	\$ 1,951	\$ 172,850	\$ 2,451,915	\$ 185,107	\$ 12,160

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

NOTES PAYABLE

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

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

The Town must maintain an “operations and maintenance” reserve in the Sanitation Fund to report resources set aside to subsidize potential deficiencies from the Town’s operations that could adversely affect debt service payments. The amount is equal to three months of operations and maintenance expenses (excluding depreciation) and may be represented by cash or securities or unrestricted Net Position. The Town has funded this reserve through restriction of its cash balances in the Sanitation Fund (Note 2), in the amount of \$86,314, as of December 31, 2017. The Town believes it is in compliance with all required covenants and obligations called for by the loan agreement.

The debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 174,092	\$ 11,123	\$ 185,215
2019	175,357	9,858	185,215
2020	176,644	8,571	185,215
2021	177,954	7,262	185,216
2022	179,286	5,929	185,215
2023-2027	791,543	9,916	801,459
2028-2032	510,684	-	510,684
2033-2035	<u>255,342</u>	<u>-</u>	<u>255,342</u>
Total	<u>\$ 2,440,902</u>	<u>\$ 52,659</u>	<u>\$ 2,493,561</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: INTERFUND TRANSACTIONS

The Town has recorded the following routine transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 605	\$ 84,716
Street Systems Fund	99,031	-
Water Fund	9,012	15,000
Sanitation Fund	<u>6,068</u>	<u>15,000</u>
Total	<u>\$ 114,716</u>	<u>\$ 114,716</u>

NOTE 7: EMPLOYEE BENEFIT PLANS

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

Summary of Significant Accounting Policies

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

General Information about the Pension Plan

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

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

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: EMPLOYEE BENEFIT PLANS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan (Continued)

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

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

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

Members of the SWDB plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 17 percent through 2016. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20.5 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 2014 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: EMPLOYEE BENEFIT PLANS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan (Continued)

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

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the Town were \$19,856 for the plan year ended December 31, 2016 and \$22,929 for the fiscal year ended December 31, 2017. The current year contributions will be expensed in 2018 for FPPA purposes and are a timing difference at year end.

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

At December 31, 2017, the Town reported a liability of \$16,201 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. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Town's proportion of the net pension asset was based on Town's contributions to the SWDB for the calendar year 2016 relative to the total contributions of participating employers to the SWDB.

At December 31, 2016, the Town's proportion was .04484%, which was an decrease of .002049% from its proportion measured as of December 31, 2016.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: EMPLOYEE BENEFIT PLANS (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)

For the year ended December 31, 2017, the Town recognized pension expense of \$25,006. At December 31, 2017 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 14,467	\$ (825)
Changes of assumptions or other inputs	\$ 11,067	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 43,731	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (490)
Contributions subsequent to the measurement date	\$ 22,929	\$ -
Total	\$ 92,194	\$ (1,315)

\$22,929 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 liability in the year ended December 31, 2018.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: EMPLOYEE BENEFIT PLANS (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 June 30:	Amortization Amount
2018	\$ (16,606)
2019	\$ (16,608)
2020	\$ (15,608)
2021	\$ (6,301)
Thereafter	\$ (9,979)
Total	\$ (67,950)

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

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

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

NOTE 7: EMPLOYEE BENEFIT PLANS (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)

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: EMPLOYEE BENEFIT PLANS (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 actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study adopted by FPPA's Board in July, 2011. The assumption changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012.

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2017 and were used in the rollforward calculation of total pension liability as of December 31, 2016. Actuarial assumptions effective for actuarial valuations prior to January 1, 2017 were used in the determination of the actuarially determined contributions as of December 31, 2016. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: EMPLOYEE BENEFIT PLANS (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)

Asset Class	Target Allocation	Long-Term Expected Rate of Return
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%	

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (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:

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 7: EMPLOYEE BENEFIT PLANS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ (137,844)	\$ (16,201)	\$ 84,830

SIMPLE IRA EMPLOYEE BENEFIT PLAN

The Town has established an employer SIMPLE IRA Plan, which is a “money-purchase” plan under current law and U.S. Treasury regulations for all substantially full-time non-police employees. A contribution to each employee’s account is made and all contributions vest immediately to the employee. The Town has no statutory or contractual liability for any individual’s post-employment benefits under this plan. Employer contributions for the year ended December 31, 2017, 2016 and 2015 totaled \$4,750, \$10,595, and \$8,851, respectively.

NOTE 8: RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases sufficient commercial insurance to cover losses from these events, and does not self-insure or participate in a public entity risk pool. All risk management activities are allocated among the various funds according to actual or perceived risk as determined by management and the Board of Trustees. Settlement amounts have not exceeded insurance coverage for the three prior years. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but which not have been reported, are considered. There are no outstanding claims or incurred but not reported liabilities (IBNR) for the year ended December 31, 2017.

NOTE 9: COMMITMENTS AND CONTIGENCIES

TABOR Amendment

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

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2017, the emergency reserve of \$34,000 was recorded in the General Fund.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 9: COMMITMENTS AND CONTIGENCIES (Continued)

TABOR Amendment (Continued)

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

NOTE 10: RATE MAINTENANCE

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

	<u>Sanitation Fund</u>
Gross operating revenue	\$ 483,550
Investment earnings	<u>2,980</u>
Total revenue	<u>486,530</u>
Operations and maintenance expense	536,558
Less: Depreciation	<u>(272,892)</u>
Adjusted O&M	<u>263,666</u>
Net revenue	<u><u>\$ 222,864</u></u>
Total debt service	
2006 CWRPDA Revenue Bonds	\$ 83,079
2015 CWRPDA Revenue Bonds	<u>102,137</u>
	185,216
Required rate	<u>110%</u>
Net revenue required	<u>203,738</u>
Excess (deficit)	<u><u>\$ 19,126</u></u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 11: JOINT VENTURE

The Town participates with various towns, cities, and Weld County, Colorado in the Weld 911 Emergency Telephone Service Authority (the Authority) which provides emergency 911 dialing services to customers within the Town limits. On dissolution of the Authority, the Net Position will be shared proportionately based on main telephone station access lines within the agency's jurisdiction. As of December 31, 2017, the Town has not made and is not required to contribute to the Authority. The Authority is governed by a seven-member board of directors, of which four are chosen by the Weld County, Colorado Board of Commissioners. The Authority is primarily funded through a \$.50 per month surcharge to each customer's telephone bill. Accounting responsibility has been placed with Weld County, Colorado and is included as a discretely presented component unit in its Comprehensive Annual Financial Report.

REQUIRED SUPPLEMENTARY INFORMATION
(Pension Schedules Unaudited)

TOWN OF AULT

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

	<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)	0.044836%	0.049443%	0.049483%	0.046885%
Town's proportionate share of the net pension asset (liability)	\$ (16,201)	\$ 872	\$ 55,845	\$ 41,924
Town's covered-employee payroll	\$ 229,463	\$ 239,688	\$ 222,524	\$ 203,640
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.

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

See the accompanying Independent Auditors' Report.

TOWN OF AULT

**SCHEDULE OF TOWN'S CONTRIBUTIONS
FPPA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Contractually required contributions	\$ 18,357	\$ 19,175	\$ 17,802	\$ 16,291
Actual contributions	<u>(18,357)</u>	<u>(19,175)</u>	<u>(17,802)</u>	<u>(16,291)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 229,463	\$ 239,688	\$ 222,524	\$ 203,640
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.

⁽¹⁾ - 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 AULT, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
GENERAL FUND**

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			2016 <u>ACTUAL</u>
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Property and Sales Taxes	\$ 650,185	\$ 681,636	\$ 31,451	\$ 639,180
Franchise Taxes	60,000	55,365	(4,635)	53,373
Licenses, Permits and Fees	77,625	52,709	(24,916)	85,600
Intergovernmental Revenue	39,100	28,989	(10,111)	35,500
Fines and Forfeits	181,987	211,768	29,781	210,728
Investment Earnings	2,800	8,065	5,265	3,606
Miscellaneous Revenue	19,100	93,411	74,311	24,934
Grant Revenue	4,500	6,240	1,740	5,390
Proceed from Sale of Assets	<u>2,755</u>	<u>-</u>	<u>(2,755)</u>	<u>-</u>
TOTAL REVENUES	<u>1,038,052</u>	<u>1,138,183</u>	<u>100,131</u>	<u>1,058,311</u>
EXPENDITURES				
Current:				
General Government	190,872	171,405	19,467	205,226
Public Safety	561,066	489,000	72,066	481,636
Public Works	3,000	3,341	(341)	2,900
Parks and Recreation	51,976	47,576	4,400	51,943
Health & Welfare	37,075	37,905	(830)	41,099
Economic Development	495	495	-	-
Capital Outlay	86,175	60,746	25,429	104,886
Debt Service	<u>1,690</u>	<u>2,575</u>	<u>(885)</u>	<u>2,414</u>
TOTAL EXPENDITURES	<u>932,349</u>	<u>813,043</u>	<u>119,306</u>	<u>890,104</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>105,703</u>	<u>325,140</u>	<u>219,437</u>	<u>168,207</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	12,000	605	(11,395)	40,000
Transfers Out	<u>(65,000)</u>	<u>(84,716)</u>	<u>(19,716)</u>	<u>(64,820)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(53,000)</u>	<u>(84,111)</u>	<u>(31,111)</u>	<u>(24,820)</u>
CHANGE IN FUND BALANCE	52,703	241,029	188,326	143,387
FUND BALANCE, Beginning	<u>(52,703)</u>	<u>1,224,178</u>	<u>1,276,881</u>	<u>1,080,791</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 1,465,207</u>	<u>\$ 1,465,207</u>	<u>\$ 1,224,178</u>

See the accompanying Independent Auditors' Report.

TOWN OF AULT, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			2016
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Property and Sales Taxes	\$ 23,000	\$ 28,081	\$ 5,081	\$ 23,598
Licenses, Permits and Fees	8,500	9,231	731	10,465
Intergovernmental Revenue	53,681	55,319	1,638	53,138
Investment Earnings	1,100	1,664	564	1,468
Miscellaneous Revenue	-	-	-	(89)
TOTAL REVENUES	<u>86,281</u>	<u>94,295</u>	<u>8,014</u>	<u>88,580</u>
EXPENDITURES				
Current:				
General Government	2,700	4,788	(2,088)	6,100
Public Works	128,324	131,937	(3,613)	110,846
Parks and Recreation	150	158	(8)	-
Capital Outlay	<u>3,400</u>	<u>3,400</u>	<u>-</u>	<u>291</u>
TOTAL EXPENDITURES	<u>134,574</u>	<u>140,283</u>	<u>(5,709)</u>	<u>117,237</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(48,293)	(45,988)	2,305	(28,657)
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>95,000</u>	<u>99,031</u>	<u>4,031</u>	<u>94,820</u>
CHANGE IN FUND BALANCE	46,707	53,043	6,336	66,163
FUND BALANCE, Beginning	<u>(46,707)</u>	<u>368,619</u>	<u>415,326</u>	<u>302,456</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 421,662</u>	<u>\$ 421,662</u>	<u>\$ 368,619</u>

See the accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

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SPECIAL REVENUE FUND

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

The following is the Special Revenue Fund for the Town:

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

TOWN OF AULT, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	<u>2017</u>			<u>2016</u> <u>ACTUAL</u>
	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAV (UNFAV)</u>	
REVENUES				
Intergovernmental Revenue	\$ 15,000	\$ 16,163	\$ 1,163	\$ 17,973
Investment Earnings	<u>50</u>	<u>68</u>	<u>18</u>	<u>64</u>
TOTAL REVENUES	15,050	16,231	1,181	18,037
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(12,000)</u>	<u>-</u>	<u>12,000</u>	<u>(40,000)</u>
CHANGE IN FUND BALANCE	3,050	16,231	13,181	(21,963)
FUND BALANCE, Beginning	<u>(3,050)</u>	<u>22,112</u>	<u>25,162</u>	<u>44,075</u>
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 38,343</u>	<u>\$ 38,343</u>	<u>\$ 22,112</u>

See the accompanying Independent Auditors' Report.

ENTERPRISE FUNDS

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

The following are the Enterprise Funds of the Town:

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

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

TOWN OF AULT, COLORADO

WATER FUND

SCHEDULE OF REVENUES, EXPENSES

AND CHANGE IN FUND NET POSITION -

BUDGET AND ACTUAL

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016
	FINAL BUDGET	ACTUAL		ACTUAL
OPERATING REVENUES				
Charges for Services	\$ 429,577	\$ 429,232	\$ (345)	\$ 401,030
Miscellaneous Revenue	<u>5,000</u>	<u>2,300</u>	<u>(2,700)</u>	<u>4,286</u>
TOTAL OPERATING REVENUES	<u>434,577</u>	<u>431,532</u>	<u>(3,045)</u>	<u>405,316</u>
OPERATING EXPENSES				
Personal Services	126,534	118,308	8,226	112,343
Supplies	9,200	6,887	2,313	8,356
Purchased Services	287,638	274,582	13,056	257,630
Other Operating Expenses	6,906	1,121	5,785	3,134
Fleet Maintenance	2,500	1,482	1,018	1,655
Repairs & Maintenance	26,000	21,630	4,370	2,135
Capital Outlay	<u>178,938</u>	<u>31,037</u>	<u>147,901</u>	<u>51,323</u>
Contingency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OPERATING EXPENSES	<u>637,716</u>	<u>455,047</u>	<u>182,669</u>	<u>##### ##</u>
OPERATING INCOME	(203,139)	(23,515)	179,624	(31,260)
NON-OPERATING REVENUE (EXPENSE)				
Investment Earnings	<u>3,500</u>	<u>7,948</u>	<u>4,448</u>	<u>4,651</u>
TOTAL NON-OPERATING REVENUE (EXPENSE)	<u>3,500</u>	<u>7,948</u>	<u>4,448</u>	<u>4,651</u>
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(199,639)	(15,567)	184,072	(26,609)
TRANSFERS AND CONTRIBUTIONS				
Transfer In	-	9,012	9,012	-
Transfer Out	(15,000)	(15,000)	-	(15,000)
Capital Contributions	<u>403,950</u>	<u>246,275</u>	<u>(157,675)</u>	<u>357,569</u>
NET INCOME (LOSS) - BUDGET (GAAP) BASIS	<u>\$ 189,311</u>	<u>224,720</u>	<u>\$ 35,409</u>	<u>315,960</u>
GAAP BASIS ADJUSTMENTS				
Capital Outlay		27,974		2,853
Depreciation		<u>(24,468)</u>		<u>(28,849)</u>
TOTAL GAAP BASIS ADJUSTMENTS		<u>3,506</u>		<u>(25,996)</u>
CHANGE IN FUND NET POSITION		228,226		289,964
NET POSITION, beginning		<u>2,483,615</u>		<u>2,193,651</u>
NET POSITION, ending		<u>\$ 2,711,841</u>		<u>\$ 2,483,615</u>

See the accompanying Independent Auditors' Report.

TOWN OF AULT, COLORADO

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

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016 ACTUAL
	FINAL BUDGET	ACTUAL		
OPERATING REVENUES				
Charges for Services	\$ 464,000	\$ 483,549	\$ 19,549	\$ 471,314
OPERATING EXPENSES				
Personal Services	101,697	98,718	2,979	90,783
Supplies	18,500	27,740	(9,240)	22,982
Purchased Services	136,325	104,164	32,161	107,495
Other Operating Expenses	1,695	1,048	647	1,056
Fleet Maintenance	750	484	266	411
Repairs & Maintenance	34,550	34,413	137	17,964
Capital Outlay	11,288	864	10,424	3,501,502
TOTAL OPERATING EXPENSES	304,805	267,431	37,374	3,742,193
OPERATING INCOME	159,195	216,118	56,923	(3,270,879)
NON-OPERATING REVENUE (EXPENSE)				
Investment Earnings	1,700	2,980	1,280	2,162
Debt Service Principal	(171,325)	(172,849)	(1,524)	(78,322)
Interest Expense	(13,900)	(12,160)	1,740	(12,792)
TOTAL NON-OPERATING REVENUE (EXPENSE)	(183,525)	(182,029)	1,496	(88,952)
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(24,330)	34,089	58,419	(3,359,831)
TRANSFERS AND CONTRIBUTIONS				
Transfer In	-	6,068	6,068	-
Transfer Out	(15,000)	(15,000)	-	(15,000)
Grant Revenue	-	-	-	2,088,300
Capital Contribution	93,500	44,000	(49,500)	104,500
NET INCOME (LOSS) - BUDGET (GAAP) BASIS	\$ 54,170	69,157	\$ 14,987	(1,182,031)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		3,765		3,501,502
Debt Principal		172,849		78,322
Depreciation		(272,892)		(110,342)
TOTAL GAAP BASIS ADJUSTMENTS		(96,278)		3,469,482
CHANGE IN FUND NET POSITION		(27,121)		2,287,451
NET POSITION, beginning		3,734,978		1,447,527
NET POSITION, ending		\$ 3,707,857		\$ 3,734,978

See the accompanying Independent Auditors' Report.

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COMPONENT UNIT

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

The Town has one Discretely Presented Component Unit:

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

TOWN OF AULT, COLORADO

NORTHERN PLAINS PUBLIC LIBRARY (COMPONENT UNIT)

SCHEDULE OF REVENUES, EXPENSES

AND CHANGE IN FUND BALANCE -

BUDGET AND ACTUAL

Year Ended December 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2016 ACTUAL
	FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 399,095	\$ 386,187	\$ (12,908)	\$ 397,477
Charges for Service	3,520	2,618	(902)	2,918
Intergovernmental Revenue	1,000,400	2,641	(997,759)	219
Other Revenue	3,800	3,941	141	3,946
Investment Earnings	<u>4,000</u>	<u>7,483</u>	<u>3,483</u>	<u>4,301</u>
Total Revenues	<u>1,410,815</u>	<u>402,870</u>	<u>(1,007,945)</u>	<u>408,861</u>
EXPENDITURES				
Operating Expenses	137,615	85,357	52,258	86,755
Salaries and Benefits	124,050	122,226	1,824	120,958
Debt Service	28,000	27,432	568	27,432
Capital Outlay	<u>2,041,500</u>	<u>27,929</u>	<u>2,013,571</u>	<u>35,463</u>
Total Expenditures	<u>2,331,165</u>	<u>262,944</u>	<u>2,068,221</u>	<u>270,608</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(920,350)	139,926	1,060,276	138,253
FUND BALANCE, Beginning	<u>-</u>	<u>1,436,950</u>	<u>1,436,950</u>	<u>1,298,697</u>
FUND BALANCE, Ending	<u>\$ (920,350)</u>	<u>\$ 1,576,876</u>	<u>\$ 2,497,226</u>	<u>\$ 1,436,950</u>
FUND BALANCE - NORTHERN PLAINS PUBLIC LIBRARY FUND		\$ 1,576,876		
Capital assets used in governmental activities are not resources and are not reported in the funds:				
Capital Assets		1,309,270		
Accumulated Depreciation		(713,962)		
Long-term liabilities are not due and payable in the current period				
Capital Leases Payable		<u>(76,979)</u>		
TOTAL NET POSITION - NORTHERN PLAINS PUBLIC LIBRARY ACTIVITY		<u>\$ 2,095,205</u>		

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION

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State Compliance

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Ault
		YEAR ENDING : December 2017
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Sharon Sullivan	Phone: 970-834-2844

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	59,959
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	33,730
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	201,132	b. Snow and ice removal	0
3. Other local imposts (from page 2)	23,348	c. Other Street Lighting	33,122
4. Miscellaneous local receipts (from page 2)	106,531	d. Total (a. through c.)	33,122
5. Transfers from toll facilities		4. General administration & miscellaneous:	2,240
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	200,404
a. Bonds - Original Issues		6. Total (1 through 5)	329,455
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	331,011	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	63,446	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	394,458	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	329,455

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	323,126	394,458	329,455	388,129	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
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	11,106	a. Interest on investments	1,664
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	4,000	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	8,242	g. Other Misc. Receipts	104,868
6. Total (1. through 5.)	12,242	h. Other	
c. Total (a. + b.)	23,348	i. Total (a. through h.)	106,531
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	54,791	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	8,655	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	8,655	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	63,446	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		9,600	9,600
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		46,314	46,314
(4). System Enhancement & Operation		4,045	4,045
(5). Total Construction (1) + (2) + (3) + (4)	0	50,359	50,359
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	59,959	59,959
			(Carry forward to page 1)

Notes and Comments: