

TOWN OF BENNETT, COLORADO

Financial Statements

December 31, 2017

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Office of the State Auditor

July 25, 2018

TOWN OF BENNETT, COLORADO

Board of Trustees

| | |
|-----------------------|----------------------|
| Royce Pindell | Mayor |
| Rich Pulliam | Mayor Pro-Tem |
| Darvin Harrell | Trustee |
| Grider Lee | Trustee |
| Neal Mancuso | Trustee |
| Larry Vittum | Trustee |
| Phyllis Webb | Trustee |

Town Officials

| | |
|-----------------------|---|
| Trish Stiles | Town Administrator |
| Rachel Summers | Deputy Town Administrator / Town Treasurer |
| Lynette White | Town Clerk |
| Daymon Johnson | Public Works Director |

TOWN OF BENNETT, COLORADO

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INDEPENDENT AUDITOR'S REPORT



Dazzo & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Trustees
Town of Bennett, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund of the Town of Bennett, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund of the Town of Bennett, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 18 and 59 through 63, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Supplementary Information and Other Information, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The Other Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2018, on our consideration of the the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Duzzio & Associates, P.C.

June 18, 2018

MANGEMENT'S DISCUSSION AND ANALYSIS



TOWN OF BENNETT, COLORADO
Management's Discussion and Analysis
December 31, 2017

HISTORY

The Town of Bennett (the Town) is a statutory town located in both Adams and Arapahoe Counties. The Town is governed by a Board of Trustees elected for four-year terms. Bennett was incorporated on January 22, 1930.

Our local historical society has done a great deal of research to delve into the origins of our Town. Documents from the Bureau of Land Management show that four Bennet brothers (Hiram, John, Uriah and one un-named brother) filed homestead papers in 1862 for two sections (34 and 24) now in the town Bennett. These two sections were adjacent diagonally on the north and south to the current location of the Post Office in Bennett and, together with other sections homesteaded by the Bennet brothers, formed the Bennet Ranch.

One of these brothers, Hiram Pitt Bennet, was a respected judge in the early territory of Colorado. Mr. Bennet was elected the first Territorial Representative for Colorado in 1862 and was instrumental in obtaining statehood for Colorado. Mr. H. P. Bennet went on to become the third Postmaster of Denver in 1869 and began developing a method of delivering mail to all the new pioneer people in rural areas. Through the years, the English name of Bennet was Americanized to Bennett, first noted in railroad records; thus, the Town name evolved from the old Bennet Ranch.

The Town was not incorporated until 1930, but long before that time, the family that originally homesteaded the Town and for whom the town was named were leaders in the development of the State of Colorado and in forging communications for the original settlers of the area.

INTRODUCTION

As management of the Town, we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the Town's financial statements, which follow this section. We are pleased to present to the Mayor, Board of Trustees, and the residents, the 2017 Management Discussion and Analysis (MD&A) for the Town. This analysis represents our continued commitment to prudent fiscal management and has proposed several innovations in the organization of government, thereby advancing our ongoing efforts to continuously improve the efficient and effective delivery of Town services.

The type of government is a Town Board with the seven (7) elected officials being responsible for all policy decisions that affect the Town's financial condition. The Board of Trustees of the Town has appointed Rachel Summers, Town Treasurer, to prepare and submit a budget to our governing body in December for annual appropriation of sums of money to the various funds. The Town Treasurer is also responsible for financial reporting to the Town Board and to the public-at-large.

The Town maintains seven (7) separate funds, as follows:

1. General Fund
2. Conservation Trust Fund
3. Cemetery Fund
4. Sales Tax Capital Improvement Fund
5. Road and Bridge Fund
6. Water Fund
7. Waste Water Fund

The Town of Bennett also maintains the following funds which account for specific projects or programs within the above seven (7) funds:

1. Adams County Open Space Fund
2. Arapahoe County Open Space Fund
3. Reserve Fund
4. Capital Improvement Fund
5. Parks, Recreation and Open Space Impact Fee Fund
6. Public Facilities Impact Fee Fund
7. Police Facilities Impact Fee Fund
8. Transportation Facilities Impact Fee Fund
9. Debt Service Fund
10. Bennett Days Fund
11. Water Capital Fund
12. Renewable Water Fund
13. Waste Water Capital Fund
14. Storm Drainage Impact Fee Fund

2017 HIGHLIGHT ACCOMPLISHMENTS

We are pleased and proud of our accomplishments in 2017 and look forward to continued community growth and development in subsequent years. The following achievements are certainly noteworthy and reflect a lot of hard work by the entire Town staff, as our unity reflects our thorough commitment to the future of the Town of Bennett.

- **Road Reconstruction Project** – In 2016 the Town reconstructed 13 miles of roadway in the Town. This project represented a capital investment of \$5.7 million taxpayer dollars, thanks to the 1% sales tax increase which was effective 1/1/2016. This project continued in 2017 with the reconstruction of the six major intersections that connect Town roads with CDOT roads. This project was referred to as the “Big Six” and was substantially completed by the end of 2017.
- **New Elevated Water Storage Tank** – 2017 saw the substantial completion of the New Elevated Storage Tank located in Bennett. In 2016 the Town received funding and began construction of a new elevated storage tank. This tank was designed in 2015 by FEI Engineers and construction began in late 2016. This nearly 200-foot-tall storage tank sports one of the Town logos and is a beacon for progress that can be viewed by I-70 travelers.
- **New Town Hall** – An Energy and Mineral Impact Grant was awarded to the Town of Bennett from the Department of Local Affairs (DOLA) in the amount of \$25,000 to assist with the design of a New Town Hall building. In early 2017 the Town contracted the services of Lefever Building Systems to design and construct the approximately 9,000 square foot prefabricated metal building that would serve as the New Town Hall. With financial assistance from KeyBank Government Finance, the Town of Bennett began construction of New Town Hall in Spring of 2017. Construction is scheduled to be completed by spring of 2018.
- **Waste Water Treatment Facility** – The Town began construction of the New Waste Water Treatment Facility that will replace the current lagoon facility in the Summer of 2017. Through diligent and dedicated effort of the Town Administrator and Finance Director of Bennett, the Town was able to secure a low interest Green Project Loan in the amount of \$2.5 million as well as a Direct Loan in the amount of \$3.5 million from the Colorado Department of Public Health and Environment. These loans in conjuncture with two grants from the Department of Local Affairs in the combined

amounts of nearly \$1 million, will finance this new state of the art facility that will be completed and operational in late 2018.

- **Trupp Park Skate and Bicycle Park**– Through a 50% match grant from Adams County Open Space, the Town was delighted to make some much-needed renovations to the existing Skate Park located within the Town’s community park, Trupp Park. This renovation included new prefabricated composite Ramps that replaced many of the old concrete features. Clean-up and new art work for the existing skate bowl, and the addition of a bicycle playground, which includes a pump track and many other unique and exciting features. This new equipment has created an amazing amenity that can be enjoyed by Town residents and visitors from all along the I-70 corridor.
- **Bennett Regional Park and Open Space Trail**-Through a partnership with Arapahoe County Open Space and the Colorado Department of Wildlife through a State Trail Grant, the Town completed the construction of a 2.1-mile soft surface trail that snakes throughout the reclaimed golf course located in Antelope Hills. In addition to the Trail the Town installed a large picnic pavilion and protective fencing. This was phase two of a multi-phase plan to create an open space that is a unique and valuable amenity for Town residents and other residents located along the corridor.
- **Bennett Crossing Filing II- LGI Homes**-The end of 2017 saw the installation of utility and road infrastructure for the new housing development located off highway 79. Phase one of this development will consist of a 148 house that will be built in 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements consist of the following three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements; and 3) Notes to the Basic Financial Statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide statements are designed to provide readers with a broad overview of the Town’s finances using the accrual basis of accounting, which is the basis of accounting used by most private-sector businesses.

The statement of net position presents information on all the Town’s assets and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may provide an indication of whether the Town’s financial position is improving or deteriorating.

The statement of activities presents information reflecting how the Town’s net position has changed during the fiscal year that just ended. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused compensated leave).

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, public works, cultural, parks and recreation, and community planning development services. The business-type activities of the Town include water and waste water.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town can be divided into three categories, governmental funds, proprietary funds, and component funds.

Governmental Funds

Governmental funds are used to report those same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements are prepared on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, except for long-term debt and similar long-term items which are recorded when due. Most of the Town's basic services are reported in governmental funds, which focus on cash flows. The unrestricted balances left at year-end are available for spending in future years. The governmental funds statements provide a detailed short-term view as to cash, operations, and basic services provided.

The Town maintains five governmental funds: General Fund, Conservation Trust Fund, Cemetery Fund, the Sales Tax Capital Improvement Fund and the Road and Bridge Fund. An internal service department within the General Fund is an accounting device used to accumulate and allocate costs internally among the Town's various functions. Information is presented in the Balance Sheet-Governmental Funds; and the Statement of Revenues and Expenditures; and Changes in Fund Balances-Governmental Funds. Annual budget appropriations are adopted for each of these funds. Budgetary comparison statements are provided to demonstrate compliance with budgets.

Proprietary Funds

The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and waste water operations. The proprietary fund financial statements are prepared on the accrual basis of accounting.

Enterprise funds are used to report the same functions presented in business-type activities in the governmental-wide financial statements, only in more detail. Information is presented in the Statement of Net Position- Enterprise Funds; Statement of Revenues, Expenses; Changes in Net Position – Enterprise Funds; and the Statement of Cash Flows – Enterprise funds.

The Town adopts an annual appropriated budget for each of its enterprise funds. A budgetary comparison schedule has been provided for each enterprise fund to demonstrate compliance with this budget.

Component Unit Funds

General Improvement District (GID) services are reported in the component unit funds.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's net position for the governmental and business-type activities exceeded liabilities by \$16,029,335 at the close of 2017. The following tables illustrate present condensed statement of net position for all three of the Town's fund categories.

Table 1
Net Position

| | Governmental Activities | | Business -type Activities | | Total | |
|-------------------------------------|--------------------------------|--------------|----------------------------------|--------------|--------------|--------------|
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Assets | | | | | | |
| Current Assets | \$ 3,737,287 | \$ 6,941,716 | \$ 3,214,631 | \$ 2,902,066 | \$ 6,951,918 | \$ 9,843,782 |
| Capital Assets | 11,931,333 | 14,209,641 | 5,838,200 | 10,922,522 | 17,769,533 | 25,132,163 |
| Total Assets | 15,668,620 | 21,151,357 | 9,052,831 | 13,824,588 | 24,721,451 | 34,975,945 |
| Liabilities | | | | | | |
| Other | 914,079 | 3,761,932 | 553,951 | 1,608,219 | 1,468,030 | 5,370,151 |
| Long-Term | 6,012,875 | 7,074,636 | 3,996,045 | 6,172,583 | 10,008,920 | 13,247,219 |
| Total Liabilities | 6,926,954 | 10,836,568 | 4,549,996 | 7,780,802 | 11,476,950 | 18,617,370 |
| Deferred Inflows of Resources | 265,407 | 329,240 | - | - | 265,407 | 329,240 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 6,258,259 | 7,789,334 | 3,984,965 | 4,654,698 | 10,243,224 | 12,444,032 |
| Restricted | 928,978 | 746,755 | 232,000 | 254,637 | 1,160,978 | 1,001,392 |
| Unrestricted | 1,289,022 | 1,449,460 | 285,870 | 1,134,451 | 1,574,892 | 2,583,911 |
| Total Net Position | \$ 8,476,259 | \$ 9,985,549 | \$ 4,502,835 | \$ 6,043,786 | \$12,979,094 | \$16,029,335 |

The Town uses its capital assets to provide services to the citizens. At the end of 2017, the investment in capital assets of \$25,132,163 (land, buildings, improvements, equipment, etc.), net of debt used to acquire those assets of \$12,688,131 million, amounts to \$12,444,032, or 78% of the Town's total net position of \$16,029,335. During the current fiscal year, the Town's net position increased by \$3,050,241. Most this increase represents the degree to which increases in ongoing revenues have surpassed similar increases in ongoing expenses.

An additional portion of the Town's net position of \$1,001,392 (6%) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position of \$2,583,911 million (16%) reflects the amount that may be used to meet the Town's ongoing obligations to citizens and creditors. Certain assets of the Town's Water and Waste Water funds are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants.

At the end of the current fiscal year, the Town of Bennett can report positive balances in all reported categories of net position, both for the government, as well as for its business-type activities. The same situation held true for the prior fiscal year.

CHANGES IN NET POSITION

As presented in Table 2, the Town's overall net position increased \$1,438,400 during 2016.

Table 2
Changes in Net Position

| | Governmental | | Business -type | | Total | |
|---|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Permits, Fees, Fines | | | | | | |
| Charges for Services | \$ 297,549 | \$ 435,969 | \$ 1,295,530 | \$ 1,721,626 | \$ 1,593,079 | \$ 2,157,595 |
| Operating Grants and Contributions | 214,682 | 225,620 | - | 5,000 | 214,682 | 230,620 |
| Capital Grants and Contributions | 243,471 | 704,917 | 523,421 | 862,343 | 766,892 | 1,567,260 |
| General Revenues and Transfers | | | | | | |
| Taxes | 2,847,642 | 3,066,980 | - | - | 2,847,642 | 3,066,980 |
| Net Investment Income | 1,131 | 1,392 | - | - | 1,131 | 1,392 |
| Unrestricted Grant | 35,417 | 72,692 | - | - | 35,417 | 72,692 |
| Other | 63,331 | 177,445 | - | - | 63,331 | 177,445 |
| Transfers | 179,520 | 72,550 | (179,520) | (72,550) | - | - |
| Total Revenues | <u>3,882,743</u> | <u>4,757,565</u> | <u>1,639,431</u> | <u>2,516,419</u> | <u>5,522,174</u> | <u>7,273,984</u> |
| Expenses | | | | | | |
| General Government | 1,458,519 | 1,475,357 | - | - | 1,458,519 | 1,475,357 |
| Public Safety | 391,494 | 394,736 | - | - | 391,494 | 394,736 |
| Public Works | 654,578 | 898,434 | - | - | 654,578 | 898,434 |
| Interest and Related Cost on Long Term Debt | 264,984 | 260,361 | - | - | 264,984 | 260,361 |
| Unallocated Depreciation | 161,230 | 219,387 | - | - | 161,230 | 219,387 |
| Water | - | - | 827,545 | 660,462 | 827,545 | 660,462 |
| Waste Water | - | - | 325,424 | 315,006 | 325,424 | 315,006 |
| Total Expenses | <u>2,930,805</u> | <u>3,248,275</u> | <u>1,152,969</u> | <u>975,468</u> | <u>4,083,774</u> | <u>4,223,743</u> |
| Change in Net position | <u>951,938</u> | <u>1,509,290</u> | <u>486,462</u> | <u>1,540,951</u> | <u>1,438,400</u> | <u>3,050,241</u> |
| Net Position-Beginning | <u>7,524,321</u> | <u>8,476,259</u> | <u>4,016,373</u> | <u>4,502,835</u> | <u>11,540,694</u> | <u>12,979,094</u> |
| Net Position-Ending | <u>\$ 8,476,259</u> | <u>\$ 9,985,549</u> | <u>\$ 4,502,835</u> | <u>\$ 6,043,786</u> | <u>\$ 12,979,094</u> | <u>\$ 16,029,335</u> |

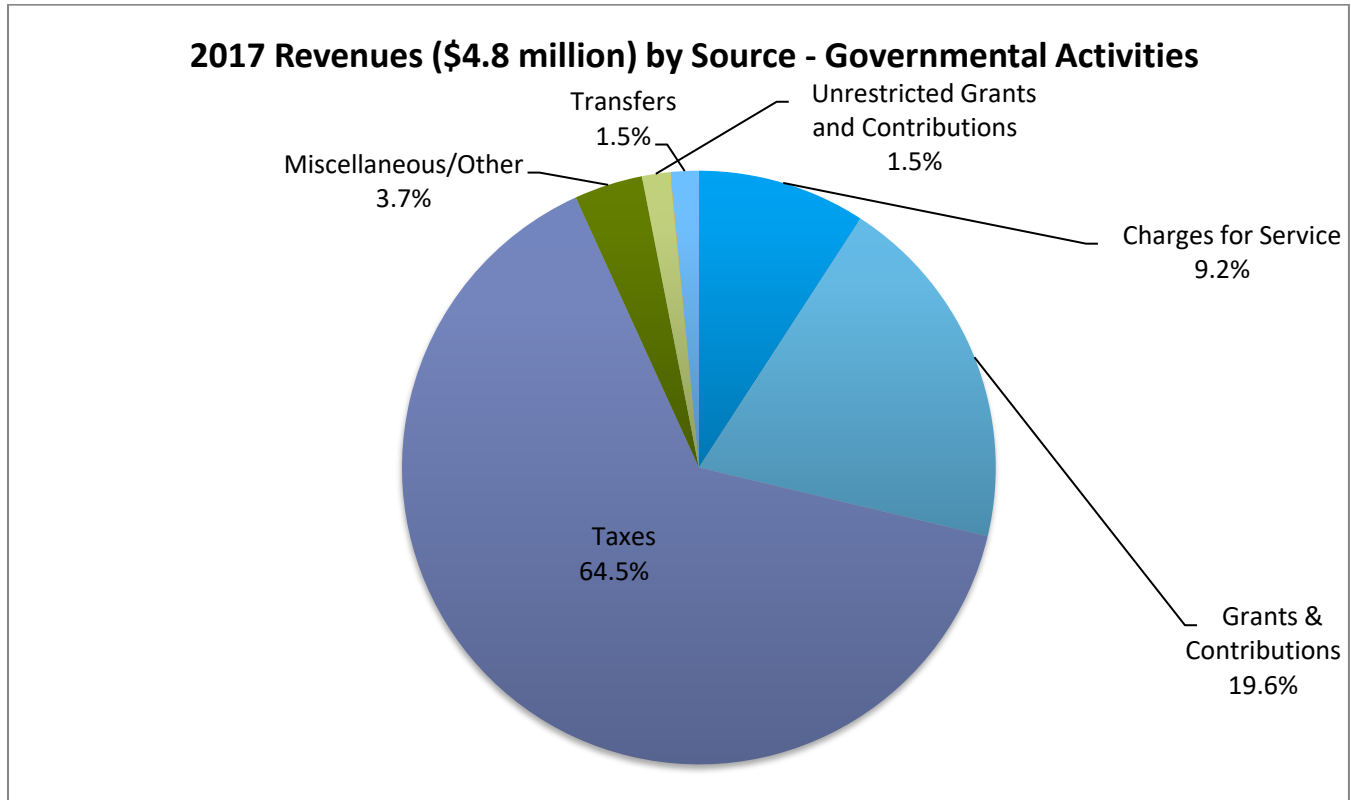
Governmental Activities

Governmental activities increased the Town's net position by \$1,509,290. The major influences causing the change are the following:

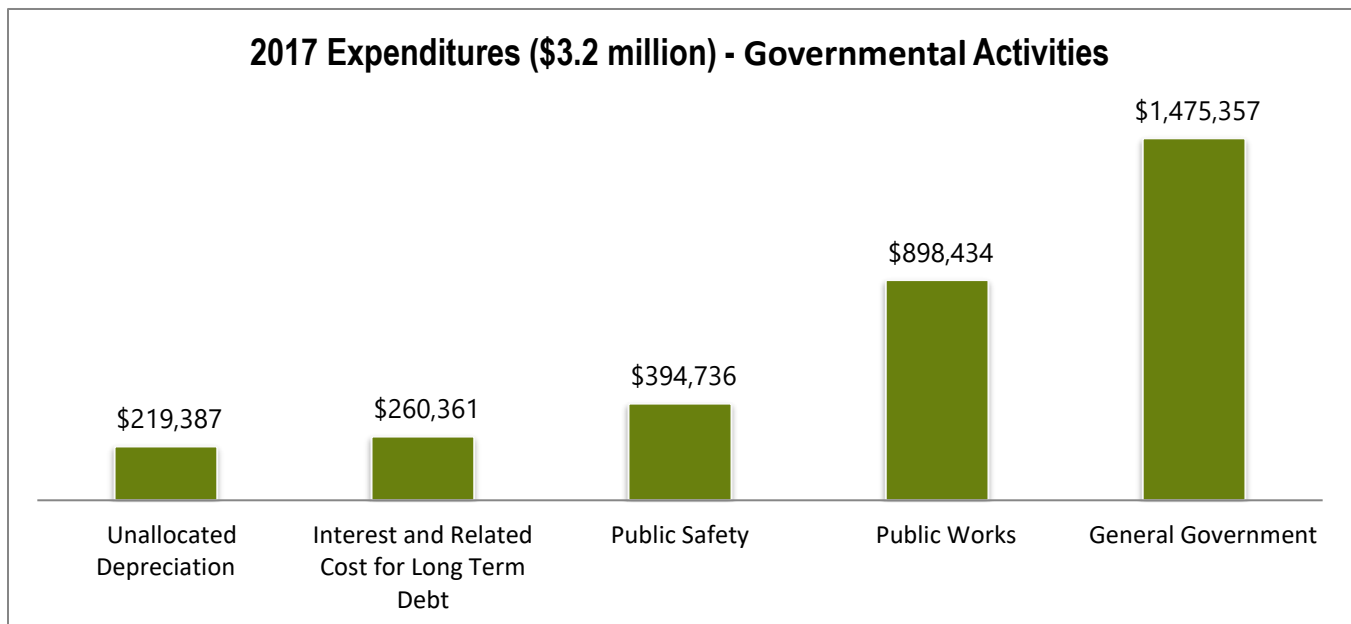
The most notable change in Net Position is due to increased Grant Revenue. In 2017, Grant Revenue generated a 60% or \$461,446 increase. This increase can be primarily contributed to the Community Development Block Grant through Adams County in the amount of \$306,000 for our Centennial Park Renovation. Furthermore, we received two grants from Adams County Open Space for improvements at Trupp Park. Grant Revenue continues to be a valuable source of revenue for the Town. Grants allow the Town to increase capital with less impact on fund balance. Taxes increased by \$219,338, the Town has seen an increase in the revenue source year after year. Charges for services in 2017 were up by \$138,420 from the previous year this can be primarily to increase permit fees collected. Overall revenue collected was higher than budgeted.

Expenses for the governmental activities in 2017 were \$317,470 higher than prior year. The increase can be primarily attributed to expenditures in Public Works and Unallocated Depreciation. In Public Works expenses increased due to legal costs related to litigation for the 2015 watermain break, repairs to the Cordella Median, two new FTE's and the creation of the Public Works Internal Services Department (PWIS). Creation of PWIS shifted personnel expense for the Public Works Director and Public Works Administrative Assistant out of Business-type Activities into Governmental Activities.

Graph 1. Governmental Activities Revenue Sources



Graph 2. Governmental Activities Expenditures

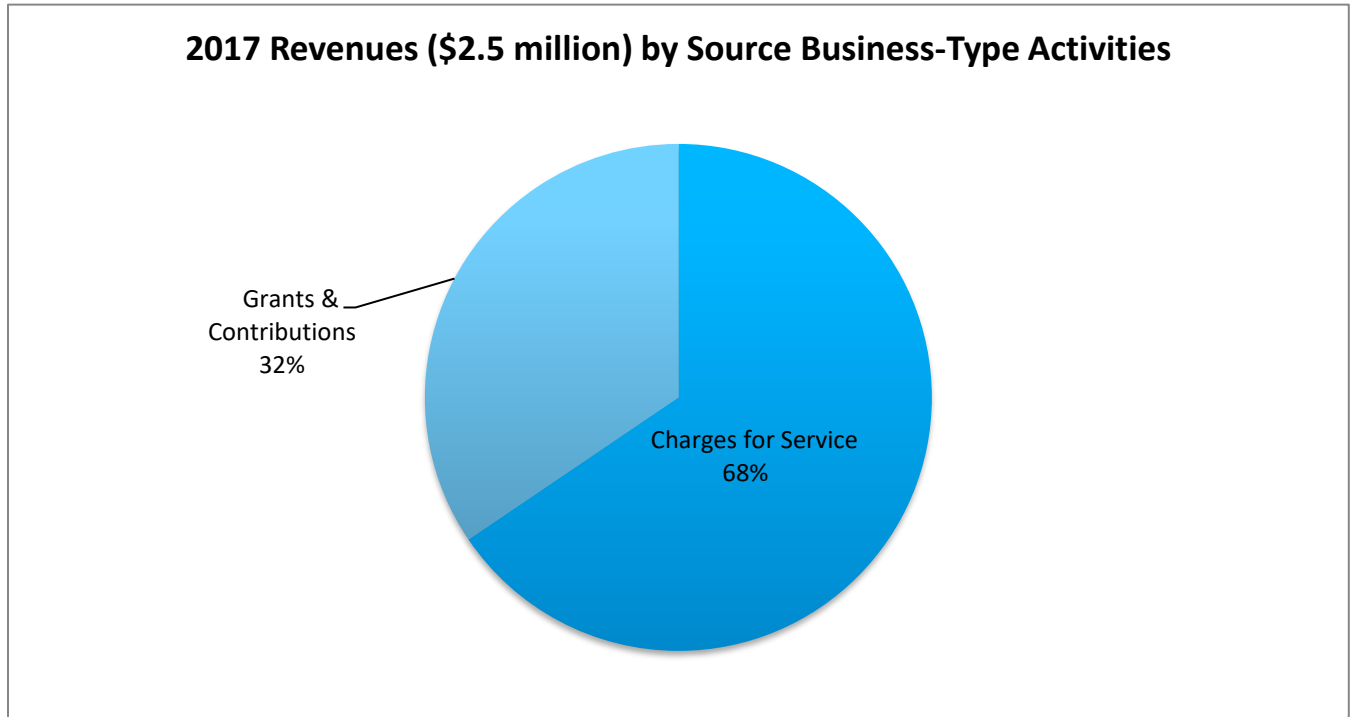


Business-Type Activities

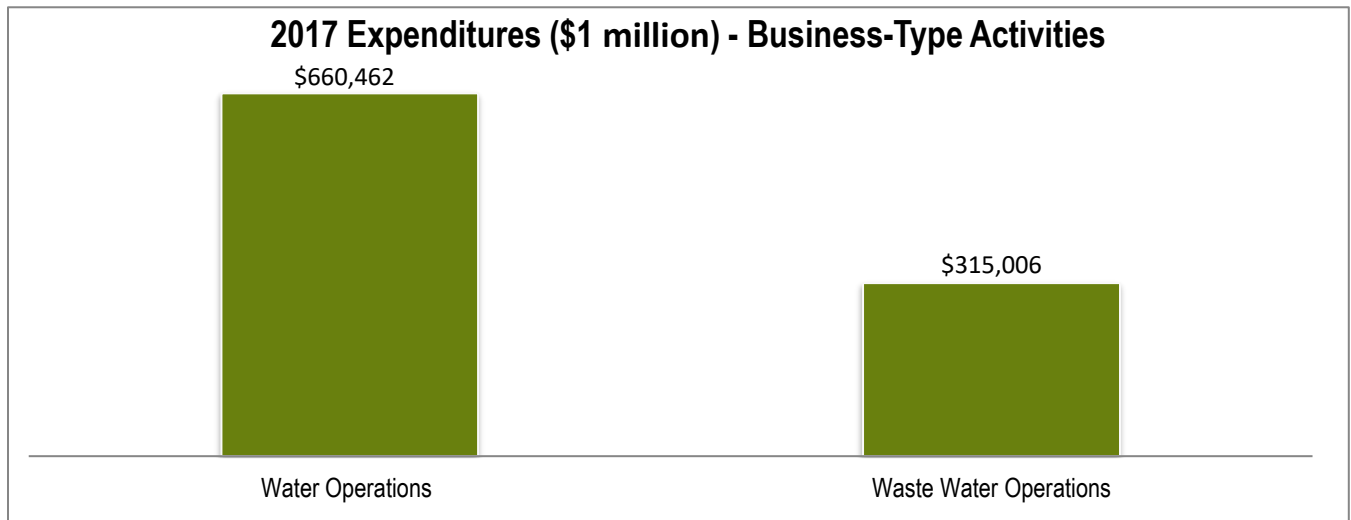
Net position of Business-Type Activities increased by \$1,540,951 for 2017. The major influences are due to the following:

Charges for Services increased by \$426,096 from 2016. This increase is from new base rate fee for waste water. Capital Grants increased by \$338,922 due to the receipt of nearly one million dollars for the construction of the Town’s new waste water treatment facility.

Graph 1. Business-Type Activities Revenue Sources



Graph 2. Business-Type Activities Expenditures



In 2017, the Town created our Public Works Internal Services account. This account allows the Town to expense the cost of some personnel and equipment across multiple funds. The personnel expensed in this department are the Public Work Director, the Public Works Supervisor and the Public Work Administrative assistant. Through an evaluation of time spent on water and waste water it was determined that 40% of these FTE's work hours are spent on utilities. Additionally, the Town adjusted the allocation of expense from our internal services department from 55% for utilities to 40% of utilities. The decrease was made due to a shift in the number of General Government staff to Public Works staff. With the restructuring and creation of these two internal services department the utility funds recognized a decrease in both salaries and operating expense.

Revenue for the waste water utility is derived from services charges and other miscellaneous sources such as late fees. Projected waste water service revenue under existing rates was inadequate to meet revenue requirements and sustain minimum reserves. Revenue requirements of waste water utility include operations and maintenance, debt service, and a capital improvement reserve. Debt service payments for waste water averaged \$21,158 annually at the end of 2016. In anticipation of the construction of the waste water treatment facility and an increase in debt service necessary to fund the project, a significant base rate increase was issued effective January 1, 2017.

In 2016, the Town commissioned FEI Engineers to design, bid out, and manage the construction of the new waste water treatment facility in Bennett. The construction of this facility will allow the Town to decommission the existing lagoon system located north of Town. Construction of the facility began in Summer of 2017. Funding for the project was secured from two sources: one million dollars in grant funding from the Department of Local Affairs and a 0% Green Project Loan from CDPHE through the Water Pollution Control Revolving Fund A Direct Loan form CDPHE through the Water Pollution Control Revolving Fund will close early in 2018 to secure the remaining funding for the project.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

Governmental Funds

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

At the end of 2017 the Town's governmental funds reported a combined fund balance of \$3,086,005, an increase of \$364,354 over 2016. \$1,146,011 constitutes unassigned fund balance, which is available for spending at the Town's discretion. \$367,560 of the fund balance is assigned to parks and recreation, road maintenance and cemetery operations.

The remainder of fund balance is restricted to indicate that it is not available for new spending as follows:

| | |
|----------------------------------|-----------|
| Restricted for TABOR Emergencies | \$95,000 |
| Restricted for Capital Projects | \$793,843 |
| Restricted for Debt Service | \$683,591 |

The General Fund is the primary operating fund of the Town. At the end of 2017, unassigned fund balance of the General Fund was \$1,146,011, while total fund balance was \$1,886,521. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 24% of total General Fund expenditures. This is a decrease of 15% from 2016.

The fund balance of the Town's General Fund increased by \$506,734 during 2017. Key factors are as follows:

- An increase in revenues of \$830,655 or 29%. Key changes in revenues include increases in sales and use tax in the amount of \$165,337 (9%) and an increase in license and permit fees in the amount of \$27,948 (51%). An increase in grant funding of \$469,541. The Town also realized increased revenue in charges for services, fines and forfeitures, impact fees, net investment income, contribution and miscellaneous.
- Expenditures increased by \$1,824,844 (63%) to \$4,713,507. The increase in expenditures was primarily in capital outlay. The Town started and completed many capital projects such as parks and open space improvements, which included the complete renovation of Centennial Park, upgrades in Trupp Park and Construction of Trail Heads, a Picnic Pavilion and 2.1 miles of trail at Bennett Regional park and Open Space. Additionally, the Town began the construction of New Town Hall. New Town Hall will be complete and operational by Spring of 2018.

Other Governmental Funds

The Conservation Trust Fund was created to account for the money received from Lottery sales and is earmarked for specific purposes by the State, including parks and recreation equipment and capital projects. The Conservation Trust Fund had a fund balance of \$0 at the end of 2017. \$53,041 was expended for upgrades to the Community Center and Upgrades to Trupp Park.

The Cemetery Fund was created to account for the costs to maintain the Mountview Cemetery. The Cemetery Fund does not generate enough revenue to be considered a business-type activity. The Cemetery Fund had a fund balance of \$53,752 at the end of 2017. The fund had an increase in fund balance of \$1,529 for 2017.

The Road and Bridge Fund is used to account for state highway users trust funds, county road and bridge taxes, and other revenues designated for the construction and maintenance of roads and bridges. The Road and Bridge Fund had a fund balance of \$133,677, an increase in the amount of \$56,314 in 2017.

The Sales Tax Capital Improvement Fund was created to account for the money received from the 1% sales tax increase which became effective on January 1, 2016. The Sales Tax Capital Improvement Fund had a fund balance of \$1,012,055 at the end of 2017. \$836,674 was expended from the Sales Tax Capital Improvement Fund for the 2016 and 2017 Road Projects as well as the principle and interest on the 2016 Sales Tax Revenue Bonds.

Proprietary Funds

The Town's proprietary funds provide the same type of information in the government-wide financial statements, but in more detail.

Net position of the enterprise operations at December 31 follows:

| | 2016 | 2017 | Change |
|---|--------------|--------------|---------------|
| Net Position - Beginning of the Year | \$ 4,016,373 | \$ 4,502,835 | \$ 486,462 |
| Net Position- End of the Year | \$ 4,502,835 | \$ 6,043,786 | \$ 1,540,951 |

Other factors concerning the finances of the enterprise funds have already been addressed in the discussion of the Town's business-type activities.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

This investment in capital assets includes land, water rights, buildings and improvements, machinery, equipment, water, waste water and storm drainage infrastructure as well as street system infrastructure.

The Town has a five-year Capital Improvement Plan that is updated each year to assist the Town in long-term planning and budgeting for capital assets.

Major capital asset events during 2017 included the following:

- The construction of two trail heads, a picnic pavilion and 2.1 miles of soft surface trails a Bennett Regional Park and Open Space.
- The Town began construction of a New Town Hall in summer of 2017. The new Town Hall will be over 9,000 square feet when complete and will allow for all Administrative Town Staff to work in one building. In addition to staff offices the New Town Hall will feature a new Community Room for Board Meetings, Municipal Court and other Town hosted meetings.
- The Town increased its fleet assets by three vehicles. These vehicles included a 2015 Honda Ridgeline to be used as a Public Works Command vehicle and two 2016 HDX Prowlers to be used by the Public Works Department.
- The Town completed the full renovation of Centennial Park, a neighborhood park located in the Centennial subdivision. This new park was fully funded through a Community Development Block Grant through Adams County.
- The Town completed an upgrade of the existing skate park located in Trupp Park with through our partnership with Adams County Open Space. The renovation included new ramps and the addition of a Bicycle Playground. In addition to the skate park up grades, Trupp Park also received new shade trees, shade structures and seating.
- The Town continued its 2016 Road Project by beginning the rehabilitation of the six major intersections located in Town that connect to CDOT roads. This project will be completed in early 2018.
- The Town made significant capital improvements in 2017 to the Water System. These improvements include the completion of the Elevated Water Storage Tank, the re-drill of Well #6, a couple of pump repairs, a new fire pump, a water main to the new Town Hall and surrounding properties and upgrades to our water monitoring system SCADA.
- The Town began construction of the New Waste Water Treatment Facility that will replace the existing lagoon system. The Water Treatment Facility will be completed in Fall of 2018.

The following table provides comparative information on the Town’s capital assets for 2016 and 2017:

| | Governmental | | Business -type | | Total | |
|----------------------------|----------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
| | Activities | | Activities | | | |
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 |
| Land and Land Improvements | \$ 2,538,693 | \$ 2,538,693 | \$ 67,138 | \$ 67,138 | \$ 2,605,831 | \$ 2,605,831 |
| Water Rights | - | - | 215,654 | 215,654 | 215,654 | 215,654 |
| Construction in Process | 5,481,860 | 7,383,629 | 2,624,700 | 7,471,344 | 8,106,560 | 14,854,973 |
| Buildings and Improvements | 1,056,802 | 1,059,921 | 540 | 405 | 1,057,342 | 1,060,326 |
| Streets, Curb & Gutter | 367,985 | 350,708 | - | - | 367,985 | 350,708 |
| Parks and Ballfields | 2,108,301 | 2,495,008 | - | - | 2,108,301 | 2,495,008 |
| Equipment | 377,692 | 381,682 | 292,154 | 482,820 | 669,846 | 864,502 |
| Ponds | - | - | 422,372 | 406,068 | 422,372 | 406,068 |
| Water System | - | - | 1,568,024 | 1,651,319 | 1,568,024 | 1,651,319 |
| Sewer Lines | - | - | 647,618 | 627,774 | 647,618 | 627,774 |
| | <u>\$ 11,931,333</u> | <u>\$ 14,209,641</u> | <u>\$ 5,838,200</u> | <u>\$ 10,922,522</u> | <u>\$ 17,769,533</u> | <u>\$ 25,132,163</u> |

Additional information on the Town’s capital assets can be found in Note 4 to the financial statements.

Debt Administration

As of December 31, 2017, the Town had outstanding long-term obligations of \$13,592,856, as follows:

| | 2016 | Additions | Deletions | 2017 |
|---------------------------------|----------------------|---------------------|-------------------|----------------------|
| Governmental Activities | \$ 6,158,875 | \$ 1,454,400 | \$ 324,239 | \$ 7,289,036 |
| Business-type Activities | 4,080,694 | 2,307,775 | 84,649 | 6,303,820 |
| | <u>\$ 10,239,569</u> | <u>\$ 3,762,175</u> | <u>\$ 408,888</u> | <u>\$ 13,592,856</u> |

On May 17, 2017, the Town and Key Government Finance, Inc entered into a lease purchase agreement in the original amount of \$1,454,400 for the purpose of providing funds for the construction of the new Town Hall. Interest accrues on the 2017 Lease at 3.08%. Base lease payments, which include both principle and interest, are due, in varying amounts, beginning on December 1, 2017 through December 1, 2031.

On September 22, 2017 the Town issued a note with the CWR&PDA, Water Pollution Control Revolving Loan, up to a maximum amount of \$2,500,000. The proceeds of the loan are being used for construction of a new waste water treatment facility to replace the existing waste water treatment lagoon system. During the year end December 31, 2017 \$2,066,844 has been advanced to the Town. The note is payable beginning on November 1, 2018 through May 1, 2038. No interest is paid on the note if the project, when completed, is certified as a Green Project by the Water Quality Control Division of the Colorado Department of Health and Environment (WQCD). If the Project is not certified, the note will include interest at 2%

Additional information on the Town’s long-term obligations can be found in Note 5 of the financial statements.

ECONOMIC FACTORS

As the next incorporated area east of Aurora, Bennett, Colorado is experiencing significant pressure from ongoing and future development. Bennett’s community leaders are visionary and willing to take bold steps to secure the Town’s future. The Town has identified a 91.4 square mile “Area of Planning Interest.” Bennett’s growth intentions are reflected by its objective to introduce public improvements related to development for

job creation and retention. It is becoming increasingly vital that our infrastructure improvements have the capacity to support this anticipated development.

The projections for economic development in the Town show significant growth between 2010 and 2035. These projections were completed in 2005 by the Denver Regional Council of Governments (DRCOG), prior to the recent recession, and have been modified by Economic Planning Systems (EPS) to account for regional employment contraction. Notwithstanding this contraction, the future growth of the Bennett planning area remains strong.

The planning area is estimated to grow by 6,454 housing units and 2,568 new jobs. This projected growth in housing units and employment creates the demand for 1,382 acres. 1,149 acres of land are needed to allow for the projected growth in housing. There is a projected demand for 43 acres of office, 71 acres of retail, and 118 acres of industrial land. These base numbers were forecasted using DRCOG's growth rates (with modifications by EPS) to reflect more current projections made by the Colorado Department of Local Affairs (DOLA) and the Center for Business and Economic Forecasts (CBEF).

2018 BUDGET OUTLOOK

The principal general revenue sources for the Town are sales taxes, grant revenue, water sales and property taxes. The local, state and national economies are always a consideration for projecting the revenues for the coming year. The economy for Bennett and the nation showed modest growth during 2017. Residential growth for Bennett does not exceed the national average, but has benefited from the addition of many new commercial businesses. Conservative attainable revenue estimates have been projected in all funds.

Sales Tax - The General Fund anticipated sales tax revenues for 2018 are based on an economic growth projection rate of 3% over 2017 projected revenues. Sales tax equates to \$2.1 million of the total \$3.5 million General Fund revenues. In 2017 sales tax revenues exceeded our budgeted amounts by \$55,000. On November 3, 2015, the Town successfully passed an additional 1.00% sales tax to be collect, retained and spent to finance the construction and maintenance of existing and planned street and other street related capital improvements within the Town. In 2017, the 1% sales tax exceeded our budget by over \$18,000 and we anticipate seeing the same incline in 2018.

Water & Wastewater Sales – 2018 will see the addition of an estimated 100 new users to our water and waste water system. In addition, replacement meters are planned to help subsidize our water production loss in the enterprise fund. Wastewater rates were also increased in 2017 for a new base rate increase of \$36.00. The new users coupled with improved production loss will yield a 15% increase to overall water sales and a 17% increase for waste water sales for 2018. In addition, the Town will see a significant increase in water and waste water impact fees in 2018 as new development takes place in Bennett. These impact funds will ensure the Town has funds reserved for continued and sustained improvement and expansion of the existing infrastructure in both water and waste water.

Grant Revenue – When viewed comprehensively, grant revenue is an ongoing effort to establish and research the highest level of resources available to us for capital improvement projects the Town cannot fund solely. Grant revenue in 2017 is projected to be \$670,000 for new parks, facility improvements, and trails. The Town of Bennett has limited revenue sources and an abundance of capital improvement projects forthcoming. That, of course, raises the questions of where those resources will come from, and who will do the work. As the Town of Bennett works to develop other financing options in the future, the opportunity to obtain Assistance Grant Funds would supplement the cost of some of our major infrastructure projects. We have the funds available to provide match but are unable to complete the project without additional monetary support.

Property Tax – Revenues in Adams and Arapahoe County assessed valuations have increased considerably for 2018, 21% in Adams County and 13% in Arapahoe County. We are noticing a trend of increasing property tax revenue and this is very positive news for the Town as a predictor for positive growth in the housing market for Bennett for this assessment year.

Overall the 2018 budget revenues represent a 5% increase over the 2017 projected revenue. This increase is reflected in the sales tax projected increase as well as the moderate increase to property tax revenue. As the next incorporated area east of Aurora, Bennett, Colorado is experiencing significant pressure from ongoing and future development. Bennett’s community leaders are visionary and willing to take bold steps to secure the Town’s future. In 2018 the Town will see the start of a at least two new housing developments. The first development will bring 148 new single-family homes to Bennett. The second will bring 24 Town Homes. The new house will increase revenue streams for the Town across all funds but end of 2018 and will substantial increase revenue streams in 2018.

2018 HIGHLIGHT PROJECTS

Looking forward to 2018, the primary issues that have guided spending are “People and Planning”. In addition, we will continue to further replace, repair and improve infrastructure. The primary projects for 2018 are:

| | |
|---|------------------|
| <i>Street Replacement - Kiowa Bennett Road Safety Repairs</i> | \$500,000 |
| <i>At Grade Water Storage Tank - Capital Construction</i> | 500,000 |
| <i>Utility Master Plan-Capital Planning</i> | 75,000 |
| <i>Parks Master Plan</i> | 50,000 |
| <i>Transportation Master Plan</i> | 100,000 |

In addition to the large capital repairs, planning and construction, below are a few of our highlighted projects for 2018:

BUILDINGS

| | |
|--|-----------------|
| <i>Community Center Landscaping Improvements</i> | \$17,000 |
| <i>New Town Hall Landscaping</i> | 50,000 |
| <i>Animal Shelter</i> | 70,000 |

ECONOMIC DEVELOPMENT

| | |
|--|---------------|
| <i>Economic Development Marketing</i> | 8,000 |
| <i>Economic Development Plan Benefits of Bennett Grant</i> | 15,000 |

PARKS

| | |
|--|----------------|
| <i>Bennett Regional Park and Open Space Amenities and Weed Mitigation-Colorado Health Foundation and Arapahoe County Grant</i> | 160,000 |
| <i>Future Park - Arapahoe County Grant</i> | 230,000 |
| <i>Civic Center Planning Grant-GOCO Grant</i> | 100,000 |
| <i>Adams County Open Space Amenities-Adams County Open Space</i> | 50,000 |

PERSONNEL

| | |
|---|----------------|
| <i>(3) Additional FTE’s</i> | 125,000 |
| <i> Park Supervisor- (1) FTE</i> | |
| <i> Park Maintenance Worker I- (1) FTE</i> | |
| <i> Accounting Technician-(1) FTE</i> | |

WATER

| | |
|---|------------------------|
| <i>Lightning Protection System</i> | <i>\$50,000</i> |
| <i>Downhole Well Equipment Upgrades</i> | <i>53,000</i> |
| <i>Well House</i> | <i>15,000</i> |
| <i>Meter Replacement Program</i> | <i>60,000</i> |

WASTE WATER

| | |
|--------------------------------------|----------------------|
| <i>(4) Lift Station Replacements</i> | <i>21,000</i> |
| <i>Sewer Line Repair</i> | <i>18,000</i> |

At the heart of government finances is the concept of fund accounting. Governments create funds to account for related expenses and revenues. For example, the Water and Sewer Operating Fund contains the budget to run the Town’s water supply and wastewater system and the revenues collected (primarily user charges) to pay for the system. The use of fund accounting is one of the basic requirements of generally accepted accounting principles (GAAP) for government and one of the major differences between governmental and commercial accounting. It requires separate record keeping for each individual fund a government uses.

Similar to prior budgets, the 2018 proposed budget relies on projections regarding available revenue, thereby accepting the limits of the Town’s financial resources. The budget is based upon an established ceiling of revenue derived from local property taxes and three-year projection averages of sales tax.

REQUESTS FOR INFORMATION

This financial report is designed to provide our residents, taxpayers, customers, investors and creditors with a general overview of the Town’s finances and to show the Town’s accountability for the funds and assets it receives. If you have questions about this report or need additional information, contact the Town Treasurer, 207 Muegge Way, Bennett, CO, 80102 or call (303) 644-3249.

BASIC FINANCIAL STATEMENTS

TOWN OF BENNETT, COLORADO

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

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|---------------|-------------------------------------|
| | Governmental Activities | Business-Type Activities | Total | General Improvement Districts |
| Assets | | | | |
| Cash and Investments | \$ 3,789,338 | \$ 1,357,276 | \$ 5,146,614 | \$ 75,613 |
| Cash and Investments - Restricted | 2,134,417 | 12,356 | 2,146,773 | - |
| Property Taxes Receivable | 329,240 | - | 329,240 | 178,455 |
| Sales Tax Receivable | 447,170 | - | 447,170 | - |
| Receivables | 241,551 | 1,532,434 | 1,773,985 | 1,066 |
| Capital Assets Not Being Depreciated | 9,922,322 | 7,754,136 | 17,676,458 | - |
| Capital Assets, Net of Accumulated Depreciation | 4,287,319 | 3,168,386 | 7,455,705 | - |
| Total Assets | 21,151,357 | 13,824,588 | 34,975,945 | 255,134 |
| Liabilities | | | | |
| Accounts Payable | 244,699 | 31,855 | 276,554 | - |
| Accounts Payable From Restricted Assets | 768,776 | 1,293,170 | 2,061,946 | - |
| Compensated Absences | 30,422 | 16,401 | 46,823 | - |
| Deposits | 21,208 | 11,160 | 32,368 | - |
| Unearned Revenue | 106,635 | 22,662 | 129,297 | - |
| Other Liabilities | 2,354,731 | - | 2,354,731 | - |
| Accrued Interest Payable | 21,061 | 101,734 | 122,795 | - |
| Noncurrent Liabilities: | | | | |
| Due Within One Year | 214,400 | 131,237 | 345,637 | 25,000 |
| Due In More Than One Year | 7,074,636 | 6,172,583 | 13,247,219 | 1,894,051 |
| Total Liabilities | 10,836,568 | 7,780,802 | 18,617,370 | 1,919,051 |
| Deferred Inflows of Resources | | | | |
| Property Taxes | 329,240 | - | 329,240 | 178,455 |
| Net Position | | | | |
| Net Investment in Capital Assets | 7,789,334 | 4,654,698 | 12,444,032 | - |
| Restricted | | | | |
| Debt Service | 323,291 | 254,637 | 577,928 | 1,796 |
| Capital Projects | 328,464 | - | 328,464 | - |
| Tabor Emergencies | 95,000 | - | 95,000 | 375 |
| Unrestricted | 1,449,460 | 1,134,451 | 2,583,911 | (1,844,543) |
| Total Net Position | \$ 9,985,549 | \$ 6,043,786 | \$ 16,029,335 | \$ (1,842,372) |

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

TOWN OF BENNETT, COLORADO

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

| Function/Program Activities | Expenses | Program Revenues | | |
|---|---------------------|---|---|---|
| | | Permits, Fees, Fines, and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities | | | | |
| General Government | \$ 1,475,357 | \$ 293,951 | \$ - | \$ - |
| Public Safety | 394,736 | 23,206 | - | - |
| Public Works | 898,434 | 118,812 | 225,620 | 704,917 |
| Interest and Related Costs on Long-term Debt | 260,361 | - | - | - |
| Unallocated Depreciation | 219,387 | - | - | - |
| Total Governmental Activities | <u>3,248,275</u> | <u>435,969</u> | <u>225,620</u> | <u>704,917</u> |
| Business-type Activities | | | | |
| Water | 660,462 | 965,725 | 5,000 | 205,200 |
| Waste Water | 315,006 | 755,901 | - | 657,143 |
| Total Business-type Activities | <u>975,468</u> | <u>1,721,626</u> | <u>5,000</u> | <u>862,343</u> |
| Total Primary Government | <u>\$ 4,223,743</u> | <u>\$ 2,157,595</u> | <u>\$ 230,620</u> | <u>\$ 1,567,260</u> |
| Component Units | <u>\$ 122,298</u> | <u>\$ 14,000</u> | <u>\$ -</u> | <u>\$ -</u> |

General Revenues:

- Property Taxes
- Specific Ownership Taxes
- Sales and Use Taxes
- Franchise and Other Taxes
- Unrestricted Investment Earnings
- Unrestricted Grants and Contributions
- Miscellaneous
- Forgiveness of Debt

Transfers, Net

- Total General Revenues and Transfers
- Changes In Net Position
- Net Position - Beginning
- Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position

| Primary Government | | | Component Units |
|-------------------------|--------------------------|----------------------|-------------------------------|
| Governmental Activities | Business-Type Activities | Total | General Improvement Districts |
| \$ (1,181,406) | \$ - | \$ (1,181,406) | \$ - |
| (371,530) | - | (371,530) | - |
| 150,915 | - | 150,915 | - |
| (260,361) | - | (260,361) | - |
| (219,387) | - | (219,387) | - |
| <u>(1,881,769)</u> | <u>-</u> | <u>(1,881,769)</u> | <u>-</u> |
| - | 515,463 | 515,463 | - |
| - | 1,098,038 | 1,098,038 | - |
| - | 1,613,501 | 1,613,501 | - |
| <u>(1,881,769)</u> | <u>1,613,501</u> | <u>(268,268)</u> | <u>-</u> |
| | | | <u>(108,298)</u> |
| 265,862 | - | 265,862 | 158,163 |
| 24,929 | - | 24,929 | 13,461 |
| 2,698,567 | - | 2,698,567 | - |
| 77,622 | - | 77,622 | - |
| 1,392 | - | 1,392 | 119 |
| 72,692 | - | 72,692 | - |
| 177,445 | - | 177,445 | - |
| - | - | - | 1,928,641 |
| 72,550 | (72,550) | - | - |
| <u>3,391,059</u> | <u>(72,550)</u> | <u>3,318,509</u> | <u>2,100,384</u> |
| 1,509,290 | 1,540,951 | 3,050,241 | 1,992,086 |
| 8,476,259 | 4,502,835 | 12,979,094 | (3,834,458) |
| <u>\$ 9,985,549</u> | <u>\$ 6,043,786</u> | <u>\$ 16,029,335</u> | <u>\$ (1,842,372)</u> |

TOWN OF BENNETT, COLORADO

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

| | <u>General</u> | <u>Conservation Trust</u> | <u>Cemetery</u> | <u>Sales Tax Capital Improvement</u> |
|---|---------------------|-------------------------------|------------------|--|
| Assets | | | | |
| Cash and Investments | \$ 3,713,337 | \$ - | \$ 53,861 | \$ - |
| Cash and Investments - Restricted | 839,825 | - | - | 1,294,592 |
| Property Taxes Receivable | 329,240 | - | - | - |
| Sales Taxes Receivable | 335,377 | - | - | 111,793 |
| Accounts Receivable | 124,835 | - | - | - |
| Total Assets | <u>\$ 5,342,614</u> | <u>\$ -</u> | <u>\$ 53,861</u> | <u>\$ 1,406,385</u> |
| Liabilities | | | | |
| Accounts Payable | \$ 243,158 | \$ - | \$ - | \$ - |
| Accounts Payable From Restricted Assets | 374,446 | - | - | 394,330 |
| Compensated Absences | 26,675 | - | 109 | - |
| Deposits | 21,208 | - | - | - |
| Unearned Revenue | 106,635 | - | - | - |
| Other Liabilities | 2,354,731 | - | - | - |
| Total Liabilities | <u>3,126,853</u> | <u>-</u> | <u>109</u> | <u>394,330</u> |
| Deferred Inflows of Resources | | | | |
| Property Taxes | <u>329,240</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | | |
| Restricted | | | | |
| TABOR Emergencies | 95,000 | - | - | - |
| Capital Projects | 465,379 | - | - | 328,464 |
| Debt Service | - | - | - | 683,591 |
| Assigned | | | | |
| Parks and Recreation | 180,131 | - | - | - |
| Cemetery Operations | - | - | 53,752 | - |
| Road Maintenance | - | - | - | - |
| Unassigned | <u>1,146,011</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balances | <u>1,886,521</u> | <u>-</u> | <u>53,752</u> | <u>1,012,055</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 5,342,614</u> | <u>\$ -</u> | <u>\$ 53,861</u> | <u>\$ 1,406,385</u> |

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

| <u>Road and Bridge</u> | <u>Total Governmental Funds</u> |
|----------------------------|---|
| \$ 22,140 | \$ 3,789,338 |
| - | 2,134,417 |
| - | 329,240 |
| - | 447,170 |
| 116,716 | 241,551 |
| <u>\$ 138,856</u> | <u>\$ 6,941,716</u> |
| | |
| \$ 1,541 | \$ 244,699 |
| - | 768,776 |
| 3,638 | 30,422 |
| - | 21,208 |
| - | 106,635 |
| - | 2,354,731 |
| <u>5,179</u> | <u>3,526,471</u> |
| | |
| <u>-</u> | <u>329,240</u> |
| | |
| - | 95,000 |
| - | 793,843 |
| - | 683,591 |
| | |
| - | 180,131 |
| - | 53,752 |
| 133,677 | 133,677 |
| - | 1,146,011 |
| <u>133,677</u> | <u>3,086,005</u> |
| | |
| <u>\$ 138,856</u> | <u>\$ 6,941,716</u> |

TOWN OF BENNETT, COLORADO

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2017**

| | | |
|---|--------------------|----------------------------|
| Total Fund Balances - Governmental Funds | | \$ 3,086,005 |
| Total net position reported for governmental activities in the statement of net position is different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | |
| Capital Assets | \$ 16,134,342 | |
| Less Accumulated Depreciation | <u>(1,924,701)</u> | 14,209,641 |
| Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. However, all liabilities - both current and long-term - are reported in the statement of net position. | | |
| Balances at year-end are: | | |
| Public Improvements Reimbursement Agreements | (43,050) | |
| Bonds Payable | (5,370,000) | |
| Premium on Sales Tax Revenue Bonds | (498,286) | |
| Capital Lease | <u>(1,377,700)</u> | (7,289,036) |
| Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due | | <u>(21,061)</u> |
| Net Position - Governmental Activities | | <u><u>\$ 9,985,549</u></u> |

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

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TOWN OF BENNETT, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017**

| | <u>General</u> | <u>Conservation Trust</u> | <u>Cemetery</u> | <u>Sales Tax Capital Improvement</u> |
|---|---------------------|-------------------------------|------------------|--|
| Revenues | | | | |
| Property Taxes | \$ 265,862 | \$ - | \$ - | \$ - |
| Specific Ownership Taxes | - | - | - | - |
| Sales and Use Taxes | 2,035,148 | - | - | 663,419 |
| Franchise and Other Taxes | 77,622 | - | - | - |
| Licenses and Permits | 83,131 | - | - | - |
| Intergovernmental Revenue | 732,361 | 14,161 | - | - |
| Charges for Services | 303,453 | - | 9,700 | - |
| Fines and Forfeitures | 23,206 | - | - | - |
| Impact Fees | 16,479 | - | - | - |
| Net Investment Income | 1,392 | 322 | - | 11,590 |
| Contributions | 72,692 | - | - | - |
| Other | 81,945 | - | 500 | - |
| Total Revenues | <u>3,693,291</u> | <u>14,483</u> | <u>10,200</u> | <u>675,009</u> |
| Expenditures | | | | |
| Current | | | | |
| General Government | 1,600,970 | - | - | - |
| Public Safety | 394,736 | - | - | - |
| Public Works | 691,425 | 53,041 | 8,671 | - |
| Debt Service | | | | |
| Principal | 76,700 | - | - | 130,000 |
| Interest | 24,140 | - | - | 214,200 |
| Debt Issuance Costs | 53,898 | - | - | - |
| Capital Outlay | 1,871,638 | - | - | 492,474 |
| Total Expenditures | <u>4,713,507</u> | <u>53,041</u> | <u>8,671</u> | <u>836,674</u> |
| Excess Revenues Over (Under) | | | | |
| Expenditures | <u>(1,020,216)</u> | <u>(38,558)</u> | <u>1,529</u> | <u>(161,665)</u> |
| Other Financing Sources | | | | |
| Transfers In | 72,550 | - | - | - |
| Lease Proceeds | 1,454,400 | - | - | - |
| Total Other Financing Sources (Uses) | <u>1,526,950</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | 506,734 | (38,558) | 1,529 | (161,665) |
| Fund Balances - Beginning | 1,379,787 | 38,558 | 52,223 | 1,173,720 |
| Fund Balances - Ending | <u>\$ 1,886,521</u> | <u>\$ -</u> | <u>\$ 53,752</u> | <u>\$ 1,012,055</u> |

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

| Road and Bridge | Total Governmental Funds |
|----------------------------|---|
| \$ - | \$ 265,862 |
| 24,929 | 24,929 |
| - | 2,698,567 |
| - | 77,622 |
| - | 83,131 |
| 172,103 | 918,625 |
| - | 313,153 |
| - | 23,206 |
| - | 16,479 |
| - | 13,304 |
| - | 72,692 |
| 95,000 | 177,445 |
| 292,032 | 4,685,015 |
| - | 1,600,970 |
| - | 394,736 |
| 220,156 | 973,293 |
| - | 206,700 |
| - | 238,340 |
| - | 53,898 |
| 15,562 | 2,379,674 |
| 235,718 | 5,847,611 |
| 56,314 | (1,162,596) |
| - | 72,550 |
| - | 1,454,400 |
| - | 1,526,950 |
| 56,314 | 364,354 |
| 77,363 | 2,721,651 |
| \$ 133,677 | \$ 3,086,005 |

TOWN OF BENNETT, COLORADO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017**

| | | |
|--|------------------|--------------------------------|
| Net Change in Fund Balances - Governmental Funds | \$ | 364,354 |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | | |
| <p>Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.</p> | | |
| Capital Outlay | \$2,497,695 | |
| Depreciation | <u>(219,387)</u> | 2,278,308 |
| <p>Long-term debt (e.g., issuance of bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p> | | |
| Proceeds from Capital Lease | (1,454,400) | |
| Principal Payment - Sales Tax Revenue Bonds | 130,000 | |
| Principal Payment - Capital Lease | 76,700 | |
| Payment - Public Improvements Reimbursement Agreement | <u>82,451</u> | (1,165,249) |
| <p>Interest expense in the statement of activities differs from the amount reported in governmental funds because of additional accrued and accreted interest, amortization of bond premiums, issue costs and refunding losses.</p> | | |
| Change in accrued interest on long-term debt | (3,211) | |
| Amortization of bond premium | <u>35,088</u> | <u>31,877</u> |
| Change in Net Position - Governmental Activities | \$ | <u><u>1,509,290</u></u> |

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

TOWN OF BENNETT, COLORADO

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017**

| | <u>Water</u> | <u>Waste Water</u> | <u>Total</u> |
|---|---------------------|---------------------|---------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Investments | \$ 586,768 | \$ 770,508 | \$ 1,357,276 |
| Cash and Investments - Restricted | | | |
| Debt Service Reserve | 12,356 | - | 12,356 |
| Receivables | | | |
| Accounts | 95,264 | 83,325 | 178,589 |
| Receivables - Restricted | | | |
| Grants | 5,000 | 597,970 | 602,970 |
| Loans | 172,550 | 578,325 | 750,875 |
| Total Current Assets | <u>871,938</u> | <u>2,030,128</u> | <u>2,902,066</u> |
| Noncurrent Assets | | | |
| Capital Assets Not Being Depreciated | 4,454,310 | 3,299,826 | 7,754,136 |
| Capital Assets, Net | 2,069,872 | 1,098,514 | 3,168,386 |
| Total Noncurrent Assets | <u>6,524,182</u> | <u>4,398,340</u> | <u>10,922,522</u> |
| Total Assets | <u>7,396,120</u> | <u>6,428,468</u> | <u>13,824,588</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | 4,937 | 26,918 | 31,855 |
| Accounts Payable From Restricted Assets | 116,875 | 1,176,295 | 1,293,170 |
| Compensated Absences | 8,558 | 7,843 | 16,401 |
| Other Current Liabilities | - | 11,160 | 11,160 |
| Accrued Interest Payable | 100,158 | 1,576 | 101,734 |
| Notes Payable - Current | 116,385 | 14,852 | 131,237 |
| Total Current Liabilities | <u>369,575</u> | <u>1,238,644</u> | <u>1,608,219</u> |
| Noncurrent Liabilities | | | |
| Notes Payable | 3,970,840 | 2,201,743 | 6,172,583 |
| Total Noncurrent Liabilities | <u>3,970,840</u> | <u>2,201,743</u> | <u>6,172,583</u> |
| Total Liabilities | <u>4,340,415</u> | <u>3,440,387</u> | <u>7,780,802</u> |
| Net Position | | | |
| Net Investment in Capital Assets | 2,497,632 | 2,157,066 | 4,654,698 |
| Restricted for Debt Service | 139,449 | 115,188 | 254,637 |
| Unrestricted | 418,624 | 715,827 | 1,134,451 |
| Total Net Position | <u>\$ 3,055,705</u> | <u>\$ 2,988,081</u> | <u>\$ 6,043,786</u> |

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

TOWN OF BENNETT, COLORADO

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

For the Year Ended December 31, 2017

| | Business-type Activities - Enterprise Funds | | |
|--|--|--------------------|--------------|
| | Water | Waste Water | Total |
| Operating Revenues | | | |
| Charges for Sales and Services | | | |
| Service Fees | \$ 919,377 | \$ 743,004 | \$ 1,662,381 |
| Bulk Water | 48 | - | 48 |
| Other | 46,300 | 12,897 | 59,197 |
| Total Operating Revenues | 965,725 | 755,901 | 1,721,626 |
| Operating Expenses | | | |
| Personnel | 100,007 | 102,170 | 202,177 |
| Operations | 261,574 | 131,123 | 392,697 |
| Professional Services | 75,516 | 27,598 | 103,114 |
| Depreciation | 142,043 | 47,349 | 189,392 |
| Total Operating Expenses | 579,140 | 308,240 | 887,380 |
| Operating Income | 386,585 | 447,661 | 834,246 |
| Nonoperating Revenues (Expenses) | | | |
| Grant Income | 5,000 | - | 5,000 |
| Interest Expense | (81,322) | (6,766) | (88,088) |
| Total Nonoperating Revenues (Expenses) | (76,322) | (6,766) | (83,088) |
| Income Before Transfers and Contributions | 310,263 | 440,895 | 751,158 |
| Capital Contributions - Development Fees | 205,200 | 11,160 | 216,360 |
| Capital Grants | - | 645,983 | 645,983 |
| Transfers Out | (36,275) | (36,275) | (72,550) |
| Change In Net Position | 479,188 | 1,061,763 | 1,540,951 |
| Net Position - Beginning | 2,576,517 | 1,926,318 | 4,502,835 |
| Net Position - Ending | \$ 3,055,705 | \$ 2,988,081 | \$ 6,043,786 |

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

TOWN OF BENNETT, COLORADO

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017**

| | <u>Water</u> | <u>Waste Water</u> | <u>Total</u> |
|--|-------------------|--------------------|---------------------|
| Cash Flows from Operating Activities | | | |
| Cash Received from Customers | \$ 950,214 | \$ 729,231 | \$ 1,679,445 |
| Cash Payments to Suppliers for Goods and Services | (339,843) | (146,355) | (486,198) |
| Cash Payments to Employees for Services | (96,217) | (96,982) | (193,199) |
| Net Cash Provided by Operating Activities | <u>514,154</u> | <u>485,894</u> | <u>1,000,048</u> |
| Cash Flows from Noncapital Financing Activities | | | |
| Transfers to Other Funds | (36,275) | (36,275) | (72,550) |
| Net Cash (Used) by Noncapital Financing Activities | <u>(36,275)</u> | <u>(36,275)</u> | <u>(72,550)</u> |
| Cash Flows from Capital and Related Financing Activities | | | |
| System Development Fees | 205,200 | 11,160 | 216,360 |
| Capital Grant Received | - | 149,946 | 149,946 |
| Loan Proceeds | 2,579,523 | 1,488,519 | 4,068,042 |
| Acquisition and Construction of Capital Assets | (2,743,604) | (1,597,877) | (4,341,481) |
| Principal Paid on Long-Term Debt | (70,410) | (14,239) | (84,649) |
| Interest Paid on Long-Term Debt | (37,485) | (6,919) | (44,404) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(66,776)</u> | <u>30,590</u> | <u>(36,186)</u> |
| Net Increase (Decrease) In Cash and Cash Equivalents | 411,103 | 480,209 | 891,312 |
| Cash and Cash Equivalents - Beginning | 188,021 | 290,299 | 478,320 |
| Cash and Cash Equivalents - Ending | <u>\$ 599,124</u> | <u>\$ 770,508</u> | <u>\$ 1,369,632</u> |
| Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities: | | | |
| Operating Income | \$ 386,585 | \$ 447,661 | \$ 834,246 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities | | | |
| Depreciation | 142,043 | 47,349 | 189,392 |
| Effect of Changes In Operating Assets and Liabilities | | | |
| Accounts Receivable | (23,159) | (26,670) | (49,829) |
| Accounts Payable | (2,753) | 1,206 | (1,547) |
| Compensated Absences | 3,790 | 5,188 | 8,978 |
| Unearned Revenue | 7,648 | - | 7,648 |
| Other Current Liabilities | - | 11,160 | 11,160 |
| Total Adjustments | <u>127,569</u> | <u>38,233</u> | <u>165,802</u> |
| Net Cash Provided by Operating Activities | <u>\$ 514,154</u> | <u>\$ 485,894</u> | <u>\$ 1,000,048</u> |

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

TOWN OF BENNETT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

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

Note 1. Definition of Reporting Entity

The Town of Bennett, Colorado was incorporated in 1929 in Adams County and is governed by a seven-member elected Board of Trustees. The Town provides public works (roads and streets), parks and recreation, water, waste water and general administrative services. The Town contracts with Adams and Arapahoe County for police protection and Adams County for animal control.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

As required by accounting principles generally accepted in the United States of America, these financial statements present the primary government and its component units, those entities for which the Town is considered to be financially accountable. Discretely presented component units are legally separate entities for which the financial data are presented separately from the financial data of the Town.

The Town presents two General Improvement Districts, Antelope Hills and Penrith Park, as discretely presented component units.

The General Improvement Districts (GIDs) were created under provisions of Colorado state statute. Each district has the power to acquire, construct or install public improvements within its own boundaries and to finance such improvements by levying a general property tax upon the benefiting property. The GIDs are legally separate entities from the Town. The Town Trustees sit as the Board of Directors for each of the GIDs. Services provided by the GIDs are entirely for the benefit of the citizens of each respective district. The fiscal year-end for each of these districts is December 31.

TOWN OF BENNETT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 2. Summary of Significant Accounting Policies

The more significant accounting policies of the Town are described as follows:

Government-wide and Fund Financial Statements

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

The statement of net position reports all financial and capital resources of the Town. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

TOWN OF BENNETT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

collected within 60 days after year-end. Property taxes, sales taxes, franchise taxes and interest are susceptible to accrual and so have been recognized as revenues in the current period. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

The Town reports the following major governmental funds:

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

The *Conservation Trust Fund* accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.

The *Cemetery Fund* accounts for the operations of the Mountview Cemetery.

The *Sales Tax Improvement Fund* accounts for the proceeds of the Town's 2016 Sales Tax Revenue Bonds and the additional 1% sales tax approved by the voters in November 2015 restricted to construction and maintenance of the Town's roads.

The *Road and Bridge Fund* is used to account for state highway users trust funds, county road and bridge taxes, and other revenues assigned for the construction and maintenance of roads and bridges.

The Town reports the following major proprietary funds:

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's water and waste water functions and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF BENNETT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

Amounts reported as program revenues include 1) charges to customers or applicant for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all Town levied taxes.

Proprietary funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Town's water and waste water enterprise funds recognize as capital contributions the entire portion of tap fees, as they are intended to recover the cost of the capital investment in the water and waste water distribution systems.

Pooled Cash and Investments

The Town follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

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

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

Property Taxes

Property taxes are levied by the Town's Board of Trustees. Property taxes are levied by December 15 of each year and are due in full the following year. The lien date is January 1 following the levy. Taxes may be paid in two equal installments, on or before February 28 and June 15; or in full, on or before April 30. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. Property taxes are collected by Adams County and then remitted, net of a 1% collection fee, to the Town.

Taxes are recorded as a receivable and a deferred inflow of resources when levied, and subsequently recorded as revenue in the year they are available or collected.

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Restricted Assets

Certain assets of the Town's Water and Waste Water funds are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants.

Capital Assets

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

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

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

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

| | |
|-------------------------------|-------------|
| Buildings | 40 years |
| Buildings Improvements | 15 years |
| Streets, Curbs and Gutters | 15-30 years |
| Parks and Ball fields | 10-40 years |
| Water and Waste Water Systems | 15-40 years |
| Furniture and Equipment | 5-10 years |

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Compensated Absences

Vacation leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon termination, employees are paid full value for any accrued general leave earned.

It is the Town's policy to permit employees to accumulate earned but unused vacation leave benefits. All leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if it is expected to be liquidated with expendable available financial resources.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds. The balance of these deferrals is combined with the corresponding long term debt in the financial statements.

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

TOWN OF BENNETT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Net Position and Fund Equity

Net Position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

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

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

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

The Town reports the following Restricted Fund Balances:

Restricted for TABOR Emergencies – Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 11).

Restricted for Parks and Recreation – Represents the balance of funds remaining from the Conservation Trust (State Lottery) Fund proceeds.

Restricted for Capital Projects – Represents unspent bond proceeds restricted for roads improvements.

Restricted for Debt Service – Represents the portion of fund balance that is legally restricted to payment of principal and interest on long-term debt maturing in future years.

Committed fund balance – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

The following fund balances are assigned:

Parks and Recreation – used to account for the portion of the year-end fund balance which is assigned for the purchase and construction of a future park location.

Cemetery Operations – assigned to the operations of the Mountview Cemetery.

Road and Bridge Fund – assigned for construction and maintenance of roads and bridges.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the Town’s practice to use the most restrictive classification first.

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An example of such an estimate that has been made by management is depreciation expense.

Note 3. Cash Deposits and Investments

The Town’s unrestricted and restricted cash deposits and investments are presented as follows at December 31, 2017:

| | Governmental Activities | Business- type Activities | Component Units | Total |
|--------------|------------------------------------|--|----------------------------|---------------------|
| Unrestricted | \$ 3,789,338 | \$ 1,357,276 | \$ 75,613 | \$ 5,222,227 |
| Restricted | 2,134,417 | 12,356 | - | 2,146,773 |
| Total | \$ 5,923,755 | \$ 1,369,632 | \$ 75,613 | \$ 7,369,000 |

Cash and investments as of December 31, 2017 consist of the following:

| | Governmental Activities | Business- type Activities | Component Units | Total |
|--------------|------------------------------------|--|----------------------------|---------------------|
| On-hand | \$ 55 | \$ 300 | - | \$ 355 |
| Deposits | 5,005,920 | 1,369,332 | 65,332 | 6,440,584 |
| Investments | 917,780 | - | 10,281 | 928,061 |
| Total | \$ 5,923,755 | \$ 1,369,632 | \$ 75,613 | \$ 7,369,000 |

Restricted Cash and Investments

Restricted cash and investments consists of unspent lease proceeds of \$839,825 in the General Fund and unspent bond proceeds of \$514,562 in the Sales Tax Capital Improvement Fund. In addition, \$780,030 and \$12,136 is restricted in the Sales Tax Capital Improvement Fund and the Water Fund, respectively, for the payment of long-term debt principal and interest.

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Cash Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2017, the Town's bank deposits amounting to \$6,555,267 were both insured by federal depository insurance and collateralized with securities held by third parties but not in the Town's name, and consequently were not exposed to custodial credit risk.

Investments

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

The Town generally limits its concentration of investments to obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

TOWN OF BENNETT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

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

At December 31, 2017, the Town had the following investments:

| <u>Investment</u> | <u>Maturity</u> | <u>Amount</u> |
|---|-----------------------------------|-------------------|
| Colorado Local Government Liquid Asset Trust (Colotrust) | Weighted Average under 60 days | <u>\$ 928,061</u> |

The Town invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Note 4. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|---------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land and land improvements | \$ 2,538,693 | \$ - | \$ - | \$ 2,538,693 |
| Construction in process | 5,481,860 | 2,212,119 | (310,350) | 7,383,629 |
| Total capital assets not being depreciated | 8,020,553 | 2,212,119 | (310,350) | 9,922,322 |
| Capital assets being depreciated | | | | |
| Buildings | 1,456,479 | 39,512 | - | 1,495,991 |
| Streets, Curbs & Gutter | 675,908 | - | - | 675,908 |
| Parks and Ballfields | 2,741,628 | 499,289 | (68,641) | 3,172,276 |
| Street/Park Equipment | 897,725 | 57,125 | (87,005) | 867,845 |
| Total capital assets being depreciated | 5,771,740 | 595,926 | (155,646) | 6,212,020 |
| Less accumulated depreciation for: | | | | |
| Buildings | (399,677) | (36,393) | - | (436,070) |
| Streets, Curbs & Gutter | (307,923) | (17,277) | - | (325,200) |
| Parks and Ballfields | (633,327) | (112,582) | 68,641 | (677,268) |
| Street/Park Equipment | (520,033) | (53,135) | 87,005 | (486,163) |
| Total accumulated depreciation | (1,860,960) | (219,387) | 155,646 | (1,924,701) |
| Total capital assets being depreciated, net | 3,910,780 | 376,539 | - | 4,287,319 |
| Governmental activities capital assets, net | \$ 11,931,333 | \$ 2,588,658 | \$ (310,350) | \$ 14,209,641 |

Depreciation expense is not allocated to specific departments.

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Capital asset activity for the year ended December 31, 2017 (continued):

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|---------------------|-----------------|----------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land and land improvements | \$ 67,138 | \$ - | \$ - | \$ 67,138 |
| Water Rights | 215,654 | - | - | 215,654 |
| Construction in process | 2,624,700 | 4,846,644 | - | 7,471,344 |
| Total capital assets not being depreciated | <u>2,907,492</u> | <u>4,846,644</u> | <u>-</u> | <u>7,754,136</u> |
| Capital assets being depreciated: | | | | |
| Ponds | 656,605 | - | - | 656,605 |
| Water System | 3,741,760 | 184,582 | - | 3,926,341 |
| Sewer Lines and Connections | 985,523 | - | - | 985,523 |
| Buildings | 30,141 | - | - | 30,141 |
| Equipment and other | 584,297 | 242,489 | (70,514) | 756,272 |
| Total capital assets being depreciated | <u>5,998,326</u> | <u>427,071</u> | <u>(70,514)</u> | <u>6,354,882</u> |
| Less accumulated depreciation for: | | | | |
| Ponds | (234,233) | (16,304) | - | (250,537) |
| Water System | (2,173,736) | (101,286) | - | (2,275,022) |
| Sewer Lines and Connections | (337,905) | (19,844) | - | (357,749) |
| Buildings | (29,601) | (135) | - | (29,736) |
| Equipment and other | (292,143) | (51,823) | 70,514 | (273,452) |
| Total accumulated depreciation | <u>(3,067,618)</u> | <u>(189,392)</u> | <u>70,514</u> | <u>(3,186,496)</u> |
| Total capital assets being depreciated, net | <u>2,930,708</u> | <u>237,679</u> | <u>-</u> | <u>3,168,386</u> |
| Business-type activities capital assets, net | <u>\$ 5,838,200</u> | <u>\$ 5,084,323</u> | <u>\$ -</u> | <u>\$ 10,922,522</u> |

Depreciation was charged to functions/programs as follows:

| | |
|------------------------------|-------------------|
| Business-type activities: | |
| Water | \$ 142,043 |
| Waste Water | 47,349 |
| Total depreciation expense - | |
| Business-type Activities | <u>\$ 189,392</u> |

TOWN OF BENNETT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 5. Long-term Obligations

The following is an analysis of changes in long-term debt for the year ended December 31, 2017:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|--------------------|-------------------|--------------------|------------------------|
| Governmental Activities | | | | | |
| Reimbursement Agreements | \$ 125,501 | \$ - | \$ 82,451 | \$ 43,050 | \$ 6,000 |
| Sales Tax Revenue Bonds, 2016 | 5,500,000 | - | 130,000 | 5,370,000 | 150,000 |
| Bond Premium - 2016 Bonds | 533,374 | - | 35,088 | 498,286 | - |
| Capital Lease - 2017 | - | 1,454,400 | 76,700 | 1,377,700 | 58,400 |
| | <u>\$6,158,875</u> | <u>\$1,454,400</u> | <u>\$ 324,239</u> | <u>\$7,289,036</u> | <u>\$ 214,400</u> |
| Business-type Activities | | | | | |
| Colorado Department of Local Affairs | | | | | |
| Energy Impact Assistance Loans: | | | | | |
| Water Fund, 2004 | \$ 25,930 | \$ - | \$ 2,716 | \$ 23,214 | \$ 2,851 |
| Waste Water Fund, 2010 | 67,550 | - | 6,126 | 61,424 | 6,432 |
| Colorado Water Conservation Board | | | | | |
| Water Fund, 2008 | 203,051 | - | 6,622 | 196,429 | 6,854 |
| Water Fund, 2015 | 1,187,723 | 240,931 | - | 1,428,654 | - |
| Colorado Water Resources & Power Development Authority | | | | | |
| Waste Water Fund, 2006 | 96,440 | - | 8,113 | 88,327 | 8,420 |
| Water Fund, 2016 | 2,500,000 | - | 61,072 | 2,438,928 | 106,680 |
| Waste Water Fund, 2017 | - | 2,066,844 | - | 2,066,844 | - |
| Total Business-type Activities | <u>\$4,080,694</u> | <u>\$2,307,775</u> | <u>\$ 84,649</u> | <u>\$6,303,820</u> | <u>\$ 131,237</u> |

Public Improvements Reimbursement Agreements

On January 28, 2014, with an effective date of February 23, 2015, under a Public Improvements Reimbursement Agreement with a developer, the Town accepted improvements amounting to \$258,914 related to certain public improvements incurred by the developer. The source of the repayment is equal to 50% of the sales tax collections remitted to the Town by the developer. The term of the payments is for ten years beginning March 1, 2015. The Town's obligation to make any payments under the agreement expires at the end of the ten-year period. During the year ended December 31, 2017, the Town reimbursed the developer \$82,451, leaving a balance of \$43,050 at year-end.

TOWN OF BENNETT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Sales Tax Revenue Bonds, Series 2016

Sales Tax Revenue Bonds, Series 2016, issued on April 21, 2016, in the original principal amount of \$5,700,000. The bonds consist of \$1,605,000 of serial bonds due annually in varying amounts from 2016 through 2025 and term bonds due annually in varying amounts from 2026 through 2040 in the amount of \$4,095,000. Interest on the serial and term bonds are payable semiannually at rates ranging from 2.0% to 4.0%, beginning June 1, 2016. The Bonds maturing on and after December 1, 2025 are subject to redemption prior to maturity, at the option of the Town, in whole or in part, and if in part in such order of maturities as the Town shall determine and by lot within a maturity, on December 1, 2024 and on any date thereafter, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date.

The Bonds were issued to finance the construction, maintenance, repair, replacement, expansion, acquisition, rehabilitation and renovation of existing and planned streets and other street-related capital improvements within the Town.

The Bonds are revenue obligations of the Town payable solely from the pledged revenue, consisting of an additional 1% sales tax approved at an election held on November 3, 2015 (the Street Sales Tax). The Bonds are also secured by a Reserve Account of \$360,300 and amounts on deposit in a Surplus Account, if any. The bonds are rated "A-" by Standard & Poor's. The bonds mature as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|---------------------|---------------------|---------------------|
| 2018 | \$ 150,000 | \$ 39,600 | \$ 189,600 |
| 2019 | 150,000 | 51,600 | 201,600 |
| 2020 | 150,000 | 63,000 | 213,000 |
| 2021 | 150,000 | 74,000 | 224,000 |
| 2022 | 150,000 | 84,600 | 234,600 |
| 2023-2027 | 920,000 | 568,600 | 1,488,600 |
| 2028-2032 | 1,085,000 | 778,600 | 1,863,600 |
| 2033-2037 | 1,325,000 | 951,500 | 2,276,500 |
| 2038-2040 | 1,290,000 | 630,300 | 1,920,300 |
| | <u>\$ 5,370,000</u> | <u>\$ 3,241,800</u> | <u>\$ 8,611,800</u> |

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

2017 Lease Purchase Agreement

On May 17, 2017, the Town and Key Government Finance, Inc. entered into a lease purchase agreement (the 2017 Lease) in the original amount of \$1,454,400 for the purpose of providing funds for the construction of a new Town Hall. Interest accrues on the 2017 Lease at 3.08%. Base lease payments, which include both principal and interest, are due, in varying amounts, beginning on December 1, 2017 through December 1, 2031.

The 2017 Lease may be prepaid partially or in full, subject to a prepayment premium as follows:

| <u>Base Rental Payment Dates</u> | <u>Prepayment Premium</u> |
|---------------------------------------|-------------------------------|
| May 18, 2017 through May 17, 2019 | 3% |
| May 18, 2019 through May 17, 2021 | 2% |
| May 18, 2021 through May 17, 2022 | 1 % |
| May 18, 2022 through December 1, 2031 | 0% |

The 2017 Lease is secured through a Site Lease dated May 17, 2017, whereby the Leased Property (i.e., Town Hall) is pledged towards the payment of the lease. The lease is subject to annual appropriation by the Town.

Base lease payments are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|---------------------|-------------------|---------------------|
| 2018 | \$ 58,400 | \$ 42,433 | \$ 100,833 |
| 2019 | 60,200 | 40,634 | 100,834 |
| 2020 | 62,100 | 38,780 | 100,880 |
| 2021 | 64,000 | 36,868 | 100,868 |
| 2022 | 65,900 | 34,896 | 100,796 |
| 2023-2027 | 361,500 | 142,736 | 504,236 |
| 2028-2032 | 705,600 | 72,004 | 777,604 |
| | <u>\$ 1,377,700</u> | <u>\$ 408,351</u> | <u>\$ 1,786,051</u> |

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Colorado Department of Local Affairs – Energy Impact Assistance Loans

2004 Water Loan

On September 1, 2004, the Town issued a note with the Energy and Impact Assistance program in the original amount of \$50,000 for equipment related to the conversion of minerals and mineral fuels. The loan is payable in 20 installments of \$4,012, including interest at 5%. Payments are due each September 1 through 2024. The loan matures as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|------------------|-----------------|------------------|
| 2018 | \$ 2,851 | \$ 1,161 | \$ 4,012 |
| 2019 | 2,994 | 1,018 | 4,012 |
| 2020 | 3,144 | 868 | 4,012 |
| 2021 | 3,301 | 711 | 4,012 |
| 2022 | 3,466 | 546 | 4,012 |
| 2023-2027 | 7,458 | 566 | 8,024 |
| | <u>\$ 23,214</u> | <u>\$ 4,870</u> | <u>\$ 28,084</u> |

2010 Waste Water Loan

On September 24, 2010, the Town issued a note with the Energy and Impact Assistance program in the original amount of \$99,057 for construction of a waste water line that passes underneath railroad tracks to the waste water plant. The loan is payable in 15 installments of \$9,504, including interest at 5.0%. Payments are due each September 1 through 2025. The loan matures as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|------------------|------------------|------------------|
| 2018 | \$ 6,432 | \$ 3,072 | \$ 9,504 |
| 2019 | 6,754 | 2,750 | 9,504 |
| 2020 | 7,092 | 2,412 | 9,504 |
| 2021 | 7,446 | 2,058 | 9,504 |
| 2022 | 7,819 | 1,685 | 9,504 |
| 2023-2027 | 25,881 | 2,631 | 28,512 |
| | <u>\$ 61,424</u> | <u>\$ 14,608</u> | <u>\$ 76,032</u> |

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Colorado Water Conservation Board

2008 Water Loan

On March 21, 2008, the Town issued a note with the Colorado Water Conservation Board in the original amount of \$252,500 for the replacement of Well #5. The loan is payable in 30 installments of \$13,729, including interest at 3.5%. Payments are due each October 1 through 2038. The loan matures as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|------------------|-------------------|
| 2018 | \$ 6,854 | \$ 6,875 | \$ 13,729 |
| 2019 | 7,094 | 6,635 | 13,729 |
| 2020 | 7,342 | 6,387 | 13,729 |
| 2021 | 7,599 | 6,130 | 13,729 |
| 2022 | 7,865 | 5,864 | 13,729 |
| 2023-2027 | 43,651 | 24,994 | 68,645 |
| 2028-2032 | 51,843 | 16,802 | 68,645 |
| 2033-2037 | 61,573 | 7,072 | 68,645 |
| 2038 | 2,608 | 91 | 2,699 |
| | <u>\$ 196,429</u> | <u>\$ 80,850</u> | <u>\$ 277,279</u> |

The Town is required to fund a Bond Reserve Account at the rate of \$1,373 annually beginning in 2009 and thereafter until the required reserve amount of \$13,729 is reached. At December 31, 2017, the Town had reserved \$12,356 towards the required amount.

The Town has pledged the revenue from the operation and use of the water system and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the loan. Additionally, the Town may only issue parity lien debt with the prior approval of the Colorado Water Conservation Board.

2015 Water Loan

On February 10, 2015, the Town issued a note with the Colorado Water Conservation Board up to an amount of \$1,454,400 for the replacement of Wells #3 and #6. The loan is payable in 30 annual installments of \$76,620, including interest at 3.25%. Payments are due after the project is substantially completed. During the year ended December 31, 2017, \$1,428,654 had been advanced to the Town.

TOWN OF BENNETT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Colorado Water Resources and Power Development Authority (CWR&PDA)

2006 Waste Water Loan

On July 14, 2006, the Town issued a note with the CWR&PDA, Water Pollution Control Revolving Loan, in the original amount of \$161,000. The proceeds of the loan were used to upgrade the existing wastewater treatment lagoons; including lining an existing pond and adding additional aerated capacity and biological treatment. The note is payable in semi-annual installments of \$5,827 beginning on May 1, 2007 through November 1, 2026, including interest at 3.75%. The loan matures as follows:

| | Principal | Interest | Total |
|-----------|-----------|-----------|------------|
| 2018 | \$ 8,420 | \$ 3,234 | \$ 11,654 |
| 2019 | 8,739 | 2,915 | 11,654 |
| 2020 | 9,069 | 2,585 | 11,654 |
| 2021 | 9,413 | 2,241 | 11,654 |
| 2022 | 9,769 | 1,885 | 11,654 |
| 2023-2027 | 42,917 | 3,699 | 46,616 |
| | \$ 88,327 | \$ 16,559 | \$ 104,886 |

A provision of the note with the CWR&PDA requires the net revenues (total revenues less operating expenses) be at least 110% of the annual debt service due in any one year. During the year ended December 31, 2017, the Town complied with the rate covenant.

Additionally, the note requires the Town to maintain an operations and reserve fund in an amount equal to three months of operations and maintenance expenses, excluding depreciation, as set forth in the annual budget for the current fiscal year. Accordingly, the Town has restricted \$115,188 of the Waste Water Fund's net position, calculated as follows:

| | 2017 Budget |
|---|----------------|
| Total Expenditures | \$ 6,985,750 |
| Less Capital Expenditures | (6,525,000) |
| Operations and Maintenance Expenditures | \$ 460,750 |
| 3 Months of Operations and Maintenance | \$ 115,188 |

The Town has pledged the revenue from the operation and use of the waste water system and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the note.

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Colorado Water Resources and Power Development Authority (CWR&PDA) (continued)

2016 Water Loan

On August 31, 2016, the Town issued a note with the CWR&PDA, Drinking Water Revolving Fund, in the original amount of \$2,500,000. The proceeds of the loan will be used to construct a new elevated water tank and provide hydraulic capacity to an existing tank, which will be removed from service. The note is payable in semi-annual installments of \$77,464 beginning on May 1, 2017 through November 1, 2036, including interest at 2.00%. The loan matures as follows:

| | Principal | Interest | Total |
|-----------|--------------|------------|--------------|
| 2018 | \$ 106,680 | \$ 48,248 | \$ 154,928 |
| 2019 | 108,824 | 46,104 | 154,928 |
| 2020 | 111,012 | 43,916 | 154,928 |
| 2021 | 113,243 | 41,685 | 154,928 |
| 2022 | 115,519 | 39,409 | 154,928 |
| 2023-2027 | 613,373 | 161,267 | 774,640 |
| 2028-2032 | 677,547 | 97,093 | 774,640 |
| 2033-2037 | 592,730 | 26,982 | 619,712 |
| | \$ 2,438,928 | \$ 504,704 | \$ 2,943,632 |

A provision of the note with the CWR&PDA requires the net revenues (total revenues less operating expenses) be at least 110% of the annual debt service due in any one year. During the year ended December 31, 2017, the Town complied with the rate covenant.

Additionally, the note requires the Town to maintain an operations and reserve fund in an amount equal to three months of operations and maintenance expenses, excluding depreciation, as set forth in the annual budget for the current fiscal year. Accordingly, the Town has restricted \$139,449 of the Water Fund's net position, calculated as follows:

| | 2017 Budget |
|---|----------------|
| Total Expenditures | \$ 1,287,524 |
| Less Capital Expenditures | (90,500) |
| Less Debt Service Expenditures | (184,515) |
| Less Contingency | (454,714) |
| Operations and Maintenance Expenditures | \$ 557,795 |
| 3 Months of Operations and Maintenance | \$ 139,449 |

TOWN OF BENNETT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Colorado Water Resources and Power Development Authority (CWR&PDA) (continued)

The Town has pledged the revenue from the operation and use of the water system and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the loan.

2017 Waste Water Loan

On September 22, 2017, the Town issued a note with the CWR&PDA, Water Pollution Control Revolving Loan, up to a maximum amount of \$2,500,000. The proceeds of the loan are being used for construction of a new mechanical wastewater treatment facility to replace the existing wastewater treatment lagoon system. During the year ended December 31, 2017, \$2,066,844 had been advanced to the Town. The note is payable beginning on November 1, 2018 through May 1, 2038. No interest is paid on the note if the project, when completed, is certified as a Green Project by the Water Quality Control Division of the Colorado Department of Health and Environment (WQCD). If the project is not so certified, the note will include interest at 2%.

A provision of the note with the CWR&PDA requires the net revenues (total revenues less operating expenses) be at least 110% of the annual debt service due in any one year.

The Town has pledged the revenue from the operation and use of the waste water system and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the note.

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Note 6. Long-term Obligations – Component Units

As discussed on Note 1, the Antelope Hills General Improvement District (the District), a separate legal entity, was created on August 24, 1999.

An analysis of changes in long-term obligations for the year ended December 31, 2017 follows:

| | Beginning Balance | Additions | Payments | Debt Forgiven | Ending Balance | Due Within One Year |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|------------------------|
| General Obligation Refunding Note, Series 2017 | \$ - | \$ 1,995,000 | \$ 75,949 | \$ - | \$ 1,919,051 | \$ 25,000 |
| Limited Tax General Obligation Bonds: | | | | | | |
| Series 2006 | | | | | | |
| Principal | 1,816,000 | - | 1,816,000 | - | - | - |
| Accrued Interest | 194,813 | 12,828 | 179,000 | 28,641 | - | - |
| Series 2000 | 1,900,000 | - | - | 1,900,000 | - | - |
| | <u>\$ 3,910,813</u> | <u>\$ 2,007,828</u> | <u>\$ 2,070,949</u> | <u>\$ 1,928,641</u> | <u>\$ 1,919,051</u> | <u>\$ 25,000</u> |

Antelope Hills General Improvement District 2017 General Obligation Refunding Note

On June 1, 2017 the Antelope Hills General Improvement District issued a General Obligation Refunding Note (the 2017 Note) in the original amount of \$1,995,000. The 2017 Note was issued to refund and pay the outstanding Series 2006 bonds, as described below, in the amount of \$1,816,000 plus accrued interest in the amount of \$179,000. In addition, the remaining accrued interest on the Series 2006 Bonds in the amount of \$28,641 and outstanding principal of the Series 2000 Bonds in the amount of \$1,900,000 are also deemed to be refunded and retired.

The 2017 Note bears interest of 5.50% and matures on December 1, 2040. The 2017 Note is subject to mandatory sinking fund redemption beginning on December 1, 2017 and continuing annually on each December 1 thereafter prior to the maturity date, upon payment of par and accrued interest, without redemption premium, in the amounts of \$25,000 per annum.

The Note is subject to redemption prior to maturity, at the option of the District, as a whole or in part, on any date thereafter, upon payment of par and accrued interest to the date of redemption.

The 2017 Note is secured by and payable solely from and to the extent of the Net Pledged Revenue, which includes the following, after the payment of costs for Allowable Operations

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Expenses which are limited to an initial amount of \$12,500, which may be increased 2% per year (up to a maximum of \$15,000):

- a) the District's covenant to levy the Limited Mill Levy on all taxable property in the District
- b) any specific ownership tax revenues attributable to the Limited Mill Levy
- c) revenues collected from the Facilities Fees imposed by the District
- d) any other legally available funds of the District

The Limited Mill Levy is defined as an ad valorem mill levy not less than 35 mills and not in excess of 36.71 mills. Such minimum and maximum mill levies are subject to adjustment due to changes in the method of calculating assessed valuation after the issuance of the 2017 Note. For the purposes of this provision, collection year 2017 shall be the base year for the ratio for assessment to actual valuation and for making any determination of mill levy equivalency.

Antelope Hills General Improvement District General Obligation Limited Tax Bonds, Series 2006

On April 5, 2006, the Antelope Hills General Improvement District issued General Obligation Limited Tax Bonds (the 2006 Bonds) in the original amount of \$2,337,500, consisting of one bond that is subject to mandatory sinking fund redemption beginning December 1, 2006 through December 1, 2030 in varying amounts. The bonds are subject to prior redemption in whole or in part prior to maturity at the option of the District on any date upon payment of par and accrued interest.

The bonds bear interest at a variable rate as follows. From the date of issuance through March 31, 2011, seventy-two percent (72%) of the sum of the monthly LIBOR Rate plus 2.0%. After April 1, 2011, the Bond Interest Rate is seventy-two percent (72%) of the sum of the monthly LIBOR Rate plus 4% and increasing 2% on each April 1 thereafter; provided, however, that the interest rate does not exceed 15%. For the year ending December 31, 2017, additional interest accrued in the amount of \$12,828.

As stated above, the 2006 Bonds principal and accrued interest were refunded and paid by the issuance of the 2017 Note.

Antelope Hills General Improvement District General Obligation Limited Tax Bonds, Series 2000

On December 15, 2000, the Antelope Hills General Improvement District issued General Obligation Limited Tax Bonds (the Series 2000 Bonds) in the original amount of \$1,900,000, consisting of one bond that is subject to mandatory sinking fund redemption beginning December 1, 2012 through December 1, 2030 in varying amounts, with interest payable semiannually on June 1 and December 1 at 12%.

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

The Bonds are subject to redemption prior to maturity, at the option of the District, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2012, and on any date thereafter, upon payment of par and accrued interest, with no redemption premium.

As stated above, the Series 2000 Bonds principal and accrued interest were deemed refunded and retired by the issuance of the 2017 Note.

Note 7. Interfund Transfers

Interfund transfers for the year ended December 31, 2017 are as follows:

| | <u>Transfers in</u> | |
|----------------------|---------------------|---------------|
| | <u>General Fund</u> | |
| <u>Transfers out</u> | | |
| Primary Government | | |
| Water Fund | \$ | 36,275 |
| Waste Water Fund | | 36,275 |
| | \$ | <u>72,550</u> |

Transfers between funds provide support for various Town programs in accordance with budgetary authorizations. During the year ended December 31, 2017, the Town made one-time transfers to the General Fund from the Water and Waste Water funds to cover administrative costs.

Note 8. Risk Management

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

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

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

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and those amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

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

Note 9. Commitments and Contingencies

Construction Commitment

The Town entered into several construction contracts during the fiscal year, which include construction of new Town Hall, street improvements and construction of new waste water treatment plant. As of December 31, 2017, the Town had outstanding construction contracts totaling \$3,702,766 that will be financed by a combination of operating, grant and loan funds, as follows:

| | <u>Construction Commitments</u> |
|------------------------------------|-------------------------------------|
| General Fund | \$ 376,658 |
| Sales Tax Capital Improvement Fund | 158,129 |
| Waste Water Fund | <u>3,167,979</u> |
| Total | <u>\$ 3,702,766</u> |

Grant Programs

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

TOWN OF BENNETT, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Note 10. Employee Retirement Plans

Defined Contribution Pension Plan

The Town participates in the Colorado County Officials and Employees Retirement Association (CCOERA), a multiple employer defined contribution plan, to which permanent employees contribute. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become plan members after one year of regular full-time, or regular part-time service. Under this plan, 3% of the plan members' compensation is withheld and remitted to the Plan Administrator along with a matching payment of 3% from the Town. Employees are immediately vested in their own contributions and earnings on those contributions. The Town's contributions, plus earnings, become vested at the rate of 25% per year, but are in any case fully vested when one of the following events occur:

- Age 55, the normal retirement age; or
- Death or total disability

Nonvested Town contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the year ended December 31, 2017, forfeitures reduced the Town's pension expense by \$4,216.

For the year ended December 31, 2017, employee contributions totaled \$32,402, and the Town recognized pension expense of \$28,186.

There is no liability for benefits under the plan beyond the Town's matching payments.

Deferred Compensation Plan

The Town has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by CCOERA. Participation in the plan is optional for all employees. The plan allows employees to defer a portion of their salary until future years.

Note 11. Tax Spending and Debt Limitations

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is

TOWN OF BENNETT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS December 31, 2017

generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

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

On November 5, 1996, a majority of the Town's electors authorized the Town to collect, retain and expend, without imposing any new taxes or increases in its present mill levy on general property or its sales and use tax rates, the full revenues generated by the Town's sales and use tax, non-federal grants, its existing mill levy and any other excess revenues, commencing January 1, 1995, and each subsequent year, notwithstanding and state restriction on fiscal year spending, including without limitation the restrictions of Article X, Section 20 of the Colorado Constitution and spent as a voter approved change and exception to the limits which would otherwise apply for: (a) street construction, repair, and maintenance; (b) capital improvements; (c) parks and recreation; (d) police protection; (e) storm drainage; (f) snow removal; (g) street sweeping; and (h) other municipal services.

On November 3, 2015, a majority of the Town's electors approved the following ballot issue:

Shall Town of Bennett taxes be increased \$600,000 in 2016 (first full fiscal year dollar increase) and then annually by whatever additional amounts are raised thereafter by the imposition of a sales tax at the rate of 1.00 % and shall Town of Bennett debt be increased \$5.7 million, with a maximum repayment cost of \$9.85 million; subject to the following: all or any portion of the net proceeds of the town sales tax, as determined by the Board of Trustees, may be deposited to the Town's sales tax capital improvement fund, which is hereby authorized to be created, to be collected, retained and spent to finance the construction, maintenance, repair, replacement, expansion, acquisition, rehabilitation and renovation of existing and planned streets and other street related capital improvements within the town as determined by Board of Trustees, or to pay debt service on debt issued for such purposes or to pay the costs of operating or maintaining improvements financed from the capital improvement fund; any portion of the net proceeds of such additional sales tax which are not deposited to the capital improvement fund shall be collected, retained and spent for operating or maintaining any existing or planned streets; the sales tax increase shall commence January 1, 2016 and be collected in addition to the Town's sales tax of 3.0% upon the Town's existing sales tax base; any such debt shall be payable from that portion of the Town sales taxes deposited to the Town's sales tax capital improvement fund; any such debt may be sold in one series or more, on terms and conditions as Board of Trustees

TOWN OF BENNETT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

may determine, including provisions for the redemption of the bonds prior to maturity with or without premium, any such debt may be refunded by the Town, provided that after the issuance of such refunding debt the total outstanding principal amount of all debt issued pursuant to this question does not exceed the maximum principal amount set forth above, and provided further that all debt issued by the Town pursuant to this question is issued on terms that do not exceed the repayment costs authorized in this question; and shall such tax revenues and the earnings thereon or on the investment of such debt proceeds (regardless of amount) constitute a voter-approved revenue change and an exception to the revenue and spending limits of Article X, Section 20 of the Colorado Constitution?

Note 12. Subsequent Event

On March 5, 2018, the Town issued a note with the CWR&PDA, Water Pollution Control Revolving Loan, up to a maximum amount of \$3,500,000. The proceeds of the note provide additional funds towards the construction of a new mechanical wastewater treatment facility to replace the existing wastewater treatment lagoon system. The note is payable beginning on November 1, 2018 through May 1, 2038, including interest at 1.89%.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BENNETT, COLORADO

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2016 Actual |
|--------------------------------|--|---------------------------|---|------------------------|
| Revenues | | | | |
| Taxes | | | | |
| Property Tax | \$ 265,540 | \$ 265,862 | \$ 322 | \$ 263,972 |
| Sales Tax | 2,132,970 | 2,035,148 | (97,822) | 1,869,811 |
| Cigarette Tax | 5,900 | 6,199 | 299 | 5,839 |
| Franchise Tax | 71,500 | 68,288 | (3,212) | 66,405 |
| Severance Tax | 6,600 | 3,135 | (3,465) | 4,666 |
| Subtotal Taxes | <u>2,482,510</u> | <u>2,378,632</u> | <u>(103,878)</u> | <u>2,210,693</u> |
| Intergovernmental | | | | |
| Grants | 675,875 | 693,327 | 17,452 | 223,786 |
| Open Space Shareback | 35,530 | 39,034 | 3,504 | 36,079 |
| Subtotal Intergovernmental | <u>711,405</u> | <u>732,361</u> | <u>20,956</u> | <u>259,865</u> |
| Licenses and Permits | | | | |
| Building Permits | 141,545 | 59,459 | (82,086) | 37,429 |
| Plan Reviews | 84,705 | 19,481 | (65,224) | 14,864 |
| Animal Licenses | 350 | 445 | 95 | 245 |
| Liquor Licenses | 2,045 | 823 | (1,222) | 898 |
| Miscellaneous | 2,510 | 2,923 | 413 | 1,747 |
| Subtotal Licenses and Permits | <u>231,155</u> | <u>83,131</u> | <u>(148,024)</u> | <u>55,183</u> |
| Charges for Services | | | | |
| Rentals | 28,210 | 30,107 | 1,897 | 19,305 |
| Internal Departmental Charges | 280,815 | 273,281 | (7,534) | 183,940 |
| Other | 750 | 65 | (685) | 230 |
| Subtotal Charges for Services | <u>309,775</u> | <u>303,453</u> | <u>(6,322)</u> | <u>203,475</u> |
| Fines and Forfeitures | | | | |
| Court Costs | 3,000 | 22,936 | 19,936 | 22,501 |
| Court Fines | 6,250 | 185 | (6,065) | - |
| Traffic Fines | 21,000 | - | (21,000) | 2,340 |
| Court Bonds/Restitution Fees | - | 85 | 85 | 150 |
| Subtotal Fines and Forfeitures | <u>30,250</u> | <u>23,206</u> | <u>(7,044)</u> | <u>24,991</u> |
| Impact Fees | 474,875 | 16,479 | (458,396) | 13,739 |
| Capital Credits | 7,000 | 9,090 | 2,090 | 8,598 |
| Contributions | 32,500 | 72,692 | 40,192 | 35,417 |
| Net Investment Income | 460 | 1,392 | 932 | 1,131 |
| Other | 25,650 | 72,855 | 47,205 | 49,544 |
| Total Revenues | <u>4,305,580</u> | <u>3,693,291</u> | <u>(612,289)</u> | <u>2,862,636</u> |

(Continued)

TOWN OF BENNETT, COLORADO

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

(Continued)

| Expenditures | Original and Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2016 Actual |
|---|--|---------------------------|---|------------------------|
| Current: | | | | |
| General Government | | | | |
| Administration | \$ 348,695 | \$ 380,803 | \$ (32,108) | \$ 334,233 |
| Finance | 187,370 | 199,516 | (12,146) | 238,700 |
| Boards and Commissions | 59,565 | 58,746 | 819 | 56,270 |
| Town Clerk | 129,155 | 130,532 | (1,377) | 131,587 |
| Municipal Court | 22,555 | 16,837 | 5,718 | 17,351 |
| Community Development | 472,960 | 319,349 | 153,611 | 342,413 |
| Economic Development | 206,000 | 212,332 | (6,332) | 205,931 |
| Information Technology | 82,960 | 64,238 | 18,722 | 79,532 |
| Internal Services | 175,950 | 218,617 | (42,667) | 306,567 |
| Miscellaneous | 58,245 | - | 58,245 | - |
| Subtotal General Government | <u>1,743,455</u> | <u>1,600,970</u> | <u>142,485</u> | <u>1,712,584</u> |
| Public Safety | <u>405,720</u> | <u>394,736</u> | <u>10,984</u> | <u>391,494</u> |
| Public Works | | | | |
| Parks | 201,590 | 147,037 | 54,553 | 119,630 |
| Public Buildings and Grounds | 141,300 | 216,442 | (75,142) | 227,881 |
| Public Works Internal Services | 314,895 | 327,946 | (13,051) | - |
| Subtotal Public Works | <u>657,785</u> | <u>691,425</u> | <u>(33,640)</u> | <u>347,511</u> |
| Capital Outlay | <u>2,173,352</u> | <u>1,871,638</u> | <u>301,714</u> | <u>437,074</u> |
| Debt service | | | | |
| Principal | - | 76,700 | (76,700) | - |
| Interest | - | 24,140 | (24,140) | - |
| Loan Issue Costs | - | 53,898 | (53,898) | - |
| Subtotal Debt Service | <u>-</u> | <u>154,738</u> | <u>(154,738)</u> | <u>-</u> |
| Total Expenditures | <u>4,980,312</u> | <u>4,713,507</u> | <u>266,805</u> | <u>2,888,663</u> |
| Excess Revenues Over (Under) | | | | |
| Expenditures | <u>(674,732)</u> | <u>(1,020,216)</u> | <u>(345,484)</u> | <u>(26,027)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 78,475 | 72,550 | (5,925) | 179,520 |
| Lease Proceeds | 850,000 | 1,454,400 | 604,400 | - |
| Total Other Financing Sources (Uses) | <u>928,475</u> | <u>1,526,950</u> | <u>598,475</u> | <u>179,520</u> |
| Net Change in Fund Balance | <u>253,743</u> | <u>506,734</u> | <u>252,991</u> | <u>153,493</u> |
| Fund Balance - Beginning | <u>1,281,272</u> | <u>1,379,787</u> | <u>98,515</u> | <u>1,226,294</u> |
| Fund Balance - Ending | <u>\$ 1,535,015</u> | <u>\$ 1,886,521</u> | <u>\$ 351,506</u> | <u>\$ 1,379,787</u> |

See the Independent Auditor's Report

TOWN OF BENNETT, COLORADO

**CONSERVATION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> | <u>2016 Actual</u> |
|-----------------------------------|----------------------------|-------------------------|---------------------------|---|------------------------|
| Revenues | | | | | |
| Lottery | \$ 13,000 | \$ 14,161 | \$ 14,161 | \$ - | \$ 15,771 |
| Net Investment Income | - | 322 | 322 | - | 94 |
| Total Revenues | <u>13,000</u> | <u>14,483</u> | <u>14,483</u> | <u>-</u> | <u>15,865</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Parks | 13,000 | 53,041 | 53,041 | - | 4,020 |
| Net Change in Fund Balance | - | (38,558) | (38,558) | - | 11,845 |
| Fund Balance - Beginning | - | 38,558 | 38,558 | - | 26,713 |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 38,558</u> |

See the Independent Auditor's Report

TOWN OF BENNETT, COLORADO

**CEMETERY FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

| | Original and Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2016 Actual |
|-----------------------------------|--|---------------------------|---|-------------------------|
| Revenues | | | | |
| Charges for Services | \$ 6,800 | \$ 9,700 | \$ 2,900 | \$ 5,350 |
| Net Investment Income | 95 | - | (95) | - |
| Miscellaneous | - | 500 | 500 | - |
| Total Revenues | <u>6,895</u> | <u>10,200</u> | <u>3,305</u> | <u>5,350</u> |
| Expenditures | | | | |
| Current: | | | | |
| Public Works | <u>8,680</u> | <u>8,671</u> | <u>9</u> | <u>6,163</u> |
| Net Change in Fund Balance | (1,785) | 1,529 | 3,314 | (813) |
| Fund Balance - Beginning | 51,580 | 52,223 | 643 | 53,036 |
| Fund Balance - Ending | <u>\$ 49,795</u> | <u>\$ 53,752</u> | <u>\$ 3,957</u> | <u>\$ 52,223</u> |

See the Independent Auditor's Report

TOWN OF BENNETT, COLORADO

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2017**

Note 1: Stewardship, Compliance and Accountability

A. Budgetary Information

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

By October 15, the Treasurer (not an elected official) of the Town submits a proposed operating budget for the fiscal year commencing the following January 1 to the Trustees (elected officials). The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing.

Public hearings are held at the regular Trustee meetings to obtain taxpayer input. Prior to December 15, the budget is legally enacted through passage of a budget ordinance. Expenditures may not exceed appropriations at the fund level.

The Town Treasurer is authorized to transfer budgeted amounts within a department of any fund. The Trustees must approve revisions that change total expenditures of any fund or department within a fund.

The appropriation can only be modified upon completion of notification and publication requirements.

The Town amended its annual budget for the Conservation Trust Fund, the Road and Bridge Fund, the Capital Improvement Fund and the Water Fund for the year ended December 31, 2017. The Antelope Hills General Improvement District budget for the Debt Service Fund was also amended.

SUPPLEMENTARY INFORMATION

TOWN OF BENNETT, COLORADO

**ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(With Comparative Totals for the Year Ended December 31, 2016)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2016 Actual |
|-----------------------------------|----------------------------|-------------------------|---------------------------|---|------------------------|
| Revenues | | | | | |
| Specific Ownership Tax | \$ 20,300 | \$ 24,929 | \$ 24,929 | \$ - | \$ 21,365 |
| Highway Users Tax | 64,000 | 70,976 | 70,976 | - | 69,916 |
| County Road and Bridge Tax | 75,000 | 92,288 | 92,288 | - | 84,376 |
| Motor Vehicle Registration Fees | 7,700 | 8,839 | 8,839 | - | 8,446 |
| Motor Vehicle Tax | 300 | - | - | - | - |
| Net Investment Income | 220 | - | - | - | - |
| Miscellaneous | - | 95,000 | 95,000 | - | - |
| Total Revenues | 167,520 | 292,032 | 292,032 | - | 184,103 |
| Expenditures | | | | | |
| Current: | | | | | |
| Public Works | 179,385 | 220,156 | 220,156 | - | 243,262 |
| Capital Outlay | - | 15,562 | 15,562 | - | 71,500 |
| Total Expenditures | 179,385 | 235,718 | 235,718 | - | 314,762 |
| Net Change in Fund Balance | (11,865) | 56,314 | 56,314 | - | (130,659) |
| Fund Balance - Beginning | 11,865 | 77,363 | 77,363 | - | 208,022 |
| Fund Balance - Ending | \$ - | \$ 133,677 | \$ 133,677 | \$ - | \$ 77,363 |

See the Independent Auditor's Report

TOWN OF BENNETT, COLORADO

**SALES TAX CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2016 Actual |
|--------------------------------------|----------------------------|----------------------------|----------------------------|---|----------------------------|
| Revenues | | | | | |
| Sales Tax | \$ 645,020 | \$ 663,419 | \$ 663,419 | \$ - | \$ 615,584 |
| Net Investment Income | 2,000 | 11,590 | 11,590 | - | 19,685 |
| Total Revenues | <u>647,020</u> | <u>675,009</u> | <u>675,009</u> | <u>-</u> | <u>635,269</u> |
| Expenditures | | | | | |
| Debt Service | | | | | |
| Debt Service-Principal | - | 130,000 | 130,000 | - | 200,000 |
| Debt Service-Interest | 360,000 | 214,200 | 214,200 | - | 133,344 |
| Bond Issue Costs | - | - | - | - | 138,595 |
| Capital Outlay | 275,000 | 492,474 | 492,474 | - | 5,247,789 |
| Total Expenditures | <u>635,000</u> | <u>836,674</u> | <u>836,674</u> | <u>-</u> | <u>5,719,728</u> |
| Excess Revenues Over (Under) | | | | | |
| Expenditures | <u>12,020</u> | <u>(161,665)</u> | <u>(161,665)</u> | <u>-</u> | <u>(5,084,459)</u> |
| Other Financing Sources | | | | | |
| Sales Tax Revenue Bonds Issued | - | - | - | - | 5,700,000 |
| Premium on Sales Tax Revenue Bonds | - | - | - | - | 558,179 |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>6,258,179</u> |
| Net Change in Fund Balance | <u>12,020</u> | <u>(161,665)</u> | <u>(161,665)</u> | <u>-</u> | <u>1,173,720</u> |
| Fund Balance - Beginning | <u>662,800</u> | <u>1,173,720</u> | <u>1,173,720</u> | <u>-</u> | <u>-</u> |
| Fund Balance - Ending | <u><u>\$ 674,820</u></u> | <u><u>\$ 1,012,055</u></u> | <u><u>\$ 1,012,055</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 1,173,720</u></u> |

See the Independent Auditor's Report

TOWN OF BENNETT, COLORADO

WATER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**

For the Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> | <u>2016 Actual</u> |
|---|----------------------------|-------------------------|---------------------------|---|------------------------|
| Revenues | | | | | |
| Water Sales | \$ 804,635 | \$ 919,377 | \$ 919,377 | \$ - | \$ 763,185 |
| Bulk Water | 500 | 48 | 48 | - | 3,898 |
| Water Development Fees | 1,259,900 | 205,200 | 205,200 | - | 45,700 |
| Grants | - | 5,000 | 5,000 | - | - |
| Loan Proceeds | - | 240,931 | 240,931 | - | 2,698,249 |
| Net Investment Income | 300 | - | - | - | - |
| Other | 12,750 | 46,300 | 46,300 | - | 33,282 |
| Total Revenues | <u>2,078,085</u> | <u>1,416,856</u> | <u>1,416,856</u> | <u>-</u> | <u>3,544,314</u> |
| Expenditures | | | | | |
| Personnel | 95,890 | 100,007 | 100,007 | - | 170,595 |
| Operations | 323,880 | 257,957 | 257,957 | - | 377,558 |
| Professional Services | 101,750 | 75,516 | 75,516 | - | 126,755 |
| Capital Outlay | 90,500 | 2,539,963 | 2,539,963 | - | 857,604 |
| Debt Service-Principal | 184,515 | 70,410 | 70,410 | - | 8,985 |
| Debt Service-Interest | - | 81,322 | 81,322 | - | 62,769 |
| Contingency | 454,714 | - | - | - | - |
| Transfers Out | 36,275 | 36,275 | 36,275 | - | 134,640 |
| Total Expenditures | <u>1,287,524</u> | <u>3,161,450</u> | <u>3,161,450</u> | <u>-</u> | <u>1,738,906</u> |
| Excess Revenues Over (Under) | | | | | |
| Expenditures | 790,561 | (1,744,594) | (1,744,594) | - | 1,805,408 |
| Funds Available - Beginning | <u>581,434</u> | <u>2,363,342</u> | <u>2,363,342</u> | <u>-</u> | <u>557,934</u> |
| Funds Available - Ending | <u>\$ 1,371,995</u> | <u>\$ 618,748</u> | <u>\$ 618,748</u> | <u>\$ -</u> | <u>\$ 2,363,342</u> |
| Funds Available is Computed as Follows: | | | | | |
| Current Assets | | | \$ 871,938 | | \$ 2,771,268 |
| Current Liabilities | | | (369,575) | | (478,336) |
| Add Current Portion of Long-Term Debt | | | <u>116,385</u> | | <u>70,410</u> |
| | | | <u>\$ 618,748</u> | | <u>\$ 2,363,342</u> |

See the Independent Auditor's Report

TOWN OF BENNETT, COLORADO

WASTE WATER FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -
BUDGET AND ACTUAL (BUDGETARY BASIS)**

For the Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

| | Original and Final Budget | Actual Amounts | Variance with Final Budget - Positive (Negative) | 2016 Actual |
|---|--|---------------------------|---|------------------------|
| Revenues | | | | |
| Service Fees | \$ 733,985 | \$ 743,004 | \$ 9,019 | \$ 487,860 |
| Waste Water Development Fees | 441,740 | 11,160 | (430,580) | 9,930 |
| Net Investment Income | 50 | - | (50) | - |
| Loan Proceeds | 5,500,000 | 2,066,844 | (3,433,156) | - |
| Grant Revenues | 1,000,000 | 645,983 | (354,017) | 467,791 |
| Other | 14,420 | 12,897 | (1,523) | 7,305 |
| Total Revenues | 7,690,195 | 3,479,888 | (4,210,307) | 972,886 |
| Expenditures | | | | |
| Personnel | 98,225 | 102,170 | (3,945) | 115,824 |
| Operations | 174,750 | 148,248 | 26,502 | 113,916 |
| Professional Services | 61,500 | 27,598 | 33,902 | 43,598 |
| Capital Outlay | 6,525,000 | 2,720,243 | 3,804,757 | 500,146 |
| Debt Service-Principal | - | 14,239 | (14,239) | 13,651 |
| Debt Service-Interest | - | 6,766 | (6,766) | 7,360 |
| Transfers Out | 36,275 | 36,275 | - | 44,880 |
| Total Expenditures | 6,895,750 | 3,055,539 | 3,840,211 | 839,375 |
| Excess Revenues Over (Under) | | | | |
| Expenditures | 794,445 | 424,349 | (370,096) | 133,511 |
| Funds Available - Beginning | 401,550 | 381,987 | (19,563) | 248,476 |
| Funds Available - Ending | \$ 1,195,995 | \$ 806,336 | \$ (389,659) | \$ 381,987 |
| Funds Available is Computed as Follows: | | | | |
| Current Assets | | \$ 2,030,128 | | \$ 448,887 |
| Current Liabilities | | (1,238,644) | | (81,139) |
| Add Current Portion of Long-Term Debt | | 14,852 | | 14,239 |
| | | \$ 806,336 | | \$ 381,987 |

See the Independent Auditor's Report

COMPONENT UNITS

TOWN OF BENNETT, COLORADO

**COMBINING BALANCE SHEET
COMPONENT UNITS
December 31, 2017**

| | General Improvement Districts | | |
|---|-------------------------------|----------------------|----------------|
| | Antelope Hills | | Total |
| | General Fund | Debt Service Fund | |
| Assets | | | |
| Cash and Investments | \$ 74,883 | \$ 730 | \$ 75,613 |
| Cash with County Treasurer | - | 1,066 | 1,066 |
| Property Taxes Receivable | - | 178,455 | 178,455 |
| Total Assets | \$ 74,883 | \$ 180,251 | \$ 255,134 |
| Deferred Inflows of Resources | | | |
| Property Taxes | \$ - | \$ 178,455 | \$ 178,455 |
| Fund Balances | | | |
| Restricted for TABOR Emergencies | 375 | - | 375 |
| Restricted for Debt Service | - | 1,796 | 1,796 |
| Unassigned | 74,508 | - | 74,508 |
| Total Fund Balances | 74,883 | 1,796 | 76,679 |
| Total Deferred Inflows of Resources and Fund Balances | \$ 74,883 | \$ 180,251 | \$ 255,134 |
| Amounts reported for governmental activities in the statement of net position are different because: | | | |
| Total Fund Balances - Component Units | \$ 74,883 | \$ 1,796 | \$ 76,679 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds | - | (1,919,051) | (1,919,051) |
| Net Position - Governmental Activities | \$ 74,883 | \$ (1,917,255) | \$ (1,842,372) |

See the Independent Auditor's Report

| Penrith Park | | |
|---------------------|----------|-----------------------|
| General | | Total |
| Fund | | |
| \$ | - | \$ 75,613 |
| | - | 1,066 |
| | - | 178,455 |
| <u>\$</u> | <u>-</u> | <u>\$ 255,134</u> |
| | | |
| <u>\$</u> | <u>-</u> | <u>\$ 178,455</u> |
| | - | 375 |
| | - | 1,796 |
| | - | 74,508 |
| | - | 76,679 |
| <u>\$</u> | <u>-</u> | <u>\$ 255,134</u> |
| | | |
| \$ | - | \$ 76,679 |
| | - | (1,919,051) |
| <u>\$</u> | <u>-</u> | <u>\$ (1,842,372)</u> |

TOWN OF BENNETT, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

COMPONENT UNITS

For the Year Ended December 31, 2017

| | General Improvement Districts | | |
|--|--------------------------------------|------------------------------|------------------|
| | Antelope Hills | | |
| | General Fund | Debt Service Fund | Total |
| Revenues | | | |
| Property Taxes | \$ - | \$ 158,103 | \$ 158,103 |
| Specific Ownership Taxes | - | 13,455 | 13,455 |
| Building Permits | - | 14,000 | 14,000 |
| Net Investment Income | - | 119 | 119 |
| Total Revenues | - | 185,677 | 185,677 |
| Expenditures | | | |
| Current | | | |
| Administrative | 3,223 | - | 3,223 |
| Treasurer's Fees | - | 2,372 | 2,372 |
| Payment to Town of Bennett | - | - | - |
| Debt Service | | | |
| Principal | - | 75,949 | 75,949 |
| Interest | - | 98,907 | 98,907 |
| Fees | - | 1,475 | 1,475 |
| Total Expenditures | 3,223 | 178,703 | 181,926 |
| Excess Revenues Over (Under) Expenditures | (3,223) | 6,974 | 3,751 |
| Other Financing Sources (Uses) | | | |
| Transfers In (Out) | 12,485 | (12,485) | - |
| Proceeds from Refunding Note | - | 1,995,000 | 1,995,000 |
| Bond Refunding-Principal | - | (1,816,000) | (1,816,000) |
| Bond Refunding-Accrued Interest | - | (179,000) | (179,000) |
| Total Other Financing Sources (Uses) | 12,485 | (12,485) | - |
| Net Change in Fund Balances | 9,262 | (5,511) | 3,751 |
| Fund Balances - Beginning | 65,621 | 7,307 | 72,928 |
| Fund Balances - Ending | \$ 74,883 | \$ 1,796 | \$ 76,679 |

See the Independent Auditor's Report

| Penrith Park | | |
|---------------------|----|--------------|
| General | | |
| Fund | | Total |
| \$ 60 | \$ | 158,163 |
| 6 | | 13,461 |
| - | | 14,000 |
| - | | 119 |
| 66 | | 185,743 |
| 1,496 | | 4,719 |
| 1 | | 2,373 |
| 1,996 | | 1,996 |
| - | | 75,949 |
| - | | 98,907 |
| - | | 1,475 |
| 3,493 | | 185,419 |
| (3,427) | | 324 |
| - | | - |
| - | | 1,995,000 |
| - | | (1,816,000) |
| - | | (179,000) |
| - | | - |
| (3,427) | | 324 |
| 3,427 | | 76,355 |
| \$ - | \$ | 76,679 |

TOWN OF BENNETT, COLORADO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

COMPONENT UNITS

For the Year Ended December 31, 2017

Net Change in Fund Balances - Governmental Funds \$ 324

Amounts reported for governmental activities in the statement of activities are different because:

Long-term debt (e.g., issuance of bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

| | | |
|---|-------------|-----------|
| Proceeds from Refunding Note | (1,995,000) | |
| Principal Payment - Refunding Note | 75,949 | |
| Principal Payment - Series 2006 Bonds | 1,816,000 | |
| Interest Payment - Series 2006 Bonds | 179,000 | |
| Forgiveness of Debt - Series 2000 Bonds | 1,900,000 | |
| Forgiveness of Debt - Accrued Interest | 28,641 | 2,004,590 |

Interest expense in the statement of activities differs from the amount reported in governmental funds because of additional accrued and accreted interest, amortization of bond premiums, issue costs and refunding losses.

| | |
|--|----------|
| Change in accrued interest on long-term debt | (12,828) |
|--|----------|

Change in Net Position - Governmental Activities \$ 1,992,086

TOWN OF BENNETT, COLORADO

**ANTELOPE HILLS GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

| | Original and Final Budget | Actual | Variance with Final Budget - Positive (Negative) | 2016 Actual |
|--|--|------------------|---|------------------------|
| Expenditures | | | | |
| Current: | | | | |
| Accounting | \$ 5,000 | \$ - | \$ 5,000 | \$ - |
| Audit | 500 | 500 | - | 760 |
| Legal | 1,500 | 2,723 | (1,223) | - |
| Miscellaneous | 2,500 | - | 2,500 | - |
| Total Expenditures | 9,500 | 3,223 | 6,277 | 760 |
| Excess Revenues Over (Under) Expenditures | (9,500) | (3,223) | 6,277 | (760) |
| Other Financing Sources | | | | |
| Transfers In | 12,485 | 12,485 | - | 12,240 |
| Net Change in Fund Balance | 2,985 | 9,262 | 6,277 | 11,480 |
| Fund Balance - Beginning | 57,234 | 65,621 | 8,387 | 54,141 |
| Fund Balance - Ending | \$ 60,219 | \$ 74,883 | \$ 14,664 | \$ 65,621 |

See the Independent Auditor's Report

TOWN OF BENNETT, COLORADO

**ANTELOPE HILLS GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND - BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

| | Original Budget | Final Budget | Actual | Variance with Final Budget - Positive (Negative) | 2016 Actual |
|--|----------------------------|-------------------------|-----------------|---|------------------------|
| Revenues | | | | | |
| Property Taxes | \$ 157,131 | \$ 158,103 | \$ 158,103 | \$ - | \$ 157,205 |
| Specific Ownership Taxes | 8,250 | 13,455 | 13,455 | - | 11,999 |
| Building Permits | - | 14,000 | 14,000 | - | - |
| Net Investment Income | 150 | 119 | 119 | - | 68 |
| Total Revenues | 165,531 | 185,677 | 185,677 | - | 169,272 |
| Expenditures | | | | | |
| Debt Service: | | | | | |
| Treasurer's Fees | 3,143 | 3,143 | 2,372 | 771 | 2,358 |
| Bond Principal | 65,000 | 75,949 | 75,949 | - | 65,000 |
| Bond Interest | 77,039 | 98,907 | 98,907 | - | 89,348 |
| Paying Agent Fees | 650 | 1,475 | 1,475 | - | 900 |
| Total Expenditures | 145,832 | 179,474 | 178,703 | 771 | 157,606 |
| Excess Revenues Over (Under) Expenditures | 19,699 | 6,203 | 6,974 | 771 | 11,666 |
| Other Financing Sources (Uses) | | | | | |
| Proceeds from Refunding Note | - | 1,995,000 | 1,995,000 | - | - |
| Bond Refunding-Principal | - | (1,816,000) | (1,816,000) | - | - |
| Bond Refunding-Accrued Interest | - | (179,000) | (179,000) | - | - |
| Transfers Out | - | (12,485) | (12,485) | - | (12,240) |
| Net Change in Fund Balance | 19,699 | (6,282) | (5,511) | 771 | (574) |
| Fund Balance - Beginning | 35,946 | 7,307 | 7,307 | - | 7,881 |
| Fund Balance - Ending | \$ 55,645 | \$ 1,025 | \$ 1,796 | \$ 771 | \$ 7,307 |

See the Independent Auditor's Report

TOWN OF BENNETT, COLORADO

**PENRITH PARK GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

| | Original and Final Budget | Actual | Variance with Final Budget - Positive (Negative) | 2016 Actual |
|-----------------------------------|--|----------------|---|------------------------|
| Revenues | | | | |
| Property Taxes | \$ 60 | \$ 60 | \$ - | \$ 60 |
| Specific Ownership Taxes | 85 | 6 | (79) | 5 |
| Developer Contribution | 20,000 | - | (20,000) | - |
| Total Revenues | 20,145 | 66 | (20,079) | 65 |
| Expenditures | | | | |
| Current: | | | | |
| Administrative | 21,480 | 1,496 | 19,984 | 531 |
| Treasurer's Fees | 20 | 1 | 19 | 1 |
| Payment to Town of Bennett | - | 1,996 | (1,996) | - |
| Total Expenditures | 21,500 | 3,493 | 18,007 | 532 |
| Net Change in Fund Balance | (1,355) | (3,427) | (2,072) | (467) |
| Fund Balance - Beginning | 3,549 | 3,427 | (122) | 3,894 |
| Fund Balance - Ending | \$ 2,194 | \$ - | \$ (2,194) | \$ 3,427 |

See the Independent Auditor's Report

TOWN OF BENNETT, COLORADO

**PENRITH PARK GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND - BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

| | Original and Final Budget | Actual | Variance with Final Budget - Positive (Negative) | 2016 Actual |
|---|--|---------------|---|------------------------|
| Revenues | | | | |
| Net Investment Income | \$ 300 | \$ - | \$ (300) | \$ - |
| Expenditures | | | | |
| Current: | | | | |
| Administrative | 425 | - | 425 | - |
| Debt Service: | | | | |
| Interest | 52,500 | - | 52,500 | - |
| Fees | 75 | - | 75 | - |
| Total Expenditures | 53,000 | - | 53,000 | - |
| Excess of Expenditures over Revenues | (52,700) | - | 52,700 | - |
| Other Financing Sources | | | | |
| Transfers In | 150,000 | - | (150,000) | - |
| Net Change in Fund Balance | 97,300 | - | (97,300) | - |
| Fund Balance - Beginning | - | - | - | - |
| Fund Balance - Ending | \$ 97,300 | \$ - | \$ (97,300) | \$ - |

See the Independent Auditor's Report

TOWN OF BENNETT, COLORADO

**PENRITH PARK GENERAL IMPROVEMENT DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND - BUDGET AND ACTUAL**

For the Year Ended December 31, 2017

(With Comparative Totals for the Year Ended December 31, 2016)

| | Original and Final Budget | Actual | Variance with Final Budget - Positive (Negative) | 2016 Actual |
|---|--|---------------|---|------------------------|
| Revenues | | | | |
| Developer Contribution | \$ 2,594,000 | \$ - | \$ (2,594,000) | \$ - |
| Expenditures | | | | |
| Current: | | | | |
| Administrative | 19,000 | - | 19,000 | - |
| Capital Outlay: | | | | |
| Streets | 1,654,164 | - | 1,654,164 | - |
| Water | 1,291,219 | - | 1,291,219 | - |
| Sewer | 634,621 | - | 634,621 | - |
| Storm Drainage | 284,996 | - | 284,996 | - |
| Debt Service: | | | | |
| Bond Issue Costs | 60,000 | - | 60,000 | - |
| Total Expenditures | 3,944,000 | - | 3,944,000 | - |
| Excess of Expenditures over Revenues | (1,350,000) | - | 1,350,000 | - |
| Other Financing Sources (Uses) | | | | |
| Bond Proceeds | 1,500,000 | - | (1,500,000) | - |
| Transfers Out | (150,000) | - | 150,000 | - |
| Total Other Financing Sources (Uses) | 1,350,000 | - | (1,350,000) | - |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balance - Beginning | - | - | - | - |
| Fund Balance - Ending | \$ - | \$ - | \$ - | \$ - |

See the Independent Auditor's Report

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

| | | |
|--|------------------------|-----------------------------------|
| LOCAL HIGHWAY FINANCE REPORT | | City or County: Bennett |
| | | YEAR ENDING : December 2017 |
| This Information From The Records Of Town of Bennett | Prepared By: Phone: | Danette Ruvalcaba 303-644-3249 |

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) | 414,114 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 31,887 |
| 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 | | b. Snow and ice removal | 0 |
| 3. Other local imposts (from page 2) | 780,979 | c. Other | 157,630 |
| 4. Miscellaneous local receipts (from page 2) | 106,590 | d. Total (a. through c.) | 157,630 |
| 5. Transfers from toll facilities | | 4. General administration & miscellaneous | 124,356 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | |
| a. Bonds - Original Issues | 0 | 6. Total (1 through 5) | 727,987 |
| b. Bonds - Refunding Issues | | B. Debt service on local obligations: | |
| c. Notes | | 1. Bonds: | |
| d. Total (a. + b. + c.) | 0 | a. Interest | 214,200 |
| 7. Total (1 through 6) | 887,569 | b. Redemption | 130,000 |
| B. Private Contributions | | c. Total (a. + b.) | 344,200 |
| C. Receipts from State government (from page 2) | 79,815 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 0 | a. Interest | |
| E. Total receipts (A.7 + B + C + D) | 967,384 | b. Redemption | |
| | | c. Total (a. + b.) | 0 |
| | | 3. Total (1.c + 2.c) | 344,200 |
| | | C. Payments to State for highways | |
| | | D. Payments to toll facilities | |
| | | E. Total disbursements (A.6 + B.3 + C + D) | 1,072,187 |

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

| | Opening Debt | Amount Issued | Redemptions | Closing Debt |
|------------------------------|--------------|---------------|-------------|--------------|
| A. Bonds (Total) | 5,500,000 | 0 | 130,000 | 5,370,000 |
| 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 |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | 1,250,739 | 967,384 | 1,072,187 | 1,145,936 | 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 | | a. Interest on investments | 11,590 |
| b. Other local imposts: | | b. Traffic Fines & Penalties | |
| 1. Sales Taxes | 663,419 | c. Parking Garage Fees | |
| 2. Infrastructure & Impact Fees | | d. Parking Meter Fees | |
| 3. Liens | | e. Sale of Surplus Property | |
| 4. Licenses | | f. Charges for Services | |
| 5. Specific Ownership &/or Other | 117,560 | g. Other Misc. Receipts | 95,000 |
| 6. Total (1. through 5.) | 780,979 | h. Other | |
| c. Total (a. + b.) | 780,979 | i. Total (a. through h.) | 106,590 |
| | (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 | 70,976 | 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 | 8,839 | 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.) | 8,839 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 79,815 | 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 | | 99,086 | 99,086 |
| c. Construction: | | | |
| (1). New Facilities | | | 0 |
| (2). Capacity Improvements | | | 0 |
| (3). System Preservation | | 295,272 | 295,272 |
| (4). System Enhancement & Operation | | 19,756 | 19,756 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 315,028 | 315,028 |
| d. Total Capital Outlay (Lines I.a. + I.b. + I.c.5) | 0 | 414,114 | 414,114 |
| | | | (Carry forward to page 1) |
| Notes and Comments: | | | |

OTHER INFORMATION

TOWN OF BENNETT, COLORADO

**SCHEDULES OF FUTURE DEBT SERVICE REQUIREMENTS
December 31, 2017**

**\$50,000 Energy/Mineral Impact Assistance Loan
Water Fund - Dated April 29, 2004**

| Year | Rate | Principal | Interest | Total |
|------|-------|------------------|-----------------|------------------|
| 2018 | 5.000 | \$ 2,851 | \$ 1,161 | \$ 4,012 |
| 2019 | 5.000 | 2,994 | 1,018 | 4,012 |
| 2020 | 5.000 | 3,144 | 868 | 4,012 |
| 2021 | 5.000 | 3,301 | 711 | 4,012 |
| 2022 | 5.000 | 3,466 | 546 | 4,012 |
| 2023 | 5.000 | 3,639 | 373 | 4,012 |
| 2024 | 5.000 | 3,819 | 193 | 4,012 |
| 2025 | - | - | - | - |
| 2026 | - | - | - | - |
| | | <u>\$ 23,214</u> | <u>\$ 4,870</u> | <u>\$ 28,084</u> |

**\$161,000 Colorado Water Resources and
Power Development Authority
Waste Water Fund - Dated July 14, 2006**

| Year | Rate | Principal | Interest | Total |
|------|-------|------------------|------------------|-------------------|
| 2018 | 3.750 | \$ 8,420 | \$ 3,234 | \$ 11,654 |
| 2019 | 3.750 | 8,739 | 2,915 | 11,654 |
| 2020 | 3.750 | 9,069 | 2,585 | 11,654 |
| 2021 | 3.750 | 9,413 | 2,241 | 11,654 |
| 2022 | 3.750 | 9,769 | 1,885 | 11,654 |
| 2023 | 3.750 | 10,139 | 1,515 | 11,654 |
| 2024 | 3.750 | 10,523 | 1,131 | 11,654 |
| 2025 | 3.750 | 10,920 | 734 | 11,654 |
| 2026 | 3.750 | 11,335 | 319 | 11,654 |
| | | <u>\$ 88,327</u> | <u>\$ 16,559</u> | <u>\$ 104,886</u> |

**\$252,500 Colorado Water Conservation Board
Water Fund - Dated March 21, 2008**

| Year | Rate | Principal | Interest | Total |
|------|-------|-------------------|------------------|-------------------|
| 2018 | 3.500 | \$ 6,854 | \$ 6,875 | \$ 13,729 |
| 2019 | 3.500 | 7,094 | 6,635 | 13,729 |
| 2020 | 3.500 | 7,342 | 6,387 | 13,729 |
| 2021 | 3.500 | 7,599 | 6,130 | 13,729 |
| 2022 | 3.500 | 7,865 | 5,864 | 13,729 |
| 2023 | 3.500 | 8,140 | 5,589 | 13,729 |
| 2024 | 3.500 | 8,425 | 5,304 | 13,729 |
| 2025 | 3.500 | 8,720 | 5,009 | 13,729 |
| 2026 | 3.500 | 9,025 | 4,704 | 13,729 |
| 2027 | 3.500 | 9,341 | 4,388 | 13,729 |
| 2028 | 3.500 | 9,668 | 4,061 | 13,729 |
| 2029 | 3.500 | 10,006 | 3,723 | 13,729 |
| 2030 | 3.500 | 10,356 | 3,373 | 13,729 |
| 2031 | 3.500 | 10,719 | 3,010 | 13,729 |
| 2032 | 3.500 | 11,094 | 2,635 | 13,729 |
| 2033 | 3.500 | 11,482 | 2,247 | 13,729 |
| 2034 | 3.500 | 11,884 | 1,845 | 13,729 |
| 2035 | 3.500 | 12,300 | 1,429 | 13,729 |
| 2036 | 3.500 | 12,731 | 998 | 13,729 |
| 2037 | 3.500 | 13,176 | 553 | 13,729 |
| 2038 | 3.500 | 2,608 | 91 | 2,699 |
| | | <u>\$ 196,429</u> | <u>\$ 80,850</u> | <u>\$ 277,279</u> |

**\$99,057 Energy/Mineral Impact Assistance Loan
Waste Water Fund - Dated September 1, 2010**

| Year | Rate | Principal | Interest | Total |
|------|-------|------------------|------------------|------------------|
| 2018 | 5.000 | \$ 6,432 | \$ 3,072 | \$ 9,504 |
| 2019 | 5.000 | 6,754 | 2,750 | 9,504 |
| 2020 | 5.000 | 7,092 | 2,412 | 9,504 |
| 2021 | 5.000 | 7,446 | 2,058 | 9,504 |
| 2022 | 5.000 | 7,819 | 1,685 | 9,504 |
| 2023 | 5.000 | 8,209 | 1,295 | 9,504 |
| 2024 | 5.000 | 8,620 | 884 | 9,504 |
| 2025 | 5.000 | 9,052 | 452 | 9,504 |
| 2026 | - | - | - | - |
| 2027 | - | - | - | - |
| 2028 | - | - | - | - |
| 2029 | - | - | - | - |
| 2030 | - | - | - | - |
| 2031 | - | - | - | - |
| 2032 | - | - | - | - |
| 2033 | - | - | - | - |
| 2034 | - | - | - | - |
| 2035 | - | - | - | - |
| 2036 | - | - | - | - |
| 2037 | - | - | - | - |
| 2038 | - | - | - | - |
| | | <u>\$ 61,424</u> | <u>\$ 14,608</u> | <u>\$ 76,032</u> |

TOWN OF BENNETT, COLORADO

**SCHEDULES OF FUTURE DEBT SERVICE REQUIREMENTS
December 31, 2017**

| | |
|--|--|
| \$5,700,000 Sales Tax Revenue Bonds Series 2016 | \$2,500,000 Colorado Water Resources and Power Development Authority Water Fund - Dated August 31, 2016 |
|--|--|

| Year | Rate | Principal | Interest | Total | Rate | Principal | Interest | Total |
|------|-------|---------------------|---------------------|---------------------|-------|---------------------|-------------------|---------------------|
| 2018 | 3.000 | \$ 150,000 | \$ 39,600 | \$ 189,600 | 2.000 | \$ 106,680 | \$ 48,248 | \$ 154,928 |
| 2019 | 3.000 | 150,000 | 51,600 | 201,600 | 2.000 | 108,824 | 46,104 | 154,928 |
| 2020 | 3.000 | 150,000 | 63,000 | 213,000 | 2.000 | 111,012 | 43,916 | 154,928 |
| 2021 | 4.000 | 150,000 | 74,000 | 224,000 | 2.000 | 113,243 | 41,685 | 154,928 |
| 2022 | 4.000 | 150,000 | 84,600 | 234,600 | 2.000 | 115,519 | 39,409 | 154,928 |
| 2023 | 4.000 | 175,000 | 94,800 | 269,800 | 2.000 | 117,841 | 37,087 | 154,928 |
| 2024 | 4.000 | 175,000 | 104,600 | 279,600 | 2.000 | 120,210 | 34,718 | 154,928 |
| 2025 | 4.000 | 175,000 | 114,000 | 289,000 | 2.000 | 122,626 | 32,302 | 154,928 |
| 2026 | 4.000 | 195,000 | 123,200 | 318,200 | 2.000 | 125,091 | 29,837 | 154,928 |
| 2027 | 4.000 | 200,000 | 132,000 | 332,000 | 2.000 | 127,605 | 27,323 | 154,928 |
| 2028 | 4.000 | 200,000 | 140,000 | 340,000 | 2.000 | 130,170 | 24,758 | 154,928 |
| 2029 | 4.000 | 200,000 | 148,000 | 348,000 | 2.000 | 132,787 | 22,141 | 154,928 |
| 2030 | 4.000 | 220,000 | 156,000 | 376,000 | 2.000 | 135,456 | 19,472 | 154,928 |
| 2031 | 4.000 | 230,000 | 163,800 | 393,800 | 2.000 | 138,178 | 16,750 | 154,928 |
| 2032 | 4.000 | 235,000 | 170,800 | 405,800 | 2.000 | 140,956 | 13,972 | 154,928 |
| 2033 | 4.000 | 245,000 | 177,800 | 422,800 | 2.000 | 143,789 | 11,139 | 154,928 |
| 2034 | 4.000 | 255,000 | 184,800 | 439,800 | 2.000 | 146,679 | 8,249 | 154,928 |
| 2035 | 4.000 | 265,000 | 190,800 | 455,800 | 2.000 | 149,627 | 5,301 | 154,928 |
| 2036 | 4.000 | 275,000 | 196,800 | 471,800 | 2.000 | 152,635 | 2,293 | 154,928 |
| 2037 | 4.000 | 285,000 | 201,300 | 486,300 | - | - | - | - |
| 2038 | 4.000 | 300,000 | 205,800 | 505,800 | - | - | - | - |
| 2039 | 4.000 | 310,000 | 210,300 | 520,300 | - | - | - | - |
| 2040 | 4.000 | 680,000 | 214,200 | 894,200 | - | - | - | - |
| | | <u>\$ 5,370,000</u> | <u>\$ 3,241,800</u> | <u>\$ 8,611,800</u> | | <u>\$ 2,438,928</u> | <u>\$ 504,704</u> | <u>\$ 2,943,632</u> |

**\$1,454,000 Capital Lease - Town Hall
Series 2017**

| Year | Rate | Principal | Interest | Total |
|------|-------|---------------------|-------------------|---------------------|
| 2018 | 3.080 | \$ 58,400 | \$ 42,433 | \$ 100,833 |
| 2019 | 3.080 | 60,200 | 40,634 | 100,834 |
| 2020 | 3.080 | 62,100 | 38,780 | 100,880 |
| 2021 | 3.080 | 64,000 | 36,868 | 100,868 |
| 2022 | 3.080 | 65,900 | 34,896 | 100,796 |
| 2023 | 3.080 | 68,000 | 32,867 | 100,867 |
| 2024 | 3.080 | 70,100 | 30,772 | 100,872 |
| 2025 | 3.080 | 72,200 | 28,613 | 100,813 |
| 2026 | 3.080 | 74,500 | 26,389 | 100,889 |
| 2027 | 3.080 | 76,700 | 24,095 | 100,795 |
| 2028 | 3.080 | 79,100 | 21,732 | 100,832 |
| 2029 | 3.080 | 81,600 | 19,296 | 100,896 |
| 2030 | 3.080 | 84,100 | 16,783 | 100,883 |
| 2031 | 3.080 | 460,800 | 14,193 | 474,993 |
| | | <u>\$ 1,377,700</u> | <u>\$ 408,351</u> | <u>\$ 1,786,051</u> |

SINGLE AUDIT



Dazzio & Associates, PC

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Board of Trustees
Town of Bennett, Colorado

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund, of the Town of Bennett, Colorado (the Town), 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 and have issued our report thereon dated June 18, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dazio & Associates, P.C.

June 18, 2018



Dazio & Associates, PC

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Board of Trustees
Town of Bennett, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Town of Bennett, Colorado's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2017. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dazio & Associates, P.C.

June 18, 2018

TOWN OF BENNETT, COLORADO

Schedule of Findings and Questioned Costs
Year Ended December 31, 2017

I. Summary of the Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? ___ Yes X None Reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? ___ Yes X None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ Yes X No

Identification of major programs:

66.458 Capitalization Grants for Clean Water
 State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ___ Yes X No

TOWN OF BENNETT, COLORADO

Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2017

| Finding | Status | Corrective Action Plan or Other Explanation |
|----------------------------|--------|--|
| <hr/> None Reported | | |

TOWN OF BENNETT, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2017

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-through Grantor Number | Federal Expenditures |
|---|--------------------------------|--|---------------------------------|
| Department of the Interior | | | |
| Pass-through from the Colorado Department of Local Affairs | | | |
| Distribution of Receipts to State and Local Governments | 15.227 | EIAF 8397 | \$ 226,321 |
| Pass-through from the Colorado Department of Natural Resources, Division of Parks and Wildlife | | | |
| Outdoor Recreation Acquisition, Development and Planning | 15.916 | 08-01138 | <u>128,000</u> |
| Total Department of the Interior | | | <u>354,321</u> |
| United States Environmental Protection Agency | | | |
| Pass-through from the Colorado Department of Health and Environment | | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | W17F393 | 689,727 |
| Capitalization Grants for Drinking Water State Revolving Funds | 66.468 | D16F177 | <u>342,461</u> |
| Total United States Environmental Protection Agency | | | <u>1,032,188</u> |
| Department of Housing and Urban Development | | | |
| Pass-through from Adams County Community Development Block Grants/Entitlement Grants | 14.218 | 2053 | <u>211,249</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 1,597,758</u></u> |

The accompanying notes are an integral part of this schedule

See the Independent Auditor's Report

TOWN OF BENNETT, COLORADO

Notes to the Schedule of Federal Awards
Year Ended December 31, 2017

Note 1 – Basis Of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The Town has not allocated indirect costs to its federal awards through a federally negotiated indirect cost rate and has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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