

cPa DIXON, WALLER & CO., INC.

TOWN OF BLANCA, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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July 13, 2018

**DIXON, WALLER & CO., INC.**

**TABLE OF CONTENTS**

TOWN OF BLANCA, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2017

	<u>Page</u>
Title Page	
Table of Contents	
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis .....	I-XII
<u>BASIC FINANCIAL STATEMENTS</u>	
Government Wide Financial Statements:	
Statement of Net Position.....	3
Statement of Activities .....	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	5
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position ..	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	8
Statement of Net Position – Proprietary Funds.....	9
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	10
Statement of Cash Flows – Proprietary Funds.....	11
Notes to Basic Financial Statements .....	12-34

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Major Governmental Funds

General Fund.....	35-37
Conservation Trust Fund.....	38
Cemetery Fund.....	39

Pension Trend Data:

Schedule of the Town’s Proportionate Share of the Net Pension Asset of the Statewide Defined Benefit Plan – A Cost Sharing Multiple-Employer Defined Benefit Pension Plan Administered by the Fire & Police Pension Association.....	40
Schedule of Town Contributions to the Statewide Defined Benefit Plan – A Cost Sharing Multiple-Employer Defined Benefit Pension Plan Administered by the Fire & Police Pension Association.....	41
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios Multi-Year – Last 10 Fiscal Years (As Available).....	42
Volunteer Schedule of Contributions Multi-Year –Last 10 Years.....	43

INDIVIDUAL FUND SCHEDULES AND OTHER SCHEDULES

Schedules of Revenues and Expenditures – Budget (Non-GAAP) and Actual:

Water and Sewer Fund .....	44
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OTHER SCHEDULES

Local Highway Finance Report .....	45-46
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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
the Board of Trustees  
Town of Blanca  
Blanca, CO 81123

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blanca, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Blanca, 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, budgetary comparison information, and pension trend data on pages I through XII and pages 35 through 43 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 of Blanca's basic financial statements. The individual fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules and other schedules 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 individual fund schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Duan, Walker & Co., PC.*

May 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

## **PURPOSE**

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

- 1) Assist the reader in focusing on significant financial issues.
- 2) Provide an overview of the Town's financial activity.
- 3) Identify changes in the Town's financial position.
- 4) Identify any material deviation from the budget.
- 5) Identify individual fund issues or concerns.
- 6) Implement the reporting requirements of GASB 34 (Governmental Accounting Standards Board Statement 34).and GASB 68

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

## **INTRODUCTION**

The Town of Blanca is a Statutory Rule Municipality, founded in 1908 and incorporated in 1909. The type of government is Town Board-Mayor with the seven elected officials being responsible for all policy decisions that affect the Town's financial condition. The appointed Town Clerk is responsible for preparing the annual budget, which is adopted by the Board by December 15<sup>th</sup>. The Clerk is responsible for financial reporting to the Town Board and to the public-at-large. The Town maintains four separate funds, which are as follows:

1. General Fund: This is the chief operating fund of the Town of Blanca. It accounts for all general services provided by the Town, excluding utilities.
2. Water and Sewer Enterprise Fund: This fund accounts for the Town's utilities and is operated in a manner similar to private business.
3. Conservation Trust Fund: This fund accounts for the lottery monies sent to the Town and for expenses related to parks and recreation that are allowed under State law.
4. Cemetery Fund: This is a savings account established for cemetery improvements.

The Volunteer Firemen Pension Fund is administered by the Fire and Police Pension Association (FPPA) for the Town of Blanca. The Town contributes 1 mill of property tax levy each year to this fund and the Colorado State Matching Funds contribution is equivalent to another ½ mill. For budgetary purposes, the Town only records expenditures related to the property tax levy in the General Fund. The Town receives quarterly reports from the FPPA, monitors and keeps records of the balances of the fund; however, the actual fund at FPPA is not considered a Town fund for budgetary purposes. In order for the Town to administer the fund, and thus include the total fund in the budget, the Town would have to withdraw its association with FPPA.

## **Financial Information**

The Town's government-wide statements have been prepared using the economic resources measurement of focus and the accrual basis of accounting. The Town's fund financial statements for governmental funds have been prepared using the modified accrual basis of accounting. The Town's

annual audit is prepared by Dixon, Waller & Co. Inc., Certified Public Accountant, with the contents of the audit meeting the requirements set forth by the Colorado State Auditor's Office. The financial system of the Town incorporates financial and administrative controls, including a Financial Control Policy, that ensure the safeguarding of assets and the reliability of financial reports. To ensure budgeting controls, the Town Board approves all major budgetary changes by passage of a Resolution amending the budget.

### **Using This Annual Report**

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

### **Fund Financial Statements**

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

#### Governmental Funds

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

The Town of Blanca maintains three governmental funds: General Fund, Conservation Trust Fund and Cemetery Fund. Information is presented in the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. Annual budget appropriations are adopted for each of these funds. Budgetary comparison statements are provided to demonstrate compliance with budgets.

#### Proprietary Funds

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

#### Fiduciary Funds

Fiduciary Funds are those that are held for others and that cannot be used to support government's own programs. The Town's Volunteer Firemen Pension Fund, which is currently managed by the Fire and

Police Pension Association (FPPA), is such a fund. These funds are held in trust for the members of the Blanca Volunteer Fire Department and beneficiaries.

### Notes to the Financial Statement

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

### Government-Wide Financial Analysis

This financial report for the year ended December 31, 2017 reflects again the implementation of GASB 34 and GASB 68. GASB 34 requires governments to report the information found in the Basic Financial Statements and to include a presentation of comparative data from the prior period. GASB 68 requires similar information related to pension funds. The Town has prepared its financial report under the guidelines contained in GASB 34, and prior year comparative data for the Basic Financial Statements are available.

### **FINANCIAL HIGHLIGHTS**

- The Town of Blanca remains in good financial condition, as the General Fund unassigned balance at year-end is \$ 373,042 with a total fund balance of \$379,992. This balance is considered to be safe levels of reserves, as it would allow the Town to cover its governmental operating costs for more than a six month period in the unlikely event of loss of revenues.
- The assets of the Town's Governmental Funds exceed its liabilities at the close of the fiscal year by \$ 1,008,303 (net position). Of this amount, \$ 415,003 (unrestricted net position) may be used to meet the Town's ongoing obligations to residents and creditors. \$ 6,950 is designated for TABOR reserve and \$ 36,064 is designated for specific activities, including Conservation Trust Fund. Under GASB 34, the Town is required to report net position in this manner. Capital Assets account for the bulk of the net position.
- At December 31, 2017, the Town's governmental funds reported combined ending fund balances of \$ 420,689, reflecting an increase of \$ 9,960.
- The Town of Blanca has as one long term debt.
  - The water and sewer fund has a debt of \$255,641 for water system improvements including the new water tank, parallel pipeline, well improvements and chlorination pipeline. This 30-year, 0% loan from the Colorado Power Authority was partially paid by principal forgiveness of \$84,700 in 2011 and \$79,800 in 2012. The unused loan amount of \$2,556.56 was also applied against the principal in 2015. The loan is repaid in two payments of \$5,325.88 each year.

### **STATEMENT OF NET POSITION**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Blanca's assets exceeded liabilities by \$ 1,804,913 at the close of 2017.

Statement of Net Position	2017	2017	2017
	Governmental	Business-type	Total

	Activities	Activities	
Current and Other Assets	\$ 498,993	\$ 339,320	\$ 838,313
Capital Assets	<u>\$ 550,286</u>	<u>\$ 716,515</u>	<u>\$1,266,801</u>
Total Assets	\$1,049,279	\$1,055,835	\$2,105,114
Deferred Outflows	\$ 39,160	-	\$ 39,160
Total Liabilities	<u>\$ 7,674</u>	<u>\$ 259,225</u>	<u>\$ 266,899</u>
Deferred Inflows	\$ 72,462	-	\$ 72,462
Net Position:			
Invested in Capital, Restricted for Tabor Reserve	\$ 550,286	\$ 460,874	\$ 1,011,160
Special Revenue Funds Unrestricted	\$ 6,950	--	\$ 6,950
	\$ 36,064	--	\$ 36,064
	<u>\$ 415,003</u>	<u>\$ 335,736</u>	<u>\$ 750,739</u>
Total Net Assets	<u>\$ 1,008,303</u>	<u>\$ 796,610</u>	<u>\$1,804,913</u>

The much of the Town's net assets (56%) reflects its investment in capital assets (land, buildings and systems, infrastructure and equipment) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending. The remaining balance of net assets (less the TABOR reserve), \$750,739, may be used to meet the Town's ongoing obligations to residents, businesses and creditors.

## STATEMENT OF ACTIVITIES

### Governmental Activities

For 2017, total revenue for Governmental Activities was greater than expenses by \$ 19,960. Total revenue for Business-type Activities (Enterprise Fund) was greater than expenses by \$ 38,996 excluding depreciation.

The following condensed table of changes in net assets illustrates changes in net positions for Governmental Activities and Business-type Activities for 2017.

	Changes in Net Position		
	2017 Governmental Activities	2017 Business-type Activities	2017 Total Activities
Revenues			
Program Revenues:			
Charges for service	\$ 23,672	\$ 158,659	\$182,331
Operating Grants & Contributions	52,978		52,978

General Revenues:			
Taxes	146,606		146,606
Intergovernmental Revenue	2,383		2,383
Unrestricted investment earnings	3,078	2,272	5,350
Other	2,655		2,655
Total Revenues	<u>\$ 231,372</u>	<u>\$ 160,931</u>	<u>\$ 392,303</u>
Expenses:			
General Government	\$ 57,154		\$ 57,154
Public Safety	116,260		116,260
Public Works	69,674		69,674
Parks, Recreation	275		275
Pension Amortization	1,856		1,856
Water, Sewer, Trash (inc depreciation)		<u>143,834</u>	<u>143,834</u>
Total Expenses	<u>\$ 245,219</u>	<u>\$ 143,834</u>	<u>\$ 389,053</u>
<b>Change in Net Position</b>	<b>\$ -13,847</b>	<b>\$ 17,097</b>	<b>\$ 3,250</b>
Net Position, Beginning of Year	\$1,032,150	\$ 779,513	\$ 1,811,663
Prior Period Correction	-10,000		-10,000
Net Position, End of Year	\$1,008,303	\$ 796,610	\$ 1,804,913

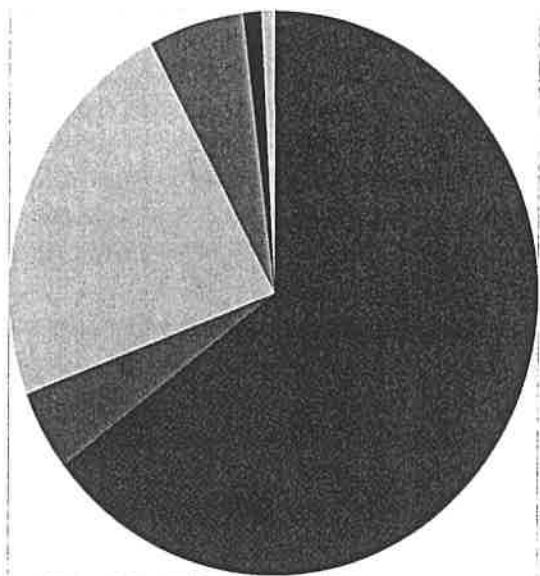
Note: Expenses for the Business-Type Activities include depreciation of \$35,746 for 2017.

### General Fund Activities

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

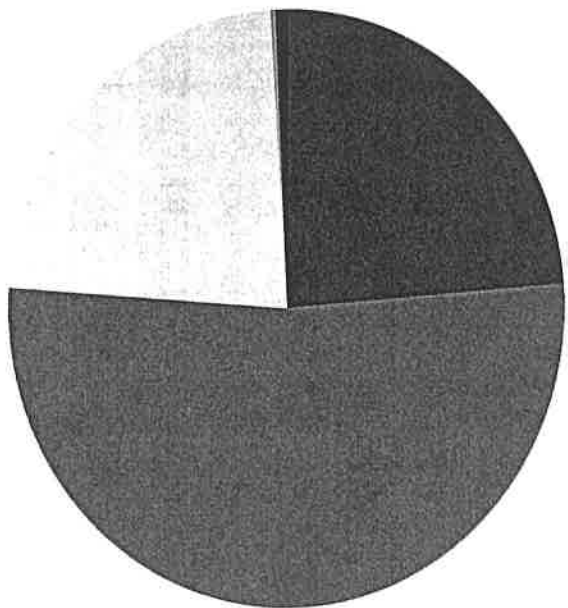
The following two charts illustrate the Governmental Activities revenues and expenses from the General Fund. Grant income and expenditures skew the percentages of normal operating income and expenditures differently each year according to the amount and type of grants received.

### Government Fund Revenues



- Taxes
- Licenses/Permits
- Intergovernmental Revenue
- Fines and Forfeits
- Interest Revenue
- Miscellaneous Revenue

### Government Funds Expenditures



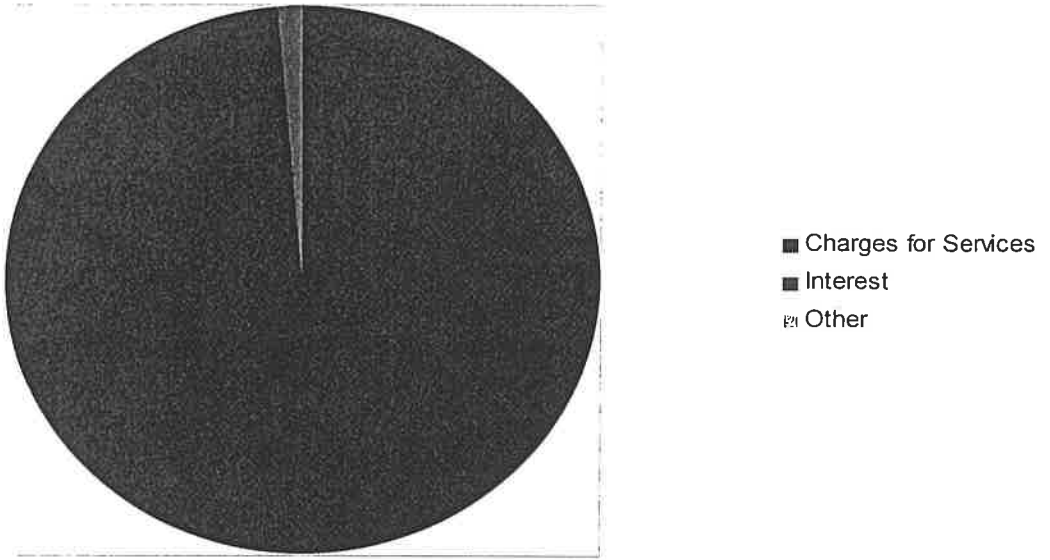
- General Government
- Public Safety
- Public Works
- Parks
- Pension (VFD) Amatorization

### Business-type Activities

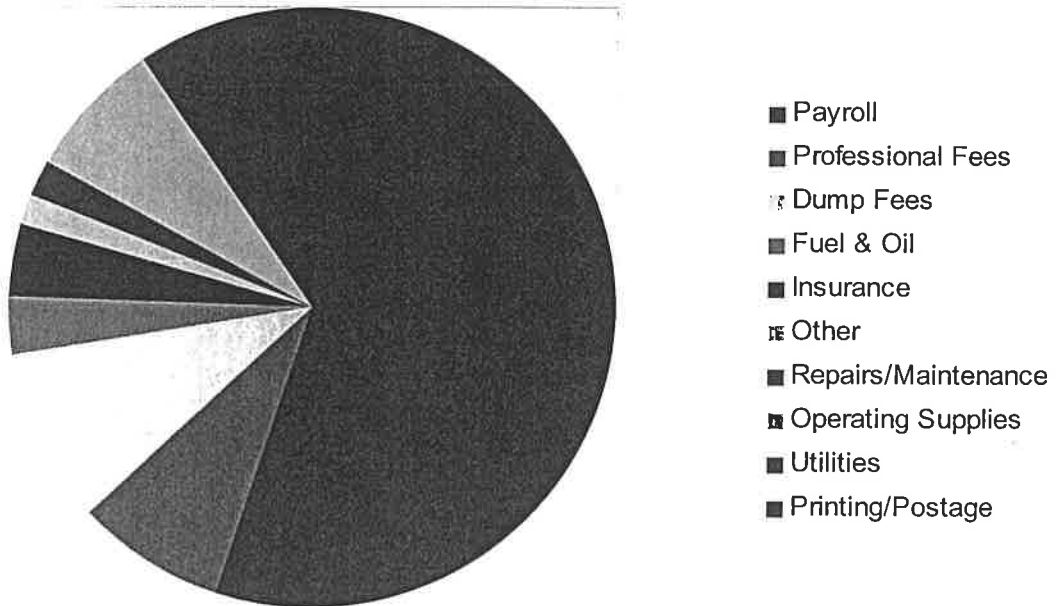
Net assets in Business-type activities increased by \$ 17,097. This was due mostly to increased water billings.

The following two charts illustrate the Business-type Activities revenues and expenses excluding depreciation.

## Water Sewer Department Income



## Water Sewer Department Expenses



## GOVERNMENTAL FUNDS WITH PRIOR YEAR COMPARISONS

### Governmental Activities

#### **General Fund**

		<b>Prior Year Comparisons</b>	
	2016	2017	Variance
Revenues	\$ 240,588	\$ 229,125	\$ - 11,965
Expenses	\$ 208,669	\$ 211,137	\$ 2,468
<b>Net Income</b>	<b>\$ 31,919</b>	<b>17,988</b>	

In the General Fund, revenue was lower and expenses were higher in 2017 than in 2016. Income from the property taxes and sales taxes were higher in 2017 than in 2016. The employees received a 3% Cost of Living raise for 2017.

#### **Conservation Trust Fund**

		<b>Prior Year Comparisons</b>	
	2016	2017	Variance
Revenues	\$2,301	\$2,242	\$ - 59
Expenses	\$485	\$275	\$ - 210
<b>Net Income</b>	<b>\$1,816</b>	<b>\$1,967</b>	

2016 had higher trust fund distributions than 2017. Park expenses were also higher in 2016.

#### **Cemetery Fund**

		<b>Prior Year Comparisons</b>	
	2016	2017	Variance
Revenues	\$ 454	\$ 5	\$ - 449
Expenses	\$ 0	\$ 0	\$ 0
<b>Net Income</b>	<b>\$ 454</b>	<b>\$ 5</b>	

The higher in income in 2016 was due to the final gifts from a 2014-2015 campaign to solicit donations for repairing the cemetery gate. The project was completed in 2014 and no expenses were incurred in either 2016 or 2017.

### Business Type Activities

#### **Water & Sewer Fund**

		<b>Prior Year Comparisons</b>	
	2016	2017	Variance
Revenues	\$ 152,034	\$ 160,931	\$ 8,897
Expenses	\$ 159,192	\$ 143,834	\$ -15,358
<b>Net Income</b>	<b>\$ -7,158</b>	<b>\$ 17,097</b>	

Implementation of GASB 34 makes it more difficult for an average person to understand the actual expenses (cash flow) in the Water and Sewer Fund. GASB 34 treats depreciation as an actual expense. Debt Service is not treated as an expense. The chart above gives a GASB 34 view of expenses.

Depreciation expenses of \$ 35,746 for 2016 and \$35,746 for 2017 are included in the chart above. Ordinary expenses for the 2017 without depreciation were \$108,088.

Net operating income for 2017 without depreciation was \$ 52,843. Of that amount, \$10,652 was paid on the loan agreement with the Colorado Water Resources and Power Development Authority for the construction of improvements to the water system.

## **BUDGETARY HIGHLIGHTS**

### **General Fund**

#### **Expenses**

During the year ended December 31, 2017, the Town General Fund expenditures were less than the final budget by \$ 123,129. Expenses for Public Safety and Public Works were under budget, while expenses for Administration were slightly over budget.

#### **Income**

Income was only \$ 70,999 less than budgeted. The Town did not apply for the budgeted \$76,000 park grant. Revenue from property taxes, licenses, fine and miscellaneous income were less than expected while income from the sales tax was higher than expected.

### **Water & Sewer Fund**

#### **Expenses**

During the year ended December 31, 2017, the Town Water and Sewer Fund expenditures were less than the final budget by \$ 14,203. This was a combination of savings in salaries, employee benefits, and repairs and maintenance. Operating supplies were over the budgeted amount.

#### **Income**

The income from the charges for services during 2017 was above the budgetary projections by \$22,071. The extra income was mostly due to overage charges for use above the allotted 16,000 gallons for the base rate. Interest revenue was also higher than budgeted.

### **Conservation Trust Fund**

#### **Income**

The income for the Trust fund comes from distribution of Colorado Lottery monies and interest earned. The Town received slightly less for the trust fund from the lottery than was budgeted. In 2017, the Conservation Trust Fund money remained with ColoTrust. The interest revenue was slightly more than the budgeted amount.

#### **Expenses**

The Town budgeted \$25,700 for park improvements that were not undertaken. Regular park maintenance expenses were less than budgeted amounts. The net income for this fund was \$ 1,967.

## Cemetery Fund

### **Income**

Income for this fund comes from the sale of cemetery grave sites, fees for opening and closing graves, and donations. The fund received \$120 less than budgeted.

### **Expenses**

This account is a savings account to accumulate money for improvements to the cemetery. There were no expenses for this fund which is what we budgeted.

The net income for this fund was \$ 5.

## **CAPITAL ASSETS**

At December 31, 2017, the Town had invested in a range of capital assets including land, buildings and improvements, vehicles, equipment, and infrastructure. The following is the Capital Asset Activity for the year ending December 31, 2017.

Proprietary Funds Assets	
Land	\$ 3,666
Utility System	\$ 1,227,688
Less Accumulated Depreciation	\$ (514,839)
Net Capital Assets	\$ 716,515

This includes an increase in depreciation of \$35,746 for a net change in Capital assets of \$ - 35,746 for 2017.

Government Type Assets	
Land	\$ 30,866
Building and Improvements	\$ 275,539
Machinery and Equipment	\$ 238,256
Infrastructure	\$ 532,470
Less Accumulated Depreciation	\$ (526,845)
Net Capital Assets	\$ 550,286

This includes a depreciation of \$ 31,951 for a net change in Capital Assets of \$ - 31,951 for 2017.

## **DEBT ADMINISTRATION**

Two loan payments from the Water/Sewer Fund for the Well-Tank Project were made during 2017 for a total of \$10,652. At the end of 2017, the total loan amount to be repaid was \$255,641. Twice yearly payments of \$5,326 are scheduled in 2018.

## **SUMMARY OF FINANCIAL CONDITION**

The Town of Blanca continues to maintain a good financial position. Financial trends have been mixed with some sectors stronger and some weaker than previous. The enterprise fund (water and sewer) balance increased in 2017 because of revenue increases and lower expenses. The fund balance is high enough for most emergencies. A part of the reserve fund is being held for possible expenses related to the new state mandated groundwater rules that will increase expenditures in the coming years.

In the Water and Sewer Department, challenges include an attempt to keep rates affordable for our citizens and at the same time fund necessary upgrades, repairs, sampling, payroll expenses and state and federal regulatory requirements.

The repair, upkeep and upgrading of the streets in the Town presents a continuing financial challenge because the income of the Town's General Fund is never sufficient to cover these necessary projects, and no grants are available for non-highway road projects. In November 2006, the citizens of the Town passed a sales tax increase of 1%, bringing the total sales tax as of January 2007 to 3%. This 1% sales tax increase helps, but does not solve, the road infrastructure problems. It does free other sales tax revenues to be applied to other essential services.

Paying for essential police services is also a challenge for the Town. In the last several years, the police department has accounted for almost half of the total expenses of the General Fund. Income from traffic fines and other miscellaneous department services such as vehicle identification number (VIN) inspections helps fund the department, but only covers about 20% of the expenditures.

## **REQUESTS FOR INFORMATION**

If you have questions about this report or need additional information, contact the Town Clerk, P.O. Box 190, Blanca, CO 81639 or call (719) 379-3461.

## BASIC FINANCIAL STATEMENTS

TOWN OF BLANCA, COLORADO  
STATEMENT OF NET POSITION  
December 31, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash	149,622	120,749	270,371
Investments	259,670	192,899	452,569
Receivables (Net, where Applicable, of Allowance for Uncollectibles):			
Accounts	18,491	23,653	42,144
Property Tax	58,439	-	58,439
Inventories	-	-	-
Internal Balances	(2,019)	2,019	-
Net Pension Asset	14,790	-	14,790
Prepaid Expense	-	-	-
Fixed Assets (Net)	<u>550,286</u>	<u>716,515</u>	<u>1,266,801</u>
<u>Total Assets</u>	<u>1,049,279</u>	<u>1,055,835</u>	<u>2,105,114</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Town Contribution Subsequent to Pension Measurement Date	7,074	-	7,074
Deferred Outflows - Plan	<u>32,086</u>	-	<u>32,086</u>
<u>Total Deferred Outflows of Resources</u>	<u>39,160</u>	-	<u>39,160</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	2,534	3,584	6,118
Accrued Salaries	2,541	-	2,541
Noncurrent Liabilities:			
Due Within One Year	-	10,652	10,652
Due in More Than One Year	-	244,989	244,989
Pension Liability	2,599	-	2,599
Accrued Vacation Payable	-	-	-
<u>Total Liabilities</u>	<u>7,674</u>	<u>259,225</u>	<u>266,899</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>			
Deferred Inflows - Plan	14,023	-	14,023
Property Tax	<u>58,439</u>	-	<u>58,439</u>
<u>Total Deferred Inflows of Resources</u>	<u>72,462</u>	-	<u>72,462</u>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	550,286	460,874	1,011,160
Restricted for:			
Parks and Recreation	36,064	-	36,064
Tabor Reserve	6,950	-	6,950
Unrestricted	<u>415,003</u>	<u>335,736</u>	<u>750,739</u>
<u>Total Net Position</u>	<u>1,008,303</u>	<u>796,610</u>	<u>1,804,913</u>

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

TOWN OF BLANCA, COLORADO  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
<b>Governmental Activities</b>							
General Government	57,154	10,298	1,105	-	(45,751)	-	(45,751)
Public Safety	116,260	13,374	-	-	(102,886)	-	(102,886)
Public Works	69,674	-	50,025	-	(19,649)	-	(19,649)
Health & Welfare	-	-	-	-	-	-	-
Parks & Recreation	275	-	1,848	-	1,573	-	1,573
Pension Amortization	1,856	-	-	-	(1,856)	-	(1,856)
<b>Total Governmental Activities</b>	<b>245,219</b>	<b>23,672</b>	<b>52,978</b>	<b>-</b>	<b>(168,569)</b>	<b>-</b>	<b>(168,569)</b>
<b>BUSINESS TYPE ACTIVITIES</b>							
Water and Sewer	143,834	158,659	-	-	-	14,825	14,825
<b>Total Business Type Activities</b>	<b>143,834</b>	<b>158,659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,825</b>	<b>14,825</b>
<b>Total Primary Government</b>	<b>389,053</b>	<b>182,331</b>	<b>52,978</b>	<b>-</b>	<b>(168,569)</b>	<b>14,825</b>	<b>(153,744)</b>
<b>General Revenues:</b>							
Property Taxes					57,626	-	57,626
Specific Ownership Taxes					4,651	-	4,651
Sales and Use Taxes					74,921	-	74,921
Franchise Taxes					9,408	-	9,408
Intergovernmental Not Specifically Restricted					2,383	-	2,383
Interest Revenue					3,078	2,272	5,350
Gain (Loss) on Sales of Assets					2,000	-	2,000
Other Revenues					655	-	655
<b>Total General Revenues</b>					<b>154,722</b>	<b>2,272</b>	<b>156,994</b>
Change in Net Position					(13,847)	17,097	3,250
Net Position – Beginning					1,032,150	779,513	1,811,663
Prior Period Correction					(10,000)	-	(10,000)
<b>Net Position – Ending</b>					<b>1,008,303</b>	<b>796,610</b>	<b>1,804,913</b>

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

TOWN OF BLANCA, COLORADO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2017

	General	Special Revenue Funds		Total Governmental Funds
		Conservation Trust	Cemetery	
<u>ASSETS</u>				
Cash	145,014	-	4,608	149,622
Investments	223,606	36,064	-	259,670
Receivables (Net, of Allowance where Applicable)				
Accounts, Grants, Notes	18,466	-	25	18,491
Property Tax	58,439	-	-	58,439
<u>Total Assets</u>	<u>445,525</u>	<u>36,064</u>	<u>4,633</u>	<u>486,222</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>				
	-	-	-	-
<u>LIABILITIES</u>				
Accounts Payable	2,534	-	-	2,534
Accrued Salaries	2,541	-	-	2,541
Due to Enterprise Fund	2,019	-	-	2,019
<u>Total Liabilities</u>	<u>7,094</u>	<u>-</u>	<u>-</u>	<u>7,094</u>
<u>DEFERRED INFLOW OF RESOURCES</u>				
Property Tax	58,439	-	-	58,439
<u>FUND BALANCES</u>				
Restricted for:				
Emergencies	6,950	-	-	6,950
Culture and Recreation	-	36,064	-	36,064
Assigned for:				
Health and Welfare	-	-	4,633	4,633
Unassigned	373,042	-	-	373,042
<u>Total Fund Balances</u>	<u>379,992</u>	<u>36,064</u>	<u>4,633</u>	<u>420,689</u>
<u>TOTAL LIABILITIES, DEFERRED RESOURCES AND FUND BALANCES</u>				
	<u>445,525</u>	<u>36,064</u>	<u>4,633</u>	<u>486,222</u>

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

TOWN OF BLANCA, COLORADO  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
December 31, 2017

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

<u>Total Fund Balance – Governmental Funds</u>	420,689
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$1,077,131 and the accumulated depreciation is \$526,845.	550,286
Net pension asset, net pension liability, deferred outflows, and deferred inflows related to pensions are not current financial resources and therefore are not reported as assets or liabilities in the governmental funds.	37,328
Compensated absences are not reported as a liability in the Governmental Funds.	<u>          -</u>
<u>Total Net Position – Governmental Activities</u>	<u>1,008,303</u>

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

TOWN OF BLANCA, COLORADO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended December 31, 2017

	General	Special Revenue Funds		Total Governmental Funds
		Conservation Trust	Cemetery	
<u>REVENUES:</u>				
Taxes	146,606	-	-	146,606
Licenses and Permits	10,298	-	-	10,298
Intergovernmental Revenues	52,408	1,848	-	54,256
Fines and Forfeits	13,374	-	-	13,374
Interest Revenue	2,679	394	5	3,078
Miscellaneous Revenues	1,760	-	-	1,760
<u>Total Revenues</u>	<u>227,125</u>	<u>2,242</u>	<u>5</u>	<u>229,372</u>
<u>EXPENDITURES:</u>				
General Government	50,248	-	-	50,248
Public Safety	111,952	-	-	111,952
Public Works	48,937	-	-	48,937
Health and Welfare	-	-	-	-
Culture and Recreation	-	275	-	275
Debt Service Principal	-	-	-	-
Debt Service Interest	-	-	-	-
<u>Total Expenditures</u>	<u>211,137</u>	<u>275</u>	<u>-</u>	<u>211,412</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>15,988</u>	<u>1,967</u>	<u>5</u>	<u>17,960</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Lease Purchase Proceeds	-	-	-	-
Gain on Sale of Assets	2,000	-	-	2,000
Operating Transfers In (Out)	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
<u>NET CHANGES IN FUND BALANCES</u>	<u>17,988</u>	<u>1,967</u>	<u>5</u>	<u>19,960</u>
<u>FUND BALANCES – Beginning</u>	<u>372,004</u>	<u>34,097</u>	<u>4,628</u>	<u>410,729</u>
<u>PRIOR PERIOD CORRECTION</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
<u>FUND BALANCES - Ending</u>	<u>379,992</u>	<u>36,064</u>	<u>4,633</u>	<u>420,689</u>

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

TOWN OF BLANCA, COLORADO  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2017

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

<u>Net Change in Fund Balances – Total Governmental Funds</u>	19,960
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>	
Capital Outlays	-
Depreciation Expense	(31,951)
<p>Payments for pension benefits are recorded as an expenditure in the governmental funds but are recorded as expenses on an accrual basis in the entity-wide statements based on the changes in the net pension asset/liability.</p>	
	(1,856)
<u>Change in Net Position of Governmental Activities</u>	<u>(13,847)</u>

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

TOWN OF BLANCA, COLORADO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2017

	<u>Business Type Activities</u>	
	<u>Enterprise Funds</u>	
	<u>Water and Sewer</u>	
	<u>Fund</u>	<u>Totals</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	120,749	120,749
Investments	192,899	192,899
Receivables:		
Accounts	23,653	23,653
Accrued Revenue	-	-
Due from Governmental Funds	2,019	2,019
Inventories	-	-
<u>Total Current Assets</u>	<u>339,320</u>	<u>339,320</u>
<u>Property, Plant and Equipment</u>		
Land	3,666	3,666
Utility System	1,227,688	1,227,688
	1,231,354	1,231,354
Less Accumulated Depreciation	(514,839)	(514,839)
<u>Net Property, Plant and Equipment</u>	<u>716,515</u>	<u>716,515</u>
<u>TOTAL ASSETS</u>	<u>1,055,835</u>	<u>1,055,835</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>		
Other	-	-
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts Payable	3,584	3,584
Note Payable - Current	10,652	10,652
<u>Total Current Liabilities</u>	<u>14,236</u>	<u>14,236</u>
<u>Noncurrent Liabilities</u>		
Accrued Vacation Payable	-	-
Note Payable	244,989	244,989
<u>Total Long-Term Liabilities</u>	<u>244,989</u>	<u>244,989</u>
<u>TOTAL LIABILITIES</u>	<u>259,225</u>	<u>259,225</u>
<u>DEFERRED INFLOW OF RESOURCES</u>		
Other	-	-
<u>NET POSITION</u>		
Net Investment in Capital Assets	460,874	460,874
Unrestricted	335,736	335,736
<u>TOTAL NET POSITION</u>	<u>796,610</u>	<u>796,610</u>

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

TOWN OF BLANCA, COLORADO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
Year Ended December 31, 2017

	<u>Business Type Activities</u>	
	<u>Enterprise Funds</u>	
	Water and Sewer	
	<u>Fund</u>	<u>Totals</u>
<u>Operating Revenues</u>		
Charges for Services	158,659	158,659
Other	-	-
<u>Total Operating Revenues</u>	<u>158,659</u>	<u>158,659</u>
 <u>Operating Expenses</u>		
Salaries	49,356	49,356
Employee Benefits and Payroll Taxes	10,187	10,187
Professional Fees	8,625	8,625
Fuel and Oil	3,227	3,227
Insurance	4,277	4,277
Other	1,980	1,980
Repairs and Maintenance	2,094	2,094
Operating Supplies	7,913	7,913
Utilities	19,410	19,410
Depreciation	35,746	35,746
Printing and Postage	<u>1,019</u>	<u>1,019</u>
<u>Total Operating Expenses</u>	<u>143,834</u>	<u>143,834</u>
 <u>Operating Income (Loss)</u>	 <u>14,825</u>	 <u>14,825</u>
 <u>Non-Operating Revenues (Expenses)</u>		
Interest Revenue	2,272	2,272
Interest Expense	-	-
Gain on Sale of Assets	-	-
<u>Total Non-Operating Revenues (Expenses)</u>	<u>2,272</u>	<u>2,272</u>
 <u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	 <u>17,097</u>	 <u>17,097</u>
 <u>OPERATING TRANSFERS IN (OUT) (NET)</u>	 <u>-</u>	 <u>-</u>
 <u>CHANGE IN NET POSITION</u>	 17,097	 17,097
 <u>TOTAL NET POSITION, Beginning</u>	 <u>779,513</u>	 <u>779,513</u>
 <u>TOTAL NET POSITION, Ending</u>	 <u>796,610</u>	 <u>796,610</u>

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

TOWN OF BLANCA, COLORADO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended December 31, 2017

	<u>Business Type Activities Enterprise Funds Water and Sewer Fund</u>	<u>Totals</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Receipts from Customers & Users	146,895	146,895
Payments to Benefit Employees	(59,543)	(59,543)
Payments to Vendors – Supplies and Services	(49,178)	(49,178)
<u>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<u>38,174</u>	<u>38,174</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Other Revenue	-	-
<u>NET CASH PROVIDED (USED BY) – NON CAPITAL FINANCING ACTIVITIES</u>	<u>-</u>	<u>-</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Non-Financed Purchase of Property & Equipment	-	-
Capital Grants	-	-
Gain on Sale of Assets	-	-
Interest Paid on Debt	-	-
Principal Paid on Debt	(10,652)	(10,652)
<u>NET CASH PROVIDED (USED FOR) – CAPITAL AND RELATED FINANCING ACTIVITIES</u>	<u>(10,652)</u>	<u>(10,652)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Investments (Purchased)	(182,022)	(182,022)
Investments (Matured)	-	-
Interest Received	2,272	2,272
<u>NET CASH PROVIDED (USED) – INVESTING ACTIVITIES</u>	<u>(179,750)</u>	<u>(179,750)</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>(152,228)</u>	<u>(152,228)</u>
<u>CASH AND CASH EQUIVALENTS – Beginning</u>	<u>272,977</u>	<u>272,977</u>
<u>CASH AND CASH EQUIVALENTS – Ending</u>	<u>120,749</u>	<u>120,749</u>
<u>RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Operating Income (Loss)	14,825	14,825
Non Cash Items in Operations:		
Depreciation Expense	35,746	35,746
(Increase) Decrease in Receivables/Accruals	(13,783)	(13,783)
Increase (Decrease) in Payables/Accruals	1,386	1,386
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>38,174</u>	<u>38,174</u>
<u>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>		
Cash Paid for Income Tax	-	-
Cash Paid for Interest Expense	-	-
<u>TOTAL NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>	<u>-</u>	<u>-</u>

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

TOWN OF BLANCA, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Blanca (the Town) was incorporated in 1909. The Town operates under a Mayor-Board of Trustees form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

A    Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statement No. 34, No. 39 and No.61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This Town is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basic financial statements present the Town (the primary government) and its component units.

B.    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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the Town's legally separate *component units* for which the Town is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

TOWN OF BLANCA, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B.    Government – Wide and Fund Financial Statements (Continued)

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 general government, except those required to be accounted for in another fund.

The *Conservation Trust Fund* accounts for state revenue for the purpose of providing for the town park.

The *Cemetery Fund* accounts for the operations of the local cemetery. The fund is financed by user fees.

TOWN OF BLANCA, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Town reports the following major proprietary funds:

The *Water and Sewer Fund* accounts for the activities of the Town's water distribution, sewage disposal and treatment systems.

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

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

Proprietary funds distinguish *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 principal ongoing operations. The principal operating revenues of the utility enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the 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.

D.    Capital Assets

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

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

TOWN OF BLANCA, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D.    Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-40
Parks, Recreational and Other	5-30
Streets and Improvements	20
Vehicles	10
Equipment	10-15

E.    Budgets and Budgetary Accounting

The Town has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1.    Prior to October 1, the Town Clerk submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2.    Public hearings are conducted to obtain taxpayer comments.
3.    Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4.    The Town Clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
5.    Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for Enterprise Funds are on a non GAAP basis.

TOWN OF BLANCA, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F.    Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded, is not used by the Town of Blanca.

G.    Inventory

The costs of inventories are recorded as expenditures at the time of purchase in governmental fund types.

H.    Compensated Absences

The Town adopted a Vacation and Sick Leave Policy. The Policy provides that any full-time employee (40 hours per week) receive 5 sick days and 5 vacation days the first year, increasing a day a year to ten years, and ten days thereafter. Employees working between 32 and 40 hours per week receive 4 days the first year, increasing to 8 days the tenth year and thereafter. Employees working between 24 and 32 hours per week receive 3 days the first year, increasing incrementally to 6 days the tenth year and thereafter. Unused vacation balance is paid upon separation, but sick pay is not vested. The Town does not have any compensated absences payable at December 31, 2017.

I.    Property Taxes

Property taxes represent ad valorem taxes levied by the Town, which are payable to the County Treasurer, and are recognized as revenue by the Town in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

J.    Contraband

There were no contraband proceeds for the year ended December 31, 2017.

K.    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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

TOWN OF BLANCA, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L.    Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

M.    Due To/From Funds

Outstanding balances between funds created by lending/borrowing or cash allocation in common purchasing activities are reported as due to/from funds.

N.    Long-Term Obligations

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

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

O.    GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

TOWN OF BLANCA, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

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NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O.    GASB Statement No. 54 (Continued)

2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the Town's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The Town's Committed Fund Balance is fund balance reporting required by the Board of Trustees, either because of a Board of Trustees Policy in the Board of Trustees Policy Manual, or because of motions that passed at Board of Trustees meetings.

Assigned Fund Balance Policy:

The Town's Assigned Fund Balance is fund balance reporting occurring by Board of Trustees Administration authority, under the direction of the Town manager.

Order of Fund Balance Spending Policy

The Town's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

TOWN OF BLANCA, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

O.    GASB Statement No. 54 (Continued)

Fund Balance Classification Policies and Procedures (Continued)

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Conservation Trust Fund</u>	<u>Cemetery Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>	-	-	-	-
<u>Restricted:</u>				
Emergencies	6,950	-	-	6,950
Culture and Recreation	-	36,064	-	36,064
<u>Committed</u>	-	-	-	-
<u>Assigned:</u>				
Health and Welfare	-	-	4,633	4,633
<u>Unassigned</u>	<u>373,042</u>	<u>-</u>	<u>-</u>	<u>373,042</u>
<u>Total Fund Balances</u>	<u>379,992</u>	<u>36,064</u>	<u>4,633</u>	<u>420,689</u>

P.    Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position and the 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and the 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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

TOWN OF BLANCA, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

NOTE 2    CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	30,866	-	-	30,866
Capital Assets Being Depreciated:				
Building and Improvements	275,539	-	-	275,539
Machinery and Equipment	264,756	-	26,500	238,256
Infrastructure	532,470	-	-	532,470
Total Capital Assets Being Depreciated	<u>1,072,765</u>	<u>-</u>	<u>26,500</u>	<u>1,046,265</u>
Less Accumulated Depreciation	<u>521,394</u>	<u>31,951</u>	<u>26,500</u>	<u>526,845</u>
Total Capital Assets Being Depreciated	<u>551,371</u>	<u>(31,951)</u>	<u>-</u>	<u>519,420</u>
<u>Governmental Activities</u>				
Capital Assets, Net	<u>582,237</u>	<u>(31,951)</u>	<u>-</u>	<u>550,286</u>
<u>Business-Type Activities</u>				
Capital Assets Not Being Depreciated:				
Land	3,666	-	-	3,666
Capital Assets Being Depreciated:				
Utility Plant	1,104,361	-	-	1,104,361
Building and Improvements	35,188	-	-	35,188
Machinery and Equipment	88,139	-	-	88,139
Total Capital Assets Being Depreciated	<u>1,227,688</u>	<u>-</u>	<u>-</u>	<u>1,227,688</u>
Less Accumulated Depreciation	<u>479,093</u>	<u>35,746</u>	<u>-</u>	<u>514,839</u>
<u>Business-Type Activities</u>				
Capital Assets, Net	<u>752,261</u>	<u>(35,746)</u>	<u>-</u>	<u>716,515</u>

Depreciation expense was charged to the following functions:

<u>Governmental Activities:</u>	
General Government	6,906
Public Safety	4,308
Public Works	20,737
Total Depreciation Expense – Governmental Activities	<u>31,951</u>
<u>Business-Type Activities:</u>	
Water and Sewer Fund	35,746
Total Depreciation Expense – Business Type Activities	<u>35,746</u>

TOWN OF BLANCA, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE 3    CHANGES IN LONG-TERM DEBT

Changes in Long-Term Debt for the year ended December 31, 2017, was as follows:

Business – Type Activities

Note Payable

Colorado Water Resources

Power Development Authority

Total

	<u>266,293</u>	-	<u>10,652</u>	<u>255,641</u>	<u>10,652</u>
	<u>266,293</u>	<u>-</u>	<u>10,652</u>	<u>255,641</u>	<u>10,652</u>

Business-Type Activities

The Town entered into a loan agreement dated October, 2011, with the Colorado Water Resources and Power Development Authority for the purpose of constructing a new water storage tank, transmission line and a new chlorine contact chamber. The loan is non-interest bearing with a term of 30 years. The collateral is the net revenue of the Water and Sewer Enterprise Fund. The loan includes a maximum principal amount of \$488,500 and a provision for principal forgiveness of \$164,500.

<u>Year</u>	<u>Total Payment</u>	<u>Principal</u>	<u>Interest</u>
2018	10,652	10,652	-
2019	10,652	10,652	-
2020	10,652	10,652	-
2021	10,652	10,652	-
2022	10,652	10,652	-
2023-2027	53,259	53,259	-
2028-2032	53,259	53,259	-
2033-2037	53,259	53,259	-
2038-2041	<u>42,604</u>	<u>42,604</u>	<u>-</u>
<u>Total</u>	<u>255,641</u>	<u>255,641</u>	<u>-</u>

TOWN OF BLANCA, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

**NOTE 4**    PENSION PLANS

The Town has two plans covering members of the Fire and Police Department. The plans are:

- Fire and Police Pension Plan - Statewide Defined Benefit Plan (FPPA SWDB)
- Town of Blanca Volunteer Fire Defined Benefit Plan

Plan	Net Pension <u>Liability</u>	Net Pension <u>Asset</u>	Pension <u>Expense</u>	Deferred <u>Outflows</u>	Deferred <u>Inflows</u>
FPPA Statewide Plan	2,599	-	773	14,197	132
Town of Blanca Volunteer Fire	-	14,790	1,083	24,963	13,891
<b>Totals</b>	<u>2,599</u>	<u>14,790</u>	<u>1,856</u>	<u>39,160</u>	<u>14,023</u>

**FPPA Statewide Defined Benefit Plan**

The Town participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the FPPA. The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Eligible employees of the Town are provided with pensions through SWDB. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://fppaco.org>.

FPPA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

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

Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

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

TOWN OF BLANCA, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

NOTE 4    PENSION PLANS (Continued)

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

Members of the SWDB plan and their employers are contributing at the rate of 8 percent of base salary for a total contribution rate of 16 percent through 2014. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2017. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Employer contributions recognized by the SWDB from the Town were \$3,085 for the year ended December 31, 2017.

At December 31, 2017, the Town reported a liability of \$2,599 for its proportionate share of the net pension liability of SWDB. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017. The collective total pension asset as of December 31, 2015 is based upon the January 1, 2016 actuarial valuation.

At December 31, 2017, the Town's proportion was 0.007193 percent, which was an increase of 0.00012 percent from its proportion measured as of December 31, 2016.

At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to the SWDB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	7,016	-
Difference between actual and expected experience	2,321	132
Changes in assumptions	1,775	
The employer's contributions to the plan subsequent to the measurement date of the collective net pension liability	3,085	-
Total	14,197	132

The deferred outflows and deferred inflows related to pensions are included with total deferred outflows and total deferred inflows on the statement of net position. Deferred outflows of resources of \$3,085 related to FPPA pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase in the net pension asset in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF BLANCA, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

NOTE 4 PENSION PLANS (Continued)

For the years ending December 31,	Amounts recognized in Pension Expense
2018	\$2,678
2019	\$2,678
2020	\$2,518
2021	\$1,026
2022	\$ 471
Thereafter	\$1,609

The January 1, 2016 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal year ending December 31, 2016.

The components of the calculation of the net pension liability of the SWDB plan as of December 31, 2016 are shown in the following table:

	December 31, 2016
Total Pension Liability (A)	\$ 145,408
Plan Fiduciary Net Position (B)	\$ 142,809
Employer's Net Pension Liability (Asset) (A-B)	\$ 2,599
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	98.21%

The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2016. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2017	January 1, 2016
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-term Investment Rate of Return*	7.5%	7.5%
Projected Salary Increases*	4.0% - 14.0%	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.000020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuity, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

TOWN OF BLANCA, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

**NOTE 4**    **PENSION PLANS (Continued)**

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

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Global Equity	36.0%	9.25%
Equity Long/Short	10.0%	7.35%
Illiquid Alternatives	23.0%	10.75%
Fixed Income	15.0%	4.10%
Absolute Return	10.0%	6.55%
Managed Futures	4.0%	5.50%
Cash	2.0%	0.0% *
<b>Total</b>	<b>100.00%</b>	

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

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

TOWN OF BLANCA, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

**NOTE 4**    PENSION PLANS (Continued)

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

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

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan’s net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 6.50%	Single Discount Rate Assumption 7.50%	1% Increase (8.50%)
Proportionate share of the net pension (asset) liability	22,114	2,599	(13,609)

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

**Volunteer Firefighters**

The FPPA administers an agent multiple-employer PERS. The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at:

<http://www.fppaco.org/annual-reports.html>

The plan provides normal retirement benefits, disability retirement and survivor benefits. Firefighters who have attained both 50 years of age and completed 20 years of active service in any fire department in the State of Colorado are eligible for a monthly pension. Upon death, the surviving spouse receives a monthly pension equal to 50% of the benefit previously received, payable until death or remarriage. The Town has four retirees and two active members in this plan as of December 31, 2016.

At December 31, 2016, the Town reported a net pension asset of \$14,790. The net pension obligation was measured as of December 31, 2016, and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of January 1, 2017.

At December 31, 2016 the total pension asset was \$131,802 and the plan fiduciary net position was \$146,592. For the year ended December 31, 2017, the Town recognized pension expense of \$1,083.

TOWN OF BLANCA, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017

**NOTE 4 PENSION PLANS (Continued)**

At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to the Volunteer pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	8,815	-
Net difference between expected and actual earnings on pension plan investments	8,153	13,891
Change in Assumptions	4,006	
The employer's contributions to the plan subsequent to the measurement date of the collective net pension liability	3,989	-
Total	24,963	13,891

The deferred outflows and deferred inflows related to pensions are included with total deferred outflows and total deferred inflows on the statement of net position. Deferred outflows of resources of \$3,989 related to the Volunteer pension, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability or increase in the net pension asset in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the years ending December 31,	
2018	\$4,037
2019	\$ 41
2020	\$2,347
2021	\$ 658
2022	-
Thereafter	-

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the Town were \$3,989 for the year ended December 31, 2017.

Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contributions rates have a one-year lag, so the actuarial valuation as of January 1, 2015, determines the contribution amounts for 2016 and 2017.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 Years*
Asset Valuation Method	5-Year Smoothed Market
Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality; Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment; Disabled: RP-2000 Disabled Mortality Table; All tables projected with Scale AA

\*Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

TOWN OF BLANCA, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

**NOTE 4 PENSION PLANS (Continued)**

**Assumption Changes**

The assumptions shown above pertain to the actuarial valuation as of January 1, 2015 and the associated Actuarially Determined Contribution for the year ending December 31, 2016. Following a regularly scheduled experience study in 2015, the Board adopted a new assumption set for first use in the January 1, 2017 valuations. Due to the biennial valuation process, the new assumptions will first apply to the January 1, 2017 Volunteer valuations.

The primary changes, which can be observed in the January 1, 2017 valuation, as compared to the assumptions shown are as follows:

Inflation	2.50%
Mortality	Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Increased by 0.00020 for on-duty related Fire and Police experience. Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. Disabled: RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

**Long-Term Expected Return on Plan Assets**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	36.00%	6.75%
Equity Long/Short	10.00%	4.85%
Illiquid Alternatives	23.00%	8.25%
Fixed Income	15.00%	0.50%
Absolute Return	10.00%	4.05%
Managed Futures	4.00%	3.00%
Cash	<u>2.00%</u>	0.00%*
Total	100.00%	

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

The figures in the above table were supplied by Fire and Police Pension Association Staff. Gabriel, Roeder, Smith & Company does not provide investment advice.

TOWN OF BLANCA, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2017

NOTE 4    PENSION PLANS (Continued)

*Development of the single discount rate.* The discount rate used to measure the total pension liability was 7.50 percent. The long term expected rate of investment return was 7.50 percent. The long term municipal bond rate was 3.78 percent. This rate is from the Federal Reserve statistical release (H.15), “based on the weekly rate closest to but not later than the measurement date.” The statistical release describes this rate as “Bond Buyer Index”, general obligation, 20 years to maturity, mixed quality.” In describing this index, the Bond Buyer notes that the bonds’ average credit quality is roughly equivalent to Moody’s Investors Service Aa2 rating and Standard & Poor’s Corp.’s AA. The last year ending December 31 in the 2016 and 2114 projection period for which projected benefit payments are fully funded in 2114.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	(4,909)	(14,790)	(23,425)

NOTE 5    INTERGOVERNMENTAL AGREEMENT

The Town of Blanca is a member of (CIRSA) the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity. CIRSA was formed by intergovernmental agreement by member municipalities pursuant to the provisions of 29-1-201 et. seq., C.R.S. as amended, 8-44-101(1)(c) and (3), and 8-44-110, C.R.S. as amended, and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members a self-insurance pool to provide defined coverages, and claims and risk management services related thereto.

It is the intent of the members of CIRSA to create an entity to defend and indemnify, in accordance with the Bylaws, any member of CIRSA against liability or loss, to the limit of the financial resources of CIRSA available to pay such liability or loss. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The Bylaws shall constitute the substance of the intergovernmental contract among the members.

TOWN OF BLANCA, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

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NOTE 5    INTERGOVERNMENTAL AGREEMENT (Continued)

Summary audited financial information as of December 31, 2017 follows:

Assets	<u>87,768,283</u>
Liabilities	33,977,576
Net Position	<u>53,790,707</u>
	<u>87,768,283</u>
Revenues	26,784,613
Expenditures	23,649,283
Distributions to Members (Credits to Members)	<u>(544,159)</u>
Increase (Decrease) in Net Position	<u>2,591,171</u>

NOTE 6    SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Town provides water, sewer and sanitation services for the Town Residents. Segment information on separate water and sewer activities cannot be disclosed because water and sewer revenues were cross-pledged as security for combined purpose bonds over the years and thus the financial records were combined since the fund's inception. A flat rate for water, sewer and sanitation services is used by the Town and differentiation of separate water and sewer assets, liabilities, revenues, and expenses cannot be made, thus, no segment information has been presented.

NOTE 7    CONTINGENCIES

The Town is not involved in any claims or actions which will result in costs or losses to the Town that are uninsured or of a material nature.

NOTE 8    CASH

The Town's cash at year-end consisted of deposits in financial institutions and was entirely covered by federal depository insurance or by collateral held by the financial institutions as their agent in the Town's name. Collateral is held under provisions of the Public Deposit Protection Act of 1975. This act requires pledged collateral to be clearly identified as security for public deposits and it requires that the pledging financial institution certify to the secured governmental unit that it is secured and indicate the location of the collateral. In the event of default or insolvency on the part of the pledging financial institution, the custodian will surrender the collateral to the state bank commissioner. A breakdown of cash and certificates of deposit follows:

TOWN OF BLANCA, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE 8    CASH (Continued)

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	250,000	250,000
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado	19,231	24,700
Cash with County Treasurer	-	-
Cash on Hand	<u>1,140</u>	<u>-</u>
<u>Total Cash and Deposits</u>	<u>270,371</u>	<u>274,700</u>

As presented above, deposits with a bank balance of \$24,700 and a carrying balance of \$19,231 as of December 31, 2017 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Reserves

Article X, Section 20 of the Constitution of the State of Colorado requires the Town to establish Emergency Reserves (see Note 9). \$6,950 of fund balance has been reserved in compliance with this requirement.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the local government entities may invest:

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

TOWN OF BLANCA, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

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NOTE 8     CASH (Continued)

Investments (Continued)

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

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Credit Risk Rating</u>
COLO Trust Plus	44 Day Average	<u>452,569</u>	AAA

Interest Rate Risk – The Town does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

Credit Risk – State Law limits the type of investments allowable. The rating by Standard & Poor for each investment are disclosed above.

Concentration of Credit Risk – The Town has no policy restricting the amount that can be invested in any issuer.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town has no recurring fair value measurement as of December 31, 2017:

- COLOTRUST – Investments in this external investment pool are reported at \$1 net asset value per share and are not subject to fair value measurement. The investment is reported at cost.

NOTE 9     CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future 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 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.

TOWN OF BLANCA, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

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NOTE 9      CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (Continued)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voters approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

The authorized voters of the Town of Blanca, Colorado voted to authorize the Town to collect, retain and expend all revenues and other funds collected, from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, provided that no local tax rate or mill levy shall be increase without further voter approval.

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 (and qualification as an Enterprise) will require judicial interpretation.

NOTE 10      RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The Town maintains commercial insurance and participates in a public entity risk pool for all risks of loss. Settled claims have not exceeded these coverages in any of the past three fiscal years.

NOTE 11      ALLOWANCE FOR ESTIMATED UNCOLLECTIBLE ACCOUNTS

The Town writes off bad debts when accounts are deemed uncollectible. Receivables are reviewed annually to determine accounts that should be written off. As of December 31, 2017, the allowance for estimated uncollectible accounts was \$0.

TOWN OF BLANCA, COLORADO  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2017

NOTE 12      RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. No adjustments were required for the year ending December 31, 2017.

NOTE 13      INTERFUND TRANSACTIONS

Interfund payables and receivables arise in the normal course of operations. At December 31, 2017 interfund balances were:

	<u>Due To Fund</u>	<u>Due From Fund</u>
General Fund	-	2,019
Water & Sewer Fund	<u>2,019</u>	<u>-</u>
	<u>2,019</u>	<u>2,019</u>

NOTE 14      PRIOR PERIOD CORRECTION

In prior periods, the Town of Blanca’s balance sheet did not reflect a \$10,000 liability for a bond held, which was subsequently returned in 2017. A prior period correction has been made to beginning fund balance and net position to reflect the liability that previously existed.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Conservation Trust – Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Cemetery – Special Revenue Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Pension Trend Data

TOWN OF BLANCA, COLORADO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
<u>Taxes</u>				
General Property Taxes	62,676	62,676	57,626	(5,050)
Delinquent Property Tax	500	500	511	11
Specific Ownership Tax	3,500	3,500	4,651	1,151
Sales Tax	54,000	54,000	74,410	20,410
Franchise Tax	<u>9,000</u>	<u>9,000</u>	<u>9,408</u>	<u>408</u>
<u>Total Tax</u>	<u>129,676</u>	<u>129,676</u>	<u>146,606</u>	<u>16,930</u>
<u>Licenses and Permits</u>				
Licenses	<u>18,473</u>	<u>18,473</u>	<u>10,298</u>	<u>(8,175)</u>
<u>Total Licenses and Permits</u>	<u>18,473</u>	<u>18,473</u>	<u>10,298</u>	<u>(8,175)</u>
<u>Intergovernmental Revenue</u>				
Cigarette Tax	-	-	-	-
State Pension Contribution	-	-	-	-
Highway Users Tax	45,000	45,000	50,025	5,025
Motor Vehicle Tax	1,700	1,700	1,880	180
Severance Tax	<u>500</u>	<u>500</u>	<u>503</u>	<u>3</u>
<u>Total Intergovernmental Revenue</u>	<u>47,200</u>	<u>47,200</u>	<u>52,408</u>	<u>5,208</u>
<u>Fines and Forfeits</u>				
Fines and Fees	<u>20,000</u>	<u>20,000</u>	<u>13,374</u>	<u>(6,626)</u>
<u>Total Fines and Forfeits</u>	<u>20,000</u>	<u>20,000</u>	<u>13,374</u>	<u>(6,626)</u>
<u>Other Revenue</u>				
Interest Revenue	700	700	2,679	1,979
Grants	76,000	76,000	1,054	(74,946)
Animal Registrations/Vaccinations	275	275	141	(134)
Beautification Project	2,500	2,500	51	(2,449)
Miscellaneous	<u>3,300</u>	<u>3,300</u>	<u>514</u>	<u>(2,786)</u>
<u>Total Other Revenue</u>	<u>82,775</u>	<u>82,775</u>	<u>4,439</u>	<u>(78,336)</u>
<u>TOTAL REVENUES</u>	<u>298,124</u>	<u>298,124</u>	<u>227,125</u>	<u>(70,999)</u>

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

TOWN OF BLANCA, COLORADO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>EXPENDITURES</u>				
<u>General Government</u>				
Salaries	22,000	22,000	20,034	1,966
Employee Benefits and Payroll Taxes	5,150	5,150	8,080	(2,930)
Utilities	1,050	1,050	795	255
Supplies	2,500	2,500	2,675	(175)
Professional Services	8,650	8,650	8,782	(132)
Dues and Subscriptions	1,200	1,200	1,203	(3)
Insurance	3,003	3,003	2,846	157
Code	1,300	1,300	263	1,037
Treasurer's Fees	1,300	1,300	1,165	135
Equipment	700	700	51	649
Capital Assets	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Other	<u>2,550</u>	<u>2,550</u>	<u>4,354</u>	<u>(1,804)</u>
<u>Total General Government</u>	<u>49,403</u>	<u>49,403</u>	<u>50,248</u>	<u>(845)</u>
<u>Public Safety</u>				
Salaries	61,300	61,300	62,484	(1,184)
Employee Benefits and Payroll Taxes	17,400	17,400	15,654	1,746
Purchased Services	8,100	8,100	8,100	-
Insurance	5,858	5,858	4,086	1,772
Utilities	4,550	4,550	2,722	1,828
Operating Supplies	2,100	2,100	1,935	165
Vehicle Fuel and Maintenance	4,500	14,800	12,356	2,444
Other Police Costs	550	550	641	(91)
Court	100	100	15	85
Animal Control Expenses	50	50	-	50
Volunteer Fire Pension Contribution	3,959	3,959	3,959	-
Other Fire Costs	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>
<u>Total Public Safety</u>	<u>108,667</u>	<u>118,967</u>	<u>111,952</u>	<u>7,015</u>

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

TOWN OF BLANCA, COLORADO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>EXPENDITURES (Continued)</u>				
<u>Public Works</u>				
Salaries	20,300	20,300	21,401	(1,101)
Employee Benefits and Payroll Taxes	16,050	16,050	4,417	11,633
Utilities	11,000	11,000	7,984	3,016
Operating Supplies	500	500	2,298	(1,798)
Repairs and Maintenance	4,000	4,000	4,753	(753)
Road Maintenance and Improvements	-	-	-	-
Supplies	-	-	-	-
Insurance	3,046	3,046	3,082	(36)
Fuel and Oil	5,500	5,500	5,002	498
Park Improvement and Maintenance	-	-	-	-
Capital Outlay	<u>105,500</u>	<u>105,500</u>	-	<u>105,500</u>
<u>Total Public Works</u>	<u>165,896</u>	<u>165,896</u>	<u>48,937</u>	<u>116,959</u>
<u>TOTAL EXPENDITURES</u>	<u>323,966</u>	<u>334,266</u>	<u>211,137</u>	<u>123,129</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	25,000	25,000	-	-
Sale of Assets	<u>7,500</u>	<u>7,500</u>	<u>2,000</u>	-
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>32,500</u>	<u>32,500</u>	<u>2,000</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	6,658	(3,642)	17,988	
<u>FUND BALANCE, Beginning</u>	339,349	339,149	372,004	
<u>PRIOR PERIOD CORRECTION</u>	-	-	(10,000)	
<u>FUND BALANCE, Ending</u>	<u>346,007</u>	<u>335,707</u>	<u>379,992</u>	

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

TOWN OF BLANCA, COLORADO  
 CONSERVATION TRUST FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>REVENUE</u>				
State Lottery	2,000	2,000	1,848	(152)
Interest Revenue	<u>200</u>	<u>200</u>	<u>394</u>	<u>194</u>
<u>Total Revenue</u>	<u>2,200</u>	<u>2,200</u>	<u>2,242</u>	<u>42</u>
<u>EXPENDITURES</u>				
Parks and Recreation	<u>25,700</u>	<u>25,700</u>	<u>275</u>	<u>25,425</u>
<u>Total Expenditures</u>	<u>25,700</u>	<u>25,700</u>	<u>275</u>	<u>25,425</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	(23,500)	(23,500)	1,967	
<u>FUND BALANCE, Beginning</u>				
	<u>34,016</u>	<u>34,016</u>	<u>34,097</u>	
<u>FUND BALANCE, Ending</u>				
	<u>10,516</u>	<u>10,516</u>	<u>36,064</u>	

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

TOWN OF BLANCA, COLORADO  
CEMETERY FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance- Favorable (Unfavorable)
	Original	Final	Actual	(Unfavorable)
<u>REVENUE</u>				
Local Sources	100	100	-	(100)
Interest Revenue	25	25	5	(20)
<u>Total Revenue</u>	125	125	5	(120)
<u>EXPENDITURES</u>				
Cemetery Improvements	-	-	-	-
<u>Total Expenditures</u>	-	-	-	-
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	125	125	5	
<u>FUND BALANCE, Beginning</u>	5,957	5,957	4,628	
<u>FUND BALANCE, Ending</u>	6,082	6,082	4,633	

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

PENSION TREND DATA

TOWN OF BLANCA, COLORADO  
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE  
OF THE NET PENSION ASSET OF THE STATEWIDE DEFINED BENEFIT PLAN –  
A COST SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN ADMINISTERED BY  
THE FIRE & POLICE PENSION ASSOCIATION  
AS OF DECEMBER 31, 2017\*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension asset	.007193%	.007073%	.008038%
Town's proportionate share of the net pension asset/(liability)	(\$2,599)	\$125	\$9,071
Town's covered-employee payroll	\$38,562	\$36,862	\$35,788
Town's proportionate share of the net pension asset/liability as a percentage of its covered employee payroll	6.74%	0.34%	25.35%
Plan fiduciary net position as a percentage of the total pension asset/liability	98.21%	100.10%	106.80%

\* The amounts presented for the year shown above were determined as of and for the calendar year ended December 31, 2016 (the Plan's measurement period) occurring within the Town's fiscal years ended December 31, 2017 and 2015 in accordance with Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

TOWN OF BLANCA, COLORADO  
 SCHEDULE OF TOWN CONTRIBUTIONS TO THE STATEWIDE DEFINED BENEFIT PLAN –  
 A COST SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN ADMINISTERED BY  
 THE FIRE & POLICE PENSION ASSOCIATION  
 As of DECEMBER 31, 2017

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	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,085	\$ 2,949	\$ 2,863
Contributions in relation to the contractually required contribution	\$ <u>(3,085)</u>	<u>(2,949)</u>	<u>\$(2,863)</u>
Contribution deficiency (excess)	\$ <u>      -</u>	\$ <u>      -</u>	\$ <u>      -</u>
Town's covered-employee payroll	\$38,562	\$36,862	\$35,788
Contributions as a percentage of covered-employee payroll	8%	8%	8%

TOWN OF BLANCA, COLORADO  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)  
AND RELATED RATIOS MULTI-YEAR  
Last 10 Fiscal Years (As Available)  
For the year ended December 31, 2017

Measurement period ending December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>			
Service Cost	538	538	684
Interest on the Total Pension Liability	10,772	10,947	5,417
Benefit Changes	-	-	50,566
Difference Between Expected and Actual Experience	(21,468)	-	29,380
Assumption Changes	6,191	-	-
Benefit Payments	<u>(14,910)</u>	<u>(12,780)</u>	<u>(11,715)</u>
Net Change in Total Pension Liability	<u>(18,887)</u>	<u>(1,295)</u>	<u>74,332</u>
Total Pension Liability – Beginning	<u>150,679</u>	<u>151,974</u>	<u>77,642</u>
Total Pension Liability – Ending	<u>131,802</u>	<u>150,679</u>	<u>151,974</u>
<b>Plan Fiduciary Net Position</b>			
Employer Contributions	4,175	4,382	4,529
Pension Plan Net Investment Income	7,496	2,772	9,911
Benefit Payments	(14,910)	(12,780)	(11,715)
Pension Plan Administrative Expense	(503)	(2,563)	(611)
State of Colorado Supplemental Discretionary Payment	<u>2,191</u>	<u>2,269</u>	<u>1,902</u>
Net Change in Plan Fiduciary Net Position	<u>(1,551)</u>	<u>(5,920)</u>	<u>4,016</u>
Plan Fiduciary Net Position – Beginning	<u>148,143</u>	<u>154,063</u>	<u>150,047</u>
Plan Fiduciary Net Position – Ending	<u>146,592</u>	<u>148,143</u>	<u>154,063</u>
Net Pension Liability/(Asset) – Ending	(14,790)	2,536	(2,089)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	111.22%	98.32%	101.37%
Covered Employee Payroll	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

TOWN OF BLANCA, COLORADO  
VOLUNTEER SCHEDULE OF CONTRIBUTIONS MULTI-YEAR  
LAST 10 YEARS  
For the Year Ended DECEMBER 31, 2017

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<u>FY Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution *</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2017	-	3,989	(3,989)	N/A	N/A
2016	-	6,366	(6,366)	N/A	N/A
2015	-	6,431	(6,431)	N/A	N/A
2014	-	-	-	-	-
2013	-	-	-	-	-
2012	-	-	-	-	-
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-

\* Includes both employer and State of Colorado Supplemental Discretionary Payment.

INDIVIDUAL FUND SCHEDULES AND OTHER SCHEDULES

ENTERPRISE FUND – BUDGET SCHEDULE

TOWN OF BLANCA, COLORADO  
WATER AND SEWER FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION  
BUDGET (NON-GAAP) AND ACTUAL  
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>REVENUES</u>				
Charges for Services	138,360	138,360	158,659	20,299
Interest	500	500	2,272	1,772
Gain on Sale of Assets	-	-	-	-
<u>Total Revenues</u>	<u>138,860</u>	<u>138,860</u>	<u>160,931</u>	<u>22,071</u>
<u>EXPENSES</u>				
Salaries	55,520	55,520	49,356	6,164
Employee Benefits and Payroll Taxes	13,500	13,500	10,187	3,313
Professional Services	8,500	8,500	8,625	(125)
Dump Fees	11,000	11,000	10,133	867
Fuel and Oil	3,500	3,500	3,227	273
Insurance	4,318	4,318	4,277	41
Other	5,450	5,450	1,980	3,470
Repairs and Maintenance	3,000	3,000	2,094	906
Operating Supplies	5,700	5,700	7,913	(2,213)
Utilities	9,500	9,500	9,277	223
Printing and Postage	1,300	1,300	1,019	281
Capital Improvement	-	-	-	-
Debt Service	10,655	10,655	10,652	3
Contingency	1,000	1,000	-	1,000
<u>Total Expenses</u>	<u>132,943</u>	<u>132,943</u>	<u>118,740</u>	<u>14,203</u>
<u>NET INCOME (LOSS)</u>	<u>5,917</u>	<u>5,917</u>	<u>42,191</u>	
<u>NET POSITION, Beginning</u>	<u>270,116</u>	<u>270,116</u>	<u>779,513</u>	
<u>BUDGETARY BASIS – NET POSITION</u>	<u>276,033</u>	<u>276,033</u>	821,704	
<u>BUDGETARY ITEMS AFFECTING</u>				
<u>NET POSITION</u>				
Principal on Debt			10,652	
Capital Outlay			-	
Depreciation			<u>(35,746)</u>	
<u>NET POSITION, Ending</u>			<u>796,610</u>	

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

OTHER SCHEDULES

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Town of Blanca
	YEAR ENDING : December 2017
This Information From The Records Of (example - City of _ or County of _ Town of Blanca	Prepared By: Rayna Sanchez Phone: 719-379-3461

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

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	27,122
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	678
3. Other local imposts (from page 2)	57,746	c. Other	7,984
4. Miscellaneous local receipts (from page 2)	12,144	d. Total (a. through c.)	8,662
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	86,011
a. Bonds - Original Issues		6. Total (1 through 5)	121,795
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	69,891	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	51,904	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	121,795	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	121,795

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

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		121,795	121,795		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	12,144
1. Sales Taxes	53,095	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	4,651	g. Other Misc. Receipts	
6. Total (1. through 5.)	57,746	h. Other	
c. Total (a. + b.)	57,746	i. Total (a. through h.)	12,144
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	50,025	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	1,880	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,880	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	51,904	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: