TOWN OF COLUMBINE VALLEY
Arapahoe County, Colorado

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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May 18, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Town of Columbine Valley
Arapahoe County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Town of Columbine Valley (the Town), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

Board of Trustees
Town of Columbine Valley

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Town of Columbine Valley as of December 31, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 information, schedule of the Town's proportionate share of the net pension liability, and schedule of the Town's contributions on pages 3 – 8 and 34 – 35 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 Columbine Valley's basic financial statements. The schedule of expenditures – budget and actual – general fund; the five-year summary of assessed valuation, mill levy, and property taxes collected; and the local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures – budget and actual – general fund; the five-year summary of assessed valuation, mill levy, and property taxes collected; and the local highway finance report 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
April 23, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the Town of Columbine Valley's (the Town) financial performance provides an overview of the Town's financial activities for the year ended December 31, 2017. Management's Discussion and Analysis (MD&A) should be read in conjunction with the Town's financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements.

The financial section of this report includes three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements – The government-wide financial statements give readers a broad overview of the Town's financial position and changes in financial position, similar to consolidated financial statements in a private sector business. These statements include the statement of net position and the statement of activities.

The s*tatement of net position* presents information on all of the Town's assets, liabilities, and deferred outflows and inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The s*tatement of activities* shows how the Town's net position changed as a result of its operations during the most recent fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net position are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (the accrual basis of accounting).

The government-wide financial statements include functions of the Town that are principally supported by taxes and intergovernmental revenues (g*overnmental activities*). The governmental activities of the Town include administration, public safety, public works, sanitation, planning and zoning, parks and open space, and judicial.

The government-wide financial statements can be found on pages 10 - 11 of this report.

Fund Financial Statements – Funds are a self-balancing grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses governmental funds to account for its activity.

Governmental Funds – All of the Town's basic services are included in governmental funds, which focus on 1) how cash and other financial assets can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. The governmental funds statements provide a detailed short-term view of cash, the governmental fund operations, and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The Town maintains one individual governmental fund, which has been reported as a major fund.

The Town adopts an annual appropriated budget for its fund. Budgetary comparison statements have been provided for the fund to demonstrate compliance with this requirement.

The basic governmental fund financial statements can be found on pages 12 - 16 of this report.

Notes to Financial Statements – The notes provide additional information that is essential to have a complete understanding of the information contained in the government-wide and fund financial statements. Notes to financial statements begin on page 17 of this report.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. The required supplementary information can be found on pages 34 - 35 of this report.

Supplementary Information – In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. The supplementary information can be found on pages 37 - 40 of this report.

Government-Wide Financial Analysis

Presented are condensed summary balances of the Town's assets, liabilities, deferred outflows and inflows of resources, and net position at December 31, 2017, with comparative balances at December 31, 2016. Total net position decreased by $57,596 during 2017. The decrease in net position is related to expenses exceeding revenues by $57,596.

A substantial portion of the Town's net position (59% at December 31, 2017 and 59% at December 31, 2016) consists of its investment in capital assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The following is a condensed summary of the Town's net position at December 31, 2017 and 2016:

	2017	2016
ASSETS		
ASSETS		
Current and Other Assets	$ 2,010,011	$ 1,936,360
Capital Assets	2,325,605	2,380,366
Net Pension Asset	-	1,197
Total Assets	4,335,616	4,317,923
DEFERRED OUTFLOWS OF RESOURCES	142,399	125,641
LIABILITIES		
Current Liabilities	122,686	108,675
Noncurrent Liabilities	34,339	-
Net Pension Liability	24,490	-
Total Liabilities	181,515	108,675
DEFERRED INFLOWS OF RESOURCES	349,304	330,097
NET POSITION		
Investment in Capital Assets	2,325,605	2,380,366
Restricted:		
Emergency Reserves	56,362	56,857
Conservation Trust	23,895	23,051
Open Space	361,555	324,700
Pension Related Items	116,663	-
Unrestricted	1,063,116	1,219,818
Total Net Position	$ 3,947,196	$ 4,004,792

An additional portion of the Town's net position ($558,475) represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position ($1,063,116) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of 2017, the Town was able to report positive balances in all three categories of net position.

The Town's net position decreased by $57,596 during 2017 to $3,947,196.

The following is a condensed summary of the Town's revenues and expenses for the year ended December 31, 2017, with comparative figures for the year ended December 31, 2016:

	2017	2016
REVENUES		
Program Revenues:		
Charges for Services	$ 708,702	$ 689,698
Capital Grants and Contributions	39,962	440,910
General Revenues:		
Taxes	1,082,238	1,121,977
Intergovernmental	64,916	62,520
Net Investment Income	17,751	6,657
Miscellaneous	5,127	14,389
Total Revenues	1,918,696	2,336,151
EXPENSES		
Administration	630,953	582,712
Public Safety	674,924	693,575
Public Works	521,276	350,977
Planning and Zoning	45,380	51,106
Sanitation	76,924	71,010
Parks and Open Space	6,000	6,000
Economic Incentive Payment	-	104,930
Unallocated Depreciation on Town Hall	20,835	20,409
Total Expenses	1,976,292	1,880,719
CHANGE IN NET POSITION	(57,596)	455,432
Net Position - Beginning	4,004,792	3,549,360
NET POSITION - ENDING	$ 3,947,196	$ 4,004,792

Effective January 1, 2005, the Town entered into an intergovernmental agreement with the Town of Bow Mar, Colorado, to provide public safety and municipal court services for the Town of Bow Mar. Effective November 1, 2016, the Town entered into an additional intergovernmental agreement with the Town of Bow Mar to provide other administrative services. The Town received $308,216 in fees in 2017 to provide these services in accordance with the intergovernmental agreement. This represented an increase of $40,621 from the fees received in 2016. The remaining Charges for Services relate to permit and license fees for new homes and remodels which decreased slightly from 2016. The decrease in capital grants and contributions is related to the developer contribution of a road to the Town in 2016 which did not occur in 2017. Tax revenue decreased $39,739 relating primarily to decreased sales and use tax collected which was due to additional construction occurring in 2016 compared to 2017.

Administration expenses increased $48,241 primarily due to an additional administrative employee hired by the Town. Public Works expenses increased $170,299 primarily relating to significant road repaving and repair in 2017 compared to 2016. In 2016, the Board of Trustees approved a one-time payment to the Columbine Country Club for $104,930 as an economic incentive payment, which did not occur again in 2017.

General Fund Budgetary Highlights

The difference between the final budgeted revenues of $1,881,453 and the actual revenues of $1,928,696 was $47,243. The increase was mainly caused by the increase of $20,017 in unanticipated sales and use taxes.

The difference between the final budgeted expenditures of $1,989,500 and the actual expenditures of $1,888,873 was $100,627. Public Safety expenditures were $30,951 less than budgeted due to decreased salaries resulting from turnover during 2017. Planning and zoning expenditures were $23,620 less than budgeted due to less than anticipated planning costs. Public works expenditures were $36,621 under final budgeted amounts which included an increase from the original budget for additional street repair and ground maintenance expenditures. The remainder of expenditures in 2017 were generally in line with budgeted amounts.

Capital Assets

The Town's investment in capital assets at December 31, 2017 amounts to $2,325,605 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings, automotive equipment, and office and other equipment.

Capital assets increased during the year relating to $41,007 for the purchase of a new police vehicle and $8,750 for the purchase of a new backup generator for the Town Hall. The Town also disposed of a police vehicle during 2017 with a net book value of $11,772. Capital assets net of depreciation decreased in total due to depreciation expense exceeding capital additions.

Capital assets are classified as follows (net of accumulated depreciation):

	2017	2016
Land	$ 300,000	$ 300,000
Automotive Equipment	108,072	103,659
Drainage Infrastructure	1,324,242	1,363,901
Perimeter Wall/Fence	36,951	40,825
Office and Other Equipment	10,880	5,686
Building - Town Hall	545,460	566,295
Total Capital Assets	$ 2,325,605	$ 2,380,366

Additional information on the Town's capital assets can be found in Note 4 of this report.

Economic Factors and Next Year's Budgets and Rates

The Town has budgeted for 2018 property tax revenue of $348,058 (based on a total assessed valuation for the Town of $42,795,790 and a mill levy of 8.133 mills for operations). Total revenues budgeted for 2018 from all sources equal $1,953,000 including $316,530 from the Town of Bow Mar for providing public safety, municipal court, and administrative services to that town in 2018. Additional information on this arrangement can be found in Note 6 of this report. Total expenditures budgeted for 2018 equal $1,807,500. This represents a budgeted decrease in expenditures of $81,373 from 2017 actual expenditures. The change in budgeted expenditures relates primarily to anticipated increases in costs for Public Safety and Administration costs.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town Administrator, Town of Columbine Valley, 2 Middlefield Road, Columbine Valley, Colorado 80123.

BASIC FINANCIAL STATEMENTS

TOWN OF COLUMBINE VALLEY
STATEMENT OF NET POSITION
DECEMBER 31, 2017

ASSETS	
Cash and Investments	$ 1,559,025
Receivables:	
Other	102,928
Property Taxes	348,058
Capital Assets, Not Being Depreciated	300,000
Capital Assets, Being Depreciated, Net of Accumulated Depreciation	2,025,605
Total Assets	4,335,616
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Outflows	142,399
Total Deferred Outflows of Resources	142,399
LIABILITIES	
Accounts Payable	72,100
Accrued Salaries and Benefits Payable	33,416
Long-Term Liabilities:	
Due Within One Year	
Compensated Absences	17,170
Due in More Than One Year	
Compensated Absences	34,339
Net Pension Liability	24,490
Total Liabilities	181,515
DEFERRED INFLOWS OF RESOURCES	
Property Tax Revenues	348,058
Deferred Pension Inflows	1,246
Total Deferred Inflows of Resources	349,304
NET POSITION	
Investment in Capital Assets	2,325,605
Restricted for:	
Emergency Reserves	56,362
Conservation Trust	23,895
Open Space	361,555
Pension Related Items	116,663
Unrestricted	1,063,116
Total Net Position	$ 3,947,196

See accompanying Notes to Financial Statements.

TOWN OF COLUMBINE VALLEY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

		Program Revenues		
	Expenses	Charges for Services	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
Administration	$ 630,953	$ 369,409	$ -	$ (261,544)
Public Safety	674,924	339,293	-	(335,631)
Public Works	521,276	-	-	(521,276)
Planning and Zoning	45,380	-	-	(45,380)
Sanitation	76,924	-	-	(76,924)
Parks and Open Space	6,000	-	39,962	33,962
Unallocated Depreciation	20,835	-	-	(20,835)
	$ 1,976,292	$ 708,702	$ 39,962	(1,227,628)

GENERAL REVENUES	
Taxes:	
Property Taxes	328,363
Specific Ownership Taxes	28,145
Sales and Use Tax	645,017
Utility Franchise Fees	46,319
Cable Television Franchise Fees	34,394
Intergovernmental:	
State Highway User's Tax	45,981
County Highway Tax Revenue	13,092
Motor Vehicle Registration Fees	5,843
Interest Income	17,751
Miscellaneous	5,127
Total General Revenues	1,170,032
Change in Net Position	(57,596)
Net Position - Beginning	4,004,792
Net Position - Ending	$ 3,947,196

TOWN OF COLUMBINE VALLEY
BALANCE SHEET – GOVERNMENTAL FUND
DECEMBER 31, 2017

		General Fund
ASSETS		
Cash and Investments	$	1,559,025
Receivables:		
Other		102,928
Property Taxes		348,058
Total Assets	$	2,010,011
LIABILITIES		
Accounts Payable	$	72,100
Accrued Salaries Payable		33,416
Total Liabilities		105,516
DEFERRED INFLOWS OF RESOURCES		
Property Tax Revenue		348,058
Total Deferred Inflows of Resources		348,058
FUND BALANCE		
Restricted for:		
Emergency Reserves		56,362
Conservation Trust		23,895
Open Space		361,555
Unassigned		1,114,625
Total Fund Balance		1,556,437
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$	2,010,011

See accompanying Notes to Financial Statements.

TOWN OF COLUMBINE VALLEY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017

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

Total Governmental Fund Balance	$	1,556,437
Capital assets used in governmental activities are not financial resrouces, and, therefore, are not reported in the fund balance sheet		
Capital Assets, Net		2,325,605
Net pension liability is not due and payable in the current period and, therefore, is not reported in the governmental fund.		(24,490)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.		142,399
Some liabilities, compensated absences, were not due and payable in the current period and, therefore, were not reported in the fund balance sheet:		
Compensated Absences		(51,509)
Deferred inflows of resources used in governmental activities are not due and payable in the current year and, therefore, are not reported in the governmental fund.		(1,246)
Net Position of Governmental Activities	$	3,947,196

See accompanying Notes to Financial Statements.

TOWN OF COLUMBINE VALLEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2017

	General Fund
REVENUES	
Taxes:	
Property Taxes	$ 328,363
Specific Ownership Taxes	28,145
Sales and Use Tax	645,017
Utility Franchise Fees	46,319
Cable Television Franchise Fees	34,394
Permits and Fines:	
Permits, Fees, and Services	329,409
Fines	71,077
Intergovernmental:	
Town of Bow Mar	308,216
State Highway User's Tax	45,981
County Highway Tax	13,092
Motor Vehicle Registration Fees	5,843
Conservation Trust Fund Entitlement	6,724
Open Space Tax	33,238
Interest Income	17,751
Miscellaneous	15,127
Total Revenues	1,928,696
EXPENDITURES	
Current:	
Public Safety	620,549
Sanitation	76,924
Administration	614,884
Planning and Zoning	45,380
Public Works	475,379
Capital Outlay	49,757
Conservation Trust Fund Expenditures	6,000
Total Expenditures	1,888,873
NET CHANGE IN FUND BALANCE	39,823
Fund Balance - Beginning of Year	1,516,614
FUND BALANCE - END OF YEAR	$ 1,556,437

See accompanying Notes to Financial Statements.

TOWN OF COLUMBINE VALLEY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

A reconciliation reflecting the differences between the governmental fund net change in fund balance and change in net position reported for governmental activities in the statement of activities is as follows:

Net Change in Fund Balances - Governmental Fund	$	39,823
Governmental funds report capital outlays as expenditures and do not report contributed capital. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense and revenue is recorded for the contributed capital		
Capital Outlay		49,757
Less:		
Current Year Depreciation		(92,746)
Net Book Value of Disposal		(11,772)
		(54,761)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Compensated Absences		(33,897)
		(33,897)
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The (increases) decreases in these activities consist of:		
Change in Contributions Subsequent to Measurement Date		1,926
Pension Expense		(10,687)
		(8,761)
Change in Net Position - Governmental Activities	$	(57,596)

See accompanying Notes to Financial Statements.

TOWN OF COLUMBINE VALLEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Taxes:				
Property Taxes	$ 328,683	$ 328,683	$ 328,363	$ (320)
Specific Ownership Taxes	21,501	20,954	28,145	7,191
Sales and Use Tax	492,000	625,000	645,017	20,017
Utility Franchise Fees	48,000	48,000	46,319	(1,681)
Cable Television Franchise Fees	28,000	28,000	34,394	6,394
Permits and Fines:				
Permits, Fees, and Services	138,000	326,000	329,409	3,409
Fines	72,000	72,000	71,077	(923)
Intergovernmental:				
Town of Bow Mar	308,216	308,216	308,216	-
State Highway User's Tax	46,000	46,000	45,981	(19)
County Highway Tax	12,000	12,000	13,092	1,092
Motor Vehicle Registration Fees	6,000	6,000	5,843	(157)
State Cigarette Tax Apportionment	800	800	-	(800)
Conservation Trust Fund Entitlement	6,000	6,000	6,724	724
Open Space Tax	30,000	30,000	33,238	3,238
Investment Income	8,000	8,000	17,751	9,751
Miscellaneous	15,800	15,800	15,127	(673)
Total Revenues	1,561,000	1,881,453	1,928,696	47,243
EXPENDITURES				
Current:				
Public Safety	651,500	651,500	620,549	30,951
Sanitation	75,000	75,000	76,924	(1,924)
Administration	507,000	623,000	614,884	8,116
Planning and Zoning	69,000	69,000	45,380	23,620
Public Works	392,000	512,000	475,379	36,621
Capital Outlay	53,000	53,000	49,757	3,243
Conservation Trust Fund Expenditures	6,000	6,000	6,000	-
Total Expenditures	1,753,500	1,989,500	1,888,873	100,627
NET CHANGE IN FUND BALANCE	(192,500)	(108,047)	39,823	147,870
FUND BALANCE - BEGINNING	1,296,273	1,516,614	1,516,614	-
FUND BALANCE - ENDING	$ 1,103,773	$ 1,408,567	$ 1,556,437	$ 147,870

See accompanying Notes to Financial Statements.

NOTE 1 DEFINITION OF REPORTING ENTITY

The Town of Columbine Valley, Colorado (the Town) was incorporated pursuant to Section 31-1-203, Colorado Revised Statutes. The Town provides the following services: public safety (including the activity related to the proceeds from the seizure of contraband, if any), public works, municipal court, planning and zoning, sanitation, parks and open space, and general administrative services.

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

The Town is not financially accountable for any other entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and leases are recorded as a reduction in liabilities.

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes and sales and use taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental fund:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

In accordance with the state budget law, the Town's board of trustees holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The Town's board of trustees can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

The Town's investment in an external investment pool is measured at amortized cost and is not subject to the fair value hierarchy. The Town's investments in a money market mutual fund and negotiable certificates of deposit are also reported at amortized cost and are not subject to the fair value hierarchy.

Property Taxes

Property taxes are levied by the Town's board of trustees. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the county commissioners to put the tax lien on the individual properties as of January 1 of the following year. The county treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. The county treasurer remits the taxes collected monthly to the Town.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital Assets

Capital assets, which include land, infrastructure, perimeter fences, automotive equipment, buildings, and office and other equipment, are reported 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Infrastructure	40 Years
Buildings	39 Years
Perimeter Fences	15 Years
Automotive Equipment	7 Years
Office and Other Equipment	7 Years

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

The Town's governmental activities report a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The Town reports a deferred outflow of resources relating to pensions. See Note 8 for additional information.

Compensated Absences

The Town has a policy that allows employees to accumulate unused paid time off up to certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The Town's General Fund is used to liquidate compensated absences of the governmental activities.

Pensions

The Town participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the 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.

Deferred Inflows of Resources

The Town's governmental activities report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period The Town reports a deferred inflow of resources relating to pensions. See Note 8 for additional information. Another item is for property tax revenue, which is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected.

Fund Equity

Fund balances in the General Fund are reported in classifications based on the extent to which the Town is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. In accordance with GASB Statement No. 54, fund balances are classified in one of five categories: 1) nonspendable, 2) restricted, 3) committed, 4) assigned, and 5) unassigned.

Nonspendable – Nonspendable fund balance represents amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The Town did not have any nonspendable resources as of December 31, 2017.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Restricted – Restricted fund balances reflect amounts for which constraints have been placed on the use of the resources because of state or federal laws or externally imposed conditions by grantors or creditors. Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 12). A portion of the General Fund fund balance in the amount of $56,362 has been restricted in compliance with this requirement. In addition, amounts held for the Conservation Trust Fund of $23,895, as well as amounts held for the Open Space Entitlement of $361,555 are classified as restricted fund balance at December 31, 2017 due to their restricted use for those purposes (see Note 6).

Committed – Committed fund balance is the amounts that can be used only for specific purposes determined by a formal action of the board of trustees. These amounts cannot be used for any other purpose unless the board of trustees removes or changes the specific use by taking formal board action. The Town did not have any committed resources as of December 31, 2017.

Assigned – Assigned fund balance includes amounts that are constrained by the Board of Trustee's intended use of these resources for a specific purpose but are neither restricted nor committed. The Town did not have any assigned resources as of December 31, 2017

Unassigned – Unassigned fund balance represents the net resources in excess of the other spendable classifications.

Order of Expenditure of Funds

When multiple categories of fund balance are available for expenditure, the Town will first expend the restricted funds and then the unrestricted funds. Within the unrestricted funds category, the Town would first reduce the committed fund balance, next would be the assigned fund balance and finally the unassigned fund balance.

Net Position

The Town has a net position consisting of three components – investment in capital assets, restricted, and unrestricted.

Investment in capital assets consists of capital assets net of accumulated depreciations. As of December 31, 2017, The Town had an investment in capital assets of $2,325,605.

Net position is reported as restricted when constraints have been placed on the use of the resources because of laws or externally imposed conditions by grantors or creditors.

NOTE 3 CASH AND INVESTMENTS

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

Deposits with Financial Institutions	$	87,786
Investments		1,471,239
Total Cash and Investments	$	1,559,025

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2017, the Town’s cash deposits had a carrying balance of $87,786.

Investments

The Town’s investment policy follows state statutes regarding investments.

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

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2017, the Town had the following investments, which are recorded at amortized cost:

Investment Type	Maturity	Amortized Cost
Colorado Surplus Asset Fund Trust (CSAFE)	Less Than One Year	$ 964,562
Negotiable Certificates of Deposit	Less Than One Year	500,000
Money Market Mutual Fund	Less Than One Year	6,677
		$ 1,471,239

Interest Rate Risk

Colorado Revised Statutes generally limit investment maturities to five years or less unless formally approved by the board of trustees. Corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

Credit Risk

The local government investment pool, Colorado Surplus Asset Fund Trust (CSAFE), is rated AAAm by Standard and Poor's.

At December 31, 2017, the Town's money market mutual fund is rated AAAm by Standard and Poor's. The certificates of deposit held by the Town are not rated.

Concentrations of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Town's investments in a single issuer. The Town does not have a policy that addresses limitations of the amount that can be invested in any one issuer. Investments in any one issuer (other than external investment pools) that represent 5% or more of the Town's total investments are as follows:

	Fair Value	Percent of Investment Portfolio
Ally Bank Certificate of Deposit	$ 250,000	17%
Franklin Synergy Bank Certificate of Deposit	250,000	17%

CSAFE

At December 31, 2017, the Town had $964,562 invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an external investment pool established by state statute for local government entities to pool surplus assets. The state securities commissioner administers and enforces all state statutes governing the trust. Purchases and redemptions are available daily at a net asset value (NAV) of $1.00. Investments in the external investment pool are shown at amortized cost for financial reporting purposes. Investments consist of U.S. Treasury and U.S. agency securities and repurchase agreements collateralized by U.S. Treasury and U.S. agency securities. A designated custodial bank provides safekeeping and despository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2017 follows:

	Balance at January 1, 2017	Increases	Decreases	Balance at December 31, 2017
Capital Assets Not Being Depreciated:				
Land	$ 300,000	$ -	$ -	$ 300,000
Total Capital Assets Not Being Depreciated	300,000	-	-	300,000
Capital Assets Being Depreciated:				
Automotive Equipment	250,748	41,007	39,552	252,203
Infrastructure	1,586,370	-	-	1,586,370
Perimeter Wall/Fence	58,112	-	-	58,112
Office and Other Equipment	55,033	8,750	-	63,783
Buildings - Town Hall	812,550	-	-	812,550
Total Capital Assets Being Depreciated	2,762,813	49,757	39,552	2,773,018
Less Accumulated Depreciation for:				
Automotive Equipment	147,089	24,822	27,780	144,131
Infrastructure	222,469	39,659	-	262,128
Perimeter Wall/Fence	17,287	3,874	-	21,161
Office and Other Equipment	49,347	3,556	-	52,903
Buildings - Town Hall	246,255	20,835	-	267,090
Total Accumulated Depreciation	682,447	92,746	27,780	747,413
Total Capital Assets Being Depreciated, Net	2,080,366	(42,989)	11,772	2,025,605
Capital Assets, Net	$ 2,380,366	$ (42,989)	$ 11,772	$ 2,325,605

Depreciation expense was charged to functions/programs of the Town as follows:

Unallocated - Town Hall	$ 20,835
Public Works	45,897
Public Safety	24,055
Administration	1,959
Total Depreciation Expense - Governmental Activities	$ 92,746

NOTE 5 LONG-TERM OBLIGATIONS

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

	Balance at January 1, 2017	Additions	Reductions	Balance at December 31, 2017	Due Within One Year
Compensated Absences	$ 17,612	$ 49,568	$ 15,671	$ 51,509	$ 17,170
	$ 17,612	$ 49,568	$ 15,671	$ 51,509	$ 17,170

NOTE 6 INTERGOVERNMENTAL AGREEMENTS

Conservation Trust Fund Entitlement

As a result of the State of Colorado lottery, the Town was entitled to and received $6,724 of funds during 2017 based upon a formula considering population within the Town. The funds are restricted under the State Conservation Trust Fund statutes to acquisition, development, and maintenance of parks and recreation facilities.

The Town has $23,895 of remaining restricted funds which is planned to be spent in 2018 and future years in accordance with the guidelines established for lottery proceeds.

Open Space Tax Entitlement

On November 4, 2003, the voters in Arapahoe County approved a countywide sales and use tax of 0.25%, otherwise known as the Open Space Tax, which became effective on January 1, 2004. In November 2011, voters in Arapahoe County approved extending the tax through December 31, 2023. The Open Space Tax is to be used exclusively to purchase, develop, improve, and maintain park and recreation facilities.

On June 22, 2004, the Town entered into an intergovernmental agreement with Arapahoe County to impose the Open Space Tax on building and construction materials purchased within the Town, and to participate in the shareback funds available through Arapahoe County.

The amount of shareback funds is based upon a formula considering the population within the Town. During the year ended December 31, 2017, the Town was entitled to and received $33,238 in open space tax shareback funds. The Town has restricted $361,555 to be spent in future years in accordance with the guidelines established for Open Space Tax funds.

Town of Bow Mar

On December 6, 2004, the Town entered into an intergovernmental agreement (IGA) with the Town of Bow Mar (Bow Mar) for the Town to provide police and municipal court services to Bow Mar. The IGA may be renewed on an annual basis. The IGA has been extended through December 31, 2018.

NOTE 6 INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Town of Bow Mar (Continued)

The Town provides for the compensation, including salaries, wages, and benefits of the police officers. The Town prepares its budget based on projected paid officer hours. In the event that the total paid officer hours including vacation, holiday, and sick hours are less than the amount budgeted, then the Town will rebate to Bow Mar an amount equal to the budgeted hours less the actual number of hours paid times one-half of the current standard hourly rate. No rebate was due to Bow Mar for 2017.

For the year ended December 31, 2017, Bow Mar paid $268,216 in four equal quarterly installments of $67,054 to the the Town for police and municipal court services.

On October 6, 2016, the Town entered into an additional intergovernmental agreement with the Town of Bow Mar for the Town to provide building, inspection, and related administrative services to Bow Mar. The IGA was effective beginning November 1, 2016. The IGA is effective through December 31, 2018 and can be renewed on an annual basis after that date. For the year ended December 31, 2017, Bow Mar paid $40,000 in four equal quarterly installments of $10,000 to the the Town for building, inspection, and related administrative services.

NOTE 7 DEFINED CONTRIBUTION PLAN

The administrative employees of the Town participate in the Colorado County Officials and Employees Retirement Association Plan which is a defined contribution plan established by the Town and is maintained and administered by Colorado County Officials and Employees Retirement Association (CCOERA). At December 31, 2017, there were four plan members. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees become Plan members immediately upon employment. Under this Plan, 5% of the Plan members' compensation is withheld and remitted to the Plan Administrator along with a matching payment of 5% from the Town. The Town's contributions, plus earnings, become vested at a rate of 33.3% for each year of participation in the plan. The Town contributions for plan members who leave employment before they are fully vested are used to reduce the Town's current period contribution requirement. There is no liability for benefits under the plan beyond the Town's matching payments. Plan provisions and contribution requirements are established and may be amended by the Town's board of trustees.

Contributions actually made by plan members and the Town for the year ended December 31, 2017 are as follows:

Plan Members	$ 11,425
Town	$ 11,425

NOTE 8 DEFINED BENEFIT PENSION PLAN

Plan Description

The Town contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan (SWDB) provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, paid police officers of the Town are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for firefighters hired on or after January 1, 1997.

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at http://www.fppaco.org.

Description of Benefits

A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% 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% 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% 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% 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% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

Contributions

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

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions (Continued)

Members of the SWDB plan and their employers, contributed at the rate of 9.5% and 8%, respectively, of base salary for a total contribution rate of 17.5% in 2017. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8%, resulting in a combined contribution rate of 20% in 2022. Contributions to the pension plan from the Town were $28,421 for the year ended December 31, 2017.

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

At December 31, 2017, the Town reported a liability of $24,490 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2016, the Town's proportion was 0.067775370%, which was a decrease of 0.000145670% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Town recognized pension expense of $8,761. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 21,867	$ 1,246
Changes of Assumptions	16,729	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	66,103	-
Changes in Proportion and Differences Between Town Contributions and Proportionate Share of Contributions	9,279	-
Town Contributions Subsequent to the Measurement Date	28,421	-
Total	$ 142,399	$ 1,246

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

$28,421 reported as deferred outflows of resources related to pension resulting from the Town contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2018	$ 26,387
2019	26,387
2020	24,879
2021	10,808
2022	5,589
Thereafter	18,682

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term Investment Rate of Return*	7.5%
Projected Salary Increases*	4.0 - 14.0%
Cost of Living Adjustments (COLA)	0.0%
*Includes Inflation at	2.5%

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

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.

NOTE 8 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36 %	9.25 %
Equity Long/Short	10	7.35
Illiquid Alternatives	23	10.75
Fixed Income	15	4.10
Absolute Return	10	6.55
Managed Futures	4	5.50
Cash	2	0.00 %*
Total	100 %	

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 FPPA 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.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Town's Proportionate Share of the Net Pension Liability (Asset)	$ 208,369	$ 24,490	$ (128,231)

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 http://www.fppaco.org.

NOTE 9 DEFERRED COMPENSATION PLAN

The Town has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is also administered by FPPA. Participation in the plan is optional for all police officers. The plan allows the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement or death, or unforeseen emergencies.

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 for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 11 COMMITMENTS AND CONTINGENCIES

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions, which is generally equivalent to total revenues. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

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

On November 30, 1998, a majority of the Town’s electors approved the following:

- Authorized the Town to collect, retain and spend all excess revenue collected in 1998 and thereafter without regard to any limitations under TABOR or any other law provided that no local tax rate or mill levy shall be increased 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 will require judicial interpretation.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF COLUMBINE VALLEY
SCHEDULES OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
DECEMBER 31, 2017

	2016	2015	2014	2013
Town's Proportion of the Net Pension Liability (Asset)	0.067775370%	0.067921040%	0.075059369%	0.078535455%
Town's Proportionate Share of the Net Pension Liability (Asset)	$ 24,490	$ (1,197)	$ (84,710)	$ (70,268)
Town's Covered-Employee Payroll	$ 331,188	$ 342,855	$ 336,767	$ 328,589
Town's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	6.9%	(0.4%)	(25.2%)	(21.4%)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.2 %	100.1 %	106.8 %	105.8 %

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the Plan. Information earlier than 2013 was not available.

TOWN OF COLUMBINE VALLEY
SCHEDULES OF THE TOWN CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2017

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	$ 28,421	$ 26,495	$ 27,686	$ 27,009	$ 26,287	$ 26,261	$ 24,880	$ 25,171	$ 26,472	$ 23,656
Contributions in Relation to the Contractually Required Contribution	28,421	26,495	27,686	27,009	26,287	26,261	24,880	25,171	26,472	23,656
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered-Employee Payroll	$ 354,843	$ 331,188	$ 342,855	$ 336,767	$ 328,589	$ 328,260	$ 310,564	$ 314,375	$ 331,498	$ 295,424
Contributions as a Percentage of Covered Employee Payroll	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%

*The amounts presented for each fiscal year were determined as of December 31.

SUPPLEMENTARY INFORMATION

TOWN OF COLUMBINE VALLEY
SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2017

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES				
Public Safety:				
Automotive Expenses	$ 36,500	$ 36,500	$ 31,055	$ 5,445
Salaries and Benefits	511,000	511,000	492,725	18,275
Municipal Court	42,500	42,500	36,389	6,111
Other	61,500	61,500	60,380	1,120
Total Public Safety	651,500	651,500	620,549	30,951
Sanitation	75,000	75,000	76,924	(1,924)
Administration:				
Legal	48,000	48,000	46,523	1,477
Accounting and Audit	22,000	26,500	26,500	-
Inspection	69,000	163,000	143,515	19,485
Town Administration	239,050	239,050	253,668	(14,618)
Insurance and Bonds	29,000	29,000	23,773	5,227
Office Supplies and Miscellaneous	96,663	114,163	117,618	(3,455)
County Treasurer's collection Fees	3,287	3,287	3,287	-
Total Administration	507,000	623,000	614,884	8,116
Planning and Zoning:				
Planning and Engineering	69,000	69,000	45,380	23,620
Public Works:				
Street Repairs and Maintenance	311,000	431,000	432,367	(1,367)
Street Lighting	15,000	15,000	12,393	2,607
Ground Maintenance	44,000	44,000	17,203	26,797
Other	22,000	22,000	13,416	8,584
Total Public Works	392,000	512,000	475,379	36,621
Capital Outlay	53,000	53,000	49,757	3,243
Conservation Trust Fund Expenditures	6,000	6,000	6,000	-
TOTAL EXPENDITURES	$ 1,753,500	$ 1,989,500	$ 1,888,873	$ 100,627

TOWN OF COLUMBINE VALLEY
FIVE-YEAR SUMMARY OF ASSESSED VALUATION, MILL LEVY, AND PROPERTY TAXES COLLECTED
DECEMBER 31, 2017

Year Ended December 31,	Prior Year Assessed Valuation for Current Year Property Tax Levy	Mills Levied: Operating	Mills Levied: Debt Service	Total Property Taxes: Levied	Total Property Taxes: Collected	Percentage Collected to Levied
2013	$ 32,318,330	9.336	-	$ 301,724	$ 307,260	101.83 %
2014	32,359,930	9.316	-	301,465	301,396	99.98
2015	32,957,780	9.316	-	307,035	306,177	99.72
2016	39,645,583	7.891	-	312,843	312,222	99.80
2017	40,220,632	8.172	-	328,683	328,363	99.90
Estimated for Year Ending December 31,						
2018	$ 42,795,790	8.133	-	$ 348,058		

NOTE:
Property taxes collected in any one year include collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

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

Form Approved
OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT		City or County: Arapahoe
		YEAR ENDING : December 2017
This Information From The Records Of Town of Columbine Valley	Prepared By: Phone:	Dana Struthers (303) 795-1434

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	780,067
3. Other local imposts (from page 2)	28,145
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	808,212
B. Private Contributions	
C. Receipts from State government (from page 2)	51,825
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	860,037

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	398,072
3. Road and street services:	
a. Traffic control operations	4,921
b. Snow and ice removal	2,798
c. Other	
d. Total (a. through c.)	7,719
4. General administration & miscellaneous	153,921
5. Highway law enforcement and safety	300,325
6. Total (1 through 5)	860,037
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	860,037

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
450,900	860,037	860,037		450,900

Notes and Comments:

FORM FHWA-536 (Rev.06/2000) PREVIOUS EDITIONS OBSOLETE (Next Page)

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2017

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	28,145	g. Other Misc. Receipts	
6. Total (1. through 5.)	28,145	h. Other	
c. Total (a. + b.)	28,145	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	45,981	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	5,844	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.)	5,844	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	51,825	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			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:

FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE