



# FINANCIAL REPORT

Year Ended December 31, 2017



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Office of the State Auditor

May 18, 2018



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## Independent Auditors' Report

The Mayor and Members  
of the Board of Trustees  
Town of Eaton  
Eaton, Colorado

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

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 evaluation of 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 opinion.

## **Opinion**

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

## **Other Matters**

Accounting principles generally accepted in the United States require that management discussion and analysis and major governmental funds budget comparisons be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, 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, 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 evidence sufficient to express an opinion or provide any assurance.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining statements, individual fund statements and schedules on pages 39-49 and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Anderson & Whitney, P.C.*

May 8, 2018

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of The Town of Eaton (the Town) for the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the Town's financial performance.

### FINANCIAL HIGHLIGHTS

- The Town's assets exceeded liabilities and deferred inflows by \$38 million at December 31, 2017.
- The General Fund balance was \$1,512,803 as of December 31, 2017. Of this amount, \$73,960 is reserved for emergencies.
- The December 31, 2017 General Fund balance is \$278,621 more than the previous year-end. The total fund balance is 61% of 2017 General Fund operating expenditures.
- The Water Fund has net position of \$15.4 million at December 31, 2017.
- The Sewer Fund has net position of \$3.3 million at December 31, 2017.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic financial statements contain three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition to the basic statements, this report also contains other supplementary information.

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private sector business.

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

The *statement of activities* presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected fees).

**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, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, and Library Fund, each of which is considered to be a major fund.

The basic governmental fund financial statements can be found on pages 12 and 13 of this report.

**Proprietary Funds.** The Town maintains one type of a proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its utility services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water and sewer funds which are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found on pages 14 to 16 of this report.

**Notes to the financial statements.** 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 on pages 17 through 30 of this report.

**Budgetary Comparisons.** The Town adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the General Fund on pages 32 to 35 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2017, assets exceeded liabilities by \$37,870,899.

The following table provides a summary of the Town's net position:

December 31	2017		2016	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
<b>Assets</b>				
Current and other assets	\$ 6,530,842	\$ 4,621,580	\$ 5,524,659	\$ 3,224,439
Capital assets	13,570,497	19,161,673	11,665,544	17,953,902
<b>Total Assets</b>	<b>20,101,339</b>	<b>23,783,253</b>	<b>17,190,203</b>	<b>21,178,341</b>
<b>Liabilities</b>				
Current and other liabilities	317,232	479,497	228,310	658,955
Long-term liabilities	637,877	3,400,070	805,055	3,811,212
<b>Total Liabilities</b>	<b>955,109</b>	<b>3,879,567</b>	<b>1,033,365</b>	<b>4,280,167</b>
<b>Deferred Inflows</b>				
Deferred property taxes	1,179,017	-	1,178,429	-
<b>Net Position</b>				
Net investment in capital assets	12,756,892	15,358,441	10,684,761	13,753,429
Restricted	3,821,708	--	3,221,726	--
Unrestricted	1,388,613	4,545,245	1,071,922	3,144,745
<b>Total Net Position</b>	<b>\$ 17,967,213</b>	<b>\$ 19,903,686</b>	<b>\$ 14,978,409</b>	<b>\$ 16,898,174</b>

A portion of The Town's net position represents unrestricted net position of \$5,933,858 which may be used to meet the Town's ongoing obligations to citizens and creditors.

Another significant portion of the Town's net position reflects its investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The only long-term debt is the bonds and leases issued for construction of Town utility systems and property acquisition.

An additional \$3,821,708 of the Town's net position represents resources that are subject to external restrictions on how they may be used. Included in this category are the TABOR emergency reserve, Shelton trust account, and the Streets, Library, Impact Fee and Cemetery Perpetual Care funds.

The following table indicates the changes in net position:

Years Ended December 31	2017		2016	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 777,337	\$ 2,896,961	\$ 750,039	\$ 2,507,124
Operating contributions	1,156,103	--	1,729,844	--
Capital contributions	2,056,535	2,749,022	--	1,653,110
General revenues:				
Property taxes	312,558	--	438,198	--
Sales taxes	1,502,434	--	1,457,081	--
Other	935,462	--	802,503	--
Investment earnings	1,353	366	1,212	295
Transfers	60,000	(60,000)	57,900	(57,900)
<b>Total revenues</b>	<b>6,801,782</b>	<b>5,586,349</b>	<b>5,236,777</b>	<b>4,102,629</b>
<b>Expenses:</b>				
General government	593,274	--	577,780	--
Public safety	881,389	--	639,704	--
Cemetery	128,907	--	121,275	--
Parks and recreation	267,128	--	545,451	--
Public buildings	83,627	--	43,308	--
Building inspection	207,887	--	177,909	--
Library	445,103	--	388,237	--
Streets	460,318	--	371,302	--
Depreciation	717,616	--	651,619	--
Interest on long-term debt	27,729	--	25,145	--
Water	--	1,457,102	--	1,267,076
Sewer	--	807,193	--	809,970
Sanitation	--	210,577	--	200,091
Irrigation	--	105,965	--	58,284
<b>Total expenses</b>	<b>3,812,978</b>	<b>2,580,837</b>	<b>3,541,730</b>	<b>2,335,421</b>
<b>Increase in net position</b>	<b>\$ 2,988,804</b>	<b>\$ 3,005,512</b>	<b>\$ 1,695,047</b>	<b>\$ 1,767,208</b>

**Governmental Activities.** Governmental activities increased the Town's net position by \$2,988,804 in 2017. Key elements of this increase are as follows:

- Total revenues increased approximately 30% due to capital contributions received from the Aspen Meadows development.
- Expenses increased approximately 8% from the previous year, from increasing building inspection, public safety and library costs which were partially offset by the decreased costs in parks and recreation.

**Business-Type Activities.** Business-type activities (i.e. utility services) increased the Town's net position by \$3,005,512 in 2017. This was primarily due to capital contributions from tap fees and water contributions.

## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

As of December 31, 2017, the total fund balances of the Town's governmental funds were \$5,210,321. Approximately 27% of this consists of unrestricted fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance is restricted to indicate that it is not available for new spending because it is committed for the following purposes: a state-constitution mandated emergency reserve (\$73,960); cemetery perpetual care (\$124,098); Shelton Trust purposes (\$50,230), streets (\$334,688), library (\$2,274,346) and impact fee purposes (\$964,386).

The Town has three major governmental funds:

1. **General Fund.** This is the primary operating fund of the Town. It accounts for the Town's core governmental services. The General Fund balance was \$1,512,803 as of December 31, 2017. The 2017 fund balance is \$278,621 more than the previous year.
2. **Library Fund.** The Library Fund accounts for the operation of the Town's library. The fund balance at December 31, 2017 was \$2,274,346.
3. **Street Fund.** The Street Fund accounts for monies received for street maintenance and improvement. The fund balance at December 31, 2017 was \$334,688.

The Town has two major enterprise funds, the Water and Sewer Funds.

1. **Water Fund.** The Water Fund accounts for service charges and expenses of operating the Town's water system. The Water Fund net position at December 31, 2017 is \$15.4 million. Net position increased by \$2,092,559 during the year due to increased water use fees, tap fees and contributed water rights.
2. **Sewer Fund.** The Sewer Fund accounts for service charges and expenses of operating the Town's sanitary sewer system. The Sewer Fund net position at December 31, 2017 is \$3.3 million. Net position increased by \$543,964.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund.

	Final Budget	Actual
Beginning Fund Balance	\$ 1,234,182	\$ 1,234,182
Revenue and transfers in	2,298,781	2,743,940
Expenditures	(2,518,923)	(2,465,319)
Ending Fund Balance	\$ 1,014,040	\$ 1,512,803

The 2017 General Fund budget was amended during the year.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2017 totals approximately \$32.7 million (net of accumulated depreciation). This investment includes all land, water rights, buildings, and equipment and infrastructure. The total net increase in investment in capital assets for the current year was \$3,112,724 or 10%, due to capital additions including contributed infrastructure and water rights.

Major capital asset events during 2017 included capital contributions of over \$3 million from the Aspen Meadows development.

The Town implemented the straight-line depreciation method for its capital assets, except for land and water rights which are not depreciated.

Additional information on the Town's capital assets can be found in Note 6 of this report.

**Long-term Debt.** At December 31, 2017, the Town had approximately \$3.7 million of water and sewer loans and bonds payable, funded by service charges. The Town also has capital leases payable of \$813,605 from property acquisition, funded from Impact Fees and use taxes on building materials.

Additional information on the Town's debt can be found in Notes 3 and 4.

## OTHER MATTERS

The following factors are expected to have a significant effect on the Town's financial position and results of operations and were taken into account in developing the 2018 budget:

- \* The Town had a water utility rate study in 2014. Rate increases of \$2.46 per month for residential customers were recommended and adopted. Similar increases were recommended for upcoming years.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Eaton finances for all those with an interest in the Town's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the Town, 223 First Street, Eaton, Colorado 80615.

# TOWN OF EATON, COLORADO

## STATEMENT OF NET POSITION

December 31, 2017	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Total Cash and Investments	\$ 5,296,989	\$ 4,345,780	\$ 9,642,769
Shelton Trust Account	50,230	-	50,230
Receivables:			
Property taxes	1,179,017	-	1,179,017
Utility accounts	-	235,783	235,783
Inventory of Supplies	4,606	40,017	44,623
Capital Assets:			
Land and water rights	2,972,003	8,994,496	11,966,499
Depreciable	10,598,494	10,167,177	20,765,671
<b>Total Assets</b>	<b>20,101,339</b>	<b>23,783,253</b>	<b>43,884,592</b>
<u>LIABILITIES</u>			
Accounts Payable	141,504	76,335	217,839
Long-Term Debt:			
Due within one year	175,728	403,162	578,890
Due in more than one year	637,877	3,400,070	4,037,947
<b>Total Liabilities</b>	<b>955,109</b>	<b>3,879,567</b>	<b>4,834,676</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Property Taxes	1,179,017	-	1,179,017
<u>NET POSITION</u>			
Net Investment in Capital Assets	12,756,892	15,358,441	28,115,333
Restricted for:			
TABOR emergencies	73,960	-	73,960
Shelton Trust	50,230	-	50,230
Library	2,274,346	-	2,274,346
Streets/impact fees	1,299,074	-	1,299,074
Cemetery perpetual care	124,098	-	124,098
Unrestricted	1,388,613	4,545,245	5,933,858
<b>TOTAL NET POSITION</b>	<b>\$17,967,213</b>	<b>\$19,903,686</b>	<b>\$37,870,899</b>

See Accompanying Notes to Financial Statements.

# TOWN OF EATON, COLORADO

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2017	Expenses	Charges for Services
Functions/Programs:		
Governmental Activities:		
General government	\$ 593,274	\$ 2,543
Public safety	881,389	420,763
Cemetery	128,907	42,901
Parks and recreation	267,128	33,084
Public buildings	83,627	-
Building inspection	207,887	272,709
Library	445,103	5,337
Streets	460,318	-
Unallocated depreciation	717,616	-
Interest on long-term debt	27,729	-
Total Governmental Activities	3,812,978	777,337
Business-Type Activities:		
Water	1,457,102	1,835,542
Sewer	807,193	727,239
Sanitation	210,577	242,626
Irrigation	105,965	91,554
Total Business-Type Activities	2,580,837	2,896,961
TOTAL	\$ 6,393,815	\$3,674,298

### General Revenue:

Property taxes  
 Sales taxes  
 Franchise and other taxes  
 Use taxes - building materials  
 Impact fees  
 Road and bridge taxes  
 Investment earnings  
 Transfers

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Total General Revenue

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Change in Net Position

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Net Position - Beginning

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NET POSITION - Ending

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See Accompanying Notes to Financial Statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Contributions	Governmental Activities	Business- Type Activities	Total
\$ 77,482	\$ -	\$ (513,249)	\$ -	\$ (513,249)
-	-	(460,626)	-	(460,626)
-	-	(86,006)	-	(86,006)
48,806	-	(185,238)	-	(185,238)
-	-	(83,627)	-	(83,627)
-	-	64,822	-	64,822
868,553	-	428,787	-	428,787
161,262	2,056,535	1,757,479	-	1,757,479
-	-	(717,616)	-	(717,616)
-	-	(27,729)	-	(27,729)
1,156,103	2,056,535	176,997	-	176,997
-	1,734,025	-	2,112,465	2,112,465
-	643,646	-	563,692	563,692
-	-	-	32,049	32,049
-	371,351	-	356,940	356,940
-	2,749,022	-	3,065,146	3,065,146
\$1,156,103	\$ 4,805,557	176,997	3,065,146	3,242,143
		312,558	-	312,558
		1,502,434	-	1,502,434
		276,392	-	276,392
		406,456	-	406,456
		165,950	-	165,950
		86,664	-	86,664
		1,353	366	1,719
		60,000	(60,000)	-
		2,811,807	(59,634)	2,752,173
		2,988,804	3,005,512	5,994,316
		14,978,409	16,898,174	31,876,583
		\$17,967,213	\$19,903,686	\$37,870,899

**TOWN OF EATON, COLORADO  
GOVERNMENTAL FUNDS**

**BALANCE SHEET**

December 31, 2017	General Fund	Library Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Pooled Cash and Investments	\$ 1,532,659	\$ 2,276,539	\$ 329,263	\$ 1,152,705	\$ 5,291,166
Cash	2,092	150	-	-	2,242
Cash with County treasurer	276	-	3,305	-	3,581
Shelton Trust account	50,230	-	-	-	50,230
Taxes Receivable	335,301	843,716	-	-	1,179,017
Inventory of Supplies	-	-	4,606	-	4,606
<b>Total Assets</b>	<b>\$ 1,920,558</b>	<b>\$ 3,120,405</b>	<b>\$ 337,174</b>	<b>\$ 1,152,705</b>	<b>\$ 6,530,842</b>
<b>LIABILITIES</b>					
Accounts Payable	\$ 72,454	\$ 2,343	\$ 2,486	\$ 64,221	\$ 141,504
<b>Total Liabilities</b>	<b>72,454</b>	<b>2,343</b>	<b>2,486</b>	<b>64,221</b>	<b>141,504</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Property Taxes	335,301	843,716	-	-	1,179,017
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	124,098	124,098
Restricted for:					
TABOR emergencies	73,960	-	-	-	73,960
Shelton Trust	50,230	-	-	-	50,230
Library/Streets/Impact	-	2,274,346	334,688	964,386	3,573,420
Unassigned	1,388,613	-	-	-	1,388,613
<b>Total Fund Balances</b>	<b>1,512,803</b>	<b>2,274,346</b>	<b>334,688</b>	<b>1,088,484</b>	<b>5,210,321</b>
<b>TOTAL LIABILITIES, DEFERRALS AND FUND BALANCES</b>	<b>\$ 1,920,558</b>	<b>\$ 3,120,405</b>	<b>\$ 337,174</b>	<b>\$ 1,152,705</b>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and are not reported in the funds					13,570,497
Long-term leases are not due and payable in the current period and therefore are not reported in the funds					(813,605)
<b>Net Position of Governmental Activities</b>					<b>\$ 17,967,213</b>

See Accompanying Notes to Financial Statements.

**TOWN OF EATON, COLORADO  
GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

Year Ended December 31, 2017	General Fund	Library Fund	Street Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue:</b>					
Taxes	\$ 1,745,891	\$ 868,553	\$ 231,375	\$ 406,456	\$ 3,252,275
Intergovernmental	89,595	-	247,926	-	337,521
Fines and forfeitures	420,763	5,337	-	-	426,100
Impact fees	-	-	-	165,950	165,950
Service charges	315,708	-	-	2,445	318,153
Miscellaneous	111,849	-	73,265	134	185,248
<b>Total Revenue</b>	<b>2,683,806</b>	<b>873,890</b>	<b>552,566</b>	<b>574,985</b>	<b>4,685,247</b>
<b>Expenditures:</b>					
General government	2,248,928	-	-	64,221	2,313,149
Debt service	10,375	-	58,885	121,971	191,231
Library	-	445,103	-	-	445,103
Streets	-	-	262,241	-	262,241
Capital outlay	206,016	5,434	405,399	-	616,849
<b>Total Expenditures</b>	<b>2,465,319</b>	<b>450,537</b>	<b>726,525</b>	<b>186,192</b>	<b>3,828,573</b>
Revenue Over (Under) Expenditures	218,487	423,353	(173,959)	388,793	856,674
<b>Other Financing Sources (Uses):</b>					
Operating transfers in (out)	60,134	-	-	(134)	60,000
<b>Net Change in Fund Balances</b>	<b>278,621</b>	<b>423,353</b>	<b>(173,959)</b>	<b>388,659</b>	<b>916,674</b>
Fund Balance, January 1	1,234,182	1,850,993	508,647	699,825	4,293,647
<b>Fund Balance, December 31</b>	<b>\$ 1,512,803</b>	<b>\$ 2,274,346</b>	<b>\$ 334,688</b>	<b>\$ 1,088,484</b>	<b>\$ 5,210,321</b>

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

Net change in fund balances - total governmental funds \$ 916,674

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital additions exceeded depreciation in the year. 1,904,953

The issuance of long-term debt and obligations provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences. 167,177

**Change in Net Position of Governmental Activities \$ 2,988,804**

**TOWN OF EATON, COLORADO**  
**BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS**

**STATEMENT OF NET POSITION**

December 31, 2017	Water Fund	Sewer Fund	Other Enterprise Funds	Total
<b>ASSETS</b>				
Current Assets:				
Pooled Cash and Investments	\$ 2,947,707	\$ 1,164,177	\$ 233,896	\$ 4,345,780
Accounts receivable	101,087	93,070	41,626	235,783
Inventory of supplies	40,017	-	-	40,017
<b>Total Current Assets</b>	<b>3,088,811</b>	<b>1,257,247</b>	<b>275,522</b>	<b>4,621,580</b>
Capital Assets:				
Land	80,329	6,055	-	86,384
Water rights	8,908,112	-	-	8,908,112
Buildings and plant	61,043	5,439,485	-	5,500,528
Distribution/collection system	7,685,695	3,902,640	1,141,029	12,729,364
Equipment	202,025	148,204	20,731	370,960
Vehicles	-	260,445	16,378	276,823
	16,937,204	9,756,829	1,178,138	27,872,171
Accumulated depreciation	(3,532,070)	(4,875,340)	(303,088)	(8,710,498)
<b>Total Capital Assets</b>	<b>13,405,134</b>	<b>4,881,489</b>	<b>875,050</b>	<b>19,161,673</b>
<b>Total Assets</b>	<b>16,493,945</b>	<b>6,138,736</b>	<b>1,150,572</b>	<b>23,783,253</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	45,838	14,646	15,851	76,335
Current portion of long-term liabilities	163,032	240,130	-	403,162
<b>Total Current Liabilities</b>	<b>208,870</b>	<b>254,776</b>	<b>15,851</b>	<b>479,497</b>
Long-Term Liabilities:				
Long-term loans	842,555	2,477,706	-	3,320,261
Loan premium	-	79,809	-	79,809
<b>Total Long-Term Liabilities</b>	<b>842,555</b>	<b>2,557,515</b>	<b>-</b>	<b>3,400,070</b>
<b>Total Liabilities</b>	<b>1,051,425</b>	<b>2,812,291</b>	<b>15,851</b>	<b>3,879,567</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	12,399,547	2,083,844	875,050	15,358,441
Unrestricted	3,042,973	1,242,601	259,671	4,545,245
<b>TOTAL NET POSITION</b>	<b>\$ 15,442,520</b>	<b>\$ 3,326,445</b>	<b>\$ 1,134,721</b>	<b>\$ 19,903,686</b>

See Accompanying Notes to Financial Statements.

**TOWN OF EATON, COLORADO**  
**BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS**

**STATEMENT OF REVENUE, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**

Year Ended December 31, 2017	Water Fund	Sewer Fund	Other Enterprise Funds	Total
Operating Revenue - charges for services	\$ 1,833,766	\$ 727,239	\$ 334,180	\$ 2,895,185
Operating Expenses:				
Personnel	71,413	100,870	-	172,283
Supplies	3,386	20,990	1,046	25,422
Contractual services	57,306	24,913	219,082	301,301
Utilities	13,593	77,475	22,118	113,186
Repairs and maintenance	216,323	69,736	38,007	324,066
Insurance	15,603	32,186	1,324	49,113
Water purchases and assessments	737,793	-	-	737,793
NISP expenses	130,000	-	-	130,000
Other	2,384	3,795	2,370	8,549
Depreciation	182,097	401,621	32,595	616,313
Total Operating Expenses	1,429,898	731,586	316,542	2,478,026
Operating Income (Loss)	403,868	(4,347)	17,638	417,159
Nonoperating Revenue (Expenses):				
Investment earnings	94	271	-	365
Interest expense	(27,204)	(83,587)	-	(110,791)
Loan premium costs	-	7,980	-	7,980
Miscellaneous	1,776	-	-	1,776
Net Nonoperating Expense	(25,334)	(75,336)	-	(100,670)
Income (Loss) Before Contributions and Operating Transfers	378,534	(79,683)	17,638	316,489
Capital Contributions and Tap Fees	1,734,025	643,647	371,351	2,749,023
Operating Transfers Out - General Fund	(20,000)	(20,000)	(20,000)	(60,000)
Change in Net Position	2,092,559	543,964	368,989	3,005,512
Fund Net Position, January 1	13,349,961	2,782,481	765,732	16,898,174
Fund Net Position, December 31	\$ 15,442,520	\$ 3,326,445	\$ 1,134,721	\$ 19,903,686

See Accompanying Notes to Financial Statements.

**TOWN OF EATON, COLORADO  
ENTERPRISE FUNDS**

**STATEMENT OF CASH FLOWS**

Year Ended December 31, 2017	Water Fund	Sewer Fund	Other Enterprise Funds	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 1,851,787	\$ 706,593	\$ 323,329	\$ 2,881,709
Cash payments:				
To suppliers for goods and services	(1,183,073)	(222,347)	(284,111)	(1,689,531)
To employees for services	(71,413)	(100,870)	-	(172,283)
Net Cash Provided by Operating Activities	597,301	383,376	39,218	1,019,895
Cash Flows from Noncapital Financing Activities:				
Operating Transfer Out - General Fund	(20,000)	(20,000)	(20,000)	(60,000)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of equipment and plant	(56,679)	-	-	(56,679)
Debt principal reduction	(160,046)	(229,215)	-	(389,261)
Interest paid on debt	(27,204)	(83,587)	-	(110,791)
Service tap fees	681,619	300,000	-	981,619
Other	1,776	-	-	1,776
Net Cash Provided (Used) by Capital and Related Financing Activities	439,466	(12,802)	-	426,664
Cash Flows from Investing Activities:				
Interest	94	271	-	365
Net Cash Provided by Investing Activities	94	271	-	365
Net Increase (Decrease) in Cash	1,016,861	350,845	19,218	1,386,924
Cash and Cash Equivalents, January 1	1,930,846	813,332	214,678	2,958,856
Cash and Cash Equivalents, December 31	\$ 2,947,707	\$ 1,164,177	\$ 233,896	\$ 4,345,780
Reconciliation of Operating Income to Net Cash From Operating Activities:				
Operating Income	\$ 403,868	\$ (4,347)	\$ 17,638	\$ 417,159
Depreciation	182,097	401,621	32,595	616,313
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	18,021	(20,646)	(10,851)	(13,476)
Inventories	3,259	-	-	3,259
Increase (decrease) in:				
Accounts payable	(9,944)	6,748	(164)	(3,360)
Net Cash Provided by Operating Activities	\$ 597,301	\$ 383,376	\$ 39,218	\$ 1,019,895
Disclosure of Noncash Investing Activities:				
Contributed infrastructure and water rights	\$ 779,250	\$ 55,569	\$ 49,880	\$ 884,699

See Accompanying Notes to Financial Statements.

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies:

The accounting and reporting policies of the Town of Eaton, Colorado conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating the Town's financial statements.

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#### Reporting Entity:

The financial report of the Town includes all of the integral parts of the Town's operations. The Town has determined that it has no financial accountability for any other agency which would require it to be in the reporting entity.

The Mayor appoints members of the Eaton Housing Authority. Otherwise, the Town has no role in the designation of management and no ability to influence operations. The Town does not have financial accountability for the Eaton Housing Authority, as the Authority is fiscally independent.

Proceeds from the seizure of contraband, if any, are included in the reporting entity.

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#### Government-wide and Fund Financial Statements:

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 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 and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

Government-wide and Fund Financial Statements – Continued:

The Town reports the following major governmental funds:

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

The *Library Fund* accounts for taxes received from the High Plains Library District and other revenue restricted for library services.

The *Street Fund* accounts for taxes and other revenues restricted for street improvement and maintenance.

The Town reports the following major proprietary funds:

The *Sewer Fund* accounts for user charges and expenses for operating, financing, and maintaining the Town's sanitary sewer system.

The *Water Fund* accounts for user charges and the expenses for operating, financing, and maintaining the Town's water system.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

Accounts 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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues 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 sewer fund, water fund, and the other enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - 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*, as are the proprietary funds. 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

Government 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.

Cigarette taxes, sales taxes, use taxes, taxpayer-assessed taxes, interest revenue, and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., streets and roads, bridges, stormwater drainage, traffic signals, 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 \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date received.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities.

Estimated useful lives for asset types are as follows:

Buildings and Improvements	10 – 50 years
Equipment and Vehicles	3 – 10 years
Infrastructure	10 – 30 years

---

#### Long-Term Obligations:

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 issued 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.

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# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### Fund Equity:

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restrictions for the Town are recorded up to the maximum equity available in the fund balance and consist of:

#### Restricted for Shelton Trust Fund:

These restrictions are established for amounts set aside for the purposes established by the Shelton Trust fund. Recorded restrictions at December 31, 2017 are \$50,230.

#### Restricted for Emergencies:

These restrictions are established to comply with TABOR. Recorded TABOR restrictions at December 31, 2017 are \$73,960.

Assigned fund balances, if any, are amounts the Town intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official to which the Board delegates authority. Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

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#### Property Taxes:

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on March 1 and June 15, or in full on April 30. The Town uses the Weld County Treasurer to bill and collect its property taxes. Taxes levied in December 2017 are recorded as taxes receivable and deferred revenue as of December 31, 2017. The original January 1, 2017 levy for the General Fund of the Town was 5.44 mills or approximately \$335,000.

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#### Budget:

An annual budget and appropriation ordinance is adopted by the Town Board in accordance with the Local Government Budget Law. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States for all funds, except for modifications in the enterprise funds which are discussed below. The fund level of classification is the level at which expenditures may not legally exceed appropriations. All annual appropriations lapse at year end.

The Town Administrator is authorized to transfer budgeted amounts within departments of each fund. Any revisions that alter the total appropriation for each department must be approved by the Town Board through a supplemental appropriation ordinance.

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### Budget - Continued:

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States (GAAP), except for the enterprise funds:

- a. Depreciation and amortization expense is not budgeted in the enterprise funds.
- b. Principal reduction of bonds is budgeted as expenses.
- c. Property and equipment purchases are budgeted as expenses.

Budgetary comparisons presented in the enterprise funds are on this non-GAAP budget basis.

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#### Inventories:

Inventories of governmental funds, which consist of expendable materials held for consumption, are stated at cost, determined by the first-in, first-out (FIFO) method. These funds follow the consumption method of accounting whereby expenditures are recorded at the time the inventory items are used.

Inventories of proprietary funds are recorded at the lower of cost or market. Cost is determined by the FIFO method.

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#### Transfers In/Out:

Transfers to the General Fund were made from the Water, Sewer, and Sanitation Funds to reimburse the General Fund for various office expenses. The interest earned in the Cemetery Perpetual Care Fund is transferred to the General Fund to offset cemetery expenses.

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#### Pooled Cash:

Most cash resources of the Town are combined and deposited in an interest bearing bank account. Interest income earned on the pooled account is allocated to the General Fund. If a fund's share of the pooled cash is a deficit, a Due to Other Funds account is established.

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# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 1 - Summary of Significant Accounting Policies - Continued:**

#### Employee Vacation and Sick Leave:

All full-time Town employees accumulate sick leave for subsequent use. These accumulations do not vest and therefore are not recognized as expenditures by the Town until used.

Employees also receive noncumulative vacation leave. No accrual of liability is made as vacation leave is generally taken and the amount outstanding at year end is immaterial.

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#### Statement of Cash Flows:

For purposes of the statement of cash flows, the Town considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

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#### Shelton Trust Account:

The Town is the beneficiary of 35% of the Juanita Shelton Trust. The Town received 35% of 1/3 of the trust principal in 2017, as well as 35% of accumulated income, totaling \$15,115. In 2018, the Town will receive 35% of 1/2 of the remaining principal until the remaining balance is disbursed in 2019. The proceeds are limited to the Town's library, museum, and senior citizens programs.

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### **NOTE 2 – Cash and Investments:**

The Town's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Town's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages and deeds of trust.

State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school district, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

At December 31, 2017, the Town had \$64,415 invested in the Colorado Liquid Asset Trust (COLOTRUST), an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00 per share. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. COLOTRUST is rated AAAM by Standard & Poor's. The Town's investment is measured at NAV.

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 – Cash and Investments – Continued:

Investments held as of December 31, 2017 are as follows:

	Cost	Fair Value
U.S. Government Sponsored Agency Bonds, primarily FFCB and FHLB, maturing in 2019 through 2020, rated AA+ by Standard & Poor's	\$ 744,651	\$ 739,142
Total	\$ 744,651	\$ 739,142

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31:

Description	Fair Value Measurements at Reporting Date Using		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2017</u>			
U.S. Government Sponsored Agency Bonds	--	\$ 739,142	--

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - Water and Sewer Debt:

December 31	2017
\$5,000,000, Series 2005, loan from Colorado Water Resource and Power Development Authority, due in varying monthly installments through 2027, average interest rate at 3.38%. (This debt will be serviced by the Sewer Fund, an Enterprise Fund.)	\$ 2,717,836
Series 2005, CWRPDA loan premium	87,789
\$1,578,625, Series 2014, Water Revenue Refunding bonds, due in varying monthly installments through 2023, average interest at 2.49%. (This debt will be serviced by the Water Fund, an Enterprise Fund.)	1,005,587
<b>Total Water and Sewer Debt</b>	<b>\$3,811,212</b>

The annual requirements to amortize these loans as of December 31, 2017 are as follows:

Year Ending December 31	Principal	Interest	Total
2018	\$ 240,130	\$ 104,610	\$ 344,740
2019	245,588	98,226	343,814
2020	251,045	93,385	344,430
2021	256,503	86,711	343,214
2022	261,960	79,892	341,852
2023-2027	1,462,610	258,940	1,721,550
	<b>\$ 2,717,836</b>	<b>\$ 721,764</b>	<b>\$ 3,439,600</b>

Year Ending December 31	Principal	Interest	Total
2018	\$ 163,032	\$ 23,250	\$ 186,281
2019	165,864	20,418	186,282
2020	169,236	17,045	186,281
2021	175,670	10,612	186,282
2022	178,308	7,973	186,281
2023	153,477	1,757	155,234
	<b>\$ 1,005,587</b>	<b>\$ 81,054</b>	<b>\$ 1,086,641</b>

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 3 - Water and Sewer Debt – Continued:

Changes in Enterprise Fund long-term debt during the year were as follows:

	Balance, 1/1/17	Additions	Retirements	Balance, 12/31/17	Due Within One Year
Water Refunding Bonds	\$ 1,165,633	--	\$ 160,046	\$ 1,005,587	\$ 163,062
CWRPDA Loan – Sewer	2,947,051	--	229,215	2,717,836	240,130
Series 2005 Loan Premium	87,789	--	7,980	79,809	--
	\$ 4,200,473	\$ --	\$ 397,241	\$ 3,803,232	\$ 403,162

The Town has pledged future customer revenues, net of operating expenses, to repay the water and sewer loans above. Proceeds from the loans provided financing for various improvements. The loans are payable solely from water and sewer net revenues and are payable through 2023 and 2027. Annual principal and interest payments on the bonds are expected to require approximately 15% of water revenues and 50% of sewer revenues. The total principal and interest remaining to be paid on the bonds is on page 25. Principal and interest paid for the current year and total customer revenues were \$186,281 and \$1,883,766, respectively for water, and \$340,444 and \$727,239, respectively for sewer.

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### NOTE 4 – Governmental Long-Term Debt:

The Town has entered into five capital leases for several lots to be developed as a town square. Annual payments of \$106,397 are required until 2025 including interest at 3.25%. The land secures the capital lease and is carried at \$1,847,560 at December 31, 2017. Lease payments will be made by the Impact Fee Fund.

The Town has also entered into an installment purchase agreement for financing the purchase of a building to be used as a museum. This agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception. Lease payments are made by the General Fund.

The agreement, dated September 17, 2003, requires annual payments of \$10,375, including 2% interest, until 2032. The lessor has a first lien security interest in the building until the payments are completed. The carrying value of improvements under lease is \$125,328 at December 31, 2017.

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4 – Governmental Long-Term Debt – Continued:

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at December 31, 2017.

Year Ending December 31	Amount
2018	\$ 175,728
2019	175,728
2020	116,843
2021	116,844
2022	101,341
2023-2027	184,823
2028-2032	43,327
Total minimum lease payments	914,634
Less: Amount representing interest	(101,029)
Present value of future minimum lease payments	\$ 813,605

Changes in long-term debt during the year were as follows:

	Balance, 1/1/17	Additions	Retirements	Balance, 12/31/17	Due Within One Year
Land Leases	\$ 677,673	\$ --	\$ 100,685	\$ 576,988	\$ 106,468
Museum Lease	134,644	--	7,682	126,962	10,375
Sweeper Lease	168,465	--	58,810	109,655	58,885
	\$ 980,782	\$ --	\$ 167,177	\$ 813,605	\$ 175,728

### NOTE 5 - Defined Contribution Plan:

The Town provides pension benefits through a defined contribution plan for all of its employees who have elected to participate. The plan is administered by Northwestern Mutual Life and can be amended only by the governing body. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate in the plan after 1,000 hours of service.

In order to participate in the plan, employees must contribute a minimum of five percent of compensation with the Town making an equal five percent contribution on their behalf. The Town's contributions for each employee (and interest allocated to the employee's account) are fully vested after seven years continuous service. Town contributions (including interest) forfeited by employees who leave employment before seven years of service are used to reduce the Town's current-period contribution requirement.

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

### NOTE 5 - Defined Contribution Plan – Continued:

Employees contributed \$51,192 and the Town and made the required 5% contribution for participating employees, amounting to \$49,978, or \$101,170 in total. Forfeitures were not material to the financial statements.

### NOTE 6 – Capital Assets:

Business-Type Activities	Balance, 1/1/17	Additions	Deletions	Balance, 12/31/17
Not Depreciable:				
Land and improvements	\$ 86,384	\$ --	\$ --	\$ 86,384
Water rights	8,412,612	495,500	--	8,908,112
Construction-in-progress	199,735	422,344	199,735	422,344
Depreciable:				
Buildings and plant	5,487,298	--	--	5,487,298
Distribution/collection system	11,214,275	1,105,975	--	12,320,250
Equipment	370,960	--	--	370,960
Vehicles	276,823	--	--	276,823
<b>Total Cost</b>	<b>26,048,087</b>	<b>2,023,819</b>	<b>199,735</b>	<b>27,872,171</b>
Less Accumulated Depreciation:				
Buildings and plant	2,451,593	286,131	--	2,737,724
Distribution/collection system	5,081,064	297,388	--	5,378,452
Equipment	369,615	6,270	--	375,885
Vehicles	191,913	26,524	--	218,437
<b>Total Accumulated Depreciation</b>	<b>8,094,185</b>	<b>616,313</b>	<b>--</b>	<b>8,710,498</b>
<b>Capital Assets, Net</b>	<b>\$ 17,953,902</b>	<b>\$ 1,407,506</b>	<b>\$ 199,735</b>	<b>\$ 19,161,673</b>

  

Governmental Activities	Balance, 1/1/17	Additions	Deletions	Balance, 12/31/17
Not Depreciable:				
Land	\$ 2,972,003	\$ --	\$ --	\$ 2,972,003
Construction in-progress	137,910	520,543	137,910	520,543
Depreciable:				
Buildings and improvements	1,361,822	201,094	--	1,562,916
Library	2,796,747	--	--	2,796,747
Streets and improvements	7,819,903	1,885,286	--	9,705,189
Park and cemetery improvements	2,148,295	54,043	--	2,202,338
Museum	288,246	--	--	288,246
Equipment	719,601	99,513	45,861	773,253
Vehicles	738,057	--	--	738,057
<b>Total Cost</b>	<b>\$ 18,982,584</b>	<b>\$2,760,479</b>	<b>\$183,771</b>	<b>\$ 21,559,292</b>

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 – Capital Assets – Continued:

Governmental Activities – Continued	Balance, 1/1/17	Additions	Deletions	Balance, 12/31/17
Less Accumulated Depreciation:				
Buildings and improvements	\$ 814,793	\$ 127,483	\$ --	\$ 942,276
Library	659,659	16,338	--	675,997
Streets and improvements	4,133,730	345,472	--	4,479,202
Park and cemetery improvements	771,220	83,389	--	854,609
Museum	58,672	6,681	--	65,333
Equipment	571,054	68,706	45,861	593,899
Vehicles	307,912	69,367	--	377,279
Total Accumulated Depreciation	7,317,040	717,616	45,861	7,988,795
Capital Assets, Net	\$11,665,544	\$2,042,863	\$137,910	\$13,570,497

Depreciation expense is allocated as follows:

Governmental activities	\$ 355,806
Streets	345,472
Library	16,338
	\$ 717,616

### NOTE 7 - Colorado Intergovernmental Risk Sharing Agency (CIRSA):

CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of Colorado Revised Statutes and the Colorado Constitution. In February, 1986, the Town Board authorized participation in the agency. The Town has participated each year since then.

The purposes of CIRSA are to provide members defined liability and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

The Town recognizes an expenditure for the amount paid to CIRSA annually for these coverages. The Town paid \$123,245 to CIRSA in 2017, including \$49,682 for workers compensation coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 8 - Weld 911 Emergency Telephone Service Authority:**

The Town is a member of the Weld 911 Emergency Telephone Service Authority, a separate legal entity established by Weld County, member municipalities, and special districts for the purpose of providing 911 emergency telephone service.

Authority Board members are selected by the Weld county commissioners and by the larger municipalities in Weld County. The Town does not have the ability to significantly affect the operations of the Authority.

The Town has no obligation to the Authority beyond the service charges paid by Town residents to their telephone service supplier. In the event of the Authority disbanding without a successor, the net position, if any, shall be returned to the participants. The Town of Eaton's share of the net position is estimated to be less than 5%.

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### **NOTE 9 - Contingencies:**

In 1992, Colorado voters approved "Amendment One", or the Taxpayer's Bill of Rights (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. Voter approval is also required to increase annual property taxes, revenue, or spending by more than inflation plus a local growth factor. Spending not subject to TABOR includes that from enterprise activities, gifts, federal funds, reserve expenditures, damage awards, or property sales.

In November 1994, the electors of the Town of Eaton voted to supersede TABOR and to collect, retain, and expend the full proceeds of all taxes, fees, and other revenue without increasing or adding taxes of any kind.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the applicable requirements of the Amendment. Included in the accompanying financial statements are emergency reserves required by TABOR, of at least 3% of fiscal year spending, recorded in the General Fund.

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REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF EATON, COLORADO**  
**GENERAL FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2017	Actual	Estimate	Variance
<b>Taxes:</b>			
General property	\$ 312,558	\$ 314,606	\$ (2,048)
Franchise - utility companies	162,338	172,250	(9,912)
Sales	1,271,059	1,100,000	171,059
Penalties and interest	(64)	500	(564)
<b>Total Taxes</b>	<b>1,745,891</b>	<b>1,587,356</b>	<b>158,535</b>
<b>Licenses and Permits:</b>			
Building permits	272,709	130,000	142,709
Liquor licenses	813	875	(62)
Dog licenses	460	400	60
Business licenses	1,270	1,000	270
<b>Total Licenses and Permits</b>	<b>275,252</b>	<b>132,275</b>	<b>142,977</b>
<b>Intergovernmental:</b>			
Cigarette tax	5,789	5,800	(11)
Lottery proceeds	48,806	45,000	3,806
Mineral and severance taxes	35,000	35,000	-
<b>Total Intergovernmental</b>	<b>89,595</b>	<b>85,800</b>	<b>3,795</b>
<b>Charges for Services:</b>			
Grave openings	16,400	21,000	(4,600)
Sale of cemetery plots	24,056	23,000	1,056
<b>Total Charges for Services</b>	<b>40,456</b>	<b>44,000</b>	<b>(3,544)</b>
<b>Fines and Forfeitures:</b>			
Fines - traffic	420,763	325,000	95,763
<b>Total Fines and Forfeitures</b>	<b>420,763</b>	<b>325,000</b>	<b>95,763</b>
<b>Miscellaneous:</b>			
Interest	1,283	350	933
Recreation fees	33,084	60,000	(26,916)
Contributions and grants	39,195	16,000	23,195
Other, primarily oil and gas lease	38,287	48,000	(9,713)
<b>Total Miscellaneous</b>	<b>111,849</b>	<b>124,350</b>	<b>(12,501)</b>
<b>Total Revenue</b>	<b>\$ 2,683,806</b>	<b>\$ 2,298,781</b>	<b>\$ 385,025</b>

**TOWN OF EATON, COLORADO  
GENERAL FUND**

**Schedule of Expenditures Compared with Budget**

Year Ended December 31, 2017	Actual	Original Budget	Final Budget	Variance From Final Budget
<b>Administration:</b>				
Current operating:				
Mayor and Board of Trustees	\$ 13,800	\$ 13,800	\$ 13,800	\$ -
Administrator	97,862	97,860	97,860	(2)
Assistant administrator	52,013	51,600	51,600	(413)
Town clerk	63,610	63,600	63,600	(10)
Administrative assistant	45,715	45,750	45,750	35
Municipal judge	12,202	15,000	15,000	2,798
Court clerk	6,363	6,465	6,465	102
Employee benefits	74,435	67,000	67,000	(7,435)
Elections	-	-	-	-
Office supplies	12,838	13,000	13,000	162
Telephone	5,893	6,850	6,850	957
Office expenses	2,422	5,000	5,000	2,578
Staff training and education	4,565	3,000	3,000	(1,565)
Dues	1,898	1,957	1,957	59
Publications	4,239	6,600	6,600	2,361
Insurance	58,801	57,350	57,350	(1,451)
Professional services	33,346	38,000	38,000	4,654
Legal fees	41,577	44,000	44,000	2,423
Building inspections	207,887	110,000	181,388	(26,499)
Office equipment	-	-	-	-
Capital outlay	-	2,000	2,000	2,000
<b>Total Administration</b>	<b>739,466</b>	<b>648,832</b>	<b>720,220</b>	<b>(19,246)</b>
<b>Public Safety:</b>				
Current operating:				
Police chief and officers	566,497	566,550	566,550	53
Administrative assistant	50,499	45,356	45,356	(5,143)
Employee benefits	143,548	159,096	159,096	15,548
Office supplies	8,037	8,500	8,500	463
Operating supplies	55,360	54,062	54,062	(1,298)
Communications	33,845	34,769	34,769	924
Automotive services	19,075	14,000	14,000	(5,075)
Jail services	1,421	1,500	1,500	79
Training and education	2,116	6,100	6,100	3,984
Animal shelter	991	3,500	3,500	2,509
Office equipment	-	2,000	2,000	2,000
Capital outlay	6,037	10,000	10,000	3,963
<b>Total Public Safety</b>	<b>887,426</b>	<b>905,433</b>	<b>905,433</b>	<b>18,007</b>

Continued on next page.

**TOWN OF EATON, COLORADO  
GENERAL FUND**

**Schedule of Expenditures Compared with Budget - Continued**

Year Ended December 31, 2017	Actual	Original Budget	Final Budget	Variance From Final Budget
Cemetery:				
Current operating:				
Maintenance labor	\$ 69,613	\$ 72,500	\$ 72,500	\$ 2,887
Employee benefits	18,072	18,590	18,590	518
Operating supplies	16,027	18,000	18,000	1,973
Utilities	6,771	7,800	7,800	1,029
Repairs and maintenance	12,404	6,000	6,000	(6,404)
Forestry and nursery	6,020	2,000	2,000	(4,020)
Capital outlay	-	2,500	2,500	2,500
Total Cemetery	128,907	127,390	127,390	(1,517)
Parks and Recreation:				
Current operating:				
Recreation employees	48,975	90,530	90,530	41,555
Maintenance labor	124,728	120,229	120,229	(4,499)
Employee benefits	34,898	42,200	42,200	7,302
Operating supplies	162,069	141,000	141,000	(21,069)
Advertising and printing	-	6,500	6,500	6,500
Utilities	16,254	14,000	14,000	(2,254)
Forestry and nursery	2,175	4,000	4,000	1,825
Capital outlay	142,085	150,000	150,000	7,915
Total Parks and Recreation	531,184	568,459	568,459	37,275
Public Buildings:				
Current operating:				
Custodial salary	8,810	8,500	8,500	(310)
Operating supplies	5,481	4,400	4,400	(1,081)
Utilities	15,111	26,000	26,000	10,889
Repairs and maintenance	18,970	12,000	12,000	(6,970)
Building improvements	57,894	20,000	57,000	(894)
Debt service - lease	10,375	10,375	10,375	-
Total Public Buildings	116,641	81,275	118,275	1,634
Miscellaneous:				
Treasurer's fees	3,131	\$3,146	\$3,146	15
Other	14,134	6,000	6,000	(8,134)
Economic development	10,430	35,000	35,000	24,570
Shelton Trust Fund grants	34,000	5,000	35,000	1,000
Total Miscellaneous	61,695	\$49,146	79,146	17,451
Total Expenditures	\$ 2,465,319	\$2,380,535	\$2,518,923	\$ 53,604

**TOWN OF EATON, COLORADO  
GENERAL FUND**

**Schedule of Other Financing Sources Compared with Estimate**

Year Ended December 31, 2017	Actual	Estimate	Variance
Operating Transfers In:			
Water Fund	\$20,000	\$ 20,000	\$ -
Sewer Fund	20,000	20,000	-
Sanitation Fund	20,000	20,000	-
Cemetery Perpetual Care Fund	134	-	134
<b>Total Other Financing Sources</b>	<b>\$60,134</b>	<b>\$ 60,000</b>	<b>\$ 134</b>

**TOWN OF EATON, COLORADO**  
**SPECIAL REVENUE FUNDS**  
**LIBRARY FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2017	Actual	Estimate	Variance
Property Taxes (High Plains Library District)	\$ 868,553	\$ 862,966	\$ 5,587
Library Fines	5,337	4,000	1,337
<b>Total Revenue</b>	<b>\$ 873,890</b>	<b>\$ 866,966</b>	<b>\$ 6,924</b>

**Schedule of Expenditures Compared with Budget**

Year Ended December 31, 2017	Actual	Original Budget	Final Budget	Variance from Final Budget
Library:				
Current operating:				
Librarians	\$ 244,717	\$ 266,125	\$ 266,125	\$ 21,408
Employee benefits	38,716	36,875	36,875	(1,841)
Operating supplies	10,280	17,000	17,000	6,720
Mileage reimbursements	1,282	2,500	2,500	1,218
Workshops and dues	1,768	7,000	7,000	5,232
Insurance	16,507	16,479	16,479	(28)
Contract services	33,419	70,000	70,000	36,581
Utilities	16,159	24,000	24,000	7,841
Repairs and maintenance	7,540	15,000	15,000	7,460
Circulation	55,529	55,000	55,000	(529)
Periodicals	3,137	3,000	3,000	(137)
Programs	11,992	30,000	30,000	18,008
Reference	-	-	-	-
Miscellaneous	4,057	5,500	5,500	1,443
Capital outlay	5,434	45,000	45,000	39,566
<b>Total Expenditures - Library</b>	<b>\$ 450,537</b>	<b>\$ 593,479</b>	<b>\$ 593,479</b>	<b>\$ 142,942</b>

**TOWN OF EATON, COLORADO  
SPECIAL REVENUE FUNDS  
STREET FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2017	Actual	Estimate	Variance
Sales Taxes	\$ 231,375	\$ 200,000	\$ 31,375
B and D Taxes	24,498	30,000	(5,502)
Highway Users Tax	161,262	153,500	7,762
Motor Vehicle Fees	22,226	22,350	(124)
County Road and Bridge	39,940	50,000	(10,060)
Severance tax and other	73,265	178,000	(104,735)
<b>Total Revenue</b>	<b>\$ 552,566</b>	<b>\$ 633,850</b>	<b>\$ (81,284)</b>

**Schedule of Expenditures Compared with Budget**

Year Ended December 31, 2017	Actual	Original Budget	Final Budget	Variance from Final Budget
Streets:				
Current operating:				
Salaries	\$ 56,939	\$ 55,500	\$ 55,500	\$ (1,439)
Employee benefits	12,763	12,765	12,765	2
Operating supplies	17,230	23,500	23,500	6,270
Insurance	5,373	4,800	4,800	(573)
Professional services	8,178	4,000	4,000	(4,178)
Construction engineering	38,312	30,000	30,000	(8,312)
Snow removal	640	2,500	2,500	1,860
Street lighting	83,706	96,000	96,000	12,294
Equipment maintenance	11,875	14,000	14,000	2,125
Street signs	27,225	10,000	10,000	(17,225)
Capital outlay, patching, seal coating	464,284	686,385	686,385	222,101
<b>Total Expenditures - Streets</b>	<b>\$ 726,525</b>	<b>\$ 939,450</b>	<b>\$ 998,335</b>	<b>\$ 271,810</b>

**ADDITIONAL INFORMATION**

**TOWN OF EATON, COLORADO**  
**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING BALANCE SHEET**

	<u>Special Revenue</u>	<u>Permanent Fund</u>	
	Impact Fee Fund	Cemetery Perpetual Care Fund	Total
December 31, 2017			
<u>ASSETS</u>			
Cash	\$ 1,028,607	\$ 124,098	\$1,152,705
<b>TOTAL ASSETS</b>	1,028,607	124,098	1,152,705
<u>LIABILITIES</u>			
Accounts Payable	64,221	-	64,221
<b>Total Liabilities</b>	64,221	-	64,221
<u>FUND BALANCES</u>			
Nonspendable	-	124,098	124,098
Restricted for Impact fee purposes	964,386	-	964,386
<b>Total Fund Balances</b>	964,386	124,098	1,088,484
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,028,607</b>	<b>\$ 124,098</b>	<b>\$1,152,705</b>

**TOWN OF EATON, COLORADO**  
**NONMAJOR GOVERNMENTAL FUNDS**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**

Year Ended December 31, 2017	Impact Fee Fund	Cemetery Perpetual Care Fund	Total
<b>Operating Revenue:</b>			
Use taxes	\$ 406,456	\$ -	\$ 406,456
Impact fees	165,950	-	165,950
Lot sales	-	2,445	2,445
Interest	-	134	134
<b>Total Operating Revenue</b>	<b>572,406</b>	<b>2,579</b>	<b>574,985</b>
<b>Expenditures:</b>			
Police facilities and equipment expenses	64,221	-	64,221
Neighborhood park expense	-	-	-
Community park expenses	-	-	-
Debt service	121,971	-	121,971
<b>Total Expenditures</b>	<b>186,192</b>	<b>-</b>	<b>186,192</b>
Revenue Over (Under) Expenditures	386,214	2,579	388,793
Operating Transfer Out - General Fund	-	(134)	(134)
Net Change in Fund Balances	386,214	2,445	388,659
Fund Balance, January 1	578,172	121,653	699,825
<b>Fund Balance, December 31</b>	<b>\$ 964,386</b>	<b>\$ 124,098</b>	<b>\$ 1,088,484</b>

**TOWN OF EATON, COLORADO  
SPECIAL REVENUE FUNDS  
IMPACT FEE FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2017	Actual	Estimate	Variance
Use Tax - building materials	\$ 406,456	\$ 165,000	\$ 241,456
Impact Fees:			
Police facilities	13,757	3,275	10,482
Municipal facilities and equipment	71,780	18,500	53,280
Community park and equipment	24,638	6,350	18,288
Neighborhood park facilities and equipment	55,775	14,375	41,400
<b>Total Revenue and Transfers In</b>	<b>\$ 572,406</b>	<b>\$ 207,500</b>	<b>\$ 364,906</b>

**Schedule of Expenditures Compared with Budget**

Year Ended December 31, 2017	Actual	Original and Final Budget	Variance From Final Budget
Expenditures:			
Police facilities and equipment expenses	\$ -	\$ -	\$ -
Municipal and equipment	64,221	-	(64,221)
Neighborhood park expenses	-	60,000	60,000
Community park expenses	-	60,000	60,000
Debt Service:			
Lease interest	29,632	29,632	-
Lease principal	92,339	92,339	-
<b>Total Expenditures</b>	<b>\$ 186,192</b>	<b>\$ 241,971</b>	<b>\$ 55,779</b>

**TOWN OF EATON, COLORADO  
 PERMANENT FUNDS  
 CEMETARY PERPETUAL CARE FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2017	Actual	Estimate	Variance
Lot Sales	\$ 2,445	\$ -	\$ 2,445
Interest	134	-	134
<b>Total Revenue</b>	<b>\$ 2,579</b>	<b>\$ -</b>	<b>\$ 2,579</b>

**Schedule of Expenditures Compared with Budget**

Year Ended December 31, 2017	Actual	Original and Final Budget	Variance From Final Budget
Expenditures:			
Cemetery	\$ -	\$ -	\$ -
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**TOWN OF EATON, COLORADO  
NONMAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF NET POSITION**

December 31, 2017	Sanitation Fund	Irrigation Fund	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Equity in pooled cash and investments	\$ 129,643	\$ 104,253	\$ 233,896
Accounts receivable	45,251	(3,625)	41,626
<b>Total Current Assets</b>	<b>174,894</b>	<b>100,628</b>	<b>275,522</b>
Property, Plant, and Equipment:			
Distribution/collection system	-	1,141,029	1,141,029
Vehicles	-	16,378	16,378
Equipment	20,731	-	20,731
	20,731	1,157,407	1,178,138
Accumulated depreciation	(19,423)	(283,665)	(303,088)
<b>Total Property, Plant, and Equipment</b>	<b>1,308</b>	<b>873,742</b>	<b>875,050</b>
<b>Total Assets</b>	<b>176,202</b>	<b>974,370</b>	<b>1,150,572</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	15,062	789	15,851
<b>Total Current Liabilities</b>	<b>15,062</b>	<b>789</b>	<b>15,851</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,308	873,742	875,050
Unrestricted	159,831	99,840	259,671
<b>TOTAL NET POSITION</b>	<b>\$ 161,139</b>	<b>\$ 973,582</b>	<b>\$ 1,134,721</b>

**TOWN OF EATON, COLORADO  
NONMAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION**

Year Ended December 31, 2017	Sanitation Fund	Irrigation Fund	Total Nonmajor Enterprise Funds
Operating Revenue - charges for services	\$ 242,626	\$ 91,554	\$ 334,180
Operating Expenses:			
Supplies	632	414	1,046
Contractual services	206,552	12,530	219,082
Utilities	-	22,118	22,118
Repairs and maintenance	-	38,007	38,007
Insurance	368	956	1,324
Other	2,370	-	2,370
Depreciation	655	31,940	32,595
Total Operating Expenses	210,577	105,965	316,542
Income (Loss) Before Operating Transfers and Contributions	32,049	(14,411)	17,638
Capital contributions	-	371,351	371,351
Operating Transfers Out - General Fund	(20,000)	-	(20,000)
Net Income (Loss)	12,049	356,940	368,989
Net Position, January 1	149,090	616,642	765,732
Net Position, December 31	\$ 161,139	\$ 973,582	\$1,134,721

**TOWN OF EATON, COLORADO**  
**NONMAJOR ENTERPRISE FUNDS**

**COMBINED STATEMENT OF CASH FLOWS**

Year Ended December 31, 2017	Sanitation Fund	Irrigation Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ 234,880	\$ 88,449	\$ 323,329
Cash payments:			
To suppliers for goods and services	(209,326)	(74,785)	(284,111)
Net Cash Provided by Operating Activities	25,554	13,664	39,218
Cash Flows from Noncapital Financing Activities:			
Operating transfers out - General Fund	(20,000)	-	(20,000)
Cash Flows from Capital and Related Financing Activities:			
Acquisition of equipment	-	-	-
Net Increase (Decrease) in Cash	5,554	13,664	19,218
Cash and Cash Equivalents, January 1	124,089	90,589	214,678
Cash and Cash Equivalents, December 31	\$ 129,643	\$ 104,253	\$ 233,896
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 32,049	\$ (14,411)	\$ 17,638
Depreciation	655	31,940	32,595
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(7,746)	(3,105)	(10,851)
Increase (decrease) in:			
Accounts payable	596	(760)	(164)
Net Cash Provided by Operating Activities	\$ 25,554	\$ 13,664	\$ 39,218
Disclosure of Noncash Investing Activities:			
Contributed Infrastructure	\$ -	\$ 371,351	\$ -

**TOWN OF EATON, COLORADO**  
**ENTERPRISE FUNDS - WATER FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2017	Actual	Estimate	Variance
Operating Revenue:			
Water service fees	\$ 1,833,766	\$ 1,580,858	\$ 252,908
Miscellaneous	1,776	10,000	(8,224)
Nonoperating Revenue:			
Interest	95	50	45
Tap fees	681,619	162,500	519,119
<b>Total Revenue</b>	<b>\$ 2,517,256</b>	<b>\$ 1,753,408</b>	<b>\$ 763,848</b>

**Schedule of Expenses and Transfers Compared with Budget**  
**(Non-GAAP Budget Basis)**

Year Ended December 31, 2017	Actual	Budget	Variance
Operating Expenses:			
Personnel:			
Salaries	\$ 55,178	\$ 56,000	\$ 822
Employee benefits	16,235	13,260	(2,975)
Supplies	3,386	7,500	4,114
Contractual services	57,306	60,000	2,694
Utilities	13,593	14,000	407
Repairs and maintenance	216,323	188,898	(27,425)
Insurance	15,603	15,604	1
Water assessments	80,810	80,000	(810)
NISP expenses	130,000	130,000	-
NWCWD purchases	656,983	675,000	18,017
Miscellaneous	2,384	3,200	816
<b>Total Operating Expenses</b>	<b>1,247,801</b>	<b>1,243,462</b>	<b>(4,339)</b>
Nonoperating Expenses:			
Capital outlay	-	57,000	57,000
Loan payments	187,250	187,250	-
<b>Total Nonoperating Expenses</b>	<b>187,250</b>	<b>244,250</b>	<b>57,000</b>
Operating Transfers Out - General Fund	20,000	20,000	-
<b>Total Expenses and Transfers</b>	<b>\$ 1,455,051</b>	<b>\$ 1,507,712</b>	<b>\$ 52,661</b>

**TOWN OF EATON, COLORADO**  
**ENTERPRISE FUNDS - SEWER FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2017	Actual	Estimate	Variance
Operating Revenue:			
Sewer service charges	\$ 727,239	\$715,000	\$ 12,239
Miscellaneous	-	-	-
Nonoperating Revenue:			
Sewer tap fees	300,000	90,000	210,000
Interest revenue	271	200	71
<b>Total Revenue</b>	<b>\$1,027,510</b>	<b>\$805,200</b>	<b>\$222,310</b>

**Schedule of Expenses and Transfers Compared with Budget**  
**(Non-GAAP Budget Basis)**

Year Ended December 31, 2017	Actual	Budget	Variance
Operating Expenses:			
Personnel:			
Salaries	\$ 77,965	\$ 80,800	\$ 2,835
Employee benefits	22,905	19,400	(3,505)
Supplies	20,990	29,600	8,610
Contractual services	24,913	30,000	5,087
Utilities	77,475	82,000	4,525
Repairs and maintenance	69,736	65,000	(4,736)
Insurance	32,186	32,190	4
Miscellaneous	3,795	4,000	205
<b>Total Operating Expenses</b>	<b>329,965</b>	<b>342,990</b>	<b>13,025</b>
Nonoperating Expenses:			
Loan payments	313,398	313,398	-
Capital outlay	-	25,000	25,000
<b>Total Nonoperating Expenses</b>	<b>313,398</b>	<b>338,398</b>	<b>25,000</b>
Operating Transfers Out - General Fund	20,000	20,000	-
<b>Total Expenses and Transfers</b>	<b>\$ 663,363</b>	<b>\$701,388</b>	<b>\$ 38,025</b>

**TOWN OF EATON, COLORADO**  
**ENTERPRISE FUNDS - SANITATION FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2017	Actual	Estimate	Variance
Operating Revenue - Trash collection fees	\$ 242,626	\$ 238,000	\$ 4,626
<b>Total Revenue</b>	<b>\$ 242,626</b>	<b>\$ 238,000</b>	<b>\$ 4,626</b>

**Schedule of Expenses and Transfers Compared with Budget**  
**(Non-GAAP Budget Basis)**

Year Ended December 31, 2017	Actual	Budget	Variance
Operating Expenses:			
Supplies	\$ 632	\$ 1,600	\$ 968
Miscellaneous	2,370	4,000	1,630
Contractual services	206,552	207,000	448
Insurance	368	368	-
<b>Total Operating Expenses</b>	<b>209,922</b>	<b>212,968</b>	<b>3,046</b>
Nonoperating Expenses:			
Capital outlay	-	5,000	5,000
Operating Transfers Out - General Fund	20,000	20,000	-
<b>Total Expenses and Transfers</b>	<b>\$ 229,922</b>	<b>\$ 237,968</b>	<b>\$ 8,046</b>

**TOWN OF EATON, COLORADO**  
**ENTERPRISE FUNDS - IRRIGATION FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2017	Actual	Estimate	Variance
Operating Revenue - Irrigation	\$ 91,554	\$ 85,000	\$ 6,554
Total Revenue	\$ 91,554	\$ 85,000	\$ 6,554

**Schedule of Expenses Compared with Budget**  
**(Non-GAAP Budget Basis)**

Year Ended December 31, 2017	Actual	Budget	Variance
Operating Expenses:			
Supplies	\$ 414	\$ 1,150	\$ 736
Insurance	956	956	-
Professional services	12,530	11,350	(1,180)
Utilities	22,118	25,000	2,882
Miscellaneous	-	-	-
Repair and maintenance	38,007	2,500	(35,507)
Total Operating Expenses	74,025	40,956	(33,069)
Nonoperating Expenses:			
Capital outlay	-	85,000	85,000
Total Expenses	\$ 74,025	\$ 125,956	\$ 51,931

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Weld
	YEAR ENDING : December 2017
This Information From The Records Of (example - City of _ or County of Town of Eaton)	Prepared By: Gary Carsten Phone: (970) 454-3338

**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				

<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>	<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>
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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:	580,476
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	27,225
2. General fund appropriations		b. Snow and ice removal	640
3. Other local imposts (from page 2)	295,813	c. Other	95,581
4. Miscellaneous local receipts (from page 2)	73,265	d. Total (a. through c.)	123,446
5. Transfers from toll facilities		4. General administration & miscellaneous	22,603
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	726,525
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)	369,078	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	183,488	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>	552,566	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>	726,525

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

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	508,647	552,566	726,525	334,688	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 Assesments		a. Interest on investments	
b. Other local imposts:		b. Other	73,265
1. Sales Taxes	231,375	c. Transfers	
2. Traffic Fines		d. Capital Credits	
3. Specific Ownership Tax	24,498	e. Sale of Assets	
4. Motor Vehicle Registration		f. Fees/Licenses/Permits	
5. From Cities/Counties	39,940	g. Service Performed	
6. Total (1. through 5.)	295,813	h. Refunds of Expenditures	
c. Total (a. + b.)	295,813	i. Total (a. through h.)	73,265
	(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	161,262	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 Registration	22,226	d. Mineral Leasing	
d. (Specify)		e. Pay Lieu of Tax	
e. (Specify)		f. Other Federal	
f. Total (a. through e.)	22,226	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	183,488	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

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

Notes and Comments: