

Town of Eckley, Colorado
Financial Statements
For the Year ended December 31, 2017

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June 21, 2018

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Independent Auditors' Report

To the Honorable Mayor and Members of Town Council
Town of Eckley
Eckley, Colorado

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
June 15, 2018

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Town of Eckley, Colorado's annual financial report presents the discussion and analysis of the financial performance for the fiscal year that ended December 31, 2017.

FINANCIAL HIGHLIGHTS

- The Town of Eckley remains in good financial condition.
- The assets of the Town of Eckley exceeded its liabilities at the close of 2017 by \$1,899,286 (net position). Of this amount \$85,374 or 4% is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's revenue from taxes and other revenues for governmental programs were more than the expenditures by \$78,125.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Eckley's basic financial statements. The Town of Eckley's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements.
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies.

The **statement of net position** presents information on all of the Town of Eckley's assets and liabilities, with the difference between the two 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 of Eckley is improving or deteriorating.

The **statement of activities** presents information showing how the Town of Eckley's net position changed during the most recent 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 reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes.)

The government-wide financial statements of the Town are divided into two categories:

- **Governmental activities.** Most of the Town's basic services are included here, such as the police, fire, public works, parks, recreation, and general administration. Property tax, franchise tax, severance tax, intergovernmental revenue and charges for services finance most of these activities.
- **Business-type activities.** The Town charges fees to customers to recover most of the costs of certain services provided. The Town's water and sewer systems are included here.

The government-wide financial statements can be found starting on page 10 of this report.

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. Some funds are required to be established by State law, however, Town Council has established other funds to help control and manage money for particular purposes (Community Center Fund) or to show that it is properly using certain revenue (the Conservation Trust Fund). All of the funds of the Town of Eckley can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides a detailed, short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found starting on page 14 of this report.

Proprietary funds. When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The basic proprietary fund financial statements can be found starting on page 18 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 starting on page 26 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Eckley, assets exceed liabilities by \$1,899,286 at the close of 2017.

Net Position

Combined net position of the Town of Eckley as of December 31, 2017 are shown in Table 1 below.

Table 1
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 103,607	\$ 141,459	\$ 156,085	\$ 115,436	\$ 259,692	\$ 256,895
Capital assets	129,570	105,158	1,738,654	1,692,211	1,868,224	1,797,369
Total assets	233,177	246,617	1,894,739	1,807,647	2,127,916	2,054,264
Deferred outflows of resources	37,074	13,104	9,568	9,195	46,642	22,299
Total assets and deferred outflows of resources	\$ 270,251	\$ 259,721	\$ 1,904,307	\$ 1,816,842	\$ 2,174,558	\$ 2,076,563
Long-term debt outstanding	\$ 92,734	\$ 67,632	\$ 109,286	\$ 120,782	\$ 202,020	\$ 188,414
Other liabilities	9,360	11,180	30,929	31,648	40,289	42,828
Total liabilities	102,094	78,812	140,215	152,430	242,309	231,242
Deferred inflows of resources	28,608	23,568	4,355	592	32,963	24,160
Net position						
Net investment in capital assets	129,570	105,158	1,662,354	1,603,711	1,791,924	1,708,869
Restricted	10,879	8,580	11,109	-	21,988	8,580
Unrestricted	(900)	43,603	86,274	60,109	85,374	103,712
Total net position	139,549	157,341	1,759,737	1,663,820	1,899,286	1,821,161
Total liabilities, deferred inflows of resources and net position	\$ 270,251	\$ 259,721	\$ 1,904,307	\$ 1,816,842	\$ 2,174,558	\$ 2,076,563

The largest portion of the Town of Eckley's net position, 94%, reflects its investment in capital assets (land, buildings and equipment). The Town of Eckley uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. In addition, a portion of the Town of Eckley's net position, 2%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 4%, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2017, the Town of Eckley is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Changes in net position

The Town's total revenue of \$372,652 was more than program expenses of \$294,527 for an increase in net position of \$78,125.

Table 2
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues						
Charges for services	\$ 24,125	\$ 27,541	\$ 139,347	\$ 110,998	\$ 163,472	\$ 138,539
Operating grants and contributions	48,363	35,960	-	-	48,363	35,960
Capital grants and contributions	-	-	123,395	43,888	123,395	43,888
General revenues						
Property taxes	21,889	20,710	-	-	21,889	20,710
Franchise taxes	7,733	6,519	-	-	7,733	6,519
Severance taxes	738	1,383	-	-	738	1,383
Other taxes	2,622	2,171	-	-	2,622	2,171
Mineral lease	908	1,566	-	-	908	1,566
Unrestricted interest	284	461	316	90	600	551
Sale of assets	800	-	-	-	800	-
Miscellaneous	1,298	8,373	834	-	2,132	8,373
Transfers	4,440	-	(4,440)	-	-	-
Total revenues	113,200	104,684	259,452	154,976	372,652	259,660
Program expenses						
General government	53,765	46,809	-	-	53,765	46,809
Public safety	6,916	16,469	-	-	6,916	16,469
Public works	45,157	50,885	-	-	45,157	50,885
Culture and recreation	25,154	27,032	-	-	25,154	27,032
Interest and fiscal charges	-	38	-	-	-	38
Water services	-	-	111,269	110,921	111,269	110,921
Sewer services	-	-	52,266	46,907	52,266	46,907
Total expenses	130,992	141,233	163,535	157,828	294,527	299,061
Change in net position	(17,792)	(36,549)	95,917	(2,852)	78,125	(39,401)
Net position at beginning of year	157,341	193,890	1,663,820	1,686,672	1,821,161	1,860,562
Net position at end of year	\$ 139,549	\$ 157,341	\$ 1,759,737	\$ 1,663,820	\$ 1,899,286	\$ 1,821,161

Governmental Activities

Revenue for the Town's governmental activities totaled \$113,200 for 2017. Tax revenue produced 29% of these revenues. Tax revenue includes property taxes, severance taxes, franchise taxes and other taxes.

Table 3
GOVERNMENTAL ACTIVITIES

	Total cost of services		Net cost of services	
	2017	2016	2017	2016
General government	\$ 53,765	\$ 46,809	\$ 51,166	\$ 45,075
Public safety	6,916	16,469	6,916	16,469
Public works	45,157	50,885	25,904	11,558
Culture and recreation	25,154	27,032	(25,482)	4,592

Table 3, above, presents the cost and revenue of each of the Town's four largest programs – general government, public safety, public works, and culture recreation – as well as each program's *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Business-type Activities

Net position in business-type activities increased by \$95,917 in 2017. Business-type activities include water and sewer services.

**Table 4
BUSINESS-TYPE ACTIVITIES**

	Total cost of services		Net cost of services	
	2017	2016	2017	2016
Water	\$ 111,269	\$ 110,921	\$ 33,051	\$ 50,898
Sewer	52,266	46,907	(132,258)	(47,956)

Table 4, above, presents the cost and revenue of each of the Town's business-type activities – water and sewer – as well as each program's *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented on pages 14-17) reported a combined fund balance of \$71,469. The general, community center and conservation trust funds reported fund balance decreases of \$13,147, \$20,765 and \$3,001, respectively.

GENERAL FUND BUDGET HIGHLIGHTS

Over the course of the year, the Town Council did not revise the Town budget.

The actual charges to appropriations (expenditures) were \$23,679 below the final budget amounts.

Additionally, resources available for appropriation (revenues) were \$10,489 more than the final budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town of Eckley's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$1,868,224 (net of accumulated depreciation). This amount includes a broad range of capital assets, including public works equipment, water and wastewater lines, storm drainage and other infrastructure.

Major asset purchases during 2017 included a renovation at the community center and engineering related to the waste water treatment plant.

The Town remains committed to the upkeep and maintenance of the Town's largest assets. More detailed information about the Town's capital assets is presented in Table 5 and Note E to the financial statements.

Table 5
CAPITAL ASSETS ON DECEMBER 31, 2017
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 3,150	\$ 3,150	\$ 4,984	\$ 4,984	\$ 8,134	\$ 8,134
Construction in progress	-	-	251,204	142,193	251,204	142,193
Buildings	66,460	30,269	-	-	66,460	30,269
Equipment	59,960	71,739	-	-	59,960	71,739
Water and sewer systems	-	-	1,482,466	1,545,034	1,482,466	1,545,034
Total	<u>\$ 129,570</u>	<u>\$ 105,158</u>	<u>\$ 1,738,654</u>	<u>\$ 1,692,211</u>	<u>\$ 1,868,224</u>	<u>\$ 1,797,369</u>

Long-term debt. The Town had \$202,020 in debt outstanding at year-end. More detailed information about the Town's long-term debt is presented in Table 6 and Note F to the financial statements.

Table 6
LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Note payable	\$ -	\$ -	\$ 52,500	\$ 57,500	\$ 52,500	\$ 57,500
Bonds payable	-	-	23,800	31,000	23,800	31,000
Net pension liability	92,734	67,632	32,986	32,282	125,720	99,914
Total	<u>\$ 92,734</u>	<u>\$ 67,632</u>	<u>\$ 109,286</u>	<u>\$ 120,782</u>	<u>\$ 202,020</u>	<u>\$ 188,414</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town of Eckley is in a good financial position. The Town has finished the update of the water system. In 2018 the Town will start the procedure to bring the sewer system in compliance with state and federal regulations. The Town has applied for USDA loan/grant assistance for this project and has been approved. The Town will also raise sewer rates to help with expenses. The remaining funds' revenues and expenditures should be consistent with prior years. At this time the Town does not anticipate any major projects in the future.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact Town of Eckley, 235 NW Morton, P.O. Box 217, Eckley, Colorado 80727.

Basic Financial Statements

The basic financial statements of the Town include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

TOWN OF ECKLEY, COLORADO
Statement of Net Position
December 31, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 34,197	\$ 83,369	\$ 117,566
Cash with county treasurer	282		282
Certificates of deposit	50,331	13,369	63,700
Investments	246	133	379
Internal balances	(13,001)	13,001	-
Receivables	31,527	35,104	66,631
Prepaid items	25		25
Restricted certificate of deposit		11,109	11,109
Capital assets, net of depreciation	129,570	1,738,654	1,868,224
Total assets	233,177	1,894,739	2,127,916
Deferred outflows of resources			
Pension deferrals	37,074	9,568	46,642
Total assets and deferred outflows of resources	\$ 270,251	\$ 1,904,307	\$ 2,174,558
Liabilities			
Accounts payable	\$ 5,208	\$ 13,835	\$ 19,043
Accrued salaries and benefits	2,515		2,515
Accrued interest payable		991	991
Unearned revenues	1,637	16,103	17,740
Noncurrent liabilities			
Due within one year		12,600	12,600
Due in more than one year	92,734	96,686	189,420
Total liabilities	102,094	140,215	242,309
Deferred inflows of resources			
Deferred property tax revenues	22,778		22,778
Pension deferrals	5,830	4,355	10,185
Total deferred inflows of resources	28,608	4,355	32,963
Net position			
Net investment in capital assets	129,570	1,662,354	1,791,924
Restricted for emergencies	8,400		8,400
Restricted for culture and recreation	2,479		2,479
Restricted for debt service		11,109	11,109
Unrestricted (deficit)	(900)	86,274	85,374
Total net position	139,549	1,759,737	1,899,286
Total liabilities, deferred inflows of resources and net position	\$ 270,251	\$ 1,904,307	\$ 2,174,558

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

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TOWN OF ECKLEY, COLORADO
Statement of Activities
For the Year Ended December 31, 2017

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 53,765	\$ 2,466	\$ 133	
Public safety	6,916			
Public works	45,157	19,253		
Culture and recreation	25,154	2,406	48,230	
Total governmental activities	130,992	24,125	48,363	\$ -
Business-type activities				
Water services	111,269	78,218		
Sewer services	52,266	61,129		123,395
Total business-type activities	163,535	139,347	-	123,395
Total	\$ 294,527	\$ 163,472	\$ 48,363	\$ 123,395
General revenues and transfers				
Taxes				
Property taxes, levied for general purposes				
Franchise taxes				
Severance taxes				
Other taxes				
Mineral lease				
Unrestricted interest on investments				
Sale of assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position at beginning of year				
Net position at end of year				

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

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (51,166)		\$ (51,166)
(6,916)		(6,916)
(25,904)		(25,904)
25,482		25,482
(58,504)	\$ -	(58,504)
	(33,051)	(33,051)
	132,258	132,258
-	99,207	99,207
(58,504)	99,207	40,703
21,889		21,889
7,733		7,733
738		738
2,622		2,622
908		908
284	316	600
800		800
1,298	834	2,132
4,440	(4,440)	-
40,712	(3,290)	37,422
(17,792)	95,917	78,125
157,341	1,663,820	1,821,161
<u>\$ 139,549</u>	<u>\$ 1,759,737</u>	<u>\$ 1,899,286</u>

TOWN OF ECKLEY, COLORADO
Balance Sheet
Governmental Funds
December 31, 2017

	General Fund	Community Center Fund	Conservation Trust Fund	Total
Assets				
Cash	\$ 14,208	\$ 17,510	\$ 2,479	\$ 34,197
Cash with county treasurer	282			282
Certificates of deposit	50,331			50,331
Investments	246			246
Property taxes receivable	22,778			22,778
Accounts receivable	2,878	770		3,648
Taxes receivable	5,101			5,101
Deposits	25			25
Total assets	\$ 95,849	\$ 18,280	\$ 2,479	\$ 116,608
Liabilities				
Accounts payable	\$ 5,208			\$ 5,208
Accrued salaries and benefits	2,515			2,515
Due to other funds	13,001			13,001
Unearned revenues	1,637			1,637
Total liabilities	22,361	\$ -	\$ -	22,361
Deferred inflows of resources				
Deferred property tax revenues	22,778			22,778
Total deferred inflows of resources	22,778	-	-	22,778
Fund balance				
Restricted for emergencies	8,400			8,400
Restricted for culture and recreation			2,479	2,479
Committed to culture and recreation		18,280		18,280
Unassigned	42,310			42,310
Total fund balance	50,710	18,280	2,479	71,469
Total liabilities, deferred inflows of resources and fund balance	\$ 95,849	\$ 18,280	\$ 2,479	\$ 116,608

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

TOWN OF ECKLEY, COLORADO
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2017

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

Total fund balance - governmental funds	\$ 71,469
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	129,570
Net pension deferrals used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	31,244
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(92,734)</u>
Net position of governmental activities	<u>\$ 139,549</u>

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

TOWN OF ECKLEY, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2017

	General Fund	Community Center Fund	Conservation Trust Fund	Total
Revenues				
Taxes	\$ 32,982			\$ 32,982
Licenses and permits	1,026			1,026
Intergovernmental	20,587		\$ 2,527	23,114
Fines and forfeitures	300			300
Charges for services	19,253	\$ 2,406		21,659
Miscellaneous	2,601	26,266	12	28,879
Total revenues	76,749	28,672	2,539	107,960
Expenditures				
Current				
General government	45,049			45,049
Public safety	9,425			9,425
Public works	39,164			39,164
Culture and recreation	1,498	49,437	5,540	56,475
Total expenditures	95,136	49,437	5,540	150,113
Excess of revenues over (under) expenditures	(18,387)	(20,765)	(3,001)	(42,153)
Other financing sources				
Sale of assets	800			800
Transfers in	4,440			4,440
Other financing sources	5,240	-	-	5,240
Net change in fund balance	(13,147)	(20,765)	(3,001)	(36,913)
Fund balance at beginning of year	63,857	39,045	5,480	108,382
Fund balance at end of year	<u>\$ 50,710</u>	<u>\$ 18,280</u>	<u>\$ 2,479</u>	<u>\$ 71,469</u>

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

TOWN OF ECKLEY, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017

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

Net change in fund balance - governmental funds	\$ (36,913)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	24,411
In the statement of activities, certain operating expenses are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	<u>(5,290)</u>
Change in net position of governmental activities	<u><u>\$ (17,792)</u></u>

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

TOWN OF ECKLEY, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2017

	Business-type Activities Enterprise Funds		Total
	Water Fund	Sewer Fund	
Assets			
Current assets			
Cash	\$ 42,925	\$ 40,444	\$ 83,369
Certificates of deposit		13,369	13,369
Investments	133		133
Due from other funds	88,520	6,141	94,661
Accounts receivable	19,146	9,879	29,025
Grants receivable		6,079	6,079
Total current assets	150,724	75,912	226,636
Capital assets, net of depreciation	1,313,008	425,646	1,738,654
Restricted certificate of deposit		11,109	11,109
Total assets	1,463,732	512,667	1,976,399
Deferred outflows of resources			
Pension deferrals	7,098	2,470	9,568
Total deferred outflows of resources	7,098	2,470	9,568
Total assets and deferred outflows of resources	\$ 1,470,830	\$ 515,137	\$ 1,985,967

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 2,937	\$ 10,898	\$ 13,835
Due to other funds		81,660	81,660
Accrued interest payable		991	991
Customer deposits	9,287	6,816	16,103
Current portion of long-term debt	5,000	7,600	12,600
Total current liabilities	17,224	107,965	125,189
Long-term liabilities			
Long-term debt	47,500	16,200	63,700
Net pension liability	25,615	7,371	32,986
Total long-term liabilities	73,115	23,571	96,686
Total liabilities	90,339	131,536	221,875
Deferred inflows of resources			
Pension deferrals	3,375	980	4,355
Total deferred inflows of resources	3,375	980	4,355
Net position			
Net investment in capital assets	1,260,508	401,846	1,662,354
Restricted for debt service		11,109	11,109
Unrestricted (deficit)	116,608	(30,334)	86,274
Total net position	1,377,116	382,621	1,759,737
Total liabilities, deferred inflows of resources and net position	\$ 1,470,830	\$ 515,137	\$ 1,985,967

TOWN OF ECKLEY, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating revenues			
Charges for services	\$ 78,218	\$ 61,129	\$ 139,347
Operating expenses			
Salaries	9,600	2,760	12,360
Supplies	3,722	2,699	6,421
Repairs and maintenance	125	10,209	10,334
Insurance	4,326	4,326	8,652
Utilities	7,079	2,706	9,785
Audit and legal	989	14,319	15,308
Contract services	4,926		4,926
Water testing	866		866
Chlorinator	536		536
Miscellaneous	6,789	466	7,255
Pension expense	4,928		4,928
Right of way		3,056	3,056
Depreciation	67,383	10,475	77,858
Total operating expenses	111,269	51,016	162,285
Operating income (loss)	(33,051)	10,113	(22,938)
Nonoperating revenues (expenses)			
Interest on investments	26	290	316
Grant revenues		123,395	123,395
Pension revenue		834	834
Interest expense		(1,250)	(1,250)
Total nonoperating revenues (expenses)	26	123,269	123,295
Net income (loss) before transfers	(33,025)	133,382	100,357
Transfers out	(2,400)	(2,040)	(4,440)
Change in net position	(35,425)	131,342	95,917
Net position at beginning of year	1,412,541	251,279	1,663,820
Net position at end of year	\$ 1,377,116	\$ 382,621	\$ 1,759,737

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

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TOWN OF ECKLEY, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	Business-type Activities Enterprise Funds		Total
	Water Fund	Sewer Fund	
Cash flows from operating activities			
Receipts from customers	\$ 67,005	\$ 66,397	\$ 133,402
Internal activity - receipts from (payments to) other funds	(7,207)	23,607	16,400
Payments to suppliers	(30,939)	(36,058)	(66,997)
Payments to employees	(9,600)	(2,760)	(12,360)
Net cash provided by operating activities	19,259	51,186	70,445
Cash flows from noncapital financing activities			
Pension revenues		834	834
Transfers to other funds	(2,400)	(2,040)	(4,440)
Net cash used by noncapital financing activities	(2,400)	(1,206)	(3,606)
Cash flows from capital and related financing activities			
Purchase of capital assets		(124,301)	(124,301)
Receipt of grant revenues		121,057	121,057
Principal paid on notes and bonds	(5,000)	(7,200)	(12,200)
Interest paid on notes and bonds		(1,550)	(1,550)
Net cash used by capital and related financing activities	(5,000)	(11,994)	(16,994)
Cash flows from investing activities			
Interest on investments	26	220	246
Net cash provided by investing activities	26	220	246
Net increase in cash	11,885	38,206	50,091
Cash at beginning of year	31,040	2,238	33,278
Cash at end of year	\$ 42,925	\$ 40,444	\$ 83,369

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (33,051)	\$ 10,113	\$ (22,938)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	67,383	10,475	77,858
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources			
Due from other funds	(7,207)	(6,141)	(13,348)
Accounts receivable	(8,470)	2,861	(5,609)
Pension deferrals	2,366	1,024	3,390
Prepaid items		1,059	1,059
Accounts payable	(1,582)	2,523	941
Due to other funds		29,748	29,748
Customer deposits	(2,743)	1,383	(1,360)
Net pension liability	2,563	(1,859)	704
Net cash provided by operating activities	<u>\$ 19,259</u>	<u>\$ 51,186</u>	<u>\$ 70,445</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies

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

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Town's accounting policies are described below.

A.1 – Reporting entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The Town has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Town has included the Eckley Community Center in its financial statements using blended presentation. The Eckley Community Center is governed by a volunteer committee and is included as part of the primary government because its sole purpose is to maintain and operate the community center building that is owned by the Town.

A.2 – Fund accounting

The Town uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The Town does not have any fiduciary funds.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), major capital projects (capital projects fund), and the servicing of general long-term debt (debt service fund). The following are the Town's major governmental funds:

General Fund – The General Fund is the operating fund of the Town. It is used to account for most of the day-to-day operations of the Town which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the Town, except for activities of the enterprise funds.

Community Center Fund – This fund was established to provide for an accounting of those funds received through fundraising and donations for the Eckley Community Center. These funds are to be expended on the maintenance and operations of the Center.

Conservation Trust Fund – This fund is a special revenue fund established to account for state lottery proceeds and allowable expenditures.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Town's major proprietary funds:

Water Fund – This fund was established to account for all operations of the water utility services provided by the Town.

Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the Town.

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function or program of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund financial statements – Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Revenues – exchange and nonexchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

The Town does not utilize encumbrance accounting.

A.6 – Cash and cash equivalents

For the purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

A.7 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.8 – Receivables

Monthly charges for water services are included with monthly utility billings. No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

A.9 – Inventories

Inventories in the proprietary funds consist of supplies and are recorded at the lower of cost or market using the first-in, first-out method.

A.10 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A - Summary of significant accounting policies (Continued)

All capital assets with a unit cost greater than \$1,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost 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. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) will be capitalized on a prospective basis beginning in 2004.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings	50 years	50 years
Equipment	3-25 years	3-25 years
Improvements other than buildings	10-50 years	10-50 years
Infrastructure	50 years	n/a

A.11 - Compensated absences

It is the policy of the Town to provide their regular employees with greater economic security by granting reasonable personal absences from work due to actual illness or personal reasons. All regular employees of the Town who regularly work a scheduled sixteen hour week may be eligible for these allowances after their first day of employment. Part-time, temporary, and seasonal employees are not eligible. All allowances must be approved by the mayor and/or board of trustees. Full-time employees eligible for these allowances receive sixty hours per year and can be accumulated up to a maximum of 528 hours. Each employee working sixteen hours per week or more shall receive one full week of vacation upon completing one full year of employment with the Town. These allowances are payable at the employee's standard rate of pay in effect at the time of usage. At year-end, the Town had no employees with unused vacation benefits.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.12 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.13 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

A.14 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are service charges for water and sewer utility services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.15 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.16 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the town council and that are either unusual in nature or infrequent in occurrence. The Town had no transactions that qualify as extraordinary or special items during the year.

A.17 – Fund balance

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

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

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the Town's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the Town's general fund and includes all spendable amounts not contained in the other classifications.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Town council through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the Town applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

Note B – Cash and investments

Cash and deposits – Colorado State statutes govern the Town's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of year-end, the Town had total deposits of \$194,431, which were insured in their entirety.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the Town's own investment policies and procedures. Investments of the Town may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note B - Cash and investments (Continued)

During the year, the Town invested in Colostrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of December 31, 2017, the Town had invested \$379 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

At year-end, the Town had the following investments:

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	6-10
Investment in Colostrust	\$ 379	\$ 379	\$ -	\$ -

Note C - Interfund transactions

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

Receivable Fund	Payable Fund	Amount
Sewer Fund	General Fund	\$ 6,141
Water Fund	General Fund	6,860
Water Fund	Sewer Fund	81,660
Totals		\$ 94,661

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note C - Interfund transactions (Continued)

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Water Fund	\$ 2,400
General Fund	Sewer Fund	<u>2,040</u>
Totals		<u>\$ 4,440</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The Town annually transfers funds from certain of the Proprietary Funds (Water and Sewer) to provide support for various departments within the General Fund.

Note D - Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Property taxes	\$ 22,778	\$ -	\$ 22,778
Accounts	3,648	29,025	32,673
Taxes	5,101	-	5,101
Grants	<u>-</u>	<u>6,079</u>	<u>6,079</u>
Total	<u>\$ 31,527</u>	<u>\$ 35,104</u>	<u>\$ 66,631</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Yuma County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the county are remitted to the Town in the subsequent month.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note E - Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 3,150	\$ -	\$ -	\$ 3,150
Capital assets, being depreciated:				
Buildings	270,628	38,416	-	309,044
Equipment	<u>175,741</u>	<u>-</u>	<u>-</u>	<u>175,741</u>
Total capital assets, being depreciated	<u>446,369</u>	<u>38,416</u>	<u>-</u>	<u>484,785</u>
Total capital assets	449,519	38,416	-	487,935
Less accumulated depreciation for:				
Buildings	(240,358)	(2,226)	-	(242,584)
Equipment	<u>(104,002)</u>	<u>(11,779)</u>	<u>-</u>	<u>(115,781)</u>
Total accumulated depreciation	<u>(344,360)</u>	<u>(14,005)</u>	<u>-</u>	<u>(358,365)</u>
Governmental activities capital assets, net	<u>\$ 105,159</u>	<u>\$ 24,411</u>	<u>\$ -</u>	<u>\$ 129,570</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 4,984	\$ -	\$ -	\$ 4,984
Construction in progress	<u>142,193</u>	<u>109,011</u>	<u>-</u>	<u>251,204</u>
Total capital assets, not being depreciated	147,177	109,011	-	256,188
Capital assets, being depreciated				
Water and sewer system	2,684,691	15,290	-	2,699,981
Equipment	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
Total capital assets, being depreciated	<u>2,688,691</u>	<u>15,290</u>	<u>-</u>	<u>2,703,981</u>
Total capital assets	2,835,868	124,301	-	2,960,169

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Water and sewer system	(1,139,657)	(77,858)	-	(1,217,515)
Equipment	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>
Total accumulated depreciation	<u>(1,143,657)</u>	<u>(77,858)</u>	<u>-</u>	<u>(1,221,515)</u>
Business-type activities capital assets, net	<u>\$ 1,692,211</u>	<u>\$ 46,443</u>	<u>\$ -</u>	<u>\$ 1,738,654</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities

General government	\$ 916
Public works	5,993
Culture and recreation	<u>7,096</u>
Total governmental activities	14,005

Business-type activities

Water	67,383
Sewer	<u>10,475</u>
Total business-type activities	<u>77,858</u>
Total depreciation expense	<u>\$ 91,863</u>

Note F – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental activities					
Net pension liability	<u>\$ 67,632</u>	<u>\$ 25,102</u>	<u>\$ -</u>	<u>\$ 92,734</u>	<u>\$ -</u>

The net pension liability attributable to the governmental activities will be liquidated by the General Fund.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

Business-type activities	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Notes payable	\$ 57,500	\$ -	\$ (5,000)	\$ 52,500	\$ 5,000
Bonds payable	31,000	-	(7,200)	23,800	7,600
Net pension liability	<u>32,282</u>	<u>704</u>	<u>-</u>	<u>32,986</u>	<u>-</u>
Total	<u>\$ 120,782</u>	<u>\$ 704</u>	<u>\$ (12,200)</u>	<u>\$ 109,286</u>	<u>\$ 12,600</u>

Long-term debt at year-end consists of the following individual issues:

0.0% Drinking Water Revolving Fund Disadvantaged Communities Loan Program due in semi-annual installments of \$2,500, through 2028. \$ 52,500

\$128,000 general obligation sewer revenue bonds dated April 11, 1980, due in annual installments ranging from \$4,000 to \$8,300 through 2020, bearing interest at 5.0%. Principal and interest payments are due annually on March 1st beginning in 1981. 23,800

Total \$ 76,300

The following schedule represents the Town's debt service requirements to maturity for the outstanding long-term debt at year-end:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 12,600	\$ 1,190	\$ 13,790
2019	12,900	810	13,710
2020	13,300	415	13,715
2021	5,000	-	5,000
2022	5,000	-	5,000
2023-2027	25,000	-	25,000
2028	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total	<u>\$ 76,300</u>	<u>\$ 2,415</u>	<u>\$ 78,715</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note G – Segment Information

The Town maintains two enterprise funds that provide water and sewer services. Segment information for the year is as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating revenue	\$ 78,218	\$ 61,129	\$ 139,347
Depreciation	67,383	10,475	77,858
Operating income (loss)	(33,051)	10,113	(22,938)
Change in net position	(35,425)	131,342	95,917
Net working capital	133,500	(32,053)	101,447
Total assets	1,463,732	512,667	1,976,399
Bonds and other long-term liabilities payable from operating revenues	52,500	23,800	76,300
Total net position	1,377,116	382,621	1,759,737

Note H – Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased workman's compensation insurance through the Colorado Compensation Insurance Association to provide protection against losses from employees while on the job. The Town has affiliated with the Colorado Intergovernmental Risk Sharing Agency (CIRSA) to provide protection against losses incurred related to property, casualty, and general liability claims. CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of the Colorado Revised Statutes and the Colorado Constitution. 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 makes an annual contribution to CIRSA for its insurance coverage. For the year, the Town's financial contribution to CIRSA was \$14,765. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the Town. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans

PERA – Local Government Division Trust Fund

Summary of significant accounting policies

Pensions. The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). 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 LGDTF 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.

General information about the pension plan

Plan description. Eligible employees of the Town are provided with pensions through the Local Government Division Trust Fund (LGDTF) – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. Section 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Contributions. Eligible employees and the Town are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. Section 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	<u>Rate</u>
Employer contribution rate ¹	10.00%
Amount of employer contribution apportioned to the health care trust fund as specified in C.R.S. Section 24-51-208(1)(f) ¹	<u>(1.02)%</u>
Amount apportioned to the LGDTF ¹	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. Section 24-51-411 ¹	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. Section 24-51-411 ¹	<u>1.50%</u>
Total employer contribution to the LGDTF ¹	<u><u>12.68%</u></u>

¹ Rates are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were \$3,596 for the year ended.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At year-end, the Town reported a liability of \$69,739 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 December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Town's proportion of the net pension liability was based on the Town's contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the Town's proportion was 0.0052 percent, which was a decrease of 0.0015 percent from its proportion measured as of December 31, 2015.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

For the year, the Town recognized pension expense of \$5,768. At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,266	\$ -
Changes of assumptions or other inputs	4,947	261
Net difference between projected and actual earnings on pension plan investments	10,586	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	682	8,965
Contributions subsequent to the measurement date	<u>3,596</u>	<u>-</u>
Total	<u>\$ 21,077</u>	<u>\$ 9,226</u>

\$3,596 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2018	\$ 1,764
2019	3,393
2020	3,018
2021	<u>80</u>
Totals	<u>\$ 8,255</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 – 10.85 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)	2.00 percent
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Mortality rates used in the December 31, 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. equity – large cap	21.20%	4.30%
U.S. equity – small cap	7.42%	4.80%
Non U.S. equity – developed	18.55%	5.20%
Non U.S. equity – emerging	5.83%	5.40%
Core fixed income	19.32%	1.20%
High yield	1.38%	4.30%
Non U.S. fixed income - developed	1.84%	0.60%
Emerging market debt	0.46%	3.90%
Core real estate	8.50%	4.90%
Opportunity fund	6.00%	3.80%
Private equity	8.50%	6.60%
Cash	<u>1.00%</u>	0.20%
Total	<u>100.00%</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA’s Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent, 0.25 percent higher compared to the current measurement date.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	\$ <u>102,827</u>	\$ <u>69,739</u>	\$ <u>42,338</u>

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Payables to the pension plan

The Town did not report any payables to the pension plan at year-end.

Eckley Volunteer Fire Department Pension Fund

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Eckley Volunteer Fire Department Pension Fund and additions to/deductions from Eckley Volunteer Fire Department Pension Fund's net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

General information about the pension plan

Plan administration. The Town’s defined benefit pension plan for volunteers provides retirement and death benefits to plan members and beneficiaries. The plan is affiliated with the Fire and Police Member’s Benefit Fund, an agent multiple-employer pension plan administered by the Fire and Police Pension Association (FPPA) of Colorado. Title 31, Article 30 of the Colorado Revised Statutes assigns the authority to establish and amend the benefit provisions of the plans that participate in FPPA to the respective member entities. The FPPA issues a publicly available financial report that includes financial statements and required supplementary information for Public Employee Retirement System (PERS) Affiliated Local Plans that can be obtained at www.fppaco.org.

Management of the Eckley Volunteer Fire Department Pension Fund is vested in the local Pension Board, which consists of the Town Mayor, Clerk, two persons appointed by the governing body of the Town, and three representatives of the local fire department serving the Town.

Plan membership. At year-end, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>14</u>
Total	<u>25</u>

Benefits provided. The plan provides retirement and death benefits. Any firefighter who has both reached the age of 50 and completed 20 years of active service shall be eligible for a monthly pension (currently \$26 per month). Vesting for reduced monthly pension benefits begins at 10 years of service, with full pension after 20 years. The plan also provides for a lump-sum burial benefit of \$100 upon the death of an active or retired firefighter, as well as a monthly survivor benefit (currently \$13 per month). The plan does not provide for disability benefits.

Contributions. Contribution requirements of the plan are established under Title 31, Article 30 of the Colorado Revised Statutes. The plan is noncontributory regarding participants. Contributions to the plan for the year ended December 31, 2017 included \$0 from the State of Colorado matching funds and \$2,509 from the Town.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

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 net pension liability of \$55,981. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

For the year ended December 31, 2017, the Town recognized pension expense (income) of \$8,020. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 959
Changes of assumptions or other inputs	21,718	-
Net difference between projected and actual earnings on pension plan investments	1,338	-
Contributions subsequent to the measurement date	<u>2,509</u>	<u>-</u>
Total	<u>\$ 25,565</u>	<u>\$ 959</u>

\$2,509 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31, ___</u>	<u>Amount</u>
2018	\$ 6,464
2019	6,744
2020	6,807
2021	<u>2,082</u>
Totals	<u>\$ 22,097</u>

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Actuarial assumptions. The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar open
Remaining amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.50%
Retirement age	50% per year of eligibility until 100% at age 65

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 40 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of a regularly scheduled experience study in 2015. As a result of the 2015 experience study, the main actuarial factor changes were:

- Reduced the inflation assumption from 3.0 percent to 2.5 percent.
- Revised the post-retirement mortality tables to reflect increased longevity.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return which eliminates the 2.5% inflation assumption, for each major asset class included in the Fund's target asset allocation as of December 31, 2016, are summarized in the following table.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

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

*While 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 4.04 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 4.04%.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note I – Defined Benefit Pension Plans (Continued)

Sensitivity of the Town’s net pension liability/(asset) to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the Town’s net pension liability/(asset) calculated using a Single Discount Rate of 4.04%, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease <u>(3.04%)</u>	Current Discount <u>(4.04%)</u>	1% Increase <u>(5.04%)</u>
Net pension liability (asset)	\$ <u>68,444</u>	\$ <u>55,981</u>	\$ <u>46,088</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Eckley Volunteer Fire Department Pension Fund financial report.

Payables to the pension plan

The Town did not report any payables to the pension plan at year-end.

Note J – Other postemployment benefits

Health Care Trust Fund

Plan description. The Town contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note J – Other postemployment benefits (Continued)

Funding policy. The Town is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Town are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the fiscal years ended December 31, 2017, 2016 and 2015, the Town's contributions to the HCTF were \$268, \$319 and \$388, respectively, equal to their required contributions for each year.

Note K – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate. On November 4, 1997, the voters of the Town approved a ballot initiative permitting the Town to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR. However, the Town has made certain interpretations of TABOR's language in order to determine its compliance. The Town has reserved funds in the General Fund in the amount of \$8,400 for the emergency reserve.

Colorado local government budget laws

Expenditures in the Community Center and Conservation Trust Funds have exceeded their appropriations by \$34,183 and \$2,340, respectively, which may be a violation of local government budget laws.

TOWN OF ECKLEY, COLORADO
Notes to Financial Statements

Note L – Debt Covenant Compliance

The loan agreement with Colorado Water Resources and Power Development Authority (Drinking Water Revolving Fund Disadvantaged Communities Loan Program) contains various covenants including the establishment and maintenance of an operations and maintenance reserve fund in an amount equal to three months of operation and maintenance expenses as set forth in the annual budget for the current fiscal year. Based on the current annual budget, three months of operation and maintenance expenses totaled \$16,703, which the Town has funded with unobligated fund balances. The Town must also maintain water rates, fees and other charges that will cover operation and maintenance expenses and at least 110% of debt service for the calendar year. The Town believes it is in compliance with the covenants as set forth in the loan agreement.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Schedule of the Town's Proportionate Share of the Net Pension Liability – PERA Local Government Division Trust Fund
- Schedule of Town Contributions – PERA Local Government Division Trust Fund
- Schedule of Changes in the Town's Net Pension Liability/(Asset) and Related Ratios – Eckley Volunteer Fire Department Pension Fund
- Schedule of Town Contributions – Eckley Volunteer Fire Department Pension Fund
- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Community Center Fund
- Budgetary Comparison Schedule – Conservation Trust Fund

TOWN OF ECKLEY, COLORADO
Schedule of the Town's Proportionate Share of the Net Pension Liability ¹
PERA Local Government Division Trust Fund
December 31, 2017

Measurement period ending December 31,	2016	2015	2014
Town's proportion of the net pension liability	0.0052%	0.0067%	0.0060%
Town's proportionate share of the net pension liability	\$ 69,739	\$ 73,720	\$ 53,613
Town's covered-employee payroll	\$ 26,252	\$ 31,293	\$ 38,003
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	265.65%	235.58%	141.08%
Plan fiduciary net position as a percentage of the total pension liability	73.60%	76.90%	80.70%

¹ Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

TOWN OF ECKLEY, COLORADO
Schedule of Town Contributions ¹
PERA Local Government Division Trust Fund
December 31, 2017

Measurement period ending December 31,	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,596	\$ 4,302	\$ 5,207
Contributions in relation to the contractually required contribution	<u>(3,596)</u>	<u>(4,302)</u>	<u>(5,207)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 26,252	\$ 31,293	\$ 38,003
Contributions as a percentage of covered-employee payroll	13.70%	13.75%	13.70%

¹ Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

TOWN OF ECKLEY, COLORADO
Schedule of Changes in the Town's Net Pension Liability/(Asset) and Related Ratios ¹
Eckley Volunteer Fire Department Pension Fund
Last 10 Fiscal Years

Measurement period ending December 31,	2016	2015	2014
Total pension liability			
Service cost	\$ 294	\$ 294	\$ 315
Interest on the total pension liability	3,633	3,575	3,639
Benefit changes	-	-	-
Differences between expected and actual experience	(579)	-	(1,705)
Changes of assumptions	28,284	-	-
Benefit payments	(3,120)	(3,094)	(3,090)
Net change in total pension liability	28,512	775	(841)
Total pension liability - beginning	49,822	49,047	49,888
Total pension liability - ending (a)	<u>\$ 78,334</u>	<u>\$ 49,822</u>	<u>\$ 49,047</u>
Plan fiduciary net position			
Contributions - employer	\$ -	\$ 2,209	\$ 2,209
Net investment income	1,157	434	1,448
Benefit payments	(3,120)	(3,094)	(3,090)
Pension plan administrative expenses	(312)	(1,183)	(419)
State of Colorado supplemental discretionary payment	1,000	1,000	1,000
Net change in plan fiduciary net position	(1,275)	(634)	1,148
Plan fiduciary net position - beginning	23,628	24,262	23,114
Plan fiduciary net position - ending (b)	<u>\$ 22,353</u>	<u>\$ 23,628</u>	<u>\$ 24,262</u>
Town's net pension liability/(asset) - ending (a) - (b)	<u>\$ 55,981</u>	<u>\$ 26,194</u>	<u>\$ 24,785</u>
Plan fiduciary net position as a percentage of the total pension liability	28.54%	47.42%	49.47%
Covered-employee payroll	N/A	N/A	N/A
Town's net pension liability as a percentage of covered-employee payroll	N/A	N/A	N/A

¹ Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

TOWN OF ECKLEY, COLORADO
Schedule of Town Contributions ¹
Eckley Volunteer Fire Department Pension Fund
Last 10 Fiscal Years

Measurement Period Ended December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2016	\$ 2,509	\$ 1,000	\$ 1,509	N/A	N/A
2015	2,872	3,209	(337)	N/A	N/A
2014	2,872	3,209	(337)	N/A	N/A

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

¹ Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

TOWN OF ECKLEY, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 32,336	\$ 32,336	\$ 32,982	\$ 646
Licenses and permits	200	200	1,026	826
Intergovernmental	17,420	17,420	20,587	3,167
Fines and forfeitures	144	144	300	156
Charges for services	18,000	18,000	19,253	1,253
Miscellaneous	3,400	3,400	2,601	(799)
Total revenues	71,500	71,500	76,749	5,249
Expenditures				
Current				
General government	29,300	29,300	45,049	(15,749)
Public safety	14,321	14,321	9,425	4,896
Public works	49,039	49,039	39,164	9,875
Culture and recreation	3,940	3,940	1,498	2,442
Appropriated reserves	22,215	22,215		22,215
Total expenditures	118,815	118,815	95,136	23,679
Excess of revenues over (under) expenditures	(47,315)	(47,315)	(18,387)	(18,430)
Other financing sources				
Sale of assets			800	800
Transfers in			4,440	4,440
Total other financing sources	-	-	5,240	5,240
Net change in fund balance	\$ (47,315)	\$ (47,315)	(13,147)	\$ 34,168
Fund balance at beginning of year			63,857	
Fund balance at end of year			<u>\$ 50,710</u>	

TOWN OF ECKLEY, COLORADO
Community Center Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Contributions	\$ 2,787	\$ 2,787	\$ 12,479	\$ 9,692
Fundraising	8,000	8,000	13,545	5,545
Interest on investments	10	10	32	22
Gym rental			2,406	2,406
Miscellaneous	1,500	1,500	210	(1,290)
Total revenues	12,297	12,297	28,672	16,375
Expenditures				
Current				
Culture and recreation				
Advertising	650	650	476	174
Utilities	5,000	5,000	3,495	1,505
Repairs and maintenance	1,300	1,300	1,563	(263)
Fundraising	5,000	5,000	9,859	(4,859)
Miscellaneous	3,000	3,000	618	2,382
Supplies	304	304		304
Capital outlay			33,426	(33,426)
Total expenditures	15,254	15,254	49,437	(34,183)
Net change in fund balance	\$ (2,957)	\$ (2,957)	(20,765)	\$ (17,808)
Fund balance at beginning of year			39,045	
Fund balance at end of year			<u>\$ 18,280</u>	

TOWN OF ECKLEY, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$ 2,500	\$ 2,500	\$ 2,527	\$ 27
Interest on investments	35	35	12	(23)
Total revenues	2,535	2,535	2,539	4
Expenditures				
Current				
Culture and recreation	3,200	3,200	5,540	(2,340)
Net change in fund balance	<u>\$ (665)</u>	<u>\$ (665)</u>	(3,001)	<u>\$ (2,336)</u>
Fund balance at beginning of year			5,480	
Fund balance at end of year			<u>\$ 2,479</u>	

TOWN OF ECKLEY, COLORADO
Notes to the Required Supplementary Information

Note A – Budgetary data

Annual budgets are established for all funds of the Town, except for the pension trust funds, as required by its local charter. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the enterprise funds (water and sewer) in which capital and principal retirement expenses are treated as operating expenses and depreciation expense is not budgeted.

An appropriated budget for the entity as a whole is prepared on a detailed basis. Revenues are budgeted by source. Expenditures are budgeted by department and the major divisions thereof and by each independent office and agency and by the principal objects of expenditure. The legal level of control is considered to be the entity as a whole and expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by Town council. Within these control levels, management may transfer appropriations without Town council approval.

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

- On or before September 20th of each year, or in conformity with the general state law, the Town clerk submits to the Town council a budget which shall be a complete financial plan for the ensuing fiscal year.
- At the same time the budget is submitted, the Town manager shall also prepare an appropriation ordinance making a levy in mills upon all taxable property within the Town for the ensuing fiscal year.
- A public hearing on the budget shall be held by Town council two weeks after its submission. Notice of the time and place of said hearing shall be published within three days after the submission of the budget.
- Prior to December 15th, or in conformity with the general state law, the Town council shall adopt the budget and the tax levy ordinance.
- Any portion of any annual appropriation remaining unexpended and unencumbered at the close of the budget year shall be declared surplus and included in the budget for the ensuing year as those appropriations lapse at year-end.

TOWN OF ECKLEY, COLORADO
Notes to the Required Supplementary Information

Note B – Factors affecting trends in amounts reported in the pension schedules

Information about factors that significantly affect trends in the amounts reported in the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Budgetary Comparison Schedules – General Fund
- Budgetary Comparison Schedules – Proprietary Funds

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Budgetary Comparison Schedules - General Fund

The General Fund accounts for all transactions of the Town not required to be accounted for in other funds. This fund represents an accounting of the Town's ordinary operations financed primarily from tax dollars and intergovernmental aid. It is the most significant fund in relation to the Town's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

TOWN OF ECKLEY, COLORADO
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes				
Property taxes	\$ 19,636	\$ 19,636	\$ 21,889	\$ 2,253
Specific ownership taxes	1,500	1,500	2,571	1,071
Delinquent taxes and interest			51	51
Franchise taxes	7,000	7,000	7,733	733
Severance taxes	4,200	4,200	738	(3,462)
Total taxes	32,336	32,336	32,982	646
Licenses and permits	200	200	1,026	826
Intergovernmental				
Motor vehicle assessments	1,320	1,320	1,316	(4)
Road and bridge taxes			1,204	1,204
Cigarette taxes	100	100		(100)
Highway users tax	16,000	16,000	17,159	1,159
Mineral lease			908	908
Total intergovernmental	17,420	17,420	20,587	3,167
Fines and forfeitures	144	144	300	156
Charges for services	18,000	18,000	19,253	1,253
Miscellaneous				
Interest on investments	1,000	1,000	240	(760)
Rent and collection fees	1,400	1,400	1,140	(260)
Contributions	1,000	1,000	133	(867)
Miscellaneous			1,088	1,088
Total miscellaneous	3,400	3,400	2,601	(799)
Total revenues	\$ 71,500	\$ 71,500	\$ 76,749	\$ 5,249

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TOWN OF ECKLEY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General government				
Salaries	\$ 8,600	\$ 8,600	\$ 7,499	\$ 1,101
Employee benefits	1,000	1,000	5,330	(4,330)
Supplies	2,000	2,000	2,714	(714)
Maintenance	200	200	91	109
Utilities	2,600	2,600	5,281	(2,681)
Travel	300	300	283	17
Insurance	5,500	5,500	7,945	(2,445)
Reporting and publishing	500	500	175	325
Audit and legal	7,300	7,300	8,940	(1,640)
Dues	300	300	1,856	(1,556)
County treasurer fees			439	(439)
Contract services			1,691	(1,691)
Miscellaneous			2,805	(2,805)
Capital outlay	1,000	1,000		1,000
Total general government	29,300	29,300	45,049	(15,749)
Public safety				
Police				
Contract services	4,800	4,800	2,600	2,200
Legal	400	400	315	85
Total police	5,200	5,200	2,915	2,285
Fire				
Pension contribution	2,209	2,209	2,509	(300)
Repairs	1,500	1,500	1,454	46
Utilities	5,400	5,400	2,547	2,853
Miscellaneous	12	12		12
Total fire	9,121	9,121	6,510	2,611
Total public safety	14,321	14,321	9,425	4,896

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Public works				
Highways and streets				
Salaries	6,920	6,920	5,436	1,484
Utilities	6,500	6,500	5,731	769
Maintenance and supplies	2,010	2,010	1,110	900
Gas and oil	3,000	3,000	1,840	1,160
Vehicle	510	510	105	405
Contract labor			1,375	(1,375)
Insurance	699	699		699
Capital outlay	6,200	6,200		6,200
Total highways and streets	25,839	25,839	15,597	10,242
Sanitation				
Landfill costs	3,000	3,000	2,910	90
Trash removal	20,200	20,200	20,657	(457)
Total sanitation	23,200	23,200	23,567	(367)
Total public works	49,039	49,039	39,164	9,875
Culture and recreation				
Community center				
Telephone and utilities	800	800	658	142
Repairs and maintenance	1,000	1,000		1,000
Total community center	1,800	1,800	658	1,142
Parks				
Salaries	840	840	840	-
Maintenance and supplies	1,100	1,100		1,100
Miscellaneous	200	200		200
Total parks	2,140	2,140	840	1,300
Total culture and recreation	3,940	3,940	1,498	2,442
Appropriated reserves	22,215	22,215		22,215
Total expenditures	\$ 118,815	\$ 118,815	\$ 95,136	\$ 23,679

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Budgetary Comparison Schedules – Proprietary Funds

The Town reports the following major proprietary funds:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Water Fund – This fund was established to account for all operations of the water utility service provided by the Town.
- Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the Town.

TOWN OF ECKLEY, COLORADO
Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 66,000	\$ 66,000	\$ 78,218	\$ 12,218
Operating expenses				
Salaries	9,760	9,760	9,600	160
Supplies	2,000	2,000	3,722	(1,722)
Repairs and maintenance	5,000	5,000	125	4,875
Insurance	6,500	6,500	4,326	2,174
Utilities	8,500	8,500	7,079	1,421
Audit and legal	2,500	2,500	989	1,511
Contract services	6,000	6,000	4,926	1,074
Water testing	1,000	1,000	866	134
Chlorinator			536	(536)
Miscellaneous	8,000	8,000	6,789	1,211
Pension expense			4,928	(4,928)
Capital outlay	10,000	10,000		
Appropriated reserves	2,550	2,550		2,550
Total operating expenses	61,810	61,810	43,886	7,924
Operating income (loss)	4,190	4,190	34,332	30,142
Nonoperating revenues (expenses)				
Interest on investments	50	50	26	(24)
Principal paid on debt	(5,000)	(5,000)	(5,000)	-
Total nonoperating revenues (expenses)	(4,950)	(4,950)	(4,974)	(24)
Net income (loss) before transfers	(760)	(760)	29,358	30,118

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Transfers out			(2,400)	
Change in net position	\$ (760)	\$ (760)	26,958	\$ 27,718
Adjustments to GAAP Basis				
Add note principal			5,000	
Deduct depreciation			(67,383)	
Change in net position - GAAP Basis			(35,425)	
Net position at beginning of year			1,412,541	
Net position at end of year			\$ 1,377,116	

TOWN OF ECKLEY, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 56,500	\$ 56,500	\$ 61,129	\$ 4,629
Operating expenses				
Salaries	4,800	4,800	2,760	2,040
Supplies	1,500	1,500	2,699	(1,199)
Repairs and maintenance	8,000	8,000	10,209	(2,209)
Insurance	4,000	4,000	4,326	(326)
Utilities	4,000	4,000	2,706	1,294
Audit and legal	5,000	5,000	14,319	(9,319)
Contract services	2,000	2,000		2,000
Right-of-way	2,000	2,000	3,056	(1,056)
Miscellaneous	8,000	8,000	466	7,534
Capital outlay	1,113,000	1,113,000	124,301	988,699
Total operating expenses	1,152,300	1,152,300	164,842	987,458
Operating loss	(1,095,800)	(1,095,800)	(103,713)	992,087
Nonoperating revenues (expenses)				
Interest on investments	200	200	290	90
Loan and grant revenues	1,113,000	1,113,000	123,395	(989,605)
Pension revenue			834	834
Principal paid on debt	(6,900)	(6,900)	(7,200)	(300)
Interest paid on debt	(1,895)	(1,895)	(1,250)	645
Total nonoperating revenues (expenses)	1,104,405	1,104,405	116,069	(988,336)
Net income before transfers	8,605	8,605	12,356	3,751

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Transfers out			(2,040)	(2,040)
Change in net position	\$ 8,605	\$ 8,605	10,316	\$ 1,711
Adjustments to GAAP Basis				
Add bond principal			7,200	
Add capital outlay			124,301	
Deduct depreciation			(10,475)	
Change in net position - GAAP Basis			131,342	
Net position at beginning of year			251,279	
Net position at end of year			\$ 382,621	

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**Colorado Department of Highways
Local Highway Finance Report**

This calendar-year report of receipts and expenditures is required by the Colorado Department of Highways to maintain Statewide accountability for moneys used for highway and street purposes. To ensure data accuracy, House Bill 1008 mandates that this report be included in the Town's financial statements.

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Eckley
	YEAR ENDING : December 2017

This Information From The Records Of (example - City of _ or County of _) Town of Eckley	Prepared By: Cheryl Rogers Phone: (970) 359-2222
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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	
3. Other local imposts (from page 2)	2,571
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)	2,571
B. Private Contributions	
C. Receipts from State government (from page 2)	
	18,475
D. Receipts from Federal Government (from page 2)	
	0
E. Total receipts (A.7 + B + C + D)	21,046

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	1,110
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other	
d. Total (a. through c.)	0
4. General administration & miscellaneous	13,112
5. Highway law enforcement and safety	
6. Total (1 through 5)	14,222
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)	14,222

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
	8,958	21,046	14,222	15,782	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
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	2,571	g. Other Misc. Receipts	
6. Total (1. through 5.)	2,571	h. Other	
c. Total (a. + b.)	2,571	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	17,159	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	1,316	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,316	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	18,475	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: