

**Town of Fraser
Fraser, Colorado**

**Financial Statements
December 31, 2017**



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May 4, 2018

**Town of Fraser, Colorado
Financial Report
December 31, 2017**

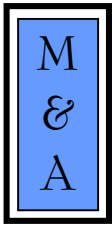
Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A2
Management's Discussion and Analysis	B1 – B11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	C1
Statement of Activities	C2
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	C3
Reconciliation of Governmental Fund Balance to Governmental Activities Net Assets	C4
Statement of Revenues, Expenditures and Changes in Fund Balances	C5
Reconciliation of Net Change in Fund Balances to Change in Net Assets of Governmental Activities	C6
Business-Type Funds:	
Statement of Net Assets - Enterprise Funds	C7
Statement of Revenues, Expenses and Changes in Net Assets - Enterprise Funds	C8
Statement of Cash Flows - Enterprise Funds	C9
Fiduciary Fund:	
Statement of Fiduciary Assets and Liability	C10
Statement of Changes in Fiduciary Assets and Liabilities	C11
Notes to the Financial Statements	D1 – D25
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund	E1
Schedule of Revenues - Budget (GAAP Basis) and Actual - General Fund	E2

**Town of Fraser, Colorado
Financial Report
December 31, 2017**

**Table of Contents
(Continued)**

	Page
Required Supplementary Information (continued):	
Schedule of Expenditures and Transfers - Budget (GAAP Basis) and Actual	
General Fund	E3
Special Revenue Fund - Conservation Trust Fund	E4
Special Revenue Fund – Restricted Revenue Fund	E5
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual	
Debt Service Fund	F1
Capital Projects Fund - Capital Equipment Replacement Fund	F2
Schedule of Revenues, Expenditures and Changes in Net Position - Budget (Non-GAAP Basis) and Actual With Reconciliation to GAAP Basis	
Enterprise Fund - Water Fund	F3
Enterprise Fund - Wastewater Fund	F4
Agency Fund - JFOC Fund	F5
Annual Schedule of Revenues and Expenditures for Roads, Bridges and Streets	F6 – F7



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Board Town of Fraser, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fraser 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.

Member: American Institute of Certified Public Accountants

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Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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 Management's Discussion and Analysis in Section B 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The individual fund budgetary comparisons found in Section F and the *Local Highway Finance Report* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund budgetary comparisons found in Section F and the *Local Highway Finance Report* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
April 30, 2018**

MANAGEMENT'S DISCUSSION AND ANALYSIS



Town of Fraser, Colorado

Management's Discussion and Analysis

December 31, 2017

As management of the Town of Fraser, Colorado, ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2017.

The Town provides a high level of local government service and availability to the community including operation of the Town's water and wastewater systems, a public works department that provides for street maintenance, snow removal and management, park and open space preservation, public building and facility management and maintenance. Our planning department provides support for both our business/economic sectors in addition to community development support, all while maintaining our small town character in the bigger mountain resort community that we are a part of. The Town currently acts as the manager of the Upper Fraser Valley Wastewater Treatment Facility – providing both the operational expertise and financial management of the facility for the three member organizations who share the plant. In addition, the Town participates in a joint Fraser/Winter Park Police Department and a joint Winter Park/Fraser/Granby Building Services Department.

Overview of the Financial Statements

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

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

The Statement of Net Position presents information on all Town assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 is improving or deteriorating.

The Statement of Activities presents information showing how the government'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 are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected revenues such as grants or earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, and culture and recreation. The business-type activities of the Town include water production, water distribution system operation and maintenance, and the operation and maintenance of the Town's wastewater collection system.

The government-wide financial statements can be found on pages C1 and C2 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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The fund financial statements for the governmental funds are shown on pages C3 and C5.

The Town's Budget includes the following governmental funds:

- General Fund (GF), which provides for the general functions and services such as administration, planning, law enforcement, streets and properties.
- Capital Asset Fund (CAF), which is intended to fund long term maintenance of capital assets (streets, buildings, parks, trails, etc.). The CAF is consolidated with the GF in the financial statements.
- Restricted Revenue Fund (RRF), which is funded by a dedicated sales tax to be used for transportation, trails, and capital project expenditures.
- Debt Service Fund (DSF), which provides for bonded debt service payments.
- Conservation Trust Fund (CTF), which is funded by lottery proceeds and provides for open space and recreational related capital projects.
- Capital Equipment Replacement Fund (CERF), which provides for vehicle and heavy equipment purchases.

The Town adopts an annually appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund, Restricted Revenue Fund, Conservation Trust Fund, Debt Service Fund and Capital Equipment Replacement Fund to demonstrate compliance with the State budget statutes. These are included in Sections E and F.

Proprietary funds: The Town maintains two proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water operations and one to account for its wastewater operations, which was established on December 31, 2009 by the dissolution of the Fraser Sanitation District.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the Town.

The Town's Budget includes the following enterprise funds:

- Water Fund (WF), an enterprise fund for the Town's water utility.
- Wastewater Fund (WWF), an enterprise fund for the Town's wastewater utility.

The basic proprietary fund financial statements can be found on pages C7 through C9 of this report. The Town also presents a budgetary comparison for its proprietary funds on pages F3 and F4.

Fiduciary fund: As managers of the Upper Fraser Valley Wastewater Treatment Plant ("UFVWWTP"), the Town operates the Joint Facilities Fund ("JFF") as a fiduciary fund to account for the operations and maintenance of the facility along any capital expenditures related to the plant.

- JFF Operations and Maintenance (O&M) and the JFF Capital Replacement Reserve (CRR), both of which provide for operations and capital projects at the Wastewater Treatment Plant. The JFF activity is found on pages C10, C11, and F5.

Overview of the Financial Statements (continued)

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 at Section D of this report.

The largest portion of the Town's assets are reflected in the investment in capital assets (i.e. land, streets, buildings, improvements, and equipment). Capital assets account for 66% of the total assets of \$41,013,545. The Town uses these assets to provide services to its citizens. The Town has to pay liabilities out of the remaining liquid assets. The Town also has assets that are considered restricted for a variety of purposes. Accordingly, these assets are not an available source for payment of future spending, other than as restricted. The Town is showing the detail of restricted net position below on page B4 and also on page D19 of the footnotes.

Government-wide Fund Analysis

Financial Highlights

- On a short term view, the Town's governmental fund balances increased by \$185,064 in 2017. The Town's General Fund's fund balance increased by \$671,630.
- On a long-term view (including depreciation and excluding capital outlay, etc.) the Town had a 2% \$859,406 increase in net position from \$38,748,815 to \$39,608,221.

"Net Position" for the Town refers to both the governmental and business-type (Water Fund (WF) and Wastewater Fund (WWF)) activities. The business-type activities (WF & WWF) had an increase in net position of \$680,451, while the governmental activities had an increase in net position of \$178,955.

The "long-term" view includes depreciation expense. On page D5 you will see the schedule the Town uses to depreciate its assets. On pages D15 - D16 you will see the corresponding schedules for depreciation and additions to capital assets (capital outlay). It's important to review the depreciation schedule and compare it to the age of the assets being depreciated. Annual depreciation expense for streets exceeds \$500,000 and there is no designated revenue source or reserves associated with this asset. Annual depreciation expense on water and wastewater assets exceeds \$800,000, with almost \$500,000 of that depreciation relating to underground utilities. Over half the Town's underground utilities have exceeded their depreciation life cycle. At December 31, 2017, The Fraser Town Board has many committed reserves in its General Fund and both of its Enterprise Funds, along with a reserve for unforeseen Joint Facility emergencies. These reserves will allow the Town to meet its short term obligations for safe, reliable and sustainable water and wastewater systems. Available resources will be freed up in the 2018 Budget to address annual street maintenance as all long term bonded indebtedness will be paid for from the Debt Service Fund's reserves. The Town continues to allow for additional growth in utilities and streets, while the issue of the cost of maintenance reflected by service fees and GF revenues remains a community concern.

Government-wide Fund Analysis (continued)

The Town's restricted net position for 2017 is shown in the following schedule:

	Balance 1/1/17	Additions	Deletions	Balance 12/31/17
General Fund:				
Fees in lieu of Park	\$ 6,379	-	-	6,379
Affordable housing impact fee	135,426	-	(1,000)	134,426
Emergency reserves	115,000	15,000	-	130,000
Debt Service Fund reserves:				
Next year's payments	300,000	-	(300,000)	-
Conservation Trust Fund	18,572	-	6,024	24,596
Restricted Revenue Fund	5,989	596,520	(548,486)	54,023
Wastewater Fund				
Operating reserve	47,945	1,097	-	49,042
Capital replacement reserve	653,530	6,635	(22,076)	638,089
	<u>\$ 1,282,841</u>	<u>619,252</u>	<u>(865,538)</u>	<u>1,036,555</u>

The following shows the Town's net position for 2017:

Town of Fraser's Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 5,653,039	5,210,985	8,192,276	6,595,427	13,845,315	11,806,412
Capital assets	8,217,654	9,088,092	18,950,576	19,526,887	27,168,230	28,614,979
Total Assets	<u>13,870,693</u>	<u>14,299,077</u>	<u>27,142,852</u>	<u>26,122,314</u>	<u>41,013,545</u>	<u>40,421,391</u>
Liabilities:						
Other liabilities	836,667	606,731	377,962	37,875	1,214,629	644,606
Long-term liabilities outstanding	-	818,582	-	-	-	818,582
Total Liabilities	<u>836,667</u>	<u>1,425,313</u>	<u>377,962</u>	<u>37,875</u>	<u>1,214,629</u>	<u>1,463,188</u>
Deferred Inflows of Resources:						
Property taxes	190,695	209,388	-	-	190,695	209,388
Total Deferred Inflows of Resources	<u>190,695</u>	<u>209,388</u>	<u>-</u>	<u>-</u>	<u>190,695</u>	<u>209,388</u>
Net Position:						
Net investment in capital assets	8,217,654	8,269,510	18,950,576	19,526,887	27,168,230	27,796,397
Restricted	349,424	581,366	687,131	701,475	1,036,555	1,282,841
Unrestricted	4,276,253	3,813,500	7,127,183	5,856,077	11,403,436	9,669,577
Total Net Position	<u>\$12,843,331</u>	<u>12,664,376</u>	<u>26,764,890</u>	<u>26,084,439</u>	<u>39,608,221</u>	<u>38,748,815</u>

Government-wide Financial Analysis (continued)

At the end of the current fiscal year, the Town 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.

The following chart is a summary of the Town's Change in Net Position:

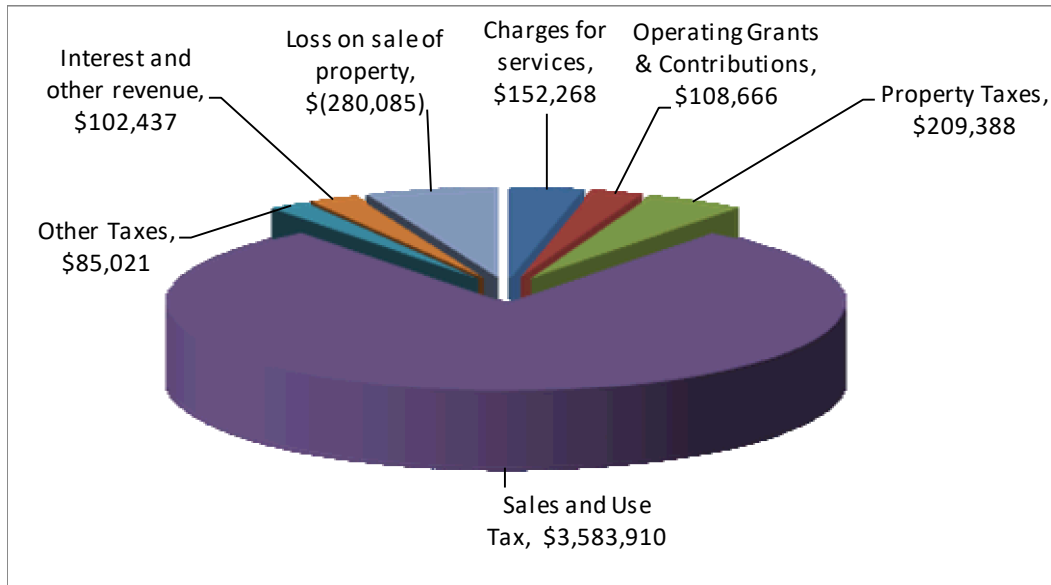
	Town of Fraser's Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
REVENUES:						
Program revenues:						
Charges for services	\$ 152,268	152,406	1,758,450	1,650,886	1,910,718	1,803,292
Operating grants and contributions	108,666	146,028	16,564	56,832	125,230	202,860
Capital grants and contributions	-	-	829,600	540,000	829,600	540,000
General revenues:						
Property taxes	209,388	201,310	-	-	209,388	201,310
Sales and Use taxes	3,583,910	3,152,780	-	-	3,583,910	3,152,780
Other taxes	85,021	76,925	-	-	85,021	76,925
Interest and other revenue	(177,648)	175,303	69,846	37,456	(107,802)	212,759
Total Revenues	3,961,605	3,904,752	2,674,460	2,285,174	6,636,065	6,189,926
EXPENSES:						
General government	1,718,808	1,665,945	-	-	1,718,808	1,665,945
Culture and recreation	39,655	50,183	-	-	39,655	50,183
Public safety	476,613	441,048	-	-	476,613	441,048
Public works	1,545,094	1,388,797	-	-	1,545,094	1,388,797
Interest	22,480	51,415	-	-	22,480	51,415
Water	-	-	979,038	1,090,771	979,038	1,090,771
Wastewater	-	-	994,971	1,018,600	994,971	1,018,600
Total Expenses	3,802,650	3,597,388	1,974,009	2,109,371	5,776,659	5,706,759
Change in Net Position						
Before Transfers	158,955	307,364	700,451	175,803	859,406	483,167
Transfers in (out)	20,000	20,000	(20,000)	(20,000)	-	-
Change in Net Position	178,955	327,364	680,451	155,803	859,406	483,167
Net Position-Jan 1	12,664,376	12,337,012	26,084,439	25,928,636	38,748,815	38,265,648
Net Position - December 31	\$12,843,331	12,664,376	26,764,890	26,084,439	39,608,221	38,748,815

Governmental activities: Governmental activities increased the Town's net position by \$178,955 during 2017, as compared to a increase in net position of \$327,364 during 2016. The following are the major elements of the change in net position of governmental activities from December 31, 2016 to December 31, 2017:

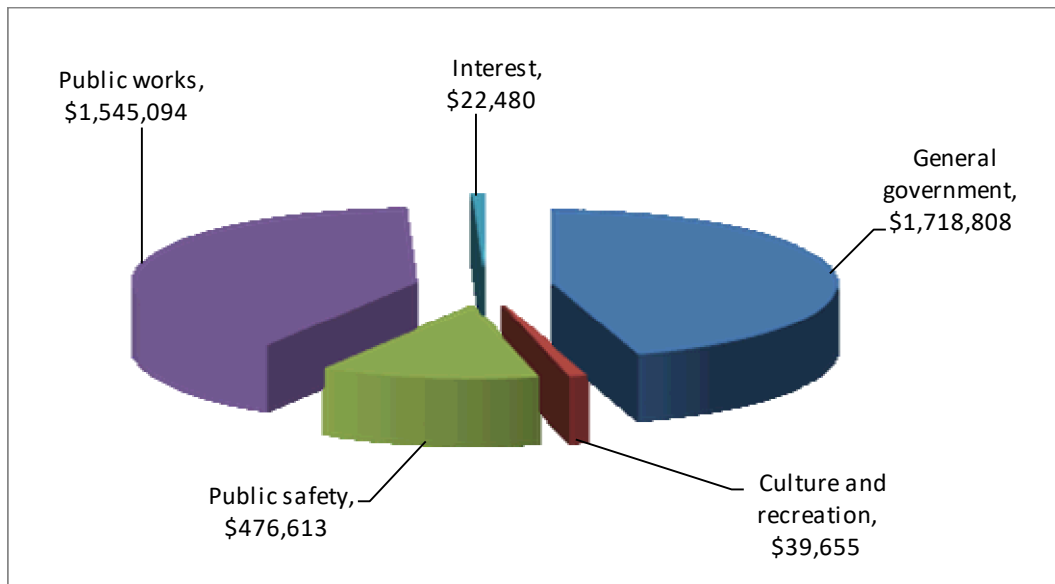
- During 2017, the Town sold property on a capital lease at a loss.
- A newly voter elected 1% Sales Tax increase became effective on January 1st, 2017.

Government-wide Financial Analysis (continued)

The following is a graph of the Town's governmental activities revenues by source for 2017. The Town continues to be challenged by its dependence on the very volatile resort based sales tax revenues. Fortunately, the Town has the community's grocery, hardware, and department stores within its municipal boundaries. The Town will continue to help the local business community attract and develop a more varied mixture of vendors appealing to both the community's residents and its resort vacationers. A new grocery store opened in the neighboring community of Winter Park during 2017. The Town anticipated the estimated potential sales tax loss of this competing grocery store in its 2017 budget, however, sales tax revenues were relatively unaffected during the year.



The following is a graph of the Town's governmental activities expenditures by function for 2017.

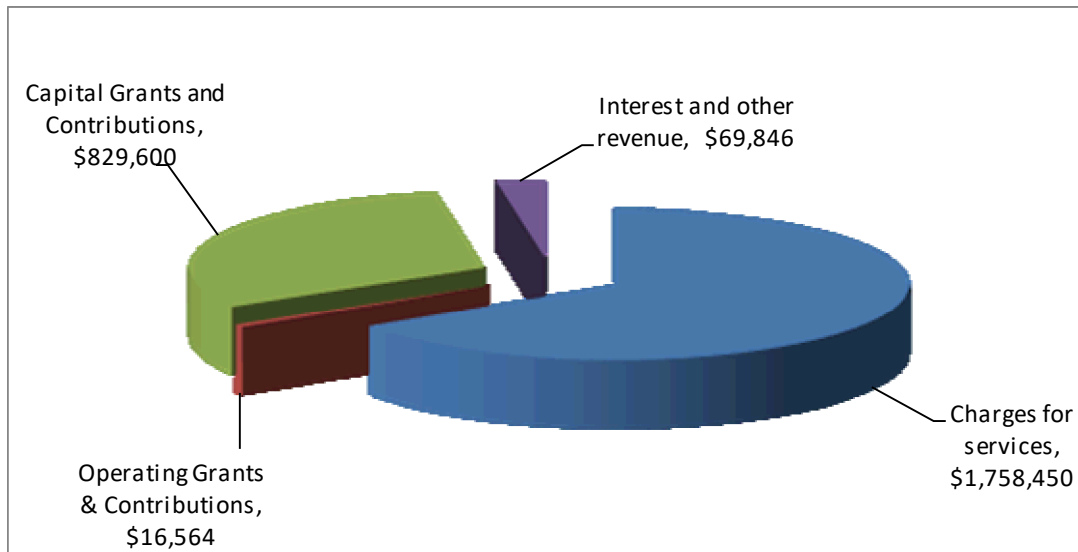


Government-wide Financial Analysis (continued)

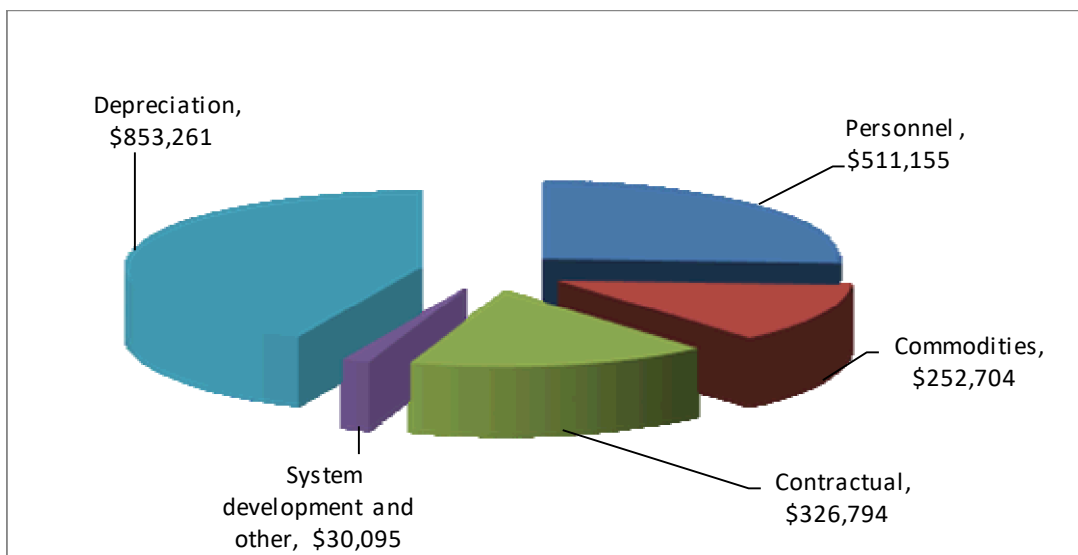
Business-type activities: Business-type activities (water and wastewater, collection and treatment) resulted in an increase in the Town's net position of \$680,451. Key elements of this change are as follows:

- Within the Water and Wastewater Funds and in the Town's portion of the JFF assets, depreciation expense on capitalized assets of \$853,261 accounted for 43% of total operating expenses.
- Charges for our customer's water and wastewater services accounted for 94% of total operating revenues.

The following is a graph of the business-type revenues by source for 2017.



The following is a graph of the business-type expenses by function for 2017.



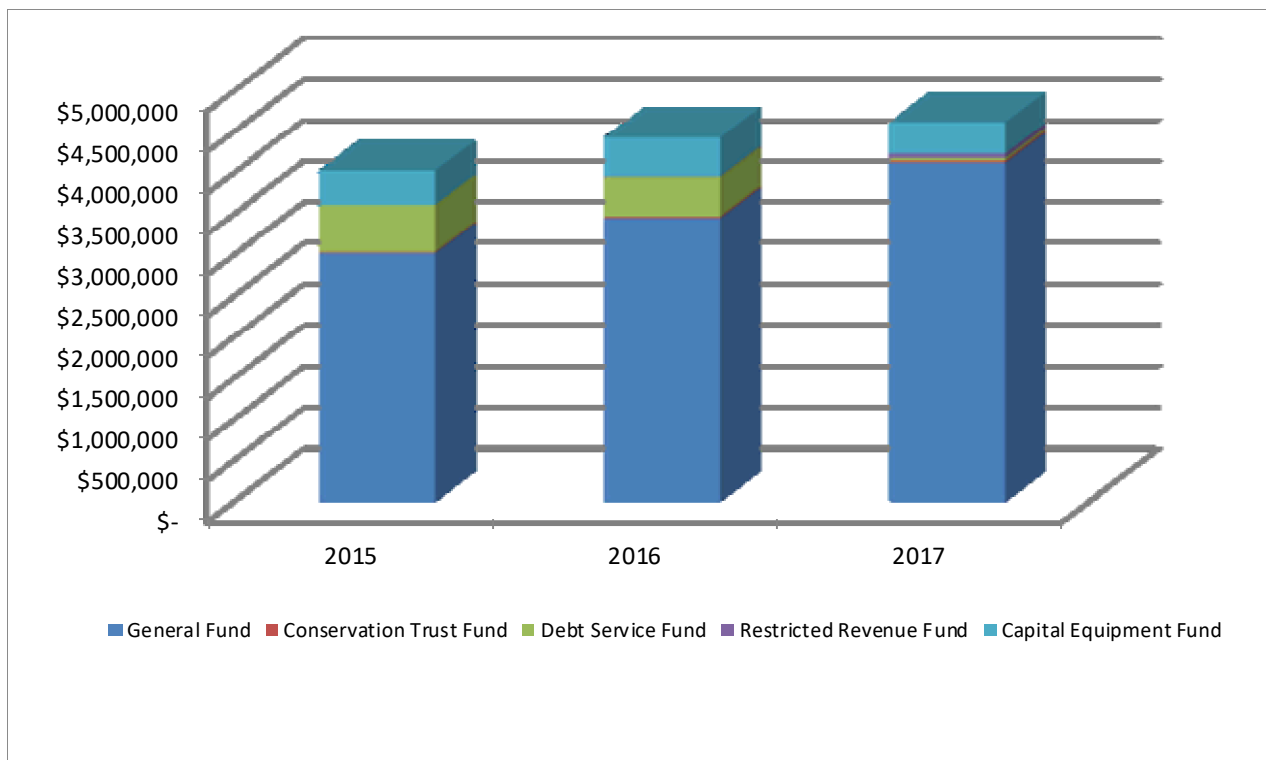
Financial Analysis of the Town's Funds

As mentioned on page B2 of this analysis, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Financial Analysis of the Town's Funds (continued)

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,599,468; the funds increased \$185,064 from the prior year's ending balances. The Town's governmental fund balances for 2017 and the past two years are graphed as follows:



Proprietary funds: The Town's proprietary funds (Water and Wastewater Funds) provide the same type of information found in the government-wide financial statements, but in more detail.

The proprietary funds' total cash is available for spending at the Town's discretion. At the end of 2017 the Town Board reserved multiple amounts and designated them as committed reserves for emergencies in both our operations and maintenance and also for capital emergencies. Reserves are recognized in-house and are outlined earlier in this discussion.

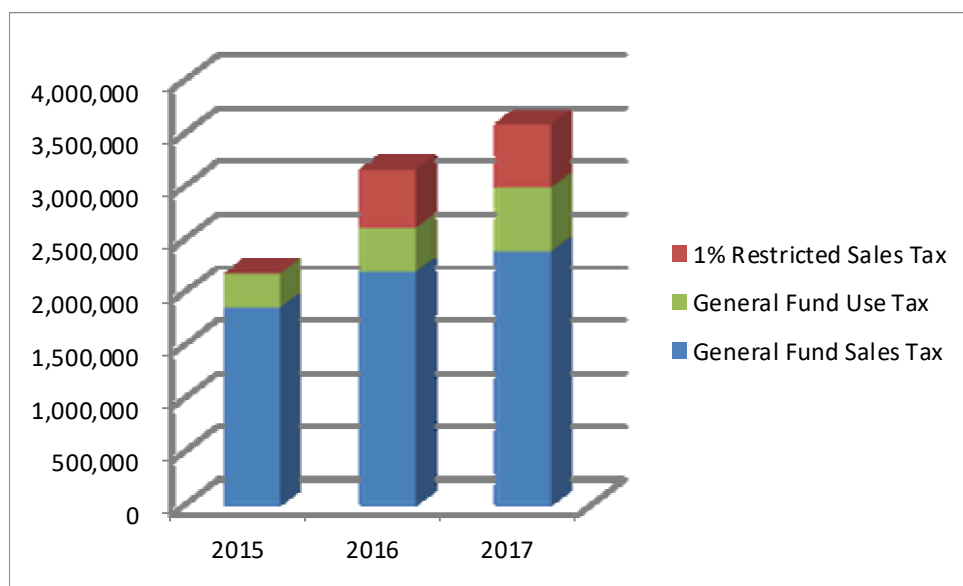
Budget Variances in the General Fund: The Town had the following significant budget variances which are detailed as follows:

<u>Pos. (Neg.)</u>	<u>Account</u>	<u>Reason</u>
Revenues:		
\$ 995,804	Sales & use taxes	Conservative budgeting due to various economic factors.
59,903	Liquor and other license fee	Marijuana excise and dispensary fees have increased.
Expenditures:		
General Government:		
(133,739)	Town board comm enhanc.	An approved grant and loan was not anticipated in the budget.
46,960	Other purchased services	Purchased services were less than expected.
Public Works		
110,464	Salaries and benefits	Vacant job positions ran longer than anticipated.
242,307	Capital outlay	Expended less for street projects than budgeted.
Debt Services		
(313,117)	Principal	The sale of land resulted in a payoff of the related lease payable.

Capital assets: The Town's government-wide capital assets, net of accumulated depreciation, decreased due largely to depreciation expense. Additional information as well as a detailed classification of the Town's net capital assets can be found in the Notes to the Financial Statements on pages D15 and D16 of this report.

Long-term obligations: As of the end of 2017, the Town had \$33,933 in long-term obligations for accrued compensated absences. The Town paid off its general obligation bonded debt in 2016 and paid off all other bonded debt and capital leases in 2017. Additional information regarding the Town's debt can be found on pages D17 – D18 of this report.

Sales and Use Taxes: The Town has sales and use taxes that are used to fund its governmental operations. The Town's sales and use taxes changed from a total of \$3,152,780 in 2016 to \$3,583,910 in 2017. The following chart indicates changes in the taxes collections:



The Town's sales and use tax collections increased over the past years. Sales tax receipts increased 9% from 2016 to 2017 and the new 1% restricted sales tax generated \$596,106.

Next year's budget and rates: The Town's General Fund balance at the end of the current fiscal year was \$4,105,070. The Town's 2018 budget anticipates decreasing the General Fund balance by \$2,647,294. It is anticipated that this budgeted reduction in fund balance will decrease by year end due to under spending budgeted amounts as well as surpassing revenue projections.

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Fraser, Finance Manager, P.O. Box 120, Fraser, Colorado 80442-0120.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



Town of Fraser, Colorado
Statement of Net Position
For the Year Ended December 31, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and investments - Unrestricted	4,797,572	6,403,207	11,200,779
Cash with County Treasurer	994	4,164	5,158
Accounts, taxes, and interest receivables	809,473	1,106,586	1,916,059
Due from fiduciary fund	-	678,319	678,319
Non-current notes receivable	45,000	-	45,000
Capital assets, net	8,217,654	18,950,576	27,168,230
Total Assets	<u>13,870,693</u>	<u>27,142,852</u>	<u>41,013,545</u>
Liabilities:			
Cash deficit	-	-	-
Accounts payable	649,969	-	649,969
Due to fiduciary fund	24,009	-	24,009
Other liabilities	143,898	24,020	167,918
Due to other governments	-	338,800	338,800
Accrued compensated absences	18,791	15,142	33,933
Non-current liabilities due within one year	-	-	-
Non-current liabilities due longer than one year	-	-	-
Total Liabilities	<u>836,667</u>	<u>377,962</u>	<u>1,214,629</u>
Deferred Inflows of Resources:			
Property taxes	190,695	-	190,695
Total Deferred Inflows of Resources	<u>190,695</u>	<u>-</u>	<u>190,695</u>
Net Position:			
Net investment in capital assets	8,217,654	18,950,576	27,168,230
Restricted	349,424	687,131	1,036,555
Unrestricted	4,276,253	7,127,183	11,403,436
Total Net Position	<u>12,843,331</u>	<u>26,764,890</u>	<u>39,608,221</u>

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

Town of Fraser, Colorado
Statement of Activities
For the Year Ended December 31, 2017

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Functions/Programs:							
Governmental activities:							
General government	1,718,808	152,268	61,601	-	(1,504,939)	-	(1,504,939)
Culture and recreation	39,655	-	-	-	(39,655)	-	(39,655)
Public safety	476,613	-	-	-	(476,613)	-	(476,613)
Public works	1,545,094	-	47,065	-	(1,498,029)	-	(1,498,029)
Interest	22,480	-	-	-	(22,480)	-	(22,480)
Total governmental activities	<u>3,802,650</u>	<u>152,268</u>	<u>108,666</u>	<u>-</u>	<u>(3,541,716)</u>	<u>-</u>	<u>(3,541,716)</u>
Business-type activities:							
Water	979,038	986,675	16,564	32,325	-	56,526	56,526
Wastewater	994,971	771,775	-	797,275	-	574,079	574,079
Total business-type activities	<u>1,974,009</u>	<u>1,758,450</u>	<u>16,564</u>	<u>829,600</u>	<u>-</u>	<u>630,605</u>	<u>630,605</u>
Total	<u><u>5,776,659</u></u>	<u><u>1,910,718</u></u>	<u><u>125,230</u></u>	<u><u>829,600</u></u>	<u><u>(3,541,716)</u></u>	<u><u>630,605</u></u>	<u><u>(2,911,111)</u></u>
General revenues:							
Taxes:							
Property tax					209,388	-	209,388
Specific ownership tax					14,835	-	14,835
General sales and use tax					3,583,910	-	3,583,910
Franchise tax					60,217	-	60,217
Other miscellaneous taxes					9,969	-	9,969
Investment earnings					49,240	69,846	119,086
Miscellaneous					(226,888)	-	(226,888)
Transfers to (from)					20,000	(20,000)	-
Total general revenues and transfers					<u>3,720,671</u>	<u>49,846</u>	<u>3,770,517</u>
Change in Net Position					178,955	680,451	859,406
Net Position - Beginning of Year					12,664,376	26,084,439	38,748,815
Net Position - End of Year					<u><u>12,843,331</u></u>	<u><u>26,764,890</u></u>	<u><u>39,608,221</u></u>

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

FUND FINANCIAL STATEMENTS



**Town of Fraser, Colorado
Balance Sheet
Governmental Funds
December 31, 2017**

	<u>General</u>	<u>Debt Service</u>	<u>Conservation Trust</u>	<u>Capital Equipment Replacement</u>	<u>Restricted Revenue</u>	<u>Total Governmental Funds</u>
Assets:						
Cash and investments - Unrestricted	4,351,083	33,767	24,596	378,341	9,785	4,797,572
Cash with County Treasurer	994	-	-	-	-	994
Receivables	41,758	-	-	-	-	41,758
Due from other governments	467,104	-	-	3,671	-	470,775
Due from other funds	62,007	-	-	-	-	62,007
Property tax receivable	190,695	-	-	-	106,245	296,940
Total Assets	<u>5,113,641</u>	<u>33,767</u>	<u>24,596</u>	<u>382,012</u>	<u>116,030</u>	<u>5,670,046</u>
Liabilities and Fund Equity:						
Liabilities:						
Accounts/vouchers payable	733,769	-	-	-	-	733,769
Due to other funds	-	-	-	-	62,007	62,007
Due to fiduciary fund	24,009	-	-	-	-	24,009
Other liabilities	60,098	-	-	-	-	60,098
Total Liabilities	<u>817,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,007</u>	<u>879,883</u>
Deferred Inflows of Resources:						
Property taxes	190,695	-	-	-	-	190,695
Total Deferred Inflows of Resources	<u>190,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,695</u>
Fund Balances:						
Nonspendable	41,758	-	-	-	-	41,758
Spendable						
Restricted	270,805	-	24,596	-	54,023	349,424
Committed	1,000,000	33,767	-	-	-	1,033,767
Assigned	2,717,716	-	-	382,012	-	3,099,728
Unassigned	74,791	-	-	-	-	74,791
Total Fund Balances	<u>4,105,070</u>	<u>33,767</u>	<u>24,596</u>	<u>382,012</u>	<u>54,023</u>	<u>4,599,468</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>5,113,641</u>	<u>33,767</u>	<u>24,596</u>	<u>382,012</u>	<u>116,030</u>	<u>5,670,046</u>

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

Town of Fraser, Colorado
Reconciliation of Governmental Fund Balance to Governmental
Activities Net Position
December 31, 2017

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Governmental Fund Balance	4,599,468
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,217,654
Long-term note receivables are not due and receivable in the current period and, therefore, are not reported in the funds.	45,000
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(18,791)</u>
Net Position of Governmental Activities	<u><u>12,843,331</u></u>

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

Town of Fraser, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Conservation Trust</u>	<u>Capital Equipment Replacement</u>	<u>Restricted Revenue</u>	<u>Total Governmental Funds</u>
Revenues:						
Taxes	3,282,213	-	-	-	596,106	3,878,319
Licenses and permits	147,883	-	-	-	-	147,883
Charges for services	4,385	-	-	-	-	4,385
Intergovernmental revenue	30,065	-	5,792	47,065	-	82,922
Investment income	40,916	2,146	232	5,533	414	49,241
Miscellaneous	78,881	-	-	-	-	78,881
Total Revenues	<u>3,584,343</u>	<u>2,146</u>	<u>6,024</u>	<u>52,598</u>	<u>596,520</u>	<u>4,241,631</u>
Expenditures:						
General government	1,184,472	-	-	-	548,486	1,732,958
Public safety	476,613	-	-	-	-	476,613
Public works	847,302	-	-	-	-	847,302
Culture and recreation	9,600	-	-	-	-	9,600
Debt service	343,733	451,910	-	45,418	-	841,061
Capital outlay	177,693	-	-	218,040	-	395,733
Total Expenditures	<u>3,039,413</u>	<u>451,910</u>	<u>-</u>	<u>263,458</u>	<u>548,486</u>	<u>4,303,267</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>544,930</u>	<u>(449,764)</u>	<u>6,024</u>	<u>(210,860)</u>	<u>48,034</u>	<u>(61,636)</u>
Other Financing Sources (Uses):						
Transfers in (out)	(100,000)	-	-	120,000	-	20,000
Sale of assets	226,700	-	-	-	-	226,700
Total Other Financing Sources (Uses)	<u>126,700</u>	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>246,700</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	671,630	(449,764)	6,024	(90,860)	48,034	185,064
Fund Balances - Beginning of Year	<u>3,433,440</u>	<u>483,531</u>	<u>18,572</u>	<u>472,872</u>	<u>5,989</u>	<u>4,414,404</u>
Fund Balances - End of Year	<u>4,105,070</u>	<u>33,767</u>	<u>24,596</u>	<u>382,012</u>	<u>54,023</u>	<u>4,599,468</u>

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

Town of Fraser, Colorado
Reconciliation of Net Change in Fund Balances to Change in Net
Position of Governmental Activities
For the Year Ended December 31, 2017

Net Change in Fund Balances of Governmental Funds 185,064

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay, net of capital disposals during the year. (870,437)

Revenues in the Statement of Activities from long-term note receivables that do not provide current resources are not reported in the funds. 45,000

Accrued liabilities for employees' sick and vacation are not an expenditure in the governmental funds, but are increases in long-term liabilities in the Statement of Net Position. This is the amount that accrued vacation not immediately payable decreased. 747

Repayment of capital lease and bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of principal repayments. 818,581

Change in Net Position of Governmental Activities 178,955

Town of Fraser, Colorado
Statement of Net Position
Enterprise Funds
For the Year Ended December 31, 2017

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Total Enterprise Funds</u>
Assets:			
Current assets:			
Cash and cash equivalents	1,705,893	4,697,314	6,403,207
Utility receivables	216,309	188,558	404,867
Plant investment fee receivables	348,425	339,375	687,800
Other receivables	-	13,919	13,919
Due (to) from fiduciary fund	-	678,319	678,319
Due from other governments	2,501	1,663	4,164
Total Current Assets	<u>2,273,128</u>	<u>5,919,148</u>	<u>8,192,276</u>
Non-current assets:			
Land	100,000	144,320	244,320
Water rights	19,776	-	19,776
Equipment	353,994	108,789	462,783
Treatment plant and system	15,051,105	14,617,090	29,668,195
Less: Accumulated depreciation	<u>(5,535,088)</u>	<u>(5,909,410)</u>	<u>(11,444,498)</u>
Total Non-Current Assets	<u>9,989,787</u>	<u>8,960,789</u>	<u>18,950,576</u>
Total Assets	<u>12,262,915</u>	<u>14,879,937</u>	<u>27,142,852</u>
Liabilities and Fund Equity:			
Liabilities:			
Current liabilities:			
Due to other governments	338,800	-	338,800
Deposits payable	17,895	6,125	24,020
Total Current Liabilities	<u>356,695</u>	<u>6,125</u>	<u>362,820</u>
Non-current liabilities:			
Accrued compensated absences	5,312	9,830	15,142
Total Liabilities	<u>362,007</u>	<u>15,955</u>	<u>377,962</u>
Net Position:			
Net investment in capital assets	9,989,787	8,960,789	18,950,576
Restricted	-	687,131	687,131
Unrestricted	1,911,121	5,216,062	7,127,183
Total Net Position	<u>11,900,908</u>	<u>14,863,982</u>	<u>26,764,890</u>

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

Town of Fraser, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
For the Year Ended December 31, 2017

	<u>Water</u>	<u>Wastewater</u>	<u>Total Enterprise Funds</u>
Operating Revenues:			
Charges for services	901,513	771,774	1,673,287
Meter sales	85,157	-	85,157
Miscellaneous revenue	16,564	-	16,564
Total Operating Revenues	<u>1,003,234</u>	<u>771,774</u>	<u>1,775,008</u>
Operating Expenses:			
Personnel	253,076	258,076	511,152
Commodities	180,463	72,239	252,702
Contractual	118,979	207,815	326,794
System development	14,654	-	14,654
Other	-	15,441	15,441
Depreciation	411,860	441,400	853,260
Total Operating Expenses	<u>979,032</u>	<u>994,971</u>	<u>1,974,003</u>
Operating Income (Loss)	<u>24,202</u>	<u>(223,197)</u>	<u>(198,995)</u>
Non-Operating Revenues:			
Interest revenue	20,162	49,684	69,846
Net Non-Operating Revenues	<u>20,162</u>	<u>49,684</u>	<u>69,846</u>
Income (Loss) before Contributions and Transfers	<u>44,364</u>	<u>(173,513)</u>	<u>(129,149)</u>
Capital contributions	32,325	797,275	829,600
Transfers (out)	(10,000)	(10,000)	(20,000)
Contributions and Transfers	<u>22,325</u>	<u>787,275</u>	<u>809,600</u>
Change in Net Position	66,689	613,762	680,451
Net Position - Beginning of Year	<u>11,834,219</u>	<u>14,250,220</u>	<u>26,084,439</u>
Net Position - End of Year	<u><u>11,900,908</u></u>	<u><u>14,863,982</u></u>	<u><u>26,764,890</u></u>

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

Town of Fraser, Colorado
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2017

	<u>Water</u>	<u>Wastewater</u>	<u>Total Enterprise Funds</u>
Cash Flows From Operating Activities:			
Cash received from customers	986,780	737,002	1,723,782
Other cash received	(1,788)	28,999	27,211
Cash received (paid) for deposits	2,295	15,797	18,092
Cash payments for goods and services	24,703	(295,495)	(270,792)
Cash payments for salaries and benefits	(253,218)	(258,947)	(512,165)
Net Cash Provided (Used) by Operating Activities	<u>758,772</u>	<u>227,356</u>	<u>986,128</u>
Cash Flows From Non-Capital and Related Financing Activities:			
Cash transferred to other funds	(10,000)	(10,000)	(20,000)
Cash received from grants and contributions	-	430	430
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>(10,000)</u>	<u>(9,570)</u>	<u>(19,570)</u>
Cash Flows From Capital and Related Financing Activities:			
Plant investment fees (paid) received	(316,100)	457,900	141,800
Cash (paid) for assets	(276,949)	-	(276,949)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(593,049)</u>	<u>457,900</u>	<u>(135,149)</u>
Cash Flows From Investing Activities:			
Interest	20,162	49,684	69,846
Net Cash Provided (Used) by Investing Activities	<u>20,162</u>	<u>49,684</u>	<u>69,846</u>
Net (Decrease) Increase in Cash and Cash Equivalents	175,885	725,370	901,255
Cash and Cash Equivalents - Beginning of Year	1,530,008	3,971,944	5,501,952
Cash and Cash Equivalents - End of Year	<u>1,705,893</u>	<u>4,697,314</u>	<u>6,403,207</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	<u>24,202</u>	<u>(223,197)</u>	<u>(198,995)</u>
Adjustments:			
Depreciation	411,861	441,400	853,261
(Increase) decrease in accounts receivable	(18,249)	(5,773)	(24,022)
(Increase) decrease in deposits receivable	-	15,797	15,797
Increase (decrease) in accrued compensated absences	(137)	(871)	(1,008)
Increase (decrease) in deposits payable	2,295	-	2,295
Total Adjustments	<u>734,570</u>	<u>450,553</u>	<u>1,185,123</u>
Net Cash Provided (Used) by Operating Activities	<u>758,772</u>	<u>227,356</u>	<u>986,128</u>

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

Town of Fraser, Colorado
Statement of Fiduciary Assets and Liabilities
December 31, 2017

	<u>JFOC Fund</u>
Assets:	
Cash and cash equivalents	1,996,617
Accounts receivable, net:	<u>117,092</u>
Total Assets	<u>2,113,709</u>
Liabilities:	
Accounts payable	36,318
Deposits	<u>2,077,391</u>
Total Liabilities	<u>2,113,709</u>

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

Town of Fraser, Colorado
Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended December 31, 2017

	JFOC Fund
Operating Revenues:	
Charges for operations and maintenance costs	506,165
Transfer in	192,031
Total Operating Revenues	698,196
Operating Expenses:	
Salaries and Wages	186,279
Employee Benefits	64,230
Purchased services	213,686
Supplies	32,783
Utilities	201,218
Total Operating Expenses	698,196
Change in Assets and Liabilities	-
Due to Others - Beginning	-
Due to Others - Ending	-

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

NOTES TO THE FINANCIAL STATEMENTS



Town of Fraser
Notes to the Financial Statements
December 31, 2017

I. Summary of Significant Accounting Policies

The Town of Fraser, Colorado (the "Town") is incorporated under Colorado statutes to provide public safety, streets and street maintenance, water and wastewater service, recreation including parks and trails, transportation, special events, planning and zoning, and general administrative services. The Town is located in Grand County and operates under a Council-Manager form of government.

An elected Mayor and Town Board are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The Town's major operations include road maintenance, water and wastewater service, public safety and culture and recreation.

The Town's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the Town are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits, to, or to impose specific financial burdens on, the Town. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based upon the above criteria, the Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

B. Government-wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Government-wide financial statements report on information of all of the activities of the Town. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's public safety, public works, culture and recreation, and administration functions are classified as governmental activities. The Water Fund and Wastewater Fund are classified as business-type activities.

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position are reported in three parts – Net investment in capital assets; Restricted net position; and Unrestricted net position.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions and business-type activities. The governmental functions are also supported by general government revenues (sales taxes, property and specific ownership taxes, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the governmental function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt and compensated absences are recorded only when payment is due.

Franchise fees, licenses and interest associated with current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Sales and excise taxes collected by vendors at year end on behalf of the Town are also recognized as revenue if collected within 30 days after year end. Expenditure driven grants are recognized as revenue when qualified expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

3. Financial Statement Presentation

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent to the value of the interfund services provided and other charges between the functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the water and wastewater functions.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are the operation of the water and wastewater systems within the Town. Operating expenses for the enterprise funds includes operating expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The Town reports the following major governmental funds:

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

The *Conservation Trust Fund* accounts for lottery proceeds required to be expended solely on park and recreation improvements.

The *Restricted Revenue Fund* accounts for a dedicated sales tax to be used for transportation, trails, and capital project expenditures.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Fund Financial Statements (continued)

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The *Capital Equipment Replacement Fund* accounts for funds set aside for the purchase and replacement of capital equipment. A significant portion of revenues consists of highway user tax proceeds.

Debt Service Funds

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures of principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

The *Debt Service Fund* accounts for payments made on the Town's bonded debt obligations.

The Town reports the following proprietary or business-type funds:

The *Water Fund* accounts for the purchase and delivery of water to the citizens of the Town. The Water Fund also maintains the infrastructure needed to provide water service.

The *Wastewater Fund* accounts for the treatment of wastewater from the citizens of the Town. The Wastewater Fund also maintains the infrastructure needed to provide wastewater service.

The Town reports the following fiduciary fund:

The *Joint Facilities Oversight Committee ("JFOC") Operations Fund* accounts for the operations of the Upper Fraser Valley Wastewater Treatment Joint Facilities.

E. Financial Statement Accounts

1. Cash and Cash Equivalents

The Town pools deposits and investments of all funds except JFOC Operations Fund, which are held in separate accounts. Each fund's share of the pool is readily identified by the Town's internal records. Investments are stated at market value.

Cash and cash equivalents include demand deposits, certificates of deposit, local government investment pools (COLOTRUST), and U.S. government-backed securities.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

1. Cash and Cash Equivalents (continued)

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, have been classified as restricted assets on the balance sheet because their use is limited by the applicable covenants. Restricted assets also include certain deposits that have been limited as to usage pursuant to escrow and similar agreements.

The Town's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Long-term Notes Receivable

In the government-wide financial statements, long-term notes receivables are reported as an asset. In the fund financial statements, the face amount is reported as a general government expense.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflow of resources.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

5. Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets (only infrastructure acquired after January 1, 2002), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The Town defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	15 - 30
Buildings and improvements	15 - 40
Distribution systems	40
Equipment and vehicles	7

6. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the obligated governmental fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the governmental activities column in the government-wide financial statements. Vested or accumulated vacation leave of the proprietary fund type is recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

7. Restricted Assets

Fees collected in lieu of park and open space and affordable housing impact fees are restricted as to their use by Town ordinances.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

8. 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. The Town does not have any deferred outflows of resources at December 31, 2017.

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. The Town has only one type of item that qualifies for reporting in this category. Accordingly, the deferred inflow, property taxes, is deferred and recognized as an inflow of resources in the period that the amounts become available.

9. Categories and Classification of Fund Balance

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The Town of Fraser classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Town Board.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Town or its management designee.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

9. Categories and Classification of Fund Balance (continued)

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Town may use restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Town might first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

10. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

11. Deposits

Deposits on the JFOC Operations Fund represent contributions made to the JFOC operations fund by Winter Park Ranch Water and Sanitation District ("Winter Park Ranch") and Grand County Water and Sanitation District #1 ("Grand County #1") and the Town (previously the Fraser Sanitation District) for operating and replacement costs relating to the combined wastewater treatment plant. These deposits are held for working capital and replacement costs during the time all members remain joint operators of the plant.

F. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Town's management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

2. Proprietary Funds

As required by GASB Statement No. 62, the Town has elected to follow all GASB pronouncements for its proprietary funds.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

F. Significant Accounting Policies (continued)

3. Credit Risk

Receivables in the Town's funds are primarily due from other governments. Management believes that the credit risk related to these receivables is minimal.

4. Restricted and Unrestricted Resources

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

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet includes reconciliation between *fund balance - total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The \$8,217,654 represents the book value of assets at December 31, 2017.

Another element of that reconciliation states that "Long-term note receivables in governmental activities are not due and receivable in the current period and, therefore, are not reported in the funds" The \$45,000 represents that long-term note receivable.

The third element of that reconciliation states that "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The \$18,791 difference represent accrued compensated absences at year end.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures, but in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. The details of this reconciling amount are capital outlay of \$218,040, less depreciation expense of \$581,752, less the disposal of capital assets of \$506,725 during 2017.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

1. Budgetary Basis of Accounting

The preparation Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end.

As required by Colorado Statutes, the Town followed the required timetable noted below in preparing, approving, and enacting its budget for 2017.

- (1) For the 2017 budget year, prior to August 25, 2016, the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries.
- (2) The Town Manager, or other qualified person appointed by the Board, submitted to the Board, on or before October 15, 2016, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the Town's operating requirements.
- (3) Prior to December 15, 2016, a public hearing was held for the budget, the Board certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
- (4) After adoption of the budget resolution, the Town may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2016 were collected in 2017 and taxes certified in 2017 will be collected in 2018. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

2. Excess of Expenditures over Appropriations

For the year ended December 31, 2017, expenditures exceeded appropriations in the following funds.

Fund	Expenditures in excess of budget
Restricted Revenue	\$ 27,187

This may be a violation of Colorado budget law.

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$130,000.

On April 4, 2000, the Town's electorate approved the following: *Without any increase in the property tax mill levy or the 4% sales and use tax rate, shall the Town of Fraser, Colorado, be authorized, in the year 2000 and each subsequent year thereafter, to collect, retain, and expend the full proceeds of the Town's fees, taxes, non-federal grants and other revenues and to spend such revenues for debt service, municipal operations, capital projects, and any other lawful municipal purpose, notwithstanding any state of Colorado restrictions on revenues or spending, including the restrictions of Article X, Section 20 of the Colorado Constitution, the revenue limit in Section 29-1-301 of the Colorado Revised Statutes, or any other law.*

The Town's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, could require judicial interpretation.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds

A. Deposits and Investments

The Town's checking accounts are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the Town's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA. The carrying amount of the Town's demand deposits were \$1,332,226 at year end.

Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2017, the Town had the following recurring fair value measurements:

<u>Investments at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurement</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash with fiscal agent	\$ 5,158	5,158	-	-
<u>Investments Measured at Net Asset Value</u>				
Colotrust	\$ 11,865,170			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The Town had the following deposits and investments for all funds, with the following maturities December 31, 2017:

<u>Type:</u>	<u>Rating</u>	<u>Carrying Amount</u>	<u>Maturities</u>	
			<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<i>Deposits:</i>				
Certificates of Deposit	Not Rated	\$ 1,085,032	1,085,032	-
Checking Accounts	Not Rated	\$ 212,566	212,566	-
Savings Accounts	Not Rated	\$ 34,628	34,628	-
<i>Investments:</i>				
Cash with fiscal agent		5,158	5,158	
Investment Pools	AAAm	11,865,170	11,865,170	-
		<u>\$ 13,202,554</u>		

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

The investment pools represent investments in the Colorado Government Liquid Asset Trust ("COLOTRUST") a 2a7-like pools. Pools are not covered by FDIC insurance or PDPA but are rated AAAM. The fair value of the pools is determined by the pools' share price. The Town has no regulatory oversight for the pools.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the Town coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the Town has limited its interest rate risk.

Credit Risk. Colorado statutes specify instruments in which local governments may invest, including:

- Obligations of the U.S. and certain U.S. governmental agency securities
- Certain international agency securities
- General obligation and revenue bonds for U.S. local governmental 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

The Town's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year-end for the Town's funds, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds			
	General	Capital Equipment	Restricted Revenue	Total
Receivables:				
Property Taxes	\$ 190,695	-	106,245	296,940
Accounts	41,758	-	-	41,758
Intergovernmental	467,104	3,671	-	470,775
Gross receivables	699,557	3,671	106,245	809,473
Less: allowance for uncollectible	-	-	-	-
Net Receivables	\$ 699,557	3,671	106,245	809,473

	Water Operations	Wastewater Operations	Total
Receivables:			
Accounts	\$ 564,734	\$ 527,933	\$ 1,092,667
Other	-	13,919	\$ 13,919
Gross receivables	564,734	541,852	1,106,586
Less: allowance for uncollectible	-	-	-
Net Receivables	\$ 564,734	\$ 541,852	\$ 1,106,586

Governmental funds report deferred inflow of resources from property taxes in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The receivable is net of \$190,695 of property taxes levied in 2017 but not available until 2018.

C. Long-Term Note Receivable

In August 2017, the Town entered into a grant and loan agreement with Crooked Creek Saloon. The total funds disbursed per the agreement totaled \$85,000, of which \$40,000 was given as a grant toward property improvements, and an additional \$45,000 provided to the owner as a no-interest loan. The loan is due in installments of \$750 monthly for five years commencing after the date of completion of the project. As of December 31, 2017, the project was not complete and no payments were due on the loan.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 1,237,355	-	(506,726)	730,629
Construction in progress	179,450	-	(179,450)	-
Total capital assets, not being depreciated	<u>1,416,805</u>	<u>-</u>	<u>(686,176)</u>	<u>730,629</u>
Capital assets, being depreciated:				
Infrastructure	14,681,946	179,450	-	14,861,396
Buildings	1,183,052	-	-	1,183,052
Furniture and equipment	1,565,991	218,040	-	1,784,031
Total capital assets, being depreciated	<u>17,430,989</u>	<u>397,490</u>	<u>-</u>	<u>17,828,479</u>
Less accumulated depreciation for:				
Infrastructure	(7,494,782)	(488,749)	-	(7,983,531)
Buildings	(928,831)	(41,245)	-	(970,076)
Furniture and equipment	(1,336,089)	(51,758)	-	(1,387,847)
Total accumulated depreciation	<u>(9,759,702)</u>	<u>(581,752)</u>	<u>-</u>	<u>(10,341,454)</u>
Total capital assets, being depreciated, net	<u>7,671,287</u>	<u>(184,262)</u>	<u>-</u>	<u>7,487,025</u>
Governmental activities capital assets, net	<u><u>\$ 9,088,092</u></u>	<u><u>(184,262)</u></u>	<u><u>(686,176)</u></u>	<u><u>8,217,654</u></u>

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 244,320	-	-	244,320
Water rights	19,776	-	-	19,776
Total capital assets, not being depreciated	<u>264,096</u>	<u>-</u>	<u>-</u>	<u>264,096</u>
Capital assets, being depreciated:				
System and improvements	22,997,367	276,949	-	23,274,316
Buildings and improvements	6,393,880	-	-	6,393,880
Equipment	462,783	-	-	462,783
Total capital assets, being depreciated	<u>29,854,030</u>	<u>276,949</u>	<u>-</u>	<u>30,130,979</u>
Less accumulated depreciation for:				
System and improvements	(8,244,529)	(654,720)	-	(8,899,249)
Buildings and improvements	(2,103,046)	(164,843)	-	(2,267,889)
Equipment	(243,664)	(33,697)	-	(277,361)
Total accumulated depreciation	<u>(10,591,239)</u>	<u>(853,260)</u>	<u>-</u>	<u>(11,444,499)</u>
Total capital assets, being depreciated, net	<u>19,262,791</u>	<u>(576,311)</u>	<u>-</u>	<u>18,686,480</u>
Business-type activities capital assets, net	<u><u>\$ 19,526,887</u></u>	<u><u>(576,311)</u></u>	<u><u>-</u></u>	<u><u>18,950,576</u></u>

In accordance with generally accepted accounting principles, the Town has elected to report general government infrastructure assets prospectively. Therefore, only general government infrastructure assets acquired since January 1, 2002 are included in the Town's financial statements.

The Town had the following capital outlay and depreciation expense for the following functions:

	<u>Depreciation Expense</u>	<u>Capital Outlay</u>
Governmental activities:		
General government	\$ 36,815	-
Public works, including infrastructure	519,741	397,490
Culture and recreation	25,196	-
Total governmental activities	<u><u>\$ 581,752</u></u>	<u><u>397,490</u></u>
Business-type activities:		
Water	\$ 411,860	276,949
Wastewater	441,400	-
Total business-type activities	<u><u>\$ 853,260</u></u>	<u><u>276,949</u></u>

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Interfund Receivables, Payables, and Transfers

Transfers were as follows:

	In	Out
General	\$ -	(100,000)
Capital Equipment	120,000	-
Wastewater	-	(10,000)
Water	-	(10,000)
	\$ 120,000	(120,000)

Transfers were to provide additional resources to meet the activities provided in each fund.

F. Other Liabilities

1. Capital Leases

In April 2008, the Town entered into a capital lease agreement for the purchase of property within Town limits. The total amount financed was \$485,725, with interest stated at 4.90% per annum. The lease requires semi-annual payments of \$18,187 through 2028. In February 2017, the Town sold the property for \$226,700, applied the sale to the payment of the lease, and paid the remaining balance on the loan of \$117,033. As of December 31, 2017, the lease was paid in full.

In September 2013, the Town entered into a capital lease agreement for the purchase of a street sweeper. The total amount financed was \$215,745 with interest stated at 2.63% per annum. The lease requires annual payments of \$45,418 through 2017. As of December 31, 2017, the lease was paid in full.

2. Sales Tax Revenue Bonds

In 1992, the Town issued Series 1992 Sales and Use Tax Bonds with a gross issue price of \$1,145,000. This issue was partially (\$525,000) refunded with the issuance \$2,215,000 of Series 1998 Sales and Use Tax bonds. The proceeds not used for refunding the 1992 Sales and Use Tax Bonds were used for street improvements and paving. In 2002, the remaining outstanding balance of the 1992 Bond issue was refunded through the issuance of the 2002 Sales and Use Tax Refunding Bonds. The Series 1998 Bonds are subject to redemption prior to maturity as follows:

- June 1, 2009 and thereafter, subject to redemption at 100%.

Interest for both the 1998 Bonds and 2002 Bonds are payable semi-annually on June 1 and December 1 at 5.05%. Principal payments are made December 1. The required reserves are accounted for in the Town's Debt Service Fund. As of December 31, 2017, the bonds were paid in full.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Other Liabilities (continued)

3. Advance Refunding

The Town has advance refunded the 1992 Sales Tax Revenue Bonds. Sufficient U.S. government, state and local government securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the General Long-Term Debt Account Group. The amount of defeased bonds outstanding at year end is not readily determinable.

4. Accrued Compensated Absences

Earned but unused vacation benefits amounted to \$18,791 at December 31, 2017. All unused vacation benefits are recorded on the government-wide financial statements.

5. Schedule of Changes in Long-term Debt

	<u>Balance</u> <u>1/1/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/17</u>	<u>Due Within</u> <u>One Year</u>
Capital leases	\$ 378,580	-	(378,580)	-	-
Sales and use tax bonds	440,000	-	(440,000)	-	-
Accrued compensated absences	19,540	-	(749)	18,791	-
Total	<u>\$ 838,120</u>	<u>-</u>	<u>(819,329)</u>	<u>18,791</u>	<u>-</u>

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Restricted Fund Balance

The Town had the following restrictions on the fund balances at December 31, 2017:

	<u>Balance 1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/17</u>
General Fund:				
Fees in lieu of Park	\$ 6,379	-	-	6,379
Affordable housing impact fee	135,426	-	(1,000)	134,426
Emergency reserves	115,000	15,000	-	130,000
Debt Service Fund reserves:				
Next year's payments	300,000	-	(300,000)	-
Conservation Trust Fund	18,572	-	6,024	24,596
Restricted Revenue Fund	5,989	596,520	(548,486)	54,023
Wastewater Fund				
Operating reserve	47,945	1,097	-	49,042
Capital replacement reserve	653,530	6,635	(22,076)	638,089
	<u>\$ 1,282,841</u>	<u>619,252</u>	<u>(865,538)</u>	<u>1,036,555</u>

The Town had \$687,131 restricted in the Wastewater Fund for Upper Fraser Valley Wastewater Treatment Joint Facilities operating and capital replacement expenses.

H. Committed Fund Balance

The Town has the following commitments of the governmental fund balances at December 31, 2017:

	<u>Balance 1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/17</u>
General Fund:				
Reserve savings	\$ 1,000,000	-	-	1,000,000
Debt Service Fund:				
Capital projects	183,531	-	(149,764)	33,767
	<u>\$ 1,183,531</u>	<u>-</u>	<u>(149,764)</u>	<u>1,033,767</u>

I. Assigned Fund Balance

The Town had the following assignments of the governmental fund balances at December 31, 2017:

	<u>Balance 1/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/17</u>
General Fund:				
Capital projects	35,035	35,387	-	70,422
Future budget deficit	661,409	1,985,885	-	2,647,294
Capital Equipment Replacement:				
Capital projects	472,872	-	(90,860)	382,012
	<u>\$ 1,169,316</u>	<u>2,021,272</u>	<u>(90,860)</u>	<u>3,099,728</u>

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information

A. Joint Facilities Oversight Committee (“JFOC”) Operations Fund

In 2002, the Fraser Sanitation District (the “District”), Winter Park Ranch, and Grand County #1 entered into an agreement to participate in the joint construction, maintenance, and operation of joint interceptor sewer lines and joint sewage treatment facilities. This new wastewater treatment plant has been constructed on the existing plant site of the District/Winter Park Ranch treatment facility and a new and/or expanded sewer trunk line from Grand County #1 will connect with the existing District/Winter Park Ranch interceptor line. Title of the new joint facilities will be allocated among these three members based on each member’s proportionate share of equivalent residential units to be serviced by the new plant. The District was dissolved into the Town effective December 31, 2009.

Construction costs of these new facilities, excluding expenses relating to segment B of the joint trunk lines (“B-Line”) described below, are based on each member’s future share of equivalent residential units to be serviced by the new plant and are allocated as follows:

Town – 34.07%
Winter Park Ranch – 28.89%
Grand County #1 – 37.04%

Under the Upper Fraser Valley Wastewater Agreement, a Joint Facilities Oversight Committee (“JFOC”) was established to represent the three members regarding the construction, expansion, operations, management, and maintenance of the new joint facilities. The JFOC is comprised of a total of nine members, with each member having three members. The Town was appointed as the manager of the joint facilities for 2017. The JFOC may designate a new manager on an annual basis. In 2017, as approved by the JFOC, the Town earned \$29,000 in management fees.

Operations and maintenance costs will be allocated among the three members based on each member’s proportionate share of equivalent residential units currently serviced by the new plant. In addition, upon certification of the new joint facilities, this agreement requires the establishment of an operations and maintenance reserve fund equal to three months operations and maintenance costs and a capital replacement reserve fund, the amount which is determined by the JFOC.

1. Maryvale Village (Rendezvous)

The District entered an agreement on May 9, 2000, with Maryvale Village, L.L.C., and several individuals (collectively referred to as the “Rendezvous”), Maryvale Commercial Metropolitan District, and Maryvale Residential Metropolitan District (these districts are collectively referred to as the “Maryvale Districts”) that permitted the inclusion of the Maryvale development within the District’s boundaries in order to receive sanitation services, in exchange for inclusion fees.

Pursuant to this agreement, Rendezvous and the Maryvale Districts are responsible for the construction of sewer main extensions and related infrastructure from the existing District sewer main to the Maryvale development. These sewer main extensions and related infrastructure will ultimately be conveyed to the District at the time these projects are completed or begin to be used, whichever comes first, subject to the District’s acceptance of these assets. As of December 31, 2017, Maryvale development sewer mains and infrastructure had been conveyed to the District, and is presented as an asset on the Town’s financial statements.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information (continued)

A. Joint Facilities Oversight Committee (“JFOC”) Operations Fund (continued)

1. Maryvale Village (Rendezvous) (continued)

Per this agreement, in exchange for the District agreeing to oversize the new wastewater treatment plant described earlier, the Developer and Maryvale Districts agreed to cover the amount of any shortfall in the District’s CWRPDA loan payments by pre-purchasing tap fees. In addition, this agreement requires the Developer and Maryvale Districts to establish an escrow account in the amount of \$160,000 to guarantee their compliance in the event of a default regarding their pre-purchase obligations. As of December 31, 2017, no prepaid tap fees have been required or made by the Developer and the Maryvale Districts. This guarantee was released in 2009.

2. Pre-Inclusion Agreement - Cornerstone

The District entered an agreement on April 5, 2005, with Cornerstone Winter Park Holdings, L.L.C. (“Cornerstone”) that permits the inclusion of a portion of Cornerstone’s development within the District’s boundaries in order to receive sanitation services for inclusion fees.

Cornerstone shall be responsible for constructing, paying for and installing all sewer lines and any related facilities within the property including all lines, manholes and mains. This infrastructure will ultimately be conveyed to the District at the time these projects are completed or begin to be used, whichever comes first, subject to the District’s acceptance of these assets.

B. Retirement Plans – Defined Contribution Pension Plan – Section 401(a)

The Town is a member of Colorado County Officials & Employees Retirement Association (“CCOERA”). COERA was established to provide retirement benefits to employees of Colorado local governments. As a member, the Town participates in the CCOERA retirement plan created in accordance with Internal Revenue Code Section 401(a) (the “401(a) Plan”), which is a defined contribution pension plan. Employees of the Town are required to participate in the 401(a) Plan after one full year of service. Each eligible employee is required to contribute 4% of gross wages to the 401(a) Plan. The Town matches employee contributions at the same rate and these matched dollars have a vesting period of 5 years. The Town is neither the trustee nor the administrator for the 401(a) Plan. The seven-member governing board of CCOERA makes all necessary rules and is responsible for administration of the funds in the 401(a) Plan. Benefits payable at retirement, death, termination, or other unforeseen circumstance are based on the accumulated account balance of each employee. Upon termination of service with the Town, any unvested amounts will be forfeited and may be used to pay plan expenses or Employer’s contributions to the 401(a) Plan.

During 2017, the Town recognized \$36,012 of expense under this plan. The Town has \$3,973 of forfeitures included in the 2017 401(a) Plan expense. The Town had a liability of \$2,631 due to the 401(a) Plan at December 31, 2017.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information (continued)

C. Retirement Plans – Defined Contribution Pension Plan – Section 457

The Town also participates in the CCOERA retirement plan created in accordance with Internal Revenue Code Section 457 (the “457 Plan”), which is a defined contribution plan. The plan permits employees to defer a portion of their salary until future years. All contributions to the 457 Plan and all income attributable to those amounts, property are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries. Plan investment purchases are determined by the plan participant and therefore, the plan’s investment concentration varies between participants. The Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Town is neither the trustee nor the administrator for the plan. The seven-member governing board of CCOERA makes all necessary rules and is responsible for administration of the funds in the 401(a) Plan. Benefits payable at retirement, death, termination, or other unforeseen circumstance are based on the accumulated account balance of each employee.

The Town did not recognize any pension expense related to this 457 Plan during 2017 and had no liability to the 457 Plan at December 31, 2017.

D. Other Employee Benefits - Post Employment Health Care Benefits

All Town employees covered by State continuation insurance may continue their health insurance due to a reduction in work hours or termination of employment (for reasons other than "gross misconduct") for up to 18 months after the occurrence of one of these events. Eligible dependents may continue coverage for up to 36 months. Employees who elect continued coverage must pay the Town for premiums from the termination date of coverage and monthly thereafter. No cost to the Town is recognized as employees reimburse 100% of their premium cost.

E. Intergovernmental Agreements

1. Public Safety Services

In lieu of directly providing public safety services, the Town has entered into an agreement with the Town of Winter Park, Colorado to form a joint public safety force effective May 1, 2005 and amended March 21, 2012. The agreement requires costs to be split 65% to Winter Park and 35% to Fraser, based upon average call volume, but reevaluated annually and may be amended as agreed upon by both parties.

2. Building Department

The Town has entered into an agreement January 20, 2010 to form a joint building services department with the Town of Winter Park, Colorado and the Town of Granby, Colorado. According to the agreement, quarterly expenses are to be split based upon the portion of revenue collected for each Town, but may be adjusted annually by mutual agreement based on permits issued, inspections performed, time expended by personnel, vehicle depreciation and mileage and other measures.

3. Transportation Agreement

The Town is in the process of creating a transportation agreement with the Town of Winter Park, Colorado, to provide for public transit within the two cities. As of December 31, 2017, no agreement has been finalized.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information (continued)

F. Risk Management

The Town is exposed to various risks of loss related to workers' compensation, general liability, and worker unemployment. The Town has acquired commercial coverage for these risks. Any settled claims are not expected to exceed the commercial insurance coverage. The Town is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. The Town is a member of the insurance pool described below to cover these risks.

Pursuant to an inter-local agreement authorized by state statute, the Town joined the Colorado Intergovernmental Risk Sharing Agency ("CIRSA") to provide insurance coverage. Members of the board of directors are nominated and elected by members to two-year, staggered terms and meet at least monthly to direct operations. CIRSA budgets are funded by contributions from member governments.

The Town's share of assets, liabilities and fund equity as of December 31, 2016, the latest date for which information is available, is as follows:

Insurance Pools:	<u>Fraser Share</u>
Property and Casualty Pool:	
Loss fund	\$ 26,704
Operating	11,697
Pooled excess fund	5,691
Reserve fund	19,797
Workers' Compensation Pool:	
Loss fund	23,421
Operating	2,106
Pooled excess fund	14,433
Reserve fund	15,248

The December 31, 2017 combined financial information is as follows:

Cash and investments	\$ 79,928,631
Other assets	7,839,652
Total	<u>87,768,283</u>
Liabilities	33,977,576
Net assets	53,790,707
Total	<u>87,768,283</u>
Total revenue	26,784,613
Total expense	(23,649,283)
(Deficiency) of Revenue	<u>3,135,330</u>
Over Expense	<u>3,135,330</u>

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information (continued)

F. Risk Management (continued)

Coverage provided by CIRSA is as follows: 1) \$250,000 per claim/occurrence property; 2) \$1,000,000 per claim/occurrence liability; and 3) \$150,000 per claim/occurrence crime. CIRSA has also acquired additional excess coverage from outside sources. The Town may be liable for any losses in excess of the above coverage. At December 31, 2017, the Town does not expect to incur losses in excess of the above coverage.

Surpluses or deficits for any year are subject to change for reasons which include: interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

H. Tax Abatements

1. Fraser Still Project

The Town has entered into an Agreement for Certain Economic Inducements and Incentives in order to meet development goals within certain areas of the Town. According to the agreement, the development area Fraser Still Project has the following continuing development requirements or abatement agreements requiring disclosure:

<u>Revenues impacted</u>	<u>Amount</u>	<u>Requirements</u>
Permit and review fees	Rebate of \$1.000 per square foot of new usable commercial space constructed	Paid to owner
Sales tax	100% for five years from date of CO issuance, 50% of sales tax for 5 additional years thereafter	Paid to owner
Use tax	100% of the building and construction use tax	Paid to owner
Ad valorem real and personal property taxes	100% for the tax year preceeding the date of CO issuance and four years thereafter	Paid to owner
Plant investment fees	Due in three annual installments without interest one year after the date of CO issuance	Paid to owner
Service fees	Waived until the earlier of issuance of CO, or November 7, 2020	Paid to owner

In exchange to the above tax abatements, the owner agrees to develop and run a retail business on the property. During the year ended December 31, 2017, the total reduction in tax revenues for the Town totaled \$0.

Town of Fraser
Notes to the Financial Statements
December 31, 2017
(Continued)

H. Tax Abatements (continued)

2. Prepaid Plant Investment Fees

The Town also entered into annexation agreements with two developers that provided for the use of Plant Investment Fees to fund water system capital improvements within the developments. The agreements essentially provide that the Town will not retain Plant Investment Fees paid by building permit applicants within these developments until such time as the total Plant Investment Fees paid exceeds the certified costs of regional water capital improvements within the developments. Currently the developers have certified water regional infrastructure improvements totaling \$6,266,976 and a total of \$3,689,593 of Plant Investment Fees have been rebated to the developers.

The above agreements were authorized by the Town Board after analyzing criteria that includes the ability to encourage development within the specific abatement area.

REQUIRED SUPPLEMENTARY INFORMATION



Town of Fraser, Colorado
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for 2016)

	<u>2017</u>		<u>Variance Positive (Negative)</u>	<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes	2,275,088	3,282,213	1,007,125	2,884,263
Licenses and fees	85,520	147,883	62,363	137,840
Charges for services	5,000	4,385	(615)	14,566
Intergovernmental	15,000	30,065	15,065	124,953
Interest	15,000	40,916	25,916	20,080
Other revenue	85,500	78,881	(6,619)	115,876
Total Revenues	<u>2,481,108</u>	<u>3,584,343</u>	<u>1,103,235</u>	<u>3,297,578</u>
Expenditures:				
General government	1,170,769	1,184,472	(13,703)	1,035,049
Public safety	500,000	476,613	23,387	424,580
Public works	1,353,149	1,024,995	328,154	993,527
Culture and recreation	18,400	9,600	8,800	11,237
Debt service	38,375	343,733	(305,358)	38,374
Total Expenditures	<u>3,080,693</u>	<u>3,039,413</u>	<u>41,280</u>	<u>2,502,767</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(599,585)</u>	<u>544,930</u>	<u>1,144,515</u>	<u>794,811</u>
Other Financing Sources (Uses):				
Transfer in	21,175	-	(21,175)	-
Transfer (out)	(100,000)	(100,000)	-	(367,910)
Sale of assets	-	226,700	226,700	-
Total Other Financing (Uses)	<u>(78,825)</u>	<u>126,700</u>	<u>205,525</u>	<u>(367,910)</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>(678,410)</u>	<u>671,630</u>	<u>1,350,040</u>	<u>426,901</u>
Fund Balances - Beginning of Year	<u>2,102,032</u>	<u>3,433,440</u>	<u>1,331,408</u>	<u>3,006,539</u>
Fund Balances - End of Year	<u><u>1,423,622</u></u>	<u><u>4,105,070</u></u>	<u><u>2,681,448</u></u>	<u><u>3,433,440</u></u>

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

Town of Fraser, Colorado
General Fund
Schedule of Revenues
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for 2016)

	<u>2017</u>			<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Taxes:				
Property	209,388	209,388	-	201,242
Specific ownership	11,000	14,835	3,835	12,285
Sales & use	1,992,000	2,987,804	995,804	2,606,095
Franchise	55,000	60,217	5,217	55,575
Motor vehicle	4,200	5,002	802	4,770
Cigarette	3,500	4,967	1,467	4,296
Total	<u>2,275,088</u>	<u>3,282,213</u>	<u>1,007,125</u>	<u>2,884,263</u>
Licenses and Fees:				
Business license fees	10,520	12,980	2,460	10,604
Regulated Industry fees	75,000	134,903	59,903	127,236
Total	<u>85,520</u>	<u>147,883</u>	<u>62,363</u>	<u>137,840</u>
Charges for services:				
Planning and building fees	5,000	4,385	(615)	14,566
Total	<u>5,000</u>	<u>4,385</u>	<u>(615)</u>	<u>14,566</u>
Intergovernmental:				
Grant revenue	15,000	30,065	15,065	124,953
Total	<u>15,000</u>	<u>30,065</u>	<u>15,065</u>	<u>124,953</u>
Interest:				
Earnings on deposits	15,000	40,916	25,916	20,080
Total	<u>15,000</u>	<u>40,916</u>	<u>25,916</u>	<u>20,080</u>
Other:				
Other income	70,000	61,601	(8,399)	99,871
Rents	15,500	17,280	1,780	16,005
Total	<u>85,500</u>	<u>78,881</u>	<u>(6,619)</u>	<u>115,876</u>
Other Financing Sources:				
Transfer in	21,175	-	(21,175)	-
Sale of assets	-	226,700	226,700	-
Total	<u>21,175</u>	<u>226,700</u>	<u>205,525</u>	<u>-</u>
Total Revenues	<u>2,502,283</u>	<u>3,811,043</u>	<u>1,308,760</u>	<u>3,297,578</u>

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

Town of Fraser, Colorado
General Fund
Schedule of Expenditures and Transfers
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for 2016)

	<u>2017</u>		<u>Variance Positive (Negative)</u>	<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
General Government:				
Town board salaries	74,825	44,468	30,357	44,388
Town board community enhancement	96,000	229,739	(133,739)	188,334
Miscellaneous	10,000	735	9,265	12,917
Administrative salaries	438,162	396,645	41,517	321,515
Other purchased services	466,782	419,822	46,960	415,225
Utilities	23,500	16,822	6,678	16,074
Property management	61,500	76,028	(14,528)	25,226
Fiscal agent salaries	-	213	(213)	11,370
Total General Government	<u>1,170,769</u>	<u>1,184,472</u>	<u>(13,703)</u>	<u>1,035,049</u>
Public Safety	<u>500,000</u>	<u>476,613</u>	<u>23,387</u>	<u>424,580</u>
Total Public Safety	<u>500,000</u>	<u>476,613</u>	<u>23,387</u>	<u>424,580</u>
Public Works				
Salaries and benefits	629,899	519,435	110,464	513,053
Other purchased services	169,750	215,786	(46,036)	243,793
Utilities	16,500	12,373	4,127	10,753
Property management	117,000	99,708	17,292	68,914
Capital outlay	420,000	177,693	242,307	157,014
Total Public Works	<u>1,353,149</u>	<u>1,024,995</u>	<u>328,154</u>	<u>993,527</u>
Culture and Recreation				
Other purchased services	6,000	5,379	621	5,100
Utilities	2,400	1,905	495	1,759
Property management	10,000	2,316	7,684	4,378
Total Culture and Recreation	<u>18,400</u>	<u>9,600</u>	<u>8,800</u>	<u>11,237</u>
Debt Services				
Interest	17,165	9,406	7,759	17,165
Principal	21,210	334,327	(313,117)	21,209
Total Debt Services	<u>38,375</u>	<u>343,733</u>	<u>(305,358)</u>	<u>38,374</u>
Other Financing Uses				
Transfer out	100,000	100,000	-	367,910
Total Financing Sources	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>367,910</u>
Total Expenditures	<u>3,180,693</u>	<u>3,139,413</u>	<u>41,280</u>	<u>2,870,677</u>

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

Town of Fraser, Colorado
Special Revenue Fund
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for 2016)

	2017		Variance Positive (Negative)	2016
	Original and Final Budget	Actual		Actual
Revenues:				
Lottery proceeds	6,500	5,792	(708)	6,444
Interest	75	232	157	93
Total Revenues	6,575	6,024	(551)	6,537
Excess (Deficiency) of Revenues Over Expenditures	6,575	6,024	(551)	6,537
Fund Balances - Beginning of Year	18,610	18,572	(38)	12,035
Fund Balances - End of Year	25,185	24,596	(589)	18,572

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

Town of Fraser, Colorado
Special Revenue Fund
Restricted Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for 2016)

	<u>2017</u>		<u>Variance Positive (Negative)</u>	<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes	458,000	596,106	138,106	546,685
Interest	300	414	114	939
Total Revenues	<u>458,300</u>	<u>596,520</u>	<u>138,220</u>	<u>547,624</u>
Expenditures:				
General government				
Transportation	450,000	548,486	(98,486)	536,748
Trails	71,300	-	71,300	4,887
Total Expenditures	<u>521,300</u>	<u>548,486</u>	<u>(27,186)</u>	<u>541,635</u>
Excess (Deficiency) of Revenues Over Expenditures	(63,000)	48,034	111,034	5,989
Fund Balances - Beginning of Year	<u>121,950</u>	<u>5,989</u>	<u>(115,961)</u>	<u>-</u>
Fund Balances - End of Year	<u><u>58,950</u></u>	<u><u>54,023</u></u>	<u><u>(4,927)</u></u>	<u><u>5,989</u></u>

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

SUPPLEMENTARY INFORMATION



Town of Fraser, Colorado
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for 2016)

	<u>2017</u>			<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Property taxes	-	-	-	68
Interest	1,800	2,146	346	3,473
Total Revenues	<u>1,800</u>	<u>2,146</u>	<u>346</u>	<u>3,541</u>
Expenditures:				
Principal	440,000	440,000	-	320,000
Interest	11,910	11,910	-	31,953
Other	1,500	-	1,500	1,546
Total Expenditures	<u>453,410</u>	<u>451,910</u>	<u>1,500</u>	<u>353,499</u>
Excess (Deficiency) of Revenues Over Expenditures	(451,610)	(449,764)	1,846	(349,958)
Other Financing Sources:				
Transfer in	472,785	-	(472,785)	257,910
Transfer out	(21,175)	-	21,175	-
Total Other Financing Sources	<u>451,610</u>	<u>-</u>	<u>(451,610)</u>	<u>257,910</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	-	(449,764)	(449,764)	(92,048)
Fund Balances - Beginning of Year	<u>-</u>	<u>483,531</u>	<u>483,531</u>	<u>575,579</u>
Fund Balances - End of Year	<u>-</u>	<u>33,767</u>	<u>33,767</u>	<u>483,531</u>

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

Town of Fraser, Colorado
Capital Equipment Replacement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for 2016)

	<u>2017</u>			<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Highway users revenue	46,000	47,065	1,065	46,157
Earnings on investments	2,500	5,533	3,033	3,317
Total Revenues	<u>48,500</u>	<u>52,598</u>	<u>4,098</u>	<u>49,474</u>
Expenditures:				
Capital lease	45,418	45,418	-	45,418
Equipment	270,000	218,040	51,960	77,027
Total Expenditures	<u>315,418</u>	<u>263,458</u>	<u>51,960</u>	<u>122,445</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(266,918)</u>	<u>(210,860)</u>	<u>56,058</u>	<u>(72,971)</u>
Other Financing Sources:				
Transfer In	120,000	120,000	-	130,000
Total Other Financing Sources	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>130,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>(146,918)</u>	<u>(90,860)</u>	<u>56,058</u>	<u>57,029</u>
Fund Balances - Beginning of Year	<u>495,267</u>	<u>472,872</u>	<u>(22,395)</u>	<u>415,843</u>
Fund Balances - End of Year	<u><u>348,349</u></u>	<u><u>382,012</u></u>	<u><u>33,663</u></u>	<u><u>472,872</u></u>

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

Town of Fraser, Colorado
Enterprise Fund
Water Fund
Schedule of Revenues, Expenditures and Change in Net Position
Budget (Non-GAAP) Basis and Actual
With Reconciliation to GAAP Basis
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for 2016)

	2017			2016
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Tap fees	7,700	32,325	24,625	-
User fees	857,004	901,513	44,509	858,499
Water meter fees	10,000	85,157	75,157	58,092
Interest income	6,000	20,162	14,162	10,240
Excavation permits	275	3,800	3,525	825
Other	2,500	12,764	10,264	4,190
Total Revenues	883,479	1,055,721	172,242	931,846
Expenditures:				
Personnel:				
Salaries	218,329	212,408	5,921	202,839
Retirement	7,940	5,721	2,219	5,620
Health insurance	39,700	34,751	4,949	32,086
Travel and training	8,000	196	7,804	2,356
Total	273,969	253,076	20,893	242,901
Commodities:				
Insurance	20,000	13,801	6,199	15,097
Supplies	92,500	79,217	13,283	96,539
System repair and maintenance	146,000	39,258	106,742	129,377
Testing	5,000	5,915	(915)	1,292
Telephone	4,500	4,321	179	4,140
Utilities	45,000	37,357	7,643	33,437
Miscellaneous	9,500	594	8,906	1,484
Total	322,500	180,463	142,037	281,366
Contractual:				
Legal	75,000	56,458	18,542	48,184
Engineering	10,000	52,749	(42,749)	77,343
Other professional services	25,500	4,217	21,283	20,954
Professional memberships	9,500	5,555	3,945	5,915
Total	120,000	118,979	1,021	152,396
Other:				
Transfer to Other Fund	10,000	10,000	-	10,000
Capital projects and purchases	860,500	276,949	583,551	49,000
Water rights	45,000	14,654	30,346	6,790
Total	915,500	301,603	613,897	65,790
Total Expenditures	1,631,969	854,121	777,848	742,453
Excess (Deficiency) of Revenues Over Expenses (Budget Basis)	(748,490)	201,600	950,090	189,393
Reconciliation from Budget Basis to GAAP Basis:				
Capitalized assets		276,949		49,000
Depreciation		(411,860)		(407,318)
Excess (Deficiency) of Revenues Over Expenses (GAAP Basis)		66,689		(168,925)
Net Position - Beginning of Year		11,834,219		12,003,144
Net Position - End of Year		11,900,908		11,834,219

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

Town of Fraser, Colorado
Enterprise Fund
Wastewater Fund
Schedule of Revenues, Expenditures and Change in Net Position
Budget (Non-GAAP) Basis and Actual
With Reconciliation to GAAP Basis
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for 2016)

	2017			2016
	Original and Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Tap fees	150,000	797,275	647,275	540,000
User fees	725,350	742,774	17,424	705,295
Management fees	29,000	29,000	-	29,000
Interest income	18,000	49,684	31,684	27,216
Grants	-	-	-	51,778
Other	-	-	-	39
Total Revenues	922,350	1,618,733	696,383	1,353,328
Expenditures:				
Personnel:				
Salaries	232,363	217,058	15,305	201,862
Retirement	8,460	5,465	2,995	5,587
Health insurance	41,682	35,547	6,135	32,030
Travel and training	7,000	6	6,994	1,460
Total	289,505	258,076	31,429	240,939
Commodities:				
Insurance	6,500	9,245	(2,745)	3,103
Supplies	2,500	1,115	1,385	1,920
System repair and maintenance	157,500	59,930	97,570	201,432
Testing	1,000	-	1,000	-
Telephone	2,000	1,690	310	1,529
Miscellaneous	2,000	259	1,741	675
Total	171,500	72,239	99,261	208,659
Contractual:				
Legal	5,000	-	5,000	-
Engineering	5,000	438	4,562	1,008
Other professional services	234,327	202,366	31,961	173,597
Treasurer's and bank fees	100	-	100	-
Professional memberships	5,500	5,011	489	5,142
Total	249,927	207,815	42,112	179,747
Other:				
Transfer to Other Fund	10,000	10,000	-	10,000
Total	10,000	10,000	-	10,000
Total Expenditures	720,932	548,130	172,802	639,345
Excess (Deficiency) of Revenues Over Expenses (Budget Basis)	201,418	1,070,603	869,185	713,983
Reconciliation from Budget Basis to GAAP Basis:				
Capitalized assets		-		83,669
Depreciation		(441,400)		(433,887)
Capitalized capital reserve payments		(15,441)		(39,037)
Excess (Deficiency) of Revenues Over Expenses (GAAP Basis)		613,762		324,728
Net Position - Beginning of Year		14,250,220		13,925,492
Net Position - End of Year		14,863,982		14,250,220

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

Town of Fraser, Colorado
JFOC Operations
Schedule of Revenues & Expenses
Budget (Non-GAAP) Basis and Actual
With Reconciliation to GAAP Basis
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for 2016)

	<u>2017</u>		Final Budget Variance Positive (Negative)	<u>2016</u>
	Original and Final Budget	Actual		Actual
Revenues:				
Other revenue	1,500	8,648	7,148	1,822
JFOC operating charges	850,887	698,196	(152,691)	622,379
Interest revenue	12,350	14,771	2,421	11,528
Total Revenues	<u>864,737</u>	<u>721,615</u>	<u>(143,122)</u>	<u>635,729</u>
Expenses:				
Training programs	2,000	450	1,550	1,435
Travel, meals and lodging	2,500	746	1,754	575
Meals and entertainment	250	90	160	256
Professional fees	107,000	71,527	35,473	117,473
Engineering fees	10,000	2,888	7,112	5,965
Sludge removal	55,000	56,475	(1,475)	41,636
Other professional services	7,000	4,503	2,497	3,569
Insurance	33,500	29,922	3,578	24,167
Advertising	500	-	500	-
Plant maintenance & repair	45,000	23,592	21,408	24,007
Grounds maintenance	1,000	555	445	-
Equipment rental	500	-	500	-
Professional memberships	500	-	500	450
Operating supplies	60,000	32,898	27,102	31,938
Equipment purchase and repair	10,000	28,647	(18,647)	202
Testing	65,000	53,377	11,623	51,491
Utilities	232,100	201,218	30,882	189,854
Vehicles	7,500	4,843	2,657	4,115
Miscellaneous	1,000	750	250	414
Capital projects	421,000	-	421,000	74,956
Payroll expenses	310,538	250,509	60,029	238,105
Total Expenses	<u>1,371,888</u>	<u>762,990</u>	<u>608,898</u>	<u>810,608</u>
Excess (Deficiency) of Revenues Over Expenses (Budget Basis)	<u>(507,151)</u>	<u>(41,375)</u>	<u>465,776</u>	<u>(174,879)</u>
Reconciliation from Budget Basis to GAAP Basis:				
Capital reserve reduced by capital expenses		64,794		188,229
Capital reserve increased by interest income		(14,474)		(11,174)
Capital reserve increased by other income		(8,648)		(1,822)
Operating reserve increased by interest income		(297)		(354)
Excess (Deficiency) of Revenues Over Expenses (GAAP Basis)		<u>-</u>		<u>-</u>

The accompanying notes are an integral part of these 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 Fraser, Colorado
		YEAR ENDING : December 2017
This Information From The Records Of (example - City of _ or County of Town of Fraser, Colorado)	Prepared By: Beth Williams	Phone: 970-726-5491 ext 206

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	185,328
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	217,623
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	16,180
2. General fund appropriations	1,507,633	b. Snow and ice removal	341,978
3. Other local imposts (from page 2)	122,586	c. Other	0
4. Miscellaneous local receipts (from page 2)	7,874	d. Total (a. through c.)	358,158
5. Transfers from toll facilities	0	4. General administration & miscellaneous	62,178
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	476,613
a. Bonds - Original Issues	0	6. Total (1 through 5)	1,299,900
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	10,260
7. Total (1 through 6)	1,638,093	b. Redemption	380,000
B. Private Contributions	0	c. Total (a. + b.)	390,260
C. Receipts from State government (from page 2)	52,067	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	1,690,160	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	390,260
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	1,690,160

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	380,000	0	380,000	0
1. Bonds (Refunding Portion)		0	0	
B. Notes (Total)	0	0	0	0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,690,160	1,690,160		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	0	a. Interest on investments	2,146
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	107,751	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	14,835	g. Other Misc. Receipts	5,728
6. Total (1. through 5.)	122,586	h. Other	0
c. Total (a. + b.)	122,586	i. Total (a. through h.)	7,874
	(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	47,065	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	5,002	d. Federal Transit Admin	
d. Other (CDOT RAMP Project)	0	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	5,002	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	52,067	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	0	0
b. Engineering Costs	53,525	4,225	57,750
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	78,876	78,876
(4). System Enhancement & Operation	0	48,702	48,702
(5). Total Construction (1) + (2) + (3) + (4)	0	127,578	127,578
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	53,525	131,803	185,328
			(Carry forward to page 1)
Notes and Comments:			