

TOWN OF GYPSUM, COLORADO

FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT

DECEMBER 31, 2017

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RECEIVED

Office of the State Auditor

July 26, 2018

TOWN OF GYPSUM, COLORADO
FOR THE YEAR ENDED
December 31, 2017

TOWN COUNCIL

Steve Carver	–	Mayor
Tom Edwards	–	Mayor Pro-Tem
Richard Mayne	–	Council Member
Chris Estes	–	Council Member
Pam Schultz	–	Council Member
Marisa Sato	–	Council Member
Chris Huffman	–	Council member

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	2 - 12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Fiduciary Net Position – Agency Funds	22
Notes to Financial Statements	23 - 51
Required Supplementary Information –	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	52
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Conservation Trust Fund	53
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund - Parks and Recreation Fund	54

TABLE OF CONTENTS
(continued)

Required Supplementary Information – *continued*

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Highway 6 Devolution Fund	55
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Other Supplemental Information –

Individual Fund Budgetary Comparison and Combining Schedules:

Governmental Funds –

Schedule of Revenues and Other Financing Sources – Budget and Actual – General Fund	56
Schedule of Expenditures and Other Financing Uses – Budget and Actual – General Fund	57 - 58
Schedule of Revenues and Other Financing Sources - Budget and Actual - Parks and Recreation Fund	59
Schedule of Expenditures and Other Financing Uses - Budget and Actual - Parks and Recreation Fund	60 – 61

Proprietary (Enterprise) Funds

Schedule of Budgetary Based Revenues and Expenditures – Budget and Actual – Water Enterprise Fund	62
Schedule of Budgetary Based Revenues and Expenditures – Budget and Actual – Sewer Enterprise Fund	63
Schedule of Budgetary Based Revenues and Expenditures – Budget and Actual – Sanitation Enterprise Fund	64

Fiduciary Funds:

Statement of Changes in Fiduciary Cash Balances – Budgetary Basis – Agency Fund – Gypsum Recreation Center Capital Committee	65
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Counties, Cities and Towns Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets	66 - 67
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The Honorable Mayor and Members
of the Town Council
Gypsum, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 each fiduciary fund type of the Town of Gypsum as of December 31, 2017 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gypsum's basic financial statements. The combining and individual fund financial statements and schedules, and the County, Cities and Towns Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets, which are listed as Other Supplemental Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements are fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.

Maggard & Hood, P.C.

MAGGARD & HOOD, P.C.
Glenwood Springs, Colorado
July 17, 2018

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Gypsum was organized in 1911, under provisions of Colorado State Statutes. The provisions of its home rule charter that was adopted in 1982 currently govern the town. The Town operates under a Council-Mayoral form of government and provides the following services: general and administrative services, planning and zoning, building inspection, capital improvements, streets and alleys, parks and recreation, golf course operations, trash removal, and water and sewer systems. An elected Mayor and Town Council govern the Town and are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes.

The discussion and analysis of the Town of Gypsum's financial performance provides an overall review of the Town's financial activities for the fiscal year. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the Town's overall financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended December 31, 2017 are as follows:

- In total, the Town's *overall* net position increased \$29,864,429 or 33% from the previous fiscal year.
- The Town's Governmental Activities General Revenues accounted for \$7,418,943 or 19% of all revenues. These general revenues include taxes, grants and entitlements not restricted to specific programs, and general interest and other revenues not related to specific programs. Program specific revenues, in the form of charges for services and sales, as well as program specific grants and contributions, accounted for \$32,043,198 or 81% of the Town's total revenues of \$39,462,141.
- Governmental Activities for the Town had \$10,829,695 in expenses, of which \$1,622,136 were offset by program specific charges for services and sales, \$10,886,997 by operating grants and capital grants and contributions totaling \$19,534,065. The significant increase in operating and capital contributions resulted from the Highway 6 Devolution maintenance funding and highway infrastructure conveyed to the Town from the Colorado Department of Transportation. In total \$10,504,547 of funding and \$19,395,537 of property was received by the Town in acceptance of the Highway 6 Devolution Agreement. These amounts have directly increased the overall net position of the Town.
- In the Town's business-type (utility enterprise) activities, fiscal year revenues exceeded expenses by \$1,231,983 thus increasing the activity's net position to \$51,431,605.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *other supplementary information*. These statements are organized so the reader can understand the Town of Gypsum as a financial whole, or as an entire operating activity. The basic financial statements include two types of information on the same statement that present different views of the Town.

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's *overall* financial status.
- *Fund financial statements* that focus on *individual parts* of the Town government, reporting the Town's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additional supplemental information has also been included to enhance the readers understanding of the report.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

REPORTING THE TOWN AS A WHOLE

Statement of Net Position and Statement of Activities

While this report contains all funds used by the Town to provide programs and activities, the view of the Town as a whole looks at all financial transactions and asks the question, "How did we do financially during the current fiscal year?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. The bases of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

The focus of these government-wide financial statements is on the overall financial position and activities of the Town. These financial statements are constructed around the concept of a primary government, the Town, except for fiduciary funds. The statement of net position and statement of activities provide information about the activities of the whole Town, presenting both an aggregate view of the Town's finances and a longer-term view of those finances.

The statement of net position and the statement of activities report the Town's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the Town has improved or diminished for the Town as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Town's property tax base, current property tax laws, statutorily required reserves, facility conditions, and other factors.

In the statement of net position and the statement of activities, the Town is divided into two distinct kinds of activities:

Governmental Activities – Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. Most of the Town's programs and services are reported here including general government activities, community development, public safety, streets and public works, culture and recreation, as well as debt service charges.

Business-Type Activities – Business-type activities are financed by some degree by charging external parties for the goods or services they acquire. The Town's enterprise funds for water, sewer and sanitation utilities are reported as business-type activities as the service is provided on a charge for goods or services basis to recover the expenses of the goods and services provided.

FUND FINANCIAL STATEMENTS

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about each of the Town's major funds. For the Town of Gypsum, the General Fund is the most significant fund. The Town uses many funds to account for a multitude of financial transactions. The Town's major governmental funds include the General Fund and Special Revenue Funds (which are the Conservation Trust Fund, Parks and Recreation Fund and Highway 6 Devolution Fund). The Town's proprietary, or enterprise, funds include the Water Fund, the Sewer Fund and the Sanitation Fund. The remaining fiduciary (Agency Fund) statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the reporting entity. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the Town rather than the Town as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

FUND FINANCIAL STATEMENTS -- CONTINUED

The Town's fund financial statements are divided into three broad categories; namely (1) governmental funds; (2) proprietary funds; and, (3) fiduciary funds.

Governmental Funds – The Town's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the Town's programs. The relationship, or differences, between governmental activities reported in the statement of net assets and the statement of activities and the governmental funds is reconciled in the financial statements. The Town maintains the following governmental funds:

General Fund – used to account for resources traditionally associated with government which are not required legally or by sound financial management to be account for in another fund.

Special Revenue Funds – used to account for proceeds of resources that are restricted or committed for purposes other than debt service or capital projects. The special revenue funds include the following:

Conservation Trust Fund – accounts for funds received and restricted as to use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes.

Parks and Recreation Fund – accounts for funds used for expenditure for parks and recreation, including the Town's golf course, as well as sales tax revenue restricted to debt service related to the construction of the Recreation Center.

Highway 6 Devolution Fund – accounts for funds restricted in use for expenditure for maintenance of 5.7 miles of Highway 6 located within the Town's limits.

Proprietary Funds – The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same. These funds are established to account for operations that are financed and operated in a manner similar to private enterprise, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The proprietary (enterprise) funds include the following:

Water Fund – accounts for activities related to water services to the citizens of the Town.

Sewer Fund – accounts for activities related to the sewage treatment facilities and sewage transmission lines.

Sanitation Fund – accounts for activities related to trash collection and disposal.

Fiduciary Funds – Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, or other governmental units and funds. The fiduciary funds include the following.

Agency Funds – The agency fund accounts for monies maintained by the Town on behalf of the Gypsum Recreation Center Capital Committee. The committee is made up of members from the Town of Gypsum and the Western Eagle County Metropolitan Recreation District, but is fiscally independent of these two governmental entities. The monies are used for ongoing capital maintenance and improvement of the Gypsum Recreation Center as approved by the committee.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

THE TOWN AS A WHOLE

The perspective of the statement of net position is of the Town as a whole. Following is a summary of the Town's net position for the current and prior fiscal year.

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<u>ASSETS:</u>						
Current and Other Assets	\$ 5,157	\$ 4,807	\$ 7,254	\$ 6,143	\$ 12,411	\$ 10,950
Other Non-Current Assets	-	-	194	201	194	201
Restricted Cash	10,220	235	352	352	10,572	587
Capital Assets, Net	57,255	39,289	48,762	49,175	106,017	88,464
Deferred Outflows of Resources	-	-	13	22	13	22
Total Assets – Deferred Outflows	72,632	44,331	56,575	55,893	129,207	100,224
<u>LIABILITIES:</u>						
Current & Other Liabilities	1,330	1,465	1,526	1,647	2,856	3,112
Long-term Liabilities	1,952	2,247	3,617	4,046	5,569	6,293
Total Liabilities	3,282	3,712	5,143	5,693	8,425	9,405
<u>DEFERRED INFLOWS OF RESOURCES:</u>						
Property Taxes	693	594	-	-	693	594
Total Deferred Inflows	693	594	-	-	693	594
<u>NET POSITION:</u>						
Invested in Capital Assets, Net of Related Debt	55,125	37,165	44,777	44,806	99,902	81,971
Restricted	10,568	505	352	352	10,920	857
Unrestricted	2,964	2,355	6,303	5,042	9,267	7,397
Total Net Position	\$ 68,657	\$ 40,025	\$ 51,432	\$ 50,200	\$120,089	\$ 90,225

The Town's *overall* Net Position increased \$29.8 million from the prior fiscal year. This is a result of \$28.6 million increase and a \$1.2 million increase in net positions of governmental and business-type activities, respectively. The governmental activities increase is primarily due to the receipt of funding from the Colorado Department of Transportation for acceptance of the Highway 6 Devolution agreement. The business-type activities increase is primarily the result of current year tap fees and developer contributions.

Unrestricted net position increased approximately \$2 million to \$9 million during the current fiscal year. The unrestricted net assets mean that the Town has monies in excess of its existing commitments.

The overall total net position of the Town as of December 31, 2017 was \$120 million. By far, the largest portion of the Town's net position, \$100 million (83%), reflects the investment in capital assets (e.g. land, buildings and improvements, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to the Town's citizenry.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

THE TOWN AS A WHOLE -- CONTINUED

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net assets for the fiscal year 2017:

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<u>REVENUES:</u>						
Program Revenues:						
Charges for Services/Sales	\$ 1,622	\$ 1,466	\$ 2,327	\$ 2,252	\$ 3,949	\$ 3,718
Operating Grants & Contrib.	10,887	375	-	-	10,887	375
Capital Grants & Contrib.	<u>19,534</u>	<u>1,348</u>	<u>1,709</u>	<u>1,112</u>	<u>21,243</u>	<u>2,460</u>
Total Program Revenues	<u>32,043</u>	<u>3,189</u>	<u>4,036</u>	<u>3,364</u>	<u>36,079</u>	<u>6,553</u>
General Revenues and Transfers:						
Taxes	7,031	6,389	-	-	7,031	6,389
Intergovernmental Revenue	229	221	-	-	229	221
Interest/Investment Earnings	140	26	61	18	201	44
Accretion of Bond Premium	14	1	-	-	14	1
Other General Revenues	-	-	-	-	-	-
(Loss) on Asset Disposals	<u>5</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>3</u>
Total General Revenues and Transfers	<u>7,419</u>	<u>6,640</u>	<u>61</u>	<u>18</u>	<u>7,480</u>	<u>6,658</u>
Total Revenues	<u>39,462</u>	<u>9,829</u>	<u>4,097</u>	<u>3,382</u>	<u>43,559</u>	<u>13,211</u>
<u>PROGRAM EXPENSES:</u>						
General Government	1,732	2,596	-	-	1,732	2,596
Community Development	929	140	-	-	929	140
Public Safety	975	920	-	-	975	920
Streets & Public Works	3,906	3,138	-	-	3,906	3,138
Culture & Recreation	2,581	2,684	-	-	2,581	2,684
Economic Development	462	498	-	-	462	498
Interest - Gen'l Obligations	150	111	-	-	150	111
Other Costs of Debt	95	1	-	-	95	1
Water Utility	-	-	1,476	1,279	1,476	1,279
Sewer Utility	-	-	1,108	1,015	1,108	1,015
Sanitation Utility	<u>-</u>	<u>-</u>	<u>281</u>	<u>303</u>	<u>281</u>	<u>303</u>
Total Expenses	<u>10,830</u>	<u>10,088</u>	<u>2,865</u>	<u>2,597</u>	<u>13,695</u>	<u>12,685</u>
INCREASE (DECREASE)						
IN NET POSITION	<u>\$ 28,632</u>	<u>\$ (259)</u>	<u>\$ 1,232</u>	<u>\$ 785</u>	<u>\$ 29,864</u>	<u>\$ 526</u>

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

THE TOWN AS A WHOLE -- CONTINUED

Governmental Activities

Revenues

The Town's governmental activities revenues increased from the prior year primarily due to the receipt of operating and capital contributions from Colorado Department of Transportation from the acceptance of the Highway 6 Devolution agreement. Charges for services increased with a rise in real estate transfer tax, building permits, reimbursed costs, and other miscellaneous revenues as compared to the prior year.

Expenses

Program expenses for governmental activities increased approximately \$742 thousand, or 7% from the prior fiscal year. Increases were primarily caused by increases in personnel costs, maintenance of infrastructure and continued investment in culture and other recreation facilities.

As indicated above, the statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services and the remaining net cost of program services supported by taxes and other general revenues:

<i>(In Thousands)</i>	<u>Total Cost of Service</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General Government	\$ 1,732	\$ 2,596	\$ 1,255	\$ 2,418
Community Development	929	140	649	(466)
Public Safety	975	920	931	885
Streets & Public Works	3,906	3,138	(26,377)	2,763
Culture & Recreation	2,581	2,684	1,675	688
Economic Development	462	498	409	498
Interest - General Obligation Debt	150	111	150	111
Other Costs of Long-term Debt	<u>95</u>	<u>1</u>	<u>95</u>	<u>1</u>
Total Expenses	<u>\$ 10,830</u>	<u>\$ 10,088</u>	<u>\$ (21,213)</u>	<u>\$ 6,898</u>

The dependence on general revenues for governmental activities is essential. Excluding a onetime unusual increase in operating and capital funding totaling \$29.9 million, approximately 80% of fiscal 2017 program services were supported through taxes and other general revenues, and 68% in 2016.

Business-Type Activities – The results of operations of the business-type activity indicate that the utility funds are generating enough revenues to be self-sustaining without assistance from the general fund:

<i>(In Thousands)</i>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>
Operating Revenues	\$ 2,327	\$ 2,252
Capital Grants and Contributions	1,506	888
General Revenues	<u>61</u>	<u>18</u>
Total Revenues	<u>3,894</u>	<u>3,158</u>
Operating and Interest Expenses	<u>2,865</u>	<u>2,597</u>
Net Income (Loss), Before Capital Contributions	1,029	561
Infrastructure Capital Contributions	<u>203</u>	<u>224</u>
Net Income (Loss)	<u>\$ 1,232</u>	<u>\$ 785</u>

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

THE TOWN'S FUNDS

Governmental Funds

The governmental fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. The governmental fund level financial statements are reported on the modified accrual basis of accounting. At the fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the fund level, inflows from operating loans are presented as a revenue item while outflows for capital outlay and debt service principal payments are presented as an expenditure item, as these items represent current period financial resources and uses.

The General Fund ending fund balance increased from \$3,060,222 to \$3,386,450 during the current fiscal year. The net increase of \$326,228 represents the excess of current period revenues (financial resources) over current period expenditures (financial uses). The ending fund balance in the amount of \$3,386,450, which includes \$522,664 of reserves, is the amount of net resources available for future spending. Most financial resources are from taxes and intergovernmental revenues from state and county taxes.

The Conservation Trust Fund ending fund balance increased from \$10,717 to \$45,291 during the current fiscal year. The net increase of \$34,574 represents the excess of current period revenues (financial resources) over current period expenditures (financial uses). The ending fund balance of \$45,291 is the amount of net resources available for future spending. The majority of financial resources are intergovernmental revenues from state lottery proceeds.

The Parks and Recreation ending fund balance decreased from \$267,139 to \$252,591 during the current fiscal year. The net decrease of \$14,548 represents the excess of current period expenditures (financial used) over current period revenues (financial resources). The ending fund balance of \$252,591 includes non-spendable items that total \$25,803 leaving undesignated net resources available for future spending in the amount of \$226,788.

The Highway 6 Devolution Fund ending fund balance is \$10,122,687. The balance represents the amount of restricted funding to be used for future maintenance of Highway 6 infrastructure located within the Town limits.

Proprietary Funds

The proprietary fund level financial statements, as discussed above, use the same basis of accounting as business-type activities.

The Water Enterprise Fund ending net position increased from \$35,318,631 to \$36,035,795.

The Sewer Enterprise Fund ending net position increased from \$14,578,412 to \$15,060,464.

The Sanitation Enterprise Fund ending net position increased from \$302,579 to \$335,346.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

Proprietary Funds - Continued

Positive changes in net position reflect that the enterprise funds are currently generating enough operating and non-operating revenues to offset current year operating and non-operating expenses, while negative changes in net assets indicate that they are not. The net assets of the enterprise activities represent the amount of net resources, including capital assets, available to provide future utility services to the general public of the Town of Gypsum. Certain net assets have been restricted for future debt service in the Water Fund (\$16,513) and (\$335,500) in the Sewer Fund. Unrestricted net assets, those not restricted or invested in capital assets, that are available for future spending are \$3,594,597 in the Water Fund; \$2,408,167 in the Sewer Fund; and \$300,397 in the Sanitation Fund.

GENERAL FUND BUDGETING HIGHLIGHTS

The Town's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note 1(E)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) with the exception of the Proprietary (Enterprise) Funds. The reconciliation of the budgetary differences of the Proprietary Fund to GAAP is found in *Note 1(E)*.

The budgeting system of the Town uses a line-item based budget, which is designed to control line-item expenditures, but provide flexibility for overall budgetary management. During the course of fiscal 2017, the Town amended its General Fund budget. During 2017, the general fund original budget appropriation in the amount of \$7,847,129 was increased by \$1,000,900 to the final budget appropriation of \$8,848,029 to more accurately reflect anticipated year-end use of available general fund resources.

General Fund Resources (Inflows)

The Town's General Fund budgetary revenues and other financing sources in the amount of \$8,611,462 exceeded budgetary expectations of \$8,356,136 by \$255,326. Notable positive variances occurred for real estate transfer taxes, sales tax collections and building permits and related fees. Further detail of individual line-item revenues for the general fund can be found in the 'Other Supplemental Information' section following the notes to the financial statements.

General Fund Charges to Appropriations (Outflows)

The Town's General Fund budgetary expenditures and other financing uses of \$8,285,234 were \$562,795 less than the final appropriated fund balance of \$8,848,029. This positive variance primarily resulted from unexpended amounts for streets and public works maintenance expenditures and overall capital outlay. Further detail of individual line-item expenditures for the general fund can be found in the 'Other Supplemental Information' section following the notes to the financial statements.

The Town Council and the Town's management continue to strive to budget appropriate amounts for each individual line item. This year's overall savings are indicative of the efforts to provide services in the most economical manner. This year's savings will have a positive impact on future year's fund balances.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the Town had a total of \$106,017,929 in capital assets, consisting of \$57,255,437 in governmental activities and \$48,762,492 in business-type activities. The following reflects the balances of fiscal year 2017 compared to fiscal year 2016:

<i>(In Thousands)</i>	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<i>Net of Depreciation:</i>						
Land	\$ 6,571	\$ 6,571	\$ 176	\$ 176	\$ 6,747	\$ 6,747
Water Rights	-	-	8,146	8,146	8,146	8,146
Construction-in-Progress	27	649	6,102	5,931	6,129	6,580
Buildings	13,940	14,421	58	60	13,998	14,481
Lines, Meters, Plant	-	-	34,172	34,724	34,172	34,724
Improvements	2,733	1,379	-	-	2,733	1,379
Equipment & Furniture	508	592	109	138	617	730
Ballfields	235	274	-	-	235	274
Infrastructure	<u>33,241</u>	<u>15,403</u>	<u>-</u>	<u>-</u>	<u>33,241</u>	<u>15,403</u>
Total Capital Assets	<u>\$ 57,255</u>	<u>\$ 39,289</u>	<u>\$ 48,763</u>	<u>\$ 49,175</u>	<u>\$ 106,018</u>	<u>\$ 88,464</u>

Debt

At December 31, 2017 the Town had a total of \$6,116,136 of outstanding long-term obligations, of which \$2,130,075 is carried in governmental activities and \$3,986,061 is carried in business-type activities. Additional information regarding debt service requirements is found in *Note 5* of the financial statements.

MAJOR INITIATIVES

In 2013, the Town was approved by the CWCB for a loan to be used for the construction of L.E.D.E. Ditch & Reservoir Upgrade project, located in Eagle County, in the amount of \$2,690,000 with an estimated construction cost of \$5,020,000. The Town seeks to recover capacity to accommodate continued agricultural irrigation, and for future water supplies to Gypsum Creek and the Town. The reservoir is located at the headwaters of Gypsum Creek and is a good source of augmentation water. Irrigation in the Gypsum Valley often depletes Gypsum Creek and the Town relies on the Reservoir to augment its other water right. The reservoir will become even more important as the Town's population continues to increase. The project was substantially completed and awaiting final inspection from the Army Corps of Engineers upon successful filling of the reservoir.

The Town has a contractual obligation to provide L.E.D.E. water for agricultural purposes in the Gypsum Valley. In addition, the reservoir has aging infrastructure that require repairs to comply with state dam safety regulations. The Town wishes to repair and improve the Reservoir to utilize its potential and to protect senior storage rights.

The available water supply in the Gypsum Creek headwaters is estimated at 1,160 AF annually as determined in a hydrologic yield analysis conducted from 2002 to 2006. Demands on irrigation and increased population were also examined, with a conclusion that expanding capacity in the ditch and reservoir is desired. The Town made a significant investment in the water rights and seeks to preserve the full value of those water rights by ensuring maximum beneficial use.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2017

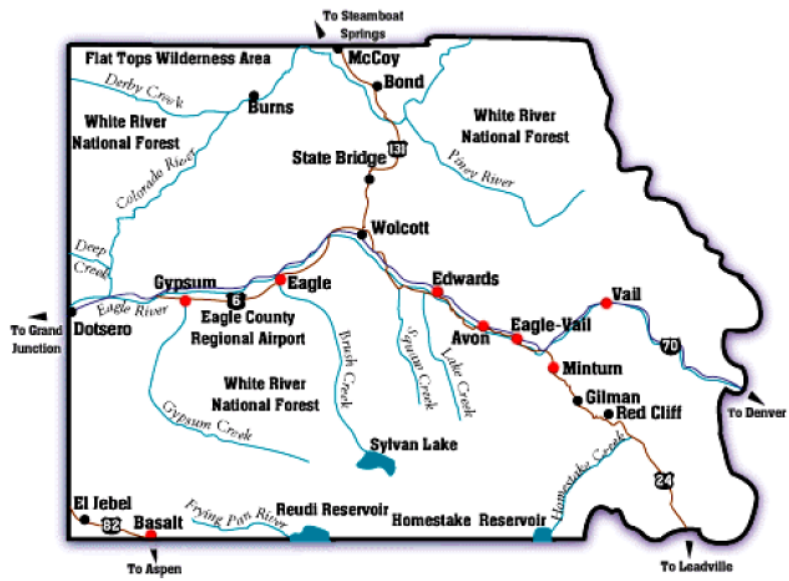
CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

Since 1990 the Town's population has increased from 1,750 to approximately 6,500. Although this growth has benefited the Town's financial position, the Town continues to seek ways to improve the quality and quantity of the services provided to the citizens of the Town of Gypsum. Sales and use tax revenue increased in 2017 when compared to 2016 by 7%. Sales and use tax continue to be a principal source of the Town's governmental revenues, accounting for 69% of the General Fund revenues in 2017. In 2017, the Town's real estate transfer tax collections increased by \$324,338 or 46%, from 2016. The Town expects to see increases in both sales and use tax and real estate transfer taxes in 2018. Enterprise activities will continue to rely on charges for services.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact the:

Town Gypsum, Colorado
P.O. Box 130
Gypsum, CO 81637
Phone: (970) 524-7514
Fax: (970) 524-7522



GOVERNMENT - WIDE FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Current Assets:			
Cash and Investments	\$ 4,036,710	\$ 6,976,707	\$ 11,013,417
Receivables:			
Property Taxes	693,021	-	693,021
Accounts Receivable	332,011	201,318	533,329
Intergovernmental	64,990	-	64,990
Developer Reimbursements	4,102	-	4,102
Other Receivables	-	75,545	75,545
Other Assets	25,803	-	25,803
Total Current Assets	<u>5,156,637</u>	<u>7,253,570</u>	<u>12,410,207</u>
Non-Current Assets:			
Restricted Cash Balance	10,220,082	352,013	10,572,095
Prepaid Water Purchase Lease Costs	-	193,650	193,650
Capital Assets:			
Non-Depreciable	6,598,376	14,423,346	21,021,722
Depreciable, Net	<u>50,657,061</u>	<u>34,339,146</u>	<u>84,996,207</u>
Total Non-Current Assets	<u>67,475,519</u>	<u>49,308,155</u>	<u>116,783,674</u>
Deferred Outflow of Resources:			
Bond Series 2009-Loss on Refunding	-	13,204	13,204
Total Deferred Outflow of Resources	<u>-</u>	<u>13,204</u>	<u>13,204</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>72,632,156</u>	<u>56,574,929</u>	<u>129,207,085</u>
Liabilities:			
Accounts Payable	443,608	66,960	510,568
Accrued Interest Payable	4,317	4,137	8,454
Accrued Wages & Related Expenses	58,305	15,421	73,726
Accrued Vacation & Sick Pay	274,217	93,746	367,963
Other Liabilities	370,664	-	370,664
Unearned Revenue	-	976,999	976,999
Long-term Debt:			
Portion Due or Payable within One Year:			
Leases Payable	31,083	-	31,083
Lease Purchase – 2017 COP Refinance	147,870	19,536	167,406
Bonds Payable	-	350,000	350,000
Portion Due or Payable after One Year:			
Intergovernmental Loan	-	2,645,642	2,645,642
Lease Payable	26,718	-	26,718
Lease Purchase – 2017 COP Refinance	1,924,404	254,249	2,178,653
Bonds Payable-Net of Premium	<u>-</u>	<u>716,634</u>	<u>716,634</u>
Total Liabilities	<u>3,281,186</u>	<u>5,143,324</u>	<u>8,424,510</u>
Deferred Inflow of Resources:			
From Property Taxes	<u>693,021</u>	<u>-</u>	<u>693,021</u>
Total Deferred Inflow of Resources	<u>693,021</u>	<u>-</u>	<u>693,021</u>
Net Position			
Invested in Capital Assets, Net of Related Debt	55,125,362	44,776,431	99,901,793
Restricted for Emergencies	347,500	-	347,500
Restricted – Other (see <i>Note 1Q</i>)	10,220,082	352,013	10,572,095
Unrestricted	<u>2,965,005</u>	<u>6,303,161</u>	<u>9,268,166</u>
TOTAL NET POSITION	<u>\$ 68,657,949</u>	<u>\$ 51,431,605</u>	<u>\$ 120,089,554</u>

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2017

	PROGRAM REVENUES		
EXPENSES	Charges For Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTION/PROGRAM ACTIVITIES			
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES:			
General Government	\$ 1,731,623	\$ 476,935	\$ -
Community Development	928,994	141,039	138,528
Public Safety	975,292	44,699	-
Streets and Public Works	3,905,777	-	10,886,997
Culture and Recreation	2,581,254	906,604	19,395,537
Economic Development	461,945	52,859	-
Interest on General Long-term Debt	149,867	-	-
Other Costs of General Long-term Debt	94,943	-	-
TOTAL GOVERNMENTAL ACTIVITIES	10,829,695	1,622,136	10,886,997
BUSINESS-TYPE ACTIVITIES:			
Water Utility	1,476,367	1,164,610	992,274
Sewer Utility	1,108,089	851,639	716,510
Sanitation Utility	280,684	311,216	-
TOTAL BUSINESS-TYPE ACTIVITIES	2,865,140	2,327,465	1,708,784
TOTAL PRIMARY GOVERNMENT	\$ 13,694,835	\$ 3,949,601	\$ 10,886,997

GENERAL REVENUES:

Taxes:

- Property Taxes, Levied For General Purposes
- Specific Ownership Taxes, for General Purposes
- Sales and Use Tax
- Franchise Tax
- Real-Estate Transfer Tax

Grants and Entitlements Not Restricted to Specific Programs:

- Intergovernmental – County Sales Tax
- Intergovernmental – Cigarette Tax
- Unrestricted Interest and Investment Earnings
- Accretion of Bond Premium
- Miscellaneous
- Gain/ (Loss) on Asset Disposition

Total General Revenues

Change in Net Position

NET POSITION – BEGINNING OF YEAR

NET POSITION – END OF YEAR

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

Governmental Activities	Business-Type Activities	Total
\$ (1,254,688)	-	\$ (1,254,688)
(649,427)	-	(649,427)
(930,593)	-	(930,593)
26,376,757	-	26,376,757
(1,674,650)	-	(1,674,650)
(409,086)	-	(409,086)
(149,867)	-	(149,867)
(94,943)	-	(94,943)
21,213,503	-	21,213,503
-	\$ 680,517	680,517
-	460,060	460,060
-	30,532	30,532
-	1,171,109	1,171,109
21,213,503	1,171,109	22,384,612
586,583	-	586,583
30,553	-	30,553
5,144,374	-	5,144,374
242,617	-	242,617
1,027,629	-	1,027,629
211,589	-	211,589
17,414	-	17,414
139,623	60,874	200,497
13,561	-	13,561
-	-	-
5,000	-	5,000
7,418,943	60,874	7,479,817
28,632,446	1,231,983	29,864,429
40,025,503	50,199,622	90,225,125
\$ 68,657,949	\$ 51,431,605	\$ 120,089,554

FUND FINANCIAL STATEMENTS

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

	General Fund	Conservation Trust Fund	Parks and Recreation Fund
<u>ASSETS:</u>			
Cash and Investments	\$ 3,849,810	\$ 45,291	\$ 239,004
Receivables – Net:			
Property Taxes	693,021	-	-
Accounts Receivable	311,229	-	20,782
Intergovernmental Receivable	64,990	-	-
Prepaid Expenses	-	-	-
Other Assets	-	-	25,803
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 4,919,050	\$ 45,291	\$ 285,589
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u>			
Liabilities:			
Accounts Payable	\$ 417,605	\$ -	\$ 26,003
Accrued Wages & Related Expenses	51,310	-	6,995
Other Liabilities	370,664	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	839,579	-	32,998
	<hr/>	<hr/>	<hr/>
Deferred Inflows of Resources:			
Unavailable Revenues From Property Taxes	693,021	-	-
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows	693,021	-	-
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Nonspendable	-	-	25,803
Restricted for -			
Enhancement Fund	52,104	-	-
Conservation Trust	-	45,291	-
Debt Service	-	-	-
Emergency Reserves	347,500	-	-
Highway 6 Devolution	-	-	-
Committed for -			
Wildlife Mitigation	121,884	-	-
Unassigned	2,864,962	-	226,788
	<hr/>	<hr/>	<hr/>
Total Fund Equity	3,386,450	45,291	252,591
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,919,050	\$ 45,291	\$ 285,589
	<hr/>	<hr/>	<hr/>

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

Highway 6 Devolution Fund	Total Governmental Funds
\$ 10,122,687	\$ 14,256,792
-	693,021
-	332,011
-	64,990
-	-
-	25,803
<u>\$ 10,122,687</u>	<u>\$ 15,372,617</u>
\$ -	\$ 443,608
-	58,305
-	370,664
-	872,577
-	693,021
-	693,021
-	25,803
-	52,104
-	45,291
-	-
-	347,500
10,122,687	10,122,687
-	121,884
-	3,091,750
10,122,687	13,807,019
<u>\$ 10,122,687</u>	<u>\$ 15,372,617</u>

TOWN OF GYPSUM, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2017

TOTAL GOVERNMENTAL FUND BALANCES \$ 13,807,019

Amounts reported for governmental activities on the statement of net position
is different because of the following:

Capital assets used in governmental activities are not financial resources and therefore,
are not reported in the governmental funds.

Governmental Capital Assets	\$ 86,826,398	
Less Accumulated Depreciation	<u>(29,570,961)</u>	57,255,437

Some receivables will be collected in the following year, but are not available soon
enough to pay for the current period's expenditures, and therefore are not recorded in
the governmental funds.

Developer Reimbursements	<u>\$ 4,102</u>	4,102
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Some liabilities are not due and payable in the current year and therefore, are not reported
in the governmental funds:

Accrued Interest Payable	\$ (4,317)	
Accrued Compensated Absences	(274,217)	
Current Portion of Long-term Liabilities	<u>(178,953)</u>	(457,487)

Long-term liabilities are not due and payable in the current year-end and
therefore, are not reported in the governmental funds.

(1,951,122)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 68,657,949

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

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

	<u>General Fund</u>	<u>Conservation Trust Fund</u>	<u>Parks and Recreation Fund</u>
<u>Revenues:</u>			
Taxes	\$ 7,260,759	\$ -	\$ -
Licenses and Permits	48,924	-	-
Intergovernmental	382,450	34,323	-
Charges for Services	81,914	-	799,049
Community Development	617,332	-	-
Miscellaneous	179,122	-	-
Sale of Fixed Assets	5,000	-	-
Interest Income	35,961	251	31,781
	<u>8,611,462</u>	<u>34,574</u>	<u>830,830</u>
Total Revenues			
<u>Expenditures:</u>			
General Government	1,646,848	-	-
Community Development	902,399	-	-
Public Safety	954,705	-	-
Streets and Public Works	1,633,137	-	-
Culture and Recreation	774,909	-	1,061,564
Economic Development	461,945	-	-
Capital Outlay	400,709	-	860,120
Debt Service:			
Principal	-	-	2,426,117
Interest	-	-	154,667
Other Costs	-	-	1,500
	<u>6,774,652</u>	<u>-</u>	<u>4,503,968</u>
Total Expenditures			
Excess Revenues Over (Under) Expenditures	1,836,810	34,574	(3,673,138)
<u>Other Financing Sources and (Uses):</u>			
Lease Purchase – Loan Proceeds	-	-	2,241,451
Lease Purchase – Loan Fees	-	-	(93,443)
Transfers from Other Funds	-	-	1,510,582
Transfers (to) Other Funds	(1,510,582)	-	-
	<u>326,228</u>	<u>34,574</u>	<u>(14,548)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses			
Fund Balances – Beginning	<u>3,060,222</u>	<u>10,717</u>	<u>267,139</u>
Fund Balances – Ending	<u>\$ 3,386,450</u>	<u>\$ 45,291</u>	<u>\$ 252,591</u>

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

<u>Highway 6 Devolution Fund</u>	<u>Total Governmental Funds</u>
\$ -	\$ 7,260,759
-	48,924
10,504,547	10,921,320
-	880,963
-	617,332
-	179,122
-	5,000
<u>71,630</u>	<u>139,623</u>
<u>10,576,177</u>	<u>20,053,043</u>
-	1,646,848
-	902,399
-	954,705
453,490	2,086,627
-	1,836,473
-	461,945
-	1,260,829
-	2,426,117
-	154,667
<u>-</u>	<u>1,500</u>
<u>453,490</u>	<u>11,732,110</u>
10,122,687	8,320,933
-	2,241,451
-	(93,443)
-	1,510,582
<u>-</u>	<u>(1,510,582)</u>
10,122,687	10,468,941
<u>-</u>	<u>3,338,078</u>
<u>\$ 10,122,687</u>	<u>\$ 13,807,019</u>

TOWN OF GYPSUM, COLORADO
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2017

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 10,468,941

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

Governmental Funds report capital outlays as expenditures and contributed infrastructure is not recorded; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which fixed asset additions exceeded depreciation.

Capital Outlay	\$ 20,428,277	
Depreciation	<u>(2,461,996)</u>	17,966,281

The net book value of asset dispositions are not reported in the governmental funds as they are not a current financial use. This is the amount by which the net book value of assets disposed exceeded proceeds, if applicable, in the current year.

-

Premiums on the issuance of long-term debt increase current financial resources to governmental funds; however on the Statement of Activities, the premium is recognized over the refunding term as accretion. This is the amount of accretion in the current year.

13,561

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing long-term debt increase long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position

Current Year Debt Proceeds	\$ (2,241,450)	
Repayment of Debt	<u>2,456,165</u>	214,715

Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year. This is the amount total accrued leave increased this year.

(35,852)

Interest expense is recognized as an expenditure in the governmental funds when due, and this requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when due. This is the amount by which accrued interest decreased.

4,800

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 28,632,446

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

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

	Business-Type Activities			Total
	Enterprise Funds			
	Water Fund	Sewer Fund	Sanitation Fund	
<u>ASSETS AND DEFERRED</u>				
<u>OUTFLOWS OF RESOURCES:</u>				
Current Assets:				
Cash and Investments	\$ 4,235,192	\$ 2,454,210	\$ 287,305	\$ 6,976,707
Receivables – Net				
Accounts Receivable	91,786	78,625	30,907	201,318
Other Receivables	<u>75,545</u>	<u>-</u>	<u>-</u>	<u>75,545</u>
Total Current Assets	<u>4,402,523</u>	<u>2,532,835</u>	<u>318,212</u>	<u>7,253,570</u>
Non-Current Assets:				
Restricted Cash Balances	16,513	335,500	-	352,013
Prepaid Water Lease Costs	193,650	-	-	193,650
Capital Assets, Net of				
Accumulated Depreciation	<u>35,344,112</u>	<u>13,383,431</u>	<u>34,949</u>	<u>48,762,492</u>
Total Non-Current Assets	<u>35,665,275</u>	<u>13,718,931</u>	<u>34,949</u>	<u>49,308,155</u>
Deferred Outflow of Resources:				
Bond Series 2009-Loss on Refunding	<u>-</u>	<u>13,204</u>	<u>-</u>	<u>13,204</u>
Total Deferred Outflow of Resources	<u>-</u>	<u>13,204</u>	<u>-</u>	<u>13,204</u>
Total Assets and Deferred				
Outflows of Resources	<u>\$ 39,956,798</u>	<u>\$ 16,264,970</u>	<u>\$ 353,161</u>	<u>\$ 56,574,929</u>
<u>LIABILITIES, DEFERRED INFLOWS</u>				
<u>OF RESOURCES AND NET POSITION:</u>				
Current Liabilities:				
Accounts Payable	\$ 34,942	\$ 25,407	\$ 6,611	\$ 66,960
Accrued Interest	570	3,567	-	4,137
Accrued Wages and Related Expenses	7,976	5,044	2,401	15,421
Accrued Vacation and Sick Pay	44,369	40,574	8,803	93,746
Unearned Revenue	913,719	63,280	-	976,999
Current Maturities of Long-term Debt - Net	<u>19,536</u>	<u>350,000</u>	<u>-</u>	<u>369,536</u>
Total Current Liabilities	<u>1,021,112</u>	<u>487,872</u>	<u>17,815</u>	<u>1,526,799</u>
Non-Current Liabilities:				
Bonds – Net of Premium	-	716,634	-	716,634
Lease Purchase – 2017 COP Refinance	254,249	-	-	254,249
Intergovernmental Loan	<u>2,645,642</u>	<u>-</u>	<u>-</u>	<u>2,645,642</u>
Total Non-Current Liabilities	<u>2,899,891</u>	<u>716,634</u>	<u>-</u>	<u>3,616,525</u>
Total Liabilities	<u>3,921,003</u>	<u>1,204,506</u>	<u>17,815</u>	<u>5,143,324</u>
Net Position:				
Invested in Capital Assets, Net of Related Debt	32,424,685	12,316,797	34,949	44,776,431
Restricted for Debt Service	16,513	335,500	-	352,013
Unrestricted	<u>3,594,597</u>	<u>2,408,167</u>	<u>300,397</u>	<u>6,303,161</u>
Total Net Position	<u>36,035,795</u>	<u>15,060,464</u>	<u>335,346</u>	<u>51,431,605</u>
Total Liabilities, Deferred Inflows of Resources and Net Position				
	<u>\$ 39,956,798</u>	<u>\$ 16,264,970</u>	<u>\$ 353,161</u>	<u>\$ 56,574,929</u>

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-Type Activities Enterprise Funds			Total
	Water Fund	Sewer Fund	Sanitation Fund	
<u>OPERATING REVENUES:</u>				
Service Fees	\$ 1,113,395	\$ 851,044	\$ 311,216	\$ 2,275,655
Other Operating Revenues	<u>51,215</u>	<u>595</u>	<u>-</u>	<u>51,810</u>
Total Operating Revenues	<u>1,164,610</u>	<u>851,639</u>	<u>311,216</u>	<u>2,327,465</u>
<u>OPERATING EXPENSES:</u>				
System Operations:				
Salaries	328,433	178,161	51,778	558,372
Payroll Taxes	25,248	13,821	4,083	43,152
Employee Benefits	93,537	62,248	29,425	185,210
Utilities	51,241	87,629	-	138,870
Operating Supplies	31,964	23,487	2,024	57,475
Non-Capitalized Outlay/Repairs	23,411	60,605	-	84,016
Repairs and Maintenance	51,256	179,708	23,653	254,617
System Component Upgrades	38,179	-	-	38,179
Water Purchase	20,042	-	-	20,042
Landfill Fees	-	-	78,819	78,819
Eagle River Monitoring	9,000	-	-	9,000
Depreciation	471,248	375,622	46,600	893,470
Miscellaneous	<u>5,293</u>	<u>1,182</u>	<u>-</u>	<u>6,475</u>
Total System Operations	<u>1,148,852</u>	<u>982,463</u>	<u>236,382</u>	<u>2,367,697</u>
Administration:				
Salaries	57,876	40,678	27,129	125,683
Payroll Taxes	4,404	2,792	2,044	9,240
Employee Benefits	16,046	9,938	7,888	33,872
Office and Billing	7,241	7,241	7,241	21,723
Dues and Permits	3,134	-	-	3,134
Professional Services	102,200	-	-	102,200
Miscellaneous	<u>-</u>	<u>67</u>	<u>-</u>	<u>67</u>
Total Administration	<u>190,901</u>	<u>60,716</u>	<u>44,302</u>	<u>295,919</u>
Total Operating Expenses	<u>1,339,753</u>	<u>1,043,179</u>	<u>280,684</u>	<u>2,663,616</u>
Operating Income (Loss)	<u>(175,143)</u>	<u>(191,540)</u>	<u>30,532</u>	<u>(336,151)</u>
<u>NON-OPERATING REVENUES (EXPENSES):</u>				
Tap Fees	572,840	626,360	-	1,199,200
Developer Contributions	112,384	90,150	-	202,534
Dedication Fees	269,550	-	-	269,550
Interest Income	36,647	21,992	2,235	60,874
Interest Expense	<u>(136,614)</u>	<u>(64,910)</u>	<u>-</u>	<u>(201,524)</u>
Total Non-Operating Revenues (Expenses)	<u>854,807</u>	<u>673,592</u>	<u>2,235</u>	<u>1,530,634</u>
Income (Loss) Before Capital Contributions	679,664	482,052	32,767	1,194,483
<u>CAPITAL CONTRIBUTIONS</u>	<u>37,500</u>	<u>-</u>	<u>-</u>	<u>37,500</u>
Change in Net Position	717,164	482,052	32,767	1,231,983
Net Position – Beginning	<u>35,318,631</u>	<u>14,578,412</u>	<u>302,579</u>	<u>50,199,622</u>
Net Position – Ending	<u>\$ 36,035,795</u>	<u>\$ 15,060,464</u>	<u>\$ 335,346</u>	<u>\$ 51,431,605</u>

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017

	Business-Type Activities			Total
	Enterprise Funds			
	Water Fund	Sewer Fund	Sanitation Fund	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash Received from Customers	\$ 1,247,519	\$ 854,164	\$ 311,437	\$ 2,413,120
Cash Payments for Goods and Services	(491,084)	(462,139)	(181,792)	(1,135,015)
Cash Payments to Employees	(383,144)	(213,321)	(79,187)	(675,652)
Net Cash Provided (Used) by Operating Activities	<u>373,291</u>	<u>178,704</u>	<u>50,548</u>	<u>602,453</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Tap Fees	580,520	634,690	-	1,215,210
Additions to Property, Plant & Equipment	(140,528)	(137,748)	-	(278,276)
Developer Contributions	(6,551)	-	-	(6,551)
Water Dedication Fees	192,550	-	-	192,550
Proceeds from CWCB Loan	296,136	-	-	296,136
Principal (Paid) on Long-term Debt	(364,501)	(315,000)	-	(679,501)
Interest (Paid) on Long-term Debt	(151,011)	(55,650)	-	(206,661)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>406,615</u>	<u>126,292</u>	<u>-</u>	<u>532,907</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Interest	36,647	21,992	2,235	60,874
Net Cash Provided (Used) by Investing Activities	<u>36,647</u>	<u>21,992</u>	<u>2,235</u>	<u>60,874</u>
Net Increase (Decrease) in Cash and Cash Equivalents	816,553	326,988	52,693	1,196,234
Cash at Beginning of Year	<u>3,435,152</u>	<u>2,462,722</u>	<u>234,612</u>	<u>6,132,486</u>
Cash at End of Year	<u>\$ 4,251,705</u>	<u>\$ 2,789,710</u>	<u>\$ 287,305</u>	<u>\$ 7,328,720</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>				
Operating Income (Loss)	\$ (175,143)	\$ (191,540)	\$ 30,532	\$ (336,151)
Non-Cash Expenses Included in Operating Income –				
Depreciation & Amortization	471,248	375,622	46,600	893,470
Other Deferred Cost Recognition	7,400	-	-	7,400
Change in Assets and Liabilities –				
Decrease (Increase) Receivables	82,909	2,525	221	85,655
Increase (Decrease) in Accounts Payable	(16,288)	(13,421)	(26,615)	(56,324)
Increase (Decrease) in Accrued Liabilities	3,165	5,518	(280)	8,403
Increase (Decrease) in Unearned Service Revenues	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 373,291</u>	<u>\$ 178,704</u>	<u>\$ 50,458</u>	<u>\$ 602,453</u>
<u>NON-CASH FINANCING ACTIVITY:</u>				
Infrastructure Dedications Accepted	<u>\$ 112,384</u>	<u>\$ 90,150</u>	<u>\$ -</u>	<u>\$ 202,534</u>

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
For the Year Ended December 31, 2017

	<u>AGENCY FUNDS</u>	
	Gypsum Recreation Center Capital Committee	Total Agency Funds
<u>ASSETS:</u>		
Cash	\$ 224,015	\$ 224,015
Total Assets	\$ 224,015	\$ 224,015
<u>LIABILITIES:</u>		
Due to Town of Gypsum Funds Held on Behalf of Entity	\$ 172,807 51,208	\$ 172,807 51,208
Total Liabilities	\$ 224,015	\$ 224,015

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Gypsum are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Significant accounting policies of the Town of Gypsum are described below.

A. Financial Reporting Entity

The Town of Gypsum was organized in 1911, under provisions of the Colorado State Statutes. The provisions of its home rule charter that was adopted in 1982 currently govern the Town. The Town operates under a Council-Mayoral form of government whereby the elected Mayor and Town Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes govern the Town.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes. 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 on the criteria discussed above, the Town is not financially accountable for any other entity and, therefore, the Town's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the Town's reporting entity, nor is the Town a component unit of any other government. The Town's financial statements include the accounts of all Town operations.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements which provide a more detailed level of financial information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the overall primary government, excluding fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Town at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities.

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

FUND FINANCIAL STATEMENTS

During the fiscal year, the Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds, if applicable, are aggregated and presented in a single column. Enterprise and fiduciary funds are reported by type.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The Town's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or limitations based upon the purposes for which they are to be spent and by means by which spending activities are controlled. The various funds of the Town are outlined in the following paragraphs.

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Town for any purpose provided it is expended or transferred according to general statutory laws.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of special revenue sources that are restricted or committed for purposes other than debt service or capital projects.

Conservation Trust Fund is a special revenue fund used to account for revenue from the Colorado Lottery restricted for use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes.

Parks and Recreation Fund is a special revenue fund used to account for funds to be expended on parks and recreation, the operations of the Town's golf course and sales tax revenues that are restricted for the retirement of the 2005 revenue bonds (*Note 5*).

Highway 6 Devolution Fund is a special revenue fund used to account for funds to be expended on maintenance of 5.7 miles of Highway 6 located within the Town's limits.

PROPRIETARY FUNDS

Enterprise Funds – The Water Fund, Sewer Fund and Sanitation Fund are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUNDS

Agency Funds – Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and other governmental units and funds. The Town's agency funds consist of the Gypsum Recreation Center Capital Committee.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town receives value without directly giving equal value in return, consist of property taxes, other taxes and fines and penalties. All assets and all liabilities associated with the operation of the Town are included on the statement of net position.

FUND FINANCIAL STATEMENTS

All governmental funds are accounted for using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between government-wide and governmental fund statements. Under this method, revenues are recognized when measurable and available. The Town considers all revenues available if they are collected within 60 days after year-end. Those revenues susceptible to accrual are property taxes, sales taxes, highway user taxes, and reimbursements from developers for professional fees.

Taxpayer-assessed local property and specific ownership taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for outstanding general long-term liabilities which are reported as expenditures when paid.

Like the government-wide financial statements, the enterprise fund is accounted for using a flow of economic resources measurement focus. This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in revenues, expenses, and changes in net position, presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the Town finances and meets the cash flow needs of its enterprise fund.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting

The Town annually adopts budgets for all funds as required by its Home Rule Municipal Charter. This formal budgetary integration is employed as a management control device during the year for all funds. As required by the Home Rule Charter and Colorado Statutes, the Town follows this timetable in approving and enacting a budget for the ensuing year:

- 1) Prior to August 25, the County Assessor sends the Town the preliminary certified assessed valuation of all taxable property within the Town's boundaries.
- 2) The Mayor, or other qualified persons appointed by the Council, submits to the Council, on or before October 15, a recommended budget which details the necessary property taxes needed along with other available revenues to meet the Town's operating requirements. The Mayor is to submit to the Council a long-range capital program two weeks before the submission of the recommended budget.
- 3) The Council holds a public hearing on the proposed budget and capital program no later than 45 days prior to the close of the fiscal year.
- 4) Prior to December 10, the County Assessor sends the Town the final certified assessed valuation of all taxable property within the Town's boundaries.
- 5) Prior to December 15, the Town Council computes and certifies to the County Commissioners a rate of levy that will derive the necessary property taxes as computed in the proposed budget.
- 6) After the required public hearing, the Town Council adopts the proposed budget, by ordinance, prior to December 15. The ordinance adopting the budget also legally appropriates expenditures for the upcoming year.
- 7) After adoption of the budget ordinance, the Town may make, by ordinance, the following changes: (a) supplemental appropriations of revenues to the extent of revenues in excess of the estimated budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient. At any time during the year, the Town Council may, by resolution, transfer part or all of any unexpended funds from one department or office to another.
- 8) Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
- 9) Budget appropriations lapse at the end of each year.

The Town legally adopted annual budgets for all of the Town's funds for 2017.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting (continued)

During the year the Town amended its budgeted appropriations as follows:

	<u>Original</u>	<u>Revised</u>	<u>Increase (Decrease)</u>
General Fund	\$ 7,847,129	\$ 8,848,029	\$ 1,000,900
Conservation Trust Fund	38,917	-	(38,917)
Parks and Recreation Fund	2,063,826	4,630,897	2,567,071
Water Fund	1,441,449	1,758,905	317,456
Sewer Fund	1,981,810	1,245,964	(735,846)
Sanitation Fund	494,770	258,865	(235,905)
Highway 6 Devolution Fund	-	575,000	575,000

(The Town does not adopt a budget for the Gypsum Recreation Center Capital Committee Agency Fund)

The budgets for the Governmental Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budgets for the Enterprise Funds are adopted on a Non-GAAP basis and are reconciled from GAAP basis to budgetary basis as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Water Fund</u>			
Revenues:			
GAAP Operating Revenues	\$ 1,130,344	\$ 1,164,610	\$ 34,266
GAAP Non-Operating Revenues	718,330	991,421	273,091
GAAP Capital Contributions	37,500	37,500	-
Debt Proceeds	305,283	296,136	(9,147)
Developer Contributions	-	(112,384)	(112,384)
Total Budgetary Based Revenues	<u>\$ 2,191,457</u>	<u>\$ 2,377,283</u>	<u>\$ 185,826</u>
Expenses			
GAAP Operating Expenses	\$ 982,083	\$ 1,339,753	\$ (357,670)
GAAP Non-Operating Expenses	139,376	136,614	2,762
Capital Outlay	272,945	252,912	20,033
Less Infrastructure Dedications	-	(112,384)	112,384
Debt Retirement	364,501	364,501	-
Amortization of Deferred Premium	-	2,762	(2,762)
Amortization of Prepaid Water Lease	-	(7,400)	7,400
Depreciation	-	(471,248)	471,248
Total Budgetary Based Expenses	<u>\$ 1,758,905</u>	<u>\$ 1,505,510</u>	<u>\$ 253,395</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting (continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Sewer Fund</u>			
Revenues:			
GAAP Operating Revenues	\$ 846,575	\$ 851,639	\$ 5,064
GAAP Non-Operating Revenues	591,135	738,502	147,367
Developer Contributions	<u>-</u>	<u>(90,150)</u>	<u>(90,150)</u>
Total Budgetary Based Revenues	<u>\$ 1,437,710</u>	<u>\$ 1,499,991</u>	<u>\$ 62,281</u>
Expenses:			
GAAP Operating Expenses	\$ 676,961	\$ 1,043,179	\$ (366,218)
GAAP Non-Operating Expenses	55,650	64,910	(9,260)
Capital Outlay	198,353	227,898	(29,545)
Less Infrastructure Dedications	-	(90,150)	90,150
Debt Retirement	315,000	315,000	-
Amortization of Deferred Int/Prem.	-	(9,260)	9,260
Depreciation	<u>-</u>	<u>(375,622)</u>	<u>375,622</u>
Total Budgetary Based Expenses	<u>\$ 1,245,964</u>	<u>\$ 1,175,955</u>	<u>\$ 70,009</u>
<u>Sanitation Fund</u>			
Revenues:			
GAAP Operating Revenues	\$ 309,048	\$ 311,216	\$ 2,168
GAAP Non-Operating Revenues	<u>1,500</u>	<u>2,235</u>	<u>735</u>
Total Budgetary Based Revenues	<u>\$ 310,548</u>	<u>\$ 313,451</u>	<u>\$ 2,903</u>
Expenses:			
GAAP Operating Expenses	\$ 258,865	\$ 280,684	\$ (21,819)
GAAP Non-Operating Expenses	-	-	-
Capital Outlay	-	-	-
Debt Retirement	-	-	-
Depreciation and Amortization	<u>-</u>	<u>(46,600)</u>	<u>46,600</u>
Total Budgetary Based Expenses	<u>\$ 258,865</u>	<u>\$ 234,084</u>	<u>\$ 24,781</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Investments

The Town's policy in determining which items are treated as cash equivalents on the statement of cash flows in the Proprietary Funds include all cash, demand deposits, treasury bills and other short-term, highly liquid investments (including restricted assets) that are readily convertible to cash and have original maturities of three months or less.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value. *(See other required disclosures for cash and investments in Note 2.)*

G. Inventories

The inventory in the Parks and Recreation Fund consists of retail items and is valued at cost, using the First in First out (FIFO) method. The cost of inventories are recorded as expenditures when sold.

H. Capital Assets/Depreciation

Capital assets purchased or acquired with an original cost in excess of the capitalization threshold (\$10,000) set by the Town are reported at historical or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building	40 years
Water plant and lines	60 years
Sewer plant and lines	50 years
Water and sewer equipment	5 years
Trash trucks and equipment	5-10 years

On the government-wide statement of activities, governmental funds depreciation expense is included in the various expenses of functions or programs on capital assets that can be specifically identified with a function and for "shared" capital assets generally used by only a few functions that can be specifically identified to those functions. Depreciation expense for capital assets that essentially serve all functions are reported as a separate line in the statement of activities as unallocated depreciation, if applicable *(see Note 3)*.

I. Customer Accounts Receivable

The Town considers customer accounts receivable for water, sewer and trash removal service fees to be fully collectible. The Town is empowered to place a lien on real property in the case of nonpayment. Accordingly, no allowance for doubtful accounts is considered necessary.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- J. Property Taxes Receivable and Deferred Inflows-Unavailable Property Tax Revenues
Property taxes in the State of Colorado 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 in the accompanying financial statements as a receivable and as deferred inflow of resources. 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 to be collected 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 (no 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.
- K. Proprietary Funds – Unearned Revenue
Unearned revenue in the Water Fund arises from prepaid tap and water dedication fees for which the requirements for revenue recognition have not been met.
- L. Proprietary Funds – Operating Revenues and Expenses
Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the Town, these revenues are charges for utility services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise funds.
- M. Proprietary Funds – Contributed Capital
Grants and contributions in the enterprise funds which may be used for either operations or capital expenditures at the discretion of the Town are recognized as non-operating revenues. If expenditure of funds is the prime factor for determining eligibility for contributed funds, revenue or contributed capital is recognized at the time of making the expenditure.
- N. Compensated Absences
The Town's policy is to permit employees to accumulate a limited amount of earned but unused vacation and sick leave which will be paid upon separation from Town service, with vacation paid at 100% for all employees and sick leave paid at 50% for employees who have attained five years of service with a maximum payout of 160 hours.
- The Town has accrued a liability for sick and vacation pay that has been earned but not taken by Town employees. For governmental funds the liability for compensated absences is in the Statement of Net Positions but not the Fund Statements since it is anticipated that none of the liability will be liquidated with expendable available financial resources. The liability for compensated absences has been accrued in the proprietary funds.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Inter-fund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the fund providing services and as expenditures/expenses in the fund receiving services. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in the governmental funds and are non-operating revenues/expenses in the enterprise fund. Transfers among funds are provided for as part of the budget process. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. Internal Balances

During the year, the Town may have transactions between funds to finance operations and provide services and to allocate combined cash balances. To the extent that certain transactions or budget transfers between funds have not been paid or received as of year-end, balances of inter-fund amounts receivable or payable are recorded. All inter-fund balances that exist within governmental activities are eliminated on the government-wide statement of net position.

Q. Net Position and Fund Balances

In the government-wide financial statements, net position is classified as follows:

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

Restricted – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.

Unrestricted – represents the amount which is not restricted for any purpose. It is the Town's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Net Position and Fund Balances - continued

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

Restricted – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Enhancement Fund – Amounts on deposit received from Holy Cross Energy, *restricted* for use in beautification projects, energy conservation projects, equipment and technology upgrades for schools, scholarship funds, acquisition of open space and/or park land and development thereof, sponsorship of special community events and grounding of overhead electric and other utility lines. At December 31, 2017 a total of \$52,104 was restricted in the General Fund for this purpose.

Conservation Trust – Amounts on deposit received from lottery monies from the State of Colorado *restricted* for use in the acquisition, development and maintenance of new conservation and recreation sites pursuant to Colorado Revised Statutes. At December 31, 2017 \$45,291 was restricted in the Conservation Trust Fund.

Debt Service – Amounts on deposit *restricted* for future debt service in accordance CWCB intergovernmental loan and 2005 bond issue agreement. At December 31, 2017 amounts restricted for Debt Service were \$16,513 in the Water Fund and \$335,500 in the Sewer Fund.

Emergency Reserves – As discussed in *Note 13*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve which is calculated at 3% of certain expenditures. These funds may only be expended in cases of emergencies as defined by the amendment, and are used to fund appropriations only after unrestricted resources are depleted. Total Emergency Reserves at December 31, 2017 were \$347,500.

Highway 6 Devolution – Amounts on deposit received from the Colorado Department of Transportation for the use in maintaining 5.7 miles of Highway 6 within the Town Limits. At December 31, 2017 \$10,122,687 was restricted in the Highway 6 Devolution Fund.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Net Position and Fund Balances - continued

Governmental fund balances - *continued*:

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Town Council). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Wildlife Mitigation – A 0.1% fee is charged on sales of real estate within specified subdivisions within the Town of Gypsum and is committed for wildlife mitigation impacts.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – the residual for the general fund and the parks and recreation fund.

It is the Town's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available. Committed and assigned amounts are considered to have been spent first when an expenditure is incurred for purposes for which such categories and unassigned amounts are available.

R. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

S. Fair Value Measurements

The Town reports its investments using the fair value measurements established by generally accepted accounting principles. As such, fair value hierarchy categorizes the inputs used to measure the fair value into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2017, the Town's investments in ColoTrust and UMB Corporate Trust Services ColoTrust were reported at the net asset value per share, measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

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

NOTE 2 - CASH AND INVESTMENTS

A. Deposits and Investments

In order to facilitate the recording of cash transactions and maximize interest earnings, the Town has pooled cash deposits for all funds. The Town maintains accountability for each fund's equity in pooled cash and investments. Interest earnings for combined funds are generally distributed based on monthly cash balances.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA.

It is the policy of the Town to invest public funds in a manner which will provide the highest investment return with the maximum security, meet the daily cash flow demands of the Town, and conform to all federal, state and local statutes governing the investment of public funds. This policy applies to the investment of all financial assets of all funds of the Town over which it exercises financial control. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities, including securities issued by FNMA (Federal National Mortgage Association), GNMA (Governmental National Mortgage Association), FHLMC (Federal Home Loan Mortgage Corporation), the Federal Farm Credit Bank, the Federal Land Bank, the Export-Import Bank, and by the Tennessee Valley Authority, and certain international agency securities, including the World Bank.
- . General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- . Bankers' acceptances of certain banks
- . Certain securities lending agreements
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools
- . Investing in the local government's own securities, including certificates of participation and lease obligations.

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

NOTE 2 - CASH AND INVESTMENTS (continued)

A. Deposits and Investments (continued)

The Town's bank deposits were entirely covered by federal depository insurance (FDIC) or collateralized under PDPA in accordance with state statute, and had bank balances of \$3,579,445 of which \$771,945 was covered by FDIC insurance and \$2,807,500 by PDPA as described above.

Local Government Investment Pool (ColoTrust)

As of December 31, 2017 the Town had invested \$18,411,859 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. As of December 31, 2017, the Town had \$0 invested in COLOTRUST PRIME, and \$18,411,859 invested in COLOTRUST PLUS+. Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

UMB Bank N.A., Colotrust Plus+

As a requirement of the Service 2010 Certificate of Participation Issue, the Town is required to deposit monies into trust accounts maintained by UMB Bank. The indenture provides for the establishment of various funds and accounts, all of which will be in the custody of the Trustee. A Reserve Fund is required to be maintained in an amount equal to the next required debt service payment. The Trustee, UMB Bank, has elected to invest in the Colorado Local Government Liquid Asset Trust, an investment vehicle previously described above. As of December 31, 2017 the Town had bank balances of \$1,176 invested COLOTRUST PLUS+ through UMB Bank Corporate Trust Services, a member of the Securities Investor Protection Corporation (SIPC).

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

NOTE 2 - CASH AND INVESTMENTS (continued)

B. Total Cash and Cash Equivalents

A summary of the Town's cash and cash equivalents at December 31, 2017 (inclusive of Agency Funds) are classified below:

Checking/Money Market	\$ 3,579,445
Local Government Investment Pools	18,411,682
Other Investments	<u>1,176</u>
Total Balances	21,992,303
Cash on Hand	1,350
Net Outstanding Items	<u>(184,126)</u>
Total Cash and Cash Equivalents	<u>\$ 21,809,527</u>

The above Cash and Cash Equivalents are reported in the accompanying financial statements in the following activities:

Governmental Activities	\$ 14,256,792
Business Type Activities	7,328,720
Fiduciary Activities	<u>224,015</u>
Total Cash and Cash Equivalents	<u>\$ 21,809,527</u>

Included in cash and cash equivalents are investments (Level 2) rated as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Rating Agency</u>
Colotrust (Local Govt Investment Pool)	\$ 18,411,682	AAAm	Standard & Poors
UMB Corporate Trust Services Colotrust	\$ 1,176	AAAm	Standard & Poors

C. Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The Town has deposits in Colotrust Plus+ with ratings as provided above.

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

NOTE 2 - CASH AND INVESTMENTS (continued)

C. Risk Disclosures – (continued)

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government’s investment in a single issuer, occurs when deposits are not diversified. The Town’s policy places no limit on the amount the Town may invest in any one issuer; however the Town maintains general guidelines for investments to ensure proper diversification by security type and institution. All investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The Town maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows

The Town was not subject to foreign currency risk as of December 31, 2017.

D. Restricted Cash

At December 31, 2017 the Town’s had restricted cash balances as follows:

Governmental Activities

<i>General Fund:</i>	
Enhancement Fund	\$ 52,104
Total General Fund Restricted Cash	<u>52,104</u>
 <i>Special Revenue Fund:</i>	
Conservation	45,291
Highway 6 Devolution	<u>10,122,687</u>
Total Special Revenue Fund Restricted Cash	<u>10,167,978</u>
Total Governmental Activities	<u>\$ 10,220,082</u>

Business-type Activities

<i>Water Fund:</i>	
Colorado Conservation Water Board Loan	\$ 16,513
	<u>16,513</u>
 <i>Sewer Fund:</i>	
2009 Revenue Bonds debt service escrow	<u>335,500</u>
Total Business-Type Activities Restricted Cash	<u>335,500</u>
Total Business-type Activities	<u>\$ 352,013</u>

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

NOTE 3 - CAPITAL ASSETS

Governmental Activities:

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

	Balances 01/01/17	Additions	Reductions	Balances 12/31/17
<i>GOVERNMENTAL ACTIVITIES</i>				
Non-depreciable Assets:				
Land	\$ 6,571,087	\$ -	\$ -	\$ 6,571,087
Construction-in-Progress	649,147	27,289	(649,147)	27,289
Depreciable Capital Assets:				
Buildings	19,441,156	-	-	19,441,156
Improvements	2,607,725	1,519,803	-	4,127,528
Equipment & Furniture	4,338,710	134,794	-	4,473,504
Ballfields	575,541	-	-	575,541
Infrastructure	32,214,755	19,395,538	-	51,610,293
Total at Historical Cost	66,398,121	21,077,424	(649,147)	86,826,398
<i>Less Accumulated Depreciation:</i>				
Buildings	(5,019,776)	(481,815)	-	(5,501,591)
Improvements	(1,229,324)	(165,557)	-	(1,394,881)
Equipment & Furniture	(3,745,956)	(219,360)	-	(3,965,316)
Ballfields	(301,822)	(38,369)	-	(340,191)
Infrastructure	(16,812,087)	(1,556,895)	-	(18,368,982)
Total Accum. Depreciation	(27,108,965)	(2,461,996)	-	(29,570,961)
<i>GOVERNMENTAL ACTIVITIES</i>				
CAPITAL ASSETS, NET	\$ 39,289,156	\$ 18,615,428	\$ (649,147)	\$ 57,255,437

For the fiscal year ending December 31, 2017, depreciation expense for governmental activities of \$2,461,996 has been included in the various functions on the statement of activities as follows:

General Government	\$ 63,351
Community Development	24,546
Public Safety	20,587
Streets and Public Works	1,698,027
Culture and Recreation	655,485
Total Governmental Depreciation	\$ 2,461,996

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

NOTE 3 - CAPITAL ASSETS (continued)

Business-type Activities:

Capital asset activity for Business-Type Activities for the year ended December 31, 2017, was as follows:

	Balances 01/01/17	Additions	Reductions	Balances 12/31/17
<i>BUSINESS-TYPE ACTIVITIES</i>				
Non-depreciable Assets:				
Land	\$ 175,749	\$ -	\$ -	\$ 175,749
Water Rights/Rights-of-Way	8,145,605	-	-	8,145,605
Work-in-Progress	5,930,965	171,027	-	6,101,992
Depreciable Capital Assets:				
Buildings	110,000	-	-	110,000
Equipment & Furniture	1,565,624	41,073	-	1,606,697
Lines, Meters, Plant	45,699,942	268,710	-	45,968,652
Total at Historical Cost	<u>61,627,885</u>	<u>480,810</u>	<u>-</u>	<u>62,108,695</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	(49,500)	(2,750)	-	(52,250)
Equipment & Furniture	(1,427,130)	(70,373)	-	(1,497,503)
Lines, Meters, Plant	(10,976,103)	(820,347)	-	(11,796,450)
Total Accum. Depreciation	<u>(12,452,733)</u>	<u>(893,470)</u>	<u>-</u>	<u>(13,346,203)</u>
<i>BUSINESS-TYPE ACTIVITIES</i>				
CAPITAL ASSETS, NET	<u>\$ 49,175,152</u>	<u>\$ (412,660)</u>	<u>\$ -</u>	<u>\$ 48,762,492</u>

Business type activities work-in-progress in the amount of \$6,101,992 includes Water Fund costs in the amount of \$5,579,036 to acquire water rights and improvements that are being made to L.E.D.E. Reservoir and \$399,287 in Mosher Water Plant upgrades and planning costs. The accumulated costs include interest charges of \$132,331 to date. There is also \$38,241 in Sewer Fund costs associated with the construction of a composting area within the Town and \$85,408 in Lift Station planning costs.

For the fiscal year ending December 31, 2017, depreciation expense of \$893,470 for business-type activities has been included in the various functions on the statement of activities as follows:

Water Utility	\$ 421,248
Sewer Utility	375,622
Sanitation Utility	46,600
Total Business-type Depreciation	<u>\$ 893,470</u>

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

NOTE 4 - DEFERRED INFLOW OF RESOURCES

In the business-type activities, a loss connected with the 2000 Sewer Fund bond refunding has been deferred and is being amortized over the term of the debt issue. The following schedule summarizes the amortization of these costs.

<u>Business-Type Activities</u>	<u>Unamortized Balance 1/1/17</u>	<u>Current Year Deferred Additions</u>	<u>Current Year Amortization</u>	<u>Unamortized Balance 12/31/17</u>
<i>Sewer Fund:</i>				
Loss on Refunding	\$ 21,671	\$ -	\$ (8,467)	\$ 13,204
Total Business-Type Deferred Charges	<u>\$ 21,671</u>	<u>\$ -</u>	<u>\$ (8,467)</u>	<u>\$ 13,204</u>

NOTE 5 - LONG-TERM OBLIGATIONS

Changes in the Town's long-term obligations during the fiscal year ended December 31, 2016 are as follows:

	<u>Balances 01/01/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances 12/31/17</u>	<u>Amounts Due Within One Year</u>
<i>GOVERNMENTAL ACTIVITIES</i>					
<u>Notes/Leases:</u>					
COP	\$2,256,940	\$ -	\$(2,256,940)	\$ -	\$ -
COP Premium	13,561	-	(13,561)	-	-
Lease Purchase	-	2,241,451	-	2,241,451	147,870
TCF Finance	<u>87,849</u>	<u>-</u>	<u>(30,048)</u>	<u>57,801</u>	<u>31,083</u>
GOVERNMENTAL LONG-TERM OBLIGATIONS	<u>\$2,358,350</u>	<u>\$ 2,241,451</u>	<u>\$(2,469,726)</u>	<u>\$2,130,075</u>	<u>\$ 178,953</u>

Total compensated absences for governmental activities, consisting of accrued vacation and sick pay, in the amount of \$274,217 have been accrued on the financial statements and are not anticipated to be satisfied in the current period.

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

	Balances			Balances	Amounts
	<u>01/01/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/17</u>	<u>Due Within</u>
					<u>One Year</u>
<i>BUSINESS-TYPE</i>					
<i>ACTIVITIES</i>					
<u>Notes/Leases:</u>					
COP	\$ 298,060	\$ -	\$ (298,060)	\$ -	\$ -
COP Premium	2,128	-	(2,128)	-	-
Lease Purchase	-	296,136	(22,351)	273,785	19,536
CWCB Loan	2,689,731	-	(44,089)	2,645,642	-
<u>Bonds:</u>					
Series 2009	1,385,000	-	(315,000)	1,070,000	350,000
Bond Premium/ Discount	<u>(5,209)</u>	<u>-</u>	<u>1,843</u>	<u>(3,366)</u>	<u>(1,542)</u>
<i>BUSINESS-TYPE</i>					
<i>LONG-TERM</i>					
OBLIGATIONS	<u>\$ 4,369,710</u>	<u>\$ 296,136</u>	<u>\$ (679,785)</u>	<u>\$ 3,986,061</u>	<u>\$ 367,994</u>

Total compensated absences for business-type activities, consisting of accrued vacation and sick pay, in the amount of \$93,746 has been accrued on the financial statements and are not anticipated to be satisfied in the current period.

The premium on the Series 2010 Certificates of Participation is being accreted over the term of the certificates. Since the obligation is being carried in both the Town's governmental and business type activities, the current year accretion in the amount of \$15,689 has been allocated as \$13,561 and \$2,128 to the governmental and business type activities, respectively.

The premium on the Series 2009 Sewer Revenue Refunding Bonds is being accreted over the term of the note and the remaining unamortized OID on the 2000 sewer bonds that were refinanced in 2009 are being amortized over the term of the note. The total current year net (accretion)/amortization in the amount of \$1,843 is included in the business type activities of the Sewer Utility function.

Governmental Activities:

A. Financing Lease - Series 2010 Certificates of Participation UMB Bank

The Town entered into a financing lease agreement dated January 14, 2010 in the amount of \$3,150,000 with UMB Bank N.A., Denver, Colorado. The Certificates of Participation, Series 2010 evidencing undivided interests in the right to receive certain revenues from the Town were used for the acquisition of the Cotton Ranch Golf Course, a separate parcel of land within the Town, and to finance the Town's participation in the construction of the new library with the Library District pursuant to an Intergovernmental Agreement.

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Governmental Activities (continued):

A. Financing Lease - Series 2010 Certificates of Participation UMB Bank (continued):

The COP's interest rates range from 4% to 5% with interest payable on June 1 and December 1, and principal payments due December 1 until the year 2034. The leased property consists of approximately 18,389 square feet, gross area, of the Gypsum, Colorado Town Hall Building, including the 13,308 square foot Town Hall portion and the 5,081 square foot Public Library portion. The lease is subject to annual appropriations by the Town.

The Certificates maturing in the year 2018 and thereafter are subject to optional redemption prior to their respective maturity dates, in whole or in part in such order as may be determined by the Town on December 1, 2017 and on any interest payment date, thereafter, at an amount equal to the principal amount of each Certificate so redeemed plus accrued interest thereon to the redemption date. Mandatory sinking fund redemption requirement in 2020, 2028 and 2034 are included in the debt service schedules below.

The obligation is being carried in the Town's governmental and business type activities. The original \$3,150,000 of debt was allocated to the following funds based on the values of the assets purchased with the proceeds.

Governmental Activities	\$ 2,782,528
Business Type Activities	<u>367,472</u>
Total Certificates of Participation	<u>\$ 3,150,000</u>

On May 23, 2017 the Town refinanced the entire outstanding debt obligation of \$2,555,000.

B. Financing Lease - Series 2017 Lease Purchase Refunding Loan

The Town entered into a financing agreement dated May 23, 2017 in the amount of \$2,537,587 with Branch Bank & Trust Company, Charlotte, North Carolina. The lease purchase was conducted to refinance and refund the existing Series 2010 Certificates of Participation. The Town completed the refunding to shorten its future debt service obligation by 5 years saving the Town \$17,413 in future payments. This refunding resulted in an economic gain (difference between the present value of the old and new debt less debt service payments) to the Town in the amount of \$315,255.

The Lease Purchase, Series 2017 interest rate is 2.50% with interest payable June 1 and December 1, and principal payments due December 1 until the year 2029. The Leased property consists of approximately 18,389 square feet, gross area, of the Gypsum, Colorado Town Hall Building. The lease is subject to annual appropriation by the Town.

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Governmental Activities (continued):

B. Financing Lease - Series 2017 Lease Purchase Refunding Loan (continued)

The obligation is being carried in the Town's governmental and business-type activities. The original \$2,537,587 of debt was allocated to following funds based on the original use of the Series 2010 Certificates of Participation proceeds.

Governmental Activities	\$ 2,241,451
Business Type Activities	<u>296,136</u>
Total Lease Purchase Refunding	<u>\$ 2,537,587</u>

The annual requirements to amortize the Governmental Activities portion of the Series 2017 Lease Purchase debt are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 147,870	\$ 51,807	\$ 199,677
2019	152,627	48,110	200,737
2020	157,326	44,294	201,620
2021	161,966	40,361	202,327
2022	165,573	36,312	201,885
2023-2027	894,624	117,454	1,012,078
2028-2029	<u>392,288</u>	<u>14,796</u>	<u>407,084</u>

Total Lease Purchase Payable –			
Governmental Activities	<u>\$ 2,072,274</u>	<u>\$ 353,134</u>	<u>\$ 2,425,408</u>

The debt service payments are included in the Parks and Recreation Fund.

C. Lease Payable – TCF Equipment Finance

The Town entered into a lease purchase agreement effective January 1, 2015 in the amount of \$149,567 with TCF Equipment Finance, subject to annual appropriation, interest rate of 3.39% with sixty (60) monthly payments of \$2,714 until 2019. The agreement provided for lease-purchase of three rotary mowers capitalized in general fixed assets at a cost of \$149,567 with current year depreciation of \$29,913 and accumulated depreciation in the amount of \$89,739. Expenditures for payments made on this lease are reflected as lease expense for golf course operations in the Parks and Recreation Fund. The annual debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 31,083	\$ 1,479	\$ 32,562
2019	<u>26,718</u>	<u>418</u>	<u>27,136</u>
Total Lease Payable –	<u>\$ 57,801</u>	<u>\$ 1,897</u>	<u>\$ 59,698</u>

Total Leases Payable -			
Governmental Activities	<u>\$ 57,801</u>	<u>\$ 1,897</u>	<u>\$ 59,698</u>

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Business-Type Activities:

A. Intergovernmental Loans - CWCB

The Town entered into a loan agreement dated July 14, 2009 between the Department of Natural Resources Colorado Water Conservation Board (CWCB) and the Town of Gypsum Water Activity Enterprises for the reconstruction of the LEDE Ditch & Reservoir upgrades. The Colorado Water Conservation Board has approved a loan with a maximum amount of \$2,689,731 for 90% of the project costs and a 1% loan service charge with interest at 4.50% per annum and a repayment term of 30 years. At December 31, 2017 the project was substantially complete. In total the Town has drawn \$2,689,731 on the loan which is secured by water user charges and fees. The loan is a 30 year loan maturing January 1, 2047 and is payable in annual installments (beginning January 1, 2018) of \$165,127. As part of the debt covenants a reserve account in the amount of one – tenth the annual payment (\$16,513) has been created. The obligation is carried in the Water Utility Enterprise business type activity and is \$2,645,642 as of December 31, 2017. The Town’s annual debt service is as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ -	\$ -	\$ -
2019	46,073	119,054	165,127
2020	48,146	116,981	165,127
2021	50,312	114,814	165,126
2022	52,577	112,549	165,126
2023-2027	300,576	525,058	825,634
2028-2032	374,572	451,062	825,634
2033-2037	466,785	358,849	825,634
2038-2042	581,699	243,935	825,634
2043-2047	<u>724,902</u>	<u>100,731</u>	<u>825,633</u>
	<u>\$ 2,645,642</u>	<u>\$ 2,143,033</u>	<u>\$ 4,788,675</u>

B. Financing Lease Payable- Series 2010 Certificates of Participation UMB Bank -

As described above, the Town has entered into a financing agreement with UMB Bank on January 14, 2010 for the acquisition of Cotton Ranch Golf Course and other property within the Town Limits and the construction cost share of the Public Library. The original debt obligation in the amount of \$367,472 represents the Water Fund's portion of \$3,150,000 of debt proceeds directly related to the cost of the water rights received in the purchase of the Cotton Ranch Golf Course which have been capitalized in the Water Utility enterprise activity. The obligation is being carried in the Town's Water Utility enterprise business type activity. The entire outstanding balance of \$298,060 was refinanced on May 23, 2017.

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Business-type Activities (continued):

C. Financing Lease - Series 2017 Lease Purchase Refunding Loan

As described above, the Town entered into a financing agreement with Branch Bank & Trust Company on May 23, 2017 to refund the Series 2010 Certificates of Participation. The debt has been allocated based on the original use of the funding proceeds. The \$296,136 allocation represents the Water Fund portion of the \$2,537,587 total debt obligation.

The annual requirements to amortize the Business-type portion of the Series 2017 Lease Purchase debt are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 19,536	\$ 6,845	\$ 26,381
2019	20,165	6,356	26,521
2020	20,786	5,852	26,638
2021	21,399	5,332	26,731
2022	21,875	4,797	26,672
2023-2027	118,196	15,518	133,714
2028-2029	<u>51,828</u>	<u>1,955</u>	<u>53,783</u>
Total Lease Purchase Payable – Business-type Activities	<u>\$ 273,785</u>	<u>\$ 46,655</u>	<u>\$ 320,440</u>

D. Sewer Revenue Refunding Bonds, Series 2009

The Town issued \$3,355,000 of Sewer Revenue Refunding Bonds dated November 17, 2009 for the purpose of refunding the District's outstanding Sewer Revenue Refunding Bonds, Series 2000, and paying the costs of issuance. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$193,318. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized and charged to operations through the year 2020 using the effective-interest method. The Town completed the advance refunding to reduce its total debt service payments through December 1, 2020 by \$684,027 and obtain an economic gain (difference between the present values of the old and new debt service payments) of \$291,919.

Interest rates range from 2.25% to 4.00% payable semiannually on June 1 and December 1, with annual principal payments through December 1, 2020, unless the bonds are redeemed earlier. The bonds are subject to redemption prior to maturity at the option of the Town, as a whole or in integral multiples of \$5,000, in any order of maturity and in whole or partial maturities, on December 1, 2015 and on any payment date thereafter upon payment of par and accrued interest, without a redemption premium. The bonds are sewer revenue bonds, payable solely from net revenues derived by the Town from operation of the wastewater treatment system. Current year net revenues (as defined in the bond issue) in the Sewer Fund were \$834,619 compared to the debt service requirement in the amount of \$370,650.

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Business-type Activities (continued):

C. Sewer Revenue Refunding Bonds, Series 2009 - continued

The obligation is carried in the Town's Sewer Utility enterprise business-type activity. The Town's annual debt service is as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 350,000	\$ 42,800	\$ 392,800
2019	350,000	28,800	378,800
2020	<u>370,000</u>	<u>14,800</u>	<u>384,800</u>
Total Bonds Payable – Business Type Activities	<u>\$ 1,070,000</u>	<u>\$ 86,400</u>	<u>\$ 1,156,400</u>

NOTE 6 - OPERATING LEASE COMMITMENTS

A. The Town leases two vehicles under separate four year operating leases, subject to annual appropriation. Monthly payments are \$472 for one lease expiring November 23, 2018 and another \$490 for a lease expiring February 21, 2020. Rent expense amounted to \$11,131 during 2017. Future minimum lease payments of the Town's long-term operating lease are as follows:

2018	\$ 11,079
2019	5,885
2020	<u>980</u>
Total	<u>\$ 17,944</u>

B. The Town leases 70 golf carts from Yamaha Motor Finance Corporation, U.S.A. under a 45 month operating lease agreement effective February 1, 2016, subject to annual appropriation. Payments are scheduled during golf course operating months of April through September (24 month payment period). The rent expense for 2017 amounted to \$38,280. Future minimum lease payments of the Town's long-term operating lease are as follows:

2018	\$ 38,280
2019	<u>38,280</u>
Total	<u>\$ 76,560</u>

NOTE 7 - DEFERRED COMPENSATION PLAN

In 1998 the Town adopted a Deferred Compensation Plan (Plan) within the scope of Section 457 of the Internal Revenue Code. The Colorado County Officials and Employees Retirement Association (CCOERA) administer the Plan. All assets of the Plan are held in the CCOERA Deferred Compensation Plan Trust (Trust) for the exclusive benefit of participants and their beneficiaries. CCOERA is trustee of the Trust. The Plan is funded through employee contributions and the Town has no legal obligation for paying benefits. All regular, permanent and full-time employees of the Town are eligible to participate in the Plan. Eligible employees may participate in the Plan on the first day of the month following commencement of employment with the Town.

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

NOTE 8 - MONEY PURCHASE PENSION PLAN

In 1998 the Town adopted a defined contribution Money Purchase Pension Plan (Plan) within the scope of Section 401(a) of the Internal Revenue Code to provide retirement benefits exclusively for the participants and their beneficiaries. The Colorado County Officials and Employees Retirement Association (CCOERA) is the Trustee for plan assets held in the CCOERA Money Purchase Pension Plan Trust (Trust). Pension expense is recognized equal to contributions that the terms of the plan require in return for employee service in that year, as reduced by forfeitures under the plan. There are no forfeiture provisions from employee accounts under the plan beyond vesting as described in the following paragraph, and the Town has no legal obligation for paying benefits.

Full-time employees become eligible after six months of service with the Town and are required, as a condition of employment, to participate in the Plan immediately upon eligibility. Through payroll withholdings remitted to CCOERA, employees contribute 7% of regular compensation which totaled \$191,051 during the year. The Town contributes a matching 7% of eligible compensation which was \$191,051 during the current fiscal year. Total covered payroll for the year subject to participation was \$2,961,776 compared to total payroll of \$2,729,300. Participants are 33 1/3% vested in employer contributions each year with 100% vesting after three years. The Town has no other liability under the plan.

Additional information can be obtained from the separately issued CCOERA financial statements by contacting CCOERA at 1666 South University Boulevard, Denver, CO 80210 or (303) 698-0313.

NOTE 9 - COMMITMENTS

- A. Cost Recovery Agreements Water and Sewer Taps – The Town has entered into subdivision improvement agreements with various land developers. Some of the agreements contain provisions that provide for payments to the developers for portions of water and sewer tap fees that will be collected by the Town. No obligations exist and a liability is not recorded until the Town actually collects the tap fees.
- B. The Town entered into an agreement dated October 23, 2012, with COSTCO Wholesale Corporation for five years starting in 2013 in exchange for COSTCO’s decision to continue to operate the COSTCO facility within the Town’s boundaries. The facility will provide substantial benefit to the Town and public such as increased employment, long-term taxed based growth and related economic benefits, as well as increased development occupancy and design quality to the Airport Gateway development within the Town. Under the agreement, the Town is to provide an annual sales tax rebate of a portion of the sales tax attributable to the COSTCO facility. The 2017 rebate was \$310,029. The agreement expired at the end of 2017.

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

NOTE 10 - CONTINGENCIES

During the normal course of business, the Town incurs claims and other assertions against it from various agencies and individuals. Management of the Town and their legal representatives consider the majority of claims or assertions to be without merit and believe the outcome will not materially affect the fairness of the presentation of the financial statements at December 31, 2017.

Litigation concerning a Petition in Condemnation has resulted in a claim in the amount of \$165,878.50 for fees and costs. The Town has objected to this claim and is waiting on the Court to set a hearing.

NOTE 11 - RISK MANAGEMENT

The Town is exposed to the risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God.

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self-insurance pool created by an intergovernmental agreement of 163 municipalities to provide property, general and automobile liability, public official, and workers compensation coverage to its members. A seven member Board elected by and from its members governs CIRSA. Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts that are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

There is no current or long-term debt outstanding and the above liabilities include reserves for incurred claims and an estimated liability for incurred but not reported claims at December 31, 2017. No claim or judgment liability has been recorded in the Town's financial statements as the risk of liability is pooled with other members under CIRSA. The Town's settled claims have not exceeded their insurance coverage in any of the last three years. Additional information may be obtained from separately issued CIRSA financial statements by contacting CIRSA at 950 South Cherry Street, Suite 800, Denver, CO 80246 or (303) 757-5475.

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

NOTE 12- INTERGOVERNMENTAL AGREEMENTS

Gypsum Community Recreation Center Agreement

The Town and Western Eagle County Metropolitan Recreation District entered into an agreement for the construction, ownership and operation of a community recreation facility located in Gypsum, Colorado. The District is responsible for the operation and maintenance of the community recreation center and the Town retains full fee simple title to the community center and community center site. In 2017, the Recreation Center encountered a deficit in operations; therefore, as stated in the agreement, a contribution equal to one-half of the operating deficit, \$19,762 will be made to the District during the fiscal year ended December 31, 2017, and is reflected in the General Fund.

NOTE 13 - COMPLIANCE

A. TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which imposes several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. In 1994, the Town's electorate voted to allow the Town to collect, retain, and expend revenues notwithstanding any of TABOR's restrictions.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding voter approved debt service). The required reserve at December 31, 2017 is \$347,500.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the Amendment. However, the entity has made certain interpretations of the Amendment's language in order to determine its compliance.

B. Sewer Revenue Bond Covenants

The Town was in compliance with both the rate covenant and the minimum reserve fund covenant.

C. Colorado Water Conservation Board Loan Covenants

The Town was in compliance with the minimum reserve fund requirements.

D. Aviation Fuel Sales Tax

The Aviation Fuel Tax Calculation Report and tracking of related revenue and expenditures has been prepared by management and is in compliance with the FAA Revenue Use Policy. No liabilities exist at December 31, 2017.

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

NOTE 13 - COMPLIANCE (continued)

E. Contraband

The Colorado Contraband Forfeiture Act (C.R.S. 16-13-501 to 511) addresses the accounting for proceeds from the seizure of contraband. These funds must be used for the specific purpose of law enforcement activities. While these proceeds are exempt from the appropriation process, they are subject to Local Government Audit Law (C.R.S. 29-1-601 to 608). For the year ended December 31, 2017 no such proceeds were received by the Town and as such are not included in the Town's audited financial statements.

NOTE 14 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2017 through the issuance date of this report. There have been no material events noted during this period that would impact the result reflected in this report or the Town's results going forward.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULES FOR THE
GENERAL FUND AND SPECIAL REVENUE FUNDS

TOWN OF GYPSUM, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Taxes	\$ 6,653,864	\$ 7,077,975	\$ 7,260,759	\$ 182,784
Licenses and Permits	53,500	54,155	48,924	(5,231)
Intergovernmental	374,000	374,000	382,450	8,450
Charges for Services	56,250	78,488	81,914	3,426
Community Development	337,575	571,087	617,332	46,245
Miscellaneous	143,361	170,411	179,122	8,711
Sale of Fixed Assets	-	5,000	5,000	-
Interest	20,020	25,020	35,961	10,941
	<u>7,638,570</u>	<u>8,356,136</u>	<u>8,611,462</u>	<u>255,326</u>
<u>Expenditures:</u>				
General Government	1,598,945	1,676,833	1,646,848	29,985
Community Development	888,475	887,557	902,399	(14,842)
Public Safety	943,219	950,219	954,705	(4,486)
Streets and Public Works	1,536,940	1,815,625	1,633,137	182,488
Culture and Recreation	831,500	859,505	774,909	84,596
Economic Development	520,550	661,850	461,945	199,905
Capital Outlay	308,500	485,858	400,709	85,149
	<u>6,628,129</u>	<u>7,337,447</u>	<u>6,774,652</u>	<u>562,795</u>
Excess Revenues Over (Under) Expenditures	1,010,441	1,018,689	1,836,810	818,121
<u>Other Financing Sources and (Uses):</u>				
Transfers from Other Funds	-	-	-	-
Transfers (to) Other Funds	(1,219,000)	(1,510,582)	(1,510,582)	-
	<u>(208,559)</u>	<u>(491,893)</u>	<u>326,228</u>	<u>818,121</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(208,559)	(491,893)	326,228	818,121
Fund Balances – Beginning	<u>1,819,265</u>	<u>2,788,442</u>	<u>3,060,222</u>	<u>271,780</u>
Fund Balances – Ending	<u>\$ 1,610,706</u>	<u>\$ 2,296,549</u>	<u>\$ 3,386,450</u>	<u>\$ 1,089,901</u>

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – CONSERVATION TRUST FUND
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Intergovernmental	\$ 33,000	\$ 33,000	\$ 34,323	\$ 1,323
Interest	<u>100</u>	<u>120</u>	<u>251</u>	<u>131</u>
Total Revenues	<u>33,100</u>	<u>33,120</u>	<u>34,574</u>	<u>1,454</u>
<u>Expenditures:</u>				
Culture and Recreation:				
Capital Outlay	<u>38,917</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>38,917</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures	(5,817)	33,120	34,574	1,454
 Fund Balances – Beginning	 <u>5,817</u>	 <u>10,718</u>	 <u>10,717</u>	 <u>(1)</u>
Fund Balances – Ending	<u>\$ -</u>	<u>\$ 43,838</u>	<u>\$ 45,291</u>	<u>\$ 1,453</u>

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND - PARKS AND RECREATION FUND
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Charges for Services	\$ 777,500	\$ 810,618	\$ 799,049	\$ (11,569)
Interest	125	600	31,781	31,181
Total Revenues	<u>777,625</u>	<u>811,218</u>	<u>830,830</u>	<u>19,612</u>
<u>Expenditures:</u>				
Golf Course Operations	1,106,173	1,167,730	1,061,564	106,166
Capital Outlay	766,500	869,240	860,120	9,120
Debt Service:				
Debt Payor Fees	2,250	1,500	1,500	-
Principal	79,501	2,448,469	2,426,117	22,352
Interest	109,402	143,958	154,667	(10,709)
Total Expenditures	<u>2,063,826</u>	<u>4,630,897</u>	<u>4,503,968</u>	<u>126,929</u>
Excess Revenues Over (Under) Expenditures	(1,286,201)	(3,819,679)	(3,673,138)	146,541
<u>Other Financing Sources and (Uses):</u>				
Lease Purchase – Loan Proceeds	-	2,232,066	2,241,451	9,385
Lease Purchase – Loan Fees	-	(93,731)	(93,443)	288
Transfer from Other Funds	1,219,000	1,510,582	1,510,582	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(67,201)	(170,762)	(14,548)	156,214
Fund Balances – Beginning	<u>78,636</u>	<u>252,526</u>	<u>267,139</u>	<u>14,613</u>
Fund Balances – Ending	<u>\$ 11,435</u>	<u>\$ 81,764</u>	<u>\$ 252,591</u>	<u>\$ 170,827</u>

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – HIGHWAY 6 DEVOLUTION
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>				
Intergovernmental	\$ 10,504,547	\$ 10,504,547	\$ 10,504,547	\$ -
Interest	<u>-</u>	<u>60,000</u>	<u>71,630</u>	<u>11,630</u>
Total Revenues	<u>10,504,547</u>	<u>10,564,547</u>	<u>10,576,177</u>	<u>11,630</u>
<u>Expenditures:</u>				
Repairs and Maintenance	<u>-</u>	<u>575,000</u>	<u>453,490</u>	<u>121,510</u>
Total Expenditures	<u>-</u>	<u>575,000</u>	<u>453,490</u>	<u>121,510</u>
Excess Revenues Over (Under) Expenditures	10,504,547	9,989,547	10,122,687	133,140
Fund Balances – Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances – Ending	<u>\$ 10,504,547</u>	<u>\$ 9,989,547</u>	<u>\$ 10,122,687</u>	<u>\$ 133,140</u>

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

OTHER SUPPLEMENTAL INFORMATION

GOVERNMENTAL FUNDS

TOWN OF GYPSUM, COLORADO
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES & OTHER FINANCING SOURCES:				
GENERAL GOVERNMENT:				
<u>Taxes</u>				
General Property	\$ 593,864	\$ 595,975	\$ 586,583	\$ (9,392)
Specific Ownership	27,000	28,000	30,553	2,553
Franchise	260,000	245,000	242,617	(2,383)
Sales and Use	5,080,000	5,241,000	5,355,963	114,963
Real Estate Transfer	675,000	950,000	1,027,629	77,629
Cigarette	18,000	18,000	17,414	(586)
TOTAL TAXES	6,653,864	7,077,975	7,260,759	182,784
<u>Licenses and Permits</u>				
Liquor and Business	53,500	54,155	48,924	(5,231)
TOTAL LICENSES AND PERMITS	53,500	54,155	48,924	(5,231)
<u>Intergovernmental Revenues</u>				
Highway Users Tax	250,000	260,000	267,374	7,374
County Road and Bridge Tax	90,000	80,000	78,069	(1,931)
Motor Vehicle Tax	34,000	34,000	37,007	3,007
TOTAL INTERGOVERNMENTAL	374,000	374,000	382,450	8,450
<u>Administrative Charges</u>				
Reimbursements and Rentals	5,500	7,988	10,790	2,802
Miscellaneous Admin Charges	50,750	70,500	71,124	624
TOTAL ADMINISTRATIVE CHARGES	56,250	78,488	81,914	3,426
COMMUNITY DEVELOPMENT:				
Variance and Subdivision	10,675	52,003	54,853	2,850
Building Permits	154,700	314,126	319,229	5,103
Impact fees	27,200	46,926	52,859	5,933
Reimbursed Professional Fees	100,000	60,000	86,186	26,186
Capital Contribution	-	53,032	53,032	-
Community Enhancement Fund	45,000	45,000	51,173	6,173
TOTAL COMMUNITY DEV CHARGES	337,575	571,087	617,332	46,245
MISCELLANEOUS REVENUES:				
Municipal Court - Violations	37,000	42,800	44,699	1,899
Special Events	83,000	96,764	96,765	1
Miscellaneous	23,361	30,847	37,658	6,811
Sale of Fixed Assets	-	5,000	5,000	-
Interest Income	20,020	25,020	35,961	10,941
TOTAL MISC/OTHER REVENUES	163,381	200,431	220,083	19,652
OTHER FINANCING SOURCES:				
Transfers In	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 7,638,570	\$ 8,356,136	\$ 8,611,462	\$ 255,326

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES– BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
EXPENDITURES AND OTHER FINANCING USES:				
GENERAL GOVERNMENT:				
Salaries	\$ 557,500	\$ 562,600	\$ 564,041	\$ (1,441)
Payroll Taxes	44,000	44,200	42,552	1,648
Employee Benefits	168,990	169,578	146,706	22,872
Office Supplies	12,000	12,000	13,284	(1,284)
Utilities and Telephone	83,022	84,022	81,643	2,379
Professional Services	295,100	365,100	379,506	(14,406)
Auto and Travel	8,500	9,500	8,588	912
Equipment and Ground Maintenance	75,682	75,682	70,216	5,466
Professional Development	16,900	16,900	18,456	(1,556)
Council Compensation	27,600	27,600	27,600	-
Economic and Public Relations	19,500	19,500	19,301	199
Publications	7,500	7,500	4,518	2,982
Insurance	160,000	165,000	164,205	795
Community Support/Contributions	84,651	74,651	62,663	11,988
County Treasurer's Fees	17,500	17,500	14,563	2,937
Miscellaneous	<u>20,500</u>	<u>25,500</u>	<u>29,006</u>	<u>(3,506)</u>
TOTAL GENERAL GOVERNMENT	<u>1,598,945</u>	<u>1,676,833</u>	<u>1,646,848</u>	<u>29,985</u>
COMMUNITY DEVELOPMENT:				
Salaries	511,000	511,000	512,225	(1,225)
Payroll Taxes	40,500	40,500	38,902	1,598
Employee Benefits	155,725	159,707	151,996	7,711
Supplies	8,000	8,000	6,600	1,400
Professional Services	132,000	128,750	158,577	(29,827)
Auto and Travel	7,800	7,800	7,592	208
Equipment Maintenance	3,500	8,500	7,187	1,313
Professional Development	-	-	395	(395)
Wildlife Mitigation	11,500	9,000	6,413	2,587
Miscellaneous	<u>18,450</u>	<u>14,300</u>	<u>12,512</u>	<u>1,788</u>
TOTAL COMMUNITY DEVELOPMENT	<u>888,475</u>	<u>887,557</u>	<u>902,399</u>	<u>(14,842)</u>
PUBLIC SAFETY:				
Law Enforcement Contract	868,219	868,219	868,219	-
Animal Control Contract	25,000	25,000	25,160	(160)
Municipal Court Expenses	35,000	40,000	49,024	(9,024)
Equipment Maintenance	10,000	12,000	11,506	494
Utilities	1,500	1,500	796	704
Miscellaneous	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
TOTAL PUBLIC SAFETY	<u>943,219</u>	<u>950,219</u>	<u>954,705</u>	<u>(4,486)</u>

(continued on next page)

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES– BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>(continued)</i>				
STREETS AND PUBLIC WORKS:				
Salaries	\$ 628,000	\$ 651,000	\$ 647,260	\$ 3,740
Payroll Taxes	46,790	47,000	45,642	1,358
Employee Benefits	266,000	276,684	248,553	28,131
Supplies	10,000	10,500	11,182	(682)
Utilities	43,500	46,500	44,327	2,173
Road and Bridge Maintenance	250,000	340,000	339,883	117
Street Lighting Maintenance	51,500	44,500	41,919	2,581
Building and Grounds Maintenance	20,000	20,000	19,541	459
Equipment Maintenance	75,000	80,000	85,789	(5,789)
Auto and Travel	6,500	-	-	-
Miscellaneous	139,650	299,441	149,041	150,400
TOTAL STREETS AND PUBLIC WORKS	<u>1,536,940</u>	<u>1,815,625</u>	<u>1,633,137</u>	<u>182,488</u>
CULTURE AND RECREATION:				
Salaries	218,500	228,500	230,382	(1,882)
Payroll Taxes	17,700	17,700	17,951	(251)
Employee Benefits	77,880	79,841	67,060	12,781
Parks Maintenance	71,500	75,500	48,330	27,170
Amphitheater	8,450	8,450	5,393	3,057
Golf Course Facility Maintenance	750	15,800	25,472	(9,672)
Mosquito Control	19,520	19,800	19,797	3
Special Events	365,700	362,414	338,467	23,947
Subsidy to WECMRD	50,000	50,000	19,762	30,238
Miscellaneous	1,500	1,500	2,295	(795)
TOTAL CULTURE AND RECREATION	<u>831,500</u>	<u>859,505</u>	<u>774,909</u>	<u>84,596</u>
ECONOMIC DEVELOPMENT:				
Enhancement Fund Reserve	45,000	45,000	-	45,000
Wildlife Mitigation	2,000	100,000	-	100,000
Sales Tax Rebate	295,000	305,000	310,029	(5,029)
Recycling Center	4,200	4,200	4,385	(185)
Economic Development	174,350	207,650	147,531	60,119
TOTAL ECONOMIC DEVELOPMENT	<u>520,550</u>	<u>661,850</u>	<u>461,945</u>	<u>199,905</u>
CAPITAL OUTLAY:				
General Government	41,500	51,000	37,076	13,924
Community Development	5,100	5,100	2,049	3,051
Public Safety	50,000	50,000	45,486	4,514
Streets and Public Works	83,800	149,000	121,123	27,877
Culture and Recreation	128,100	230,758	194,975	35,783
TOTAL CAPITAL OUTLAY	<u>308,500</u>	<u>485,858</u>	<u>400,709</u>	<u>85,149</u>
OTHER FINANCING USES:				
Transfers to Other Funds	1,219,000	1,510,582	1,510,582	-
TOTAL OTHER FINANCING USES	<u>1,219,000</u>	<u>1,510,582</u>	<u>1,510,582</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 7,847,129</u>	<u>\$ 8,848,029</u>	<u>\$ 8,285,234</u>	<u>\$ 562,795</u>

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
PARKS AND RECREATION FUND
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>General Revenues</u>				
Interest Income	\$ 125	\$ 600	\$ 31,781	\$ 31,181
Total General Revenues	<u>125</u>	<u>600</u>	<u>31,781</u>	<u>31,181</u>
GOLF COURSE ACTIVITIES:				
<u>Charges for Services</u>				
Annual Passes	125,000	125,000	117,859	(7,141)
Beverage Cart Sales	500	1,000	409	(591)
Cart Rentals	60,000	64,500	61,902	(2,598)
Green Fees	385,000	411,000	410,185	(815)
Merchandise Sales	87,000	88,118	82,275	(5,843)
Restaurant Rental	25,000	38,000	40,125	2,125
Utility Reimbursement	15,000	17,000	19,590	2,590
Other Revenue	80,000	66,000	66,704	704
Total Charges for Services	<u>777,500</u>	<u>810,618</u>	<u>799,049</u>	<u>(11,569)</u>
OTHER FINANCING SOURCES:				
Lease Purchase – Loan Proceeds	-	2,232,066	2,241,451	9,385
Transfers from Other Funds	<u>1,219,000</u>	<u>1,510,582</u>	<u>1,510,582</u>	<u>-</u>
Total Other Financing Sources	<u>1,219,000</u>	<u>3,742,648</u>	<u>3,752,033</u>	<u>9,385</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES				
	<u>\$ 1,996,625</u>	<u>\$ 4,553,866</u>	<u>\$ 4,582,863</u>	<u>\$ 28,997</u>

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL
PARKS AND RECREATION FUND
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
GOLF COURSE ACTIVITIES:				
<u>Pro Shop</u>				
Salaries	\$ 210,000	\$ 210,000	\$ 186,765	\$ 23,235
Taxes	13,300	13,300	13,543	(243)
Benefits	54,600	57,600	52,212	5,388
Dues and Permits	6,000	6,000	4,870	1,130
Education	3,220	3,220	554	2,666
Supplies	17,050	17,275	13,318	3,957
Resale Items	70,700	76,500	67,912	8,588
Repairs and Maintenance	9,500	12,500	12,904	(404)
Total Pro Shop	<u>384,370</u>	<u>396,395</u>	<u>352,078</u>	<u>44,317</u>
<u>Driving Range</u>				
Supplies	24,500	32,400	31,319	1,081
Total Driving Range	<u>24,500</u>	<u>32,400</u>	<u>31,319</u>	<u>1,081</u>
<u>Cart Department</u>				
Salaries	49,200	49,074	49,176	(102)
Taxes	3,540	3,800	3,762	38
Benefits	150	150	148	2
Supplies	750	750	412	338
Repairs and Maintenance	12,000	12,000	7,366	4,634
Operating Lease	46,000	46,000	45,936	64
Total Cart Department	<u>111,640</u>	<u>111,774</u>	<u>106,800</u>	<u>4,974</u>
<u>Course and Maintenance</u>				
Salaries	219,100	219,100	190,901	28,199
Taxes	16,900	16,900	14,516	2,384
Benefits	45,500	45,500	40,797	4,703
Dues and Permits	1,500	1,500	926	574
Education	750	750	655	95
Supplies	62,500	64,000	47,344	16,656
Repairs and Maintenance	47,500	72,500	81,158	(8,658)
Equipment Rental	2,000	3,851	3,851	-
Utilities	30,500	30,500	27,421	3,079
Capital Lease	32,563	32,563	32,562	1
Total Course and Maintenance	<u>458,813</u>	<u>487,164</u>	<u>440,131</u>	<u>47,033</u>

(continued on next page)

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL
PARKS AND RECREATION FUND
For the Year Ended December 31, 2017

(continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Administration</u>				
Advertising and Promotion	\$ 40,250	\$ 40,500	\$ 40,190	\$ 310
Benefits	7,200	11,047	11,046	1
Bank Charges	13,300	13,300	13,096	204
Office Supplies & Dues	12,850	16,900	14,626	2,274
Equipment Repairs and Maintenance	8,000	9,000	11,494	(2,494)
Miscellaneous	1,700	1,700	133	1,567
Operating Lease	1,550	1,550	1,259	291
Total Administration	<u>84,850</u>	<u>93,997</u>	<u>91,844</u>	<u>2,153</u>
<u>Facility Expenses</u>				
Facility Repairs and Maintenance	40,500	42,500	36,833	5,667
Utilities	1,500	3,500	2,559	941
Total Facility	<u>42,000</u>	<u>46,000</u>	<u>39,392</u>	<u>6,608</u>
TOTAL GOLF COURSE EXPENDITURES	<u>1,106,173</u>	<u>1,167,730</u>	<u>1,061,564</u>	<u>106,166</u>
CAPITAL OUTLAY:				
Golf Course	<u>766,500</u>	<u>869,240</u>	<u>860,120</u>	<u>9,120</u>
TOTAL CAPITAL OUTLAY	<u>766,500</u>	<u>869,240</u>	<u>860,120</u>	<u>9,120</u>
DEBT SERVICE:				
Debt Payor Fees	2,250	1,500	1,500	-
Principal	79,501	2,448,469	2,426,117	22,352
Interest	109,402	143,958	154,667	(10,709)
TOTAL DEBT SERVICES	<u>191,153</u>	<u>2,593,927</u>	<u>2,582,284</u>	<u>11,643</u>
OTHER FINANCING USES:				
Lease Purchase – Loan Fees	<u>-</u>	<u>93,731</u>	<u>93,443</u>	<u>288</u>
Total Other Financing Sources	<u>-</u>	<u>93,731</u>	<u>93,443</u>	<u>288</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 2,063,826</u>	<u>\$ 4,724,628</u>	<u>\$ 4,597,411</u>	<u>\$ 127,217</u>

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

OTHER SUPPLEMENTAL INFORMATION

PROPRIETARY (ENTERPRISE) FUNDS

TOWN OF GYPSUM, COLORADO
SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES
- BUDGET TO ACTUAL - WATER ENTERPRISE FUND
For the Year Ended December 31, 2017

	Water Enterprise Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Service Fees	\$ 1,000,000	\$ 1,075,000	\$ 1,113,395	\$ 38,395
Other Revenues	22,060	55,344	51,215	(4,129)
Tap Fees	175,000	529,130	572,840	43,710
Dedication Fees	100,000	164,200	269,550	105,350
Interest Income	6,000	25,000	36,647	11,647
Lease Purchase – Loan Proceeds	-	305,283	296,136	(9,147)
CO River Water Grant	-	37,500	37,500	-
Total Budgetary Based Revenues	1,303,060	2,191,457	2,377,283	185,826
Expenditures:				
System Operations:				
Salaries	326,000	329,200	328,433	767
Payroll Taxes	23,650	23,650	25,248	(1,598)
Employee Benefits	100,450	104,217	93,537	10,680
Utilities	36,450	49,100	51,241	(2,141)
Operating Supplies	29,950	36,050	31,964	4,086
Repairs and Maintenance	111,500	128,500	51,256	77,244
System Component Upgrades	20,000	39,000	38,179	821
Water Purchase	18,000	18,000	12,642	5,358
Eagle River Monitoring	9,000	9,000	9,000	-
Miscellaneous	8,250	8,450	5,293	3,157
Administration:				
Salaries	58,200	59,200	57,876	1,324
Payroll Taxes	4,620	4,620	4,404	216
Employee Benefits	18,260	18,367	16,046	2,321
Office and Billing	6,500	6,500	7,241	(741)
Dues and Permits	2,700	2,800	3,134	(334)
Professional Services	140,000	145,000	102,200	42,800
Debt Services:				
Principal	192,109	364,501	364,501	-
Interest	14,445	139,805	139,376	429
Capital Outlay/Noncap Outlay	321,365	272,945	163,939	109,006
Total Budgetary Based Expenditures	1,441,449	1,758,905	1,505,510	253,395
Budgetary Based Net Income (Loss)	(138,389)	432,552	871,773	439,221
Beginning Available Funds	2,486,297	2,729,589	2,787,696	58,107
Ending Available Funds	\$ 2,347,908	\$ 3,162,141	\$ 3,659,469	\$ 497,328

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES
- BUDGET TO ACTUAL - SEWER ENTERPRISE FUND
For the Year Ended December 31, 2017

	Sewer Enterprise Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Service Fees	\$ 808,000	\$ 845,975	\$ 851,044	\$ 5,069
Tap Fees	200,000	576,135	626,360	50,225
Interest Income	5,000	15,000	21,992	6,992
Other Revenues	500	600	595	(5)
Total Budgetary Based Revenues	1,013,500	1,437,710	1,499,991	62,281
Expenditures:				
System Operations:				
Salaries	205,800	213,300	178,161	35,139
Payroll Taxes	16,075	16,075	13,821	2,254
Employee Benefits	56,250	65,123	62,248	2,875
Utilities	86,200	87,200	87,629	(429)
Operating Supplies	16,850	18,850	23,487	(4,637)
Repairs and Maintenance	151,500	192,500	179,708	12,792
Miscellaneous	14,500	4,500	1,182	3,318
Administration:				
Salaries	36,900	37,400	40,678	(3,278)
Payroll Taxes	2,910	2,910	2,792	118
Employee Benefits	11,250	11,331	9,938	1,393
Office and Billing	6,000	7,000	7,241	(241)
Dues and Permits	2,500	2,500	-	2,500
Professional Services	4,500	4,500	-	4,500
Miscellaneous	2,000	2,000	67	1,933
Debt Services:				
Principal	315,000	315,000	315,000	-
Interest	55,775	55,775	55,650	125
Capital Outlay	997,800	210,000	198,353	11,647
Total Budgetary Based Expenditures	1,981,810	1,245,964	1,175,955	70,009
Budgetary Based Net Income (Loss)	(968,310)	191,746	324,036	132,290
Beginning Available Funds	2,029,958	2,091,548	2,114,286	22,738
Ending Available Funds	\$ 1,061,648	\$ 2,283,294	\$ 2,438,322	\$ 155,028

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES
- BUDGET TO ACTUAL - SANITATION ENTERPRISE FUND
For the Year Ended December 31, 2017

	Sanitation Enterprise Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>				
Service Fees	\$ 307,700	\$ 309,048	\$ 311,216	\$ 2,168
Interest Income	900	1,500	2,235	735
Total Budgetary Based Revenues	308,600	310,548	313,451	2,903
<u>Expenditures:</u>				
System Operations:				
Salaries	57,550	59,900	51,778	8,122
Payroll Taxes	4,550	4,550	4,083	467
Employee Benefits	26,500	29,691	29,425	266
Supplies	11,000	11,000	2,024	8,976
Repairs and Maintenance	18,000	26,000	23,653	2,347
Landfill Fees	81,500	81,500	78,819	2,681
Administration:				
Salaries	29,190	29,690	27,129	2,561
Payroll Taxes	2,180	2,180	2,044	136
Employee Benefits	8,300	8,354	7,888	466
Office and Billing	6,000	6,000	7,241	(1,241)
Capital Outlay	250,000	-	-	-
Total Budgetary Based Expenditures	494,770	258,865	234,084	24,781
Budgetary Based Net Income (Loss)	(186,170)	51,683	79,367	27,684
Beginning Available Funds	213,903	272,713	221,030	(51,683)
Ending Available Funds	\$ 27,733	\$ 324,396	\$ 300,397	\$ (23,999)

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

OTHER SUPPLEMENTAL INFORMATION

FIDUCIARY FUNDS

TOWN OF GYPSUM, COLORADO
STATEMENT OF CHANGES IN FIDUCIARY CASH BALANCES – BUDGETARY BASIS
AGENCY FUND – GYPSUM RECREATION CENTER CAPITAL COMMITTEE
For the Year Ended December 31, 2017

Gypsum Recreation Center Capital Committee

*[NOTE: The Town of Gypsum does not
adopt a budget for this agency fund]*

	<u>Actual</u>
<u>ADDITIONS:</u>	
Contributions from Town of Gypsum	\$ 50,000
Contributions from WECMRD	<u>100,000</u>
Total Additions	<u>150,000</u>
<u>DEDUCTIONS:</u>	
Capital Repairs & Maintenance	<u>172,807</u>
Total Deductions	<u>172,807</u>
Net Change in Fiduciary Funds Held on Behalf of Entity	(22,807)
Beginning Fiduciary Funds Held on Behalf of Entity	<u>74,014</u>
Ending Fiduciary Funds Held on Behalf of Entity	<u>\$ 51,207</u>

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

ANNUAL STATEMENT OF RECEIPTS AND
EXPENDITURES FOR ROADS, BRIDGES AND STREETS

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Gypsum
	YEAR ENDING : December 31, 2017

This Information From The Records Of Town of Gypsum, Colorado	Prepared By: Phone:	Mark Silverthorn 970-524-1725
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

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)	1,051,428
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	0
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	44,839
2. General fund appropriations	2,262,547	b. Snow and ice removal	69,108
3. Other local imposts (from page 2)	108,622	c. Other	0
4. Miscellaneous local receipts (from page 2)	112,487	d. Total (a. through c.)	113,947
5. Transfers from toll facilities	0	4. General administration & miscellaneous	1,078,515
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	926,006
a. Bonds - Original Issues	0	6. Total (1 through 5)	3,169,896
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	2,483,656	b. Redemption	0
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	10,808,927	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	13,292,583	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	3,169,896

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	0	0	0	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
	0	13,292,583	3,169,896	10,122,687	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING:
December 2015

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	71,630
b. Other local imposts:		b. Traffic Fines & Penalties	35,857
1. Sales Taxes & Use Tax	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	5,000
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	108,622	g. Other Misc. Receipts	0
6. Total (1. through 5.)	108,622	h. Other Road & Bridge Tax	0
c. Total (a. + b.)	108,622	i. Total (a. through h.)	112,487
	(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	267,374	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	37,006	d. Federal Transit Admin	0
d. Other (Specify)	10,504,547	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	10,541,553	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	10,808,927	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	0	5,575	5,575
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	1,045,853	1,045,853
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,045,853	1,045,853
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,051,428	1,051,428
			(Carry forward to page 1)

Notes and Comments: