Town of Lochbuie, Colorado

FINANCIAL STATEMENTS

with Independent Auditor's Report

December 31, 2017

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FI$CAL F●CUS PARTNERS LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Trustees
Town of Lochbuie, Colorado

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

Management's Responsibility for the Financial Statements

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

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, and each major fund of the Town of Lochbuie, Colorado, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Fiscal Focus Partners, LLC

12136 West Bayaud Ave., Suite 300, Lakewood, CO 80228
5555 DTC Parkway, Suite 375, Greenwood Village, CO 80111
303.202.1800 Office 303.237.0155 Fax www.ffpcpa.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages III through X and budgetary comparison information and pension-related schedules on pages 35 through 37 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 on pages III through X in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The required supplementary information on pages 35 through 37 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information and the local highway finance report as listed in the table of contents are presented for purposes of legal compliance and additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Fiscal Focus Partners, LLC

Lakewood, Colorado
July 31, 2018

Town of Lochbuie, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

This discussion and analysis of Lochbuie's financial statements for the year ended December 31, 2017 provides a narrative overview of the Town's financial activities. Please consider the information here in conjunction with the accompanying financial statements and notes to the financial statements.

The Town

The Town of Lochbuie is what is known as a Mayor-Board style statutory Town. This classification, in contrast to a home-rule town, limits the authority the Town exercises, primarily in the area of taxes and tax collection. The Town consists of an elected Mayor and six Town Board members. The Town also appoints a Town Treasurer and Town Clerk. The top three candidates for Board seats receive staggered 4 year terms, with the remaining 3 seats and the Mayor receiving a 2 year term. The Town Treasurer and Town Clerk are appointed to 2 year terms. The Town Board employs a Town Administrator to direct the daily activities and functions of the Town.

The Town is located in the northeast Denver metropolitan area and is located within Weld and Adams Counties. The Town is adjacent to the Cities and Towns of Brighton, Hudson and Fort Lupton. The Town encompasses 5 square miles, or 16,000 acres, with approximately 6,000 residents and 1,800 households. The Town provides the majority of its core services by its own means through a Town controlled Waste Water Treatment Plant, Reverse Osmosis Plant and employs its own Police Department.

The primary sources of revenue for Towns in Colorado are sales and use taxes, as is true for Lochbuie. Property taxes are the next largest source of governmental revenues. Other sources of governmental revenue include miscellaneous fees generated through the Town's gas, electric and cable providers and other taxes and fees. The Town also records program-type revenues from court fines and fees, land use and permitting fees, and capital grants and contributions.

Financial Highlights

- Assets and deferred outflows exceeded liabilities and deferred inflows of resources by $34,467,595 at December 31, 2017.

- Net position of governmental activities decreased by $171,420, and net position of business-type activities increased by $3,229,994.

- Fund balance of the general fund decreased by $309,925.

Other Highlights:

- Building continued in 2 subdivisions within Town limits.

- The Town's electors authorized the issuance of $4,500,000 for the Series 2018 Limited Tax Obligation Bonds for the purpose of funding the costs of capital improvements for the Town.

The District provides its employees with pension benefits through two multiple employer cost-sharing defined benefit pension plans administered by the Colorado Fire and Police Pension Association (FPPA) and Colorado Public Employees' Retirement Association (PERA). It is important to note that the Town does not currently have to pay the amount shown as the Town's net pension liability. The Town's direct liability is limited to the annually required contributions established by the State Legislature. In addition, the Town does not have any control over the investment policies associated with PERA and FPPA investments.

These responsibilities lie solely with the PERA and FPPA board and administration. Decisions regarding the plan benefit design and the funding policies lie solely with the State Legislature. Please refer to Notes 7 and 8 within the Notes to Financial Statements section of this report.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The S*tatement of Net Position* presents information on all of the Town's assets and liabilities and deferred inflows of resources, with the difference between the two reported as *Net Position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The reader of the financial statements should also consider other non-financial factors, such as changes in the composition or quality of the Town's sales tax base and perhaps the condition of the Town's infrastructure, to assess the overall health of the Town.

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

In the *Statement of Net Position* and S*tatement of Activities*, the Town is divided into two kinds of activities:

- Governmental activities – most of the Town's basic services are reported here including public safety, public works, municipal courts and general administration. Sales and use taxes, property taxes, fees and charges from the courts and franchise fees finance most of these activities. Governmental activities of the Town also include the financing, construction of, and maintenance of governmental infrastructure constructed or acquired by the Town during the current year.

- Business-type activities – the Town charges a fee to customers to cover all or most of the cost of certain services it provides.

Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are governmental or proprietary funds.

Governmental Funds

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

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

The Town maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the Town's major governmental funds, including the General Fund and the Conservation Trust Fund.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for this fund in the *basic financial statements* to demonstrate compliance with this budget.

Proprietary Funds

Enterprise funds are used to report any activity for which a fee is charged to external users for goods and services. The Town utilizes two enterprise funds to account for water and sewer. The proprietary fund financial statements provide the same type of information as shown in the government-wide financial statements, only these statements provide a more detailed level of information.

Notes to Financial Statements

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplemental Information

In addition to the basic financial statements and accompanying notes, the report also presents certain supplementary information which is required to be disclosed by the *Governmental Accounting Standards Board* and other supplemental information presented for legal compliance and additional analysis.

Government-wide Financial Analysis

At the close of 2017, total net position was $34,467,595. The largest portion of net position is the investment in capital assets (net of related debt) of $19,942,150 (58% of net position). The amount reflects the investment of all capital assets (e.g. infrastructure, land, buildings and equipment), net of accumulated depreciation, less any debt used to acquire those assets that are still outstanding. The capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate those liabilities.

The following table summarizes the Town's governmental and business-type net position as of December 31, 2017.

	Governmental Activities	Business-type Activities	Total Primary
Current and other assets	$ 3,781,926	$ 12,738,887	$ 16,520,813
Capital assets	4,334,210	18,443,741	22,777,951
Total assets	8,116,136	31,182,628	39,298,764
Deferred outflows of resources	338,708	279,275	617,983
Current and other liabilities	488,411	552,483	$ 1,040,894
Non-current liabilities	1,424,990	2,335,125	3,760,115
Total liabilities	1,913,401	2,887,608	4,801,009
Deferred inflows of resources	656,315	(8,174)	648,141
Net Position			
Net investment in capital assets	3,154,216	16,787,934	19,942,150
Restricted for emergencies	101,100	-	101,100
Restricted - contractual	1,353,971	-	1,353,971
Restricted for conservation trust	76,561	-	76,561
Restricted for bond debt service	-	164,800	164,800
Unrestricted	1,199,280	11,629,733	12,829,013
Total net position	$ 5,885,128	$ 28,582,467	$ 34,467,595

Changes in Net Position

The Town's net position increased by $3,058,576 in 2017 for governmental and business-type activities.

	For the Year Ended December 31, 2017		
	Governmental Activities	Business-type Activities	Total Primary
Revenues			
Program revenues			
Charges for services	$ 1,146,380	$ 4,015,389	$ 5,161,769
Operating grants and contributions	40,999	2,810,625	2,851,624
Capital grants and contributions	71,085	-	71,085
General revenues			
Taxes/assessments	2,031,821	-	2,031,821
Interest earnings	25,538	16,203	41,741
Oil, gas, mineral, and other	464,744	85	464,829
Total revenues	3,780,567	6,842,302	10,622,869
Expenses			
General government	1,826,733	-	1,826,733
Public safety	914,868	-	914,868
Public works	949,456	-	949,456
Trash service	260,930	-	260,930
Water	-	1,377,925	1,377,925
Sewer	-	2,234,380	2,234,380
Total expenses	3,951,987	3,612,305	7,564,292
Change in net position	(171,420)	3,229,997	3,058,577
Beginning net position	6,056,548	25,352,470	31,409,018
Ending net position	$ 5,885,128	$ 28,582,467	$ 34,467,595

	For the Year Ended December 31, 2016		
	Governmental Activities	Business-type Activities	Total Primary
Revenues			
Program revenues			
Charges for services	$ 1,178,526	$ 3,811,822	$ 4,990,348
Operating grants and contributions	59,806	2,424,793	2,484,599
Capital grants and contributions	1,081,529	933,656	2,015,185
General revenues			
Taxes/assessments	1,911,799	-	1,911,799
Interest earnings	6,214	7,803	14,017
Oil, gas, mineral, and other	324,524	25,732	350,256
Total revenues	4,562,398	7,203,806	11,766,204
Expenses			
General government	815,176	-	815,176
Public safety	798,468	-	798,468
Public works	587,128	-	587,128
Trash service	246,659	-	246,659
Water	-	1,467,864	1,467,864
Sewer	-	1,973,347	1,973,347
Total expenses	2,447,431	3,441,211	5,888,642
Change in net position	2,114,967	3,762,595	5,877,562
Beginning net position, restated	3,941,581	21,589,875	25,531,456
Ending net position	$ 6,056,548	$ 25,352,470	$ 31,409,018

Governmental Activities

Governmental activities decreased Lochbuie's net position by $171,420. The decrease in revenue from 2016 to 2017 of $781,831 (17%) was primarily due to a 2016 capital grant of $1,081,529 (general fund portion) received from the state. General government revenue increased by $279,566 in 2017. Expenses (government-wide) increased by $1,504,558, or 61%, from 2016 to 2017, primarily due to costs related to the Town's share of public pension liability increases (approximately $395,000) and a public school contribution (approximately $755,000) made from the accumulated school contribution account.

Business-type Activities

Business-type activities for the year resulted in an increase of net position by $3,229.997. Charges for services and other operating-related revenue increased from 2016 to 2017 by approximately $589,397, or 9%.

Financial Analysis of Government's Funds

Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2017, the Town's governmental funds reported a combined ending fund balance of $2,897,402.

The Town has two major governmental funds. They are the General and Conservation Trust Funds.

The General Fund is the primary operating fund for the Town of Lochbuie and reports a fund balance of $2,820,841 as of December 31, 2017. General Fund departments consist of Legislation, Administration, Police, Court and Public Works.

The Conservation Trust Fund had a total fund balance at the end of 2017 of $76,561. This fund accounts for State of Colorado lottery funds and is to be used for parks and recreation services and capital investment.

Proprietary Fund

The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements in more detail.

Capital Asset and Debt Administration

Capital Assets

The Town of Lochbuie's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounted to $22,777,951. The investment in capital assets includes land, buildings, building improvements, equipment and infrastructure, net of accumulated depreciation.

Long Term Debt

At the end of 2017, total bonded debt outstanding was $2,795,000. This debt represents $1,165,000 in general governmental obligation bonds and $1,630,000 in bonds secured solely by specific revenue sources (i.e., revenue bonds). In 2018, the Town issued its Series 2018 bonds in the amount of $4,500,000.

Economic Factors and Next Year's Budget and Rates

Beginning in 2001, the voters of Lochbuie endorsed an aggressive growth policy by approving General Fund debt for certain capital improvements. The debt was to be repaid through *ad valorum* taxes on an increasing number of residences.

The Budget for 2017 included these important features:

Continuation of Water and Waste Water maintenance and improvement projects

Continuation of expanded street improvement program

Public park improvements.

Administrative Services

Town Administrator – The Town Administrator serves at the pleasure of the Board of Trustees. The Administrator is charged with ensuring that policies of the Board of Trustees are implemented and functions as the Chief of Staff for the Town Departments as well as serving as the Director of Public Safety, Building Official and Town Attorney liaison.

Town Clerk – The Town Clerk is the custodian of all the Town records, makes a record of Town Board meetings, and fulfills all the statutory duties of a Town Clerk and works as the Office Manager. They serve as an advisor to the Town Administrator and to the Board of Trustees. The Clerk oversees the Human Resources Department. This department maintains personnel records. The Clerk supervises the Court System and the Utility Billing System. The Clerk is a member of the Colorado Municipal Clerks Association.

Town Treasurer - The Town Treasurer is responsible for maintaining the financial records of the Town, prepares or causes to be prepared, the financial statements of the Town, maintains Town bank accounts and investment accounts, ensures that receivables and payables are transacted properly and advises the Town Administrator and the Board of Trustees as to the financial condition of the Town. The Treasurer oversees the work of the Accounts Payable, Purchasing and Payroll Departments and assists with the annual audit. Currently, the Treasurer is a certified public accountant contracting services to the Town.

Municipal Court – Lochbuie Municipal Court is a court of record. Court is conducted on the 2nd Friday of each month beginning at 8:30 am. Additional sessions of court are conducted as necessary based on case load or extraordinary circumstances. The court is presided over by a judge appointed to a two-year term as a part-time judge. The judge is relieved by an alternate judge in his absence. The judge is assisted by a Court Clerk, whose job is part-time. The person who serves as the Court Clerk also serves as Police Clerk. When Court is in session a bailiff is provided by the police department. One or more of the Administrative staff members assist in court sessions in various duties to assist the Clerk, the prosecutor and the judge. The Town employs a law firm to serve as prosecutors. Translation services are routinely provided by a part-time translator and by bi-lingual, Spanish-speaking staff members.

Building Department – The Building Department manages the construction activities in the Town including infrastructure inspections, building permits, building inspections and utility installation. The department also includes the planning commission whose activities include review of all proposed development, proposed zoning changes, master plan development and review, parks and recreation planning, traffic planning and general municipal engineering matters. The majority of the Department's functions are contracted out to qualified contractors. The Planning Commission meets as required and the staff and contractors supports the commission activities.

Public Works – The Director of Public Works supervises the Public Works Department. The department manages all water, waste water, storm water, streets and parks functions. The operation of the water and waste water facilities and all required services for the operation thereof are managed by an Operator in Responsible Charge (ORC). In 2017, a staff of 2 FTEs provides all street cleaning, plowing and minor repair services, water meter repair and maintenance, meter reading, water and sewer line repair and maintenance, parks maintenance and construction.

Police – The Police Department is staffed by a full-time Chief, eight patrol officers and a full-time clerk. Code enforcement functions are performed by an independent contractor.

Fire Protection – Fire protection is provided by the Hudson Fire Protection District in part of the Town and the Greater Brighton Fire Protection District in part. Hudson is an all-volunteer department while Brighton is a combination paid-volunteer department.

Emergency Medical Services – Ambulance service is provided by Platte Valley Ambulance, based at Brighton's Platte Valley Medical Center and secondary EMS transport is provided by Weld County Paramedics. The ambulance is supported by the appropriate fire department.

Trash Service – Solid waste management is provided by the Town through a contract trash hauling company. Fees for this service are collected with the utility bills.

Request for Information

This financial report is designed to provide a general overview of the Town of Lochbuie's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

Steve Stamey
Town Administrator
Town of Lochbuie
703 WCR 37
Lochbuie, CO 80603

Roster of Town Officials

Appointed Officials

Steve Stamey – Town Administrator
Linda Blackston – Town Clerk

Elected Officials

Mike Mahoney – Mayor
Jacob Lofgren – Mayor Pro-Tem
Grant Doherty – Trustee
David Ott – Trustee
Mardi Early – Trustee
Mike Morris – Trustee
Larry Strock - Trustee

BASIC FINANCIAL STATEMENTS

Town of Lochbuie, Colorado

STATEMENT OF NET POSITION

December 31, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and investments	$ 1,557,591	$ 12,238,091	$ 13,795,682
Cash and investments - restricted	1,467,098	164,800	1,631,898
Accounts receivable	68,029	335,210	403,239
Prepaid expenses	13,705	786	14,491
Property taxes receivable	675,503	-	675,503
Total current assets	3,781,926	12,738,887	16,520,813
Capital Assets			
Nondepreciable	116,700	1,490,388	1,607,088
Depreciable, net	4,217,511	16,953,353	21,170,864
Total capital assets	4,334,211	18,443,741	22,777,952
Total assets	8,116,137	31,182,628	39,298,765
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflow	338,708	279,275	617,983
Total deferred outflows of resources	338,708	279,275	617,983
LIABILITIES			
Current Liabilities			
Accounts payable and other liabilities	231,197	418,810	650,007
Accrued interest payable	2,610	2,679	5,289
Compensated absences	29,559	8,844	38,403
Current portion - bonds	225,045	122,151	347,196
Total current liabilities	488,411	552,484	1,040,895
Long-Term Liabilities			
Net pension liability	470,041	801,468	1,271,509
Bonds payable	954,949	1,533,657	2,488,606
Total long-term liabilities	1,424,990	2,335,125	3,760,115
Total liabilities	1,913,401	2,887,609	4,801,010
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	653,327	-	653,327
Pension related deferred inflow	2,988	(8,174)	(5,186)
Total deferred inflows of resources	656,315	(8,174)	648,141
NET POSITION			
Net investment in capital assets	3,154,217	16,787,934	19,942,151
Restricted			
Emergency reserves	101,100	-	101,100
Contractual	1,353,971	-	1,353,971
Conservation trust	76,561	-	76,561
Bond debt services	-	164,800	164,800
Unrestricted	1,199,279	11,629,733	12,829,012
Total net position	$ 5,885,128	$ 28,582,467	$ 34,467,595

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Business-Type Activities	Total
Primary government							
Governmental activities							
General government - Legislative	$ 143,309	$ -	$ -	$ -	$ (143,309)	$ -	$ (143,309)
General government - Judicial	14,632	-	-	-	(14,632)	-	(14,632)
General government - Administrative	1,639,423	784,274	-	58,743	(796,406)	-	(796,406)
Public safety - Police	914,868	68,589	-	12,342	(833,937)	-	(833,937)
Public works - Streets	561,356	-	-	-	(561,356)	-	(561,356)
Public works - Parks	319,283	-	40,999	-	(278,284)	-	(278,284)
Public works - Maintenance	68,817	-	-	-	(68,817)	-	(68,817)
Trash service	260,930	293,517	-	-	32,587	-	32,587
Interest on long-term debt and related costs	29,370	-	-	-	(29,370)	-	(29,370)
Total governmental activities	3,951,987	1,146,380	40,999	71,085	(2,693,523)	-	(2,693,523)
Business-type activities							
Water operations	1,377,925	2,263,277	1,533,168	-	-	2,418,520	2,418,520
Sewer operations	2,234,380	1,752,112	1,277,457	-	-	795,189	795,189
Total buisiness-type activities	3,612,305	4,015,389	2,810,625	-	-	3,213,708	3,213,708

	Governmental Activities	Business-Type Activities	Total
General revenues:			
Taxes:			
Property taxes	310,674	-	310,674
Specific ownership taxes	23,933	-	23,933
Sales and use tax	1,351,316	-	1,351,316
Franchise taxes	159,983	-	159,983
Highway user taxes	185,915	-	185,915
Interest income	25,538	16,203	41,741
Other	464,744	85	464,829
Total general revenues	2,522,103	16,288	2,538,391
Change in net position	(171,420)	3,229,994	3,058,576
Net position - beginning	6,056,548	25,352,473	31,409,021
Net position- ending	$ 5,885,128	$ 28,582,467	$ 34,467,595

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2017

	General Fund	Conservation Trust	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 2,911,562	$ 113,127	$ 3,024,689
Accounts receivable	68,029	-	68,029
Prepaid expenses	13,705	-	13,705
Property taxes receivable	675,503	-	675,503
Total assets	3,668,799	113,127	3,781,926
LIABILITIES			
Accounts payable and payroll liabilities	194,631	36,566	231,197
Total liabilities	194,631	36,566	231,197
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	653,327	-	653,327
Total deferred inflows of resources	653,327	-	653,327
FUND BALANCES			
Nonspendable	13,705	-	13,705
Restricted for:			
Emergencies	101,100	-	101,100
Contractual	1,353,971	-	1,353,971
Conservation trust	-	76,561	76,561
Assigned for:			
School building	39,848	-	39,848
Insurance deductible	29,806	-	29,806
Unassigned	1,282,411	-	1,282,411
Total fund balances (deficit)	2,820,841	76,561	2,897,402
Total liabilities, deferred inflows of resources and fund balances	$ 3,668,799	$ 113,127	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. However, in the statement of net position, the cost of these assets are capitalized and expenses over their estimated lives through annual depreciation expense.	
Cost of capital assets, net of accumulated depreciation	4,334,209
Deferred outflows and inflows of resources that represent acquisition or consumption of net position that applies to future periods and , therefore, are not reported in the funds.	
Deferred outflows- pension plan	338,708
Deferred inflows- pension plan	(2,988)
Long-term liabilities, including retirement of debt, are not due and payable in the current period and, therefore, are not reported in the funds	
Accrued interest payable	(2,610)
Compensated absences	(29,559)
Net pension liability	(470,041)
Bonds payable, net	(1,179,994)
Net position of governmental activities	$ 5,885,128

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2017

	General Fund	Conservation Trust	Total Governmental Funds
REVENUES			
Property taxes	$ 310,674	$ -	$ 310,674
Specific ownership taxes	23,933	-	23,933
Sales and use taxes	1,351,316	-	1,351,316
Franchise taxes	159,983	-	159,983
Other taxes	185,915	-	185,915
Intergovernmental	-	40,999	40,999
Licenses, permits and fees	784,274	-	784,274
Fines and forfeitures	68,589	-	68,589
Grants	71,085		71,085
Interest earned	7,542	17,996	25,538
Trash service revenues	293,517	-	293,517
Oil, gas, mineral and other income	464,744	-	464,744
Total revenues	3,721,572	58,995	3,780,567
EXPENDITURES			
Current:			
General government - Legislative	82,862	-	82,862
General government - Judicial	14,632	-	14,632
General government - Administration	1,478,128	-	1,478,128
Public safety - Police	971,793	-	971,793
Public works - Streets	457,863	-	457,863
Public works - Parks	38,164	248,637	286,801
Public works - Maintenance	55,913	-	55,913
Trash services	260,930	-	260,930
Debt Service:			
Principal	205,000	-	205,000
Interest and other charges	35,419	-	35,419
Capital Outlay	430,793		430,793
Total expenditures	4,031,497	248,637	4,280,134
Net change in fund balances	(309,925)	(189,642)	(499,567)
Fund balances - beginning	3,130,766	266,203	3,396,969
Fund balances - ending	$ 2,820,841	$ 76,561	$ 2,897,402

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds:	$	(499,567)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense		(220,988)
Capital outlay		430,793
The repayment of long-term debt (e.g. bonds, leases) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		205,000
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Accrued interest payable - change		342
Net pension liability and related amounts - change		(90,803)
Accrued compensated absences - change		(1,905)
Bond premium amortization		5,707
Change in net position of governmental activities	$	(171,420)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes:			
Property taxes	$ 309,814	$ 310,674	$ 860
General sales and use taxes	1,155,000	1,327,564	172,564
Franchise taxes	153,800	159,983	6,183
Specific ownership tax	15,000	23,933	8,933
Intergovernmental:			
Highway user tax	176,359	184,757	8,398
Motor vehicle tax	15,000	23,752	8,752
Others	1,700	1,158	(542)
Licenses and permits:			
Building permits	350,000	383,881	33,881
General business licenses	5,750	13,240	7,490
Animal licenses		750	750
Public right of way permit	15,000	600	(14,400)
Fees:			
School contribution fees	202,000	182,875	(19,125)
Plan review fees	75,000	37,271	(37,729)
Administrative fees and services	35,000	53,638	18,638
Infrastructure fees	50,000	45,500	(4,500)
Interstate exchange fees	60,000	52,200	(7,800)
Inspection fees	200	920	720
Other fees	13,100	13,399	299
Fines and forfeitures	67,400	68,589	1,189
Grants	513,640	71,085	(442,555)
Interest earned	500	7,542	7,042
Trash service revenues	285,000	293,517	8,517
Other income	330,000	464,744	134,744
Total revenues	3,829,263	3,721,572	(107,691)
Expenditures			
General government - Legislative	83,416	82,862	554
General government - Judicial	23,012	14,632	8,380
General government - Administration	970,026	1,478,128	(508,102)
Public safety - Police	1,023,144	971,793	51,351
Public works - Streets	657,415	457,863	199,552
Public works - Parks	50,973	38,164	12,809
Public works - Maintenance	68,726	55,913	12,813
Trash services	250,000	260,930	(10,930)
Debt Service:			
Principal	205,000	205,000	-
Interest and other charges	35,419	35,419	-
Capital Outlay	717,832	430,793	287,039
Total expenditures	4,084,963	4,031,497	53,466
Change in fund balance	(255,700)	(309,925)	(54,225)
Fund balance - beginning of year	3,686,759	3,130,766	(555,993)
Fund balance- end of year	$ 3,431,059	$ 2,820,841	$ (610,218)

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

STATEMENTS OF NET POSITION
ENTERPRISE FUNDS

December 31, 2017

	Water	Sewer	Total
ASSETS			
Current Assets			
Cash and investments	$ 8,402,381	$ 3,835,709	$ 12,238,090
Cash and investments - restricted	164,800	-	164,800
Accounts receivable	135,241	199,969	335,210
Prepaid expenses	393	393	786
Total current assets	8,702,815	4,036,071	12,738,886
Capital Assets			
Nondepreciable	1,154,162	336,226	1,490,388
Depreciable, net	6,346,519	10,606,834	16,953,353
Total capital assets	7,500,681	10,943,060	18,443,741
Total assets	16,203,496	14,979,131	31,182,627
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflow	164,456	114,819	279,275
Total deferred outflows of resources	164,456	114,819	279,275
LIABILITIES			
Current Liabilities			
Accounts payable and other liabilities	281,050	137,760	418,810
Accrued interest payable	2,679	-	2,679
Compensated absences	4,422	4,422	8,844
Current portion - bonds	122,151	-	122,151
Total current liabilities	410,302	142,182	552,484
Long-Term Liabilities			
Net pension liability	473,466	328,002	801,468
Bonds payable	1,533,657	-	1,533,657
Total long-term liabilities	2,007,123	328,002	2,335,125
Total liabilities	2,417,425	470,184	2,887,609
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflow	(3,847)	(4,327)	(8,174)
Total deferred inflows of resources	(3,847)	(4,327)	(8,174)
NET POSITION			
Net investment in capital assets	5,844,873	10,943,060	16,787,933
Restricted for bond debt service	164,800	-	164,800
Unrestricted	7,944,701	3,685,033	11,629,734
Total net position	$ 13,954,374	$ 14,628,093	$ 28,582,467

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS

For the Year Ended December 31, 2017

	Water	Sewer	Total
OPERATING REVENUES			
Charges for services	$ 2,189,150	$ 742,427	$ 2,931,577
Other	74,127	1,009,685	1,083,812
Total operating revenues	2,263,277	1,752,112	4,015,389
OPERATING EXPENSES			
Operating expenses	544,588	917,169	1,461,757
Administrative expenses	547,284	268,725	816,009
Depreciation	242,506	215,376	457,882
Total operating expenses	1,334,378	1,401,270	2,735,648
OPERATING INCOME (LOSS)	928,899	350,842	1,279,741
NONOPERATING REVENUES (EXPENSES)			
Interest earnings	9,695	6,508	16,203
Other non-operating income	85	-	85
Payments to other governments	-	(833,112)	(833,112)
Interest expense	(43,548)	-	(43,548)
Total nonoperating revenues (expenses)	(33,768)	(826,604)	(860,372)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	895,131	(475,762)	419,369
CAPTIAL CONTRIBUTIONS			
Tap Fees/PIFs	1,533,168	1,277,457	2,810,625
CHANGE IN NET POSITION	2,428,299	801,695	3,229,994
NET POSITION - beginning of the year	11,526,075	13,826,398	25,352,473
NET POSITION - end of the year	$ 13,954,374	$ 14,628,093	$ 28,582,467

The accompanying Notes to the Financial Statements are an integral part of these statements.

Town of Lochbuie, Colorado

STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS

For the Year Ended December 31, 2017

	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 2,249,219	$ 1,744,076	$ 3,993,295
Payments to suppliers for goods and services	(575,085)	(1,340,045)	(1,915,130)
Payments to and on behalf of employees	(302,433)	(209,180)	(511,613)
Net cash provided (used) by operating activities	1,371,701	194,851	1,566,553
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Tap fees/PIFS	1,533,168	1,277,457	2,810,625
Grant receipts	178,164	178,165	356,329
Payments to other governments	-	(833,112)	(833,112)
Acquisition of capital assets	(624,824)	(109,639)	(734,463)
Principal payments	(115,000)	-	(115,000)
Interest paid on debt	(43,358)	-	(43,358)
Net cash provided (used) by capital and related financing activities	928,150	512,871	1,441,021
CASH FLOWS FROM INVESTING ACTIVITIES			
Other income	85	-	85
Interest earnings received	9,695	6,508	16,203
Net cash provided (used) by investing activities	9,780	6,508	16,288
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,309,631	714,230	3,023,861
CASH AND CASH EQUIVALENTS - beginning of year	6,257,550	3,121,479	9,379,029
CASH AND CASH EQUIVALENTS - end of year	$ 8,567,181	$ 3,835,709	$ 12,402,890
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ 928,899	$ 350,844	$ 1,279,743
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	242,506	215,376	457,882
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(14,057)	(8,036)	(22,093)
Prepaid expenses	(393)	(393)	(786)
Increase (decrease) in:			
Accounts payable and other liabilities used for operations	213,296	(364,390)	(151,094)
Accrued absences	1,450	1,450	2,900
Net cash provided (used) by operating activities	$ 1,371,701	$ 194,851	$ 1,566,552
Cash and cash equivalents	$ 8,402,381	$ 3,835,709	$ 12,238,090
Restricted cash and cash equivalents	164,800	-	164,800
Total cash and cash equivalents	$ 8,567,181	$ 3,835,709	$ 12,402,890

The accompanying Notes to the Financial Statements are an integral part of these statements.

Note 1 Definition of reporting entity

The Town was organized as a statutory Town in Colorado by court order in 1974. The Town provides general government, public works (roads and streets), police, water, and sewer for the geographical area organized as the Town.

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

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

Note 2 Summary of significant accounting policies

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

Government-wide and fund financial statements

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

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The Town follows Governmental Accounting Standards Board pronouncements in the proprietary fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures, other than interest on long-term obligations, generally are recorded when the liability is incurred or the long-term obligation is paid.

The Town reports the following major governmental funds:

General Fund - The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, which include the following departments: Legislative, Judicial, Administrative, Public Safety-Police, Community Development, and Public Works.

Conservation Trust Fund – The Conservation Trust Fund accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.

The Town reports the following major proprietary funds:

Enterprise Funds are used to account for operations (a) 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; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Enterprise Funds consist of the Water Utility and the Sewer Utility. The Water Utility provides both potable and non-potable (irrigation) water to the Town's citizens, while the Sewer Utility provides sanitation services.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for water and sewer service. Operating expenses include the costs of the services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

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

Cash Equivalents

For the purpose of the statement of cash flows of the enterprise funds, cash and cash equivalents include operating and restricted cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition.

Investments

Investments for the Town are reported at fair value.

Accounts receivable, allowance for doubtful accounts

User fees and tap fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Property taxes

Property taxes are levied by the Town's Board of Trustees. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June.

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the Town.

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

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years and for which the initial, individual value equals or exceeds the following dollar amounts:

Asset Class	Dollar Value
Land	No Minimum
Buildings	No Minimum
Building and Other Improvements	$ 5,000
Furniture and Equipment	$ 5,000
Infrastructure	$ 5,000

All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Useful Life
Buildings	40 years
Building and Other Improvements	20 years
Water and Sewer Systems	25 - 35 years
Furniture and Equipment	5 – 30 years
Infrastructure	15 – 40 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets since their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Pooled Cash and investments

The Town follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based on each fund's average equity balance in total cash.

Compensated absences

It is the Town's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. These benefits accrue together as Paid Time Off (PTO). PTO accrues to a maximum of 180 hours, depending on length of employment. Compensated absences are recorded as current salary cost when paid in government funds, and is accrued in the enterprise fund.

Contributed capital

Tap fees are generally recorded as capital contributions when received.

Fund Equity

In order to more clearly define fund balance categories and to describe the nature and extent of the constraints placed on the Town's fund balances, the fund financial statements may include any or all of the following classifications to describe the relative strength of spending constraints.

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Trustees prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Town Board.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Town

Board to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when expenditure is incurred, it is the Town's policy to use the most restrictive classification first.

At December 31, 2017, the Town had $101,100 restricted by legislation (for emergencies), $76,561 restricted for parks and recreation (Conservation Trust), and $1,353,971 restricted contractually pending the outcome of litigation.

At December 31, 2017, the Town had $39,848 assigned balances for a future school building and $29,806 for the Town's insurance deductible.

The remaining fund balance is considered by the Town to be unassigned. At December 31, 2017, the Town had an unassigned fund balance in the general fund of $1,282,411.

Budgets

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

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that District management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 3 Cash and Investments

Cash and investments are reflected on the December 31, 2017 Statement of Net Position as follows:

Cash and investments	$	13,795,682
Cash and investments-restricted		1,631,898
Total cash and investments	$	15,427,580

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

Cash on hand	$	1,295
Deposits with financial institutions		14,045,464
Investments		1,380,821
Total cash and investments	$	15,427,580

At December 31, 2017, the Town's cash deposits had bank balances of $14,119,093 and carrying balances of $14,045,464.

Deposits with financial institutions

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2017, the federal insurance limit was $250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

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

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits. As of December 31, 2017, the Town’s bank balances and carrying balances were insured or collateralized as follows:

Bank balances	
Federally insured	$ 500,000
Collateralized	13,619,093
Total bank balances	$ 14,119,093
Carrying balances	
Federally insured	$ 500,000
Collateralized	13,545,464
Total carrying balances	$ 14,045,464

Investments

The Town's investment policy adopts state statutes regarding investments.

The Town primarily limits its investments to local government investments pools and money market funds, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

The local government investment pools, which include the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Local Government Liquid Asset Trust (Colotrust), are both rated AAAm by Standard & Poor's.

As of December 31, 2017, the Town had the following investments, recorded at fair value:

Investment	Maturity	
Colorado Liquid Asset Trust (Colotrust)	Weighted average under 60 days	$ 1,380,821

COLOTRUST

The Town invested 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 State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. 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. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST using the net asset method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted cash and investments

As of December 31, 2017, $164,800 was held in trust and restricted for the required reserve securing the Water Revenue Refunding and Improvement Bonds, Series 2012. $267,467 was restricted for parks and recreation expenditures as required for conservation trust proceeds. $1,353,971 was restricted per agreement pending outcome of litigation.

Note 4 Capital Assets

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

	Balance at December 31, 2016	Additions	Deletions	Balance at December 31, 2017
Governmental activities				
Capital assets, not being depreciated				
Land	$ 116,700	$ -	$ -	$ 116,700
Construction in process	-	-	-	-
Total capital assets, not being depreciated	116,700	-	-	116,700
Capital assets being depreciated				
Buildings	2,311,353	430,793	-	2,742,146
Parks	391,555	-	-	391,555
Streets	2,714,043	-	-	2,714,043
Infrastructure	142,809	-	-	142,809
Equipment	975,724	-	-	975,724
Total capital assets being depreciated	6,535,484	430,793	-	6,966,277
Less accumulated depreciations for				
Buildings	162,741	55,094	-	217,835
Parks	218,109	19,578	-	237,687
Streets	1,243,935	90,468	-	1,334,403
Infrastructure	81,837	4,760	-	86,597
Equipment	821,156	51,088	-	872,244
Total accumulated depreciation	2,527,778	220,988	-	2,748,766
Total capital assets being depreciated, net	4,007,706	209,805	-	4,217,511
Capital assets, net	$ 4,124,406	$ 209,805	$ -	$ 4,334,211

Depreciation expenses of governmental activities were charged to the following functions:

Function	Amount
General government - administrative	$ 80,917
Public safety - police	30,025
Public works - streets	90,468
Public works - parks	19,578
	$ 220,988

	Balance at December 31, 2016	Additions	Deletions	Balance at December 31, 2017
Business-type activities				
Capital assets, not being depreciated				
Land	$ 318,851	$ -	$ -	$ 318,851
Water rights	509,688	-	-	509,688
Construction in progress	-	661,849	-	661,849
Total capital assets, not being depreciated	828,539	-	-	1,490,388
Capital assets being depreciated				
Building improvements	30,112	72,614	-	102,726
Building	2,227,640	-	-	2,227,640
Plant	16,858,794	-	-	16,858,794
Line and connections	3,502,263	-	-	3,502,263
Equipment	541,781	-	-	541,781
Meters	58,256	-	-	58,256
Vehicles	5,023	-	-	5,023
Total capital assets being depreciated	23,223,869	72,614	-	23,296,483
Less accumulated depreciations for				
Building improvements	24,084	1,372	-	25,456
Building	28,559	55,783	-	84,342
Plant	4,089,401	294,568	-	4,383,969
Line and connections	1,155,598	90,017	-	1,245,615
Equipment	524,327	16,142	-	540,469
Meters	58,256	-	-	58,256
Vehicles	5,023	-	-	5,023
Total accumulated depreciation	5,885,248	457,882	-	6,343,130
Total capital assets being depreciated, net	17,338,621	(385,268)	-	16,953,353
Capital assets, net	$ 18,167,160	$ (385,268)	$ -	$ 18,443,741

Depreciation expenses of business-type activities were charged to the following functions:

Function	Amount
Water operations	$ 242,506
Sewer operations	215,376
	$ 457,882

Note 5 Long-Term Liabilities

The following is a summary of the changes in long-term liabilities of the Town for the year ended December 31, 2017:

	Balance at December 31, 2016	Additions	Reductions	Balance at December 31, 2017	Due Within One Year
Governmental activities					
2012 G. O. Refunding Bonds	$ 1,370,000	$ -	$ 205,000	$ 1,165,000	$ 220,000
Bond premium	20,701	-	5,707	14,994	5,045
	1,390,701	-	210,707	1,179,994	225,045
Business-type activities					
Revenue bonds					
2012 Water	1,745,000	-	115,000	1,630,000	120,000
Bond premium	27,959	-	2,151	25,808	2,151
	$ 1,772,959	$ -	$ 117,151	$ 1,655,808	$ 122,151

Bonds Payable

General Obligation Bonds, Series 2012, dated November 20, 2012

The bonds, in the original amount of $2,140,000, mature on December 1, 2022 with annual mandatory sinking fund principal payments due on each December 1. Interest at rates ranging from 2% to 3% is payable on June 1 and December 1 each year. The bonds are subject to redemption prior to maturity, at the option of the Town, on December 1, 2019 and on any date thereafter, without redemption premium. The bonds were issued to refund the Series 2002 G.O. Bonds.

Water Revenue Refunding Bonds, Series 2012, dated November 20, 2012

The bonds, in the original amount of $2,180,000, mature annually on December 1 through December 1, 2029. Interest at the initial and current rate of 2% to 3% is payable on June 1 and December 1 each year. The bonds are subject to redemption prior to maturity, at the option of the Town, at any time on and after December 1, 2020, at the redemption price, plus accrued interest. The bonds were issued to refund the Series 1997 and 2007 Revenue and Improvement Bonds.

The bonds require the Town to maintain a reserve in the amount of $164,800. At December 31, 2017, the cash restricted for the bond reserve was $164,800.

Debt maturities

The obligations of the governmental activities mature as follows:

Year Ended December 31,	Principal	Interest	Total
2018	$ 220,000	$ 31,319	251,319
2019	225,000	26,919	251,919
2020	235,000	21,013	256,013
2021	240,000	14,550	254,550
2022	245,000	7,350	252,350
	$ 1,165,000	$ 101,151	$ 1,266,151

The obligations of the business-type activities mature as follows:

Year Ended December 31,	Principal	Interest	Total
2018	$ 120,000	$ 53,588	$ 173,588
2019	120,000	41,188	161,188
2020	125,000	38,788	163,788
2021	125,000	35,663	160,663
2022	125,000	32,538	157,538
2023 - 2027	705,000	108,919	813,919
2028-2029	310,000	14,100	324,100
	$ 1,630,000	$ 324,784	$ 1,954,784

Debt authorization

As of December 31, 2017, the Town had $4,500,000 authorized but unissued debt (see Note 13).

Note 6 **Net Position**

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, loans, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2017, the Town had net investment in capital assets as follows:

	Governmental Activities	Business-type Activities
Capital assets, net	$ 4,334,211	$ 18,443,741
Current portion of long-term debt	(225,045)	(122,151)
Long-term debt due in more than one year	(954,949)	(1,533,657)
Net investment in capital assets	$ 3,154,217	$ 16,787,934

Restricted position includes net position that is restricted for use either externally imposed by creditors, net grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2017, the Town had restricted net position as follows:

	Governmental Activities	Business-type Activities
Emergency reserves (see Note 11)	101,100	-
Conservation trust	76,561	-
Reserve pending litigation outcome	1,353,971	-
Bond debt service (see Note 5)	-	164,800
Restricted net position	$ 1,531,632	$ 164,800

As of December 31, 2017, the Town had unrestricted net position of $1,199,280 in governmental activities and unrestricted net position in business-type activities of $11,629,733.

Note 7 State Fire and Police Pension Plan (FPPA)

Plan Description

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

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

Description of Benefits

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Members of the SWDB plan and their employers contributing at the rate of 9 percent and 8 percent, respectively, of base salary for a total contribution rate of 17 percent in 2016. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022. Contributions to the SWDB plan from the Town were $44,784 for the year ended December 31, 2017.

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

At December 31, 2017, the Town reported a liability of $35,475 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2016, the Town's proportion was .0942099 percent, which was an increase of .0128989 percent from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Town recognized pension expense of $44,784. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 30,395	$ 1,731
Changes in assumptions	23,253	0
Net difference between actual and projected earnings on pension plan investments	91,887	0
Contributions subsequent to the measurement date	44,784	0
Total	$190,319	$ 1,731

$44,784 in total reported as deferred outflows of resources related to pension resulting from Town's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

Actuarial Assumptions

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	36.00 %	9.25 %
Equity Long/Short	10.00	7.35
Illiquid Alternatives	23.00	10.75
Fixed Income	15.00	4.10
Absolute Return	10.00	6.55
Managed Futures	4.00	5.50
Cash	2.00	0.00 %*
Total	100.00	

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

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the FPPA Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability / (asset) to changes in the discount rate

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

	1.00% Decrease (6.50%)	**Current Discount Rate (7.50%)**	**1.00% Increase (8.50%)**
Town's proportionate share of the net pension liability (asset)	$ 289,640	$ 34,042	$ (178,245)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the FPPA's comprehensive annual report which can be obtained at www.fppaco.org.

Note 8 Defined Benefit Pension Plan - PERA

The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

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

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

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

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

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

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

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

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

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

Contributions. Eligible employees and the Town are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq*. Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements for the years ended December 31, 2017 and 2016 are summarized in the table below:

	Rate
Employer Contribution Rate[1]	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) [1]	(1.02)%
Amount Apportioned to the LGDTF[1]	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	1.50%
Total Employer Contribution Rate to the LGDTF[1]	12.68%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were $69,801 and $62,725 for the years ended December 31, 2017 and 2016, respectively.

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

At December 31, 2017, the Town reported a liability of $1,095,488 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Town's proportion of the net pension liability was based on Town contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the Town's proportion was .0811267826 percent, which was an increase of .0142 percent from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the District recognized PERA pension expense of $319,349. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 19,495	$ -
Changes in assumptions or other inputs	77,705	(3,168)
Net difference between projected and actual earnings on pension plan investments	131,563	-
Changes in porportion and differences between contributions recognized and proprotionate share of contributions	75,506	-
Contributions subsequent to the measurement date	69,801	-
Total	374,070	(3,168)

$69,801 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018.

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

Actuarial Cost Method	Entry Age
Price Inflation	2.40%
Real Wage Growth	1.10%
Wage Inflation	3.50%
Salary Increases, Including Wage Inflation	3.50 - 10.45%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hired Prior to January 1, 2007; and DPS Benefit Structure (Automatic)	2.00%
PERA Benefit Structure hired after December 31, 2006 (Ad Hoc, Substantively Automatic)	Financed by the Annual Increase Reserve

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by

PERA's board on November 13, 2012, and an economic assumption study, adopted by PERA's board on November 15, 2013 and January 17, 2014.

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

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

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

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

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

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

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

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.

- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.

- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.

- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20 %	4.30 %
U.S. Equity - Small Cap	7.42	4.80
Non U.S. Equity - Developed	18.55	5.20
Non U.S. Equity - Emerging	5.83	5.40
Core Fixed Income	19.32	1.20
High Yield	1.38	4.30
Non U.S. Fixed Income - Developed	1.84	0.60
Emerging Market Debt	0.46	3.90
Core Real Estate	8.50	4.90
Opportunity Fund	6.00	3.80
Private Equity	8.50	6.60
Cash	1.00	0.20
Total	100.00	

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

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

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. As of the prior measurement date, the GASB Statement No. 67 projection test indicated the SCHDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 7.50 percent was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use a municipal bond index rate and the discount rate was 7.50 percent.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate for the years ended December 31, 2017 and 2016:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	1,615,247	1,095,488	665,071

	1% Decrease (6.50%)	Current Discount Rate* (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	1,130,648	737,491	411,405

*For the year ended December 31, 2016, a discount rate of 7.50 percent was used. Table outlines proportionate share using a discount rate that is one percentage-point lower (6.50%) or one percentage-point higher (8.50%) than the rate used for year ended December 31, 2016.

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

Note 9 Intergovernmental Agreements

Economic Development Incentive Agreement

The Town entered into an Economic Development Incentive Agreement, effective December 2, 2009, with a developer of a retail center to be built within the Town limits. Pursuant to the agreement, the Town is required to deposit a portion of the sales tax that it receives on behalf of the retail center, as calculated below, into a Tax Allocation Fund.

Revenue Sharing Periods	Percentage Allocation
Period 1: 1st 12 months of receipt of Project Tax Revenue	50%
Period 2: 2nd 12 month period thereafter	50%
Period 3: 3rd 12 month period thereafter	40%
Period 4: 4th 12 month period thereafter	30%

The Town will reimburse the developer, to the extent of the Tax Allocation Fund, for any cost associated with public improvements. As of December 31, 2017, no deposits had been made to the Tax Allocation Fund.

Henry Reservoir Agreement

On December 23, 2013, the Town entered into an agreement with Sand Hills Metropolitan District (the District), for purposes of restoration of the Henry Reservoir. The District contributed $1,350,000 (the Funds) to the Town, based on a preliminary report prepared by the District, for purposes of repairing and restoring the Reservoir and the surrounding area. The Town is required to advertise and/or award a public contract for construction of repairs prior to June 1, 2017. If the Town fails to award a contract for repairs by that date, any unspent funds must be returned to the District. All repairs shall be completed to a level which meets water storage obligations owed to the Farmers Reservoir and Irrigation Company (FRICO), who currently owns the land that includes the Reservoir. The Town is required to submit evidence of costs of construction to the District as funds are spent. The Town is responsible for costs in excess of $1,350,000, however the Town may retain unspent funds after construction is complete.

In 2014, the Town was added as a defendant to an amended complaint (the Complaint) filed against the Town, the District, a Water and Sanitation District, Weld County, and the State of Colorado. Weld County and the State of Colorado were since dismissed from the lawsuit. The plaintiffs assert that the Town exceeded its jurisdiction and abused its discretion in approving an amended service plan for the District. The complaint asks the Court to issue a preliminary and permanent injunction against the Town and the Water and Sanitation District, asking each to return funds received from the District. The Town and the Plaintiffs have entered into an Agreement to Hold Funds, pursuant to which the Town deposited all funds into a separate savings account. If the Court enters an order or judgment requiring the Town to return the funds, the agreement requires the Town to return all funds with interest. On March 19, 2015, the trial court entered an order on summary judgment motions in favor of the plaintiff, but not addressing the Funds. The District filed an appeal to the Colorado Court of Appeals. In 2016, the Court of Appeals held that the District did not have proper authority to amend its service plan, and therefore did not have taxing authority. The Appeals Court did not address the Funds. The District has filed a petition for a writ of certiorari with the Colorado Supreme Court, and the Plaintiffs files a cross petition. The Colorado Supreme Court has not ruled as of the date of the auditor's report on the financial statements. The Town continues to hold the Funds in a segregated account pending the final outcome of the case. The Funds, plus interest, are reflected as restricted cash and restricted net position ("Contractual") in the financial statements.

Note 10 Risk Management

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a joint self-insurance pool created by intergovernmental agreement of over 200 municipalities to provide property, general and automobile liability, and public officials' coverage to its members. CIRSA is governed by a seven-member board elected by and from among its members. 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 those amounts 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 any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not required to do so.

The Town has not been informed of any excess losses that may have been incurred by the pool for the past three years.

Note 11 Tax, Spending, and Debt Limitation

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Town's management believes the Enterprise funds of the Town qualify for this exclusion.

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless retention of such revenue has been approved by the voters.

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

The Town believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation.

The Town passed a ballot question on November 5, 1996. The ballot question permitted the Town to collect, retain and expend, without imposing any new taxes or increases in its present mill levy on general property or its sales and use tax rates, the full revenues generated by the Town's sales and use tax, non-federal grants, its existing mill levy and any other excess revenues, commencing January 1, 1995, and each subsequent year, notwithstanding any state restrictions of Article X, Section 20, of the Colorado Constitution, and spend as a voter-approved change and exception to the limits which would otherwise apply for: (a) street construction, repair, and maintenance; (b) capital improvements; (c) parks and recreation; (d) police protection; (e) storm drainage; (f) snow removal; (g) street sweeping; and (h) other municipal services. In 2016, the Town received notification from the State of Colorado Department of Local Affairs that they have determined that the ballot question language is not sufficient to remove the Town from the statutory property revenue tax limitation of 5.5%.

Note 12 Contingencies

Claims and Judgments – The Town participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. As of December 31, 2017, grant expenditures had not been audited, but the Town believes that any future audits will not discover disallowed expenditures that would have a material effect on any of the individual governmental funds or the overall financial position of the Town.

Note 13 Subsequent Events

Limited Tax General Obligation Bonds, Series 2018, dated April 11, 2018

Town electors, at an election held on November 7, 2017, authorized the issuance of the Limited Tax General Obligation Bonds, (the bonds) in the amount of $4,500,000. The bonds mature on December 1, 2037 with annual mandatory sinking fund principal payments due on each December 1. Interest at rates ranging from 2% to 4% is payable on June 1 and December 1 each year. Total annual principal and interest payments range from $291,713 to $321,600. Bonds maturing on and after December 1, 2027 are subject to redemption prior to maturity, at the option of the Town without redemption premium, on or after December 1, 2026. The Town pledges property taxes in amount sufficient to satisfy the requirements of the bonds, subject to a maximum mill levy of 12 mills. A reserve account subject to various requirements, which can be funded either with cash or with an insurance policy, is required to be maintained. The bonds were issued for the purpose of funding capital improvements for the Town, funding a debt service reserve, and paying costs of issuance.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

Town of Lochbuie, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CONSERVATION TRUST FUND

For the Year Ended December 31, 2017

	Original and Final Budgeted Amounts	Actual	Variance Final Budget - Favorable (Unfavorable)
Revenues			
Intergovernmental	$ 50,000	$ 40,999	$ (9,001)
Interest earnings	250	17,996	17,746
Total revenues	50,250	58,995	8,745
Expenditures			
Parks, recreation and improvements	260,325	248,637	11,688
Total expenditures	260,325	248,637	11,688
Excess of revenues over (under) expenditures	(210,075)	(189,642)	20,433
Fund balance - beginning of year	266,389	266,203	(186)
Fund balance - end of year	$ 56,314	$ 76,561	$ 20,247

TOWN OF LOCHBUIE
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)
STATE FIRE AND POLICE PENSION PLAN (FPPA)

	2016	2015	2014	2013
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
Town's Proportion of the Net Pension (Asset)	0.09420990%	0.08131134%	0.07385682%	0.06857293%
Town's Proportionate Share of the Net Pension Liability (Asset)	$ 34,042	$ (1,433)	$ (83,353)	$ (61,317)
Town's Covered-Employee Payroll	$ 482,150	$ 393,262	$ 332,133	$ 297,842
Town's Proportionate Share of the Net Pension (Liability Asset) as a Percentage of Covered-Employee Payroll	7.06%	0.36%	25.10%	20.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.1%	100.1%	106.8%	105.8%

TOWN OF LOCHBUIE
SCHEDULE OF TOWN CONTRIBUTIONS
STATE FIRE AND POLICE PENSION PLAN (FPPA)

	2016	2015	2014	2013
TOWN CONTRIBUTIONS				
Statutorily Required Contribution	$ 38,572	$ 31,534	$ 26,571	$ 23,827
Contributions in Relation to the Statutorily Required Contribution	38,572	31,534	26,571	23,827
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Town's Covered-Employee Payroll	$ 482,150	$ 393,262	$ 332,133	$ 297,842
Contributions as a Percentage of Covered-Employee Payroll	8.0%	8.0%	8.0%	8.0%

These schedules are presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

TOWN OF LOCHBUIE
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC RETIREMENT ASSOCIATION OF COLORADO (PERA)

	2016	2015	2014	2013
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
Town's Proportion of the Net Pension Liability	0.08112678%	0.06694839%	0.05878188%	0.06415992%
Town's Proportionate Share of the Net Pension Liability	$ 1,095,488	$ 737,491	$ 647,530	$ 526,867
Town's Covered-Employee Payroll	$ 594,660	$ 457,823	$ 351,416	$ 322,098
Town's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	184.22%	161.09%	184.26%	163.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.6%	76.9%	80.7%	77.7%

TOWN OF LOCHBUIE
SCHEDULE OF TOWN CONTRIBUTIONS
PUBLIC RETIREMENT ASSOCIATION OF COLORADO (PERA)

	2016	2015	2014	2013
TOWN CONTRIBUTIONS				
Statutorily Required Contribution	$ 75,403	$ 58,052	$ 44,559	$ 40,842
Contributions in Relation to the Statutorily Required Contribution	75,403	58,052	44,559	40,842
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Town's Covered-Employee Payroll	$ 594,660	$ 457,823	$ 351,416	$ 322,098
Contributions as a Percentage of Covered-Employee Payroll	12.68%	12.68%	12.68%	12.68%

These schedules are presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

SUPPLEMENTARY INFORMATION

Town of Lochbuie, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS) - ENTERPRISE FUND - WATER

For the Year Ended December 31, 2017

	Final Budget	Actual	Variance Final Budget - Favorable (Unfavorable)
Revenues			
Charges for services	$ 1,950,000	$ 2,189,150	$ 239,150
Other operating	151,200	74,128	(77,072)
System development fees	1,684,800	1,533,168	(151,632)
Interest earnings	2,500	9,695	7,195
Other revenue	19,000	85	(18,915)
Total revenues	3,807,500	3,806,226	(1,274)
Expenditures			
Operations	948,707	544,588	404,119
Administrative and general	772,245	547,284	224,961
Capital outlay	1,585,500	624,824	960,676
Debt service	160,888	158,548	2,340
Total expenditures	3,467,340	1,875,243	1,592,097
Changes in fund balance	340,160	1,930,983	1,590,823
Funds available - beginning of year	8,998,608	6,149,547	(2,849,061)
Funds available - end of year	$ 9,338,768	$ 8,080,530	$ (1,258,238)

RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Revenues (budgetary basis)	$ 3,806,226
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	3,806,226
Expenditures (budgetary basis)	1,875,243
Depreciation	242,506
Principal payments of debt	(115,000)
Capital outlay	(624,824)
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	1,377,925
Change in net assets per Statement of Revenues, Expenses and Changes in Position	$ 2,428,301

Town of Lochbuie, Colorado

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE - BUDGET AND ACTUAL (BUDGETARY BASIS) - ENTERPRISE FUND - SEWER

For the Year Ended December 31, 2017

	Final Budget	Actual	Variance Final Budget - Favorable (Unfavorable)
Revenues			
Charges for services	$ 700,000	$ 742,427	$ 42,427
Other operating	715,000	1,009,685	294,685
Tap and plant investment fees	734,600	1,277,457	542,857
Interest earnings	-	6,508	6,508
Other revenue	400	-	(400)
Total revenues	2,150,000	3,036,077	886,077
Expenditures			
Operations	1,320,837	917,169	403,668
Administrative and general	314,594	268,723	45,871
Capital outlay	127,500	109,639	17,861
Payments to other governments	400,000	833,112	(433,112)
Total expenditures	2,162,931	2,128,643	34,288
Excess of revenues over expenditures	(12,931)	907,434	920,365
Funds available - beginning of year	4,186,246	2,876,977	(1,309,269)
Funds available - end of year	$ 4,173,315	$ 3,784,411	$ (388,904)

RECONCILIATION OF ACTUAL (BUDGETARY BASIS) TO STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Revenues (budgetary basis)	$ 3,036,077
Total revenues per Statement of Revenues, Expenses and Changes in Net Position	3,036,077
Expenditures (budgetary basis)	2,128,643
Depreciation	215,376
Capital outlay	(109,639)
Total expenses per Statement of Revenues, Expenses and Changes in Net Position	2,234,380
Change in net assets per Statement of Revenues, Expenses and Changes in Net Position	$ 801,697

Town of Lochbuie, Colorado

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2017

Year Ended December 31,	$2,140,000 General Obligation Bonds, Series 2012 Principal Due December 1, Interest Rate 2% to 3% Payable June 1 and December 1 Principal	Interest	Total	$2,180,000 Water Revenue Bonds, Series 2012 Principal Due December 1 Interest Rate 2% to 3% Payable June 1 and December 1 Principal	Interest	Total
2018	$ 220,000	$ 31,319	$ 251,319	$ 120,000	$ 53,588	$ 173,588
2019	225,000	26,919	251,919	120,000	41,188	161,188
2020	235,000	21,013	256,013	125,000	38,788	163,788
2021	240,000	14,550	254,550	125,000	35,663	160,663
2022	245,000	7,350	252,350	125,000	32,538	157,538
2023	-	-	-	135,000	29,256	164,256
2024	-	-	-	135,000	25,713	160,713
2025	-	-	-	140,000	22,000	162,000
2026	-	-	-	145,000	18,150	163,150
2027	-	-	-	150,000	13,800	163,800
2028	-	-	-	150,000	9,300	159,300
2029	-	-	-	160,000	4,800	164,800
	$ 1,165,000	$ 101,151	$ 1,266,151	$ 1,630,000	$ 324,784	$ 1,954,784

(continued)

Town of Lochbuie, Colorado

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

December 31, 2017
(continued)

Year Ended December 31,	Total Principal	Total Interest	Total
2017	$ 340,000	$ 84,907	$ 424,907
2018	345,000	68,107	413,107
2019	360,000	59,801	419,801
2020	365,000	50,213	415,213
2021	370,000	39,888	409,888
2022	135,000	29,256	164,256
2023	135,000	25,713	160,713
2024	140,000	22,000	162,000
2025	145,000	18,150	163,150
2026	150,000	13,800	163,800
2027	150,000	9,300	159,300
2028	160,000	4,800	164,800
	$ 2,795,000	$ 425,935	$ 3,220,935

SPECIAL REPORT

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Lochbuie	
	YEAR ENDING : December 2017	
This Information From The Records Of (example - City of _ or County of	Prepared By: Phone:	

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)	366,215
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	276,678
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	397,396	b. Snow and ice removal	3,037
3. Other local imposts (from page 2)	264,351	c. Other	52,495
4. Miscellaneous local receipts (from page 2)	68,589	d. Total (a. through c.)	55,532
5. Transfers from toll facilities	0	4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	698,425
b. Bonds - Refunding Issues		**B. Debt service on local obligations:**	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	35,419
7. Total (1 through 6)	730,336	b. Redemption	205,000
B. Private Contributions		c. Total (a. + b.)	240,419
C. Receipts from State government		2. Notes:	
(from page 2)	208,508	a. Interest	
D. Receipts from Federal Government		b. Redemption	
(from page 2)	0	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	938,844	3. Total (1.c + 2.c)	240,419
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	938,844

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	938,844	938,844		0

Notes and Comments:

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments	240,419	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	68,589
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	23,932	g. Other Misc. Receipts	
6. Total (1. through 5.)	23,932	h. Other	
c. Total (a. + b.)	264,351	i. Total (a. through h.)	68,589
	(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	184,757	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	23,751	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	23,751	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	208,508	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs	0	84,051	84,051
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		282,164	282,164
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	282,164	282,164
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	366,215	366,215
			(Carry forward to page 1)

Notes and Comments:

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