Town of Merino, Colorado

Financial Statements

For the Year ended December 31, 2017

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LAUER, SZABO &
ASSOCIATES, PC
Certified Public Accountants
205 Main St. · P.O. Box 1886 · Sterling, CO 80751-7886
Phone 970-522-2218 · FAX 970-522-2220

Independent Auditors' Report

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

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The Town was unable to provide sufficient appropriate audit evidence with regards to the support for payroll, vendor and certain other financial transactions that occurred during the year. The records that were available were not sufficient to permit the application of auditing procedures that would be adequate for us to express an opinion on the accompanying financial statements.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements referred to in the first paragraph.

Other Matters

Required Supplementary Information

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

Other Information

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

The other supplementary information and the local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion in relation to the basic financial statements as a whole. Accordingly, we do not express an opinion on the other supplementary information and the local highway finance report.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
January 14, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The Town of Merino remains in good financial condition.
- The assets of the Town of Merino exceeded its liabilities and deferred inflows of resources at the close of 2017 by $2,917,392 (net position). Of this amount $779,727 or 27% is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's total revenues exceeded expenses by $577,332.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide financial statements

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

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

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law, however, the Town Council has established other funds to help control and manage money for particular purposes or to show that it is properly using certain revenue. All of the funds of the Town of Merino can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

The basic fiduciary fund financial statements can be found starting on page 24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 26 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Merino, assets exceed liabilities and deferred inflows of resources by $2,917,392 at the close of 2017.

Net Position

Combined net position of the Town of Merino as of December 31, 2017 are shown in Table 1 below. The Town did not issue financial statements prepared in accordance with generally accepted accounting principles in the prior year, therefore, a detailed comparison to the prior year is not possible.

Table 1
NET POSITION

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	244,396	702,581	946,977
Capital assets	342,823	2,220,681	2,563,504
Total assets	587,219	2,923,262	3,510,481
Long-term debt outstanding	-	450,833	450,833
Other liabilities	11,333	102,220	113,553
Total liabilities	11,333	553,053	564,386
Deferred inflows of resources	28,703	-	28,703
Net position			
Net investment in capital assets	342,823	1,769,848	2,112,671
Restricted	24,994	-	24,994
Unrestricted	179,366	600,361	779,727
Total net position	547,183	2,370,209	2,917,392
Total liabilities, deferred inflows and net position	587,219	2,923,262	3,510,481

The largest portion of the Town of Merino's net position, 72%, reflects its investment in capital assets (land, buildings and equipment). The Town of Merino uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. In addition, a portion of the Town of Merino's net position, 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 27%, may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in net position

The Town's total revenue of $843,904 was more than program expenses of $266,572 for an increase in net position of $577,332.

Combined changes in net position of the Town of Merino as of December 31, 2017 are shown in Table 2 below. The Town did not issue financial statements prepared in accordance with generally accepted accounting principles in the prior year, therefore, a detailed comparison to the prior year is not possible.

Table 2
CHANGES IN NET POSITION

	Governmental Activities	Business-type Activities	Total Primary Government
Program revenues			
Charges for services	1,515	132,434	133,949
Operating grants	65,704	-	65,704
Capital grants	-	491,306	491,306
General revenues			
Property taxes	21,281	-	21,281
Specific ownership taxes	2,353	-	2,353
Franchise taxes	11,980	-	11,980
Other taxes	2,098	69	2,167
Interest earnings	96	306	402
Miscellaneous	112,566	-	112,566
Gain on disposal of assets	2,196	-	2,196
Total revenues	219,789	624,115	843,904
Program expenses			
General government	35,096	-	35,096
Public safety	63,437	-	63,437
Public works	21,160	-	21,160
Culture and recreation	3,806	-	3,806
Business-type activities			
Water services	-	114,393	114,393
Sewer services	-	28,680	28,680
Total expenses	123,499	143,073	266,572
Change in net position	96,290	481,042	577,332
Net position at beginning of year	450,893	1,889,167	2,340,060
Net position at end of year	547,183	2,370,209	2,917,392

Governmental Activities

Revenue for the Town's governmental activities totaled $219,789 for 2017. Tax revenue produced 17% of these revenues. Tax revenue includes property taxes, sales and other taxes.

Table 3
GOVERNMENTAL ACTIVITIES

	Total Cost of Services	Net Cost of Services
General government	$ 35,096	$ 33,581
Public safety	63,437	10,501
Public works	21,160	11,186
Culture and recreation	3,806	1,012

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

Business-type Activities

Net position in business-type activities increased by $481,042 in 2017. Business-type activities include water and sewer services.

Table 4
BUSINESS-TYPE ACTIVITIES

	Total Cost of Services	Net Cost of Services
Water services	$ 114,393	$ 464,393
Sewer services	28,680	16,274

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

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a combined fund balance of $204,360. The general fund, streets and alleys funds, fire department fund and other governmental funds reported fund balances of $135,722, $13,768, $47,644 and $7,226, respectively.

General Fund Budgetary Highlights

The actual charges to appropriations (expenditures) were $87,226 below the final budget amounts due to appropriated reserves not being expended as originally anticipated.

Additionally, resources available for appropriation (revenues) were $71,428 more than the final budgeted amount due to unanticipated insurance proceeds being collected.

CAPITAL ASSETS AND DEBT ADMINSTRATION

Capital Assets. The Town of Merino's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to $2,563,504 (net of accumulated depreciation). This amount includes a broad range of capital assets, including public works equipment, water, sewer and other infrastructure.

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

Table 5
CAPITAL ASSETS ON DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total Primary Government
Land	14,000	66,933	80,933
Engineering fees	-	501,842	501,842
Construction in progress	-	1,558,039	1,558,039
Buildings and improvements	151,489	35,936	187,425
Equipment	177,334	57,931	235,265
Total	342,823	2,220,681	2,563,504

Long-term debt. The Town had $450,833 in debt outstanding at year-end. More detailed information about the Town's long-term debt is presented in Table 6 and Note F to the financial statements.

Table 6
LONG-TERM DEBT ON DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total Primary Government
Notes payable	-	450,833	450,833

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town of Merino is in a good financial position. The remaining funds' revenues and expenditures may not be consistent with prior years as the Town anticipates completion of the water facility improvement project.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact Town of Merino, 206 Colorado Avenue, P.O. Box 211, Merino, Colorado 80741.

Basic Financial Statements

The basic financial statements of the Town include the following:

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

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

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

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

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	$ 183,574	$ 487,099	$ 670,673
Cash with county treasurer	326		326
Certificates of deposit	29,853	35,027	64,880
Receivables	30,643	180,455	211,098
Capital assets, net of depreciation	342,823	2,220,681	2,563,504
Total assets	$ 587,219	$ 2,923,262	$ 3,510,481
Liabilities			
Accounts payable	$ 2,458	$ 98,760	$ 101,218
Accrued salaries and benefits	797	746	1,543
Payroll liabilities payable	8,078		8,078
Accrued interest payable		751	751
Unearned revenue		950	950
Unearned grant revenue		1,013	1,013
Noncurrent liabilities			
Due within one year		13,723	13,723
Due in more than one year		437,110	437,110
Total liabilities	11,333	553,053	564,386
Deferred inflows of resources			
Deferred property tax revenues	28,703		28,703
Total deferred inflows of resources	28,703	-	28,703
Net position			
Net investment in capital assets	342,823	1,769,848	2,112,671
Restricted for emergencies	4,000		4,000
Restricted for public works	13,768		13,768
Restricted for culture and recreation	7,226		7,226
Unrestricted	179,366	600,361	779,727
Total net position	547,183	2,370,209	2,917,392
Total liabilities, deferred inflows of resources and net position	$ 587,219	$ 2,923,262	$ 3,510,481

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

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

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	$ 35,096	$ 1,515		
Public safety	63,437		$ 52,936	
Public works	21,160		9,974	
Culture and recreation	3,806		2,794	
Total governmental activities	123,499	1,515	65,704	$ -
Business-type activities				
Water	114,393	87,480		491,306
Sewer	28,680	44,954		
Total business-type activities	143,073	132,434	-	491,306
Total	$ 266,572	$ 133,949	$ 65,704	$ 491,306

General revenues
Taxes
Property taxes, levied for general purposes
Specific ownership taxes
Franchise taxes
Other taxes
Interest earnings
Miscellaneous
Gain on disposal of assets

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (33,581)		$ (33,581)
(10,501)		(10,501)
(11,186)		(11,186)
(1,012)		(1,012)
(56,280)		(56,280)
	$ 464,393	464,393
	16,274	16,274
	480,667	480,667
(56,280)	480,667	424,387
21,281		21,281
2,353		2,353
11,980		11,980
2,098		2,098
96	69	165
112,566	306	112,872
2,196		2,196
152,570	375	152,945
96,290	481,042	577,332
450,893	1,889,167	2,340,060
$ 547,183	$ 2,370,209	$ 2,917,392

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

	General Fund	Streets and Alleys Fund	Fire Department Fund	Other Governmental Fund
Assets				
Cash	$ 124,971	$ 4,251	$ 48,592	$ 5,760
Cash with county treasurer	318	8		
Certificates of deposit	19,853	10,000		
Property taxes receivable	21,552			
Accounts receivable	277	7,348		1,466
Total assets	$ 166,971	$ 21,607	$ 48,592	$ 7,226
Liabilities				
Accounts payable	$ 836	$ 674	$ 948	
Accrued salaries and benefits	783	14		
Payroll liabilities payable	8,078			
Total liabilities	9,697	688	948	$ -
Deferred inflows of resources				
Deferred property tax revenues	21,552	7,151		
Total deferred inflows of resources	21,552	7,151	-	-
Fund balance				
Restricted for:				
Emergencies	4,000			
Public works		13,768		
Culture and recreation				7,226
Committed to public safety			47,644	
Unassigned	131,722			
Total fund balance	135,722	13,768	47,644	7,226
Total liabilities, deferred inflows of resources, and fund balance	$ 166,971	$ 21,607	$ 48,592	$ 7,226

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

Total Governmental Funds
$ 183,574
326
29,853
21,552
9,091
$ 244,396
$ 2,458
797
8,078
11,333
28,703
28,703
4,000
13,768
7,226
47,644
131,722
204,360
$ 244,396

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - governmental funds	$ 204,360
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds.	342,823
Net position of governmental activities	$ 547,183

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

	General Fund	Streets and Alleys Fund	Fire Department Fund	Other Governmental Fund
Revenues				
Taxes	$ 27,040	$ 8,752		
Intergovernmental	1,920	9,974	$ 50,000	$ 2,794
Charges for services	175			
Miscellaneous	89,100	15	27,055	768
Total revenues	118,235	18,741	77,055	3,562
Expenditures				
Current				
General government	34,962			
Public safety	5,000		31,927	
Public works		19,376		
Culture and recreation				2,187
Total expenditures	39,962	19,376	31,927	2,187
Excess of revenues over (under) expenditures	78,273	(635)	45,128	1,375
Other financing sources (uses)				
Proceeds from the sale of assets			2,196	
Transfers in			4,931	
Transfers out	(4,931)			
Total other financing sources (uses)	(4,931)	-	7,127	-
Net change in fund balance	73,342	(635)	52,255	1,375
Fund balance (deficit) at beginning of year, as originally reported	65,491	14,403	(4,611)	5,851
Prior period adjustment	(3,111)			
Fund balance at beginning of year, as restated	62,380	14,403	(4,611)	5,851
Fund balance at end of year	$ 135,722	$ 13,768	$ 47,644	$ 7,226

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

Total Governmental Funds
$ 35,792
64,688
175
116,938
217,593
34,962
36,927
19,376
2,187
93,452
124,141
2,196
4,931
(4,931)
2,196
126,337
81,134
(3,111)
78,023
$ 204,360

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - governmental funds	$ 126,337
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(30,047)
Change in net position of governmental activities	$ 96,290

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current assets			
Cash	$ 292,898	$ 194,201	$ 487,099
Certificates of deposit	10,027	25,000	35,027
Accounts receivable	12,000	7,000	19,000
Grants receivable	161,455		161,455
Total current assets	476,380	226,201	702,581
Noncurrent assets			
Land	43,933	23,000	66,933
Engineering fees	282,067	219,775	501,842
Construction in progress	1,558,039		1,558,039
Land and improvements		35,000	35,000
Buildings and improvements	70,313	14,379	84,692
Equipment	203,074	76,026	279,100
Accumulated depreciation	(198,843)	(106,082)	(304,925)
Total noncurrent assets	1,958,583	262,098	2,220,681
Total assets	$ 2,434,963	$ 488,299	$ 2,923,262

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Liabilities			
Current liabilities			
Accounts payable	$ 97,973	$ 787	$ 98,760
Accrued interest payable	751		751
Accrued salaries and benefits	681	65	746
Unearned revenue		950	950
Unearned grant revenue		1,013	1,013
Current portion of notes payable	13,723		13,723
Total current liabilities	113,128	2,815	115,943
Noncurrent liabilities			
Notes payable	437,110		437,110
Total noncurrent liabilities	437,110	-	437,110
Total liabilities	550,238	2,815	553,053
Net position			
Net investment in capital assets	1,507,750	262,098	1,769,848
Unrestricted	376,975	223,386	600,361
Total net position	1,884,725	485,484	2,370,209
Total liabilities and net position	$ 2,434,963	$ 488,299	$ 2,923,262

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating revenues			
Charges for services	$ 87,480	$ 44,954	$ 132,434
Operating expenses			
General and administrative	52,483	11,692	64,175
Systems operations	53,558	13,933	67,491
Depreciation	6,480	3,055	9,535
Total operating expenses	112,521	28,680	141,201
Operating income (loss)	(25,041)	16,274	(8,767)
Nonoperating revenues (expenses)			
Interest on investments	33	36	69
Federal and state grants	491,306		491,306
Contributions		6	6
Miscellaneous revenue	300		300
Interest and fiscal charges	(1,872)		(1,872)
Total nonoperating revenues (expenses)	489,767	42	489,809
Change in net position	464,726	16,316	481,042
Net position at beginning of year, as originally reported	383,836	469,168	853,004
Prior period adjustment	1,036,163		1,036,163
Net position at beginning of year, as restated	1,419,999	469,168	1,889,167
Net position at end of year	$ 1,884,725	$ 485,484	$ 2,370,209

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

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash flows from operating activities			
Receipts from customers	$ 87,480	$ 44,954	$ 132,434
Payments to suppliers	(84,421)	(20,185)	(104,606)
Payments to employees	(28,028)	(5,003)	(33,031)
Net cash provided (used) by operating activities	(24,969)	19,766	(5,203)
Cash flows from noncapital financing activities			
Miscellaneous receipts	300	6	306
Net cash provided by noncapital financing activities	300	6	306
Cash flows from capital and related financing activities			
Federal and state grants	388,843		388,843
Proceeds from note	355,000		355,000
Purchase of capital assets	(1,467,273)		(1,467,273)
Principal paid on capital debt	(4,161)		(4,161)
Interest and fiscal charges	(1,287)		(1,287)
Net cash used by capital and related financing activities	(728,878)	-	(728,878)
Cash flows from investing activities			
Purchase of certificates of deposit	(5,000)		(5,000)
Earnings on investments	6	36	42
Net cash provided (used) by investing activities	(4,994)	36	(4,958)
Net increase (decrease) in cash	(758,541)	19,808	(738,733)
Cash at beginning of year	1,051,439	174,393	1,225,832
Cash at end of year	$ 292,898	$ 194,201	$ 487,099

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ (25,041)	$ 16,274	$ (8,767)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	6,480	3,055	9,535
Changes in assets and liabilities			
Accounts payable	(5,898)	547	(5,351)
Accrued salaries	(510)	(110)	(620)
Net cash provided (used) by operating activities	$ (24,969)	$ 19,766	$ (5,203)
Supplemental cash disclosure			
Capital assets financed with accounts payable	$ 94,552	$ -	$ 94,552

TOWN OF MERINO, COLORADO
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2017

		Pension Trust Funds
Assets		
Cash	$	35,665
Total assets	$	35,665
Net position		
Restricted for pensions	$	35,665
Total net position	$	35,665

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

TOWN OF MERINO, COLORADO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2017

	Pension Trust Funds
Additions	
Contributions	
Town	$ 5,000
State	1,000
Total contributions	6,000
Investment income	
Interest on investments	33
Total additions	6,033
Deductions	
Pension benefits	
Total deductions	-
Change in net position	6,033
Net position restricted for pensions	
Beginning of year	29,632
End of year	$ 35,665

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

Note A – Summary of significant accounting policies

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

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

A.1 – Reporting entity

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

The Town has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Town has no component units.

A.2 – Fund accounting

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

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

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

<u>Note A – Summary of significant accounting policies</u> (Continued)

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

<u>Streets and Alleys Fund</u> – This fund is a special revenue fund established to account for funds received from a state and local sources to be used to maintain the Town's streets and alleys.

<u>Fire Department Fund</u> – This fund is a special revenue fund established to account for funds received the City of Sterling and related revenues to be used to provide fire prevention and control services.

The following is the Town's nonmajor governmental fund:

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

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

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

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

Fiduciary funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the Town's own programs. The Town has one pension trust fund.

Note A.3 – Basis of presentation

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

Note A – Summary of significant accounting policies (Continued)

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

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

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

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

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

Note A – Summary of significant accounting policies (Continued)

Fiduciary funds focus on net position and are reported using accounting principles similar to proprietary funds. The Town's fiduciary funds are presented in the fiduciary fund financial statements by fund type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the Town, these funds are not incorporated into the government-wide financial statements.

A.4 – Basis of accounting

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

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

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

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

Note A – Summary of significant accounting policies (Continued)

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

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

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

A.5 – Encumbrances

Encumbrances outstanding at year-end are considered immaterial and thus are not reported as reservations of fund balance.

A.6 – Cash and cash equivalents

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

A.7 – Short-term interfund receivables/payables

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

A.8 – Receivables

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

Note A – Summary of significant accounting policies (Continued)

A.9 – Capital assets

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

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

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

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

Description	Governmental Activities	Business-type Activities
Buildings and improvements	10 – 40 years	10 – 40 years
Equipment	5 – 15 years	5 – 15 years
Systems	n/a	40 years

A.10 – Accrued liabilities and long-term obligations

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

Note A – Summary of significant accounting policies (Continued)

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

A.11 – Net position

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

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

A.12 – Operating revenues and expenses

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

A.13 – Interfund transactions

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

Note A – Summary of significant accounting policies (Continued)

A.14 – Fund balance

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

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

Nonspendable, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town Council (the Town's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the Town's general fund and includes all spendable amounts not contained in the other classifications.

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

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

Note B – Cash and deposits

Cash and deposits

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

Custodial credit risk – deposits – Custodial risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of year-end, the Town had total deposits of $292,966, which were insured in their entirety.

Investments

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

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

The Town did not have any investments at year-end.

Note C – Interfund transactions

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

Transfers in	Transfers out	Amount
Fire Department Fund	General Fund	$ 4,931

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The Town transferred funds from the General Fund to the Fire Department Fund in order to provide assistance with costs associated with fire prevention and control services.

Note D – Receivables

Receivables at year-end consist of the following:

	Governmental Activities	Business-type Activities	Total Receivables
Property taxes	$ 21,552	$ -	$ 21,552
Utility billings	-	19,000	19,000
Grants	-	161,455	161,455
Other	9,091	-	9,091
Total	$ 30,643	$ 180,455	$ 211,098

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

Note E – Capital assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 14,000	$ -	$ -	$ 14,000
Total capital assets, not being depreciated	14,000	-	-	14,000
Capital assets, being depreciated:				
Buildings and improvements	257,885	-	-	257,885
Equipment	473,461	1,950	-	475,411
Total capital assets, being depreciated	731,346	1,950	-	733,296
Total capital assets	745,346	1,950	-	747,296
Less accumulated depreciation for:				
Buildings and improvements	(100,627)	(5,769)	-	(106,396)
Equipment	(271,849)	(26,228)	-	(298,077)
Total accumulated depreciation	(372,476)	(31,997)	-	(404,473)
Governmental activities capital assets, net	$ 372,870	$ (30,047)	$ -	$ 342,823

Depreciation expense was charged to programs the governmental activities as follows:

General government	$ 134
Public safety	28,460
Public works	1,784
Culture and recreation	1,619
Total	$ 31,997

Note E – Capital assets (Continued)

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 56,933	$ 10,000	$ -	$ 66,933
Engineering fees	501,842	-	-	501,842
Construction in progress	21,629	1,536,410	-	1,558,039
Total capital assets, not being depreciated	580,404	1,546,410	-	2,126,814
Capital assets, being depreciated				
Land improvements	35,000	-	-	35,000
Buildings and improvements	84,692	-	-	84,692
Equipment	264,085	15,415	(400)	279,100
Total capital assets, being depreciated	383,777	15,415	(400)	398,792
Total capital assets	964,181	1,561,825	(400)	2,525,606
Less accumulated depreciation for:				
Land improvements	(35,000)	-	-	(35,000)
Buildings and improvements	(47,146)	(1,610)	-	(48,756)
Equipment	(213,644)	(7,925)	400	(221,169)
Total accumulated depreciation	(295,790)	(9,535)	400	(304,925)
Business-type activities capital assets, net	$ 668,391	$ 1,552,290	$ -	$ 2,220,681

Depreciation expense was charged to programs the business-type activities as follows:

Water	6,480
Sewer	3,055
Total	$ 9,535

Note F – Long-term debt

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

	Beginning Balances	Additions	Reductions	Ending Balances	Due within one year
Business-type activities					
Notes payable	$ 99,994	$ 355,000	$ (4,161)	$ 450,833	$ 13,723

Notes payable at year-end consist of the following individual issues:

$110,000 agreement with Colorado Water Resources and Power Development Authority dated November 7, 2012, due in semi-annual installments ranging from $354 to $2,152, including interest of 1%, through 2043. The agreement was entered into in order to facilitate the modification of the Town's water system.	$ 96,681
$355,000 agreement with Colorado Water Resources and Power Development Authority dated March 31, 2017, due in semi-annual installments ranging from $1,144 to $6,946, including interest of 1%, through 2047. The agreement was entered into in order to facilitate the modification of the Town's water system.	354,152
Total	$ 450,833

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

Year ended December 31,	Principal	Interest
2018	$ 13,723	$ 4,474
2019	13,861	4,337
2020	14,000	4,198
2021	14,140	4,057
2022	14,282	3,915
2023-2027	73,586	17,401
2028-2032	77,349	13,638
2033-2037	81,305	9,682
2038-2042	85,463	5,524
2043-2047	63,124	1,545
Total	$ 450,833	$ 68,771

Note G – Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has affiliated with the Colorado Intergovernmental Risk Sharing Agency (CIRSA) to provide protection against losses incurred related to property, casualty, general liability and workers compensation claims. CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of the Colorado Revised Statutes and the Colorado Constitution. The purposes of CIRSA are to provide members defined liability, property and workers compensation coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees, or officers. The Town makes an annual contribution to CIRSA for its insurance coverage. For the year, the Town's financial contribution to CIRSA was $20,770. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the Town. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note H – Pension plans

Town of Merino Volunteer Fire Pension Plan

The Town's defined benefit pension plan for volunteers provides retirement and death benefits to plan members and beneficiaries.

Contribution requirements of the Town are established under Title 31, Article 30 of the Colorado Revised Statutes. The plan is noncontributory regarding participants. Contributions to the plan for the year included $5,000 from the Town and $1,000 from the State of Colorado.

During 2009, a pension payment was adopted based on a formula considering current year's revenue (consisting of the prior year's town and state contributions plus the prior year's interest), less 10 percent, less the prior year's death benefits paid, if any, for members who have attained 75 years in combination of age and service, although the Town has not had an actuarial valuation. As such, the Town has not adopted the provisions of GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, including disclosures and required supplementary information.

Note I – Commitments and contingencies

State and federal funding

The Town receives revenues from various state and federal grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate. In November 1996, the voters of the Town approved a ballot initiative permitting the Town to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation.

The Town believes it is in compliance with the requirements of TABOR. However, the Town has made certain interpretations of TABOR's language in order to determine its compliance. TABOR requires an emergency reserve to be set aside in the amount of 3% or more of its fiscal year spending for 1995 and subsequent years thereafter. At year-end, the Town has reserved funds in the General Fund in the amount of $4,000 for the emergency reserve.

Note J – Prior period adjustments

The Town made errors in reporting accounts payable and related expenditures in the General Fund, as well as errors in reporting grants receivable and the related revenues in the Water Fund. Accordingly, the beginning fund balance of the General Fund and the beginning net position of the Water Fund were restated by ($3,111) and $1,036,163, respectively, to correct the errors.

Required Supplementary Information

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

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Streets and Alleys Fund
- Budgetary Comparison Schedule – Fire Department Fund

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

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Taxes	$ 33,317	$ 33,317	$ 27,040	$ (6,277)
Licenses and permits	100	100		(100)
Intergovernmental revenue	2,900	2,900	1,920	(980)
Charges for services	100	100	175	75
Miscellaneous revenue	10,390	10,390	89,100	78,710
Total revenues	46,807	46,807	118,235	71,428
Expenditures				
Current				
General government	36,376	36,376	34,962	1,414
Public safety	3,000	3,000	5,000	(2,000)
Appropriated reserves	87,812	87,812		87,812
Total expenditures	127,188	127,188	39,962	87,226
Excess of revenues over (under) expenditures	(80,381)	(80,381)	78,273	158,654
Other financing uses				
Transfers out			(4,931)	(4,931)
Net change in fund balance	$ (80,381)	$ (80,381)	73,342	$ 153,723
Fund balance at beginning of year, as originally reported			65,491	
Prior period adjustment			(3,111)	
Fund balance at beginning of year, as restated			62,380	
Fund balance at end of year			$ 135,722	

TOWN OF MERINO, COLORADO
Streets and Alleys Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Taxes				
Specific ownership taxes	$ 1,500	$ 1,500	$ 2,353	$ 853
Franchise taxes	11,500	11,500	6,399	(5,101)
Total taxes	13,000	13,000	8,752	(4,248)
Intergovernmental				
Highway users taxes	13,000	13,000	6,471	(6,529)
Motor vehicle taxes	1,500	1,500	1,971	471
Road and bridge taxes	1,238	1,238	1,532	294
Total intergovernmental	15,738	15,738	9,974	(5,764)
Miscellaneous				
Interest on investments	15	15	15	-
Total revenues	28,753	28,753	18,741	(10,012)
Expenditures				
Public works				
Salaries	3,500	3,500	5,231	(1,731)
Fringe benefits and taxes	780	780	66	714
Contract labor	2,500	2,500	1,350	1,150
Supplies	800	800	890	(90)
Insurance	400	400	1,757	(1,357)
Repairs and maintenance	3,500	3,500	355	3,145
Street lighting	7,284	7,284	6,167	1,117
Oil and gas	350	350	78	272
County treasurer's fees	43	43	31	12
Miscellaneous	2,500	2,500	3,451	(951)
Capital outlay	4,500	4,500		4,500
Appropriated reserves	18,396	18,396		18,396
Total expenditures	44,553	44,553	19,376	25,177
Excess of revenues over (under) expenditures	$ (15,800)	$ (15,800)	(635)	$ 15,165
Fund balance at beginning of year			14,403	
Fund balance at end of year			$ 13,768	

TOWN OF MERINO, COLORADO
Fire Department Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Intergovernmental				
City of Sterling funding	$ 50,000	$ 50,000	$ 50,000	$ -
Miscellaneous				
Interest on investments			23	23
Grants and contributions			2,936	2,936
Reimbursements			22,693	22,693
Miscellaneous			1,403	1,403
Total miscellaneous	-	-	27,055	27,055
Total revenues	50,000	50,000	77,055	27,055
Expenditures				
Public safety				
Supplies	19,500	19,500	7,455	12,045
Repairs and maintenance	6,050	6,050	3,773	2,277
Training	2,500	2,500	358	2,142
Administrative fees	4,850	4,850	1,209	3,641
Insurance	15,000	15,000	5,115	9,885
Professional fees	750	750	423	327
Utilities	3,000	3,000	2,259	741
Miscellaneous	5,644	5,644	1,247	4,397
Capital outlay	8,200	8,200	10,088	(1,888)
Appropriated reserves	3,140	3,140		3,140
Total expenditures	68,634	68,634	31,927	36,707
Excess of revenues over (under) expenditures	(18,634)	(18,634)	45,128	63,762
Other financing sources				
Proceeds from the sale of assets			2,196	2,196
Transfers in			4,931	4,931
Total other financing sources	-	-	7,127	7,127
Net change in fund balance	$ (18,634)	$ (18,634)	52,255	$ 70,889
Fund balance (deficit) at beginning of year			(4,611)	
Fund balance at end of year			$ 47,644	

Note A – Budgetary data

Annual budgets are established for all funds of the Town as required by state budget laws. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the enterprise and internal service funds in which capital and principal retirement expenses are treated as operating expenses and depreciation expense is not budgeted.

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

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

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

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Other Supplementary Information

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

Such statements and schedules include:

- Budgetary Comparison Schedules – General Fund Revenues and Expenditures
- Budgetary Comparison Schedule – Nonmajor Governmental Fund
- Budgetary Comparison Schedules – Proprietary Funds
- Budgetary Comparison Schedule – Fiduciary Fund

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General Fund

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

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

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Taxes				
Local property taxes	$ 21,470	$ 21,470	$ 21,281	$ (189)
Delinquent taxes and interest	47	47	178	131
Franchise taxes	11,800	11,800	5,581	(6,219)
Total taxes	33,317	33,317	27,040	(6,277)
Licenses and permits	100	100		(100)
Intergovernmental				
Severance taxes	1,200	1,200	790	(410)
Mineral lease	1,700	1,700	1,130	(570)
Total intergovernmental	2,900	2,900	1,920	(980)
Charges for services				
Cemetery	100	100	175	75
Miscellaneous revenues				
Rents	6,880	6,880	1,340	(5,540)
Earnings on investments	10	10	43	33
Insurance proceeds			84,891	84,891
Refunds			870	870
Miscellaneous	3,500	3,500	1,956	(1,544)
Total miscellaneous revenues	10,390	10,390	89,100	78,710
Total revenues	$ 46,807	$ 46,807	$ 118,235	$ 71,428

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

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
General government				
Salaries	$ 13,900	$ 13,900	$ 19,904	$ (6,004)
Fringe benefits and taxes	4,726	4,726	2,401	2,325
Office supplies and postage	1,000	1,000	207	793
Professional services	1,000	1,000	443	557
Telephone	350	350	592	(242)
Advertisements and legal notices	300	300		300
County treasurer's fees	400	400	429	(29)
Insurance and bonds	2,000	2,000	1,758	242
Utilities	4,500	4,500	3,013	1,487
Repairs and maintenance	3,000	3,000	314	2,686
Dues and subscriptions	400	400	304	96
Rental house utilities			1,374	(1,374)
Rental house repairs			212	(212)
Miscellaneous	4,800	4,800	4,011	789
Total general government	36,376	36,376	34,962	1,414
Public safety				
Fire				
Pension contribution	3,000	3,000	5,000	(2,000)
Total public safety	3,000	3,000	5,000	(2,000)
Appropriated reserves	87,812	87,812		87,812
Total expenditures	$ 127,188	$ 127,188	$ 39,962	$ 87,226

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Budgetary Comparison Schedule – Nonmajor Governmental Fund

The Town reports the following nonmajor governmental fund:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Conservation Trust Fund – This fund was established to account for the state lottery proceeds and allowable expenditures.

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

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Intergovernmental revenue				
State lottery revenues	$ 2,000	$ 2,000	$ 2,794	$ 794
Miscellaneous				
Interest on investments			15	15
Reimbursements			753	753
Total miscellaneous	-	-	768	768
Total revenues	2,000	2,000	3,562	1,562
Expenditures				
Culture and recreation				
Salaries	2,000	2,000	1,816	184
Fringe benefits and taxes	40	40	84	(44)
Supplies	1,100	1,100	278	822
Repairs and maintenance	1,100	1,100	9	1,091
Appropriated reserves	85	85		85
Total expenditures	4,325	4,325	2,187	2,138
Excess of revenues over (under) expenditures	$ (2,325)	$ (2,325)	1,375	$ 3,700
Fund balance at beginning of year			5,851	
Fund balance at end of year			$ 7,226	

Budgetary Comparison Schedules – Proprietary Funds

The Town reports the following major proprietary funds:

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

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

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

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operating revenues				
Charges for services	$ 100,000	$ 100,000	$ 87,480	$ (12,520)
Operating expenses				
General and administrative				
Salaries	15,000	15,000	27,518	(12,518)
Fringe benefits and taxes	4,500	4,500	844	3,656
Office supplies and postage	1,600	1,600	1,497	103
Professional fees	82,000	82,000	9,550	72,450
Advertising	2,000	2,000		2,000
Insurance	2,500	2,500	8,788	(6,288)
Training	1,500	1,500		1,500
Telephone			2,201	(2,201)
Gas and oil	500	500	594	(94)
Miscellaneous	3,000	3,000	1,491	1,509
Total general and administrative	112,600	112,600	52,483	60,117
Systems operations				
Labor	27,000	27,000	11,964	15,036
Permits	2,000	2,000	2,400	(400)
Supplies	18,000	18,000	19,673	(1,673)
Utilities	15,000	15,000	8,533	6,467
Testing	22,000	22,000	1,485	20,515
Water assessments	2,000	2,000	2,292	(292)
Repairs and maintenance	10,000	10,000	7,211	2,789
Capital outlay	2,000,000	2,000,000	1,561,825	438,175
Total systems operations	2,096,000	2,096,000	1,615,383	480,617
Appropriated reserves	112,408	112,408		112,408
Total operating expenses	2,321,008	2,321,008	1,667,866	653,142
Operating loss	(2,221,008)	(2,221,008)	(1,580,386)	640,622

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Nonoperating revenues (expenses)				
Interest on investments	8	8	33	25
Federal and state grants	1,750,000	1,750,000	491,306	(1,258,694)
Miscellaneous revenue	100	100	300	200
Note proceeds	350,000	350,000	355,000	5,000
Principal paid on notes	(18,000)	(18,000)	(4,161)	13,839
Interest and fiscal charges	(3,398)	(3,398)	(1,872)	1,526
Total nonoperating revenues (expenses)	2,078,710	2,078,710	840,606	(1,238,104)
Change in net position	$ (142,298)	$ (142,298)	(739,780)	$ (597,482)
Adjustments to GAAP Basis				
Add principal paid on notes			4,161	
Add capital purchases			1,561,825	
Deduct note proceeds			(355,000)	
Deduct depreciation			(6,480)	
Change in net position - GAAP Basis			464,726	
Net position at beginning of year, as originally reported			383,836	
Prior period adjustment			1,036,163	
Net position at beginning of year, as restated			1,419,999	
Net position at end of year			$ 1,884,725	

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

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operating revenues				
Charges for services	$ 51,180	$ 51,180	$ 44,954	$ (6,226)
Operating expenses				
General and administrative				
Salaries	6,000	6,000	4,893	1,107
Fringe benefits and taxes	2,000	2,000	83	1,917
Office supplies and postage	1,000	1,000	659	341
Professional fees	9,000	9,000	912	8,088
Insurance	1,500	1,500	3,583	(2,083)
Training	500	500		500
Telephone			1,248	(1,248)
Miscellaneous	900	900	314	586
Total general and administrative	20,900	20,900	11,692	9,208
Systems operations				
Labor	7,000	7,000	6,419	581
Supplies	500	500	237	263
Utilities	500	500	352	148
Testing	6,000	6,000		6,000
Repairs and maintenance	7,000	7,000	6,561	439
Fuel			364	(364)
Capital outlay	1,000	1,000		1,000
Total systems operations	22,000	22,000	13,933	8,067
Appropriated reserves	213,267	213,267		213,267
Total operating expenses	256,167	256,167	25,625	230,542
Operating income (loss)	(204,987)	(204,987)	19,329	224,316

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Nonoperating revenues				
Interest on investments	38	38	36	(2)
Miscellaneous revenue			6	6
Total nonoperating revenues	38	38	42	4
Change in net position	$ (204,949)	$ (204,949)	19,371	$ 224,320
Adjustments to GAAP Basis				
Deduct depreciation			(3,055)	
Change in net position - GAAP Basis			16,316	
Net position at beginning of year			469,168	
Net position at end of year			$ 485,484	

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Budgetary Comparison Schedule – Fiduciary Fund

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

The Town reports the following fiduciary fund:

Pension trust funds – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

- Firemen's Pension Fund – This fund was established to account for contributions made to a single-employer defined benefit plan on behalf of the Town's volunteer fire fighters.

TOWN OF MERINO, COLORADO
Firemen's Pension Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Additions				
Contributions				
Town	$ 5,000	$ 5,000	$ 5,000	$ -
State			1,000	1,000
Total contributions	5,000	5,000	6,000	1,000
Investment income				
Interest on investments			33	33
Total additions	5,000	5,000	6,033	1,033
Deductions				
Appropriated reserves	34,603	34,603		34,603
Total deductions	34,603	34,603	-	34,603
Change in net position	$ (29,603)	$ (29,603)	6,033	$ 35,636
Net position restricted for pensions				
Beginning of year			29,632	
End of year			$ 35,665	

Colorado Department of Highways
Local Highway Finance Report

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

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Merino
	YEAR ENDING : December 2017
This Information From The Records Of (example - City of _ or County of _) Town of Merino, Colorado	Prepared By: Heather Buchtel Phone: 970-580-2715

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	2,371
4. Miscellaneous local receipts (from page 2)	25
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	2,396
B. Private Contributions	
C. Receipts from State government (from page 2)	13,974
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	16,370

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	0
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	0
c. Other	10,809
d. Total (a. through c.)	10,809
4. General administration & miscellaneous	4,658
5. Highway law enforcement and safety	
6. Total (1 through 5)	15,467
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	15,467

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
14,403	16,370	15,467	15,306	0

Notes and Comments:

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments		a. Interest on investments	25
b. Other local imposts:		b. Traffic Fines & Penalities	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	2,371	g. Other Misc. Receipts	
6. Total (1. through 5.)	2,371	h. Other	
c. Total (a. + b.)	2,371	i. Total (a. through h.)	25
	(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	13,974	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		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.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	13,974	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments:

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