

TOWN OF MORRISON
FINANCIAL STATEMENTS
DECEMBER 31, 2017

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**TOWN OF MORRISON
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DECEMBER 31, 2017**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the Board of Trustees
Town of Morrison
Morrison, CO

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matters

Correction of an error

As of January 1st, 2017, the Town's net position was restated to reflect the impact of infrastructure assets purchased subsequent to the implementation of GASB 34, and also included infrastructure assets purchased or donated prior to January 1st 2004, that were not reported on the financial statements for a change in preferable method of accounting. A summary of the restatement is presented in Note 9.

Our auditors' opinions were not modified with respect to the restatements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule of the General Fund, and notes related to required supplementary information on pages 4-9 and 28-29 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 of Morrison's basic financial statements. The budgetary comparison schedule of the Utility Fund and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule of the Utility Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule of the Utility Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Local Highway Finance Report has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Broomfield, Colorado
August 9, 2018

**TOWN OF MORRISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

As management of the Town of Morrison, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2017.

Financial Highlights

- The Town's assets as of December 31, 2017, exceeded its liabilities and deferred inflows of resources by \$17,663,296 (net position).
- Total net position are comprised of the following:
 - (1) Investment in capital assets, \$12,803,248, includes property and equipment, net of accumulated depreciation.
 - (2) Net position \$344,477 is restricted by outside constraints and represent obligations imposed by State of Colorado (TABOR) laws and regulations, and others.
 - (3) Unrestricted net position \$4,515,571 represent the portion available to maintain the Town's continuing obligations to citizens and creditors.
- The Town's governmental fund reported total ending fund balance of \$4,568,685 this year. This compares to the prior year ending fund balance of \$4,242,713 showing an increase of \$325,972 during the current year.
- At the end of the current calendar year, unrestricted fund balance for the General Fund was \$4,428,290 or 1.97 times total General Fund expenditures.
- Overall, the Town continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. For this section, all applicable tables are presented with comparative data for calendar years 2016/2017.

Government-Wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first government-wide statement is the *Statement of Net Position*. This statement presents information that includes all of the Town's assets, liabilities, and deferred inflows of resources with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other non- financial factors such as diversification of the taxpayer base or the condition of Town infrastructure, in addition to the financial information provided in this report.

**TOWN OF MORRISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received/or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities/ functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town, which are principally supported by different types of taxes and intergovernmental revenues; and additionally, business-type activities that are generally intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, planning and zoning, public safety, highways and streets, and culture and recreation. Business-type activities include the water and sewer systems.

The government-wide financial statements are presented on pages 10 and 11 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses the General Fund to ensure and demonstrate compliance with finance-related laws and regulations.

The Town Has Two Types of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 12 through 14 of this report.

The *proprietary fund* is reported in the fund financial statements and generally report water and sewer service for which the Town charges customers a fee. The Town's proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 15 through 17 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

**TOWN OF MORRISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget presentations. The budget and actual comparison schedule is included as "required supplementary information" for the General Fund. This schedule demonstrates compliance with the Town's adopted and final revised budget. The budget comparison schedule is presented on page 30.

Supplementary Information

The Utility Fund budgetary comparison schedule is presented on page 32.

Government-Wide Financial Analysis

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Town as a whole.

The following table provides a summary of the Town's net position:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Assets:						
Current Assets	\$ 4,741,427	\$ 4,438,687	\$ 556,494	\$ 550,501	\$ 5,297,921	\$ 4,989,188
Capital Assets	4,149,200	3,912,217	8,654,048	8,172,058	12,803,248	12,084,275
Total Assets	\$ 8,890,627	\$ 8,350,904	\$ 9,210,542	\$ 8,722,559	\$ 18,101,169	\$ 17,073,463
Liabilities						
Current Liabilities	\$ 129,202	\$ 164,296	\$ 171,622	\$ 49,288	\$ 300,824	\$ 213,584
Long-Term Liabilities	38,444	38,954	12,847	244,915	51,291	283,869
Total Liabilities	167,646	203,250	184,469	294,203	352,115	497,453
Deferred Inflows	43,540	31,678	42,218	30,716	85,758	62,394
Net Position						
Net Investment in						
Capital Assets	4,149,200	3,912,217	8,654,048	7,935,749	12,803,248	11,847,966
Restricted	140,395	140,542	204,082	503,634	344,477	644,176
Unrestricted	4,389,846	4,063,217	125,725	(41,743)	4,515,571	4,021,474
Total Net Position	\$ 8,679,441	\$ 8,115,976	\$ 8,983,855	\$ 8,397,640	\$ 17,663,296	\$ 16,513,616

The Town continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations.

The Town reported positive balances in net position for both governmental and business-type activities. Net position increased \$63,408 and \$173,269 for governmental activities and business-type activities. The Town's overall net position increased from 2016 by \$236,677.

**TOWN OF MORRISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Note that approximately 47.8% of the governmental activities' net position is "tied up" in capital assets. The Town uses these capital assets to provide services to its citizens. However, with business-type activities, the Town has approximately 96.3% of its net position invested in capital assets. Capital assets in the business-type activities also provide utility services, and generate revenues for this fund. Approximately 72.5% of the Town's total net position is invested in capital assets.

The following table provides a summary of the Town's changes in net position:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues	\$ 1,737,453	\$ 1,876,486	\$ 1,530,326	\$ 1,230,812	\$ 3,267,779	\$ 3,107,298
General						
Taxes	814,291	781,576	203,067	199,894	1,017,358	981,470
Other	27,792	9,658	24,631	1,215	52,423	10,873
Total General Revenue	842,083	791,234	227,698	201,109	1,069,781	992,343
Total Revenues	2,579,536	2,667,720	1,758,024	1,431,921	4,337,560	4,099,641
Program Expenses						
General Government	620,496	534,959	-	-	620,496	534,959
Planning/Zoning	102,748	71,481	-	-	102,748	71,481
Public Safety	1,179,599	1,181,303	-	-	1,179,599	1,181,303
Highway/Streets	343,141	424,376	-	-	343,141	424,376
Culture/Recreation	270,144	250,630	-	-	270,144	250,630
Utilities Water/ Sewer Service	-	-	1,509,146	924,372	1,509,146	924,372
Total Expenses	2,516,128	2,462,749	1,509,146	924,372	4,025,274	3,387,121
Change in Net Position	63,408	204,971	248,878	507,549	312,286	712,520
Net Position - Beginning of Year*	8,115,976	7,911,005	8,397,640	7,890,091	16,513,616	16,714,099
Net Position - End of Year	<u>\$ 8,179,384</u>	<u>\$ 8,115,976</u>	<u>\$ 8,646,518</u>	<u>\$ 8,397,640</u>	<u>\$ 16,825,902</u>	<u>\$ 17,426,619</u>

* Balances have not been recast to conform with the current year results of the prior period adjustment. See Note 9.

GOVERNMENTAL ACTIVITIES

The Town relies substantially on sales and use taxes to support governmental operations and capital assets. Taxes provided 31.6% of the Town's total governmental revenues. Revenues from Fines and Forfeitures and service charges make up the balance of programmed revenue. While the Town's cash positions are strong the investment banking industry has decreased the earnings rates, and as a result, the Town's investment earnings represent .2% of revenue. The Town additionally receives grants and miscellaneous fees for the balance of its revenues. Also, note that program revenues do not cover governmental operating expenses. As a result, the general economy and vitality of the Town's businesses have a major impact on the Town's revenue streams.

**TOWN OF MORRISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

Financial Analysis of the Town's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a current financial resource measurement focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The Town's governmental fund reported an ending fund balance of \$4,568,685 this year, as compared to \$4,242,713 at December 31, 2016. Of this year-end total, \$4,428,290 is unrestricted indicating availability for continuing Town's service requirements. Legally restricted fund balances (i.e., the restricted fund balances) are as those indicated by the TABOR restrictions; and, the Park and Open Space funds from the Conservation Trust Funds.

Major Governmental Expenditures

The Town's expenditures were substantially the same as the prior year and revenues were up for taxes, services, and fines.

The Town completed the Rooney Valley Master Plan in 2016 and adopted it in 2017. The Police Department purchased a new vehicle which was then transferred to the Utility Department. The Town also upgraded its computer systems in 2017.

BUSINESS-TYPE ACTIVITIES

The Town's proprietary fund is the Utility Fund made up of water and wastewater services. There are separate treatment plants/facilities and customers which are billed on a monthly basis for services. The results for the current fiscal year were positive in that overall net position increased to an ending balance of \$8,983,855. The total increase in net position for business-type activities was \$173,229 from the prior year.

Morrison entered into an IGA with the City and County of Denver in 2016 to serve water to Red Rocks Amphitheatre which was completed in 2017. Morrison amended its IGA with the City and County of Denver to engineer wastewater system improvements at Red Rocks Amphitheatre. All of the costs to install the infrastructure and engineering are being paid for by Denver. The Town began a project at the water treatment plant to install a new clearwell which will ensure the Town meets State regulations and this will be completed in 2018.

Budgetary Highlights – General Fund

Actual revenues from taxes, fines, and charges for services were significantly higher than budgeted in 2017. Actual expenditures were \$455,774 less than budgeted in 2017.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets include items such as infrastructure, parks, buildings, vehicles and equipment, and land. Infrastructure includes streets, curb, gutter and sidewalks, traffic signals, storm water structures and trails. The Town uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Town is aware replacing its assets will need to be reviewed and budgeted for in the future. The Town restated capital asset activity for Infrastructure assets that were not previously reported in the financial statements. Additional information on the Town's restated assets can be found in Note 4 and 9 to the Financial Statements.

**TOWN OF MORRISON
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2017**

The following table provides a summary of capital asset activity:

	Capital Assets					
	Governmental Activities		Business - Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land	\$ -	\$ -	\$ 45,535	\$ 45,535	\$ 45,535	\$ 45,535
Water Rights	-	-	85,243	85,243	85,243	85,243
Construction in Process	-	-	362,171	402,409	362,171	402,409
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492,949</u>	<u>\$ 533,187</u>	<u>\$ 492,949</u>	<u>\$ 533,187</u>
Capital Assets Being Depreciated						
Parks	\$ 3,491,461	\$ 3,491,461	\$ -	\$ -	\$ 3,491,461	\$ 3,491,461
Building	1,420,847	1,420,847	-	-	1,420,847	1,420,847
Water Treatment Plant	-	-	7,133,229	6,730,820	7,133,229	6,730,820
Sewer Treatment Plant	-	-	4,987,674	4,987,674	4,987,674	4,987,674
Vehicles and Equipment	914,803	892,092	280,698	236,106	1,195,501	1,128,198
Infrastructure	<u>1,572,756</u>	<u>1,572,756</u>	<u>-</u>	<u>-</u>	<u>1,572,756</u>	<u>1,572,756</u>
Total	<u>7,399,867</u>	<u>7,377,156</u>	<u>12,401,601</u>	<u>11,954,600</u>	<u>19,801,468</u>	<u>19,331,756</u>
Less Accumulated Depreciation	<u>(3,250,667)</u>	<u>(2,964,882)</u>	<u>(4,240,502)</u>	<u>(3,902,783)</u>	<u>(7,491,169)</u>	<u>(6,867,665)</u>
Book Value- Depreciable Assets	<u>\$ 4,149,200</u>	<u>\$ 4,412,274</u>	<u>\$ 8,161,099</u>	<u>\$ 8,051,817</u>	<u>\$ 12,310,299</u>	<u>\$ 12,464,091</u>

Long-term Debt

In 2007, the Town entered into a lease/purchase agreement with Wells Fargo to fund the new water treatment facility. The 2017 outstanding balance was paid off during the year. The aforementioned obligations are all Utility Fund obligations.

Economic Factors

The 2019 Budget estimates revenues and expenses to be relatively the same as 2018.

Contacting the Town's Financial Management

This financial report was designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. Questions concerning any of the information provide in this report or requests for additional information should be addressed to: Town of Morrison, 321 Colorado Highway 9, Morrison, CO 80465-3001.

**TOWN OF MORRISON
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 4,005,183	\$ 731,463	\$ 4,736,646
Accounts Receivable, Net	54,927	308,915	363,842
Sales Taxes Receivable	85,975	20,761	106,736
Property Taxes Receivable	43,540	42,218	85,758
Court Receivable	4,939	-	4,939
Internal Balances	546,863	(546,863)	-
Capital Assets, Not Being Depreciated	-	492,949	492,949
Capital Assets, Net of Accumulated Depreciation	4,149,200	8,161,099	12,310,299
Total Assets	<u>8,890,627</u>	<u>9,210,542</u>	<u>18,101,169</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	102,780	113,432	216,212
Accrued Salaries and Benefits	26,422	8,190	34,612
Mt. Carbon Deposit	-	50,000	50,000
Total Current Liabilities	<u>129,202</u>	<u>171,622</u>	<u>300,824</u>
Non-Current Liabilities			
Due Within One Year	17,300	5,781	23,081
Due in More Than One Year	21,144	7,066	28,210
Total Non-Current Liabilities	<u>38,444</u>	<u>12,847</u>	<u>51,291</u>
Total Liabilities	167,646	184,469	352,115
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	43,540	42,218	85,758
Total Deferred Inflows of Resources	<u>43,540</u>	<u>42,218</u>	<u>85,758</u>
NET POSITION			
Investment in Capital Assets	4,149,200	8,654,048	12,803,248
Restricted for Parks and Open Space	64,958	-	64,958
Restricted for Capital Improvements	-	159,240	159,240
Restricted for Emergencies	75,437	44,842	120,279
Unrestricted	4,389,846	125,725	4,515,571
Total Net Position	<u>\$ 8,679,441</u>	<u>\$ 8,983,855</u>	<u>\$ 17,663,296</u>

See accompanying Notes to Financial Statements.

**TOWN OF MORRISON
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
Function/Programs	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business	Total
			Grants and Contributions	Grants and Contributions		Type Activities	
PRIMARY GOVERNMENT							
Governmental Activities							-
General Government	\$ 620,496	\$ 8,236	\$ 25,561	\$ -	\$ (586,699)	\$ -	(586,699)
Planning and Zoning	102,748	92,705	-	-	(10,043)	-	(10,043)
Public Safety	1,179,599	1,446,007	1,145	-	267,553	-	267,553
Highways and Streets	343,141	-	17,287	-	(325,854)	-	(325,854)
Culture and Recreation	270,144	128,840	17,672	-	(123,632)	-	(123,632)
Total Governmental Activities	2,516,128	1,675,788	61,665	-	(778,675)	-	(778,675)
Business-Type Activities							-
Water and Sewer	1,509,146	844,305	-	686,021	-	21,180	21,180
Total Business-Type Activities	1,509,146	844,305	-	686,021	-	21,180	21,180
Total Primary Government	<u>\$ 4,025,274</u>	<u>\$ 2,520,093</u>	<u>\$ 61,665</u>	<u>\$ 686,021</u>	(778,675)	21,180	(757,495)
GENERAL REVENUES							
					40,303	38,505	78,808
					11,565	-	11,565
					686,951	164,562	851,513
					-	-	-
					37,924	-	37,924
					37,548	-	37,548
					5,631	-	5,631
					5,196	1,613	6,809
					16,965	979	17,944
					<u>842,083</u>	<u>205,659</u>	<u>1,047,742</u>
CHANGE IN NET POSITION							
					63,408	226,839	290,247
Net Position - Beginning of Year as Restated					8,616,033	8,810,586	17,426,619
NET POSITION - END OF YEAR					<u>\$ 8,679,441</u>	<u>\$ 9,037,425</u>	<u>\$ 17,716,866</u>

See accompanying Notes to Financial Statements.

**TOWN OF MORRISON
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2017**

	<u>General</u>
ASSETS	
Cash	\$ 4,005,183
Accounts Receivable	54,927
Sales Taxes Receivable	85,975
Property Taxes Receivable	43,540
Court Receivable	4,939
Interfund Receivables	546,863
Total Assets	<u><u>\$ 4,741,427</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	102,780
Accrued Salaries and Benefits	26,422
Total Liabilities	<u>129,202</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	43,540
FUND BALANCE	
Restricted for Parks and Open Space	64,958
Restricted for Emergencies	75,437
Unrestricted, Unassigned	4,428,290
Total Fund Balance	<u><u>4,568,685</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$ 4,741,427</u></u>
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Total Fund Balance of the Governmental Fund	\$ 4,568,685
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	4,149,200
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in governmental funds.	<u>(38,444)</u>
Total Net Position of Governmental Activities	<u><u>\$ 8,679,441</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF MORRISON
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>
REVENUES	
Taxes	\$ 814,291
Licenses and Permits	32,832
Charges for Services	473,412
Fines and Forfeitures	1,169,544
Intergovernmental	67,296
Investment Income	5,196
Miscellaneous	<u>16,965</u>
Total Revenues	2,579,536
EXPENDITURES	
Current	
General Government	540,012
Planning and Zoning	102,748
Public Safety	1,045,120
Highways and Streets	311,616
Culture and Recreation	186,813
Capital Outlay	<u>67,255</u>
Total Expenditures	<u>2,253,564</u>
NET CHANGE IN FUND BALANCE	325,972
Fund Balance - Beginning of Year	<u>4,242,713</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 4,568,685</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF MORRISON
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

**Amounts Reported for Governmental Activities in the
Statement of Net Position are Different Because:**

Net Change in Fund Balance of the Governmental Fund	\$	325,972
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Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, the governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

This is the amount by which depreciation expense (\$285,785)

exceeded capital outlay \$22,711 in the current year.		(263,074)
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Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. This amount represents the change in accrued compensated absences.

		510
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Total Net Position of Governmental Activities

	\$	63,408
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**TOWN OF MORRISON
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2017**

	<u>Utility</u>
ASSETS	
Current Assets	
Cash	\$ 731,463
Accounts Receivable	308,915
Sales Taxes Receivable	20,761
Property Taxes Receivable	42,218
Total Current Assets	<u>1,103,357</u>
Non-Current Assets	
Capital Assets, Not Being Depreciated	492,949
Capital Assets, Net of Accumulated Depreciation	8,161,099
Total Non-Current Assets	<u>8,654,048</u>
 Total Assets	 9,757,405
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts Payable	113,432
Accrued Salaries and Benefits	8,190
Mt. Carbon Unearned Revenue	50,000
Interfund Payables	546,863
Compensated Absences Payable, Current Portion	5,781
Total Current Liabilities	<u>724,266</u>
Non-Current Liabilities	
Compensated Absences Payable	7,066
Total Non-Current Liabilities	<u>7,066</u>
 Total Liabilities	 731,332
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	42,218
Total Deferred Inflows of Resources	<u>42,218</u>
NET POSITION	
Investment in Capital Assets	8,654,048
Restricted for Capital Improvements	159,240
Restricted for Emergencies	44,842
Unrestricted	125,725
 Total Net Position	 <u>\$ 8,983,855</u>

See accompanying Notes to Financial Statements.

TOWN OF MORRISON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2017

	<u>Utility</u>
OPERATING REVENUES	
Charges for Services	\$ 654,749
Mount Carbon Metropolitan District Subsidy	<u>135,986</u>
Total Operating Revenues	<u>790,735</u>
OPERATING EXPENSES	
Operations and Maintenance	700,055
Depreciation	<u>337,719</u>
Total Operating Expenses	<u>1,037,774</u>
Net Operating Income (Loss)	(247,039)
NONOPERATING REVENUES (EXPENSES)	
Property Taxes	38,505
Sales Taxes	164,562
Investment Income	1,613
Miscellaneous Income	979
City of Denver Intergovernmental Revenues	454,455
City of Denver Intergovernmental Expenses	(432,416)
Bad Debt Expense	(31,872)
Interest Expense	<u>(7,084)</u>
Total Nonoperating Revenues (Expenses)	<u>188,742</u>
Net Income (Loss) Before Capital Contributions	(58,297)
CAPITAL CONTRIBUTIONS	
Tap Fees	50,000
Contributed Assets	39,920
Clearwell Grant	<u>141,646</u>
Total Capital Contributions	<u>231,566</u>
CHANGE IN NET POSITION	173,269
Net Position - Beginning of Year as restated	<u>8,810,586</u>
NET POSITION - END OF YEAR	<u><u>\$ 8,983,855</u></u>

See accompanying Notes to Financial Statements.

**TOWN OF MORRISON
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2017**

	<u>Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 979,805
Cash Paid to Suppliers	(360,793)
Cash Paid to Employees	(259,185)
Net Cash Provided by Operating Activities	<u>359,827</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property Taxes Received	38,505
Sales Taxes Received	162,722
City of Denver Intergovernmental Revenues	454,455
City of Denver Intergovernmental Expenses	(432,416)
Miscellaneous Revenue	979
Net Cash Provided by Noncapital Financing Activities	<u>224,245</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(366,843)
Debt Principal Payments	(236,309)
Capital Contributions	241,646
Debt Interest Payments	(10,586)
Net Cash (Used) by Capital and Related Financing Activities	<u>(372,092)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>1,613</u>
NET INCREASE (DECREASE) IN CASH	213,593
Cash - Beginning of Year	<u>517,870</u>
CASH - END OF YEAR	<u><u>\$ 731,463</u></u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Operating Income (Loss)	\$ (247,039)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	337,719
Changes in Assets and Liabilities Related to Operations	
Accounts Receivable	189,070
Accounts Payable	74,520
Accrued Salaries and Benefits	1,316
Compensated Absences Payable	4,241
Net Cash Provided by Operating Activities	<u><u>\$ 359,827</u></u>
NON CASH ACTIVITIES:	
Contributed Assets	\$ 39,920

See accompanying Notes to Financial Statements.

**TOWN OF MORRISON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Morrison (the "Town") was organized in 1906. In September, 2000, citizens voted to become a home rule municipality, as authorized by State statutes. The Town is governed by a Mayor and six-member Board of Trustees.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Town. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Town. Legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the Town.

Based on the application of these criteria, the Town does not include additional organizations within its reporting entity.

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 activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. 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 activities demonstrates the degree to which the direct expenses of the 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. Internally dedicated resources are reported as general revenues rather than program revenues.

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

**TOWN OF MORRISON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. 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.

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

In the fund financial statements, the Town reports the following major governmental fund:

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

Additionally, the Town reports the following major proprietary fund:

The *Utility Fund* is an enterprise fund that accounts for the financial activities associated with the provision of water and sewer services.

**TOWN OF MORRISON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balance

Receivables - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Interfund Receivables and Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Capital Assets - Capital assets, which include land, water rights, water and sewer systems, infrastructure, parks, buildings, and vehicles and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of donation.

The costs 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 capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Water Treatment Plant and Systems	10 - 40 years
Sewer Treatment Plant and Systems	40 years
Infrastructure	10 - 50 years
Parks	50 years
Buildings	40 years
Vehicles and Equipment	5 - 10 years

Compensated Absences - Employees of the Town are allowed to accumulate up to 120 hours of unused vacation time and up to 240 hours of unused sick time. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time, and one-half of any accrued sick time. Compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability is recorded in the governmental fund financial statements only when payment is due.

Long-Term Debt - In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financial uses.

**TOWN OF MORRISON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balance (Continued)

Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Deferred Inflows of Resources - Deferred inflows of resources include property taxes earned but levied for a subsequent year.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. Committed fund balance represents amounts constrained by the Board of Trustees, which is the highest level of decision making authority, by formal action (resolution). The policy approved by the Board of Trustees established the Town's ideal target reserves at 40% of the current operating budget of the General Fund. The reserves should not be allowed to fall below 20% of the current operating budget, including the emergency reserves required by the Tabor Amendment (See Note 8). The Board of Trustees has authorized the Town Administrator or her designee to assign fund balances for specific purposes consistent with the adopted budget. If both restricted and unrestricted fund balances are available, the Town uses restricted fund balance first, followed by committed, assigned and unassigned.

As of December 31, 2017, the Town reported the following restrictions in the statement of net position: 1) \$64,958 restricted for parks and open space, \$159,240 restricted for future capital improvements and \$75,437 restricted for emergencies (see Note 8) reported under governmental activities; and 2) \$44,842 restricted for operations and maintenance reserves reported under business-type activities. Restricted net position is a result of externally imposed restrictions.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis.

NOTE 2 CASH AND INVESTMENTS

At December 31, 2017, cash consisted of the following:

	<u>General Fund</u>	<u>Utility Fund</u>
Petty Cash	\$ 500	\$ -
Cash Deposits	4,004,683	731,463
Total	<u>\$ 4,005,183</u>	<u>\$ 731,463</u>

**TOWN OF MORRISON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE CASH AND INVESTMENTS (CONTINUED)

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds.

The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The fair value of the collateral must be at least equal to the aggregate uninsured deposits.

Deposits collateralized under the PDPA are considered collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name, because the collateral pool meets the "held in name of the government" criterion.

Investments

At December 31, 2017, the Town had no investments. However, the Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk. State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for an extended period of time.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. 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

NOTE 3 INTERFUND BALANCES

In past years, the General Fund provided loans to the Utility Fund for cash flow purposes. At December 31, 2017, the balance of the interfund loan was \$546,863.

TOWN OF MORRISON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, is summarized below:

	Balances as Restated 12/31/2016	Additions	Deletions	Balances 12/31/2017
<u>Governmental Activities</u>				
Capital Assets, Being Depreciated				
Infrastructure	\$ 1,572,756	\$ -	\$ -	\$ 1,572,756
Parks	3,491,461	-	-	3,491,461
Buildings	1,420,847	-	-	1,420,847
Vehicles and Equipment	892,092	22,711	-	914,803
Total Capital Assets, Being Depreciated	7,377,156	22,711	-	7,399,867
Less Accumulated Depreciation				
Infrastructure	(960,458)	(70,438)	-	(1,030,896)
Parks	(782,961)	(72,341)	-	(855,302)
Buildings	(660,224)	(30,320)	-	(690,544)
Vehicles and Equipment	(561,239)	(112,686)	-	(673,925)
Total Accumulated Depreciation	(2,964,882)	(285,785)	-	(3,250,667)
Governmental Activities Capital Assets, Net	<u>\$ 4,412,274</u>	<u>\$ (263,074)</u>	<u>\$ -</u>	<u>\$ 4,149,200</u>
	Balances as Restated 12/31/2016	Additions	Deletions	Balances 12/31/2017
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated				
Land	\$ 45,535	\$ -	\$ -	\$ 45,535
Water Rights	85,243	-	-	85,243
Construction in Progress	402,409	362,171	402,409	362,171
Total Capital Assets, Not Being Depreciated	533,187	362,171	402,409	492,949
Capital Assets, Being Depreciated				
Water Treatment Plant and Systems	6,730,820	402,409	-	7,133,229
Sewer Treatment Plant and Systems	4,987,674	-	-	4,987,674
Vehicles and Equipment	236,106	44,592	-	280,698
Total Capital Assets, Being Depreciated	11,954,600	447,001	-	12,401,601
Less Accumulated Depreciation				
Water Treatment Plant and Systems	(3,039,697)	(199,479)	-	(3,239,176)
Sewer Treatment Plant and Systems	(652,635)	(122,848)	-	(775,483)
Vehicles and Equipment	(210,451)	(15,392)	-	(225,843)
Total Accumulated Depreciation	(3,902,783)	(337,719)	-	(4,240,502)
Total Capital Assets, Being Depreciated, Net	8,051,817	109,282	-	8,161,099
Business-Type Activities Capital Assets, Net	<u>\$ 8,585,004</u>	<u>\$ 471,453</u>	<u>\$ 402,409</u>	<u>\$ 8,654,048</u>

**TOWN OF MORRISON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to programs of the Town as follows:

General Government	\$ 13,739
Public Safety	157,190
Highways and Streets	31,525
Culture and Recreation	83,331
Total	<u>\$ 285,785</u>

NOTE 5 LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2017:

	Balance 12/31/2016	Additions	Payments	Balance 12/31/2017	Due Within One Year
<u>Governmental Activities</u>					
Accrued Compensated Absences	\$ 38,954	\$ 17,391	\$ 17,901	\$ 38,444	\$ 17,300

Compensated absences are expected to be liquidated with revenues of the General Fund.

Business-Type Activities

Following is a summary of long-term debt transactions of the business-type activities for the year ended December 31, 2017:

	Balance 12/31/2016	Additions	Payments	Balance 12/31/2017	Due Within One Year
<u>Business-Type Activities</u>					
Accrued Compensated Absences	\$ 8,606	\$ 6,654	\$ 2,413	\$ 12,847	\$ 5,781
Capital Lease	236,309	-	236,309	-	-
Total	<u>\$ 244,915</u>	<u>\$ 6,654</u>	<u>\$ 238,722</u>	<u>\$ 12,847</u>	<u>\$ 5,781</u>

During 2007, The Town entered into a lease purchase agreement for \$488,400 with Wells Fargo Brokerage Services, LLC, to finance improvements to the Town's water treatment facilities. Principal and interest payments of \$22,794 are due semi-annually in March and September, through September, 2022. Interest accrues at 4.65% per annum. During 2017, the Town paid off the capital lease in full.

**TOWN OF MORRISON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 RETIREMENT COMMITMENTS

Employees' Pension Plan

The Town contributes to a multiple-employer defined contribution retirement plan on behalf of its employees. All regular full-time employees are eligible to participate in the plan. The plan provisions and contribution requirements are established and may be amended by the Board of Trustees. The Town is required to contribute 3% of each participating employee's compensation, and each participating employee must contribute a matching amount. Employees may make additional voluntary contributions not to exceed 10% of their compensation. Employees fully vest in the Town's contributions at a rate of 33.3% for each full year of participation. During the year ended December 31, 2017, the Town contributed \$32,027 to the plan, equal to the required contributions. The Plan is administered by the Colorado County Officials and Employees Retirement Association (CCOERA).

NOTE 7 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.

Public Entity Risk Pool

For property, liability and workers compensation risks, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes, and the Colorado Constitution, Article XIV, Section 18(2).

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 and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have ability to significantly affect the operations of CIRSA.

**TOWN OF MORRISON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 COMMITMENTS AND CONTINGENCIES

Litigation

The Town has pending or threatened litigation. Management believes the outcome of any litigation will not have a significant impact on the Town's financial position.

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. On April 2, 1996, voters authorized the Town to collect, retain, use or expend all revenues, including any reduction in debt service, and to spend such revenues for municipal operations, capital projects, reserve increases, and debt service, beginning January 1, 1996, and each subsequent year without limitation by the restrictions of the Amendment. The Amendment is complex and subject to interpretation. However, the Town's management believes it is in compliance the provisions of the Amendment.

The Town has established emergency reserves, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2017, emergency reserves of \$75,437 and \$44,842 were reported as restricted fund balance in the General Fund and restricted net position in the Utility Fund, respectively.

Red Rocks Centre

In 1985, the Town annexed 350 acres of land, known as Red Rocks Centre. The Town received \$500,000 from the developer in return for future credits on building permit fees in Red Rocks Centre. In 2000, the Town entered into an intergovernmental agreement with the City of Lakewood ("Lakewood"). Under the agreement, Lakewood is responsible for providing building permit and inspection services within Red Rocks Centre. In addition, the Town and Lakewood agreed to share certain revenues collected and the costs of specified municipal services within Red Rocks Centre. No development has occurred in Red Rocks Centre at December 31, 2017.

Mount Carbon Metropolitan District

Pursuant to the 2008 intergovernmental agreement between the Town and the Mount Carbon Metropolitan District (the "District"), the District agreed to design and construct, with Town oversight and review, a wastewater treatment facility to replace the Town's existing facility. The District financed construction of the facility and the Town agreed to waive future system development fees for the District's sewer tap purchases as more fully set forth in the agreement. In addition, the District agreed to subsidize the operation of the wastewater treatment facility until 500 sewer taps have been purchased. During the year ended December 31, 2017, the Town received \$135,986 under this agreement, which is reported as operating revenue in the Utility Fund.

**TOWN OF MORRISON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 PRIOR PERIOD ADJUSTMENT

Capital Asset Depreciation

It was discovered that the Town had mistakenly not reported two assets purchased subsequent to GASB 34 implementation in 2004. The Town added all assets identified in the CAIMA study, performed by TMAD Taylor & Gaines, with a net book value greater than \$-0- in the restatement effect as the information is a change to a preferable method of accounting. The net effect between the costs and accumulated depreciation for all of these assets totaled \$500,057 and \$412,946 for Governmental and Business-Type Activities. The correcting adjustment to the beginning balances is shown below.

	<u>Governmental Activities</u>
Net Position - January 1, 2017	\$ 8,115,976
Net Change From Capital Asset Adjustment	<u>500,057</u>
Net Position - Beginning of Year (as Restated)	<u><u>\$ 8,616,033</u></u>

	<u>Business-Type Activities</u>
Net Position - January 1, 2017	\$ 8,397,640
Net Change From Capital Asset Adjustment	<u>412,946</u>
Net Position - Beginning of Year (as Restated)	<u><u>\$ 8,810,586</u></u>

NOTE 10 SUBSEQUENT EVENET

On June 13th, 2018, the Town received an insurance claim payment for the amount of \$113,651.

**TOWN OF MORRISON
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes	\$ 688,678	\$ 814,291	\$ 125,613
Licenses and Permits	13,750	32,832	19,082
Charges for Services	255,400	473,412	218,012
Fines and Forfeitures	902,000	1,169,544	267,544
Intergovernmental	198,100	67,296	(130,804)
Investment Income	-	5,196	5,196
Miscellaneous	160,900	16,965	(143,935)
	<u>2,218,828</u>	<u>2,579,536</u>	<u>360,708</u>
Total Revenues	2,218,828	2,579,536	360,708
EXPENDITURES			
Current			
General Government	376,313	540,012	(163,699)
Planning and Zoning	84,750	102,748	(17,998)
Public Safety	1,318,225	1,045,120	273,105
Highways and Streets	303,800	311,616	(7,816)
Culture and Recreation	176,250	186,813	(10,563)
Capital Outlay	450,000	67,255	382,745
	<u>2,709,338</u>	<u>2,253,564</u>	<u>455,774</u>
Total Expenditures	2,709,338	2,253,564	455,774
NET CHANGE IN FUND BALANCE	(490,510)	325,972	816,482
Fund Balance - Beginning of Year	<u>4,128,075</u>	<u>4,242,713</u>	<u>114,638</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 3,637,565</u></u>	<u><u>\$ 4,568,685</u></u>	<u><u>\$ 931,120</u></u>

**TOWN OF MORRISON
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

NOTE 1 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the Town. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the Utility Fund are presented on a non-GAAP budgetary basis. Capital outlay and debt principal are budgeted as expenditures, and depreciation is not budgeted.

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

- Management submits to the Board of Trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- All appropriations lapse at year end.

**TOWN OF MORRISON
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
UTILITY FUND – BUDGETARY BASIS
YEAR ENDED DECEMBER 31, 2017**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Water Charges	\$ 309,000	\$ 309,000.00	\$ 320,901	\$ 11,901
Sewer Charges	273,000	273,000	333,848	60,848
Mount Carbon Metropolitan District Subsidy	120,000	120,000	135,986	15,986
Property Taxes	30,716	30,716	38,505	7,789
Sales Taxes	120,000	120,000	164,562	44,562
Investment Income	2,000	2,000	1,613	(387)
Tap Fees	18,400	18,400	50,000	31,600
Grants	200,000	200,000	141,646	(58,354)
Contributed Assets	-	-	39,920	39,920
City of Denver	-	-	454,455	454,455
Miscellaneous	-	-	979	979
Total Revenues	1,073,116	1,073,116	1,682,415	609,299
EXPENSES				
Operations and Maintenance	731,162	1,053,162	700,055	353,107
Miscellaneous	-	-	432,416	(432,416)
Capital Outlay	430,000	430,000	-	430,000
Bad Debt	-	-	31,872	(31,872)
Principal	33,933	33,933	236,308	(202,375)
Interest	11,654	11,654	7,084	4,570
Total Expenses	1,206,749	1,528,749	1,407,735	(121,014)
CHANGE IN NET POSITION - BUDGETARY BASIS	<u>\$ (133,633)</u>	<u>\$ (455,633)</u>	274,680	<u>\$ 730,313</u>
RECONCILIATION TO GAAP BASIS				
Depreciation			(337,719)	
Debt Principal			236,308	
CHANGE IN NET POSITION - GAAP BASIS			<u>\$ 173,269</u>	

**TOWN OF MORRISON
STATE COMPLIANCE
LOCAL HIGHWAY FINANCE REPORT**

Financial Planning 02/01
Form # 350-050-36

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Morrison	
		YEAR ENDING : Dec-17	
This Information From The Records Of (example - City of _ or County of _		Prepared By: Kara Winters Phone: 303-697-8749	
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)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	311,616
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	142,213	b. Snow and ice removal	
3. Other local imposts (from page 2)	55,133	c. Other	
4. Miscellaneous local receipts (from page 2)	1,169,544	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,067,687
a. Bonds - Original Issues		6. Total (1 through 5)	1,379,303
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	-	a. Interest	
7. Total (1 through 6)	1,366,890	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	12,413	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,379,303	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)	1,379,303
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)			
	Opening Debt	Amount Issued	Closing Debt
A. Bonds (Total)			0
1. Bonds (Refunding Portion)			
B. Notes (Total)			0

**TOWN OF MORRISON
STATE COMPLIANCE
LOCAL HIGHWAY FINANCE REPORT**

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,379,303	1,379,303		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Morrison
	YEAR ENDING (mm/yy): December 2017

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	1,168,126
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	1,418
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	55,133	g. Other Misc. Receipts	
6. Total (1. through 5.)	55,133	h. Other	
c. Total (a. + b.)	55,133	i. Total (a. through h.)	1,169,544
	(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	11,268	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	1,145	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,145	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	12,413	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)