TOWN OF PAONIA, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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Contents

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Independent Auditors' Report

Town Board of Trustees
Town of Paonia, Colorado

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 Paonia, Colorado (the Town), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 respective financial position of the governmental activities, the business-type activities and each major fund of the Town 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i - vi, budgetary comparison information on pages 41 - 47, schedule of the Town's proportionate share of the net pension asset (liability) on page 48 and schedule of the Town's contributions to the pension plan on page 49 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, which 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.

Supplementary 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 budget and actual schedules and Annual Highway Financial Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budget and actual schedules and Annual Highway Financial 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. 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 budget and actual schedules and Annual Highway Financial Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2018 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the Town's internal control over financial reporting and compliance.

RubinBrown LLP

September 27, 2018

TOWN OF PAONIA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For The Year Ended December 31, 2017

As management of the Town of Paonia, we offer readers of the Town of Paonia Financial Statements this narrative overview and analysis of the financial activities and performance of the Town of Paonia for Fiscal Year ended December 31, 2017.

INTRODUCTION

The Town operates under a Mayor -Town Board from of government with an appointed Town Administrator. The Town Board provides strategic leadership, goal setting and policy-making authority, and employs the Town Administrator who is responsible for the day-to-day management, financial and technical support to ensure equitable, efficient and effective implementation of government services to our citizens.

The Town provides a full range of public services, including a Police Department, Municipal Utilities (water, wastewater, and trash), Infrastructure (drainage, streets, public buildings, airport, and sidewalks), and Cultural and Recreational programs (parks and recreation activities).

Other governmental services are provided through various agencies and special districts that include: fire protection through the Paonia Volunteer Fire Department (Delta County FPD#2), North Fork Volunteer Ambulance Association, the North Fork Pool, Parks and Recreation District, and the Paonia Public Library; a branch office of the Delta County Library District.

HIGHLIGHTS AND NOTABLE FINANCIAL STATEMENT COMPARISONS OF FY'2016 TO FY'2017:

1. Change in net assets were unchanged from 2016 to 2017 for Governmental Activities, Business-Type Activities for a total of $1,729,370; with a total increase of $1,729,370.
2. Governmental Funds Tax revenue increase from 2016 to 2017 totaling $19,985.
3. Governmental Funds Intergovernmental revenue increased from 2016 to 2017 by $128,785.
4. Governmental Funds Other revenue increased from 2016 to 2017 by $26,461.
5. Governmental Funds Expenditures increased by $1,800,501 related to grant spending.
6. Enterprise Funds revenue increased from 2016 to 2017 by a total of $221,892.
7. Enterprise Funds expenditures decreased from 2016 to 2017 by a total of $6,897.

For the Fiscal Year Adopted 2017 Budget, the Town Board for the Town of Paonia focused on one major projects which are highlighted as follows:

COMPLETION OF THE WATER PROJECT:
The water project began in 2014, with expected completion by October 2018. $500,000 was set aside in the 2014 Grant/Project Budget as matching funds. This project has been funded by a DOLA (Department of Local Affairs) EIAF grant of $1,000,000; Colorado Water Power Development Authority (CWPDA) principal forgiveness grant of $847,920; a DWSRF (Drinking Water State Revolving Fund) loan with a 2.08% rate of $3,000,000; the Gunnison Basin Round Table grant of $75,000; and a Colorado Water Conservation Board (CWCB) grant of $310,000. Project total: $5,732,920.

OVERVIEW OF THE FISCAL YEAR 2016 AUDITED FINANCIAL STATEMENTS

By way of introduction and definition to the Town of Paonia' basic financial statements, the Town's financial statements are comprised of three components:

I. Government-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

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

Government-wide financial statements: The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the Town of Paonia finances in a manner similar to a private-sector business.

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

The *'"Statement of Activities"* presents information showing how the government's net assets changed during the most recent Fiscal Year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish functions of the Town of Paonia that are principally supported by taxes and intergovernmental revenues (***governmental activities)*** from other functions that are intended to recover all or a significant portion of their costs through user fees and charges ***(enterprise business-type activities).***

The Governmental-wide Financial Statement include only the Town of Paonia itself (known as the primary government) as there are **no component units** of the Town.

The Governmental Funds of the Town of Paonia include the:

1. **General Fund**: The General Fund is the Town's major operating fund. All revenues, by law or administrative control, that are not in otherwise designated funds are deposited in the General Fund.

   The General Fund is used to provide for Administration, Public Safety, Streets, and Parks and Recreation services. The primary sources of revenues for the General Fund are 1) Sales taxes (Town and Delta County), 2) Property taxes, and 3) Intergovernmental revenues specifically Severance tax and Mineral leasing.

2. **Conservation Trust Fund**: The Conservation Trust Fund is used to account for monies received by the Town from the State of Colorado lottery proceeds. These funds are

restricted for use in the acquisition, development and maintenance of new park and conservation sites or for capital improvements and maintenance of any existing public site for recreational purposes.

3. **Sales Tax Capital Improvement Fund:** The Sales Tax Capital Improvement Fund is funded by 1% (50%) of the 2% Town Sales Tax and used to account for capital projects and purchases.

4. **Grant Project Fund:** The Grant Project Fund is funded by refundable grants designated to specific projects plus Town matching funds. This fund is a "pass through fund" specifically for the tracking of grants awarded.

5. **Sidewalk Fund:** The Sidewalk Fund is funded by a $3.00 fee assessed monthly on in-Town residents only through our current utility billing to be used to repair and replace existing sidewalks.

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.

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

In particular, **Unassigned Fund Balance** may serve as a useful measure of a government's net resources available for spending at the end of the Fiscal Year.

Governmental fund statements are presented separately for revenue, expenditures, and changes in fund balances for the General Fund, Sales Tax Capital Improvement Fund, Conservation Trust Fund, Grant Project Fund and the Sidewalk Fund. Each of the five is considered to be major funds of the Town.

Individual fund data for each of these five major governmental funds are provided in the form of the "**Combining Statements**" elsewhere in this report.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The Governmental Fund Financial Statement can be found on pages 6 through 9 of this report.

The Enterprise Funds (business-type activities) of the Town of Paonia include the:

Water Fund: The Town operates two water treatment facilities. The upper system, also known as the 2.0 Million Gallon (2MG) Water Treatment Plant (WTP) services primarily the out-of-town customers, water companies and the northeast end of Town. The lower system, also known as the 1.0 Million Gallon (1MG) Water Treatment Plant or commonly referred to as the "Clock Plant" services mostly Town proper. The primary sources of revenue are charges for service. This fund is used to account for the revenues and expenses associated with the operations and maintenance of the water treatment and delivery (distribution) system. Also to be included in the charges for services or any rate consideration for this fund are the repayment of loans for the water treatment facilities and monies for capital re-investment to these systems.

Sanitation Fund: :

1) **Sewer**: The Town operates a Waste Water Treatment Plant (WWTP) and sanitary sewer collection system. The primary sources of revenue are charges for service. This fund is used to account for the revenues and expenses associated with the operations and maintenance of the waste water treatment plant and collections system. Also to be included in the charges for services or any rate consideration for this fund are the repayment of loans for the waste water treatment plant facility and monies for capital re-investment to this system.

2) **Trash**: The Trash Fund is technically part of the Sanitation Enterprise Fund. The Town budgets these activities individually to track both revenues and expenditures separately. The Trash Fund is used to account for revenues and expenses associated with the collection and disposal of trash for In-Town residents and businesses. Charges for the service are the only revenue source for this activity.

The Enterprise Funds are used to report the same functions presented as **business-type activities** in the government-wide financial statements. The Town of Paonia uses Enterprise Funds to account for its Water and Sanitation (Sewer and Trash) Funds, all of which are considered to be major funds of the Town of Paonia.

The Enterprise Fund Financial Statements can be found on pages 10 through 12 of this report.

Notes to the Financial Statements 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 on pages 13 through 40 of this report.

Other information is in addition to the basic financial statements and accompanying notes. This report also presents certain *"Required Supplementary Information"* concerning the Town of Paonia' budgetary comparison schedules.

Required Supplementary Information can be found on pages 41 through 50 of this report.

FINANCIAL ANALYSIS FOR THE TOWN OF PAONIA AS A WHOLE

As noted earlier, the Town of Paonia uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The 2017 Fund Balances are as follows:

	2017	2016	2015
General Fund	220,337	178,787	94,900
Sales Tax Capital Improvement Fund	354,942	338,969	270,325
Conservation Trust Fund	18,905	14,941	10,902
Grant Project Fund	0	0	781,095
Sidewalk Fund	18,498	888	17,798
Space To Create Fund	37,410	0	0
Governmental Funds	650,092	533,585	1,175,020

The General Fund is the chief operating fund to the Town of Paonia. At the end of FY'2017, **Unassigned Fund Balance** of the General Fund was ($404,989), while Total 2017 Year-End Fund Balance for the General Fund $220,337, the restriction for the Bridge reserve of $571,487 creates a deficit. This deficit Fund Balance position means the Town has no General Fund monies from fund balance available for discretionary spending.

Available Resources of the Enterprise Funds at the end of the Fiscal Year 2016 is as follows:

	2017	2016	2015
Water Fund	1,203,996	819,179	686,079
Sanitation Fund	1,197,022	558,874	586,975

CAPITAL ASSET AND DEBT ADMINSTRATION

Capital Assets are the Town of Paonia investments in capital assets for its governmental and business-type activities as of December 31, 2017, which for this fiscal year amounts to $15,550,931 (Net of Accumulated Depreciation). This investment in capital assets includes land, buildings, construction in progress, improvements other than buildings, infrastructure, and equipment.

Major capital asset events during Fiscal Year 2017 included the improvements and upgrades to the Town's Water System in response to the State of Colorado Department of Public Health Drinking Water Enforcement Order.

Additional information on the Town of Paonia' Capital Assets can be found in Note 12 on pages 38 through 39 of this report.

Long-Term Debt includes the Sewer Plant, the 1MG Water Plant and the 2MG Water Plant and the improvements to the Distribution System. The Town's total bond and other indebtedness as of December 31, 2017 was $4,610,132. The Town of Paonia has no General Obligation debt.

Additional information on the Town of Paonia' Long-term Debt (Liabilities) can be found in Note 6 on pages 26 through 29 of this report.

ECONOMIC FACTORS AND RATES

The Town of Paonia and Delta County are primarily agricultural based economies. Formerly mining was the major industry before the Federal government shifted contracts to other coal providers resulting in the closing of several mining operations and layoffs of workers in the region. Given the still uncertain economic environment, the Town of Paonia Fiscal Year 2017 Budget maintains operating expenditures in line (balanced, not exceeding) with sources of revenues by re-evaluating services, reducing costs, specifically personnel related costs, and performing modest capital improvements such as the sidewalk construction project by utilizing funds maintained in reserve.

The Town increased water rate in February 2017 2% and sewer rates in May 2017 $3.00 in order for the funds to remain financially solvent.

There are no other known facts, decisions or conditions that are expected to have an effect of the Town's financial position or results of operations such as rate increase, increases in service areas, etc.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Paonia' finances for all those with an interest in the Town government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Finance Officer, Cindy Jones, Town of Paonia, 214 Grand Avenue, PO Box 460, Paonia, CO 81428 and Telephone: (970) 527-4101.

Respectfully Presented By:

Kenneth D Knight, Town Administrator
Ross King, Town Treasurer
Cindy Jones, Finance Officer

TOWN OF PAONIA, COLORADO

STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
Assets			
Pooled cash and investments	$ —	$ 1,311,689	$ 1,311,689
Restricted cash and investments (Notes 5 and 10)	571,487	605,160	1,176,647
Property taxes receivable	100,133	—	100,133
Accounts receivable, net	653,016	123,530	776,546
Grants receivable	—	193,517	193,517
Due from other governments	45,739	—	45,739
Internal balances (Note 13)	72,329	(72,329)	—
Inventories	—	139,141	139,141
Capital assets (Note 12):			
Nondepreciable	246,481	834,157	1,080,638
Depreciable, net of accumulated depreciation	2,724,724	11,745,569	14,470,293
Total Assets	4,413,909	14,880,434	19,294,343
Deferred Outflows Of Resources			
FPPA pension (Note 8)	79,122	—	79,122
Liabilities			
Overdrawn pooled cash and investments	9,308	—	9,308
Accounts payable	142,712	87,544	230,256
Accrued payroll liabilities	38,032	—	38,032
Accrued interest payable	—	22,069	22,069
Unearned other revenue	520,000	—	520,000
Noncurrent liabilities:			
Due within one year (Note 6)	38,365	283,442	321,807
Due in more than one year (Note 6)	6,305	4,326,690	4,332,995
FPPA net pension liability (Note 8)	5,871	—	5,871
Total Liabilities	760,593	4,719,745	5,480,338
Deferred Inflows Of Resources			
FPPA pension (Note 8)	793	—	793
Deferred property tax revenue	100,133	—	100,133
Total Deferred Inflows Of Resources	100,926	—	100,926
Net Position			
Net investment in capital assets	2,944,108	8,069,594	11,013,702
Restricted for:			
Emergencies (Note 3)	19,682	—	19,682
Parks and recreation	19,729	—	19,729
Bridge reserve (Note 10)	571,487	—	571,487
Airport capital improvements (Note 11)	33,333	—	33,333
Water utility maintenance (Note 6)	—	175,951	175,951
Debt service (Notes 6 and 10)	—	605,160	605,160
Unrestricted	43,173	1,309,984	1,353,157
Total Net Position	$ 3,631,512	$ 10,160,689	$ 13,792,201

The accompanying notes are an integral part of this statement.

TOWN OF PAONIA, COLORADO

STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues: Charges For Services And Fees	Program Revenues: Operating Grants And Contributions	Program Revenues: Capital Grants And Contributions	Net (Expense) Revenue And Changes In Net Position – Primary Government: Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General government	$ 244,217	$ 50,420	$ —	$ 223,850	$ 30,053	$ —	$ 30,053
Public safety	214,738	16,923	—	—	(197,815)	—	(197,815)
Public works	117,786	29,950	50,799	—	(37,037)	—	(37,037)
Culture and recreation	117,329	—	—	—	(117,329)	—	(117,329)
Total Governmental Activities	694,071	97,293	50,799	223,850	(322,129)	—	(322,129)
Business-Type Activities							
Water	813,601	915,459	—	—	—	101,858	101,858
Sewer	443,157	521,471	—	—	—	78,314	78,314
Trash	147,933	205,251	—	—	—	57,318	57,318
Total Business-Type Activities	1,404,691	1,642,181	—	—	—	237,490	237,490
Total Primary Government	$ 2,098,762	$ 1,739,474	$ 50,799	$ 223,850	(322,129)	237,490	(84,639)

	Governmental Activities	Business-Type Activities	Total
General Revenues And Transfers			
Taxes:			
Property taxes	102,291	—	102,291
Specific ownership	17,842	—	17,842
Sales taxes and miscellaneous	448,313	—	448,313
Franchise taxes	56,710	—	56,710
Miscellaneous	84,423	6,292	90,715
Severance tax	7,548	—	7,548
Mineral leasing	9,373	—	9,373
Investment earnings	8,809	—	8,809
Gain on sale of asset	—	502,516	502,516
Transfers	(276,637)	276,637	—
Total General Revenues And Transfers	458,672	785,445	1,244,117
Changes In Net Position	136,543	1,022,935	1,159,478
Net Position - Beginning Of Year	3,494,969	9,137,754	12,632,723
Net Position - End Of Year	$ 3,631,512	$ 10,160,689	$ 13,792,201

TOWN OF PAONIA, COLORADO

GOVERNMENTAL FUNDS - BALANCE SHEET
December 31, 2017

Assets

	General Fund	Sales Tax Capital Improvement Fund	Conservation Trust Fund	Grant Project Fund	Sidewalk Fund	Space To Create Fund	Total Governmental Funds
Assets							
Pooled cash and investments	$ 203,276	$ 343,468	$ 19,729	$ —	$ 15,793	$ 37,410	$ 619,676
Restricted cash and investments	571,487	—	—	—	—	—	571,487
Investments	—	—	—	—	—	—	—
Taxes receivable	100,133	—	—	—	—	—	100,133
Due from other governments	34,265	11,474	—	—	—	—	45,739
Due from other funds	—	—	—	72,329	—	—	72,329
Accounts receivable	1,873	—	—	648,438	2,705	—	653,016
Total Assets	$ 911,034	$ 354,942	$ 19,729	$ 720,767	$ 18,498	$ 37,410	$ 2,062,380
Liabilities, Deferred Inflows Of Resources And Fund Balance							
Liabilities							
Overdrawn pooled cash and investments	$ —	$ —	$ —	$ 628,984	$ —	$ —	$ 628,984
Accounts payable	50,105	—	824	91,783	—	—	142,712
Accrued payroll liabilities	38,032	—	—	—	—	—	38,032
Due to other funds	—	—	—	—	—	—	—
Unearned revenue bridge agreement	520,000	—	—	—	—	—	520,000
Total Liabilities	608,137	—	824	720,767	—	—	1,329,728
Deferred Inflows Of Resources							
Unavailable property tax revenue	100,133	—	—	—	—	—	100,133
Fund Balances							
Restricted:							
Reserve for emergencies	19,682	—	—	—	—	—	19,682
Parks and recreation	—	—	19,729	—	—	—	19,729
Bridge reserve	571,487	—	—	—	—	—	571,487
Airport capital improvements	33,333	—	—	—	—	—	33,333
Committed - capital acquisition	—	354,942	—	—	—	—	354,942
Committed - sidewalk improvement	—	—	—	—	18,498	—	18,498
Committed - space to create	—	—	—	—	—	37,410	37,410
Unassigned	(421,738)	—	(824)	—	—	—	(422,562)
Total Fund Balance	202,764	354,942	18,905	—	18,498	37,410	632,519
Total Liabilities, Deferred Inflows Of Resources And Fund Balance	$ 911,034	$ 354,942	$ 19,729	$ 720,767	$ 18,498	$ 37,410	$ 2,062,380

TOWN OF PAONIA, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

December 31, 2017

Total Fund Balance - Governmental Funds		$ 632,519
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.		
Governmental capital assets	$ 4,658,286	
Less: Accumulated depreciation	(1,687,081)	2,971,205
Net pension liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(5,871)
Deferred outflows of resources related to pensions are applicable in future periods and, therefore, are not reported in the funds. Deferred outflows of resources are related to the difference between projected and actual earnings on pension investments and the difference between contributions and proportionate share of contributions.		79,122
Deferred inflow of resources related to pensions are applicable in future periods and, therefore, are not reported in the funds. Deferred inflows of resources are related to the difference between expected and actual experience.		(793)
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year end are:		
Compensated absences	(17,573)	
Capital lease payable	(27,097)	(44,670)
Net Position Of Governmental Activities In The Statement Of Net Position		$ 3,631,512

TOWN OF PAONIA, COLORADO

GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For The Year Ended December 31, 2017

	General Fund	Sales Tax Capital Improvement Fund	Conservation Trust Fund	Grant Project Fund	Sidewalk Fund	Space To Create Fund	Total Governmental Funds
Revenues							
Taxes	$ 425,135	$ 144,034	$ 8,176	$ —	$ —	$ —	$ 577,345
Fees and fines	16,923	—	—	—	29,950	—	46,873
Licenses and permits	50,420	—	—	—	—	—	50,420
Intergovernmental	77,261	—	—	223,850	—	37,500	338,611
Miscellaneous	86,341	7,650	10	—	—	1	94,002
Total Revenues	656,080	151,684	8,186	223,850	29,950	37,501	1,107,251
Expenditures							
Current:							
General government	212,285	—	—	—	810	—	213,095
Public safety	241,694	—	—	—	—	—	241,694
Public works	56,901	—	—	—	—	—	56,901
Culture and recreation	71,674	—	4,222	—	—	91	75,987
Payment of principal on capital lease	20,106	—	—	—	—	—	20,106
Capital outlay	29,345	87,551	—	1,779,351	11,530	—	1,907,777
Total Expenditures	632,005	87,551	4,222	1,779,351	12,340	91	2,515,560
Excess (Deficiency) Of Revenues Over (Under) Expenditures	24,075	64,133	3,964	(1,555,501)	17,610	37,410	(1,408,309)
Other Financing Sources (Uses)							
Transfers in	—	—	—	1,555,501	—	—	1,555,501
Transfers out	—	(36,787)	—	—	—	—	(36,787)
Total Other Financing Sources (Uses)	—	(36,787)	—	1,555,501	—	—	1,518,714
Net Change To Fund Balance	24,075	27,346	3,964	—	17,610	37,410	110,405
Fund Balance, Beginning	178,689	327,596	14,941	—	888	—	522,114
Fund Balance, Ending	$ 202,764	$ 354,942	$ 18,905	$ —	$ 18,498	$ 37,410	$ 632,519

TOWN OF PAONIA, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2017

Net Changes In Fund Balances - Total Governmental Funds		$ 110,405
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital assets current additions	$ 1,890,862	
Depreciation expense	(132,428)	
Excess of capital outlay over deprecation		1,758,434
Transfers of fixed assets out from the government-wide statement of net position to a business-type fund does not affect current financial resources and, therefore, has no effect on the statement of activities.		(1,795,351)
Pension benefits reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds. This is the change in net pension liability.		43,065
Payments of principle on capital leases are reported as expenditures in the governmental funds when actually paid. However, on the government-wide statement of net position, principle payments are recorded as a decrease in liability, and there is no effect on the statement of activities.		20,106
Payments of compensated absences are reported as expenditures in the governmental funds when actually paid. However, on the government-wide statement of activities, compensated absences are expensed as they are accrued. Changes in the compensated absences liability are a reconciling item.		(116)
Changes In Net Position Of Governmental Funds		$ 136,543

TOWN OF PAONIA, COLORADO

STATEMENT OF NET POSITION - ENTERPRISE FUNDS
December 31, 2017

	Water Fund	Sewer Fund	Trash Fund	Total Enterprise Funds
Assets				
Current Assets				
Pooled cash and investments	$ 629,491	$ 488,627	$ 193,571	$ 1,311,689
Restricted cash and investments	—	605,160	—	605,160
Accounts receivable, net	65,095	40,278	18,157	123,530
Grant receivable	193,517	—	—	193,517
Inventories	133,262	5,879	—	139,141
Total Current Assets	1,021,365	1,139,944	211,728	2,373,037
Capital Assets				
Land and improvements	269,777	564,380	—	834,157
Utility system	11,025,214	5,105,841	—	16,131,055
Equipment and furniture	187,506	211,618	—	399,124
Less: Accumulated depreciation	(3,232,215)	(1,552,395)	—	(4,784,610)
Total Capital Assets	8,250,282	4,329,444	—	12,579,726
Total Assets	9,271,647	5,469,388	211,728	14,952,763
Liabilities				
Current Liabilities				
Accounts payable	72,943	11,411	3,190	87,544
Accrued interest payable	19,695	2,374	—	22,069
Due to other funds	72,329	—	—	72,329
Current portion of long-term debt	254,285	29,157	—	283,442
Total Current Liabilities	419,252	42,942	3,190	465,384
Long-Term Debt	2,705,589	1,621,101	—	4,326,690
Total Liabilities	3,124,841	1,664,043	3,190	4,792,074
Net Position				
Net investment in capital assets	5,290,408	2,679,186	—	7,969,594
Restricted for debt service	—	605,160	—	605,160
Restricted for water maintenance	175,951	—	—	175,951
Unrestricted	680,447	520,999	208,538	1,409,984
Total Net Position	$ 6,146,806	$ 3,805,345	$ 208,538	$ 10,160,689

TOWN OF PAONIA, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - ENTERPRISE FUNDS

For The Year Ended December 31, 2017

	Water Fund	Sewer Fund	Trash Fund	Total
Operating Revenues				
Charges for services	$ 915,459	$ 521,471	$ 205,251	$ 1,642,181
Operating Expenses				
Personal services	346,989	99,386	103,537	549,912
Contractual services	15,024	45,674	23,761	84,459
Utilities	23,759	35,642	2,277	61,678
Repairs and maintenance	38,419	25,362	10,431	74,212
Other supplies and expenses	64,132	54,311	3,574	122,017
Insurance claims and expenses	25,637	7,159	4,353	37,149
Depreciation	248,452	102,548	—	351,000
Total Operating Expenses	762,412	370,082	147,933	1,280,427
Operating Income	153,047	151,389	57,318	361,754
Nonoperating Revenues (Expenses)				
Interest expense	(51,189)	(73,075)	—	(124,264)
Miscellaneous revenue	6,292	—	—	6,292
Gain on sale of asset	—	502,516	—	502,516
Total Nonoperating Revenues (Expenses)	(44,897)	429,441	—	384,544
Income Before Transfers And Capital Contributions	108,150	580,830	57,318	746,298
Capital Contribution	1,795,351	—	—	1,795,351
Transfers In	36,787	—	—	36,787
Transfers Out	(1,555,501)	—	—	(1,555,501)
Change In Net Position	384,787	580,830	57,318	1,022,935
Total Net Position - Beginning Of Year	5,762,019	3,224,515	151,220	9,137,754
Total Net Position - End Of Year	$ 6,146,806	$ 3,805,345	$ 208,538	$ 10,160,689

TOWN OF PAONIA, COLORADO

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS
For The Year Ended December 31, 2017

	Water Fund	Sewer Fund	Trash Fund	Total Enterprise Funds
Cash Flows From Operating Activities				
Cash received from charges for services	$ 918,705	$ 541,018	$ 187,094	$ 1,646,817
Cash payments for goods and services	(128,882)	(165,539)	(41,206)	(335,627)
Cash payments to employees for services	(346,989)	(99,386)	(103,537)	(549,912)
Net Cash Provided By Operating Activities	442,834	276,093	42,351	761,278
Cash Flows From Noncapital Financing Activities				
Contributed capital	1,795,351	—	—	1,795,351
Transfers in	36,787	—	—	36,787
Transfers out	(1,555,501)	—	—	(1,555,501)
Grants	1,907,388	—	—	1,907,388
Due from other funds	(97,961)	—	—	(97,961)
Miscellaneous revenue	6,292	—	—	6,292
Net Cash Provided By Noncapital Financing Activities	2,092,356	—	—	2,092,356
Cash Flows From Capital And Related Financing Activities				
Acquisition of capital assets	(1,883,799)	(16,009)	—	(1,899,808)
Proceeds from line of credit	100,000	—	—	100,000
Proceeds from sale of asset	—	502,516	—	502,516
Principal paid on loans and leases	(152,636)	(27,926)	—	(180,562)
Interest expense	(51,189)	(73,075)	—	(124,264)
Net Cash Provided By (Used In) Capital And Related Financing Activities	(1,987,624)	385,506	—	(1,602,118)
Net Increase In Cash And Equivalents	547,566	661,599	42,351	1,251,516
Cash Balances - Beginning Of Year	81,925	432,188	151,220	665,333
Cash Balances - End Of Year	$ 629,491	$ 1,093,787	$ 193,571	$ 1,916,849
Cash Provided By Operating Activities				
Operating income	$ 153,047	$ 151,389	$ 57,318	$ 361,754
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	248,452	102,548	—	351,000
Assets (increase) decrease:				
Accounts receivable	3,246	19,547	(18,157)	4,636
Inventory	(28,196)	(1,495)	—	(29,691)
Liabilities increase (decrease):				
Accounts payable	66,785	4,144	3,190	74,119
Accrued interest payable	(500)	(40)	—	(540)
Total Adjustments	289,787	124,704	(14,967)	399,524
Net Cash Provided By Operating Activities	$ 442,834	$ 276,093	$ 42,351	$ 761,278

1. Summary Of Significant Accounting Policies

The financial statements of the Town of Paonia, Colorado (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Town's significant accounting policies are described below:

Financial Reporting Entity

The Town is a statutory municipality with a mayor - council form of government with six trustees and one separately elected mayor serving as elected Town Board of Trustees (the Town Board) members. The Town administrator is an appointed position of the Town. As required by GAAP, these financial statements present the Town's (the primary government) financial position. The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing body.

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to those 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.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

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

The Town reports the following major governmental funds:

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

- The *Sales Tax Capital Improvement Fund,* which accounts for the Town's additional sales tax that is to be used for capital improvements

- The *Conservation Trust Fund,* which accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment

- The *Grant Project Fund*, which accounts for the Town's grant activity to be used for capital improvements related to the Water Fund distribution system improvements

- The *Sidewalk Fund*, which accounts for the Town's sidewalk fees that are to be used for sidewalk repairs and maintenance

- The *Space to Create Fund*, which accounts for the Town's revenues that are to be used to fund a feasibility analysis of creative sector workforce space in the Town

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

The Town reports the following major enterprise fund business-type activities:

- *Water, Sewer and Trash Funds,* which account for all operations of the Town's water, sewer and refuse services. They are primarily financed by user charges.

Measurement Focus And Basis Of Accounting

The government-wide financial statements are reported using the economic-resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. Revenues are recorded when earned, and expenses are recorded when a 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.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the Town, "available" means collected within 60 days of year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due, and compensated absences, which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are interest revenue and charges for services. Entitlement revenues are not susceptible to accrual because, generally, they are not measurable until received. Grant revenues are recognized as expenditures are made.

Cash And Cash Equivalents

For purposes of the statement of cash flows of the enterprise funds, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an initial maturity of three months or less.

Fair Value Measurement

The Town adopted GASB Statement No. 72, *Fair Value Measurement and Application,* which generally requires state and local governments to measure assets and liabilities at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosure to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The Town's investments consist of external investment pools and certificates of deposit.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

Capital Assets

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years and for which the initial individual value equals or exceeds $5,000.

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

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

Asset Class	Useful Life
Building and other improvements	25 - 40 years
Water and sewer systems	15 - 40 years
Furniture and equipment	5 - 10 years
Infrastructure	15 - 40 years

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

Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year end, outstanding balances between funds are reported as "due to/from other funds." Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Deferred Outflows/Inflows Of Resources

Deferred Outflows Of Resources - In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred property tax revenue, which arises under both the full accrual (government-wide financial statement) and the modified accrual (fund financial statement) bases of accounting, that qualified for reporting in this category. Accordingly, the deferred property taxes are reported in both the statement of net position and in the balance sheet of governmental funds. These future revenues are deferred and recognized as an inflow of resources in the period that the amounts become available (calendar year 2018).

Deferred Inflows Of Resources - In addition to assets, the statement of net 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 that time.

Long-Term Liabilities

In the government-wide financial statements and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or enterprise fund-type statement of net position. The long-term compensated absences are serviced from revenues of the General Fund from future appropriations. No interest costs were capitalized in 2017.

Compensated Absences

Vacation time is accumulated at the rate of 10 days a year for employees with 1 to 10 years of service. After 10 years of service, 15 days per year is the rate, and for 15 years of service and after, 20 days per year is the rate, with a maximum accumulation of vacation time of 96 hours. Unused vacation time is paid out to employees upon termination at 50% of their salaried rates up to the maximum allowed. Sick leave accumulates at 12 days per year with a maximum unused sick leave accumulated at 320 hours. Sick leave will be paid at a rate of 25% of pay upon termination.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on its 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. All other net position is reported as unrestricted. The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Police Officers Pension Plan

Eligible police officers of the Town are provided with pensions through the Statewide Defined Benefit Plan (SWDBP), a cost-sharing multi-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the SWDBP plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

In the fund financial statements, governmental funds report the following classification of fund balance:

- *Nonspendable Fund Balance:* amounts that are not in spendable form (such as inventory) or are required to be maintained intact;

- *Restricted Fund Balance:* amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation;

- *Committed Fund Balance:* amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;

- *Assigned Fund Balance:* amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority (the Town Administrator has been given this authority by the governing body) and

- *Unassigned Fund Balance:* amounts that are available for any purpose; positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town Council has provided otherwise in its commitment or assignment actions.

Property Taxes

Property taxes for the current year are levied and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable and as deferred inflows of resources at December 31.

Use Of Estimates

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

2. Reconciliation Of Government-Wide And Fund Financial Statements

The governmental funds balance sheet includes a reconciliation between the total fund balances - governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the governmental fund statements during the consolidation of governmental activities.

3. Tax, Spending And Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the Amendment), which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments, excluding “enterprises.” The Town’s voters on November 8, 1994 approved a ballot measure to permit the Town to collect, retain and expend the full proceeds of the Town’s sales tax and nonfederal grants.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the Amendment.

The Amendment requires that an emergency reserve be maintained at 3% of fiscal year spending. A portion of the General Fund’s fund balance is classified as restricted for emergencies as required by the Amendment. The amount restricted at December 31, 2017 was $19,682.

4. Budgets

The Town adheres to the following procedures in establishing budgetary data reflected in the financial statements:

- By mid-August of each year, the Town Administrator, as the Budget Officer, gives public notice of the budget calendar for the next fiscal year. The Town Administrator asks that all Town departments, boards, commissions or citizens submit, within 30 days from the notice, any request for funds under the budget being prepared. The Town Administrator, with assistance from the Town Finance Officer, then prepares a proposed budget for the ensuing fiscal year and submits it to the Town Board no later than 45 days prior to any date required by state law for the certification to Delta County (the County) of the tax levy.

- The budget provides a complete financial plan of all Town funds and activities for the ensuing fiscal year indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies and anticipated net surplus or deficit for the ensuing fiscal year.

- A public hearing on the proposed budget is held by the Town Board by no later than early December.

- The Town Board adopts the budget by resolution on or before the final day established by law for the certification of the ensuing year's tax levy to the County. Adoption of the budget by the Town Board shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.

- If, during the fiscal year, the Town Administrator and the Town Finance Officer determine that there are expenses in excess of those estimated in the budget, the Town Board by resolution may make supplemental appropriations for the year up to the amount of such excess. To meet an emergency affecting public property, health, peace or safety, the Town Board may make emergency appropriations. If, at any time during the fiscal year, it appears probable to the Town Administrator and Town Finance Officer that the revenues available will be insufficient to meet the amount appropriated, the Town Administrator reports to the Town Board, indicating the estimated amount of deficit, any remedial action already taken and a recommendation as to any other steps to be taken. At any time during the fiscal year, the Town Administrator, as Budget Officer, may transfer part or all of any unencumbered appropriation balance within a department.

- Budget appropriations lapse at the end of each year.

- Expenditures may not exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget.

- Budgets for governmental funds are adopted on a basis consistent with GAAP, except for long-term receivables and advances and capital lease financing, which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.

5. Deposits And Investments

Cash Deposits

The Town maintains a cash pool that is available to the General Fund, special revenue funds and enterprise funds.

Cash And Investments		
Cash on hand	$	150
Cash with County Treasurer		2,169
Bank deposits		2,486,017
Total	$	2,488,336
Cash And Investments By Classification		
Cash and cash equivalents	$	668,896
Investments		642,793
Restricted cash and restricted investments		1,176,647
Total	$	2,488,336

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 PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group.

The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40.

At December 31, 2017, the bank balance of the Town's deposits was $1,349,247, of which $345,610 was covered by federal depository insurance and $1,003,637 was collateralized under PDPA.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government 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 and guaranteed investment contracts. The Town's investment policy follows Colorado statutes.

Interest Rate Risk - The Town does not have a formal policy limiting investment maturities which would help manage its exposure to fair value losses from increasing interest rates other than the five-year policy established by state statute.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Town's policy to limit its investments to U.S. Treasury obligations, certain U.S. government agencies securities, commercial paper, local government investment pools, repurchase agreements and money market funds.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town follows Colorado State Statutes for investing. The Town's investment policy does not specifically address this risk.

The Town's investment maturities at December 31, 2017 are as follows:

		Investment Maturities		
Investment By Type	**Rating**	**Less Than One Year**	**One To Five Years**	**Total**
Certificates of deposit	Not Rated	$ —	$ 1,038,796	$ 1,038,796
COLOTRUST	AAAm	1,247,953	—	1,247,953
Total		$ 1,247,953	$ 1,038,796	$ 2,286,749

The Town invested $1,247,953 in the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commission administers and enforces all state statutes governing public investment pools. The investment is an external investment pool that reports at the fair value per share of the pool's underlying portfolio. The unit of account is each share held, and the value of the position is the fair value of the pool's share price multiplied by the number of shares held. For pricing and redeeming shares, COLOTRUST maintains a stable net asset value (NAV) of $1 per share, which approximates fair value. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables and payables. All COLOTRUST investments are reported at NAV and do not have any unfunded commitments, redemption restrictions or redemption notice periods. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+, which are both rated AAAm by Standard & Poor's. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Financial statements and information about the pool for COLOTRUST may be obtained through its website at www.colotrust.com. COLOTRUST may, without the necessity of a formal meeting of their Board, temporarily suspend the right of redemption or postpone the date of payment for redeemed shares under certain specific conditions described in their trust indenture and during any financial emergency when it is not reasonably practicable because of substantial losses which might be incurred.

Certificates of deposits held by the Town are considered to have a Level 1 valuation within the fair value hierarchy required under GASB 72.

6. Long-Term Liabilities

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Governmental Activities					
Compensated absences	$ 17,457	$ 17,573	$ 17,457	$ 17,573	$ 17,573
Capital lease equipment	47,203	—	20,106	27,097	20,792
Total	$ 64,660	$ 17,573	$ 37,563	$ 44,670	$ 38,365
Business-Type Activities					
RUS loan	$ 1,678,184	$ —	$ 27,926	$ 1,650,258	$ 29,157
Loan - WPA	2,728,484	—	132,513	2,595,971	133,886
Premium - WPA	22,202	—	1,211	20,991	1,211
Loan - CWRPDA	261,824	—	18,912	242,912	19,188
Line of credit	—	100,000	—	100,000	100,000
Total	$ 4,690,694	$ 100,000	$ 180,562	$ 4,610,132	$ 283,442

RUS Loan Payable

The Town has an obligation to the U.S. Department of Agriculture's Rural Utilities Service (RUS), bearing interest at 4.375%. The bonds are payable in semi-annual installments of $50,521, including interest, and are collateralized by the sewer system's pledged revenues through 2046, which is approximately $3,250,000. Pledged revenues received amounted to $101,042 during the year. The proportion of the pledged revenue to total sewer revenue is not estimable because annual total fees collected fluctuate. The purpose of the bonds was for construction improvements to the wastewater treatment plant and collection system. Principal and interest payments for the years following December 31, 2017 are as follows:

	Principal	Interest
2018	$ 29,157	$ 71,885
2019	30,446	71,247
2020	31,793	69,249
2021	33,199	67,843
2022	34,668	66,374
2023 - 2027	197,739	307,471
2028 - 2032	245,511	259,699
2033 - 2037	304,823	200,387
2038 - 2042	378,465	126,745
2043 - 2046	364,457	36,555
Total	$ 1,650,258	$ 1,277,455

This loan requires a debt service reserve. See Note 10 for more information on this requirement.

CWRPDA Loan

The Town has a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA), which originally enabled the Town to borrow up to $448,200 at 1.75% interest annually, with payments of $23,343 per year. The purpose of the loan was for upgrades to the lower water treatment plant. The project was completed in 2011, and the Town is no longer able to draw on the loan agreement. The Town pledged its net revenue from the operation of the water utility for repayment of the loan in the amount of approximately $338,000 through 2029. Pledged revenues received during 2017 were $23,343. The proportion of the pledged revenue to total related revenues is not estimable because annual total fees collected fluctuate. The Town is required to provide rates and charges in order to maintain coverage of 110% of the debt service due on the governmental agency bond coming due in each calendar year.

As of December 31, 2017, the Town borrowed $395,969, of which the Town has made principal payments of $153,057. Principal and interest payments for the years following December 31, 2017 are as follows:

	Principal	Interest
2018	$ 19,188	$ 4,155
2019	19,526	3,818
2020	19,869	3,475
2021	20,218	3,125
2022	20,754	2,949
2023 - 2027	108,420	8,298
2028 - 2029	34,937	604
Total	$ 242,912	$ 26,424

WPA Loan

The Town has a Water Power Authority (WPA) loan agreement with CWRPDA for $2,996,494 at 1.75% interest annually, with twice yearly payments ranging from about $83,000 to $91,000. The purpose of the loan is for improvements and the expansion of existing water treatment facilities and distribution system. The Town pledged its net revenue from the operation of the water utility for repayment of the loan in the amount of approximately $3,707,000 through 2035. Pledge revenues received during 2017 were $180,062. The proportion of the pledged revenue to total related revenues is not estimable because annual total fees collected fluctuate. The Town is required to provide rates and charges in order to maintain coverage of 110% of the debt service due on the governmental agency bond coming due in each calendar year. Principal and interest payments for the years following December 31, 2017 are as follows:

	Principal	Interest
2018	$ 133,886	$ 47,268
2019	127,806	46,068
2020	128,838	45,018
2021	129,869	43,968
2022	130,900	42,918
2023 - 2027	676,844	198,845
2028 - 2032	756,851	126,746
2033 - 2035	510,977	25,628
Total	$ 2,595,971	$ 576,459

The loan balance includes a premium of $25,431, which will be amortized over the life of the loan on a straight-line basis. Yearly amortization will be $1,211. The remaining premium balance is $20,991 as of December 31, 2017.

The agreement states that the Town must maintain an operation and maintenance reserve in an amount equal to three months of operating expense, excluding depreciation of the water utility system, as set forth in the annual budget. At no time should the budget reserve be greater than $1,250,000. As of December 31, 2017, the Town's budgeted reserve was $175,951.

Line Of Credit

The Town had a $1,000,000 working-capital line of credit with an interest rate of 1.55% and a maturity date of July 2018. As of December 31, 2017, there was a $100,000 outstanding balance on the line of credit.

7. Lease Agreements

The Town has entered into three capital lease commitments effective May and June 2014 in order to acquire public safety and public works vehicles and equipment. Monthly payments on the capital leases range from approximately $550 to $700 per lease. All leases are for 60 months, with maturity dates in May and June 2019. Future minimum lease obligations as of December 31, 2017 are as follows:

2018	$ 21,552
2019	6,446
Total	27,998
Less: Amount representing interest	901
Present Value Of Minimum Future Lease Payments	$ 27,097

These capital leases represent agreements for certain capital assets, which have been included as governmental activities assets. Amortization is included in depreciation.

Vehicles	$ 98,000
Accumulated amortization	(51,690)
Net Capitalized Leases Equipment	$ 46,310

8. Employee Benefit Plans

Defined Contribution Pension Plan

The Town provides pension benefits for all its employees through a defined contribution plan through Mutual of Omaha. In May 2014, the Town changed its 401(b) plan through Dreyfus Company to a defined contribution 457(b) plan through Mutual of Omaha.

The Town contributes 5%, and there are no matching requirements for the employees. Total contributions in 2017, 2016 and 2015 were $18,363, $17,339 and $24,701, respectively. The employees are 100% vested at all times and are eligible for the plan after the probation period.

SWDBP For Police Officers

Plan Description

Eligible police officers of the Town are provided with pensions through SWDBP, a cost-sharing multi-employer defined benefit pension plan administered by FPPA. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at http://www.fppaco.org.

Benefits Provided

SWDBP provides retirement and disability, annual increases and death benefits for members or their beneficiaries. A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member's highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to SWDBP. Benefits paid to retired members are evaluated and may be redetermined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index (CPI).

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least 5 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter.

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates are established by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of SWDBP and their employers are contributing at the rate of 9% and 8%, respectively, of base salary for a total contribution rate of 17% in 2016. In 2014, the members elected to increase the member contribution rate to SWDBP beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8.0%, resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers or departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5% of base salary through 2015. It is a local decision as to whether the member or employer pays the additional 4% contribution. Per the 2014 member election, the reentry group could also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022, for a total combined member and employer contribution rate of 24% in 2022.

The contribution rate for members and employers of affiliated Social Security employers is 4.5% and 4%, respectively, of base salary for a total contribution rate of 8.5% in 2016. Per the 2014 member election, members of the affiliate Social Security group will have their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Employer contributions are recognized by SWDBP in the period in which the compensation becomes payable to the member, and the Town is statutorily committed to pay the contributions to SWDBP. Employer contributions recognized by SWDBP from the Town were $8,497 for the year ended December 31, 2017.

Pension Liability, Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At December 31, 2017, the Town reported a net pension liability of $5,871 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability was determined by an actuarial valuation as of January 1, 2017. The Town's proportion of the net pension liability was based on Town contributions to SWDBP for the calendar year 2016 relative to the total contributions of participating employers to SWDBP based upon the January 1, 2017 actuarial valuation.

At December 31, 2016, the Town's portion was 0.00016%, which was a decrease of 0.00008% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Town recognized pension expense of $13,566. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Governmental Activities
Deferred Outflows Of Resources		
Net difference between projected and actual earnings on pension plan investments	$	21,804
Changes of assumptions		5,897
Changes in proportionate share		36,711
Differences between expected and actual experience		6,213
Contributions subsequent to measurement date		8,497
Total Deferred Outflows Of Resources	$	79,122
Deferred Inflows Of Resources		
Differences between expected and actual experience	$	793

The amount of $8,497 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For The Year Ended December 31,		
2018	$	13,019
2019		13,019
2020		12,059
2021		7,099
2022		5,848
Thereafter		18,788
Total	$	69,832

Actuarial Assumptions

The actuarial valuations for SWDBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2016. The valuations used the following actuarial assumption and other inputs:

	Actuarial Assumptions
Valuation date	January 1, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level % Payroll, Open
Remaining amortization period	30 Years
Actuarial assumptions:	
Investment rate of return*	7.5%
Projected salary increases*	4.0% - 14.0%
Cost of living adjustments	0.0%
* Includes inflation at:	2.5%

Effective January 1, 2016, the post-retirement mortality tables for nondisabled retirees are a blend of the Annuitant and Employee RP-2014 generational Mortality Tables with Blue Collar Adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73-year-old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational Mortality Tables for Disabled Annuitants, except an additional provision to apply a minimum 3% mortality probability to males and a 2% mortality probability for females is included to reflect substantial impairment for this population. The preretirement off-duty Mortality Tables are adjusted to 55% of the RP-2014 Mortality tables for active employees. The on-duty mortality rate is 0.02%.

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

Asset Class	Target Allocation	Long-Term Expected Rate Of Return
Global equity	36.00%	9.25%
Equity long/short	10.00%	7.35%
Illiquid alternatives	23.00%	10.75%
Fixed income	15.00%	4.10%
Absolute return	10.00%	6.55%
Managed futures	4.00%	5.50%
Cash	2.00%	0.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDBP plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of the valuation, the expected rate of return on pension plan investments is 7.50%, the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the state and local bonds rate from Federal Reserve statistical release (H.15)) and the resulting single discount rate is 7.50%.

Sensitivity Of The City's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

Regarding the sensitivity of the net pension liability (asset) to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.50%, as well as what the plan's net pension asset would be if it were calculated using a single discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability (asset)	$ 49,950	$ 5,871	$ (30,740)

Pension Plan Fiduciary Net Position

Detailed information about SWDBP's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained at http://www.fppaco.org.

Other Post-Employment Benefit Plan - Statewide Death And Disability Defined Benefit Plan

Plan Description

The Town's full-time police officers participate in FPPA's Statewide Death and Disability Plan (the Plan), a cost-sharing multiple-employer defined benefit plan. The Plan was established in 1980 pursuant to Colorado Revised Statutes and can only be amended through such statutes. Contributions to the Plan are used solely for the payment of death and disability benefits.

Benefits

If a member dies prior to retirement, the surviving spouse is entitled to a benefit equal to 40% of the member's monthly base salary. Dependent children are also entitled to benefits according to an established scale. Benefit entitlement continues until death or remarriage of the spouse and death, marriage or other termination of dependency of children.

A member who becomes disabled prior to retirement shall be eligible for disability benefits. The benefit is 70% of base salary for cases of total disability and 50% for cases of occupational disability, reduced by the amount of certain other benefits received.

Benefits paid to members are evaluated and may be redetermined on October 1 of each year. Any increase in the level of benefits cannot exceed the lesser of the increase in the CPI or 3%.

Contributions

Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. The state made a one-time contribution in 1997 of $39,000,000 to fund the past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further state contributions are anticipated. Members hired on or after January 1, 1997 contribute a percentage of the payroll based on actuarial experience. This percentage was 8% for 2017, 8% for 2016 and 7% for 2015. The Town contributed $8,531, $8,265 and $16,322 to the Plan during 2017, 2016 and 2015, respectively.

9. 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 is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for property/casualty and workers' compensation coverage. CIRSA is to be self-sustaining through member premiums and reinsures through commercial companies for claims in excess of certain limits for each insured event. CIRSA members are subject to a supplemental assessment in the event of a deficiency. Claims have not exceeded coverage in the previous three years.

10. Restricted Cash

The Town has restricted cash in the Sewer Fund of $605,160 for the RUS loan. The RUS loan documents require that $842 per each month be designated into restricted cash until the sum of $101,040 is reached.

As of December 31, 2015, the Town has restricted cash in the governmental activities of $600,000 related to the Samuel Wade Road and Bridge (the Bridge). In January 2010, the Town entered into an intergovernmental agreement with the County. The Town has agreed to accept ownership of the Bridge in "as is" condition in exchange for $800,000 from the County to be used only for transportation-related expenditures. The Town, in exchange, shall be responsible to maintain this section of the Bridge. If at any point there is noncompliance with the agreement terms, the title of the Bridge will revert back to the County, and the Town will be responsible for return of the funds based on allocated use over the 20-year term of the agreement. The likelihood of noncompliance is considered remote.

11. Commitments

The Town has reserved monies received for out-of-town taps to be used for water storage facilities or studies.

In September 2009, the Town entered into an agreement with the County for the ownership, maintenance and management of the North Folk Valley Airport. Per the agreement, the Town owns 75% of the airport, and therefore, any future capital improvements will be 75% funded by the Town. The Town currently has one representative on the board and does not have control over the decisions of the board; accordingly, this arrangement does not constitute a joint venture or qualify for component unit reporting. The County assumes responsibility for the operations and maintenance of the airport. The agreement was amended in February 2014 to include how the proceeds from the wireless communication facility at the airport are to be divided. Per the agreement, any proceeds will be divided 75% to the Town and 25% to the County. The Town must hold its 75% share as a reserve for the Town's contributions to future capital improvements. As of December 31, 2017, the Town has a reserve for airport capital improvements of $33,333.

12. Capital Assets

	Balance January 1, 2017	Additions	Dispositions	Transfers	Balance December 31, 2017
Governmental Activities					
Capital assets not being depreciated:					
Land	$ 246,481	$ —	$ —	$ —	$ 246,481
Construction in process	—	1,779,351	—	(1,779,351)	—
Total Capital Assets, Not Being Depreciated	246,481	1,779,351	—	(1,779,351)	246,481
Capital assets being depreciated:					
Buildings	609,359	10,345	—	—	619,704
Improvements other than buildings	389,079	—	—	—	389,079
Infrastructure	2,647,908	55,022	—	—	2,702,930
Equipment	661,656	46,144	(7,708)	—	700,092
Total Capital Assets, Being Depreciated	4,308,002	111,511	(7,708)	—	4,411,805
Less accumulated depreciation:					
Buildings	(317,342)	(11,863)	—	—	(329,205)
Improvements	(233,925)	(16,633)	—	—	(250,558)
Infrastructure	(492,962)	(73,181)	—	—	(566,143)
Equipment	(518,132)	(30,751)	7,708	—	(541,175)
Total Accumulated Depreciation	(1,562,361)	(132,428)	7,708	—	(1,687,081)
Capital assets depreciated, net	2,745,641	(20,917)	—	—	2,724,724
Total Governmental Activities Capital Assets	$ 2,992,122	$ 1,758,434	$ —	$ (1,779,351)	$ 2,971,205

	Balance January 1, 2017	Additions	Dispositions	Transfers	Balance December 31, 2017
Business-Type Activities					
Capital assets not being depreciated:					
Land and water rights	$ 834,157	$ —	$ —	$ —	$ 834,157
Construction in progress	561,831	—	(561,831)	—	—
Total Capital Assets, Not Being Depreciated	1,395,988	—	(561,831)	—	834,157
Capital assets being depreciated:					
Distribution system	1,160,821	634,710	(76,929)	1,795,351	3,513,953
Collection system	529,476	—	—	—	529,476
Vehicles and equipment	399,124	—	—	—	399,124
Treatment plant	12,057,202	30,424	—	—	12,087,626
Less: Accumulated depreciation	(4,511,692)	(349,847)	76,929	—	(4,784,610)
Capital Assets Being Depreciated, Net	9,634,931	315,287	—	1,795,351	11,745,569
Total Business-Type Activities Capital Assets	$ 11,030,919	$ 315,287	$ (561,831)	$ 1,795,351	$ 12,579,726

Depreciation charged to governmental activities by department is as follows:

General government	$	14,091
Public safety		16,109
Public works		60,885
Culture and recreation		41,342
Total	$	132,428

13. Interfund Balances And Transfers

The composition of interfund balances at December 31, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
Grant Project Fund	Water Fund	$ 72,329

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The purposes of the interfund transactions were to finance capital projects. All interfund balances are expected to be collected within one year.

Interfund transfers are used to report revenues from the fund that is required to collect them to the fund that is required to expend them as unrestricted revenues collected to finance various programs and capital purchases accounted for in other funds in accordance with budgetary authorizations, and to return money to a fund from which it was originally provided once a project is completed.

	Transfers In	Transfers Out
Sales Tax Capital Improvement Fund	$ —	$ 36,787
Grant Project Fund	1,555,501	—
Water Fund	36,787	1,555,501
	$ 1,592,288	$ 1,592,288

14. Contingent Liabilities

The Town is subject to various claims arising from events occurring in its ordinary operations. Town management believes that the disposition of these matters will not have a material adverse effect on the financial position of the Town.

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

Required Supplementary Information

TOWN OF PAONIA, COLORADO

GENERAL FUND -
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For The Year Ended December 31, 2017
Page 1 Of 2

	Original And Final Budget	Actual	Favorable (Unfavorable)
Taxes			
General property taxes	$ 102,510	$ 102,170	$ (340)
Specific ownership taxes	15,300	17,842	2,542
Sales tax - Town	132,000	144,034	12,034
Sales tax - County	95,000	102,345	7,345
Franchise taxes	67,000	56,710	(10,290)
Cigarette taxes	2,100	1,158	(942)
Delinquent taxes	150	121	(29)
Interest on delinquent taxes	400	484	84
Total Taxes	414,760	425,135	10,375
Licenses And Permits			
Liquor licenses	3,950	4,452	502
Building permits	13,000	41,708	28,708
Miscellaneous permits	1,500	2,660	1,160
Special reviews	1,000	500	(500)
VIN inspection	850	1,100	250
Total Licenses And Permits	20,300	50,420	30,120
Intergovernmental Revenue			
State shared:			
Highway user's tax	47,200	48,082	882
Motor vehicle fees	5,800	6,096	296
Severance tax	10,000	7,548	(2,452)
Mineral leasing	15,000	9,373	(5,627)
Other governmental units:			
Road and bridge	6,200	6,162	(38)
Total Intergovernmental Revenue	84,200	77,261	(6,939)

GENERAL FUND -
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For The Year Ended December 31, 2017
Page 2 Of 2

	Original And Final Budget	Actual	Favorable (Unfavorable)
Fines And Forfeitures			
Court fines	$ 100	$ 369	$ 269
Police fines	20,500	15,714	(4,786)
Miscellaneous	500	840	340
Total Fines And Forfeitures	21,100	16,923	(4,177)
Miscellaneous Revenues			
Earnings on investments	5,500	8,799	3,299
Rents	10,841	10,706	(135)
Billing interest	7,500	7,576	76
Other	7,500	10,390	2,890
Motor fuel tax refunds	1,300	1,285	(15)
Refunds	—	4,044	4,044
Bridge revenue earned	40,000	40,000	—
Police Department grant	7,600	3,541	(4,059)
Total Miscellaneous Revenues	80,241	86,341	6,100
Total Revenues	$ 620,601	$ 656,080	$ 35,479

TOWN OF PAONIA, COLORADO

GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For The Year Ended December 31, 2017
Page 1 Of 2

	Original And Final Budget	Actual	Favorable (Unfavorable)
General Government			
Mayor and trustee	$ 7,200	$ 7,200	$ —
Town administrator	225	1,331	(1,106)
Salaries and wages	25,389	45,751	(20,362)
Employee benefits	4,660	4,730	(70)
Supplies	7,515	9,483	(1,968)
Legal and professional fees	30,400	71,147	(40,747)
Telephone	4,605	1,684	2,921
Travel and meetings	6,950	5,117	1,833
Insurance and bonds	4,024	4,529	(505)
Utilities	4,250	5,042	(792)
Janitorial services	8,750	—	8,750
Publishing ads	2,000	1,361	639
Dues and subscriptions	4,000	3,852	148
Audit fees	7,250	8,300	(1,050)
Postage	560	538	22
Human services	8,150	9,660	(1,510)
Town Hall expense	5,040	13,267	(8,227)
Data processing	14,495	17,109	(2,614)
Treasurer's fees	2,500	2,184	316
Total General Government	147,963	212,285	(64,322)
Public Safety			
Police Department			
Salaries and wages	209,904	149,333	60,571
Judge	—	3,600	(3,600)
Employee benefits	—	32,338	(32,338)
Supplies	5,500	7,564	(2,064)
Repairs and maintenance	1,070	435	635
Legal services	1,000	1,948	(948)
Telephone	1,600	1,834	(234)
Travel and meetings	3,000	2,506	494
Insurance and bonds	11,973	12,114	(141)
Utilities	2,000	1,941	59
Vehicle expense	12,080	232	11,848
Dues and subscriptions	1,880	3,426	(1,546)
Miscellaneous	100	—	100
Uniforms	1,200	—	1,200
Publishing and ads	—	471	(471)
Officer's training	4,266	—	4,266
Juvenile diversion	1,565	—	1,565
Data processing	10,025	12,550	(2,525)
FPPA	—	11,402	(11,402)
Total Police Department	267,163	241,694	25,469

TOWN OF PAONIA, COLORADO

GENERAL FUND - SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For The Year Ended December 31, 2017
Page 2 Of 2

	Original And Final Budget	Actual	Favorable (Unfavorable)
Public Safety *(Continued)*			
Animal Control			
Vet fees	$ 500	$ —	$ 500
Total Public Safety	267,663	241,694	25,969
Public Works			
Salaries and wages	6,750	3,544	3,206
Employee benefits	—	1,646	(1,646)
Supplies	845	4,233	(3,388)
Repairs and maintenance	60,000	3,928	56,072
Legal and engineering	1,500	6,563	(5,063)
Telephone	900	166	734
Insurance and bonds	5,092	4,830	262
Utilities	1,525	3,042	(1,517)
Snow removal	15,000	8,540	6,460
Street lighting	20,500	18,082	2,418
Street cleaning	2,000	—	2,000
Vehicle expense	10,000	1,355	8,645
Miscellaneous	3,500	50	3,450
Shop expense	2,000	922	1,078
Total Public Works	129,612	56,901	72,711
Culture And Recreation			
Salaries and wages	2,025	1,132	893
Employee benefits	—	1,642	(1,642)
Supplies	4,200	4,968	(768)
Repairs and maintenance	10,200	7,547	2,653
Legal fees	500	—	500
Telephone	50	106	(56)
Miscellaneous	990	824	166
Insurance and bonds	4,219	4,180	39
Utilities	6,500	7,304	(804)
Contract services	44,000	43,928	72
Vehicle expense	1,000	43	957
Total Culture And Recreation	73,684	71,674	2,010
Other Expenditures			
Payment of principal on capital lease	—	20,106	(20,106)
Capital outlay	—	29,345	(29,345)
Total Other Expenditures	—	49,451	(49,451)
Total Expenditures	618,922	632,005	(13,083)
Net Change To Fund Balance	$ 1,679	$ 24,075	$ 22,396

TOWN OF PAONIA, COLORADO

CONSERVATION TRUST FUND -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2017

	Original And Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Lottery	$ 7,800	$ 8,176	$ 376
Interest	8	10	2
Total Revenues	7,808	8,186	378
Expenditures			
Parks	7,000	4,222	2,778
Net Change To Fund Balance	$ 808	$ 3,964	$ 3,156

TOWN OF PAONIA, COLORADO

SIDEWALK FUND -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2017

	Original And Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Sidewalk revenues	$ 29,500	$ 29,950	$ 450
Expenditures			
Legal services	500	810	(310)
Repairs and maintenance	28,950	—	28,950
Publishing and ads	50	—	50
Capital outlay	—	11,530	(11,530)
Total Expenditures	29,500	12,340	17,160
Net Change To Fund Balance	$ —	$ 17,610	$ 17,610

SPACE TO CREATE FUND -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2017

	Original And Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Intergovernmental	$ —	$ 37,500	$ 37,500
Miscellaneous	—	1	1
Total Revenues	—	37,501	37,501
Expenditures			
General government	—	91	(91)
Net Change To Fund Balance	$ —	$ 37,410	$ 37,410

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)
FPPA Statewide Defined Benefit Plan
Year Three(1)
For The Year Ended December 31, 2016 (Measurement Date)

	2016	2015	2014
Town's portion of the net pension asset (liability)	0.0162%	0.0239%	0.0432%
Town's proportionate share of the net pension asset (liability)	$ (5,871)	$ 421	$ 48,715
Town's covered payroll	$ 107,806	$ 103,306	$ 198,701
Town's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	5%	0%	25%
Plan fiduciary net position as a percentage of the total pension asset	98.21%	100.10%	106.80%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town is presenting information for those years for which information is available.

TOWN OF PAONIA, COLORADO

SCHEDULE OF THE TOWN'S CONTRIBUTIONS TO THE PENSION PLAN
FPPA Statewide Defined Benefit Plan
Year Three(1)
For The Year Ended December 31, 2017

	2017	2016	2015
Contractually required contribution	$ 10,442	$ 6,946	$ 8,910
Contributions in relation to the contractually required contribution	10,442	6,946	8,910
Contribution (excess) deficiency	$ —	$ —	$ —
Town's covered payroll	$ 125,516	$ 107,806	$ 103,306
Contributions as a percentage of covered payroll	8.32%	6.44%	8.62%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town is presenting information for those years for which information is available.

1. Budgetary Information

Budgets for governmental funds are adopted on a basis consistent with GAAP, except for long-term receivables and advances and capital lease financing, which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.

2. Expenditures/Expenses In Excess Of Appropriation

Colorado's budget law requires that expenditures and transfers for a department or fund cannot exceed the appropriations for that department or fund. Appropriations for a department or fund may be increased, provided unanticipated resources offset them.

The budget is controlled at the category line item level within each division within each fund. However, the legal level of appropriation is at the fund level. If the division expenditures exceed the division budget by more than $500, then the expenditures are deemed to be in excess of the appropriations. In the current year, Water Fund expenditures exceeded budget on the fund level by $19,365, and the Space to Create Fund expenditures exceeded budget on the fund level by $91.

Supplementary Information

TOWN OF PAONIA, COLORADO

SALES TAX - CAPITAL IMPROVEMENTS FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For The Year Ended December 31, 2017

	Original And Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Sales tax	$ 132,000	$ 144,034	$ 12,034
Miscellaneous	7,650	7,650	—
Total Revenues	139,650	151,684	12,034
Expenditures			
Capital outlay	459,085	87,551	371,534
Excess (Deficit) Of Revenues Over (Under) Expenditures	(319,435)	64,133	383,568
Other Financing Sources (Uses)			
Fund transfers	—	(36,787)	(36,787)
Net Change To Fund Balance	$ (319,435)	$ 27,346	$ 346,781

See the accompanying independent auditors' report.

TOWN OF PAONIA, COLORADO

GRANT PROJECT FUND -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For The Year Ended December 31, 2017

	Original And Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Grant revenues	$ 313,376	$ 223,850	$ (89,526)
Expenditures			
Capital expenditures	2,565,922	1,779,351	786,571
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(2,252,546)	(1,555,501)	697,045
Other Financing Source (Uses)			
Fund transfers	2,252,546	1,555,501	(697,045)
Net Change To Fund Balance	$ —	$ —	$ —

TOWN OF PAONIA, COLORADO

WATER FUND - SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
For The Year Ended December 31, 2017

	Original And Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Water charges	$ 755,225	$ 763,209	$ 7,984
Water taps	—	100,000	100,000
Sales and service	2,000	595	(1,405)
Water tank	1,000	2,643	1,643
Standby tap fees	44,575	48,012	3,437
Penalties	5,000	6,292	1,292
Rents	1,000	1,000	—
Interest income	2	—	(2)
Total Revenues	808,802	921,751	112,949
Expenditures			
Salaries and wages	373,559	260,504	113,055
Employee benefits	—	66,325	(66,325)
John Norris retirement	—	20,160	(20,160)
Supplies	40,300	33,021	7,279
Legal and engineering	10,000	798	9,202
Repairs and maintenance	60,000	32,953	27,047
Professional fees	13,250	14,226	(976)
Telephone	3,500	4,188	(688)
Postage	3,500	3,180	320
Travel and meetings	3,000	462	2,538
Insurance and bonds	17,242	25,637	(8,395)
Utilities	30,000	23,759	6,241
Vehicle expense	10,000	5,466	4,534
Dues and subscriptions	200	138	62
Shop expense	5,000	6,231	(1,231)
Miscellaneous	5,335	8,150	(2,815)
Fees and permits	12,000	8,762	3,238
WPA loan	184,000	180,981	3,019
Drinking water revolving funds	23,350	23,343	7
Depreciation expense	—	248,452	(248,452)
Debt service	—	(153,135)	153,135
Total Expenditures	794,236	813,601	(19,365)
Other Financing Sources (Uses)			
Capital contributions	—	1,795,351	1,795,351
Transfers in	—	36,787	36,787
Transfers out	—	(1,555,501)	(1,555,501)
Total Other Financing Sources (Uses)	—	276,637	276,637
Change To Net Position	$ 14,566	$ 384,787	$ 370,221

TOWN OF PAONIA, COLORADO

SEWER FUND -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
For The Year Ended December 31, 2017

	Original And Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Sewer charges	$ 398,750	$ 430,041	$ 31,291
Sewer taps	5,000	90,000	85,000
Interest	150	1,430	1,280
Sale of assets	300,000	502,516	202,516
Total Revenues	703,900	1,023,987	320,087
Expenditures			
Salaries and wages	108,086	81,092	26,994
Employee benefits	—	18,294	(18,294)
Supplies	32,300	35,252	(2,952)
Repairs and maintenance	74,000	20,091	53,909
Professional fees	8,500	45,674	(37,174)
Telephone	1,500	1,324	176
Postage	1,500	2,056	(556)
Travel and meetings	2,000	432	1,568
Insurance and bonds	7,191	7,159	32
Utilities	40,000	35,642	4,358
Vehicle expense	7,000	5,271	1,729
Fees and permits	7,500	8,520	(1,020)
Debt service payments	402,500	73,075	329,425
Gauging station	4,000	3,781	219
Depreciation	—	102,548	(102,548)
Miscellaneous	6,885	2,946	3,939
Total Expenditures	702,962	443,157	259,805
Change To Net Position	$ 938	$ 580,830	$ 579,892

TOWN OF PAONIA, COLORADO

TRASH FUND -
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
For The Year Ended December 31, 2017

	Original And Final Budget	Actual	Favorable (Unfavorable)
Revenues			
Garbage charges	$ 208,000	$ 205,251	$ (2,749)
Expenditures			
Salaries and wages	143,044	79,388	63,656
Employee benefits	—	24,149	(24,149)
Supplies	1,850	1,046	804
Repairs and maintenance	1,500	3	1,497
Legal and engineering services	600	270	330
Telephone	350	106	244
Postage	1,000	962	38
Insurance and bonds	4,616	4,353	263
Utilities	2,500	2,277	223
Vehicle expense	18,000	10,428	7,572
Landfill fees	26,000	23,761	2,239
Miscellaneous	700	1,190	(490)
Total Expenditures	200,160	147,933	52,227
Change To Net Position	$ 7,840	$ 57,318	$ 49,478

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1. Click Ctrl + A on a Windows machine or Command + A on a Mac to select all data.
2. Right-click your mouse and select Print.
3. Confirm that print settings are correct - make sure "selection only" isn't checked.
4. Print hard copy or to PDF.
5. Click "Edit Mode" to return to modifying your data.
6. Remember to click "Save" to save any changes.

ANNUAL HIGHWAY FINANCE REPORT - CY17

Email address: finance@townofpaonia.com
City/County: Paonia

II - RECEIPTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Receipts from local sources

2. General Fund Appropriations:	$	42,894.00
3. Other local imposts: *from A.3. 'Total' below)*	$	74,552.00
4. Miscellaneous local receipts: *from A.4. 'Total' below)*	$	17,183.00
5. Transfers from toll facilities	$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	$	0.00
b. Bonds - Refunding Issues:	$	0.00
c. Notes:	$	0.00
SubTotal:	$	134,629.00
B. Private Contributions	$	0.00

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input

A.3. Other local imposts

a. Property Taxes and Assessments	$	0.00
b. Other Local Imposts		
1. Sales Taxes:	$	0.00
2. Infrastructure and Impact Fees:	$	56,710.00

3. Liens:	$ 0.00
4. Licenses:	$ 0.00
5. Specific Ownership and/or Other:	$ 17,842.00
Total: *(a + b) carried to 'Other local imposts' above)*	$ 74,552.00

A.4. Miscellaneous local receipts

Please no commas or dollar signs for the input

a. Interest on Investments:	$ 0.00
b. Traffic fines & Penalities:	$ 16,083.00
c. Parking Garage Fees:	$ 0.00
d. Parking Meter Fees:	$ 0.00
e. Sale of Surplus Property:	$ 0.00
f. Charges for Services:	$ 1,100.00
g. Other Misc. Receipts:	$ 0.00
h. Other:	$ 0.00
Total: *(a through h) carried to 'Misc local receipts' above)*	$ 17,183.00

C. Receipts from State Government

Please no commas or dollar signs for the input

1. Highway User Taxes:	$ 48,082.00
3. Other State funds:	
c. Motor Vehicle Registrations:	$ 6,096.00
d. Other (Specify): Comments: Road & Bridge	$ 6,162.00
e. Other (Specify): Comments: undefined	$ 0.00
Total: *(1+3c,d,e)*	$ 60,340.00

D. Receipts from Federal Government

Please no commas or dollar signs for the input

2. Other Federal Agencies

a. Forest Service:	$ 0.00
b. FEMA:	$ 0.00
c. HUD:	$ 0.00
d. Federal Transit Administration:	$ 0.00
e. U.S. Corp of Engineers	$ 0.00
f. Other Federal:	$ 0.00
Total: *(2a-f)*	$ 0.00

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Local highway disbursements

1. Capital outlay: *(from A.1.d. 'Total Capital Outlay' below)*	$	43,491.00
2. Maintenance:	$	67,711.00
3. Road and street services		
a. Traffic control operations:	$	0.00
b. Snow and ice removal:	$	8,540.00
c. Other:	$	0.00
4. General administration & miscellaneous	$	15,636.00
5. Highway law enforcement and safety	$	59,591.00
Total: *(A.1-5)*	$	194,969.00

Please no commas or dollar signs for the input

B. Debt service on local obligations

1. Bonds		
a. Interest	$	0.00
b. Redemption	$	0.00
2. Notes		
a. Interest	$	0.00
b. Redemption	$	0.00
SubTotal: *(1+2)*	$	0.00

Please no commas or dollar signs for the input

C. Payments to State for Highways:	$	0.00
D. Payments to Toll Facilities:	$	0.00
Total Disbursements: *(A+B+C+D)*	$	194,969.00

Please no commas or dollar signs for the input

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES - (Detail)

Please no commas or dollar signs for the input

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	$ 0.00	$ 0.00	$ 0.00
b. Engineering Costs:	$ 0.00	$ 0.00	$ 0.00
c. Construction			
1. New Facilities:	$ 0.00	$ 0.00	$ 0.00
2. Capacity Improvements:	$ 0.00	$ 0.00	$ 0.00
3. System Preservation:	$ 0.00	$ 43,491.00	$ 43,491.00
4. System Enhancement:	$ 0.00	$ 0.00	$ 0.00
5. Total Construction:			$ 43,491.00
d. Total Capital Outlay: *(Lines A.1.a. + 1.b. + 1.c.5)*			$ 43,491.00

IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	$ 0.00	$ 0.00	$ 0.00	$ 0.00
1. Bonds (Refunding Portion)		$ 0.00	$ 0.00	$ 0.00
B. Notes (Total):	$ 0.00	$ 0.00	$ 0.00	$ 0.00

V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
$ 0.00	$ 194,969.00	$ 194,969.00	$ 0.00	$ 0.00

Notes & Comments:

undefined

Please enter your name: Cindy Jones

Please provide a telephone number where you may be reached: 970-527-4101

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FORM FHWA-536e(Version 4.5) - CY17

Additional Disclosures (Unaudited)

OLD PENSION PLAN
For The Year Ended December 31, 2017

The Town has a closed pension plan with one former employee included in the estimated liability. The last actuarial valuation performed on the plan was December 31, 2012, using future projected cash flows discounted by a yield curve rate utilizing expected mortality rates. The actuarial assumptions included a 3.2% interest rate. The Town is contributing annually an amount equal to the required contribution determined by the actuarial valuation. The Town pays the required yearly contribution of $20,160 each year out of the Water Fund. Based on the actuarial valuation and the yearly payments made, the estimated remaining liability due on the plan is $188,733.