

TOWN OF STRATTON, COLORADO

Financial Statements

For the Year Ended December 31, 2017



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July 24, 2018

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Additional Information

Highway Users Tax Report

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Town of Stratton, Colorado
Stratton, Colorado 80836

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stratton, Colorado, 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, budgetary comparison information, and the pension information on pages a-h and 30-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. For the management discussion & analysis we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stratton, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements, and the Highway Users Tax Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

WINFREY, COUNTY & HAYS, PC
Certified Public Accountants

Winfrey, County & Hays, PC

July 17, 2018

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2017

Purpose

The Town of Stratton's Management's Discussion and Analysis (MD&A) is designed to:

1. Assist the reader in focusing on significant financial issues.
2. Provide an overview of the Town's financial activity.
3. Identify changes in the Town's financial position.
4. Identify any material deviation from the budget.
5. Identify individual fund issues or concerns.

The MD&A is designed to focus on the year's activities, resulting changes, and currently known facts. Please read it in conjunction with the Town's Financial Statements beginning on page 2 of that document.

Introduction

The Town of Stratton is a Statutory Rule Municipality that was incorporated in 1915. The type of government is Town Board-Mayor with the seven elected officials being responsible for all policy decisions that affect the Town's financial condition. The appointed Town Clerk/Treasurer is responsible for preparing the annual budget, which is adopted by the Board by December 15th. The Clerk/Treasurer is responsible for financial reporting to the Town Board and to the public-at-large. The Town maintains six separate funds, which are as follows:

1. General Fund
2. Community Building Fund
3. Conservation Trust Fund
4. Lodger's Tax Fund
5. Sanitation Fund
6. Water Fund

Financial Information

The Town's government-wide statements have been prepared using the economic resources measurement of focus and the accrual basis of accounting. The Town's fund financial statements for governmental funds have been prepared using the modified accrual basis of accounting. The financial system of the Town incorporates financial and administrative controls that ensure the safeguarding of assets and the reliability of financial reports. To ensure budgeting controls, the Town Board approves all major budgetary changes by passage of a resolution amending the budget.

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2017
(continued)

Financial Highlights

The Town of Stratton remains in stable condition, as the unrestricted fund balance in the General Fund at year-end is \$454,003. This balance is considered to be safe levels of reserves, as it would allow the Town to cover its governmental operating costs for eight months including 2017 capital outlay or twelve months excluding 2017 capital outlay in the unlikely event of loss of revenues.

The net position of the Town exceeds its liabilities at the close of the fiscal year by \$5,063,559. Of this amount, \$1,035,859 (unrestricted net position) may be used to meet the Town's ongoing obligations to residents and creditors.

At December 31, 2017, the Town's governmental funds reported combined ending fund balances of \$491,474 reflecting a decrease of \$240,925.

The general fund received a grant of \$65,000 from GOCO for playground equipment. The general fund also received a grant of \$25,000 from the Cooper Clark Foundation for the purchase of land.

Overview of the Financial Statements

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

Government-wide financial statements

The government-wide financial statements use an accounting method similar to those used by private sectors companies. The focus of the Statement of Net Position (the unrestricted net position) is designed similar to a bottom line for the Town and its government and business-like activities. The statement reports all the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenue and expenses are reported in this statement for times that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2017
(continued)

The government-wide statements are divided into two categories:

- Governmental Activities reflects the Town's basic services including administrative, public safety, public works, judicial, building division, cemetery, parks, and recreation. Property tax, sales tax and intergovernmental taxes finance the majority of these activities. The police department receives seventy-five percent of sales taxes revenue while public works receives the remaining twenty-five percent.
- Business-type activities are funds that reflect private sector type operations, which includes the Town's Water, Sanitation, and Community Building funds. Fees for services should cover the majority of the cost of these operations including depreciation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Stratton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds

Most of the Town's basic services are reported in governmental funds, which focus on cash flows. The unrestricted balances left at year-end are available for spending in future years. The funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view as to cash, operations, and basic services provided.

The Town of Stratton maintains three governmental funds. Only the General Fund is considered to be a major fund. Data from the governmental funds are combined into a single aggregated presentation. Annual budget appropriations are adopted for each of these funds. Budgetary comparison statements are provided to demonstrate compliance with budgets.

Proprietary Funds

The Town's water, sanitation and community building services are reported in proprietary funds. They focus on overall economic position rather than year-end fund balances. Enterprise funds are the type of proprietary funds used to account for each of the Town's utilities. Enterprise funds are used to report the same functions presented in business-type activities in the governmental-wide financial statements, only in more detail.

Notes to Financial Statement

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the Financial Statements can be found immediately after the basic financial statements.

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2017
(continued)

Government-Wide Financial Analysis

This financial report for the year ended December 31, 2017 reflects the reporting requirements of GASB 34. GASB 34 requires governments to report the information found in the Basic Financial Statements and to include a presentation of comparative data from the prior period as it becomes available with the passage of time.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Stratton's assets exceeded liabilities by \$5,063,559 at the close of the current fiscal year.

Of the Town's total assets of \$6,725,460, \$5,481,447 or 82% reflects capital assets (e.g. land, infrastructure, buildings, utility delivery systems, and equipment). The amount of debt against those assets is \$1,558,129, for a net investment in capital assets of \$3,923,317. The Town uses these assets to provide services to citizens, consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following reflects the Town's net position

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/16</u>
Current assets	595,405	872,479	648,608	638,144	1,244,013	1,510,622
Net pension asset	0	154	0	0	0	154
Capital assets	<u>1,459,455</u>	<u>1,285,484</u>	<u>4,021,992</u>	<u>4,058,923</u>	<u>5,481,447</u>	<u>5,344,407</u>
Total Assets	2,054,860	2,158,117	4,670,599	4,697,067	6,725,460	6,855,183
Deferred Outflows of Resources	18,730	16,782	0	0	18,730	16,782
Current liabilities	18,732	45,012	98,037	94,942	116,769	139,953
Net pension liability	3,396	0	0	0	3,396	0
Long-term liabilities	<u>0</u>	<u>0</u>	<u>1,473,872</u>	<u>1,558,100</u>	<u>1,473,872</u>	<u>1,558,100</u>
Total Liabilities	22,128	45,012	1,571,910	1,653,041	1,594,037	1,698,053
Deferred Inflows of Resources	86,593	97,216	0	0	86,593	97,216
Net Position						
Invested in capital assets	1,459,455	1,285,484	2,463,862	2,417,959	3,923,317	3,703,443
Restricted	36,383	46,089	68,000	29,000	104,383	75,089
Unrestricted	<u>469,032</u>	<u>703,979</u>	<u>566,827</u>	<u>597,066</u>	<u>1,035,859</u>	<u>1,301,045</u>
	<u>1,964,870</u>	<u>2,035,551</u>	<u>3,098,689</u>	<u>3,044,025</u>	<u>5,063,559</u>	<u>5,079,577</u>

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2017
(continued)

Statement of Activities

For 2017, total net position for Governmental Activities decreased by \$70,682. Net position for Business-type Activities (Enterprise Fund) increased by \$54,663.

The following condensed table of changes in net position illustrates changes in net position for Governmental Activities and Business-type Activities.

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
Revenues	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/16</u>
Program Revenues						
Charges for service	25,548	22,562	429,229	388,446	454,777	411,008
Operating grants and contributions	54,345	57,310			54,345	57,310
Capital grants	90,100	126,109	400	50	90,500	126,159
General Revenues						
Property taxes	85,465	88,606	0	0	85,465	88,606
Sales taxes	90,402	103,553			90,402	103,553
Other taxes	66,861	69,999			66,861	69,999
Investment interest	438	319	810	299	1,247	618
Other	30,982	20,447	0	0	30,982	20,447
Transfers	(12,000)	3,761	12,000	(3,761)	0	0
Sale of assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	432,140	492,666	442,439	385,034	874,579	877,700
Expenses						
General government	96,443	125,668			96,443	125,668
Judicial	1,011	550			1,011	550
Public safety	96,966	87,634			96,966	87,634
Public works	163,007	138,028			163,007	138,028
Economic development	22,502	17,490			22,502	17,490
Health and welfare	1,745	1,709			1,745	1,709
Culture and recreation	121,148	109,948			121,148	109,948
Debt service	0	0			0	0
Water			232,224	190,196	232,224	190,196
Sanitation			140,376	127,198	140,376	127,198
Community building	<u>0</u>	<u>0</u>	<u>15,176</u>	<u>17,712</u>	<u>15,176</u>	<u>17,712</u>
Total Expenses	<u>502,822</u>	<u>481,027</u>	<u>387,776</u>	<u>335,106</u>	<u>890,597</u>	<u>816,133</u>
Increase (decrease) in net assets	(70,682)	11,640	54,663	49,927	(16,018)	61,567
Net Position - Beginning	<u>2,035,551</u>	<u>2,023,912</u>	<u>3,044,025</u>	<u>2,994,098</u>	<u>5,079,577</u>	<u>5,018,010</u>
Net Position - Ending	<u>1,964,870</u>	<u>2,035,551</u>	<u>3,098,689</u>	<u>3,044,025</u>	<u>5,063,558</u>	<u>5,079,577</u>

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2017
(continued)

As previously noted, governmental activities are principally supported by taxes, intergovernmental revenues, grant funding and charges for services. These revenues support General Government activities, including Administration, Planning, Data Processing, Economic Development and Town Board, Public Safety, Public Works, including Streets, Mosquito Control, Parks and Recreation.

Net position in business-type activities continues to show improvement. The focus continues on cost containment and building reserves while maintaining and improving infrastructure.

Financial Analysis of the Government's Funds

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

Governmental Funds

The Governmental Funds are accounted for using the modified accrual basis of accounting, and the balance of spendable resources (unreserved fund balance) is shown at year end. The unreserved fund balance serves as a useful measure of a government's net resources available for spending at year end. At year end, the Town's Governmental funds reported a combined fund balance of \$491,474. Of that balance, \$455,091 was unrestricted and is available for spending at the Town's discretion.

The individual General Fund is the only major fund. It is the chief operating fund of the Town of Stratton. It accounts for all general services provided by the Town, excluding special revenue funds.

Proprietary Funds

The Town's Water, Sanitation and Community Building Funds are used to account for those operations that are financed and operated in a manner similar to private business, in that fees are charged to external users for goods and services.

GENERAL FUND BUDGETARY HIGHLIGHTS

No budgets were amended for the Town for 2017.

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2017
(continued)

CAPITAL ASSETS

At December 31, 2017, the Town had invested in a range of capital assets including land, buildings and improvements, vehicles, equipment, park facilities, infrastructure (including streets, alleys, traffic signals and signs) of governmental activities, water and wastewater plants, utility lines and storm drainage ditches.

The Town's capital assets by activity at December 31, 2017 were as follows:

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/16</u>
Land	104,228	5,800	88,377	88,377	192,605	94,177
Infrastructure	810,469	810,469	0	0	810,469	810,469
System	0	0	4,311,090	4,293,275	4,311,090	4,293,275
Buildings	299,350	325,850	440,892	440,892	740,242	766,742
Equipment and vehicles	327,142	327,142	104,906	104,906	432,049	432,049
Improvements	951,293	728,904	28,358	28,358	979,651	757,262
Assets under construction	99,182	147,686	40,650	0	139,832	147,686
Less accumulated depreciation	<u>(1,132,209)</u>	<u>(1,060,367)</u>	<u>(992,282)</u>	<u>(896,886)</u>	<u>(2,124,491)</u>	<u>(1,957,253)</u>
Total	<u>1,459,455</u>	<u>1,285,484</u>	<u>4,021,992</u>	<u>4,058,923</u>	<u>5,481,447</u>	<u>5,344,407</u>

In 2017, the governmental funds addition to capital assets included purchase of land, improvements to the park, and assets under construction. The town purchased land for \$98,428, finished the playground equipment project and installed a new sprinkler system for a total of \$118,389, and continued to work on the construction of the new town shop building for \$28,996.

In 2017, the business-type funds addition to capital assets included additions to its water distribution system for \$17,815 and the Water Fund also contributed to the construction of the new town shop for \$40,650.

DEBT ADMINISTRATION

At December 31, 2017, the Town had total outstanding debt of \$1,558,129. Outstanding debt by activity was as follows:

	<u>Business-type Activities</u>	
	<u>12/31/17</u>	<u>12/31/16</u>
Loans payable	1,558,129	1,640,964

The loan payable is for water and sanitation system improvements and the purchase of the water well.

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2017
(continued)

SUMMARY OF FINANCIAL CONDITION

In 2018 the Town of Stratton will continue its focus on improvements to overall ending fund position while maintaining services and improving operating efficiencies. Improvements to maintenance facilities should be completed.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town is anticipating continuing positive financial performance as well as continuing to investigate opportunities to fund overall improvements. The Town continues to consider a long-range plan for future guidance.

REQUESTS FOR INFORMATION

This financial report is designed to provide our residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report or need additional information, contact the Town Clerk/Treasurer, 918 Colorado Avenue, Stratton, CO 80836 or call (719) 348-5612.

BASIC FINANCIAL STATEMENTS

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

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	440,159	547,455	987,614
Certificates of deposit	10,000	100,000	110,000
Accounts receivable	11,294	31,839	43,133
Due from other governments	18,066	0	18,066
Due from other funds	30,686	(30,686)	(0)
Accrued property taxes	85,200	0	85,200
Capital assets, net of accumulated depreciation	<u>1,459,455</u>	<u>4,021,992</u>	<u>5,481,447</u>
Total Assets	2,054,860	4,670,599	6,725,460
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension expense	18,730	0	18,730
LIABILITIES			
Accounts payable	18,732	8,048	26,780
Accrued sick leave	0	2,985	2,985
Meter deposits	0	2,748	2,748
Net pension liability	3,396	0	3,396
Noncurrent liabilities			
Due within one year	0	84,257	84,257
Due in more than one year	<u>0</u>	<u>1,473,872</u>	<u>1,473,872</u>
Total Liabilities	22,128	1,571,910	1,594,037
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	85,200	0	85,200
Deferred pension expense	<u>1,393</u>	<u>0</u>	<u>1,393</u>
Total Deferred Inflows of Resources	86,593	0	86,593
NET POSITION			
Invested in capital assets	1,459,455	2,463,862	3,923,317
Restricted for recreation	26,593	0	26,593
Restricted for TABOR	9,790	0	9,790
Restricted for loan retirement	0	68,000	68,000
Unrestricted	<u>469,032</u>	<u>566,827</u>	<u>1,035,859</u>
Total Net Position	<u>1,964,870</u>	<u>3,098,689</u>	<u>5,063,559</u>

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

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants</u>
Governmental Activities				
General government	96,443	5,978		
Judicial	1,011			
Public safety	96,966	70		
Public works	163,007		43,834	
Economic development	22,502			
Health and welfare	1,745			
Culture and recreation	<u>121,148</u>	<u>19,500</u>	<u>10,511</u>	<u>90,100</u>
Total Governmental Activities	502,822	25,548	54,345	90,100
Business-type Activities				
Community building	15,176	10,081	0	400
Sanitation	140,376	131,415	0	0
Water	<u>232,224</u>	<u>287,734</u>	<u>0</u>	<u>0</u>
Total Business-type Activities	<u>387,776</u>	<u>429,229</u>	<u>0</u>	<u>400</u>
Total	<u>890,597</u>	<u>454,777</u>	<u>54,345</u>	<u>90,500</u>

General revenues:

Taxes

 Property taxes, levied for general purposes

 Auto taxes

 Sales taxes

 Franchise taxes

 Cigarette taxes

 Lodging taxes

Miscellaneous

Investment earnings

Transfers

Sale of assets

 Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position		
<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
(90,466)		(90,466)
(1,011)		(1,011)
(96,896)		(96,896)
(119,173)		(119,173)
(22,502)		(22,502)
(1,745)		(1,745)
<u>(1,037)</u>		<u>(1,037)</u>
(332,829)	0	(332,829)
	(4,695)	(4,695)
	(8,961)	(8,961)
	<u>55,510</u>	<u>55,510</u>
<u>0</u>	<u>41,854</u>	<u>41,854</u>
(332,829)	41,854	(290,976)
85,465		85,465
9,871		9,871
90,402		90,402
42,448		42,448
1,096		1,096
13,446		13,446
30,982		30,982
438	810	1,247
(12,000)	12,000	0
<u>0</u>	<u>0</u>	<u>0</u>
<u>262,147</u>	<u>12,810</u>	<u>274,957</u>
(70,682)	54,663	(16,018)
<u>2,035,551</u>	<u>3,044,025</u>	<u>5,079,577</u>
<u>1,964,870</u>	<u>3,098,689</u>	<u>5,063,558</u>

TOWN OF STRATTON, COLORADO

Balance Sheet

Governmental Funds

December 31, 2017

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	412,029	28,130	440,159
Certificates of deposit	10,000	0	10,000
Accounts receivable	9,990	1,304	11,294
Due from other governments	18,066	0	18,066
Due from other funds	36,127	0	36,127
Accrued property taxes receivable	<u>85,200</u>	<u>0</u>	<u>85,200</u>
Total Assets	<u>571,412</u>	<u>29,434</u>	<u>600,846</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts payable	17,301	1,431	18,732
Due to other funds	<u>5,119</u>	<u>322</u>	<u>5,441</u>
Total Liabilities	22,419	1,753	24,173
Deferred Inflows of Resources			
Deferred property tax revenue	85,200	0	85,200
Fund Balances			
Restricted			
TABOR reserve	9,790	0	9,790
Recreation	0	26,593	26,593
Unrestricted	<u>454,003</u>	<u>1,088</u>	<u>455,091</u>
Total Fund Balances	<u>463,793</u>	<u>27,681</u>	<u>491,474</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>571,412</u>	<u>29,434</u>	<u>600,846</u>

TOWN OF STRATTON, COLORADO
 Reconciliation of the Balance Sheet
 Governmental Funds to the Statement of Net Position
 December 31, 2017

Total Governmental Fund Balances	491,474
Amounts reported for governmental activities in the statement of net assets are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,459,455
Net pension liability is not a financial resource and not reported in the governmental funds	(3,396)
Deferred outflows of resources related to pensions is amortized over future periods and is not recorded in the funds	18,730
Deferred inflows of resources related to pensions is amortized over future periods and is not recorded in the funds	<u>(1,393)</u>
Net Position of Governmental Activities	<u>1,964,870</u>

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

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
REVENUES			
Taxes	224,980	13,446	238,426
Licenses and permits	1,270	0	1,270
Fines and fees	70	0	70
Charges for services	24,106	0	24,106
Intergovernmental	48,232	6,511	54,743
Grants	90,000	0	90,000
Library	4,551	0	4,551
Sale of assets	0	0	0
Miscellaneous	<u>30,954</u>	<u>22</u>	<u>30,975</u>
Total Revenues	424,161	19,979	444,140
EXPENDITURES			
Current			
General government	96,443	0	96,443
Judicial	1,011	0	1,011
Public safety	90,016	0	90,016
Public works	140,992	0	140,992
Economic development	0	22,502	22,502
Health and welfare	1,745	0	1,745
Parks and recreation	44,699	0	44,699
Library	29,844	0	29,844
Debt service	0	0	0
Capital outlay	<u>230,813</u>	<u>15,000</u>	<u>245,813</u>
Total Expenditures	<u>635,563</u>	<u>37,502</u>	<u>673,065</u>
Revenues over (under) Expenditures	(211,402)	(17,523)	(228,925)
Other Financing Sources (Uses)			
Operating transfers in (out)	<u>(12,000)</u>	<u>0</u>	<u>(12,000)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(223,402)	(17,523)	(240,925)
Fund Balance - Beginning	<u>687,195</u>	<u>45,204</u>	<u>732,399</u>
Fund Balance - Ending	<u>463,793</u>	<u>27,681</u>	<u>491,474</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances - Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds (240,925)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlays	245,813	
Depreciation expense	<u>(71,842)</u>	173,971

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Pension expenses		<u>(3,728)</u>
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Change in net position of government activities		<u>(70,682)</u>
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TOWN OF STRATTON, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2017

ASSETS	<u>Sanitation</u>	<u>Water</u>	Community <u>Building</u>	<u>Total</u>
Current Assets				
Cash	19,215	508,670	19,571	547,455
Certificates of deposit	50,000	50,000	0	100,000
Accounts receivable	11,170	20,669	0	31,839
Due from other funds	<u>7,030</u>	<u>5,119</u>	<u>0</u>	<u>12,149</u>
Total Current Assets	87,415	584,457	19,571	691,442
Fixed Assets				
Land, buildings and equipment	1,187,306	3,304,989	521,979	5,014,274
Less: accumulated depreciation	<u>(333,210)</u>	<u>(460,187)</u>	<u>(198,885)</u>	<u>(992,282)</u>
Net Fixed Assets	<u>854,096</u>	<u>2,844,802</u>	<u>323,094</u>	<u>4,021,992</u>
TOTAL ASSETS	941,511	3,429,259	342,664	4,713,434
LIABILITIES				
Current Liabilities				
Accounts payable	2,913	4,755	380	8,048
Due to other funds	36,127	6,708	0	42,835
Key deposits	0	0	55	55
Accrued sick leave	1,492	1,492	0	2,985
Meter deposits	0	2,693	0	2,693
Current portion of long term debt	<u>25,547</u>	<u>58,710</u>	<u>0</u>	<u>84,257</u>
Total Current Liabilities	66,080	74,358	435	140,872
Long-Term Debt				
Loans payable	<u>244,556</u>	<u>1,229,317</u>	<u>0</u>	<u>1,473,872</u>
TOTAL LIABILITIES	310,635	1,303,674	435	1,614,745
NET POSITION				
Invested in capital assets	583,993	1,556,775	323,094	2,463,862
Restricted for loan retirement	28,000	40,000	0	68,000
Unrestricted	<u>18,882</u>	<u>528,809</u>	<u>19,136</u>	<u>566,827</u>
TOTAL NET POSITION	<u>630,875</u>	<u>2,125,585</u>	<u>342,229</u>	<u>3,098,689</u>

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

	<u>Sanitation</u>	<u>Water</u>	<u>Community Building</u>	<u>Total</u>
OPERATING REVENUE				
Charges for service	131,415	279,501	0	410,916
Connect fees	0	695	0	695
Rental income	0	6,548	9,451	15,999
Access passes	0	0	630	630
Other income	<u>0</u>	<u>989</u>	<u>0</u>	<u>989</u>
Total Operating Revenues	131,415	287,734	10,081	429,229
OPERATING EXPENSES				
Salaries	43,285	43,285	0	86,570
Payroll taxes	4,563	3,348	0	7,911
Benefits	14,629	15,355	0	29,984
Consulting fees	6,401	7,303	0	13,704
Supplies	14,383	884	0	15,268
Repairs	2,946	56,886	45	59,877
Utilities	19,930	14,223	4,757	38,910
Insurance	0	13,343	0	13,343
Miscellaneous	5,366	3,654	0	9,020
Depreciation	<u>22,104</u>	<u>62,918</u>	<u>10,374</u>	<u>95,396</u>
Total Operating Expenses	<u>133,608</u>	<u>221,199</u>	<u>15,176</u>	<u>369,982</u>
OPERATING INCOME (LOSS)	(2,193)	66,535	(5,095)	59,247
Non Operating Income (Expense)				
Interest income	417	393	0	810
Interest expense	(6,768)	(11,025)	0	(17,794)
Grants and donations	0	0	400	400
Transfers in (out)	<u>12,000</u>	<u>0</u>	<u>0</u>	<u>12,000</u>
Total Non Operating Income (Expense)	<u>5,648</u>	<u>(10,632)</u>	<u>400</u>	<u>(4,584)</u>
CHANGE IN NET POSITION	3,456	55,903	(4,695)	54,663
Net Position - Beginning	<u>627,419</u>	<u>2,069,682</u>	<u>346,924</u>	<u>3,044,025</u>
Net Position - Ending	<u>630,875</u>	<u>2,125,585</u>	<u>342,229</u>	<u>3,098,689</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	<u>Sanitation</u>	<u>Water</u>	<u>Community Building</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	129,876	285,979	10,081	425,936
Payments to suppliers	(47,142)	(101,113)	(4,922)	(153,178)
Payments for salaries and benefits	(62,190)	(61,702)	0	(123,892)
Net Cash Provided by Operating Activities	20,543	123,164	5,159	148,866
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers in (out)	12,000	0	0	12,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grants and donations received	0	0	400	400
Principal on capital debt	(24,985)	(57,849)	0	(82,835)
Purchase of capital assets	0	(58,465)	0	(58,465)
Interest on capital debt	(6,768)	(11,025)	0	(17,794)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(31,753)	(127,339)	400	(158,693)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	417	393	0	810
Net increase (decrease) in cash	1,207	(3,782)	5,559	2,983
Cash Balance - beginning of year	<u>18,009</u>	<u>512,451</u>	<u>14,012</u>	<u>544,472</u>
Cash Balance - end of year	<u>19,215</u>	<u>508,670</u>	<u>19,571</u>	<u>547,455</u>
Reconciliation of operating income (loss) to net cash provided (used) by operations				
Operating income (loss)	(2,193)	66,535	(5,095)	59,247
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	22,104	62,918	10,374	95,396
(Increase) decrease in accounts receivable	(1,539)	(1,754)	0	(3,293)
(Increase) decrease in due to/from other funds	932	(5,119)	0	(4,187)
(Decrease) increase in accounts payable	953	298	(120)	1,130
Change in accrued sick leave	<u>286</u>	<u>286</u>	<u>0</u>	<u>573</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>20,543</u>	<u>123,164</u>	<u>5,159</u>	<u>148,866</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Town of Stratton, Colorado conform to generally accepted accounting principles (GAAP) as applicable to governments. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant principles

A. Reporting Entity

The Town is a political subdivision of the State of Colorado which is governed by an elected mayor and elected 6-member board of trustees. In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of (a) the primary government, (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no additional agencies or entities which should be included in the financial statements of the Town.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide financial statements include a statement of net position and the statement of activities. These statements present summaries of governmental and business-type activities for the Town, accompanied by a total column. Governmental activities, which generally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Amounts recorded as program revenues include (1) charges to customers for goods or services (2) operating grants and contributions, and (3) capital grants and contributions.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

The government-wide financial statements and proprietary funds are accounted for under economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual method of accounting, revenues are recognized in the period in which they are earned.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property tax, sales and use tax, intergovernmental revenues and other taxes. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

Operating revenues for proprietary funds are those revenues that are a result of providing services to individuals and businesses that are serviced by the various Town proprietary funds. The Town also recognizes as operating revenues in its Water and Sanitation funds the tap fees intended to recover the cost of connecting new customers to the system.

All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The Town reports the following major proprietary funds:

- The Water Fund and Sanitation Fund account for activities of the Town's distribution and collection operations.

C. Assets, Liabilities and Net Assets or Equity

1. Cash and Cash Equivalents

The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The Town pools cash from several funds for the purpose of increasing interest income. Interest is allocated to individual funds based on the average cash of the funds.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

2. Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable balances are recorded on the statement of net position, net of allowance for uncollectible accounts, of \$11,170 in the Sanitation Fund, and \$20,669 in the Water Fund.

The Town uses a bad debt allowances that are not limited to a specific percent of receivables but are reviewed annually to determine their adequacy. Actual bad debts are low due to continued review.

3. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between funds for goods provided or services rendered. These receivable and payables are classified as “due to/due from other funds” on the balance sheet for governmental funds and on the statement of position for the proprietary funds when they are expected to be liquidated within one year.

Through the budgetary process, the Town budgets transfers between funds. The amounts are for funding purposes per the budget.

4. Property taxes

Taxes are levied by December 15, and tax bills are mailed January 1 of the following year creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, and the second by June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates. Notices of delinquencies are mailed in September, and tax sales are scheduled for November.

5. Prepaid Items

Payments to vendors for services that will benefit periods beyond the year-end are recorded as prepaid items.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment are depreciated in the proprietary funds using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20-50
Improvements	20-30
Buildings	10-50
Equipment	5-20
Vehicles	7-10

General infrastructure assets acquired prior to January 1, 2001 are not being reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2001.

7. Compensated Absences

Sick/personal days accrue to permanent employees at the rate of 8 days per year for employees working 40 hours per week and 6 days per year for employees working 32 hours per week. A maximum of 36 days may be accumulated by employees working 40 hours per week and a maximum of 32 days for employees working 32 hours per week. Employees are allowed to carry 30 accrued compensated absence days into the following year. If an employee has accrued more than 30 days as of December 31, the excess days will be paid out in January of the following year.

8. Long-term obligations

In the government-wide financial statements, and proprietary 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 proprietary type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bonds issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure. Actual results could differ from those estimates.

10. Encumbrances

Encumbrance accounting where purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation is not utilized by the Town.

11. Net Position/Fund Balance

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

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

Restricted Net Assets – indicates the portion of net assets which has been legally segregated for specific purposes or is not available for appropriation.

Unrestricted Net Assets – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

When both restricted and unrestricted funds are available, restricted are deemed first spent.

In the fund financial statements, fund balances of governmental funds are classified in the following categories:

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

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

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

Committed – amounts that can be only used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

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

Unassigned - amounts that are available for any purpose. These amounts are reported only in the General Fund.

The Towns Board of Trustees is the sole authority with the ability to commit funds for specific purposes. Committed funds cannot be used for any other purposes unless the Board of Trustees uses the same action that it took to originally commit the amounts.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

All funds must have budgets to be allowed expenditures. Budgets for all funds except proprietary funds are adopted on a basis consistent with generally accepted accounting principles. The proprietary funds are prepared on the accrual basis of accounting excluding depreciation expense. All annual appropriations lapse at year end.

By August 25, the County Assessor forwards certification of assessed valuation to the Town. On or before October 1, departments must submit to the budget officer an estimate of their expenditure requirements and their estimated revenue for the ensuing budget year. The budget officer shall prepare and submit to the Board of Trustees a proposed budget by October 15. Upon receipt of the proposed budget, the Board of Trustees shall publish a notice showing the proposed budget is open for inspection by the public and the date the Board will consider adoption of such proposed budget.

By December 15, the Board of Trustees certifies to County Commissioners the mill levy against the assessed valuation. Final adoption and an ordinance or resolution making appropriations is due by December 31 and submitted to division of local government within 30 days. Expenditures may not legally exceed budgeted appropriations at the fund level.

The General Fund expenditures of \$635,563 exceeded the budgeted amount of \$407,694. The Lodger’s Tax Fund expenditures of \$22,502 exceeded the budgeted amount of \$13,000. The Sanitation Fund expenditures of \$143,257 exceeded the budgeted amount of \$120,134. The Water Fund expenditures of \$285,620 exceeded the budgeted expenditures of \$206,375. These may be violations of state budget laws.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

- B. Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the amendment's language in order to determine its compliance.

Voters of the Town passed a referendum at an election held November 4, 1997, permitting the Town to collect, retain, and expend the full proceeds of the Town's property taxes, non-federal grants, and all other rates, fees, tolls and charges for capital projects and municipal services, for the year 1997 and each subsequent year, notwithstanding any state restriction on fiscal year spending including, without limitation, the restrictions of Article X, Section 20, of the Colorado Constitution.

(3) DETAILED NOTES ON ALL FUNDS

- A. Cash and Cash Equivalents - all are in two financial institutions. They are displayed on the balance sheets as cash and cash equivalents and certificates of deposit.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Division of Banking is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Deposits with a bank balance of \$285,823 as of December 31, 2017, are uninsured, exposed to custodial credit risk, and collateralized with securities held by the pledging financial institution through PDPA.

- B. Custodial Credit Risk - the risk that, in the event of bank failure, the Town's deposit may not be returned to it. The Town does not have a written deposit policy for custodial credit risk.
- C. Accrued Property Taxes Receivable - the amount of current year property taxes which are due January 1 of the following year. There is an offsetting amount of deferred property tax revenue. This amount has not been included in the revenues of the current year.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

D. Changes in General Fixed Assets - a summary of changes in the general fixed assets follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Land	5,800	98,428	-	104,228
Assets under construction	174,186	28,996	(104,000)	99,182
Infrastructure	810,469	-	-	810,469
Buildings	299,350	-	-	299,350
Improvements	728,904	222,389	-	951,293
Equipment	272,242	-	-	272,242
Vehicles	54,900	-	-	54,900
Total	2,345,851	349,813	(104,000)	2,591,664
Less: Accumulated depreciation				
Land	-	-	-	-
Assets under construction	-	-	-	-
Infrastructure	209,170	16,713	-	225,883
Buildings	125,315	6,365	-	131,680
Improvements	491,909	33,852	-	525,761
Equipment	192,569	12,176	-	204,745
Vehicles	41,404	2,736	-	44,140
Total	1,060,367	71,842	-	1,132,209
Governmental Activities				
Net capital assets	1,285,484	277,971	(104,000)	1,459,455

Depreciation expense in the governmental funds was allocated \$286 to general government, \$3,222 to public safety, \$22,015 to public works, and \$46,319 to culture & recreation.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Land	88,377	-	-	88,377
Assets under construction	-	40,650	-	40,650
Site improvements	28,358	-	-	28,358
Buildings	440,891	-	-	440,891
Equipment	75,908	-	-	75,908
Vehicles	29,000	-	-	29,000
System	4,293,275	17,815	-	4,311,090
Total	<u>4,955,809</u>	<u>58,465</u>	-	<u>5,014,274</u>
Less: Accumulated depreciation				
Land	-	-	-	-
Assets under construction	-	-	-	-
Site improvements	14,128	1,417	-	15,545
Buildings	121,795	8,817	-	130,612
Equipment	66,181	1,478	-	67,659
Vehicles	29,000	-	-	29,000
System	665,782	83,684	-	749,466
Total	<u>896,886</u>	<u>95,396</u>	-	<u>992,282</u>
Business-type Activities				
Net capital assets	<u>4,058,923</u>	<u>(36,931)</u>	-	<u>4,021,992</u>

Depreciation in the business-type activities was as follows:

Water	\$62,918
Sanitation	22,104
Community Building	<u>10,374</u>
Total	<u>\$95,396</u>

E. Changes in Long-Term Debt

	<u>Balance January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31</u>
Loans payable	1,640,964	-0-	82,835	1,558,129

In 2006, the Water Fund, entered into a loan agreement with TBK Bank in the amount of \$135,000 to help finance acquisition of a water well. The loan calls for 15 annual payments of \$13,009 with interest at 5%. Following is a payment schedule:

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

<u>Year Ending</u> <u>December 31</u>	<u>Loan</u> <u>Principle</u>	<u>Loan</u> <u>Interest</u>	<u>Total</u>
2018	10,764	2,245	13,009
2019	11,302	1,707	13,009
2020	11,867	1,142	13,009
2021	<u>11,010</u>	<u>551</u>	<u>11,561</u>
Total	44,943	5,645	50,588

In 2008 the Water Fund entered into a loan agreement with Colorado Water Resources & Power Development Authority in the amount of \$483,000 for improvements to the water system. The loan calls for semi-annual payments of \$10,673 through May 2038 with interest at 1.875%. Following is a payment schedule:

<u>Year Ending</u> <u>December 31</u>	<u>Loan</u> <u>Principle</u>	<u>Loan</u> <u>Interest</u>	<u>Total</u>
2018	14,629	6,718	21,347
2019	14,904	6,442	21,346
2020	15,185	6,162	21,347
2021	15,471	5,875	21,346
2022	15,762	5,584	21,346
2023-2027	83,380	23,352	106,732
2028-2032	91,535	15,198	106,733
2033-2037	100,487	6,245	106,732
2038	<u>10,574</u>	<u>99</u>	<u>10,673</u>
Total	361,927	75,675	437,602

In 2008 the Water Fund entered into a loan agreement with Colorado Water Resources & Power Development Authority in the amount of \$90,000 for improvements to the water system. The loan calls for semi-annual payments of \$1,943 through May 2039 with interest at 1.750%. Following is a payment schedule:

<u>Year Ending</u> <u>December 31</u>	<u>Loan</u> <u>Principle</u>	<u>Loan</u> <u>Interest</u>	<u>Total</u>
2018	2,683	1,202	3,885
2019	2,730	1,155	3,885
2020	2,778	1,107	3,885
2021	2,827	1,058	3,885
2022	2,877	1,008	3,885
2023-2027	15,161	4,267	19,428
2028-2032	16,541	2,887	19,428
2033-2037	18,047	1,381	19,428
2038-2039	<u>5,729</u>	<u>101</u>	<u>5,830</u>
Total	69,373	14,166	83,539

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

Under the terms of this loan, the Town must maintain an operations & maintenance reserve equal to three months of operations & maintenance expenses. The Town must also establish and collect charges for water service which, together with other moneys available, are expected to produce “gross revenues” that will be at least sufficient to pay the sum of (1) all amounts required for operations and maintenance excluding depreciation, (2) a sum equal to 110% of the debt service due on the governmental agency bond plus all other debt service, and (3) amount, if any, to be paid during such calendar year into any debt service reserve in conjunction with any obligations secured by the pledged property.

Current assets	584,457	Operating expenses	221,199
Current liabilities	<u>74,358</u>	Less: depreciation	<u>(62,918)</u>
Working capital	510,099	Net expenses	158,281
Calculation -			
25% of operating expenses minus depreciation			39,570
Current assets minus current liabilities			<u>510,099</u>
Excess			470,529
Total operating revenue	287,734	Operating expenses	221,199
Interest income	<u>393</u>	Less: depreciation	<u>(62,918)</u>
Total revenue	288,127	Net expenses	158,281
Debt payments	57,849	Coverage	188.53%
Interest paid	<u>11,025</u>		
Total debt payments	68,875	Should be at least	110.00%

In 2007 the Sanitation Fund entered into a loan agreement with Colorado Water Resources & Power Development Authority in the amount of \$442,000 for improvements to the lagoon system. The loan calls for semi-annual payments of \$13,349 through May 2027 with interest at 1.875%. Following is a payment schedule:

Year Ending <u>December 31</u>	Loan <u>Principle</u>	Loan <u>Interest</u>	<u>Total</u>
2018	22,465	4,233	26,698
2019	22,889	3,809	26,698
2020	23,320	3,378	26,698
2021	23,759	2,939	26,698
2022	24,206	2,492	26,698
2023-2027	<u>114,699</u>	<u>5,443</u>	<u>120,142</u>
Total	231,338	22,294	253,632

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

Under the terms of this loan, the Town must maintain an operations & maintenance reserve equal to three months of operations & maintenance expenses. The Town must also establish and collect charges for sanitation service which, together with other moneys available, are expected to produce "gross revenues" that will be at least sufficient to pay the sum of (1) all amounts required for operations and maintenance excluding depreciation, (2) a sum equal to 110% of the debt service due on the governmental agency bond plus all other debt service, and (3) amount, if any, to be paid during such calendar year into any debt service reserve in conjunction with any obligations secured by the pledged property.

Current assets	87,415	Operating expenses	133,608
Current liabilities	<u>66,080</u>	Less: depreciation	<u>(22,104)</u>
Working capital	21,335	Net expenses	111,504
Calculation -			
25% of operating expenses minus depreciation			27,876
Current assets minus current liabilities			<u>21,335</u>
Excess			(6,541)
Total operating revenue	131,415	Operating expenses	133,608
Interest income	<u>417</u>	Less: depreciation	<u>(22,104)</u>
Total revenue	131,832	Net expenses	111,504
Debt payments	24,985	Coverage	64.02%
Interest paid	<u>6,768</u>		
Total debt payments	31,753	Should be at least	110.00%

In 2008 the Sanitation Fund entered into a loan agreement with Department of Local Affairs in the amount of \$65,000 for improvements to the sanitation system. The loan calls for semi-annual payments of \$5,020 through 2027 with interest at 5%. Following is a payment schedule:

Year Ending <u>December 31</u>	Loan <u>Principle</u>	Loan <u>Interest</u>	<u>Total</u>
2018	3,082	1,938	5,020
2019	3,236	1,784	5,020
2020	3,398	1,622	5,020
2021	3,568	1,452	5,020
2022	3,746	1,274	5,020
2023-2027	<u>21,735</u>	<u>3,366</u>	<u>25,101</u>
Total	38,765	11,436	50,201

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

In 2013 the Water Fund entered into a loan agreement with Colorado Water Resources & Power in the amount of \$919,000 for improvements to the water system. The loan calls for semi-annual payments of \$15,317 through May 2044 with no interest at. Following is a payment schedule:

<u>Year Ending</u> <u>December 31</u>	<u>Loan</u> <u>Principle</u>	<u>Loan</u> <u>Interest</u>	<u>Total</u>
2018	30,634	-0-	30,634
2019	30,633	-0-	30,633
2020	30,634	-0-	30,634
2021	30,633	-0-	30,633
2022	30,633	-0-	30,633
2023-2027	153,167	-0-	153,167
2028-2032	153,166	-0-	153,166
2033-2037	153,167	-0-	153,167
2038-2042	153,166	-0-	153,166
2043-2044	<u>45,950</u>	<u>-0-</u>	<u>45,950</u>
Total	811,783	-0-	811,783

Under the terms of this loan, the Town must maintain an operations & maintenance reserve equal to three months of operations & maintenance expenses. The Town must also establish and collect charges for water service which, together with other moneys available, are expected to produce “gross revenues” that will be at least sufficient to pay the sum of (1) all amounts required for operations and maintenance excluding depreciation, (2) a sum equal to 110% of the debt service due on the governmental agency bond plus all other debt service, and (3) amount, if any, to be paid during such calendar year into any debt service reserve in conjunction with any obligations secured by the pledged property.

The calculation for compliance with this covenant is on page 21.

Total long-term commitments -

<u>Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2018	84,257	16,336	100,593
2019	85,694	14,897	100,591
2020	87,182	13,411	100,593
2021	87,268	11,875	99,143
2022	77,224	10,358	87,582
2023-2027	388,142	36,428	424,570
2028-2032	261,242	18,085	279,327
2033-2037	271,701	7,626	279,327
2038-2042	169,469	200	169,669
2043-2044	<u>45,950</u>	<u>-0-</u>	<u>45,950</u>
Total	1,558,129	129,216	1,687,345

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

(4) OTHER INFORMATION

- A. Pension Plan - the employees of the Town are covered under the Social Security system, except for police officers.

General Information about the Fire & Police Statewide Defined Benefit Plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2016 has 198 participating employer fire and police departments.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

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

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

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2016 was \$61,543,732. This amount was not included in the SWDB Plan Net Position.

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

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

Contributions from members and employers of 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 percent of base salary in 2015. It is a local decision as to whether the member or the employer pays the additional 4 percent contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

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

Contributions to the Plan from the Town were \$4,211 for the year ended December 31, 2017.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

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

At December 31, 2017, the Town reported a liability of \$3,396 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating Towns, actuarially determined. At December 31, 2016, the Town's proportion was 0.0093985233 percent, which was an increase of 0.0006495734 percent from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Town recognized pension expense of \$3,728. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	3,032	172
Changes in assumptions	2,320	0
Net difference between actual and projected earnings on pension plan investments	9,167	0
Changes in proportion and differences between Town contributions and proportionate share of contributions	0	1,221
Town contributions subsequent to the measurement date	<u>4,211</u>	<u>N/A</u>
Total	<u>18,730</u>	<u>1,393</u>

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

There is \$4,211 reported as deferred outflows of resources related to pensions, resulting from Town 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:

Year ended December 31,	
2018	144
2019	144
2020	144
2021	144
2022	144
Thereafter	501

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

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2016	January 1, 2016
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-term Investment Rate of Return*	7.5%	7.5%
Projected Salary Increases*	4.0% - 14.0%	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.5%	2.5%

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

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

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%	9.25%
Equity Long/Short	10%	7.35%
Illiquid Alternatives	23%	10.75%
Fixed Income	15%	4.10%
Absolute Return	10%	6.55%
Managed Futures	4%	5.50%
Cash	2%	0.00%
Total	100%	

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

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

	1.00% Decrease (6.50%)*	Current Discount Rate (7.50%)*	1.00% Increase (8.50%)*
Town's net pension liability	28,895	3,396	(17,782)

* The long-term rate of return used was 7.5 percent. The municipal bond rate used was 3.78 percent. The single discount rate for the plans was 7.50 percent.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2017
(continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report available online at www.fppaco.org or by contacting the Fire and Police Pension Association, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111-2721 or telephone (303) 770-3772.

- B. The Town, pursuant to a resolution dated January 11, 1996, joined the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool. CIRSA is a collection of municipalities who participate in a self-insurance pool. The Town is at risk of loss for various property, liability and worker's compensation issues, and their participation in the public entity risk pool is an attempt to handle these potential issues.

CIRSA's rights and responsibilities include the provision of services pertaining to or associated with insurance or self-insurance, loss control, risk management and claims administration. The Town, as a member of the pool, has agreed to pay annual contributions as established by the board of directors of CIRSA, including coverage of losses and contributions to a reserve fund to pay claims for which previous contributions were insufficient. In addition, the Town will follow loss control procedures adopted by the board and provide information and records as needed for loss protection.

- C. The Town had no proceeds under the Colorado Contraband Forfeiture Act.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Budgeted Amounts</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget
				Positive
				(Negative)
REVENUES				
Taxes	255,702	255,702	224,980	(30,722)
Licenses and permits	1,760	1,760	1,270	(490)
Intergovernmental	51,045	51,045	48,232	(2,813)
Charges for service	23,500	23,500	24,106	606
Court and traffic fines	0	0	70	70
Grants	0	0	90,000	90,000
Other	<u>17,465</u>	<u>17,465</u>	<u>35,504</u>	<u>18,039</u>
TOTAL REVENUES	349,472	349,472	424,161	74,689
EXPENDITURES				
General government	87,422	87,422	194,872	(107,450)
Judicial	3,080	3,080	1,011	2,069
Public safety	74,932	74,932	90,016	(15,084)
Public works	107,309	107,309	169,987	(62,678)
Health and welfare	51,813	51,813	1,745	50,068
Parks and recreation	55,594	55,594	148,089	(92,495)
Library	26,044	26,044	29,844	(3,800)
Contingency reserve	<u>1,500</u>	<u>1,500</u>	<u>0</u>	<u>1,500</u>
TOTAL EXPENDITURES	<u>407,694</u>	<u>407,694</u>	<u>635,563</u>	<u>(227,869)</u>
Excess of revenue over (under) Expenditures	(58,222)	(58,222)	(211,402)	(153,180)
Other Financing Sources (Uses)				
Operating transfers in (out)	0	0	(12,000)	(12,000)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(58,222)	(58,222)	(223,402)	(165,180)
Fund Balance - Beginning	<u>983,802</u>	<u>983,802</u>	<u>687,195</u>	<u>(296,607)</u>
Fund Balance - Ending	<u>925,580</u>	<u>925,580</u>	<u>463,793</u>	<u>(461,787)</u>

TOWN OF STRATTON, COLORADO

Schedule of Town's Proportionate Share of the Net Pension Liability / (Asset)

Last 10 Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion (percentage) of the net pension liability/(asset)	0.0093985233%	0.0087489499%	0.0091312341%	0.0092685578%
Proportionate share of the net pension liability/(asset)	3,396	(154)	(10,305)	(8,288)
Covered employee payroll	50,534	42,534	41,096	40,290
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	6.72%	-0.36%	-25.08%	-20.57%
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.21%	100.10%	106.80%	105.80%

Schedule of Town's Contributions and Related Ratios

Last 10 Fiscal Years

As of December 31,

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	4,211	4,700	3,956	3,822
Contributions in relation to the contractually required contribution	4,211	<u>4,700</u>	<u>3,956</u>	<u>3,822</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered-employee payroll	50,534	50,534	42,534	41,096
Contributions as a percentage of covered-employee payroll	8.33%	9.30%	9.30%	9.30%

Notes to Required Supplementary Information for the Year Ended December 31, 2017

Changes in plan provisions: FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions at least every five years.

Benefit adjustments effective for 2015: A 0.61% benefit adjustment was granted to all retirees and beneficiaries of the plan who retired on or before October 1, 2014.

Changes in actuarial assumptions effective for 2016: The inflation assumption was reduced from 3.0% to 2.5% while the real return on investments was increased to 5.0% from 4.5% for an overall nominal investment return of 7.5% which is unchanged from the prior year. In addition, an explicit charge for administrative expenses was added in the actuarial contribution calculation, the base mortality tables were revised with the explicit assumption for increasing longevity in the future to reflect current mortality studies, and the expected incidence of total disability was increased.

Changes in actuarial assumptions effective for 2014: The married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

See auditor's report and notes to the financial statements.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
3,687	3,508	3,286	3,263	3,289	3,162
<u>3,687</u>	<u>3,508</u>	<u>3,286</u>	<u>3,263</u>	<u>3,289</u>	<u>3,162</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
40,290	38,333	35,910	35,665	35,940	34,560
9.15%	9.15%	9.15%	9.15%	9.15%	9.15%



OTHER INFORMATION

TOWN OF STRATTON, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Conservation Trust</u>	<u>Lodgers Tax</u>	
ASSETS			
Cash and cash equivalents	26,593	1,537	28,130
Accounts receivable	0	1,304	1,304
Prepaid expenses	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>26,593</u>	<u>2,841</u>	<u>29,434</u>
 LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	0	1,431	1,431
Due to other funds	<u>0</u>	<u>322</u>	<u>322</u>
Total Liabilities	0	1,753	1,753
 Fund Equity			
Fund Balance			
Restricted for recreation	26,593	0	26,593
Unrestricted	<u>0</u>	<u>1,088</u>	<u>1,088</u>
Total Fund Equity	<u>26,593</u>	<u>1,088</u>	<u>27,681</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>26,593</u>	 <u>2,841</u>	 <u>29,434</u>

TOWN OF STRATTON, COLORADO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	<u>Special Revenue Funds</u>		<u>Total</u>
	Conservation <u>Trust</u>	Lodgers <u>Tax</u>	
REVENUES			
Taxes	0	13,446	13,446
Interest income	19	3	22
Intergovernmental	<u>6,511</u>	<u>0</u>	<u>6,511</u>
Total Revenues	6,530	13,449	19,979
EXPENDITURES			
Advertising	0	22,411	22,411
Other	0	91	91
Capital outlay	<u>15,000</u>	<u>0</u>	<u>15,000</u>
Total Expenditures	<u>15,000</u>	<u>22,502</u>	<u>37,502</u>
Excess of Revenues over (under) Expenditures	(8,470)	(9,053)	(17,523)
Fund Balance - Beginning	<u>35,063</u>	<u>10,141</u>	<u>45,204</u>
Fund Balance - Ending	<u>26,593</u>	<u>1,088</u>	<u>27,681</u>

See auditor's report and notes to the financial statements.

SUPPLEMENTARY INFORMATION

GENERAL FUND

The General Fund accounts for all transactions of the Town not required to be accounted for in other funds. This fund represents an accounting for the Town's ordinary operations financed primarily from taxes. It is the most significant fund in relation to the Town's overall operation.

TOWN OF STRATTON, COLORADO
General Fund
Comparative Balance Sheet
At December 31

	<u>2017</u>	<u>2016</u>	<u>Change</u>
ASSETS			
Cash			
On hand	118	118	0
In bank	410,824	652,484	(241,661)
Certificate of deposit	10,000	10,000	0
With county treasurer	<u>1,087</u>	<u>2,083</u>	<u>(996)</u>
Total Cash	422,029	664,686	(242,656)
Accounts receivable	9,990	15,990	(6,000)
Due from other governments	18,066	16,336	1,730
Due from other funds	36,127	35,195	932
Accrued property tax receivable	<u>85,200</u>	<u>97,948</u>	<u>(12,748)</u>
TOTAL ASSETS	<u>571,412</u>	<u>830,155</u>	<u>(258,742)</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities			
Accounts payable	8,914	37,383	(28,469)
Payroll withholdings payable	8,387	7,629	758
Due to other funds	<u>5,119</u>	<u>0</u>	<u>5,119</u>
Total Liabilities	22,419	45,012	(22,592)
Deferred Inflows of Resources			
Deferred property tax revenue	85,200	97,948	(12,748)
Fund Balance			
Unrestricted	454,003	676,169	(222,166)
Restricted - TABOR reserve	<u>9,790</u>	<u>11,026</u>	<u>(1,236)</u>
Total Fund Balance	<u>463,793</u>	<u>687,195</u>	<u>(223,402)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>571,412</u>	<u>830,155</u>	<u>(258,742)</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2017

With Comparative Actual Amounts for the Year Ended December 31, 2016

			Variance Favorable	Actual Prior Year
TAXES	<u>Budget</u>	<u>Actual</u>	(Unfavorable)	
Property	97,948	84,823	(13,125)	88,076
Tax penalties and interest	788	642	(146)	530
Specific ownership	14,766	9,871	(4,895)	10,091
Sales taxes	110,000	90,498	(19,502)	104,013
Gas franchise	7,200	5,773	(1,427)	5,463
Electrical franchise	<u>25,000</u>	<u>33,372</u>	<u>8,372</u>	<u>37,407</u>
Total Taxes	255,702	224,980	(30,722)	245,580
LICENSES & PERMITS				
Liquor licenses	900	735	(165)	745
Other licenses	500	385	(115)	618
Building permits	<u>360</u>	<u>150</u>	<u>(210)</u>	<u>240</u>
Total Licenses & Permits	1,760	1,270	(490)	1,604
INTERGOVERNMENTAL				
Highway users tax	31,300	31,237	(63)	31,080
Cigarette tax	945	1,096	151	1,216
Motor vehicle fees	3,800	3,303	(498)	3,513
Road and bridge	<u>15,000</u>	<u>12,597</u>	<u>(2,403)</u>	<u>12,782</u>
Total Intergovernmental	51,045	48,232	(2,813)	48,591
CHARGES FOR SERVICE				
Swimming	18,000	19,494	1,494	15,314
Trash, net	<u>5,500</u>	<u>4,612</u>	<u>(888)</u>	<u>4,811</u>
Total Charges For Service	23,500	24,106	606	20,125
COURT & TRAFFIC FINES	0	70	70	352
OTHER				
Interest income	600	416	(184)	278
Library	3,700	4,551	851	11,069
Other	<u>13,165</u>	<u>30,538</u>	<u>17,373</u>	<u>37,233</u>
Total Other	17,465	35,504	18,039	48,580
GRANTS	<u>0</u>	<u>90,000</u>	<u>90,000</u>	<u>104,354</u>
Total Revenues	349,472	424,161	74,689	469,186

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2017

With Comparative Actual Amounts for the Year Ended December 31, 2016

(continued)

			Variance Favorable (Unfavorable)	Prior Year Actual
GENERAL GOVERNMENT	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Current				
Clerk salary	0	15,744	(15,744)	14,599
Clerk benefits	11,000	1,077	9,923	18,539
Audit	1,500	6,639	(5,139)	5,867
Attorney	4,150	8,400	(4,250)	8,400
Insurance	8,400	10,743	(2,343)	22,805
Payroll taxes	13,067	8,071	4,996	9,564
Dues and fees	28,287	4,692	23,595	5,119
Printing and publishing	0	676	(676)	1,538
Supplies and maintenance	1,743	5,923	(4,180)	3,835
Election expenses	1,439	0	1,439	0
Miscellaneous	10,336	21,555	(11,219)	23,152
Town hall	1,500	10,957	(9,457)	10,255
County treasurer fees	6,000	1,966	4,034	1,995
Capital outlay	<u>0</u>	<u>98,428</u>	<u>(98,428)</u>	<u>0</u>
Total General Government	87,422	194,872	(107,450)	125,668
JUDICIAL				
Judge Salary	2,430	850	1,580	550
Court Expense	<u>650</u>	<u>161</u>	<u>489</u>	<u>0</u>
Total Judicial	3,080	1,011	2,069	550
PUBLIC SAFETY				
Current				
Police salaries	0	54,135	(54,135)	50,334
Benefits	50,000	13,155	36,845	17,320
Payroll taxes	15,432	0	15,432	0
Police expense	0	7,765	(7,765)	9,725
Phone	0	1,021	(1,021)	1,709
Maintenance	3,000	7,628	(4,628)	2,907
Rabies control	1,500	59	1,441	0
Pension expense	0	6,254	(6,254)	4,710
Capital outlay	<u>5,000</u>	<u>0</u>	<u>5,000</u>	<u>0</u>
Total Public Safety	74,932	90,016	(15,084)	86,705

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2017

With Comparative Actual Amounts for the Year Ended December 31, 2016

(continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
PUBLIC WORKS				
Current				
Street salaries	510	29,396	(28,886)	32,255
Benefits	5,123	9,708	(4,585)	5,749
Payroll taxes	20,981	0	20,981	0
Traffic	16,000	0	16,000	0
Street lighting	408	15,301	(14,893)	15,236
Utilities	15,600	3,606	11,994	2,904
Maintenance	9,354	13,592	(4,238)	13,393
Supplies	8,000	69,389	(61,389)	45,464
Capital outlay	<u>31,333</u>	<u>28,996</u>	<u>2,337</u>	<u>43,685</u>
Total Public Works	107,309	169,987	(62,678)	158,685
HEALTH & WELFARE				
Current				
Spraying and exterminating	0	494	(494)	458
Recycling	50,562	1,251	49,311	1,251
Tree expense	<u>1,251</u>	<u>0</u>	<u>1,251</u>	<u>0</u>
Total Health & Welfare	51,813	1,745	50,068	1,709
PARKS & RECREATION				
Current				
Swimming pool salaries	24,130	26,019	(1,889)	22,899
Swimming pool utilities	0	6,258	(6,258)	4,397
Swimming pool expenses	4,839	8,905	(4,066)	16,255
Park expenses	0	2,883	(2,883)	2,401
Scout house	1,000	634	366	587
Recreation program	25,000	0	25,000	0
Capital outlay	<u>625</u>	<u>103,389</u>	<u>(102,764)</u>	<u>104,000</u>
Total Parks & Recreation	55,594	148,089	(92,495)	150,539

TOWN OF STRATTON, COLORADO

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2017

With Comparative Actual Amounts for the Year Ended December 31, 2016

(continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
LIBRARY				
Current				
Books	420	6,737	(6,317)	2,274
Miscellaneous	0	354	(354)	1,538
Office	2,510	0	2,510	1,515
Salaries	15,600	18,038	(2,438)	15,537
Payroll taxes	0	649	(649)	243
Travel and conference	1,057	254	803	189
Supplies	0	162	(162)	125
Contract services	969	0	969	0
Repairs and maintenance	1,100	7	1,093	995
Utilities	2,172	2,490	(318)	2,400
Phone and internet	795	1,154	(359)	998
Capital outlay	<u>1,421</u>	<u>0</u>	<u>1,421</u>	<u>0</u>
Total Library	26,044	29,844	(3,800)	25,814
Contingency Reserve	<u>1,500</u>	<u>0</u>	<u>1,500</u>	<u>0</u>
Total Expenditures	<u>407,694</u>	<u>635,563</u>	<u>(227,869)</u>	<u>549,670</u>
Excess of Revenue over (under) Expenditures	(58,222)	(211,402)	(153,180)	(80,485)
Other Financing Sources (Uses)				
Operating transfers in (out)	<u>0</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>3,761</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(58,222)	(223,402)	(165,180)	(76,724)
Fund Balance - Beginning	<u>983,802</u>	<u>687,195</u>	<u>(296,607)</u>	<u>763,919</u>
Fund Balance - Ending	<u>925,580</u>	<u>463,793</u>	<u>(461,787)</u>	<u>687,195</u>

See auditor's report and notes to the financial statements.

SPECIAL REVENUE FUNDS

Conservation Trust Fund - to account for lottery funds from the state that are to be expended for recreational purposes.

Lodgers Tax Fund - to account for expenditures for advertising of the Town. Revenues are from a special tax on hotel rooms and camping sites.

TOWN OF STRATTON, COLORADO
 Conservation Trust Special Revenue Fund
 Comparative Balance Sheet
 At December 31,

ASSETS	<u>2017</u>	<u>2016</u>	<u>Change</u>
Cash	<u>26,593</u>	<u>35,063</u>	<u>(8,470)</u>
 FUND BALANCE			
Restricted	<u>26,593</u>	<u>35,063</u>	<u>(8,470)</u>

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended December 31, 2017
 With Comparative Actual Amounts for the Year Ended December 31, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
REVENUES				
Lottery receipts	6,100	6,511	411	7,370
Interest income	<u>54</u>	<u>19</u>	<u>(35)</u>	<u>29</u>
Total Revenues	6,154	6,530	376	7,399
 EXPENDITURES				
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>0</u>
 Excess of Revenues over (under) Expenditures	(8,846)	(8,470)	376	7,399
 Fund Balance - Beginning	<u>33,716</u>	<u>35,063</u>	<u>1,347</u>	<u>27,664</u>
 Fund Balance - Ending	<u>24,870</u>	<u>26,593</u>	<u>1,723</u>	<u>35,063</u>

TOWN OF STRATTON, COLORADO
Lodgers Tax Special Revenue Fund
Comparative Balance Sheet
At December 31,

ASSETS	<u>2017</u>	<u>2016</u>	<u>Change</u>
Current Assets			
Cash	1,537	5,759	(4,221)
Accounts receivable	1,304	1,825	(521)
Prepaid expense	<u>0</u>	<u>2,880</u>	<u>(2,880)</u>
TOTAL ASSETS	<u>2,841</u>	<u>10,464</u>	<u>(7,622)</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accounts payable	1,431	0	1,431
Due to other funds	<u>322</u>	<u>322</u>	<u>0</u>
TOTAL LIABILITIES	1,753	322	1,431
FUND BALANCE			
Nonspendable	0	2,880	(2,880)
Unrestricted	<u>1,088</u>	<u>7,261</u>	<u>(6,173)</u>
TOTAL FUND BALANCE	<u>1,088</u>	<u>10,141</u>	<u>(9,053)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>2,841</u>	<u>10,464</u>	<u>(7,622)</u>

TOWN OF STRATTON, COLORADO
 Lodgers Tax Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended December 31, 2017
 With Comparative Actual Amounts for the Year Ended December 31, 2016

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Lodgers taxes	20,577	13,446	(7,131)	12,309
Interest income	<u>10</u>	<u>3</u>	<u>(7)</u>	<u>12</u>
Total Revenues	20,587	13,449	(7,138)	12,321
EXPENDITURES				
Current				
State signs	1,000	2,880	(1,880)	2,520
Billboards	12,000	19,531	(7,531)	14,970
Other	0	91	(91)	0
Contingency reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>13,000</u>	<u>22,502</u>	<u>(9,502)</u>	<u>17,490</u>
Excess of Revenues over (under) Expenditures	7,587	(9,053)	(16,640)	(5,169)
Fund Balance - Beginning	<u>13,307</u>	<u>10,141</u>	<u>(3,166)</u>	<u>15,310</u>
Fund Balance - Ending	<u>20,894</u>	<u>1,088</u>	<u>(19,806)</u>	<u>10,141</u>

See auditor's report and notes to the financial statements.

PROPRIETARY FUNDS

Community Building Fund - to account for the expenses of operating and maintaining the community building. Primary financing is from the rental of the building.

Sanitation Fund - to account for the provisions of sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operations, maintenance, billing, and collections.

Water Fund - to account for the provisions of water services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operations, maintenance, billing, and collections.

TOWN OF STRATTON, COLORADO
 Community Building Proprietary Fund
 Comparative Statement of Net Position
 At December 31,

ASSETS	<u>2017</u>	<u>2016</u>	<u>Change</u>
Current Assets			
Cash	19,571	14,012	5,559
Fixed Assets			
Site improvement	28,358	28,358	0
Buildings	440,892	440,892	0
Equipment	52,728	52,728	0
Less: accumulated depreciation	(198,885)	(188,511)	(10,374)
Net Fixed Assets	<u>323,094</u>	<u>333,468</u>	<u>(10,374)</u>
 TOTAL ASSETS	 342,664	 347,480	 (4,815)
 LIABILITIES			
Current Liabilities			
Accounts payable	380	500	(120)
Key deposits	<u>55</u>	<u>55</u>	<u>0</u>
Total Current Liabilities	435	555	(120)
 NET POSITION			
Investment in capital assets	323,094	333,468	(10,374)
Unrestricted	<u>19,136</u>	<u>13,457</u>	<u>5,679</u>
TOTAL NET POSITION	<u>342,229</u>	<u>346,924</u>	<u>(4,695)</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Community Building Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP) and Actual
For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	(Non GAAP)	Actual	Variance Favorable (Unfavorable)	Actual Prior Year
REVENUES	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Year</u>
Rental income	9,721	9,451	(270)	8,719
Access passes	<u>1,367</u>	<u>630</u>	<u>(737)</u>	<u>1,130</u>
Total Revenues	11,088	10,081	(1,007)	9,849
EXPENDITURES				
Current				
Repairs	1,098	45	1,053	336
Supplies	558	0	558	0
Utilities	<u>8,180</u>	<u>4,757</u>	<u>3,423</u>	<u>5,143</u>
Total Expenditures	<u>9,836</u>	<u>4,802</u>	<u>5,034</u>	<u>5,478</u>
Income (Loss) Before Adjustments Below	1,252	5,279	4,027	4,370
NON-OPERATING REVENUES (EXPENSES)				
Grants and donations	<u>0</u>	<u>400</u>	<u>400</u>	<u>50</u>
Income (Loss) Before Adjustment to Proprietary Basis of Accounting	1,252	5,679	4,427	4,420
Adjustments to Proprietary Fund Basis of Accounting				
Depreciation expense	<u>0</u>	<u>(10,374)</u>	<u>(10,374)</u>	<u>(12,234)</u>
Net Income (Loss) Proprietary Basis of Accounting	1,252	(4,695)	(5,947)	(7,814)
Net Position - Beginning	<u>1,137</u>	<u>346,924</u>	<u>345,787</u>	<u>354,738</u>
Net Position - Ending	<u>2,389</u>	<u>342,229</u>	<u>339,840</u>	<u>346,924</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Sanitation Proprietary Fund
Comparative Statement of Net Position
At December 31,

	<u>2017</u>	<u>2016</u>	<u>Change</u>
ASSETS			
Current Assets			
Cash	19,215	18,009	1,206
Certificates of deposit	50,000	50,000	0
Accounts receivable	11,170	9,630	1,540
Due from other funds	<u>7,030</u>	<u>7,030</u>	<u>0</u>
Total Current Assets	87,415	84,669	2,746
Fixed Assets			
Land, buildings and equipment	1,187,306	1,187,306	0
Less: accumulated depreciation	<u>(333,210)</u>	<u>(311,106)</u>	<u>(22,104)</u>
Net Fixed Assets	<u>854,096</u>	<u>876,200</u>	<u>(22,104)</u>
TOTAL ASSETS	941,511	960,868	(19,358)
LIABILITIES			
Current Liabilities			
Accounts payable	2,913	1,960	953
Due to other funds	36,127	35,195	932
Accrued sick leave	1,492	1,206	286
Current portion of loans payable	<u>25,547</u>	<u>24,985</u>	<u>562</u>
Total Current Liabilities	66,080	63,347	2,733
Long-Term Liabilities			
Loans payable	<u>244,556</u>	<u>270,103</u>	<u>(25,547)</u>
TOTAL LIABILITIES	310,635	333,449	(22,814)
NET POSITION			
Investment in capital assets	583,993	581,112	2,881
Restricted for loan retirement	28,000	0	28,000
Unrestricted	<u>18,882</u>	<u>46,307</u>	<u>(27,425)</u>
TOTAL NET POSITION	<u>630,875</u>	<u>627,419</u>	<u>3,456</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Sanitation Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP) and Actual
For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	Budget	Actual	Variance Favorable (Unfavorable)	Actual Prior Year
OPERATING REVENUES				
Sewer collections	118,000	131,415	13,415	125,053
EXPENDITURES				
Electricity	20,200	19,930	270	19,000
Lift station	2,000	2,946	(946)	2,148
Salary	22,000	29,170	(7,170)	25,317
Benefits	15,220	12,081	3,139	5,844
Miscellaneous	3,000	5,366	(2,366)	730
Payroll taxes	5,246	4,563	683	9,930
Consulting	0	6,401	(6,401)	6,249
Supplies	6,609	14,383	(7,774)	11,502
Town clerk salary	11,000	14,115	(3,115)	10,729
Town clerk benefits	3,140	2,548	592	3,841
Debt service	31,719	31,753	(34)	31,743
Contingency reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>120,134</u>	<u>143,257</u>	<u>(23,123)</u>	<u>127,033</u>
Income (Loss) Before Adjustments Below	(2,134)	(11,842)	(9,708)	(1,980)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	250	417	167	117
Operating transfer in (out)	<u>0</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>
Income (Loss) Before Adjustment to Proprietary Fund Basis of Accounting	(1,884)	574	2,458	(1,864)
Adjustments to Proprietary Fund Basis of Accounting				
Loan principal paid	0	24,985	24,985	24,438
Depreciation	<u>0</u>	<u>(22,104)</u>	<u>(22,104)</u>	<u>(24,602)</u>
Net Income Proprietary Fund Basis of Accounting	(1,884)	3,456	5,340	(2,028)
Net Position - Beginning	<u>111,227</u>	<u>627,419</u>	<u>516,192</u>	<u>629,447</u>
Net Position - Ending	<u>109,343</u>	<u>630,875</u>	<u>521,532</u>	<u>627,419</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Water Proprietary Fund
Comparative Statement of Net Position
At December 31,

ASSETS	<u>2017</u>	<u>2016</u>	<u>Change</u>
Current Assets			
Cash	508,670	512,451	(3,782)
Certificates of deposit	50,000	50,000	0
Accounts receivable	20,669	18,914	1,754
Due from other funds	<u>5,119</u>	<u>0</u>	<u>5,119</u>
Total Current Assets	584,457	581,366	3,091
Fixed Assets			
Land, buildings and equipment	3,304,989	3,246,524	58,465
Less: accumulated depreciation	<u>(460,187)</u>	<u>(397,269)</u>	<u>(62,918)</u>
Net Fixed Assets	<u>2,844,802</u>	<u>2,849,255</u>	<u>(4,453)</u>
 TOTAL ASSETS	 3,429,259	 3,430,621	 (1,362)
 LIABILITIES			
Current Liabilities			
Accounts payable	4,755	4,457	298
Accrued sick leave	1,492	1,206	286
Meter deposits	2,693	2,693	0
Due to other funds	6,708	6,708	0
Current portion of loans payable	<u>58,710</u>	<u>57,879</u>	<u>831</u>
Total Current Liabilities	74,358	72,942	1,415
Long-Term Liabilities			
Loans payable	<u>1,229,317</u>	<u>1,287,997</u>	<u>(58,680)</u>
 TOTAL LIABILITIES	 1,303,674	 1,360,940	 (57,265)
 NET POSITION			
Investment in capital assets	1,556,775	1,503,379	53,396
Restricted for loan retirement	40,000	29,000	11,000
Unrestricted	<u>528,809</u>	<u>537,302</u>	<u>(8,493)</u>
TOTAL NET POSITION	<u>2,125,585</u>	<u>2,069,682</u>	<u>55,903</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Water Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP) and Actual
For the Year Ended December 31, 2017
With Comparative Actual Amounts for the Year Ended December 31, 2016

	Budget	Actual	Variance Favorable (Unfavorable)	Actual Prior Year
OPERATING REVENUES				
Charges for service	277,225	279,501	2,276	243,349
Rental income	10,000	6,548	(3,452)	7,981
Miscellaneous	0	989	989	220
Connection fees	<u>1,871</u>	<u>695</u>	<u>(1,176)</u>	<u>1,995</u>
Total Operating Revenues	289,096	287,734	(1,362)	253,544
EXPENDITURES				
Current				
Salary	27,650	29,170	(1,520)	25,317
Town clerk salary	11,000	14,115	(3,115)	10,893
Payroll taxes	5,246	3,348	1,898	6,730
Maintenance benefits	15,232	12,840	2,392	10,168
Town clerk benefits	5,255	2,515	2,740	2,553
Consulting fees	5,000	7,303	(2,303)	6,313
Miscellaneous	5,557	3,654	1,903	5,013
Office supplies	1,892	686	1,206	25
Pumping power	15,300	12,354	2,946	14,586
Insurance	0	13,343	(13,343)	0
Printing	435	198	237	0
Utilities	1,600	1,869	(269)	1,719
Maintenance	30,000	56,886	(26,886)	32,210
Debt services				
Interest expense	11,858	11,025	833	11,811
Principal paid	57,017	57,849	(832)	57,063
Capital outlay	13,333	58,465	(45,132)	0
Contingency reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>206,375</u>	<u>285,620</u>	<u>(79,245)</u>	<u>184,402</u>
Income (Loss) Before Adjustments Below	82,721	2,114	(80,607)	69,142

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
 Water Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Position
 Budget (Non-GAAP) and Actual
 For the Year Ended December 31, 2017
 With Comparative Actual Amounts for the Year Ended December 31, 2016
 (continued)

	Budget (Non-GAAP)	Actual	Variance Favorable (Unfavorable)	Actual Prior Year
NON-OPERATING REVENUES (EXPENSE)				
Interest income	270	393	123	182
Operating transfers in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,761)</u>
Income (Loss) Before Adjustment to Proprietary Fund Basis of Accounting	82,991	2,507	(80,484)	65,564
Adjustments to Proprietary Fund Basis of Accounting				
Capital outlay	0	58,465	58,465	0
Principal paid	0	57,849	57,849	57,063
Depreciation	<u>0</u>	<u>(62,918)</u>	<u>(62,918)</u>	<u>(62,858)</u>
Net Income Proprietary Fund Basis of Accounting	82,991	55,903	(27,088)	59,769
Net Position - Beginning	<u>544,384</u>	<u>2,069,682</u>	<u>1,525,298</u>	<u>2,009,913</u>
Net Position - Ending	<u>627,375</u>	<u>2,125,585</u>	<u>1,498,210</u>	<u>2,069,682</u>

See auditor's report and notes to the financial statements.

ADDITIONAL INFORMATION

HIGHWAY USERS TAX REPORT

Steps for printing your content and returning to 'Edit Mode

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: klowe@centurytel.net

City/County: Stratton

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:	\$	176,448.00
3. Other local imposts: <i>from A.3. Total' below)</i>	\$	22,468.00
4. Miscellaneous local receipts: <i>from A.4. Total' below)</i>	\$	0.00
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: \$ 198,916.00

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:	\$	0.00

3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	22,468.00
Total: <i>(a + b) carried to 'Other local imposts' above</i>		\$ 22,468.00

A.4. Miscellaneous local receipts

Please no commas or dollar signs for the input

a. Interest on Investments:	\$	0.00
b. Traffic fines & Penalties:	\$	0.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	0.00
f. Charges for Services:	\$	0.00
g. Other Misc. Receipts:	\$	0.00
h. Other:	\$	0.00
Total: <i>(a through h) carried to 'Misc local receipts' above</i>		\$ 0.00

C. Receipts from State Government

Please no commas or dollar signs for the input

1. Highway User Taxes:	\$	31,245.00
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	0.00
d. Other (Specify):		
Comments: <input type="text" value="undefined"/>	\$	0.00
e. Other (Specify):		
Comments: <input type="text" value="undefined"/>	\$	0.00
Total: <i>(1+3c,d,e)</i>		\$ 31,245.00

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: <i>(2a-f)</i>		\$ 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: <i>(from A.1.d. 'Total Capital Outlay' below)</i>	\$	0.00
2. Maintenance:	\$	154,687.00
3. Road and street services		
a. Traffic control operations:	\$	0.00
b. Snow and ice removal:	\$	0.00
c. Other:	\$	15,301.00
4. General administration & miscellaneous	\$	6,163.00
5. Highway law enforcement and safety	\$	54,010.00

Total: *(A.1-5)* \$ 230,161.00

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)* \$ 230,161.00

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	\$ 0.00	\$ 0.00
4. System Enhancement:	\$ 0.00	\$ 0.00	\$ 0.00
5. Total Construction:			\$ 0.00
d. Total Capital Outlay: <i>(Lines A.1.a. + 1.b. + 1.c.5)</i>			\$ 0.00

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	\$ 230,161.00	\$ 230,161.00	\$ 0.00	\$ 0.00

Notes & Comments:

undefined

Please enter your name: Winfrey County & Hays

Please provide a telephone number where you may be reached: 7193467216

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