

TOWN OF SWINK, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2017

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May 10, 2018

TOWN OF SWINK, COLORADO

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HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS
601 SOUTH EIGHTH STREET
ROCKY FORD, COLORADO 81067

Patrick A. Hancock CPA 719-688-0812
Andrew H. Froese CPA 719-980-1962

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Council
Town of Swink, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Information

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

The individual financial statements, budget schedules and the local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 individual financial statements, budget schedules and the local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hancock Froese & Company LLC

HANCOCK FROESE & COMPANY LLC

March 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF SWINK, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of The Town of Swink's (the "Town") financial performance provides an overview of the Town's financial activities for the fiscal years ended December 31, 2017 and 2016. Readers are encouraged to consider the information presented here in conjunction with the financial statement information.

FINANCIAL HIGHLIGHTS

1. Assets of the Town exceed its liabilities by \$2,906,396 of which \$1,849,286 is from the Town's Business-type Activities. Unrestricted net position totaled \$628,117 and may be used to meet the Town's on-going obligations.
2. Net investment in capital assets is the largest portion of the Town's net position. \$1,277,490 is in the Town's Business-type Activities and the remaining \$868,278 is in the Town's Governmental Activities.
3. Restricted net assets include \$6,000 required by TABOR, the emergency contingency required by Article X, Section 20 of the Colorado Constitution, \$48,511 for parks and recreation using conservation trust funding and \$78,000 for debt services on the loan in the Water Utility Fund.
4. The Town's debt is for improvements to the water infrastructure project for a total of \$479,597 and the estimated closure and post-closure care costs to operate the landfill within the County for a total of \$43,000.
5. The Town's Governmental Funds reported a combined ending fund balance of \$184,801 including the General Fund with \$136,290 and the Conservation Trust Fund with \$48,511.
6. The Governmental Funds reported total unassigned fund balance of \$92,299. The unassigned fund balance is made up of \$92,299 from the General Fund.
7. The Town's Proprietary Funds reported combined Total Net Position of \$1,849,286 of which \$493,796 is unrestricted, \$1,277,490 is net investment in capital assets and \$78,000 is restricted for debt services.
8. The Town's Proprietary Funds reported \$593,787 in cash.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management discussion and analysis (this section), the basic financial statements, required supplementary information and a section that presents budget statements (other supplementary information). This discussion and analysis serves as an introduction to Swink's basic financial statements. The Town's basic financial statements consist of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

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

Government-wide Financial Statements

The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector business. They consist of two statements:

1. The **Statement of Net Position** presents information on all of the Town's assets and liabilities, with the difference between the two reported as **net position**. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
2. The **Statement of Activities** presents information reporting how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statements for some items that will result in cash flows in future fiscal periods. Earned but unused vacation leave and accrued interest expense are examples of these types of items.

Both Government-wide Financial Statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include General Governmental, Public Works and Culture and Recreation. The business-type activities of the Town include Water Utility, Sewer Utility and Trash Utility Funds.

Fund Financial Statements

A Fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All Town funds can be divided into two categories:

- Governmental funds
- Proprietary funds

Governmental funds: Governmental funds account for essentially the same functions reported as governmental activities in the Town-wide financial statements. Unlike the Town-wide financial statements, however, governmental fund financial statements focus on how money flows into and out of those funds and the balances at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information provides a detailed short-term view of the Town's general government operations and may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Town-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Town-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the governmental fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.

The Town maintains two individual governmental funds. Information is presented separately in the governmental fund Balance sheet and the Statement of Revenue, Expenditures, and Changes in Fund Balance for each fund. Data from other governmental funds are combined into a single aggregated presentation.

Proprietary funds: The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions as business-type activities in the Town-wide financial statements. The Town uses Enterprise Funds to account for the Water Utility, Sewer Utility and Trash Utility activities.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town. The Town adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for all major funds to demonstrate compliance with the budget requirement.

Other Information

The Individual and Combining financial statements are presented immediately following the required supplementary information.

Financial Analysis of the Town as a Whole

Net Position

Net position may serve as useful indicator of a government's financial position. In the case of the Town of Swink, assets exceeded liabilities by \$2,906,396 at the close of the most recent fiscal year.

The largest portion of the Town of Swink's net position 73.8% reflects the investment in capital assets (e.g. land, buildings, machinery and equipment) less any accumulated depreciation and related debt to acquire those assets that is still outstanding. The Town of Swink uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Restricted net position is designed to reflect the net position that is subject to restrictions beyond the Town's control; restricted net position is 4.6% of total net position.

Unrestricted net position may be used to meet the government's ongoing obligations to the citizens and creditors; unrestricted net position makes up the remaining 21.6% of total net position. The Town is able to report positive balances in all three categories of net position for the government as a whole, as well as for its separate business-type activities, but not its individual governmental fund (General Fund).

The following table reflects the condensed Statement of Net Position.

Town of Swink Combined Net Position as of December 31, 2017 and 2016

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2017	2016	2017	2016	2017	2016
Assets						
Current assets	\$ 291,037	\$ 289,849	\$ 645,496	\$ 534,428	\$ 936,533	\$ 824,277
Capital assets	<u>868,279</u>	<u>918,466</u>	<u>1,757,087</u>	<u>1,870,526</u>	<u>2,625,366</u>	<u>2,788,992</u>
Total Assets	<u>1,159,316</u>	<u>1,208,315</u>	<u>2,402,583</u>	<u>2,404,954</u>	<u>3,561,899</u>	<u>3,613,269</u>
Liabilities						
Current liabilities	12,006	8,702	77,688	70,561	89,694	79,263
Non-current liabilities	<u>-</u>	<u>-</u>	<u>475,609</u>	<u>537,797</u>	<u>475,609</u>	<u>537,797</u>
Total liabilities	<u>12,006</u>	<u>8,702</u>	<u>553,297</u>	<u>608,358</u>	<u>565,303</u>	<u>617,060</u>
Deferred Inflows of resources						
Deferred rev.–property taxes	<u>90,200</u>	<u>94,500</u>	<u>-</u>	<u>-</u>	<u>90,200</u>	<u>94,500</u>
Net position						
Net investment in capital assets	868,278	918,466	1,277,490	1,346,613	2,145,768	2,265,079
Restricted	54,511	6,500	78,000	87,000	132,511	93,500
Unrestricted (deficit)	<u>134,321</u>	<u>180,147</u>	<u>493,796</u>	<u>362,983</u>	<u>628,117</u>	<u>543,130</u>
Total net position	<u>\$1,057,110</u>	<u>\$1,105,113</u>	<u>\$ 1,849,286</u>	<u>\$1,796,596</u>	<u>\$ 2,906,396</u>	<u>\$ 2,901,709</u>

Restrictions in the governmental activities include \$6,000 for statutory reserves for emergencies required by TABOR and \$48,511 for restrictions on conservation trust funding and restrictions in the business-type activities include \$78,000 for debt services in the Water Utility Fund.

Changes in Net Position

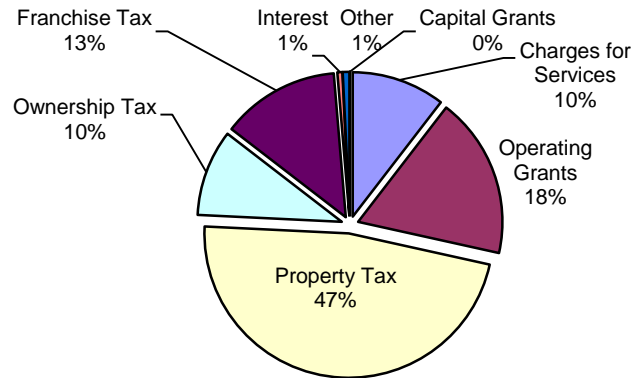
The following table reflects a condensed summary of activities and changes in net position.

Town of Swink Condensed Changes in Net Position

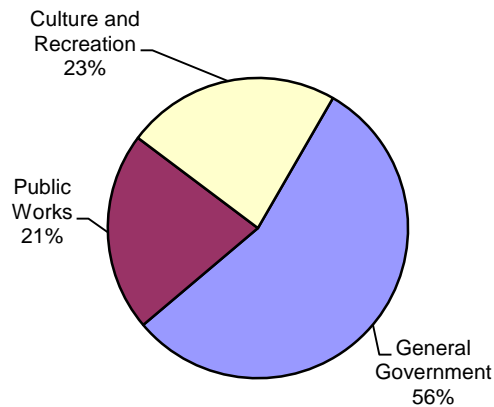
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services	\$ 21,030	\$ 21,479	\$401,923	\$396,636	\$422,953	\$418,115
Operating Grants and Contributions	36,256	37,123	-	-	36,256	37,123
Capital Grants and Contributions	-	-	-	-	-	-
General Revenue:						
Property Taxes	95,183	94,666	-	-	95,183	94,666
Specific Ownership Taxes	19,492	18,846	-	-	19,492	18,846
Franchise Taxes	26,596	27,420	-	-	26,596	27,420
Other Taxes	-	-	-	-	-	-
Interest	1,120	944	2,226	1,385	3,346	2,329
Other	<u>1,563</u>	<u>4,354</u>	<u>-</u>	<u>-</u>	<u>1,563</u>	<u>4,354</u>
Total Revenues	<u>201,240</u>	<u>204,832</u>	<u>404,149</u>	<u>398,021</u>	<u>605,389</u>	<u>602,853</u>

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2017	2016	2017	2016	2017	2016
Expenses						
General Government	138,346	136,981	-	-	138,346	136,981
Public Works	53,393	72,023	-	-	53,393	72,023
Culture and Recreation	57,504	52,737	-	-	57,504	52,737
Water	-	-	238,240	225,838	238,240	225,838
Sewer	-	-	50,078	49,023	50,078	49,023
Trash	-	-	80,141	63,988	80,141	63,988
Total Expenses	249,243	261,741	368,459	338,849	617,702	600,590
Revenues over (under) expenditures	(48,003)	(56,909)	35,690	59,172	(12,313)	(2,263)
Transfers in (out)	-	110,000	-	(110,000)	-	-
Special Item	-	-	17,000	-	17,000	-
Change in Net Position	(48,003)	53,091	52,690	(50,828)	4,687	(2,263)
Net Position, Beginning	1,105,113	1,052,022	1,796,596	1,847,424	2,901,709	2,899,446
Net Position, Ending	<u>\$1,057,110</u>	<u>\$1,105,113</u>	<u>\$1,849,286</u>	<u>\$ 1,796,596</u>	<u>\$ 2,906,396</u>	<u>\$2,901,709</u>

Revenues by Source – Governmental Activities:



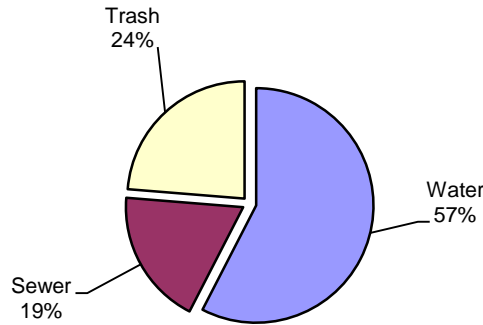
Expenses – Governmental Activity:



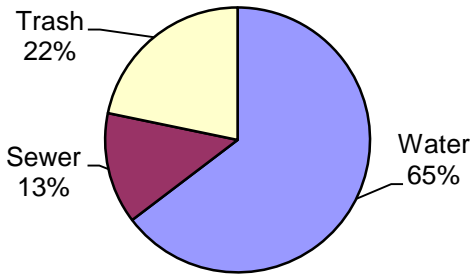
Business-type Activities

The business-type activities include the Water Utility, Sewer Utility, and Trash Utility Funds.

Revenues by Source – Business-type Activities



Expenses – Business-type Activity



Charges for services for the business-type activities for 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Water	\$ 231,376	\$ 231,270
Sewer	75,226	72,821
Trash	<u>95,321</u>	<u>92,545</u>
Total Charges for Services	<u>\$ 401,923</u>	<u>\$ 396,636</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

The Town of Swink uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the Town of Swink’s governmental funds is to provide information on current year revenue, expenditures, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the government’s net resources available for spending at the end of the fiscal year. As of the end of the year, the town’s governmental funds reported a combined fund balance of \$184,801. Of that fund balance, \$92,299 constitutes unassigned fund balance, which is available for spending at the government’s discretion and \$37,991 is assigned for a specific purpose. The remainder of fund balance reflects a state constitution mandated emergency reserve of \$6,000 and a restriction on conservation trust funds of \$48,511.

PROPRIETARY FUNDS

The Town’s proprietary funds provide the same type of information found in the government-wide financial statements. All of the Town’s proprietary funds are major funds. The funds include Water Utility, Sewer Utility and Trash Utility Funds.

The net position balances and the change in net position of the Town’s proprietary funds are reflected in the following table.

	Total Net Position		Change in Net Position for Year Ended	
	12/31/17	12/31/16	12/31/17	12/31/16
Water	\$ 1,261,169	\$ 1,267,930	\$ (6,761)	\$ (24,465)
Sewer	413,627	386,356	27,271	(24,920)
Trash	174,490	142,310	32,180	(1,443)
Total Enterprise Funds	<u>\$ 1,849,286</u>	<u>\$ 1,796,596</u>	<u>\$ 52,690</u>	<u>\$ (50,828)</u>

The proprietary fund net position consists of Unrestricted Net Position and Restricted Net Position for Debt Services and Net Investment in Capital Assets, as shown below:

	Restricted for Debt Services and Net Investment in Capital Assets		Unrestricted		Total Net Position	
	2017	2016	2017	2016	2017	2016
Water	\$ 1,158,121	\$ 1,205,853	\$103,048	\$ 62,077	\$ 1,261,169	\$ 1,267,930
Sewer	57,122	67,363	356,505	318,993	413,627	386,356
Trash	140,247	160,397	34,243	(18,087)	174,490	142,310
Total	<u>\$ 1,355,490</u>	<u>\$ 1,433,613</u>	<u>\$ 493,796</u>	<u>\$ 362,983</u>	<u>\$ 1,849,286</u>	<u>\$ 1,796,596</u>

BUDGETARY HIGHLIGHTS

The General Fund's final budget was \$303,700 in Revenues (including transfers in) and \$224,538 in Expenditures. The Actual amounts were \$195,405 in Revenues (including transfers in) and \$198,306 in Expenditures.

The Water Utility Fund's final budget was \$199,075 in Revenues and \$244,552 in Expenditures (including transfers out). The Actual amounts were \$231,479 in Revenues and \$282,556 in Expenditures (including transfers out).

The Sewer Utility Fund's final budget was \$61,150 in Revenues and \$120,537 in Expenditures (including transfers out). The Actual amounts were \$77,349 in Revenues and \$59,173 in Expenditures (including transfers out).

The Trash Utility Fund's final budget was \$71,500 in Revenues and \$240,291 in Expenditures (including transfers out). The Actual amounts were \$95,321 in Revenues and \$80,141 in Expenditures (including transfers out).

Current expenditures exceeded appropriations in the Water Utility Fund.

LONG-TERM LIABILITIES

Long Term Liabilities include two loans with Colorado Water Resources and Power Development Authority for upgrades to the water system and for estimated landfills closure and post closure costs.

ECONOMIC FACTORS AFFECTING FUTURE FINANCIAL CONDITIONS

The Town's elected officials considered many factors when setting the fiscal year 2018 budget, tax rates, and fees that will be charged for business-type activities.

Factors that have a potential to significant impact on the Town's 2018. budget include the ongoing rising cost of health insurance, the fluctuation in fuel and energy costs, pay increases for employees, and the decision to raise rates in utility funds.

The Town will consider spending additional funds for street repairs next year if funds are available. Chip sealing will be completed only if necessary to help cut costs.

The water infrastructure improvement project now allows the Town to bill residents based on their consumption of hard water. Billing rates have been developed to ensure an adequate revenue stream to cover expenses and a rate structure that will encourage conservation. The Water Utility Fund generated a change in net position of (\$6,761) in 2017 but had an operating income of \$5,764.

The Town did not increase rates in fiscal years 2017 or 2016 and do not anticipate raising rates in 2018. A facility charge of \$10.25 is added to everyone that has a soft water tap.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions about this report and requests for additional information can be obtained by contacting the Town Clerk at PO Box 267, Swink, Colorado, 81077.

BASIC FINANCIAL STATEMENTS

TOWN OF SWINK, COLORADO

STATEMENT OF NET POSITION

DECEMBER 31, 2017

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 170,149	\$ 593,787	\$ 763,936
Receivables - net			
Accounts	30,688	39,178	69,866
Taxes	90,200	-	90,200
Inventory	-	12,531	12,531
Capital assets - net of accumulated depreciation	868,279	1,757,087	2,625,366
TOTAL ASSETS	\$ 1,159,316	\$ 2,402,583	\$ 3,561,899
LIABILITIES			
Accounts payable and accruals	\$ 12,006	\$ 11,182	\$ 23,188
Customer deposits	-	18,150	18,150
Unearned revenue	-	1,368	1,368
Due within one year	-	46,988	46,988
NON CURRENT LIABILITIES			
Due in more than one year	-	475,609	475,609
TOTAL LIABILITIES	12,006	553,297	565,303
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	90,200	-	90,200
NET POSITION			
Net investment in capital assets	868,278	1,277,490	2,145,768
Restricted	54,511	78,000	132,511
Unrestricted	134,321	493,796	628,117
TOTAL NET POSITION	1,057,110	1,849,286	2,906,396
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 1,159,316	\$ 2,402,583	\$ 3,561,899

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF SWINK, COLORADO

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES:			
General government	\$ 138,346	\$ -	\$ -
Public works	53,393	5,309	30,330
Culture and recreation	57,504	15,721	5,926
TOTAL GOVERNMENTAL ACTIVITIES	249,243	21,030	36,256
BUSINESS-TYPE ACTIVITIES			
Water	238,240	231,376	-
Sewer	50,078	75,226	-
Trash	80,141	95,321	-
TOTAL BUSINESS-TYPE ACTIVITIES	368,459	401,923	-
TOTAL PRIMARY GOVERNMENT	\$ 617,702	\$ 422,953	\$ 36,256
GENERAL REVENUES			
Property taxes			
Specific ownership taxes			
Franchise taxes			
Interest			
Other			
SPECIAL ITEM			
Change in accounting estimate			
TOTAL GENERAL REVENUES AND SPECIAL ITEM			
CHANGE IN NET POSITION			
NET POSITION - BEGINNING			
NET POSITION - ENDING			

SEE NOTES TO FINANCIAL STATEMENTS

NET (EXPENSES) REVENUE
AND CHANGES IN NET POSITION

CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
\$ -	\$ (138,346)	\$ -	\$ (138,346)
-	(17,754)	-	(17,754)
-	(35,857)	-	(35,857)
-	(191,957)	-	(191,957)
-	-	(6,864)	(6,864)
-	-	25,148	25,148
-	-	15,180	15,180
-	-	33,464	33,464
<u>\$ -</u>	<u>(191,957)</u>	<u>33,464</u>	<u>(158,493)</u>
	95,183	-	95,183
	19,492	-	19,492
	26,596	-	26,596
	1,120	2,226	3,346
	1,563	-	1,563
	-	17,000	17,000
	<u>143,954</u>	<u>19,226</u>	<u>163,180</u>
	(48,003)	52,690	4,687
	<u>1,105,113</u>	<u>1,796,596</u>	<u>2,901,709</u>
<u>\$</u>	<u>1,057,110</u>	<u>\$ 1,849,286</u>	<u>\$ 2,906,396</u>

TOWN OF SWINK, COLORADO

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2017

	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash	\$ 121,638	\$ 48,511	\$ 170,149
Receivables			
Accounts	26,658	-	26,658
Taxes	90,200	-	90,200
	<u>238,496</u>	<u>48,511</u>	<u>287,007</u>
TOTAL ASSETS	<u>\$ 238,496</u>	<u>\$ 48,511</u>	<u>\$ 287,007</u>
LIABILITIES			
Accounts payable	\$ 5,313	\$ -	\$ 5,313
Accrued payroll and taxes payable	6,693	-	6,693
	<u>12,006</u>	<u>-</u>	<u>12,006</u>
TOTAL LIABILITIES	<u>12,006</u>	<u>-</u>	<u>12,006</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	90,200	-	90,200
	<u>90,200</u>	<u>-</u>	<u>90,200</u>
FUND BALANCE			
Restricted for:			
TABOR	6,000	-	6,000
Parks and recreation	-	48,511	48,511
Assigned	37,991	-	37,991
Unassigned	92,299	-	92,299
	<u>136,290</u>	<u>48,511</u>	<u>184,801</u>
TOTAL FUND BALANCE	<u>136,290</u>	<u>48,511</u>	<u>184,801</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 238,496</u>	<u>\$ 48,511</u>	<u>\$ 287,007</u>

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF SWINK, COLORADO

RECONCILIATION OF THE GOVERNMENT FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2017

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF
NET POSITION ARE DIFFERENT BECAUSE:

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	184,801
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.		
The cost of capital assets is	\$	1,256,499
Accumulated depreciation is		<u>(388,220)</u>
		868,279
Accounts receivable not recognized in governmental funds due to time restriction of receivable recognition		<u>4,030</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>1,057,110</u></u>

TOWN OF SWINK, COLORADO

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR YEAR ENDED DECEMBER 31, 2017

	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ 141,362	\$ -	\$ 141,362
Licenses and permits	400	-	400
Intergovernmental	30,330	5,926	36,256
Charges for services	21,030	-	21,030
Other	2,283	-	2,283
	<u>195,405</u>	<u>5,926</u>	<u>201,331</u>
TOTAL REVENUES			
EXPENDITURES			
General government	125,306	-	125,306
Public works	44,442	-	44,442
Culture and recreation	28,558	750	29,308
	<u>198,306</u>	<u>750</u>	<u>199,056</u>
TOTAL EXPENDITURES			
NET CHANGE IN FUND BALANCE	(2,901)	5,176	2,275
FUND BALANCE JANUARY 1	<u>139,191</u>	<u>43,335</u>	<u>182,526</u>
FUND BALANCE DECEMBER 31	<u>\$ 136,290</u>	<u>\$ 48,511</u>	<u>\$ 184,801</u>

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF SWINK, COLORADO

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

YEAR ENDED DECEMBER 31, 2017

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT
OF ACTIVITIES ARE DIFFERENT BECAUSE:

NET CHANGE IN FUND BALANCE		\$	2,275
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays differ from depreciation in the current period.</p>			
Capital outlay		\$	-
Depreciation expense			(50,187)
			<u>(50,187)</u>
Accounts receivable not recognized in governmental funds due to time restriction of receivable recognition			<u>(91)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u><u>(48,003)</u></u>

TOWN OF SWINK, COLORADO

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

DECEMBER 31, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTAL
	WATER	SEWER	TRASH	
CURRENT ASSETS				
Cash	\$ 172,974	\$ 349,832	\$ 70,981	\$ 593,787
Accounts receivable	22,008	7,415	9,755	39,178
Inventory	5,799	-	-	5,799
Inventory-water	6,732	-	-	6,732
TOTAL CURRENT ASSETS	207,513	357,247	80,736	645,496
PROPERTY AND EQUIPMENT - NET	1,559,718	57,122	140,247	1,757,087
TOTAL ASSETS	\$ 1,767,231	\$ 414,369	\$ 220,983	\$ 2,402,583
CURRENT LIABILITIES				
Accounts payable	\$ 4,816	\$ 742	\$ 3,493	\$ 9,051
Customer deposits	18,150	-	-	18,150
Accrued interest	2,131	-	-	2,131
Unearned revenue	1,368	-	-	1,368
Landfill costs - current portion	-	-	1,300	1,300
Loan payable - current maturities	45,688	-	-	45,688
TOTAL CURRENT LIABILITIES	72,153	742	4,793	77,688
NONCURRENT LIABILITIES				
Accrued closure and post closure costs - net of current maturities	-	-	41,700	41,700
Loan payable - net of current maturities	433,909	-	-	433,909
TOTAL LIABILITIES	506,062	742	46,493	553,297
NET POSITION				
Net investment in capital assets	1,080,121	57,122	140,247	1,277,490
Restricted - operations & maintenance	78,000	-	-	78,000
Unrestricted	103,048	356,505	34,243	493,796
TOTAL NET POSITION	1,261,169	413,627	174,490	1,849,286
TOTAL LIABILITIES AND NET POSITION	\$ 1,767,231	\$ 414,369	\$ 220,983	\$ 2,402,583

TOWN OF SWINK, COLORADO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	SEWER	TRASH	TOTAL
OPERATING REVENUES				
Charges for services	\$ 231,376	\$ 75,226	\$ 95,321	\$ 401,923
OPERATING EXPENSES				
Salaries	39,906	8,079	19,059	67,044
Payroll taxes	3,082	624	1,472	5,178
Employee benefits	14,520	3,239	6,636	24,395
Insurance	10,018	1,020	3,874	14,912
Repairs and maintenance	19,830	13,821	6,904	40,555
Supplies	8,978	420	1,304	10,702
Utilities	35,248	541	-	35,789
Depreciation	83,048	19,336	20,150	122,534
Professional services	2,986	2,349	2,349	7,684
Miscellaneous	7,996	649	840	9,485
Landfill charges	-	-	17,553	17,553
TOTAL OPERATING EXPENSES	225,612	50,078	80,141	355,831
OPERATING INCOME	5,764	25,148	15,180	46,092
NONOPERATING REVENUES (EXPENSE)				
Interest income	103	2,123	-	2,226
Interest expense	(12,628)	-	-	(12,628)
TOTAL NONOPERATING REVENUES (EXPENSES)	(12,525)	2,123	-	(10,402)
INCOME BEFORE SPECIAL ITEM	(6,761)	27,271	15,180	35,690
SPECIAL ITEM				
Change in accounting estimate	-	-	17,000	17,000
CHANGE IN NET POSITION	(6,761)	27,271	32,180	52,690
NET POSITION JANUARY 1	1,267,930	386,356	142,310	1,796,596
NET POSITION DECEMBER 31	\$ 1,261,169	\$ 413,627	\$ 174,490	\$ 1,849,286

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF SWINK, COLORADO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEARS ENDED DECEMBER 31, 2017

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	WATER	SEWER	TRASH	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 229,857	\$ 74,978	\$ 95,076	\$ 399,911
Cash payments to employees	(39,906)	(8,079)	(19,059)	(67,044)
Cash payments for supplies, goods, services	(102,475)	(22,663)	(37,960)	(163,098)
NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES	<u>87,476</u>	<u>44,236</u>	<u>38,057</u>	<u>169,769</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Customer deposits	300	-	-	300
NET CHANGE IN CASH FLOWS NON-CAPITAL FINANCING ACTIVITIES	<u>300</u>	<u>-</u>	<u>-</u>	<u>300</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	(9,095)	-	(9,095)
Principal paid on notes payable	(44,316)	-	-	(44,316)
Interest paid on debt	(12,628)	-	-	(12,628)
NET CHANGE IN CASH FLOWS CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(56,944)</u>	<u>(9,095)</u>	<u>-</u>	<u>(66,039)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on savings	103	2,123	-	2,226
NET CHANGE IN CASH	30,935	37,264	38,057	106,256
CASH BEGINNING OF YEAR	<u>142,039</u>	<u>312,568</u>	<u>32,924</u>	<u>487,531</u>
CASH END OF YEAR	<u>\$ 172,974</u>	<u>\$ 349,832</u>	<u>\$ 70,981</u>	<u>\$ 593,787</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 5,764	\$ 25,148	\$ 15,180	\$ 46,092
Adjustment to reconcile operating income to net cash provided by operating activities				
Depreciation	83,048	19,336	20,150	122,534
Change in assets and liabilities				
(Increase) decrease in accounts receivable and inventory	(4,319)	(248)	(245)	(4,812)
Increase (decrease) in accounts payable accruals, and unearned revenue	2,983	-	2,972	5,955
NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES	<u>\$ 87,476</u>	<u>\$ 44,236</u>	<u>\$ 38,057</u>	<u>\$ 169,769</u>

SEE NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

TOWN OF SWINK, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Swink (the "Town") conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

THE FINANCIAL REPORTING ENTITY

The Town of Swink is a statutory town governed by an elected mayor and six member board of trustees. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Swink (the primary government) and its component units, if applicable. Currently no component units have been included in the Town's reporting entity because of a lack of significant operational or financial relationship with the Town.

JOINT VENTURE

Otero County Landfill, Inc.

The Town of Swink is a participant along with six other entities within the County in a joint venture known as the Otero County Landfill, Inc. As a participant, the Town is responsible for a portion of the closure and post closure costs of the landfill. As of December 31, 2017, the Town's share of the closure and post closure costs is estimated at \$43,000, or 2.18% of the total. A complete financial report may be obtained from the administrative offices of Otero County.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

TOWN OF SWINK, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(Continued)

Property taxes, franchise taxes, interest revenues, and charges for services are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grant and entitlement awards are recorded as revenue when earned. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. 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:

General Fund - is the government's primary operating fund. It accounts for all financial resources of the general government, except those which are required to be accounted for in another fund.

Conservation Trust Fund - is used to account for lottery funds, which are used for building and maintaining parks and recreational facilities.

The Town reports the following major proprietary funds:

Water Utility Fund - accounts for the activities of water treatment and distribution to the residents and businesses of the Town.

Sewer Utility Fund - accounts for the activities of the wastewater collection and treatment system of the Town.

Trash Utility Fund - accounts for the activities of the Town's trash collection operations.

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

CASH EQUIVALENTS

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments.

Per a resolution passed in 2017, the Town set aside \$10,475 for unclaimed meter deposits that can only be used with express Resolution of the Board of Trustees convening in open session. Usage of the funds may include any legitimate governmental purpose. As of December 31, 2017, the balance is \$10,475.

RECEIVABLES / PAYABLES

Outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles if required.

Property taxes are not due and payable until after the assessment year has ended, and are not included in the budgets or statements of revenues, expenditures and fund balance of the assessment year. Property taxes levied are recorded in the governmental funds as taxes receivable and deferred revenues as of December 31, 2017, since the amounts are measurable but not available until 2018. Property tax abatements are recorded as an offset to property tax revenues when they are paid. An allowance for uncollectible property taxes is not provided as the uncollectible amounts were determined to be negligible based on an analysis of historical trends. Property taxes are levied before December 22 each year and attach as an enforceable lien on the property as of January 1 of the following year. Taxes are payable in full on April 30 or in two installments due on February 28 and June 15.

TOWN OF SWINK, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVENTORIES

All inventories are valued at cost using the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

WATER INVENTORY

The water inventory is carried at the lower of cost or market, with cost determined using the expenses involved in acquiring water held in storage.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and current infrastructure (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. Infrastructure assets have been capitalized on a prospective basis from 2005. The government defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Town has not included its infrastructure at this time except for those constructed currently.

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

Building, improvements, utility systems, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Building and improvements	10-40
Utility systems	20-50
Equipment	3-10

COMPENSATED ABSENCES

It is the government's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if expected to be paid from current resources.

LONG-TERM OBLIGATIONS

In the government-wide financial statements and in the proprietary fund types financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

FUND BALANCES / NET POSITION

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

Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position”

TOWN OF SWINK, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND BALANCES / NET POSITION (Continued)

The Town implemented GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

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

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

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

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGETS

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

Prior to October 15, the Town Finance Officer submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments.

Prior to December 15, the budget is legally enacted through passage of an ordinance.

The budgetary presentation of the proprietary funds varies from GAAP in that expenditures for capital outlay and debt retirement are recognized for budgetary reporting.

Revisions that alter the total expenditures of any fund generally must be approved by Town Council. Budget amounts in the accompanying financial statements include revisions to the original appropriation ordinance.

TOWN OF SWINK, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
BUDGETS (Continued)

Appropriations lapse at year end and any open purchase items must be reappropriated in the following year. Expenditures may not legally exceed appropriations at the fund level.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2017, expenditures exceeded appropriations in the Water Utility Fund and is a violation of the Colorado Local Government Budget Law.

NOTE -2 DEPOSITS AND INVESTMENTS

The Town's investment policies are approved by the Town Council and governed by Colorado statute. The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determined eligibility. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2017, \$337,291 of the Town's bank balance of \$764,823 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Interest Rate Risk – The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 limits investment maturities to five years or less without governing board approval.

Credit Risk – State law limits investments for local governments to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institution have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency. Colotrust is rated "AAAm" by Standards and Poors and recorded at fair value.

NOTE -3 PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUES

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, \$90,200 of property taxes was deemed unavailable.

TOWN OF SWINK, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -4 CAPITAL ASSETS

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

Primary Government

	<u>Beginning Balance</u>	<u>Transfers Increases</u>	<u>Transfers Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated				
Land	\$ 20,955	\$ 0	\$ 0	\$ 20,955
Capital assets being depreciated				
Buildings	428,812	0	0	428,812
Equipment	<u>806,732</u>	<u>0</u>	<u>0</u>	<u>806,732</u>
	<u>1,235,544</u>	<u>0</u>	<u>0</u>	<u>1,235,544</u>
Less accumulated depreciation for:				
Buildings	(123,374)	(10,497)	0	(133,871)
Equipment	<u>(214,659)</u>	<u>(39,690)</u>	<u>0</u>	<u>(254,349)</u>
	<u>(338,033)</u>	<u>(50,187)</u>	<u>0</u>	<u>(388,220)</u>
Governmental Activities Net Capital Assets	<u>\$ 918,466</u>	<u>\$ (50,187)</u>	<u>\$ 0</u>	<u>\$ 868,279</u>

Business-Type Activities:

Capital assets being depreciated

Buildings	\$ 2,433	\$ 0	\$ 0	\$ 2,433
Systems	3,496,593	0	0	3,496,593
Equipment	<u>399,646</u>	<u>9,095</u>	<u>0</u>	<u>408,741</u>
	<u>3,898,672</u>	<u>9,095</u>	<u>0</u>	<u>3,907,767</u>
Less accumulated depreciation for				
Buildings	(2,433)	0	0	(2,433)
Systems	(1,821,888)	(93,695)	0	(1,915,583)
Equipment	<u>(203,825)</u>	<u>(28,839)</u>	<u>0</u>	<u>(232,664)</u>
	<u>(2,028,146)</u>	<u>(122,534)</u>	<u>0</u>	<u>(2,150,680)</u>
Business-type Activities Net Capital Assets	<u>\$ 1,870,526</u>	<u>\$ (113,439)</u>	<u>\$ 0</u>	<u>\$ 1,757,087</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:

General government	\$ 13,040
Cultural & recreation	28,196
Public works	<u>8,951</u>
Total depreciation expense – governmental activities	<u>\$ 50,187</u>

TOWN OF SWINK, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -4 CAPITAL ASSETS (Continued)

Business-Type Activities:	
Water Utility	\$ 83,048
Sewer Utility	19,336
Trash Utility	<u>20,150</u>
Total depreciation expense – business-type activities	<u>\$ 122,534</u>

NOTE -5 LONG-TERM DEBT

NOTES PAYABLE

The Water Utility Fund entered into a loan agreement with Colorado Water Resources and Power Development Authority in the amount of \$669,000. The loan proceeds were used to finance construction of water system improvements. The loan carries an interest rate of 3.5%. The loan is payable in semi-annual installments of \$23,604 beginning November 1, 2004 and maturing May 1, 2024. The loan is payable from the revenues generated from the system. The balance due as of December 31, 2017 was \$272,337.

The Water Utility Fund entered into a loan agreement and a Governmental Agency Loan Agreement with Colorado Water Resources and Power Development Authority (the “Authority”) in the amount of \$345,697, with a 1% interest rate. The loan proceeds will be used to upgrade and improve the water system. In 2015, the note payable and cash with trustee were reduced by \$85,862 due to the Town not needing the entire amount allotted by the Authority to complete the project. Beginning November 1, 2015, principal and interest are due in semi-annual installments of \$4,867 maturing November 1, 2041. The loan is collateralized by a first lien (but not necessarily an exclusive lien) on the Water Utility Fund revenues. The loan is payable from the revenues generated from the system. The balance due as of December 31, 2017 was \$207,260.

Annual debt service requirements to maturity are as follow for Business-Type Activities:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2018	\$ 45,688	\$ 11,255	\$ 56,943
2019	47,107	9,836	56,943
2020	48,574	8,369	56,943
2021	50,091	6,852	56,943
2022	51,659	5,284	56,943
2023-2027	109,594	9,893	119,487
2028-2032	43,296	5,379	48,675
2033-2037	45,510	3,165	48,675
2038-2041	<u>38,078</u>	<u>862</u>	<u>38,940</u>
	<u>\$ 479,597</u>	<u>\$ 60,895</u>	<u>\$ 540,492</u>

In connection with the above notes payable, the Town is subject to various covenants and is required to maintain an operation and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation. As of December 31, 2017 the Town was in compliance with all covenants and maintained the required reserve of \$78,000.

ESTIMATED CLOSURE AND POST CLOSURE CARE COSTS

In 1995 the Town entered into an intergovernmental agreement with Otero County and other municipalities within the County to form Otero County Landfill, Inc. (OCLI) to operate the landfill within the County. The agreement transfers the liability for closure and post closure costs to the new organization. The Town and all participating entities are responsible for a portion of the costs based on an average of the population and assessed valuation of each entity to the total of all entities. Based on the current allocation the Town’s share is approximately 2.18% of the estimated \$1,968,000 in closure and post closure costs amounting to approximately \$43,000.

Due to the significant decrease in the estimated closure and post closure costs from 2016 to 2017, the Town’s allocation was reduced by \$17,000 and is reported as a special item on the statement of activities and statement of revenues, expenses and changes in net position in the Trash Utility Fund.

TOWN OF SWINK, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -5 LONG-TERM DEBT (Continued)

ESTIMATED CLOSURE AND POST CLOSURE CARE COSTS (Continued)

The Town and other municipalities are required by state and federal laws and regulations to make certain financial assurances. These have been based on the same percentage as stated above.

	MANZANOLA	OTERO #1	OTERO #2		
			MODULE #1	MODULE #2	MODULE #3
Percent of capacity	96%	100%	89%	88%	15%
Estimated closure date	2019	Closed	2019	2019	2029

SUMMARY OF LONG-TERM DEBT

The following is a summary of bond and other financing transactions of the Town for the year ended December 31, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities:					
Loans payable	\$ 523,913	\$ 0	\$ (44,316)	\$ 479,597	\$ 45,688
Estimated closure and post-closure care costs	60,000	0	(17,000)	43,000	1,300
Business-type activity long-term liabilities	\$ 583,913	\$ 0	\$ (61,316)	\$ 522,597	\$ 46,988

For the year ended December 31, 2017, interest incurred and expensed was \$12,628.

NOTE -6 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town utilizes commercial insurance to meet its insurance needs including workers' compensation. The Town's claims have not exceeded its coverage in any of the last three years.

NOTE -7 TAX SPENDING AND DEBT LIMITATIONS

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

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

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Emergency reserves have been provided for as required by Article X, Section 20 of the constitution of the State of Colorado. Per TABOR, \$6,000 of the fund balance has been reserved in compliance with this requirement.

TOWN OF SWINK, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -7 TAX SPENDING AND DEBT LIMITATIONS (Continued)

The Town's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an enterprise will require judicial interpretation. Accordingly, the possibility exists that the Town's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statements.

In November 1996, the voters of the Town approved an amendment to allow the collection, retention, and expenditure of all excess funds.

NOTE -8 RELATED PARTY TRANSACTION

As indicated in Note -1, the Town entered into an intergovernmental agreement with Otero County Landfill, Inc. (OCLI) regarding a landfill operation. For the year ended December 31, 2017, the Town had paid OCLI \$17,553 for its share of the costs of which \$2,604 is recorded in accounts payable in the Trash Utility Fund. The Town has recognized \$43,000 for its share of estimated closure and post closure care costs.

NOTE -9 PENSION PLAN

The Town provides pension benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate when annual compensation is in excess of \$5,000. The plan requires that the Town match employee contributions up to 3% of the employees' annual compensation. The Town's contribution for the year ended December 31, 2017 was \$2,135.

NOTE -10 SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SWINK, COLORADO

GENERAL FUND

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

YEAR ENDED DECEMBER 31, 2017

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 145,800	\$ 145,800	\$ 141,362	\$ (4,438)
Licenses and permits	300	300	400	100
Intergovernmental	25,000	25,000	30,330	5,330
Charges for services	20,400	20,400	21,030	630
Other	2,200	2,200	2,283	83
TOTAL REVENUES	193,700	193,700	195,405	1,705
EXPENDITURES				
General government	126,900	126,900	125,306	1,594
Public works	64,839	64,839	44,442	20,397
Culture and recreation	32,799	32,799	28,558	4,241
TOTAL EXPENDITURES	224,538	224,538	198,306	26,232
REVENUES OVER (UNDER) EXPENDITURES	(30,838)	(30,838)	(2,901)	27,937
OTHER FINANCING SOURCES				
Transfer in	110,000	110,000	-	(110,000)
NET CHANGE IN FUND BALANCE	79,162	79,162	(2,901)	(82,063)
FUND BALANCE JANUARY 1	139,191	139,191	139,191	-
FUND BALANCE DECEMBER 31	\$ 218,353	\$ 218,353	\$ 136,290	\$ (82,063)

TOWN OF SWINK, COLORADO

CONSERVATION TRUST FUND

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

YEAR ENDED DECEMBER 31, 2017

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Intergovernmental	\$ 6,000	\$ 6,000	\$ 5,926	\$ (74)
EXPENDITURES				
Recreation	1,000	1,000	750	250
REVENUES OVER (UNDER) EXPENDITURES	5,000	5,000	5,176	176
FUND BALANCE JANUARY 1	43,335	43,335	43,335	-
FUND BALANCE DECEMBER 31	\$ 48,335	\$ 48,335	\$ 48,511	\$ 176

OTHER SUPPLEMENTARY INFORMATION

TOWN OF SWINK, COLORADO

GENERAL FUND

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 121,638	\$ 120,609
Receivables		
Accounts	26,658	27,284
Taxes	<u>90,200</u>	<u>94,500</u>
TOTAL ASSETS	<u>\$ 238,496</u>	<u>\$ 242,393</u>
LIABILITIES		
Accounts payable	\$ 5,313	\$ 2,431
Accrued payroll and taxes payable	<u>6,693</u>	<u>6,271</u>
TOTAL LIABILITIES	<u>12,006</u>	<u>8,702</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	<u>90,200</u>	<u>94,500</u>
FUND BALANCE		
Restricted for emergencies - TABOR	6,000	6,500
Assigned	37,991	34,550
Unassigned	<u>92,299</u>	<u>98,141</u>
TOTAL FUND BALANCE	<u>136,290</u>	<u>139,191</u>
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 238,496</u>	<u>\$ 242,393</u>

TOWN OF SWINK, COLORADO

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUES		
Taxes	\$ 141,362	\$ 140,807
Licenses and permits	400	435
Intergovernmental	30,330	30,421
Charges for services	21,030	22,429
Other	<u>2,283</u>	<u>3,915</u>
TOTAL REVENUES	<u>195,405</u>	<u>198,007</u>
EXPENDITURES		
General government	125,306	122,475
Public works	44,442	69,267
Culture and recreation	<u>28,558</u>	<u>24,540</u>
TOTAL EXPENDITURES	<u>198,306</u>	<u>216,282</u>
REVENUES UNDER EXPENDITURES	(2,901)	(18,275)
OTHER FINANCING SOURCES		
Transfer in	<u>-</u>	<u>110,000</u>
NET CHANGE IN FUND BALANCE	(2,901)	91,725
FUND BALANCE (DEFICIT) JANUARY 1	<u>139,191</u>	<u>47,466</u>
FUND BALANCE DECEMBER 31	<u><u>\$ 136,290</u></u>	<u><u>\$ 139,191</u></u>

TOWN OF SWINK, COLORADO

BALANCE SHEET

CONSERVATION TRUST FUND

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	<u>\$ 48,511</u>	<u>\$ 43,335</u>
TOTAL ASSETS	<u><u>\$ 48,511</u></u>	<u><u>\$ 43,335</u></u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE		
Restricted for parks and recreation	<u>48,511</u>	<u>43,335</u>
TOTAL FUND BALANCE	<u>48,511</u>	<u>43,335</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 48,511</u></u>	<u><u>\$ 43,335</u></u>

TOWN OF SWINK, COLORADO

CONSERVATION TRUST FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUES		
Intergovernmental	\$ 5,926	\$ 6,701
EXPENDITURES		
Recreation	<u>750</u>	<u>-</u>
REVENUES OVER EXPENDITURES	5,176	6,701
FUND BALANCE JANUARY 1	<u>43,335</u>	<u>36,634</u>
FUND BALANCE DECEMBER 31	<u><u>\$ 48,511</u></u>	<u><u>\$ 43,335</u></u>

TOWN OF SWINK, COLORADO

WATER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 172,974	\$ 142,039
Accounts receivable	22,008	19,121
Inventory	5,799	4,367
Inventory - water	<u>6,732</u>	<u>6,732</u>
TOTAL CURRENT ASSETS	207,513	172,259
NET PROPERTY AND EQUIPMENT	<u>1,559,718</u>	<u>1,642,766</u>
TOTAL ASSETS	<u><u>\$ 1,767,231</u></u>	<u><u>\$ 1,815,025</u></u>
CURRENT LIABILITIES		
Accounts payable	\$ 4,816	\$ 3,201
Customer deposits	18,150	17,850
Accrued interest	2,131	2,131
Unearned revenue	1,368	-
Loan payable - current maturities	<u>45,688</u>	<u>44,316</u>
TOTAL CURRENT LIABILITIES	72,153	67,498
NONCURRENT LIABILITIES		
Loan payable - net of current maturities	<u>433,909</u>	<u>479,597</u>
TOTAL LIABILITIES	<u>506,062</u>	<u>547,095</u>
NET POSITION		
Net investment in capital assets	1,080,121	1,118,853
Restricted - operations & maintenance	78,000	87,000
Unrestricted	<u>103,048</u>	<u>62,077</u>
TOTAL NET POSITION	<u>1,261,169</u>	<u>1,267,930</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 1,767,231</u></u>	<u><u>\$ 1,815,025</u></u>

TOWN OF SWINK, COLORADO

WATER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for services	\$ 231,376	\$ 231,270
OPERATING EXPENSES		
Salaries	39,906	40,374
Payroll taxes	3,082	3,226
Employee benefits	14,520	14,715
Insurance	10,018	9,892
Repairs and maintenance	19,830	11,526
Supplies	8,978	8,266
Utilities	35,248	35,914
Depreciation	83,048	83,145
Professional services	2,986	3,098
Miscellaneous	7,996	2,296
TOTAL OPERATING EXPENSES	<u>225,612</u>	<u>212,452</u>
OPERATING INCOME	<u>5,764</u>	<u>18,818</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	103	103
Interest expense	<u>(12,628)</u>	<u>(13,386)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(12,525)</u>	<u>(13,283)</u>
INCOME BEFORE TRANSFERS	(6,761)	5,535
OTHER FINANCING SOURCES		
Transfer out	<u>-</u>	<u>(30,000)</u>
CHANGE IN NET POSITION	(6,761)	(24,465)
NET POSITION JANUARY 1	<u>1,267,930</u>	<u>1,292,395</u>
NET POSITION DECEMBER 31	<u>\$ 1,261,169</u>	<u>\$ 1,267,930</u>

TOWN OF SWINK, COLORADO

WATER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 229,857	\$ 236,275
Cash payments to employees	(39,906)	(40,374)
Cash payments for supplies, goods, services	<u>(102,475)</u>	<u>(92,780)</u>
NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES	<u>87,476</u>	<u>103,121</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Customer deposits	300	(1,075)
Transfer to general fund	<u>-</u>	<u>(30,000)</u>
NET CHANGE IN CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	<u>300</u>	<u>(31,075)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on loan	(44,316)	(42,988)
Interest on debt	<u>(12,628)</u>	<u>(13,955)</u>
NET CHANGE IN CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(56,944)</u>	<u>(56,943)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on savings	<u>103</u>	<u>103</u>
NET CHANGE IN CASH	30,935	15,206
CASH - BEGINNING OF YEAR	<u>142,039</u>	<u>126,833</u>
CASH - END OF YEAR	<u><u>\$ 172,974</u></u>	<u><u>\$ 142,039</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 5,764	\$ 18,818
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	83,048	83,145
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(2,887)	5,005
(Increase) decrease in inventory	(1,432)	(1,084)
Increase (decrease) in accounts payable	1,615	(2,763)
Increase (decrease) in unearned revenue	<u>1,368</u>	<u>-</u>
NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES	<u><u>\$ 87,476</u></u>	<u><u>\$ 103,121</u></u>

TOWN OF SWINK, COLORADO

SEWER UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 349,832	\$ 312,568
Accounts receivable	7,415	7,167
	<u>357,247</u>	<u>319,735</u>
TOTAL CURRENT ASSETS		
NET PROPERTY AND EQUIPMENT	<u>57,122</u>	<u>67,363</u>
	<u>\$ 414,369</u>	<u>\$ 387,098</u>
TOTAL ASSETS		
CURRENT LIABILITIES		
Accounts payable	<u>742</u>	<u>742</u>
	<u>742</u>	<u>742</u>
TOTAL CURRENT LIABILITIES		
NET POSITION		
Net investment in capital assets	57,122	67,363
Unrestricted	<u>356,505</u>	<u>318,993</u>
	<u>413,627</u>	<u>386,356</u>
TOTAL NET POSITION		
	<u>\$ 414,369</u>	<u>\$ 387,098</u>
TOTAL LIABILITIES AND NET POSITION		

TOWN OF SWINK, COLORADO

SEWER UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for services	<u>\$ 75,226</u>	<u>\$ 72,821</u>
OPERATING EXPENSES		
Salaries	8,079	8,141
Payroll taxes	624	649
Employee benefits	3,239	3,228
Insurance	1,020	1,061
Repairs and maintenance	13,821	12,579
Supplies	420	576
Utilities	541	634
Depreciation	19,336	19,721
Professional services	2,349	2,434
Miscellaneous	649	-
TOTAL OPERATING EXPENSES	<u>50,078</u>	<u>49,023</u>
OPERATING INCOME	<u>25,148</u>	<u>23,798</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	<u>2,123</u>	<u>1,282</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>2,123</u>	<u>1,282</u>
INCOME BEFORE TRANSFERS	27,271	25,080
OTHER FINANCING SOURCES		
Transfer out	<u>-</u>	<u>(50,000)</u>
CHANGE IN NET POSITION	27,271	(24,920)
NET POSITION JANUARY 1	<u>386,356</u>	<u>411,276</u>
NET POSITION DECEMBER 31	<u>\$ 413,627</u>	<u>\$ 386,356</u>

TOWN OF SWINK, COLORADO

SEWER UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 74,978	\$ 73,565
Cash payments to employees	(8,079)	(8,141)
Cash payments for supplies, goods, services	<u>(22,663)</u>	<u>(21,161)</u>
NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES	<u>44,236</u>	<u>44,263</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer to general fund	<u>-</u>	<u>(50,000)</u>
NET CHANGE IN CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>(50,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisitions of capital assets	<u>(9,095)</u>	<u>-</u>
NET CHANGE IN CASH FLOWS CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(9,095)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on savings	<u>2,123</u>	<u>1,282</u>
NET CHANGE IN CASH FLOWS INVESTING ACTIVITIES	<u>2,123</u>	<u>1,282</u>
NET CHANGE IN CASH	37,264	(4,455)
CASH - BEGINNING OF YEAR	<u>312,568</u>	<u>317,023</u>
CASH - END OF YEAR	<u><u>\$ 349,832</u></u>	<u><u>\$ 312,568</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 25,148	\$ 23,798
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	19,336	19,721
Change in assets and liabilities		
(Increase) decrease in account receivable	<u>(248)</u>	<u>744</u>
NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES	<u><u>\$ 44,236</u></u>	<u><u>\$ 44,263</u></u>

TOWN OF SWINK, COLORADO

TRASH UTILITY FUND

BALANCE SHEET

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash	\$ 70,981	\$ 32,924
Accounts receivable	9,755	9,510
	<u>80,736</u>	<u>42,434</u>
TOTAL CURRENT ASSETS		
NET PROPERTY AND EQUIPMENT	<u>140,247</u>	<u>160,397</u>
	<u>\$ 220,983</u>	<u>\$ 202,831</u>
TOTAL ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,493	\$ 521
Landfill costs - current portion	1,300	1,800
	<u>4,793</u>	<u>2,321</u>
TOTAL CURRENT LIABILITIES		
NONCURRENT LIABILITIES		
Accrued landfill closure and post closure costs - net of current maturities	<u>41,700</u>	<u>58,200</u>
	<u>46,493</u>	<u>60,521</u>
TOTAL LIABILITIES		
NET POSITION		
Net investment in capital assets	140,247	160,397
Unrestricted	<u>34,243</u>	<u>(18,087)</u>
	<u>174,490</u>	<u>142,310</u>
TOTAL NET POSITION		
	<u>\$ 220,983</u>	<u>\$ 202,831</u>
TOTAL LIABILITIES AND NET POSITION		

TOWN OF SWINK, COLORADO

TRASH UTILITY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Charges for services	<u>\$ 95,321</u>	<u>\$ 92,545</u>
OPERATING EXPENSES		
Salaries	19,059	20,231
Payroll taxes	1,472	1,621
Employee benefits	6,636	6,617
Insurance	3,874	3,195
Repairs and maintenance	6,904	3,673
Supplies	1,304	403
Landfill charges	17,553	9,431
Depreciation	20,150	16,381
Professional services	2,349	2,436
Miscellaneous	840	-
TOTAL OPERATING EXPENSES	<u>80,141</u>	<u>63,988</u>
INCOME BEFORE OTHER FINANCING SOURCES AND SPECIAL ITEM	15,180	28,557
OTHER FINANCING SOURCES		
Transfer out	-	(30,000)
SPECIAL ITEM		
Change in accounting estimate	<u>17,000</u>	<u>-</u>
CHANGE IN NET POSITION	32,180	(1,443)
NET POSITION JANUARY 1	<u>142,310</u>	<u>143,753</u>
NET POSITION DECEMBER 31	<u>\$ 174,490</u>	<u>\$ 142,310</u>

TOWN OF SWINK, COLORADO

TRASH UTILITY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 95,076	\$ 93,309
Cash payments to employees	(19,059)	(20,231)
Cash payments for supplies, goods, services	<u>(37,960)</u>	<u>(32,818)</u>
NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES	<u>38,057</u>	<u>40,260</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer to general fund	-	(30,000)
Advances to other funds	<u>-</u>	<u>7,083</u>
NET CHANGE IN CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>(22,917)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisitions of capital assets	<u>-</u>	<u>(135,471)</u>
NET CHANGE IN CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(135,471)</u>
NET CHANGE IN CASH	38,057	(118,128)
CASH - BEGINNING OF YEAR	<u>32,924</u>	<u>151,052</u>
CASH - END OF YEAR	<u><u>\$ 70,981</u></u>	<u><u>\$ 32,924</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 15,180	\$ 28,557
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	20,150	16,381
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(245)	764
Increase (decrease) in accounts payable and accruals	2,972	(442)
Increase (decrease) in accrued landfill costs	<u>-</u>	<u>(5,000)</u>
NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES	<u><u>\$ 38,057</u></u>	<u><u>\$ 40,260</u></u>

TOWN OF SWINK, COLORADO

WATER UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2017

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for services	\$ 199,000	\$ 199,000	\$ 231,376	\$ 32,376
Interest	75	75	103	28
TOTAL REVENUES	199,075	199,075	231,479	32,404
EXPENDITURES				
Salaries	45,667	45,667	39,906	5,761
Payroll taxes	3,000	3,000	3,082	(82)
Employee benefits	15,500	15,500	14,520	980
Insurance	10,000	10,000	10,018	(18)
Repairs and maintenance	10,800	10,800	19,830	(9,030)
Supplies	8,000	8,000	8,978	(978)
Utilities	35,000	35,000	35,248	(248)
Depreciation	65,000	65,000	83,048	(18,048)
Professional services	3,000	3,000	2,986	14
Miscellaneous	6,585	6,585	7,996	(1,411)
Interest Expense	12,000	12,000	12,628	(628)
Debt service	-	-	44,316	(44,316)
TOTAL EXPENDITURES	214,552	214,552	282,556	(68,004)
REVENUE OVER (UNDER) EXPENDITURES	(15,477)	(15,477)	(51,077)	(35,600)
OTHER FINANCING SOURCES				
Transfers	(30,000)	(30,000)	-	30,000
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	<u>\$ (45,477)</u>	<u>\$ (45,477)</u>	(51,077)	<u>\$ (5,600)</u>
ADJUSTMENT TO RECONCILE BUDGETARY BASIS TO GAAP BASIS - ADJUSTMENTS FOR:				
Principal paid on notes			44,316	
CHANGE IN NET POSITION			(6,761)	
NET POSITION JANUARY 1			1,267,930	
NET POSITION DECEMBER 31			<u>\$ 1,261,169</u>	

TOWN OF SWINK, COLORADO

SEWER UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2017

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for services	\$ 60,750	\$ 60,750	\$ 75,226	\$ 14,476
Interest income	400	400	2,123	1,723
TOTAL REVENUES	61,150	61,150	77,349	16,199
EXPENDITURES				
Salaries	8,707	8,707	8,079	628
Payroll taxes	700	700	624	76
Employee benefits	3,125	3,125	3,239	(114)
Insurance	1,500	1,500	1,020	480
Repairs and maintenance	30,000	30,000	13,821	16,179
Supplies	2,000	2,000	420	1,580
Utilities	1,000	1,000	541	459
Depreciation	20,000	20,000	19,336	664
Professional services	3,000	3,000	2,349	651
Miscellaneous	505	505	649	(144)
Capital outlay	-	-	9,095	(9,095)
TOTAL EXPENDITURES	70,537	70,537	59,173	11,364
REVENUE OVER (UNDER) EXPENDITURES	(9,387)	(9,387)	18,176	27,563
OTHER FINANCING SOURCES				
Transfers	(50,000)	(50,000)	-	50,000
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	\$ (59,387)	\$ (59,387)	18,176	\$ 77,563
ADJUSTMENT TO RECONCILE BUDGETARY BASIS TO GAAP BASIS - ADJUSTMENTS FOR:				
Capital asset purchase			9,095	
CHANGE IN NET POSITION			27,271	
NET POSITION JANUARY 1			386,356	
NET POSITION DECEMBER 31			\$ 413,627	

TOWN OF SWINK, COLORADO

TRASH UTILITY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2017

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Charges for services	\$ 71,500	\$ 71,500	\$ 95,321	\$ 23,821
TOTAL REVENUES	71,500	71,500	95,321	23,821
EXPENDITURES				
Salaries	27,491	27,491	19,059	8,432
Payroll taxes	2,000	2,000	1,472	528
Employee benefits	5,250	5,250	6,636	(1,386)
Insurance	3,000	3,000	3,874	(874)
Repairs and maintenance	13,000	13,000	6,904	6,096
Supplies	600	600	1,304	(704)
Landfill charges	13,000	13,000	17,553	(4,553)
Depreciation	3,500	3,500	20,150	(16,650)
Professional services	2,450	2,450	2,349	101
Miscellaneous	-	-	840	(840)
Capital outlay	140,000	140,000	-	140,000
TOTAL EXPENDITURES	210,291	210,291	80,141	130,150
REVENUE OVER (UNDER) EXPENDITURES	(138,791)	(138,791)	15,180	153,971
OTHER FINANCING SOURCES				
Transfers	(30,000)	(30,000)	-	30,000
SPECIAL ITEM				
Change in accounting estimate	-	-	17,000	17,000
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES AND SPECIAL ITEM	\$ (168,791)	\$ (168,791)	32,180	\$ 200,971
NET POSITION JANUARY 1			142,310	
NET POSITION DECEMBER 31			\$ 174,490	

LOCAL HIGHWAY FINANCE REPORT

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

LOCAL HIGHWAY FINANCE REPORT		City or County: TOWN OF SWINK, COLORADO
		YEAR ENDING : December 2017
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Phone:	TESSA YASTE 719-384-7155

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	35,787
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	24,506	c. Other	6,384
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	6,384
5. Transfers from toll facilities		4. General administration & miscellaneous	2,271
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	44,442
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	24,506	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	25,316	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	49,822	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	44,442

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	(15,062)	49,822	44,442	(9,682)	0

Notes and Comments:

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	24,506	g. Other Misc. Receipts	
6. Total (1. through 5.)	24,506	h. Other	
c. Total (a. + b.)	24,506	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	21,907	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	3,409	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	3,409	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	25,316	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: