

TOWN OF WALDEN, COLORADO

ANNUAL FINANCIAL REPORT

December 31, 2017

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May 30, 2018

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HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

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Independent Auditor's Report

To the Honorable Mayor and Board of Trustees
Town of Walden, Colorado

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

Management's Responsibility for the Financial Statements

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

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, 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

Management has elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 31 – 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison schedules for the Capital Projects, Firemen's Pension, Public Utilities and Gas Funds, as well as the Local Highway Finance Report, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedules for the Capital Projects, Firemen's Pension, Public Utilities and Gas Funds, as well as the Local Highway Finance Report are the responsibility of management and was 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 budgetary comparison schedules for the Capital Projects, Firemen's Pension, Public Utilities and Gas Funds, and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hamblin and Associates, LLC

Golden, Colorado
April 2, 2018

Basic Financial Statements

TOWN OF WALDEN, COLORADO

STATEMENT OF NET POSITION

December 31, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 526,356	\$ 867,528	\$ 1,393,884
Restricted cash	1,821	187,068	188,889
Investments	20,010	-	20,010
Receivables:			
Accounts	-	174,981	174,981
Accrued interest	44	1,366	1,410
Property taxes	65,052	-	65,052
Due from other governments	35,286	-	35,286
Inventories	3,161	87,073	90,234
TOTAL CURRENT ASSETS	651,730	1,318,016	1,969,746
CAPITAL ASSETS, NET	692,761	4,139,867	4,832,628
OTHER NONCURRENT ASSETS			
Internal balances	(405)	405	-
TOTAL ASSETS	1,344,086	5,458,288	6,802,374
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	-	14,743	14,743
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	28,649	126,943	155,592
NONCURRENT LIABILITIES			
Due within one year	-	165,451	165,451
Due in more than one year	-	2,195,705	2,195,705
TOTAL NONCURRENT LIABILITIES	-	2,361,156	2,361,156
TOTAL LIABILITIES	28,649	2,488,099	2,516,748
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	65,052	-	65,052
NET POSTION			
Net investment in capital assets	692,761	1,778,711	2,471,472
Restricted for			
Debt services	-	187,068	187,068
Emergencies	25,000	-	25,000
Parks and capital asset acquisitions	312,885	-	312,885
Unrestricted	219,739	1,019,153	1,238,892
TOTAL NET POSITION	\$ 1,250,385	\$ 2,984,932	\$ 4,235,317

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

TOWN OF WALDEN, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
				GOVERNMENTAL ACTIVITIES	BUSINESS - TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES						
General government	\$ 499,503	\$ 223,640	\$ 8,193	\$ (267,670)	\$ -	\$ (267,670)
Public safety	145,124	-	-	(145,124)	-	(145,124)
Streets and highways	183,230	-	30,397	(152,833)	-	(152,833)
Culture and recreation	18,476	-	5,797	(12,679)	-	(12,679)
TOTAL GOVERNMENTAL ACTIVITIES	846,333	223,640	44,387	(578,306)	-	(578,306)
BUSINESS-TYPE ACTIVITIES						
Water and Sewer	470,370	577,426	-	-	107,056	107,056
Gas	912,793	966,670	-	-	53,877	53,877
TOTAL BUSINESS-TYPE ACTIVITIES	1,383,163	1,544,096	-	-	160,933	160,933
GENERAL REVENUES						
Property taxes				66,726	-	66,726
Specific ownership taxes				20,680	-	20,680
Sales tax				374,665	-	374,665
Franchise taxes				16,564	-	16,564
Other taxes				41,274	-	41,274
License and permits				7,098	-	7,098
Fines and forfeits				445	-	445
Other miscellaneous revenue				6,545	61,647	68,192
Unrestricted interest income				171	-	171
TOTAL GENERAL REVENUES				534,168	61,647	595,815
CHANGE IN NET POSITION				(44,138)	222,580	178,442
NET POSITION - Beginning				1,294,523	2,762,352	4,056,875
NET POSITION - Ending				\$ 1,250,385	\$ 2,984,932	\$ 4,235,317

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

TOWN OF WALDEN, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017

	General	Streets And Alleys	Conservation Trust	Sales Tax Capital Improvement	Capital Projects	Total Governmental Funds
ASSETS						
Cash and equivalents	\$ 126,450	\$ 87,845	\$ 52,592	\$ 221,223	\$ 38,246	\$ 526,356
Restricted cash	1,821	-	-	-	-	1,821
Investments	20,010	-	-	-	-	20,010
Receivables:						
Property taxes	58,020	-	-	-	7,032	65,052
Accrued interest	44	-	-	-	-	44
Due from other governments	27,266	-	-	7,860	160	35,286
Inventories	-	3,161	-	-	-	3,161
Total Assets	\$ 233,611	\$ 91,006	\$ 52,592	\$ 229,083	\$ 45,438	\$ 651,730
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts Payable, accrued liabilities and other	\$ 18,747	\$ 3,906	\$ -	5,996	\$ -	\$ 28,649
Due to other funds	405	-	-	-	-	405
TOTAL LIABILITIES	19,152	3,906	-	5,996	-	29,054
 DEFERRED INFLOWS OF RESOURCES						
Unearned revenue - property taxes	58,020	-	-	-	7,032	65,052
 FUND BALANCES						
Nonspendable						
Inventories	-	3,161	-	-	-	3,161
Restricted						
Parks	-	-	52,592	-	-	52,592
Capital asset acquisition	-	-	-	223,087	37,206	260,293
Emergencies	19,400	4,400	-	-	1,200	25,000
Assigned						
Streets and alleys maintenance	-	79,539	-	-	-	79,539
Unassigned	137,039	-	-	-	-	137,039
TOTAL FUND BALANCES	156,439	87,100	52,592	223,087	38,406	557,624
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 233,611	\$ 91,006	\$ 52,592	\$ 229,083	\$ 45,438	\$ 651,730
 TOTAL FUND BALANCE - GOVERNMENTAL FUNDS						\$ 557,624
Amounts reported for governmental activities in the Statement of Net Position are different because:						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:						
Net Capital Assets						692,761
 NET POSITION OF GOVERNMENTAL ACTIVITIES						\$ 1,250,385

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

TOWN OF WALDEN, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended December 31, 2017

	<u>General</u>	<u>Streets And Alleys</u>	<u>Conservation Trust</u>	<u>Sales Tax Capital Improvement</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 339,785	\$ -	\$ -	125,681	8,587	\$ 474,053
Licenses and Permits	7,098	-	-	-	-	7,098
Intergovernmental Revenue	49,205	34,979	5,797	-	-	89,981
Charges for Services	223,640	-	-	-	-	223,640
Fines and Forfeits	445	-	-	-	-	445
Investment Income	171	-	-	-	-	171
Miscellaneous	6,808	-	-	-	-	6,808
TOTAL REVENUES	<u>627,152</u>	<u>34,979</u>	<u>5,797</u>	<u>125,681</u>	<u>8,587</u>	<u>802,196</u>
EXPENDITURES						
Current						
General Government	485,374	-	-	25,852	137	511,363
Public Safety	142,336	-	-	-	-	142,336
Streets and Highways	12,785	146,210	33,919	-	39,877	232,791
Health and Welfare	4	-	-	-	-	4
Culture and Recreation	7,457	-	-	-	-	7,457
TOTAL EXPENDITURES	<u>647,956</u>	<u>146,210</u>	<u>33,919</u>	<u>25,852</u>	<u>40,014</u>	<u>893,951</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>(20,804)</u>	<u>(111,231)</u>	<u>(28,122)</u>	<u>99,829</u>	<u>(31,427)</u>	<u>(91,755)</u>
OTHER FINANCING SOURCES (USES)						
Transfers In (out)	-	125,395	-	(125,395)	-	-
NET CHANGE IN FUND BALANCES	(20,804)	14,164	(28,122)	(25,566)	(31,427)	(91,755)
FUND BALANCES - Beginning	177,243	72,936	80,714	248,653	69,833	649,379
FUND BALANCE - Ending	<u>\$ 156,439</u>	<u>\$ 87,100</u>	<u>\$ 52,592</u>	<u>\$ 223,087</u>	<u>\$ 38,406</u>	<u>\$ 557,624</u>
Net Change in Fund Balances - Total Governmental Funds						\$ (91,755)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over the useful lives as annual depreciation expense.						
Capitalized Assets - Purchased						106,012
Depreciation expense						(58,395)
Change in Net Position - Governmental Activities						<u>\$ (44,138)</u>

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

TOWN OF WALDEN, COLORADO

STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

December 31, 2017

	<u>Public Utility Fund</u>	<u>Gas Utility Fund</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and equivalents	\$ 448,896	\$ 418,632	\$ 867,528
Cash restricted with fiscal agent	-	187,068	187,068
Receivables			
Accounts	52,984	121,997	174,981
Accrued interest	-	1,366	1,366
Due from Other Funds	126	279	405
Inventories	72,951	14,122	87,073
TOTAL CURRENT ASSETS	<u>574,957</u>	<u>743,464</u>	<u>1,318,421</u>
CAPITAL ASSETS			
Property, plant and equipment	6,231,530	3,677,776	9,909,306
Accumulated depreciation	<u>(3,758,143)</u>	<u>(2,011,296)</u>	<u>(5,769,439)</u>
TOTAL CAPITAL ASSETS	<u>2,473,387</u>	<u>1,666,480</u>	<u>4,139,867</u>
TOTAL ASSETS	<u>3,048,344</u>	<u>2,409,944</u>	<u>5,458,288</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on refunding	-	14,743	14,743
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable, accrued expenses and other	14,541	112,402	126,943
Notes payable	-	75,902	75,902
Contract payable	19,433	-	19,433
Bonds payable	35,116	35,000	70,116
TOTAL CURRENT LIABILITIES	<u>69,090</u>	<u>223,304</u>	<u>292,394</u>
NONCURRENT LIABILITIES			
Notes payable	-	606,918	606,918
Contract payable	63,090	-	63,090
Bonds payable	515,697	1,010,000	1,525,697
TOTAL NONCURRENT LIABILITIES	<u>578,787</u>	<u>1,616,918</u>	<u>2,195,705</u>
TOTAL LIABILITIES	<u>647,877</u>	<u>1,840,222</u>	<u>2,488,099</u>
NET POSITION			
Net investment in capital assets	1,840,051	(61,340)	1,778,711
Restricted for debt services	-	187,068	187,068
Unrestricted	560,416	458,737	1,019,153
TOTAL NET POSITION	<u>\$ 2,400,467</u>	<u>\$ 584,465</u>	<u>\$ 2,984,932</u>

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

TOWN OF WALDEN, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

Year Ended December 31, 2017

	Public Utility Fund	Gas Utility Fund	Total
OPERATING REVENUES			
Charges for services	\$ 415,334	\$ 966,670	\$ 1,382,004
Other operating	162,092	-	162,092
TOTAL OPERATING REVENUES	577,426	966,670	1,544,096
OPERATING EXPENSES			
General and administrative	143,325	-	143,325
Water plant operations	86,087	-	86,087
Sewer plant operations	54,774	-	54,774
Cost of gas purchased	-	327,459	327,459
Gas utility operations	-	420,111	420,111
Depreciation	173,507	90,404	263,911
TOTAL OPERATING EXPENSES	457,693	837,974	1,295,667
NET OPERATING INCOME (LOSS)	119,733	128,696	248,429
NONOPERATING REVENUE (EXPENSES)			
Other nonoperating income	2,338	58,309	60,647
Tap fees	1,000	-	1,000
Interest Expense	(12,677)	(74,819)	(87,496)
TOTAL NONOPERATING REVENUES (EXPENSES)	(9,339)	(16,510)	(25,849)
CHANGE IN NET POSITION	110,394	112,186	222,580
NET POSITION - Beginning	2,290,073	472,279	2,762,352
NET POSITION - Ending	\$ 2,400,467	\$ 584,465	\$ 2,984,932

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

TOWN OF WALDEN, COLORADO

STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS
Year Ended December 31, 2017

	<u>Public Utility Fund</u>	<u>Gas Utility Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users	\$ 554,180	\$ 972,028	\$ 1,526,208
Payments to suppliers	(287,514)	(741,625)	(1,029,139)
Due to/due from reconciliations	4,759	33,908	38,667
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>271,425</u>	<u>264,311</u>	<u>535,736</u>
Cash Flows From Noncapital Financing Activities:			
Tap fees and other non-operating income	3,338	58,309	61,647
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Principal paid on long-term obligations	(54,588)	(111,430)	(166,018)
Interest paid on long-term obligations	(12,677)	(74,819)	(87,496)
Net (Acquisition) Disposition of Capital Assets	(165,344)	30,360	(134,984)
NET CASH (USED IN) PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(232,609)</u>	<u>(155,889)</u>	<u>(388,498)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	42,154	166,731	208,885
CASH AND CASH EQUIVALENTS, Beginning	406,742	438,969	845,711
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 448,896</u>	<u>\$ 605,700</u>	<u>\$ 1,054,596</u>
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 119,733	\$ 128,696	\$ 248,429
Adjustments to Reconcile Operating Income (Loss) to net cash provided (used) by operating activities:			
Depreciation	173,507	90,404	263,911
Changes in assets and liabilities:			
(Increase) Decrease in accounts receivable	(15,607)	5,387	(10,220)
(Increase) Decrease in inventory	(6,628)	(29)	(6,657)
(Increase) Decrease in due from other funds	4,759	33,908	38,667
Decrease in loss on refunding	-	1,843	1,843
Increase (decrease) in accounts payable	(3,328)	4,102	774
Increase (decrease) in deferred revenue	(1,011)	-	(1,011)
Total Adjustments	<u>151,692</u>	<u>135,615</u>	<u>287,307</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 271,425</u>	<u>\$ 264,311</u>	<u>\$ 535,736</u>

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

TOWN OF WALDEN, COLORADO

FIREMAN'S PENSION FUND
STATEMENT OF FIDUCIARY NET POSITION

December 31, 2017

ASSETS

Cash and cash equivalents	\$	58,994
Receivables		
Accrued interest		71
Property taxes		1,757
Other receivables		-
Due from other funds		-
Due from other governments		40
		<hr/>
TOTAL ASSETS	\$	<u>60,862</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND PLAN NET POSITION

LIABILITIES

Accounts Payable	\$	-
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DEFERRED INFLOW OF RESOURCES

Unearned revenue - property taxes		1,757
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PLAN NET POSITION

Held in trust for pension benefits		<hr/> 59,104
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TOTAL LIABILITES, DEFERRED INFLOWS OF RESOURCES AND PLAN NET POSTION

	\$	<u>60,861</u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF WALDEN, COLORADO

FIREMEN'S PENSION FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended December 31, 2017

ADDITIONS	
Investment earnings and other	\$ 1,151
General property taxes	1,654
Specific ownership taxes	435
State contribution	5,036
Jackson County contribution	3,900
TOTAL ADDITIONS	<u>12,176</u>
DEDUCTIONS	
Retirement	21,400
Treasurer's fees and other	34
TOTAL DEDUCTIONS	<u>21,434</u>
NET DECREASE	(9,258)
NET POSITION - Beginning	<u>68,362</u>
NET POSITION - Ending	<u>\$ 59,104</u>

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

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

1. Summary Of Significant Accounting Policies

The Town of Walden, Colorado (the Town), operates as a statutory town under Colorado law. The Town is governed by a Board of Trustees consisting of six elected trustees and an elected mayor. The Town provides for the following services as authorized by law: public safety (police and fire), streets and highways, water, sewer, gas, health and welfare, culture and recreation, public improvements, planning and general administrative services.

The accounting policies of the Town conform to generally accepted accounting principles (GAAP). The following is a summary of the Town's significant policies:

Reporting Entity

The Town is considered a primary government for financial reporting purposes since it is a general purpose local government. A primary government consists of all funds, organizations, departments and offices that are part of the municipal corporation and not legally separate.

The financial statements include those of the Town (primary government) and organizations for which the Town is financially accountable (component units). Together, these organizations comprise the Town's reporting entity. The reporting entity includes only the financial statements of the primary government, since there are no component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely for the most part on fees and charges for services.

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

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

1. Summary of Significant Accounting Policies (Continued)

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 and major individual enterprise 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 and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 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.

Property taxes, sales taxes, franchise taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available when cash is received.

The Town reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

1. Summary of Significant Accounting Policies (Continued)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted or committed to expenditures for specified purposes. The Town has three major special revenue funds: (1) the Street and Alley Fund, which is funded primarily by highway user taxes and motor vehicle special assessments; (2) the Conservation Trust Fund to account for state-shared revenues from the Colorado State Lottery and (3) the Sales Tax Capital Improvement Fund to account for a voter-approved sales tax to be used for capital improvements.

Capital Projects Fund - The Capital Projects Fund is used to account for the acquisition or construction of major capital assets (other than those financed by proprietary funds). The principal funding sources are property taxes and transfers from the General Fund. The Town maintains only one capital projects fund.

The Town reports the following major proprietary funds:

Enterprise Funds - The Town has two major enterprise funds: (1) the Public Utilities Fund, which is used to account for the furnishing of water, sewer and waste disposal services and (2) the Gas Utility Fund, which is used to separately account for the operations of the gas utility owned and operated by the Town.

The Town reports the following fiduciary fund:

Pension Trust Fund - The Firemen's Pension Fund is used to account for assets held by the Town in a trustee capacity for pension benefits to qualified personnel.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The major exception to this rule is administrative charges between the general governmental and water and sewer functions. Elimination of these charges would distort the direct costs and program revenues reported for these functions.

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.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

1. Summary of Significant Accounting Policies (Continued)

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied by the Board of Trustees in accordance with the Town's budget development procedures. Property assessments are performed by the Jackson County Assessor, while property taxes are collected by the Jackson County Treasurer. Property taxes are collected in the year after the property is assessed and the taxes levied.

The property taxes are an ad valorem (according to value) tax levied on taxable real and personal property on the basis of assessed valuation. Real property consists of land and associated improvements. Personal property includes any portable property used to generate income (inventories, equipment, etc.). Two factors account for the income derived from property taxes: (1) the calculation of assessed valuation and (2) the mill levy.

	Tax Year
Beginning of fiscal year for taxes	January 1
Assessed valuation certified by County Assessor	August 25
Property tax levy by Board of Trustees	December 15
Tax levy certified to County Commissioners	December 15
County Commissioners certify levy to County Assessor	December 22
	Ensuing Collection Year
Taxes attach as an enforceable lien on property	January 1
County Assessor delivers tax warrant to County Treasurer	January 10
Tax notices rendered	January 10
First installment due date (one-half of taxes due)	February 28
Taxes due in full (unless installments elected by taxpayer)	April 30
Second installment due date (second half due)	June 15

Stewardship, Compliance and Accountability

Annual budgets are established for all funds of the Town. Budgetary comparisons are included in the appropriate financial statements and schedules as required by law. The legal level of budgetary control for all funds is at the individual fund level. All appropriations unexpended at the end of the year lapse to the applicable fund. Encumbrance accounting is not used by the Town for budget or financial reporting purposes.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

1. Summary of Significant Accounting Policies (Continued)

The following is a summary of the procedures used in establishing budgetary data reflected in the financial statements:

1. On or before October 15, the Town Clerk submits to the Board of Trustees a proposed budget for the next year.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to December 1, the Board adopts the budget and passes the appropriation and mill levy ordinances.
4. After commencement of the fiscal year, the appropriation ordinance is non-repealable. However, the Board may adopt supplemental appropriations by ordinance or resolution due to circumstances which could not be foreseen at the time of adoption of the original budget.

Investments

The Town has stated its investments at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31. Investments in money market funds, U.S. Treasury funds and local government investment pools are at fair value, which is determined by the fund trustee using quoted market prices. The fair value of the Town's position in the pool is the same as the value of the pool shares.

Receivables

Accounts and loans receivable are expressed net of allowances for doubtful accounts.

Inventory

Inventories are valued at cost using the first-in, first-out method and are expensed as they are used.

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 \$5,000 and an estimated useful life in excess of two years.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

1. Summary of Significant Accounting Policies (Continued)

In the case of capitalization of general *infrastructure* capital assets (i.e., those reported by governmental activities) at transition, the Town chose to include such assets *prospectively* beginning at the effective date of GASB Statement No. 34. As a Phase 3 government, the Town is not required to, and therefore has chosen not to, report major general infrastructure assets retroactively.

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

<u>Capital Asset Type</u>	<u>Years</u>
Buildings	40 - 50
Building improvements	15 - 20
Public domain infrastructure	10 - 50
Water and sewer system infrastructure	15 - 50
Gas system infrastructure	40
Machinery and equipment	5 - 20

Compensated Absences

Vacation and sick pay are expensed when paid. Accumulated unpaid vacation is not accrued at December 31 since it is considered immaterial. Accumulated unpaid sick leave is not accrued since it does not meet the criteria for accrual.

Statement of Cash Flows

For purposes of the statement of cash flows, the Town considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Time deposits are not considered cash equivalents for the statement of cash flows.

Refundings of Long-Term Debt

For refunding resulting in defeasance of debt in proprietary funds, the difference between the reacquisition price and the net carrying amount of the refunded debt is deferred and amortized using the straight-line method to interest expense over the life of the new debt or the refunded debt, whichever is shorter.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

1. Summary of Significant Accounting Policies (Continued)

Deferred Outflows and Inflows of Resource

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that period. The Town has a deferred loss on refunding, which is recorded as a deferred outflow. The deferred loss results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is reported in the statement of net position and is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses and capital contributions. Net position is classified into the following three components:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of amounts that do not meet the definition of "restricted" or "net investment in capital assets."

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

1. Summary of Significant Accounting Policies (Continued)

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

Fund Balance

In the fund financial statements, governmental funds report fund balances based on GASB reporting standards that establish criteria for classifying fund balances into specifically defined classifications to make the nature and extent of constraints both useful and understandable. The classifications comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified in the financial statements as follows:

Nonspendable fund balance - those amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact, such as inventories or revolving loans.

Restricted fund balance - those amounts that are restricted for specific purposes due to externally imposed constraints imposed by creditors, grantors, constitutional provisions, laws or regulations of other governments or enabling legislation of the Town that is legally enforceable, such as Conservation Trust Fund balances or TABOR emergency reserves.

Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Trustees, the Town's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Trustees.

Assigned fund balance - those amounts that are constrained by the Town's intent to use for specific purposes, but are neither restricted nor committed, such as capital projects. Only the Board of Trustees has authority to assign funds.

Unassigned fund balance - those amounts that are remaining after amounts are set aside using the above classifications.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

1. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

2. Cash and Investments

The Town's pooled cash checking account is available for use by all funds of the Town. Each fund type's portion of this pooled account is reflected on the balance sheet. Investments held separately by several of the Town's funds included Certificates of Deposit.

Cash Deposits

Colorado statutes require protection of public moneys in banks and savings and loans beyond that provided by federal depository insurance. The Public Deposit Protection Act (PDPA) in Section 11-10.5-107(5), C.R.S., requires all units of local government to deposit cash in eligible public depositories. Eligible public depositories are required to pledge designated eligible collateral that has a market value equal to at least 102% of the deposits exceeding those amounts insured by federal insurance. Upon liquidation of a defaulting eligible depository, the statute requires the State Banking Board to seize the eligible collateral, liquidate the collateral and repay the public deposits to the depositing government.

PDPA allows financial institutions to create a single collateral pool for all public funds. The pool for all the uninsured deposits is to be maintained by a third-party custodian. The custodian is required to hold the securities in the name of the collateral pool (that is, collectively for the governments secured by the collateral). The eligible collateral is defined by PDPA. The State Division of Banking monitors the naming of eligible public depositories and the reporting of uninsured deposits and assets maintained in the collateral pools. Under PDPA, the local government's responsibility is to ensure that the bank is a PDPA-eligible depository, register with the Division of Banking to obtain an Official Custodian Identification Number and provide the bank with the assigned number before funds are deposited.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

2. Cash and Investments (Continued)

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of a third party. Pursuant to Statement No. 40 of GASB, deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and the deposits are:

(1) Uncollateralized, (2) collateralized with securities held by the pledging financial institution or (3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor - government's name. If a government has deposits at the end of the fiscal year that are exposed to custodial credit risk, the amount of those deposits must be disclosed.

Since the Town's deposits are in an eligible public depository and its deposits are recognized by the custodian as one of the governments covered by the financial institution's collateral pool, the Town's deposits are fully collateralized, and there is no custodial credit risk.

At December 31, 2017, the carrying value of the Town's deposits was \$1,602,783, and the bank balances were \$1,641,369. Of the bank balances, \$270,009 was covered by federal deposit insurance, and \$1,371,360 was collateralized under PDPA.

Certificates of Deposit held by the Town are subject to penalties for early withdrawal.

Investment policies are governed by Colorado statute and the Town's own investment policies. Investments of the Town may include the following (certain limitations apply):

- Obligations of the United States and its agencies
- Obligations which are guaranteed by the United States government
- Obligations of the World Bank, Inter-American Development Bank and African Development Bank
- General obligation bonds of any state, District of Columbia, U.S. territory or any of their subdivisions
- Revenue bonds of any state, District of Columbia, U.S. territory or any of their subdivisions
- Bankers acceptances issued by state or national banks
- Commercial paper
- The Town's own obligations
- Repurchase agreements in U.S. government and U.S. government agency securities
- Money market funds
- Guaranteed investment contracts
- Designated local government investment pools

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

2. Cash and Investments (Continued)

Custodial Credit Risk

Investments of the Town are exposed to custodial credit risk if the securities are uninsured, are not registered in the Town's name and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not in the Town's name. As of December 31, 2017, none of the Town's investments are subject to custodial credit risk.

Credit Quality Risk

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligations. This risk is assessed by national rating agencies which assign a credit quality rating for many investments. Credit quality ratings for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not reported; however, credit quality ratings are reported for obligations of U.S. government agencies that are not explicitly guaranteed by the U.S. government. Based on these parameters, as of December 31, 2017, the Town has no investments that are subject to credit quality risk reporting.

Concentration of Credit Risk

The Town has no investments.

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 losses arising from increasing interest rates.

Foreign Currency Risk

The Town's investments were not subject to foreign currency risk.

Restricted Cash

Restricted cash consists of certificates of deposit pledged as collateral to secure funds for the revolving loan program.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

3. Capital Assets

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

	Balance <u>1/1/2017</u>	Additions	Adjustments/ <u>Deletions</u>	Balance <u>12/31/2017</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 45,114	\$ -	\$ 607	\$ 44,507
Capital assets being depreciated:				
Buildings	219,303	-	-	219,303
Improvements other than buildings	1,050,388	-	-	1,050,388
Infrastructure	66,275	-	-	66,275
Software	-	39,209	-	39,209
Vehicles and equipment	258,582	67,794	-	326,376
Total Capital Assets Being Depreciated	<u>1,594,548</u>	<u>107,003</u>	<u>-</u>	<u>1,701,551</u>
Less accumulated depreciation:				
Buildings	(134,393)	(4,058)	64	(138,515)
Improvements other than buildings	(586,555)	(27,892)	946	(615,393)
Infrastructure	(50,261)	(4,578)	(1,103)	(53,736)
Software	-	(6,535)	-	(6,535)
Vehicles and equipment	(223,309)	(15,332)	477	(239,118)
Total accumulated depreciation	<u>(994,518)</u>	<u>(58,395)</u>	<u>384</u>	<u>(1,053,297)</u>
Net Capital Assets Being Depreciated	<u>600,030</u>	<u>48,608</u>	<u>(384)</u>	<u>648,254</u>
Net Governmental Activities Capital Assets	<u>\$ 645,144</u>	<u>\$ 48,608</u>	<u>\$ 223</u>	<u>\$ 692,761</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 2,742	\$ -	\$ -	\$ 2,742
Water rights	60,220	-	-	60,220
Construction in Progress	-	165,344	-	165,344
Total Capital Assets Not Being Depreciated	<u>62,962</u>	<u>165,344</u>	<u>-</u>	<u>228,306</u>
Capital assets being depreciated:				
Water plant and system	4,676,412	-	-	4,676,412
Sewer plant and system	1,243,972	-	-	1,243,972
Gas plant and system	3,559,840	-	-	3,559,840
Vehicles and equipment	231,136	-	30,360	200,776
Total Capital Assets Being Depreciated	<u>9,711,360</u>	<u>-</u>	<u>30,360</u>	<u>9,681,000</u>
Less accumulated depreciation:				
Water plant and system	(2,635,878)	(146,963)	-	(2,782,841)
Sewer plant and system	(894,070)	(24,225)	-	(918,295)
Gas plant and system	(1,812,046)	(88,998)	-	(1,901,044)
Vehicles and equipment	(193,894)	(3,725)	(30,360)	(167,259)
Total accumulated depreciation	<u>(5,535,888)</u>	<u>(263,911)</u>	<u>(30,360)</u>	<u>(5,769,439)</u>
Net Capital Assets Being Depreciated	<u>4,175,472</u>	<u>(263,911)</u>	<u>-</u>	<u>3,911,561</u>
Net Business-Type Activities Capital Assets	<u>\$ 4,238,434</u>	<u>\$ (98,567)</u>	<u>\$ -</u>	<u>\$ 4,139,867</u>

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

3. Capital Assets (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 26,355
Public safety	2,788
Streets and highways	18,233
Culture and recreation	11,019
Governmental Activities Total	<u>\$ 58,395</u>
Business-Type Activities	
Public Utilities (Water & Sewer)	\$ 173,507
Gas Utilities	90,404
Business-type Activities Total	<u>\$ 263,911</u>

4. Interfund Balances

The following is a summary of individual fund receivables and payables at December 31, 2017, all of which are not expected to be collected within one year. The purpose of these internal balances was to finance capital improvements in the recipient funds.

	<u>Advances From</u>	<u>Advances To</u>
General Fund	\$ -	\$ 405
Streets & Alleys Fund	-	-
Public Utilities Fund	126	-
Gas Utilities Fund	<u>279</u>	<u>-</u>
Totals	<u>\$ 405</u>	<u>\$ 405</u>

5. Long-Term Debt

Contract Payable

During 1981, the Town entered into a contract with the State of Colorado, acting through the Colorado Water Conservation Board (CWCB), to provide \$450,000 of long-term financing for construction of improvements to the Town's water distribution system. Under the terms of the contract, the Town pledged the water treatment plant as collateral for a long-term obligation. The Town must repay the obligation in 40 annual installments of \$22,734 (which includes principal and interest at 4%) beginning July 15, 1982, and yearly thereafter until the entire principal sum is paid. The Town is required to manage, operate and maintain the water system without expense to the State and assumes all legal liability for these requirements. The balance of the obligation at December 31, 2017 is \$82,523.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

5. Long-Term Debt (Continued)

The requirements to amortize the long-term contract payable to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 19,433	\$ 3,301	\$ 22,734
2019	20,210	2,524	22,734
2020	21,019	1,715	22,734
2021	21,861	874	22,735
	<u>\$ 82,523</u>	<u>\$ 8,414</u>	<u>\$ 90,937</u>

Bonds Payable

During 2006, the Town issued its Public Utility Enterprise Water Revenue Bond, Series 2006, in the amount of \$900,000 to help pay for upgrades to the Town's water treatment facilities. As part of the transaction, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA). Under the terms of the loan agreement, the Town is obligated to repay the loan plus interest at 1.75% in annual installments of \$44,602. The Town pledged its net revenue from the operation of the water utility for repayment of the loan and is required to provide rates and charges in order to maintain coverage of 110% on its Public Utility Enterprise obligations. The loan is payable from and collateralized by the Town's water and sewer revenues in the amount of \$758,386 through 2031. Principal and interest paid for the current year and pledged revenue received was \$44,602. The proportion of the pledged revenue to total water revenues is not estimable because annual fees and usage fluctuate. The balance of the bond at December 31, 2017 is \$550,813.

The requirements to amortize the bond payable to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 35,116	\$ 9,486	\$ 44,602
2019	35,733	8,869	44,602
2020	36,361	8,241	44,602
2021	37,000	7,602	44,602
2022	37,651	6,952	44,602
2023-2027	198,415	24,596	223,011
2028-2032	170,538	6,749	177,288
	<u>\$ 550,815</u>	<u>\$ 72,495</u>	<u>\$ 623,309</u>

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

5. Long-Term Debt (Continued)

The Town's Gas Utility Fund obligations at December 31, 2017, consist of the following:

\$1,500,000 Gas Utility Revenue Refunding Bonds, Series 1996A - These bonds were issued for the purpose of refinancing the lease obligation of the Walden Capital Leasing Corporation. The bonds bear interest of 4.875% and are payable annually on June 1 from 1997 through 2036. Interest is payable each June 1 and December 1 as long as the bonds are outstanding.

Debt service requirements for the Series 1996A gas utility revenue bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 35,000	\$ 50,091	\$ 85,091
2019	35,000	48,385	83,385
2020	40,000	46,557	86,557
2021	40,000	44,607	84,607
2022	40,000	42,656	82,656
2023-2027	245,000	179,765	424,765
2028-2032	305,000	112,734	417,734
2033-2036	305,000	30,103	13,103
	<u>\$ 1,045,000</u>	<u>\$ 554,898</u>	<u>\$ 1,277,898</u>

Jackson County \$830,000 promissory note for a loan on January 18, 2015 - This note bears interest at 3.5% and is payable annually on January 18th from 2016 through 2025. Note proceeds were used to pay off the 2002 bonds, repay monies borrowed from other funds of the Town, and repay the 1996 bond reserve.

The requirements to amortize the note payable to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 75,902	\$ 23,899	\$ 99,800
2019	78,558	21,242	99,800
2020	81,308	18,493	99,800
2021	84,154	15,647	99,800
2022	87,099	12,701	99,800
2023-2027	275,800	19,383	295,183
	<u>\$ 682,820</u>	<u>\$ 111,365</u>	<u>\$ 794,184</u>

The bond and note ordinances require \$187,000 be restricted for Debt Service Reserves.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

5. Long-Term Debt (Continued)

Interest expense of \$74,819 and \$2,585 was incurred by the Gas Utility and Public Utilities Funds, respectively, in 2017, all of which was charged to expense.

Long-term debt activity for the year ended December 31, 2017, was as follows:

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
Business-Type Activities					
Gas revenue bond payable -1996A	\$ 1,080,000	\$ -	\$ (35,000)	\$ 1,045,000	\$ 35,000
Jackson County note payable - Gas	759,250	-	(76,430)	682,820	75,902
Water contract payable - CWCB	101,209	-	(18,686)	82,523	19,433
Water bond payable - CWRPDA	585,253	-	(34,439)	550,814	35,116
Total Business-Type Activities	<u>\$ 2,525,711</u>	<u>\$ -</u>	<u>\$ (164,555)</u>	<u>\$ 2,361,156</u>	<u>\$165,451</u>

6. Pension Plan - Volunteer Firemen's Pension Plan

The Town has a Volunteer Firemen's Pension Plan (the Plan) which has characteristics of both a defined benefit plan and a defined contribution plan. The Town accounts for the plan as a defined benefit plan. The Plan is noncontributory regarding participants. Under state statutes, the Town has no obligation to keep the Plan actuarially sound.

The Plan was established pursuant to the authority of the Colorado statutes in effect at the time of inception of the Plan. The Plan is governed by the Pension Board of the North Park Volunteer Fire Department and is accounted for in the Firemen's Pension Fund.

The Plan is a defined benefit plan covering volunteer firefighters of the North Park Fire Department. The Plan provides \$100 of monthly retirement payments to volunteer firemen after they have completed 20 years of service. The Fund also provides death and disability payments to members of the volunteer fire department injured or killed in the line of duty.

Funding is provided through property taxes levied by the Town, contributions from the State of Colorado and Jackson County, when available, and interest earned on investments. None of these entities are obligated to provide funding for the Plan. Eighteen retired volunteers are currently vested members of the Plan.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

6. Pension Plan - Volunteer Firemen's Pension Plan (Continued)

Plan net assets of \$58,994 are held in cash and certificates of deposit at Mountain Valley Bank. Cash and certificates of deposit are fully insured by the Federal Deposit Insurance Corporation.

Retirement payments are recognized as an expense when current benefits are paid to retirees. A summary of additions to the Plan for the current and prior five years is as follows:

	2017	2016	2015	2014	2013	2012
Property taxes	\$ 1,661	\$ 1,770	\$ 1,720	\$ 1,770	\$ 1,082	\$ 1,120
Specific ownership taxes	435	406	422	395	627	630
State of Colorado contributions	5,036	1,924	5,105	4,778	5,115	4,441
Jackson County contributions	3,900	3,600	3,600	3,600	2,400	3,600
Investment earnings and other	647	171	50	1,337	1,676	225
Total Additions	\$ 11,679	\$ 7,871	\$ 10,897	\$ 11,880	\$ 10,900	\$ 10,016

Information that meets the parameters of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, regarding the annual required contributions was not available for disclosure for the years 2009 through 2017 for the Plan since an actuarial study has not been prepared.

Statewide Pension Plan

The Town contributes to the Colorado County Officials and Employees Retirement Association (CCOERA) pension plan on behalf of all full-time nonuniformed employees. Employees are required to participate in the plan after one year of service.

The plan is a defined contribution plan through which contributions of employers are combined with contributions of employees and invested in income-earning instruments for the benefit of plan participants. Any county, municipality or special district of the State of Colorado may, with the consent of CCOERA, become a member and participate in the plan by adopting it for its officers and employees. During 2017, the Town and participating employees each contributed amounts equal to 3% of compensation to the plan. The total contribution in 2017 was \$4,480. Employee contributions must match employer contributions; however, employees may make additional voluntary contributions not to exceed 10% of compensation. Participants are immediately vested 100% in their own contributions and earnings. Vesting in employer contributions and earnings occurs at the rate of 20% per year. Copies of the plan's financial statements may be obtained from CCOERA.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

7. Risk Management

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is an organization created by intergovernmental agreement in 1982 solely to provide property and casualty coverage to its members. In 1987, CIRSA/WC was formed as a separate pool by intergovernmental agreement to provide coverage to members under the Colorado Workmen's Compensation Act. Both organizations have a legal obligation for claims against members to the extent that funds are available in annually established loss funds and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so. Settled claims have not exceeded coverage in any of the past three fiscal years.

8. Tax, Spending and Debt Limitations

Colorado voters passed an amendment (the Amendment) to the State Constitution, Article X, Section 20, also known as the Taxpayer Bill of Rights or TABOR, which has several limitations, including those for revenue, expenditures, property taxes and issuance of debt. The Amendment is complex and subject to judicial interpretation. In the opinion of management, the Town is in compliance with the provisions of the Amendment.

In accordance with the Amendment, an emergency reserve has been established for the Town to use for declared emergencies. The reserve is reflected as net position/fund balance "restricted/reserved for emergencies" in the financial statements.

On November 2, 1999, voters of the Town affirmed a "Debrucing measure" passed by the Board of Trustees, which exempts the Town from the revenue and spending limits of the Amendment. The measure allowed the Town to retain excess revenue in 1998 and any derived in future years.

9. Regulatory Matters

The Town operates a public utility in Colorado but has been ruled as exempt from the jurisdiction of the Colorado Public Utilities Commission. The Town also operates a public utility in Wyoming. As such, the Town is subject to the jurisdiction of the Wyoming Public Service Commission.

TOWN OF WALDEN, COLORADO
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2017

10. Revolving Loan Program

Several years ago, the Town received a grant for the purpose of establishing a "revolving loan" program. The Town pledges collateral as security for a local bank to make low-interest loans to local businesses in accordance with the program's guidelines. At December 31, 2017, the Town had \$84,003 available for this purpose.

11. Related-Party Transactions

During 2017, the Mayor's utility administrative fees were waived in accordance with the Town's Board Compensation Policy. Additionally, Board Members receive minimal compensation for attending monthly meetings.

12. Jointly Governed Organization

The Town, through an intergovernmental agreement with Jackson County, created a fire authority (the Authority), which provides firefighting services to the citizens of both participating governments. The Authority is an independent legal entity organized under state statutes, and the Town has no equity interest in it. The Authority's governing board is comprised of two members from each of the participating governments.

13. Subsequent Events

The Town has evaluated subsequent events through the date on which the financial statements were available to be issued.

14. Budgetary Matters

For year-ended December 31, 2017, The Conservation Trust Fund expenditures exceeded budget appropriations by \$3,919 and The Sales Tax Capital Improvement Fund expenditures exceeded budget by \$8,852 which may be a violation of State statutes.

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Required Supplementary Information

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2017

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Taxes	\$ 285,996	\$ 339,785	\$ 53,789
Licences and permits	4,770	7,098	2,328
Intergovernmental	38,600	49,205	10,605
Charges for Services	223,640	223,640	-
Fines and forfeits	900	445	(455)
Investment earnings	800	171	(629)
Miscellaneous	3,402	6,808	3,406
TOTAL REVENUES	558,108	627,152	69,044
EXPENDITURES			
General government	482,640	485,374	(2,734)
Public safety	144,500	142,336	2,164
Streets and highways	12,000	12,785	(785)
Health and welfare	1,000	4	996
Culture and recreation	7,800	7,457	343
TOTAL EXPENDITURES	647,940	647,956	(16)
NET CHANGE IN FUND BALANCE	(89,832)	(20,804)	69,028
FUND BALANCE - BEGINNING	177,243	177,243	-
FUND BALANCE - ENDING	\$ 87,411	\$ 156,439	\$ 69,028

See the accompanying Independent Auditor's Report.

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE

STREETS AND ALLEYS FUND

Year Ended December 31, 2017

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Intergovernmental	\$ 25,000	\$ 34,979	\$ 9,979
TOTAL REVENUES	<u>25,000</u>	<u>34,979</u>	<u>9,979</u>
EXPENDITURES			
Streets and highways	<u>165,000</u>	<u>146,210</u>	<u>18,790</u>
NET CHANGE IN FUND BALANCE	(140,000)	(111,231)	28,769
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>140,000</u>	<u>125,395</u>	<u>(14,605)</u>
REVENUE AND OTHER SOURCES IN EXCESS (DEFICIENCY) OF EXPENDITURES AND OTHER USES	-	14,164	14,164
FUND BALANCE - Beginning	<u>72,936</u>	<u>72,936</u>	<u>-</u>
FUND BALANCE - Ending	<u><u>\$ 72,936</u></u>	<u><u>\$ 87,100</u></u>	<u><u>\$ 28,769</u></u>

See the accompanying Independent Auditor's Report.

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
Year Ended December 31, 2017

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Intergovernmental	\$ 6,200	\$ 5,797	\$ (403)
TOTAL REVENUES	<u>6,200</u>	<u>5,797</u>	<u>(403)</u>
EXPENDITURES			
Culture and Recreation	<u>30,000</u>	<u>33,919</u>	<u>(3,919)</u>
TOTAL EXPENDITURES	<u>30,000</u>	<u>33,919</u>	<u>(3,919)</u>
NET CHANGE IN FUND BALANCE	(23,800)	(28,122)	(4,322)
FUND BALANCE - Beginning	<u>80,714</u>	<u>80,714</u>	<u>-</u>
FUND BALANCE - Ending	<u>\$ 56,914</u>	<u>\$ 52,592</u>	<u>\$ (4,322)</u>

See the accompanying Independent Auditor's Report.

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE
SALES TAX CAPITAL IMPROVEMENT FUND
Year Ended December 31, 2017

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Sales taxes	\$ 84,000	\$ 125,681	\$ 41,681
EXPENDITURES			
ESTIP Agreement	17,000	25,852	(8,852)
OTHER FINANCING (USES)			
Transfers in (out)	(409,250)	(125,395)	283,855
NET CHANGE IN FUND BALANCE	(342,250)	(25,566)	316,684
FUND BALANCE - Beginning	344,897	248,653	(96,244)
FUND BALANCE - Ending	<u>\$ 2,647</u>	<u>\$ 223,087</u>	<u>\$ 220,440</u>

See the accompanying Independent Auditor's Report.

Other Supplementary Information

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE

CAPITAL PROJECTS FUND

Year Ended December 31, 2017

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Taxes	\$ 8,281	\$ 8,587	\$ 306
TOTAL REVENUES	8,281	8,587	306
EXPENDITURES			
General Government	120	137	(17)
Public Safety	46,000	-	46,000
Capital Outlay	-	39,877	(39,877)
TOTAL EXPENDITURES	46,120	40,014	6,106
NET CHANGE IN FUND BALANCE	(37,839)	(31,427)	(5,800)
FUND BALANCE - Beginning	69,833	69,833	-
FUND BALANCE - Ending	<u>\$ 31,994</u>	<u>\$ 38,406</u>	<u>\$ (5,800)</u>

See the accompanying Independent Auditor's Report.

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE

FIREMAN FUND

Year Ended December 31, 2017

	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
ADDITIONS			
Investment earnings and other	\$ 570	\$ 1,151	\$ 581
General Property taxes	1,761	1,654	(107)
Specific ownership taxes	660	435	(225)
State contribution	5,115	5,036	(79)
Jackson County contribution	3,600	3,900	300
TOTAL ADDITIONS	11,706	12,176	470
DEDUCTIONS			
Retirement	21,600	21,400	200
Treasurer's fees and other	132	34	98
TOTAL DEDUCTIONS	21,732	21,434	298
NET DECREASE	(10,026)	(9,258)	768
NET POSITION - BEGINNING	68,362	68,362	-
NET POSITION - ENDING	\$ 58,336	\$ 59,104	\$ 768

See the accompanying Independent Auditor's Report.

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE
PUBLIC UTILITY (WATER & SEWER) FUND
Year Ended December 31, 2017

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Water	\$ 195,216	\$ 266,853	\$ 71,637
Sewer	130,000	148,481	18,481
Other	20,000	1,970	(18,030)
Tap fees	-	1,000	1,000
Transfers in	231,250	-	(231,250)
Interest	200	368	168
State Grant	693,750	162,092	(531,658)
Transfers in (out)	231,250	-	(231,250)
TOTAL REVENUES	1,270,416	580,764	(689,652)
EXPENDITURES			
Operating expenses	149,000	143,325	5,675
Other expenditures - water	84,500	86,087	(1,587)
Other expenditures - sewer	964,000	54,774	909,226
Interest expense	15,913	12,677	3,236
Payment on CWCB contract	18,686	20,149	(1,463)
Payment on CWRPDA loan	32,738	34,439	(1,701)
Capital outlay	-	165,344	(165,344)
TOTAL EXPENDITURES	1,264,837	516,795	748,042
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET BASIS			
	\$ 5,579	63,969	\$ 58,390
GAAP BASIS ADJUSTMENTS:			
Capital outlay		165,344	
Depreciation expense		(173,507)	
Payments on long-term debt		54,588	
TOTAL GAAP BASIS ADJUSTMENTS:		46,425	
NET INCOME - GAAP BASIS		110,394	
NET POSITION - Beginning		2,290,073	
NET POSITION - Ending		\$ 2,400,467	

See the accompanying Independent Auditor's Report.

TOWN OF WALDEN, COLORADO

BUDGETARY COMPARISON SCHEDULE

GAS UTILITY FUND

Year Ended December 31, 2017

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Gas sales	\$ 988,600	\$ 762,403	\$ (226,197)
Monthly charges	216,000	204,267	(11,733)
Interest	500	1,714	1,214
Other	1,300	56,595	55,295
TOTAL REVENUES	1,206,400	1,024,979	(181,421)
EXPENDITURES			
Cost of gas purchased	376,000	327,459	48,541
Other operating expenses	431,290	416,772	14,518
Other expenditures			
Interest	75,000	74,819	181
Principal	100,000	111,430	(11,430)
Contingency	20,000	3,339	16,661
TOTAL EXPENDITURES	1,002,290	933,819	68,471
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES - BUDGET AND GAAP BASIS			
	\$ 204,110	91,160	\$ (112,950)
GAAP BASIS ADJUSTMENTS			
Depreciation		(90,404)	
Principal paid		111,430	
TOTAL GAAP BASIS ADJUSTMENTS		21,026	
NET INCOME - GAAP BASIS		112,186	
NET POSITION - Beginning		472,279	
NET POSITION - Ending		\$ 584,465	

See the accompanying Independent Auditor's 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 Walden, Jackson County
YEAR ENDING :
December 2017

This Information From The Records Of - Town of Walden, CO

Prepared By: Sherry Cure
Phone: 970-723-4344

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)	125,395
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	17,696
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	0	b. Snow and ice removal	2,450
3. Other local imposts (from page 2)	0	c. Other	0
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	2,450
5. Transfers from toll facilities	0	4. General administration & miscellaneous	669
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0
a. Bonds - Original Issues	0	6. Total (1 through 5)	146,210
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	0	b. Redemption	0
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	34,979	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	34,979	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	146,210

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
72,936	160,375	146,210	87,101	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): 12/17

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	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	0	g. Other Misc. Receipts	0
6. Total (1. through 5.)	0	h. Other	0
c. Total (a. + b.)	0	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	30,397	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	4,583	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	4,583	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	34,979	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	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	125,395	125,395
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	125,395	125,395
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	125,395	125,395
			(Carry forward to page 1)

Notes and Comments: