

**TOWN OF ALMA
ALMA, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2018**

TOWN OF ALMA

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INTRODUCTORY SECTION

TOWN OF ALMA
ROSTER OF TOWN OFFICIALS

December 31, 2018

Board Of Trustees

Saam Golgoon	- Mayor
Andrew Zimmerman	- Mayor Pro-tem
Minette Doss	- Trustee
Bob Ensign	- Trustee
Mike Matkus	- Trustee
Corrie Stiles	- Trustee
Gary Goettelman	- Trustee

Staff

Nancy Comer	- Town Administrator
Travis Orcutt	- Public Works Director
Steve Holland	- Chief of Police

FINANCIAL SECTION

TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

The discussion and analysis of the Town of Alma's (the Town) financial performance provides an overall review of the Town's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the Town's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The Town of Alma remains in strong financial condition overall.

- The assets of the Town exceeded its liabilities at the close of fiscal year 2018 by 2,984,936 (*net position*). Of this amount, \$418,938 (*unrestricted net position*) may be used to meet the Town's ongoing obligations or unforeseen expenses.

- As of the close of fiscal year 2018, the Town of Alma's governmental funds reported a combined ending fund balance of \$526,608 a decrease of \$29,153 compared to fiscal year 2017.

- At the end of fiscal year 2018, unassigned fund balance for the general fund was \$220,096. This balance will be monitored to insure that balances are adequate to allow for contingencies.

- General Fund 2018 revenues decreased by \$39,320 from 2017 levels, while expenses increased \$80,989.

Using the Basic Financial Statements

The Basic Financial Statements consists of the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Town of Alma as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements: the Statement of Net Position and the Statement of Activities. Both provide long-term and short-term information about the Town's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail. The governmental fund statements tell how general Town services were financed in the short-term, as well as what remains for future spending mda

TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

The Town of Alma has the following governmental funds:

- General Fund
- Conservation Trust Fund
- Debt Service Fund

Proprietary fund statements offer short-term and long-term financial information about the activities that the Town operates as a business. The Town operates two proprietary funds as follows:

- Water Fund
- Sewer Fund

Fiduciary fund statements provide information about financial relationships where the Town acts solely as a trustee or agent for the benefit of others to whom the resources in question belong. The Town does not have any fiduciary funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the Town as a Whole

The Town's total assets were \$4,164,7964 as of December 31, 2018. Of this amount, \$1,907,905 or 46 percent is attributable to the Town's proprietary funds.

Government-Wide Financial Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private businesses. The statements of net position include all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. The change in net position is important because it tells the reader that, for the Town as a whole, the financial position of the Town has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions, contributed assets, and state or federal government required programs.

Both of the 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 of Alma include: general government; public safety (police); public works; and community culture and recreation. The Business-type Activities of the Town of Alma include water and sewer utilities.

**TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

Net Position

Net position might serve over time as a useful indicator of a government's financial position. In the case of the Town of Alma, assets exceeded liabilities by \$2,984,936 at the close of 2018. Combined net position of the Town at December 31, 2018 were:

	CONDENSED STATEMENT OF NET POSITION					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current and Other Assets	\$ 652,379	\$ 676,845	\$ 329,564	\$ 287,472	\$ 981,943	\$ 964,317
Capital Assets	<u>1,511,499</u>	<u>(1,435,127)</u>	<u>1,559,718</u>	<u>1,586,430</u>	<u>3,071,217</u>	<u>151,303</u>
Total Assets	<u>2,163,878</u>	<u>(758,282)</u>	<u>1,889,282</u>	<u>1,873,902</u>	<u>4,053,160</u>	<u>1,115,620</u>
DEFERRED OUTFLOWS	<u>92,981</u>	<u>100,868</u>	<u>18,623</u>	<u>23,703</u>	<u>111,604</u>	<u>124,571</u>
LIABILITIES						
Current Liabilities	14,599	11,338	11,744	6,573	26,343	17,911
Noncurrent Liabilities	<u>397,986</u>	<u>438,535</u>	<u>544,723</u>	<u>577,415</u>	<u>942,709</u>	<u>1,015,950</u>
Total Liabilities	<u>412,585</u>	<u>449,873</u>	<u>556,467</u>	<u>583,988</u>	<u>969,052</u>	<u>1,033,861</u>
DEFERRED INFOWS	<u>191,490</u>	<u>150,290</u>	<u>19,286</u>	<u>15,769</u>	<u>210,776</u>	<u>166,059</u>
NET POSITION						
Net Investment in Capital Assets	1,127,726	1,052,530	1,083,291	1,081,057	2,211,017	2,133,587
Restricted	310,464	291,127	44,517	40,461	354,981	331,588
Unrestricted	<u>214,594</u>	<u>282,371</u>	<u>204,344</u>	<u>176,330</u>	<u>418,938</u>	<u>458,701</u>
Total Net Position	<u>\$ 1,652,784</u>	<u>\$ 1,626,028</u>	<u>\$ 1,332,152</u>	<u>\$ 1,297,848</u>	<u>\$ 2,984,936</u>	<u>\$ 2,923,876</u>

The statement of net position reflects a cash position totaling \$625,676, or 65 percent of total assets. The bulk of the Town's resources, \$3,071,217, or 76 percent of total assets, are invested in capital assets. These assets consist of land, buildings, infrastructure, and water & sewer systems.

The Town of Alma uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Alma's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources because, in general, the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Changes in Net Position

Governmental activities increased the Town of Alma's net position by \$26,756. This is primarily due to the increase in charges for service and sales and franchise taxes.

Business activities increased the Town's net position by \$34,311.

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
PROGRAM REVENUES						
Charges for Services	\$ 159,446	\$ 181,610	\$ 203,551	\$ 199,981	\$ 362,997	\$ 381,591
Operating Grants	57,953	34,502	-	-	57,953	34,502
Capital Grants	-	-	15,000	-	15,000	-
Total Program Revenues	<u>217,399</u>	<u>216,112</u>	<u>218,551</u>	<u>199,981</u>	<u>435,950</u>	<u>416,093</u>
GENERAL REVENUES						
Property Taxes	101,194	115,253	-	-	101,194	115,253
Specific Ownership Taxes	16,803	16,678	-	-	16,803	16,678
Sales Taxes	162,248	158,571	-	-	162,248	158,571
Franchise & Other Taxes	21,095	18,384	3,244	-	24,339	18,384
Gain(Loss) on Disposal of Capital Assets	496	2,972	(228)	3,471	268	6,443
Interest Income	7,243	(56,000)	2,778	1,677	10,021	(54,323)
Other Revenues	10,059	7,618	-	-	10,059	7,618
Total General Revenues	<u>319,138</u>	<u>263,476</u>	<u>5,794</u>	<u>5,148</u>	<u>324,932</u>	<u>268,624</u>
Total Revenues	<u>536,537</u>	<u>479,588</u>	<u>224,345</u>	<u>205,129</u>	<u>760,882</u>	<u>684,717</u>
PROGRAM EXPENSES						
General Government	231,042	223,133	-	-	231,042	223,133
Public Safety	97,830	102,140	-	-	97,830	102,140
Public Works	134,813	143,263	-	-	134,813	143,263
Culture and Recreation	20,678	10,486	-	-	20,678	10,486
Water Operations	-	-	118,013	99,919	118,013	99,919
Sewer Operations	-	-	67,720	69,762	67,720	69,762
Interest	9,918	10,904	-	-	9,918	10,904
Total Program Expenses	<u>494,281</u>	<u>489,926</u>	<u>185,733</u>	<u>169,681</u>	<u>680,014</u>	<u>659,607</u>
CHANGE IN NET POSITION						
	<u>42,256</u>	<u>(10,338)</u>	<u>38,612</u>	<u>35,448</u>	<u>80,868</u>	<u>25,110</u>
Net Position, Beginning	1,626,028	1,636,366	1,297,848	1,262,400	2,923,876	2,898,766
Prior Period Restatement	(15,500)	-	(4,308)	-	(19,808)	-
Net Position, Beginning (as Restated)	<u>1,610,528</u>	<u>1,636,366</u>	<u>1,293,540</u>	<u>1,262,400</u>	<u>2,904,068</u>	<u>2,898,766</u>
NET POSITION, ENDING	\$ 1,652,784	\$ 1,626,028	\$ 1,332,152	\$ 1,297,848	\$ 2,984,936	\$ 2,923,876

**TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

Reporting the Town's Most Significant Funds

The analysis of the Town's major funds begins immediately following the government wide financial statements. Fund financial statements provide more detailed information about the Town's major funds.

Governmental Funds - The focus on the Town of Alma's governmental funds is to provide information on short-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Proprietary Funds - Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the business-type activities of the Town as a whole. The proprietary fund statements, however, will provide a greater level of detail that that found in the government-wide statements.

Capital Assets

The following is a summary of the Town's capital asset activity for the year. Additional capital asset information can be found in the footnotes to the financial statements.

	<u>Balance</u> <u>1/1/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/18</u>
Governmental activities:				
Capital Assets not being depreciated:				
Land & Improvements	\$ 473,831	\$ -	\$ -	\$ 473,831
Construction in Progress	6,450	102,463	-	108,913
Non-Depreciable Collection	<u>59,000</u>	<u>-</u>	<u>-</u>	<u>59,000</u>
Total capital assets not being depreciated	<u>539,281</u>	<u>102,463</u>	<u>-</u>	<u>641,744</u>
Capital assets being depreciated:				
Buildings & Improvements	389,233	7,000	-	396,233
Equipment & Vehicles	478,401	44,876	-	523,277
Streets	<u>873,693</u>	<u>-</u>	<u>-</u>	<u>873,693</u>
Total capital assets being depreciated:	<u>1,741,327</u>	<u>51,876</u>	<u>-</u>	<u>1,793,203</u>
Accumulated depreciation:				
Buildings & Improvements	(203,739)	(11,555)	-	(215,294)
Equipment and vehicles	(265,544)	(57,451)	-	(322,995)
Streets	<u>(362,847)</u>	<u>(34,948)</u>	<u>-</u>	<u>(397,795)</u>
Total accumulated depreciation	<u>(832,130)</u>	<u>(103,954)</u>	<u>-</u>	<u>(936,084)</u>
Total governmental activities capital assets, net of depreciation:	<u>\$ 1,448,478</u>	<u>\$ 50,385</u>	<u>\$ -</u>	<u>\$ 1,498,863</u>

TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

	<u>Balance</u> <u>1/1/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/18</u>
Business-type activities:				
Capital Assets not being depreciated:				
Water rights	\$ 60,090	\$ -	\$ -	\$ 60,090
Construction in progress	-	24,623	-	24,623
Total Capital Assets not being depreciated	<u>60,090</u>	<u>24,623</u>	<u>-</u>	<u>84,713</u>
Capital Assets being depreciated:				
Water plant and lines	2,215,079	-	672	2,214,407
Sewer plant & lines	684,287	-	-	684,287
Water equipment	24,965	10,800	9,351	26,414
Sewer equipment	37,136	-	9,468	27,668
Total capital assets being depreciated:	<u>2,961,467</u>	<u>10,800</u>	<u>19,491</u>	<u>2,952,776</u>
Accumulated depreciation:				
Water plant and lines	(907,869)	(47,308)	(444)	(954,733)
Sewer plant & lines	(465,736)	(13,479)	-	(479,215)
Water equipment	(23,806)	(1,119)	(9,351)	(15,574)
Sewer equipment	(37,715)	-	(9,468)	(28,247)
Total accumulated depreciation	<u>(1,435,126)</u>	<u>(61,906)</u>	<u>(19,263)</u>	<u>(1,477,769)</u>
Total business-type activities capital assets, net of depreciation	<u>\$ 1,586,431</u>	<u>\$ (26,483)</u>	<u>\$ 228</u>	<u>\$ 1,559,720</u>

Debt Administration

The following is a summary of the Town's long-term debt activity. Additional debt information can be found in the footnotes to the financial statements.

	<u>Balance</u>					
	<u>As Restated</u>			<u>Balance</u>	<u>Current</u>	<u>Interest</u>
	<u>12/31/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/18</u>	<u>Portion</u>	<u>Expense</u>
Governmental Activities						
2001 General Obligation Bonds	\$ 30,136	\$ -	\$ 7,195	\$ 22,941	\$ 7,416	\$ 1,141
2015 Copier Capital Lease	4,469	-	1,459	3,010	1,534	190
PERA Net Pension Liability	244,584	-	-	244,584	-	-
HTCF Net OPEB Liability	17,771	1,284	-	19,055	-	-
2016 TBK Bank Lease	159,346	-	16,465	142,881	17,350	8,562
Total Governmental Activities Debt	<u>\$ 456,306</u>	<u>\$ 1,284</u>	<u>\$ 25,119</u>	<u>\$ 432,471</u>	<u>\$ 26,300</u>	<u>\$ 9,893</u>
Business-type Activities						
1992 Water & Sewer Revenue Bonds	\$ 207,200	\$ -	\$ 9,500	197,700	\$ 10,100	\$ 10,243
2011 CWRPDA Water Loan	298,173	-	19,445	278,728	19,836	6,563
PERA Net Pension Liability	72,042	-	8,690	63,352	-	78,215
HTCF Net OPEB Liability	4,896	48	-	4,944	-	-
Total Business-type Activities Debt	<u>\$ 582,311</u>	<u>\$ 48</u>	<u>\$ 37,635</u>	<u>\$ 544,724</u>	<u>\$ 29,936</u>	<u>\$ 95,021</u>

**TOWN OF ALMA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018**

General Fund Budget

The Town's General Fund revenues were \$217,950 less than the amounts budgeted primarily due to not selling excess equipment as was expected. Expenditures were \$473,530 under budget. The unexpended funds were also due to the non sale of old equipment and the replacement of same.

Conservation Trust Fund Budget

The Town's Conservation Trust Fund had minimal expenditures. Monies will be set aside next year for projects in the future. The Riverwalk Project is still in the planning stage yet again.

The Future of the Town

Due to the high cost of equipment and vehicle maintenance, the Town of Alma is working on the construction of a garage sufficient to house the majority of the Town's rolling stock. Also, a vehicle replacement schedule will be implemented to help alleviate some of the unplanned repairs. Monies have been budgeted, loan secured, and grants funds have been acquired for the building of the garage. The first round of bids came back more than \$200,000 over estimates. The town is acting as its own general contractor to build the garage. Foundation work has been completed and construction will start in the Spring.

The water department has plans for technological updating. Monies have been budgeted for equipment updates.

A Project Needs Assessment (PNA) of the sewer plant was completed by RG Consulting Engineers. The Town will need to update or replace the existing lagoon system in order to meet mandated limits for ammonia. A grant has been received from DOLA to do a consolidation analysis to determine the viability of consolidating with the Town of Fairplay compared to building a new mechanical plant.

The Town of Alma has taken over the concessionaire duties at the Kite Lake Campsite which sits at the top of the Alma watershed. All revenues and expenses are being incorporated in a separate fund of the General Fund.

Requests for Information

The financial report is designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the Town's finances. Questions concerning this or any additional information should be addressed to Nancy Comer, Town Administrator, Town of Alma, P.O. Box 1050, Alma, Colorado 80420.

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Trustees
Town of Alma
Alma, Colorado

Independent Auditors' Report

Report on the Financial Statements

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 Alma, Colorado, as of and for the year ended December 31, 2018, and the related notes to the financial statements which collectively comprise the basic financial statements of the Town, 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 the 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 of 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 controls. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Alma, Colorado, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 11 to the financial statements, the 2017 financial statements have been restated to reflect the adoption of GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required restatement of the beginning December 31, 2018 fiscal year net position. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Town of Alma's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

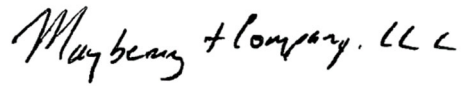
Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M7 and pension schedules on pages 53-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, 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.

Required Supplementary Information – Budgetary Comparison Schedule and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 59-61 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. In addition, the combining and individual fund schedules on pages 62-67 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Local Highway Finance Report page 68-69 is presented for purposes of legal compliance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

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Englewood, Colorado
May 29, 2019

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Basic Financial Statements

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TOWN OF ALMA

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash	\$ 406,118	\$ 219,558	\$ 625,676
Restricted Cash and Investments	82,679	44,517	127,196
Receivables			
Property Tax Receivable	113,477	-	113,477
Utility Receivable	-	59,656	59,656
Cash with Fiscal Agent	1,532	-	1,532
Accounts Receivable	39,889	-	39,889
Prepaid Expenses	8,684	5,833	14,517
Total Current Assets	<u>652,379</u>	<u>329,564</u>	<u>981,943</u>
Noncurrent Assets			
Capital Assets not being Depreciated	641,744	84,713	726,457
Capital Assets being Depreciated	1,793,203	2,952,776	4,745,979
Accumulated Depreciation	(936,084)	(1,477,771)	(2,413,855)
Net Pension Asset	12,636	-	12,636
Total Noncurrent Assets	<u>1,511,499</u>	<u>1,559,718</u>	<u>3,071,217</u>
TOTAL ASSETS	<u>2,163,878</u>	<u>1,889,282</u>	<u>4,053,160</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES			
Deferred Outflows - Pensions	89,499	17,579	107,078
Deferred Outflows - OPEB	3,482	1,044	4,526
TOTAL DEFERRED OUTFLOWS	<u>92,981</u>	<u>18,623</u>	<u>111,604</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 2,256,859</u>	<u>\$ 1,907,905</u>	<u>\$ 4,164,764</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 8,892	\$ 5,872	\$ 14,764
Accrued Liabilities	3,402	-	3,402
Accrued Interest Payable	2,305	5,872	8,177
Total Current Liabilities	<u>14,599</u>	<u>11,744</u>	<u>26,343</u>
Noncurrent Liabilities			
Due within one year	26,300	29,936	56,236
Due in more than one year	371,686	514,787	886,473
Total Noncurrent Liabilities	<u>397,986</u>	<u>544,723</u>	<u>942,709</u>
TOTAL LIABILITIES	<u>412,585</u>	<u>556,467</u>	<u>969,052</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	113,477	-	113,477
Deferred Inflows Pensions	77,695	19,002	96,697
Deferred Inflows - OPEB	318	284	602
TOTAL DEFERRED INFLOWS	<u>191,490</u>	<u>19,286</u>	<u>210,776</u>
NET POSITION			
Net Investment in Capital Assets	1,127,726	1,083,291	2,211,017
Restricted Net Position	310,464	44,517	354,981
Unrestricted Net Position	214,594	204,344	418,938
TOTAL NET POSITION	<u>1,652,784</u>	<u>1,332,152</u>	<u>2,984,936</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,256,859</u>	<u>\$ 1,907,905</u>	<u>\$ 4,164,764</u>

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

TOWN OF ALMA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2018

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	\$ 231,042	\$ 68,132	\$ 37,538	\$ -
Public Safety	97,830	55,064	-	-
Public Works	134,813	36,250	18,952	-
Culture and Recreation	20,678	-	1,463	-
Interest on Debt	9,918	-	-	-
TOTAL GOVERNMENT ACTIVITIES	494,281	159,446	57,953	-
Business-type Activities				
Current:				
Water	118,013	124,867	-	7,500
Sewer	67,720	78,684	-	7,500
TOTAL BUSINESS-TYPE ACTIVITIES	185,733	203,551	-	15,000
TOTAL GOVERNMENT	\$ 680,014	\$ 362,997	\$ 57,953	\$ 15,000
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Sales Taxes				
Franchise Taxes				
Other Taxes				
Interest Income				
Gain (Loss) on Disposal of Capital Assets				
Insurance Proceeds				
Other Revenues				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION - Beginning				
Prior Period Restatement				
NET POSITION - Beginning (as Restated)				
NET POSITION - Ending				

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (125,372)	\$ -	\$ (125,372)
(42,766)	-	(42,766)
(79,611)	-	(79,611)
(19,215)	-	(19,215)
(9,918)	-	(9,918)
<u>(276,882)</u>	<u>-</u>	<u>(276,882)</u>
-	14,354	14,354
-	18,464	18,464
-	32,818	32,818
<u>(276,882)</u>	<u>32,818</u>	<u>(244,064)</u>
101,194	-	101,194
16,803	-	16,803
162,248	-	162,248
21,095	-	21,095
496	-	496
7,243	3,244	10,487
-	(228)	(228)
-	2,778	2,778
10,059	-	10,059
<u>319,138</u>	<u>5,794</u>	<u>324,932</u>
<u>42,256</u>	<u>38,612</u>	<u>80,868</u>
1,626,028	1,297,848	2,923,876
(15,500)	(4,308)	(19,808)
<u>1,610,528</u>	<u>1,293,540</u>	<u>2,904,068</u>
<u>\$ 1,652,784</u>	<u>\$ 1,332,152</u>	<u>\$ 2,984,936</u>

TOWN OF ALMA

BALANCE SHEET

GOVERNMENTAL FUNDS

DECEMBER 31, 2018

With Comparative Totals for December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>Other</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash	\$ 406,118	\$ -	\$ -
Restricted Cash and Investments	-	67,425	15,254
Receivables			
Property Tax Receivable	102,364	11,113	-
Cash with Fiscal Agent	1,383	149	-
Accounts Receivable	39,889	-	-
Prepaid Expenses	8,684	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 558,438</u>	<u>\$ 78,687</u>	<u>\$ 15,254</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 8,892	\$ -	\$ -
Accrued Liabilities	3,402	-	-
TOTAL LIABILITIES	<u>12,294</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	<u>102,364</u>	<u>11,113</u>	<u>-</u>
FUND BALANCE			
Nonspendable Fund Balance	8,684	-	-
Restricted Fund Balance	215,000	67,574	15,254
Unassigned Fund Balance	220,096	-	-
TOTAL FUND BALANCE	<u>443,780</u>	<u>67,574</u>	<u>15,254</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 558,438</u>	<u>\$ 78,687</u>	<u>\$ 15,254</u>

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

Total	
2018	2017
\$ 406,118	\$ 437,674
82,679	77,010
113,477	111,743
1,532	1,321
39,889	35,957
8,684	13,140
<u>\$ 652,379</u>	<u>\$ 676,845</u>

\$ 8,892	\$ 3,930
3,402	5,411
<u>12,294</u>	<u>9,341</u>
<u>113,477</u>	<u>111,743</u>
8,684	13,140
297,828	291,127
<u>220,096</u>	<u>251,494</u>
526,608	555,761
<u>\$ 652,379</u>	<u>\$ 676,845</u>

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TOWN OF ALMA

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2018**

Fund Balance - Governmental Funds			\$ 526,608
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds			
Capital assets, not being depreciated	\$ 641,744		
Capital assets, being depreciated	1,793,203		
Accumulated depreciation	<u>(936,084)</u>	1,498,863	
Certain long-term pension and OPEB related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds			
PERA Pension Liability			
Net deferred PERA pension outflows	64,952		
Net PERA pension liability	(210,099)		
Net deferred PERA pension outflows	<u>(64,810)</u>	(209,957)	
FPPA Pension Liability			
Net deferred FPPA pension outflows	24,547		
Net FPPA pension asset	12,636		
Net deferred FPPA pension outflows	<u>(12,885)</u>	24,298	
OPEB Liability			
Net deferred OPEB outflows	3,482		
Net OPEB liability	(19,055)		
Net deferred OPEB outflows	<u>(318)</u>	(15,891)	
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.			
Bonds payable	(22,941)		
Notes payable	(142,881)		
Capital leases payable	(3,010)		
Accrued interest payable	<u>(2,305)</u>	(171,137)	
Total Net Position - Governmental Activities			<u>\$ 1,652,784</u>

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

TOWN OF ALMA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Funds</u>
REVENUES			
Taxes	\$ 289,328	\$ 12,509	\$ -
Intergovernmental Revenues	56,240	-	1,463
Licenses and Permits	12,567	-	-
Fines and Forfeits	55,064	-	-
Charges for Services	91,815	-	-
Investment Earnings	6,930	35	278
Other Revenues	10,308	-	-
TOTAL REVENUES	<u>522,252</u>	<u>12,544</u>	<u>1,741</u>
EXPENDITURES			
Current:			
General Government	202,119	-	-
Public Safety	101,042	-	-
Public Works	52,656	-	-
Parks, Recreation and Other	19,426	-	-
Capital Outlay	155,256	-	462
Debt Service	26,607	8,122	-
TOTAL EXPENDITURES	<u>557,106</u>	<u>8,122</u>	<u>462</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(34,854)	4,422	1,279
FUND BALANCE, BEGINNING	<u>478,634</u>	<u>63,152</u>	<u>13,975</u>
FUND BALANCE, ENDING	<u>\$ 443,780</u>	<u>\$ 67,574</u>	<u>\$ 15,254</u>

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

TOTAL	
2018	2017
\$ 301,837	\$ 308,886
57,703	34,501
12,567	7,303
55,064	113,194
91,815	61,113
7,243	2,972
10,308	47,619
<u>536,537</u>	<u>575,588</u>

202,119	199,607
101,042	99,354
52,656	62,835
19,426	10,110
155,718	79,183
34,729	35,218
<u>565,690</u>	<u>486,307</u>
(29,153)	89,281
<u>555,761</u>	<u>466,480</u>
<u>\$ 526,608</u>	<u>\$ 555,761</u>

TOWN OF ALMA

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018**

Change in Fund Balance - Governmental Funds \$ (29,153)

Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level

Capitalized Asset Purchases	\$ 154,339	
Depreciation Expense	<u>(103,954)</u>	50,385

Pension and OPEB expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.

PERA Pension Liability

Change in deferred pension outflows	(12,729)	
Change in net pension liability	31,008	
Change in deferred pension inflows	<u>(29,375)</u>	(11,096)

FPPA Pension Liability

Change in deferred pension outflows	1,360	
Change in net pension liability	16,113	
Change in deferred pension inflows	<u>(9,773)</u>	7,700

OPEB Liability

Change in deferred OPEB outflows	1,211	
Change in net OPEB liability	(1,284)	
Change in deferred OPEB inflows	<u>(318)</u>	(391)

Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level

Principal payments on bonds payable	7,195	
Principal payments on notes payable	16,465	
Principal payments on capital leases	1,459	
Change in accrued interest payable	<u>(308)</u>	<u>24,811</u>

Change in Net Position - Governmental Activities \$ 42,256

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

TOWN OF ALMA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2018

With Comparative Totals for December 31, 2017

	<u>Business-type Activities</u>			
	Water	Sewer	Total	
	Fund	Fund	2018	2017
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Cash	\$ 12,347	\$ 207,211	\$ 219,558	\$ 191,184
Restricted Cash and Investments	35,226	9,291	44,517	40,461
Utility Receivable	38,362	21,294	59,656	50,330
Prepaid Expenses	-	5,833	5,833	5,497
Total Current Assets	<u>85,935</u>	<u>243,629</u>	<u>329,564</u>	<u>287,472</u>
Noncurrent Assets				
Capital Assets not being depreciated	60,090	24,623	84,713	60,090
Capital Assets being depreciated	2,240,821	711,955	2,952,776	2,961,467
Accumulated Depreciation	<u>(970,887)</u>	<u>(506,884)</u>	<u>(1,477,771)</u>	<u>(1,435,127)</u>
Total Noncurrent Assets	<u>1,330,024</u>	<u>229,694</u>	<u>1,559,718</u>	<u>1,586,430</u>
TOTAL ASSETS	<u>1,415,959</u>	<u>473,323</u>	<u>1,889,282</u>	<u>1,873,902</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES				
Deferred Outflows - Pensions	9,850	7,729	17,579	23,703
Deferred Outflows - OPEB	621	423	1,044	-
TOTAL DEFERRED OUTFLOWS	<u>10,471</u>	<u>8,152</u>	<u>18,623</u>	<u>23,703</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 1,426,430</u>	<u>\$ 481,475</u>	<u>\$ 1,907,905</u>	<u>\$ 1,897,605</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 415	\$ 5,457	\$ 5,872	\$ 399
Accrued Interest Payable	3,872	2,000	5,872	6,174
Total Current Liabilities	<u>4,287</u>	<u>7,457</u>	<u>11,744</u>	<u>6,573</u>
Noncurrent Liabilities				
Due within one year	25,850	4,086	29,936	29,116
Due in more than one year	404,736	110,051	514,787	548,299
Total Noncurrent Liabilities	<u>430,586</u>	<u>114,137</u>	<u>544,723</u>	<u>577,415</u>
TOTAL LIABILITIES	<u>434,873</u>	<u>121,594</u>	<u>556,467</u>	<u>583,988</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Deferred Inflows Pensions	9,741	9,261	19,002	15,769
Deferred Inflows - OPEB	142	142	284	-
TOTAL DEFERRED INFLOWS	<u>9,883</u>	<u>9,403</u>	<u>19,286</u>	<u>15,769</u>
NET POSITION				
Net Investment in Capital Assets	933,586	149,705	1,083,291	1,081,057
Restricted Net Position	35,226	9,291	44,517	40,461
Unrestricted Net Position	12,862	191,482	204,344	176,330
TOTAL NET POSITION	<u>981,674</u>	<u>350,478</u>	<u>1,332,152</u>	<u>1,297,848</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 1,426,430</u>	<u>\$ 481,475</u>	<u>\$ 1,907,905</u>	<u>\$ 1,897,605</u>

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

TOWN OF ALMA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	<u>Business-type Activities</u>			
	Water	Sewer	Total	
	Fund	Fund	2018	2017
Operating Revenues				
Utility Charges	\$ 124,427	\$ 78,684	\$ 203,111	\$ 199,241
Other Charges for Services	440	-	440	740
Total Revenues	<u>124,867</u>	<u>78,684</u>	<u>203,551</u>	<u>199,981</u>
Operating Expenses				
Personnel Services	30,423	25,345	55,768	34,357
Administrative/Office Expenses	525	349	874	710
Insurance	3,238	6,426	9,664	-
Operating Supplies	-	94	94	111
Professional Fees	2,525	4,870	7,395	9,236
Repairs and Maintenance	8,487	2,866	11,353	13,568
Travel and Training	981	131	1,112	431
Treatment	2,021	2,161	4,182	4,905
Telephone and Utilities	7,284	6,440	13,724	14,998
Other Operating Expenses	1,914	1,511	3,425	13,478
Depreciation Expense	48,428	13,479	61,907	61,374
Other Capital Outlay	428	-	428	45
Total Expenditures	<u>106,254</u>	<u>63,672</u>	<u>169,926</u>	<u>153,213</u>
Operating Income (Loss)	<u>18,613</u>	<u>15,012</u>	<u>33,625</u>	<u>46,768</u>
Other Income (Expense)				
Investment Earnings	1,299	1,945	3,244	1,677
Other Revenue	2,639	139	2,778	3,471
Interest Expense	(11,759)	(4,048)	(15,807)	(16,468)
Gain (Loss) on Sale of Assets	(228)	-	(228)	-
Total Other Income (Expense)	<u>(8,049)</u>	<u>(1,964)</u>	<u>(10,013)</u>	<u>(11,320)</u>
Net Income (Loss)	10,564	13,048	23,612	35,448
Contributed Capital				
Plant Investment Fees	7,500	7,500	15,000	-
Change in Net Position	<u>18,064</u>	<u>20,548</u>	<u>38,612</u>	<u>35,448</u>
Net Position, Beginning	965,764	332,084	1,297,848	1,262,400
Prior Period Restatement	(2,154)	(2,154)	(4,308)	-
Net Position, Beginning (As Restated)	<u>963,610</u>	<u>329,930</u>	<u>1,293,540</u>	<u>1,262,400</u>
Net Position, Ending	<u>\$ 981,674</u>	<u>\$ 350,478</u>	<u>\$ 1,332,152</u>	<u>\$ 1,297,848</u>

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

TOWN OF ALMA

STATEMENT OF CASH FLOWS -

PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	<u>Business-type Activities</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	
	<u>Fund</u>	<u>Fund</u>	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 118,780	\$ 75,445	\$ 194,225	\$ 194,591
Cash Paid to Suppliers	(26,749)	(31,208)	(57,957)	(63,368)
Cash Paid to Employees	(31,287)	(13,095)	(44,382)	(32,338)
Net Cash Provided by Operating Activities	<u>60,744</u>	<u>31,142</u>	<u>91,886</u>	<u>98,885</u>
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	7,500	7,500	15,000	-
Debt Principal Payments	(25,102)	(3,844)	(28,946)	(28,401)
Interest Payments	(11,965)	(4,144)	(16,109)	(16,714)
Acquisition of Capital Assets	(10,800)	(24,623)	(35,423)	-
Cash Flows Used by Capital and Related Financing Activities	<u>(40,367)</u>	<u>(25,111)</u>	<u>(65,478)</u>	<u>(45,115)</u>
Cash Flows (Uses) From Noncapital Financing Activities:				
Other Revenues (Expense)	<u>2,639</u>	<u>139</u>	<u>2,778</u>	<u>3,471</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	<u>1,299</u>	<u>1,945</u>	<u>3,244</u>	<u>1,677</u>
Net Increase (Decrease) in Cash	24,315	8,115	32,430	58,918
Cash - Beginning	<u>23,258</u>	<u>208,387</u>	<u>231,645</u>	<u>172,727</u>
Cash - Ending	<u>\$ 47,573</u>	<u>\$ 216,502</u>	<u>\$ 264,075</u>	<u>\$ 231,645</u>
Cash				
Restricted Cash and Investments	\$ 12,347	\$ 207,211	\$ 219,558	\$ 191,184
Total	<u>35,226</u>	<u>9,291</u>	<u>44,517</u>	<u>40,461</u>
	<u>\$ 47,573</u>	<u>\$ 216,502</u>	<u>\$ 264,075</u>	<u>\$ 231,645</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	<u>\$ 18,613</u>	<u>\$ 15,012</u>	<u>\$ 33,625</u>	<u>\$ 46,768</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	48,428	13,479	61,907	61,374
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Utility Receivable	(6,087)	(3,239)	(9,326)	(5,390)
Prepaid Expenses	3,238	(3,574)	(336)	-
Pension and OPEB Deferred Outflows	1,371	4,296	5,667	(3,787)
(Increase) Decrease in:				
Accounts Payable	16	5,458	5,474	(889)
Net Pension Liability	(4,345)	(4,345)	(8,690)	(2,334)
Net OPEB Liability	24	24	48	-
Pension and OPEB Deferred Inflows	(514)	4,031	3,517	3,143
Total Adjustments	<u>42,131</u>	<u>16,130</u>	<u>58,261</u>	<u>52,117</u>
Net Cash Used for Operating Activities	<u>\$ 60,744</u>	<u>\$ 31,142</u>	<u>\$ 91,886</u>	<u>\$ 98,885</u>

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

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Alma (the Town) conform to generally accepted accounting principles as applicable to governmental entities. Following is a summary of the more significant policies.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the Town's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* including subsequent amendments.

Based upon the application of these criteria, no governmental organizations are includable within the Town's reporting entity.

B. 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. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Grant and entitlement revenues are recognized to the extent of the related expenditures or when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts; a deferred revenue account is established when receipts exceed the related expenditures.

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. The major sources of revenue susceptible to accrual are grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Governmental Fund Types The fund types are described below.

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

Special Revenue Funds: These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Town's special revenue fund, Conservation Trust, is not considered to be a major fund.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental Fund Types (Continued)

Debt Service Fund: This fund was established to account for the repayment of general obligation bonds related to the Town's curb and gutter project. In November 1998, the Town's citizens passed a ballot measure allowing the issuance of up to \$120,000 in bonds for the completion of the project. This fund is shown as a major governmental fund.

Proprietary Fund Types These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the Enterprise Funds.

Enterprise Funds (Water and Sewer Funds): These funds were established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis are to be financed or recovered primarily through user charges.

C. Budgets and Budgetary Accounting

Budgets are adopted on a modified accrual basis (except for the Enterprise Funds, which budget on a cash basis). Annual appropriated budgets are adopted for all funds. All annual appropriations lapse at the end of the fiscal year.

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements listed below.

- Budgets are required by state law for all funds. By October 15, the Town Clerk submits to the Board of Trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year's end.
- Public hearings are conducted by the Board of Trustees to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- Budgeted amounts reported in the accompanying financial statements are as adopted or amended by the Board of Trustees.
- The Town does not use encumbrance accounting.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Cash The Town pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest-bearing accounts comprised of certificates of deposit, savings accounts, and money market accounts, which are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Cash and Cash Equivalents For the purpose of the statement of cash flows, cash consists of demand deposits and certificates of deposit held by the bank.

Receivables All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be collectable. Based on a review of outstanding balances at year end, the Town does not believe an allowance for doubtful accounts is necessary.

Property, Plant, and Equipment Capital assets used in governmental activities operations are accounted for in the government-wide financial statements. Public domain (infrastructure) capital assets consisting of certain improvements other than buildings, such as sidewalks, and parking lots, are capitalized. Property, plant, and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure and capitalized at cost. Depreciation has been provided over the estimated useful lives of the governmental activities capital assets of the Town, using the straight-line method of depreciation.

The Town's policy is to capitalize and inventory annually all capital assets with a unit value of greater than \$5,000 and an estimated useful life of greater than one year.

Property, plant, and equipment acquired for proprietary funds are capitalized in the respective fund to which they apply. Property, plant, and equipment are stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Donated are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' balance sheets. Depreciation has been provided over the estimated useful lives of five to forty years using the straight-line method of depreciation.

Property Taxes Property taxes for the Town are levied by the Town Board of Trustees and certified for collection to Park County by December 15 of each year. These taxes become due January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. Property taxes levied in the current year for collection in the subsequent year by the General Fund are included in receivables and deferred inflows at year end. These taxes are classified as deferred inflows since they were levied for and are not available to the Town until the subsequent year.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (Continued)

Deferred Outflows and inflows of Resources In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has pension and OPEB related items that qualify for reporting in this category.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred property taxes, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. In addition, the Town also has pension and OPEB related deferred inflows that are reported at the activity level.

Net Position/Fund Balance Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board of trustees may authorize the Town Administrator to assign fund balance.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (Continued)

The board of trustees may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

Net Position/Fund Balance Flow Assumptions Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

E. Revenues and Expenditures/Expenses

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees, and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expenses of proprietary funds are recognized in essentially the same manner as in business accounting. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses 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 non-operating revenues and expenses.

F. Comparative Data

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 2: CASH AND INVESTMENTS

The Town is governed by the deposit and investment limitations of state law. The deposits and investments held at December 31, 2018, and reported at fair value, are shown below.

Cash	\$ 262,688
Investments	<u>489,680</u>
Total Cash and Investments	<u>\$ 752,368</u>

These balances are allocated in the financial statements as follows:

Governmental Activities - Unrestricted	\$ 405,614
Governmental Activities - Restricted	82,679
Business-type Activities - Unrestricted	218,690
Business-type Activities - Restricted	<u>45,385</u>
Total Cash and Investments	<u>\$ 752,368</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The Town’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. 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. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2018, all of the Town’s deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

Deposits at December 31, 2018 were as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
FDIC Insured	\$ 252,000	\$ 252,000
PDPA Collateralized	<u>13,083</u>	<u>10,688</u>
Total Deposits	<u>\$ 265,083</u>	<u>\$ 262,688</u>

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The Town does not have an investment policy that would further limit its investment choices.

During the year ended December 31, 2018, the Town invested funds in the Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. It invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAM by the Standard and Poor's Corporation.

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. 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, other than those contained in the statutes. The Town's investment portfolio contains no investments that exceed that limitation.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2018, the Town's investments consisted of the investment pool.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

The Town has restricted cash as follows:

<u>Restricted Cash</u>	
Debt Service Fund	\$ 67,425
Conservation Trust Fund	<u>15,254</u>
Total Governmental Activity	<u>82,679</u>
Water Fund	
1992 Water & Sewer Revenue Bonds	13,673
2011 CWRPDA Loan	<u>21,553</u>
Total Water Fund	<u>35,226</u>
Sewer Fund	
1992 Water & Sewer Revenue Bonds	<u>9,291</u>
Total Business Type Activities	<u>44,517</u>
Total Restricted Cash	<u>\$ 127,196</u>

NOTE 3: CAPITAL ASSETS

The following is a summary of the changes in governmental capital assets during the year:

	<u>Balance</u>			<u>Balance</u>
	<u>1/1/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/18</u>
Governmental activities:				
Capital Assets not being depreciated:				
Land & Improvements	\$ 473,831	\$ -	\$ -	\$ 473,831
Construction in Progress	6,450	102,463	-	108,913
Non-Depreciable Collection	<u>59,000</u>	<u>-</u>	<u>-</u>	<u>59,000</u>
Total capital assets not being depreciated	<u>539,281</u>	<u>102,463</u>	<u>-</u>	<u>641,744</u>
Capital assets being depreciated:				
Buildings & Improvements	389,233	7,000	-	396,233
Equipment & Vehicles	478,401	44,876	-	523,277
Streets	<u>873,693</u>	<u>-</u>	<u>-</u>	<u>873,693</u>
Total capital assets being depreciated:	<u>1,741,327</u>	<u>51,876</u>	<u>-</u>	<u>1,793,203</u>
Accumulated depreciation:				
Buildings & Improvements	(203,739)	(11,555)	-	(215,294)
Equipment and vehicles	(265,544)	(57,451)	-	(322,995)
Streets	<u>(362,847)</u>	<u>(34,948)</u>	<u>-</u>	<u>(397,795)</u>
Total accumulated depreciation	<u>(832,130)</u>	<u>(103,954)</u>	<u>-</u>	<u>(936,084)</u>
Total governmental activities capital assets, net of depreciation:	<u>\$ 1,448,478</u>	<u>\$ 50,385</u>	<u>\$ -</u>	<u>\$ 1,498,863</u>

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 3: CAPITAL ASSETS (Continued)

Depreciation has been allocated to the various operating departments as follows:

General Government	\$	20,139
Public Safety		4,488
Public Works		78,951
Parks and Recreation		<u>376</u>
Total Depreciation	\$	<u><u>103,954</u></u>

The following is a summary of the changes in business-type activity capital assets during the year:

	<u>Balance</u> <u>1/1/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/18</u>
Business-type activities:				
Capital Assets not being depreciated:				
Water rights	\$ 60,090	\$ -	\$ -	\$ 60,090
Construction in progress	<u>-</u>	<u>24,623</u>	<u>-</u>	<u>24,623</u>
Total Capital Assets not being depreciated	<u>60,090</u>	<u>24,623</u>	<u>-</u>	<u>84,713</u>
Capital Assets being depreciated:				
Water plant and lines	2,215,079	-	672	2,214,407
Sewer plant & lines	684,287	-	-	684,287
Water equipment	24,965	10,800	9,351	26,414
Sewer equipment	<u>37,136</u>	<u>-</u>	<u>9,468</u>	<u>27,668</u>
Total capital assets being depreciated:	<u>2,961,467</u>	<u>10,800</u>	<u>19,491</u>	<u>2,952,776</u>
Accumulated depreciation:				
Water plant and lines	(907,869)	(47,308)	(444)	(954,733)
Sewer plant & lines	(465,736)	(13,479)	-	(479,215)
Water equipment	(23,806)	(1,119)	(9,351)	(15,574)
Sewer equipment	<u>(37,715)</u>	<u>-</u>	<u>(9,468)</u>	<u>(28,247)</u>
Total accumulated depreciation	<u>(1,435,126)</u>	<u>(61,906)</u>	<u>(19,263)</u>	<u>(1,477,769)</u>
Total business-type activities capital assets, net of depreciation	<u>\$ 1,586,431</u>	<u>\$ (26,483)</u>	<u>\$ 228</u>	<u>\$ 1,559,720</u>

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4: LONG-TERM DEBT

The following is a summary changes in long-term debt during the year:

	Balance			Balance 12/31/18	Current Portion	Interest Expense
	As Restated	Additions	Deletions			
	12/31/17					
Governmental Activities						
2001 General Obligation Bonds	\$ 30,136	\$ -	\$ 7,195	\$ 22,941	\$ 7,416	\$ 1,141
2015 Copier Capital Lease	4,469	-	1,459	3,010	1,534	190
PERA Net Pension Liability	244,584	-	-	244,584	-	-
HTCF Net OPEB Liability	17,771	1,284	-	19,055	-	-
2016 TBK Bank Lease	159,346	-	16,465	142,881	17,350	8,562
Total Governmental Activities Debt	\$ 456,306	\$ 1,284	\$ 25,119	\$ 432,471	\$ 26,300	\$ 9,893
Business-type Activities						
1992 Water & Sewer Revenue Bonds	\$ 207,200	\$ -	\$ 9,500	197,700	\$ 10,100	\$ 10,243
2011 CWRPDA Water Loan	298,173	-	19,445	278,728	19,836	6,563
PERA Net Pension Liability	72,042	-	8,690	63,352	-	78,215
HTCF Net OPEB Liability	4,896	48	-	4,944	-	-
Total Business-type Activities Debt	\$ 582,311	\$ 48	\$ 37,635	\$ 544,724	\$ 29,936	\$ 95,021

Governmental Activities

During 2001, the Town issued \$120,000 of Series 2001 General Obligation Bonds. The proceeds from these bonds will be used in the construction of curb, gutter, and sidewalks in the Town. The bonds require semiannual interest payments on January 5th and July 5th of each year beginning in January of 2002. Principal payments are due annually on July 5th of each year. Final payment on the bonds will be in July, 2021. The bonds bear interest at 6.150 percent. These bonds are repaid through the Debt Service Fund. Payments to maturity are as follows:

Year	Principal	Interest	Total
2019	7,416	1,411	8,827
2020	7,645	955	8,600
2021	7,880	486	8,366
Totals	<u>\$ 22,941</u>	<u>\$ 2,852</u>	<u>\$ 25,793</u>

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

During 2015, the Town entered into a lease agreement for the acquisition of a copier. The lease qualifies as a capital lease as the lease term exceeds 75% of the useful life of the underlying asset. The lease requires monthly payments of \$137 for a period of sixty three months beginning in September, 2015. The Town has imputed a 5% interest rate on the lease payment. The Town has capitalized assets with a cost of \$7,604 and a remaining value of \$4,073 as part of this lease. Remaining lease payment requirements are as follows:

<u>Year</u>	<u>Amount</u>
2019	1,650
2020	<u>1,512</u>
Future Minimum Payments	3,162
Interest at 5% (Imputed)	<u>(153)</u>
Present Value of Future Payments:	<u>\$ 3,009</u>

During 2016, the Town entered into a \$200,000 lease agreement for the construction of a maintenance shop. The lease requires ten annual lease payments of \$25,028 commencing October 2016 and bears interest at 5.37%. The lease was set up as a one year lease with nine annual renewals subject to annual appropriation. The lease proceeds are being held in escrow at year end. Remaining lease payment requirements are as follows:

<u>Year</u>	<u>Payment</u>
2019	\$ 25,028
2020	25,028
2021	25,028
2022	25,028
2023	25,028
2024-2025	<u>50,056</u>
Total Payments	175,196
Interest at 5.37%	<u>(32,315)</u>
Present Value of Payments	<u>\$ 142,881</u>

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 4: LONG-TERM DEBT (Continued)

Business-type Activities

The \$341,100 Water and Sewer Revenue Bonds (FmHA) were dated September 10, 1992. This issue bears interest at five (5) percent. Original principal was allocated at \$203,100 to the Water Fund and \$138,000 to the Sewer Fund. Principal and interest are payable January 1 and July 1 of each year. The bonds also require the maintenance of a reserve fund in the amount of \$14,190. This has been jointly funded by the Water and Sewer Funds proportional to the outstanding balance of the bonds and is shown as restricted cash in the financial statements as outlined in Note 2. Payments are allocated between the Water and Sewer Funds. Payments to maturity are as follows:

Year	Water Fund		Sewer Fund		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Total Pmt
2019	\$ 6,014	\$ 5,811	\$ 4,086	\$ 3,949	\$ 10,100	\$ 9,760	\$ 19,860
2020	6,252	5,507	4,248	3,743	10,500	9,250	19,750
2021	6,609	5,190	4,491	3,527	11,100	8,717	19,817
2022	6,966	5,025	4,734	3,300	11,700	8,325	20,025
2023	7,264	4,504	4,936	3,061	12,200	7,565	19,765
2024-2028	42,333	27,895	28,767	11,286	71,100	39,181	110,281
2029-2032	42,273	8,223	28,727	3,327	71,000	11,550	82,550
Totals	<u>\$ 117,711</u>	<u>\$ 62,155</u>	<u>\$ 79,989</u>	<u>\$ 32,193</u>	<u>\$ 197,700</u>	<u>\$ 94,348</u>	<u>\$ 292,048</u>

In April 2011, the Town entered into a loan agreement with the Colorado Water Resource and Power Development Authority in the amount of \$616,385. The proceeds are to be used to complete upgrades to the water system. The loan requires semi-annual principal and interest payments on May 1 and November 1 of each year through 2031. The loan bears interest at 2.0% per annum. Pursuant to the loan agreement, the Town was required to establish a 3 month operations and maintenance reserve based on the subsequent years budgeted expenditures, or \$21,553. The Town has funded this reserve through the restriction of its cash balances in the Water Fund. The Town believes it is in compliance with all required covenants and obligations called for by the loan agreement.

The 2011 CWRPDA loan matures as follows:

Year	Principal	Interest	Total
2019	\$ 19,836	\$ 5,476	\$ 25,312
2020	20,235	5,077	25,312
2021	20,642	4,670	25,312
2022	21,057	4,256	25,313
2023	21,480	3,832	25,312
2024-2028	114,052	12,509	126,561
2029-2031	61,425	1,855	63,280
Totals	<u>\$ 278,727</u>	<u>\$ 37,675</u>	<u>\$ 316,402</u>

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS

A. Police

DEFINED CONTRIBUTION (ICMA)

The Town offers its uniformed employees a retirement plan created in accordance with Internal Revenue Code Section 401(a). Employees are eligible to participate in the plan on the first day of employment. This plan is a defined-contribution plan administered by a third party trustee. Under the terms of the plan, the Town is the only non-employee contributor and contributes seven (7) percent of each participant's salary, each participant is required to contribute seven (7) percent of salary, although they can contribute more. Contribution requirements of the Town and the participants are established and may be amended by the Town Council. An employee is immediately 100 percent vested in any employer contribution. Since the assets are held in trust by a third party trustee, they are not reflected on the Town's financial statements. For the years ended December 31, 2018, 2017, and 2016, the Town contributed \$0, \$0, and \$0, respectively, equal to their required contributions. For the year ended December 31, 2018, there was no covered payroll requiring contributions, although employees made elective contributions.

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

Summary of Significant Accounting Policies

Pensions. The District participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire & Police Pension Association of Colorado ("FPPA"). The net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the accrual basis of accounting as required by the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the Statewide Defined Benefit Plan (SWDB) - a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), rules and regulations codified by the Fire and Police Pension Association, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report, the most recent of which is for the fiscal year ended December 31, 2016, that can be obtained at:

http://fppaco.org/pdfs/annual_audit_actuarial_reports/annual%20reports/2014%20FPPA%20CAFR.pdf.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

A. Police (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

General Information about the Pension Plan

Benefits provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

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

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

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

Members of the SWDB plan and their employers are contributing at the rate of 9.5 percent and 8 percent of base salary for a total contribution rate of 17.5 percent in 2017. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 21.5 percent of base salary in 2017. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2015 member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

A. Police (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan (Contributed)

The contribution rate for members and employers of affiliated social security employers is 4.75 percent and 4 percent of base salary for a total contribution rate of 8.75 percent in 2017. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the District were \$3,940 for the plan year ended December 31, 2016 and \$4,110 for the fiscal year ended December 31, 2017. The current year contributions will be expensed in 2019 for FPPA purposes and are a timing difference at year end.

At December 31, 2017, the District reported an asset of \$12,636 for its proportionate share of the SWDB's net pension asset. The net pension asset or liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2018. The District's proportion of the net pension asset was based on District's contributions to the SWDB for the calendar year 2017 relative to the total contributions of participating employers to the SWDB.

At December 31, 2018, the District's proportion was .00878%, which was a decrease of .000840% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2017 the District recognized pension expense of \$4,724. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

A. Police (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan (Contributed)

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 10,254	\$ (245)
Net difference between projected and actual earnings on pension plan investments	\$ 9,920	\$ (10,162)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 126	\$ (2,478)
Contributions subsequent to the measurement date	\$ 4,553	\$ -
Total	\$ 24,853	\$ (12,885)

\$4,553 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an adjustment of the net pension asset in the year ended December 31, 2019.

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Fiscal Year Totals
2019	3,105
2020	2,761
2021	(916)
2022	(1,657)
2023	884
Total	\$ 4,177

Actuarial assumptions. The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

A. Police (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

Actuarial cost method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 Years
Long-term investment rate of return *	7.50%
Projected salary increases *	4.0%-14.0%
Cost of Living Adjustments (COLA)	0.0%
* Includes inflation at	2.50%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of December 31, 2017 are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	37.00%	8.33%
Equity Long/Short	9.00%	7.15%
Illiquid Alternatives	24.00%	9.70%
Fixed Income	15.00%	3.00%
Absolute Return	9.00%	6.46%
Managed Futures	4.00%	6.85%
Cash - *	2.00%	2.26%
Total	100.00%	

* While the expected inflation exceeds the expected rate of return for cash, a 0.0 percent real rate of return is utilized.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

A. Police (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Sensitivity of the proportionate share of the net pension asset (liability) to changes in the discount rate. The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension asset (liability)	\$ (13,757)	\$ 12,636	\$ 34,552

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees

DEFINED BENEFIT - PERA

Summary of Significant Accounting Policies

Pensions. The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

During the 2108 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the LGDTF for financial reporting purposes be measured using the plan provisions in effect as of the LGDTF's measurement date of December 31, 2017. As such, the following disclosures do not include changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and December 31, 2018*.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

General Information about the Pension Plan

Plan description. Eligible employees of the District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees

DEFINED BENEFIT - PERA

General Information about the Pension Plan (Continued)

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees

DEFINED BENEFIT - PERA

General Information about the Pension Plan (Continued)

Contributions as of December 31, 2018. Eligible employees and the Town are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

January 1st through December 31st	2018	2017	2016	2015	2014
Employer contribution rate	10.00%	10.00%	10.00%	10.00%	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the LGDTF	8.98%	8.98%	8.98%	8.98%	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	2.20%	2.20%	2.20%	2.20%	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	1.50%	1.50%	1.50%	1.50%	1.50%
Total employer contribution rate to the LGDTF	12.68%	12.68%	12.68%	12.68%	12.68%

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were \$19,010 for the year ended December 31, 2018.

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

At December 31, 2018, the Town reported a liability of \$264,608 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Town proportion of the net pension liability was based on the Town contributions to the LGDTF for the calendar year 2017 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the Town proportion was .02377%, which was a decrease of .0009905% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Town recognized pension expense of \$12,087. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 16,526	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 31,207	\$ (76,286)
Changes of assumptions or other inputs	\$ 2,679	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 5,812	\$ (5,407)
Contributions subsequent to the measurement date	\$ 22,559	\$ -
Total	\$ 78,783	\$ (81,693)

\$22,559 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Fiscal Year Totals
2019	15,087
2020	(2,764)
2021	(18,721)
2022	(19,071)
Total	\$ (25,469)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50-10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1//07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

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

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016 Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc postretirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

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

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of Town proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (421,435)	\$ (264,608)	\$ (133,871)

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Changes between the measurement date of the net pension liability and December 31, 2018.

During 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provision required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov

- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

Changes between the measurement date of the net pension liability and December 31, 2018.
(Continued)

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in PERA DC Plan to new members hired on or after January 1, 2019, in the Local Government Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At December 31, 2018, the Town reported a liability of \$264,608 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan's year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the Town's proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB <u>18-200 (pro forma)</u>	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 <u>(pro forma)</u>
7.25%	\$187,162

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: PENSION OBLIGATIONS (Continued)

B. General Employees (Continued)

DEFINED BENEFIT – PERA (Continued)

Internal Allocations

The Town’s internal allocation of the PERA net pension liability and related deferred outflows and inflows of resources is determined by the underlying payroll amounts. The allocation of the payroll for the years ended December 31, 2018, 2017, 2016, 2015 and 2014 were as follows:

	General Fund	Water Fund	Sewer Fund	Total All Funds
12/31/14 Allocation	70.30%	18.60%	11.10%	100.00%
12/31/15 Allocation	77.70%	13.00%	9.30%	100.00%
12/31/16 Allocation	78.40%	10.80%	10.80%	100.00%
12/31/17 Allocation	79.40%	10.30%	10.30%	100.00%
12/31/18 Allocation	74.50%	15.90%	9.60%	100.00%

Accordingly, the Town is required to allocate the net pension liability based on those amounts which creates a change in internal proportion that is reflected as either a deferred outflow or inflow in the respective activity and fund. The change in proportion is amortized and will be reflected as an adjustment to the activity or funds pension expense as follows:

	Govt Activities	Water Fund	Sewer Fund
Change in Internal Proportion	\$ 1,792	\$ (1,298)	\$ (492)
2019	(1,590)	1,198	392
2020	(202)	100	100
Total	\$ -	\$ -	\$ -

Defined Contribution Pension Plans

Voluntary Investment Program

Plan Description - Employees of the District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees have the option of contributing pre or post-tax dollars.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Summary of Significant Accounting Policies

OPEB. The Town participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Plan description. Eligible employees of the Town are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan (Continued)

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

General Information about the OPEB Plan (Continued)

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Town were \$3,146 for the year ended December 31, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018, the Town reported a liability of \$23,999 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The Town’s proportion of the net OPEB liability was based on the Town’s contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the Town’s proportion was .001847%, which was an increase of .0000984% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Town recognized OPEB expense of \$3,412. At December 31, 2018 the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 114	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (402)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 1,067	\$ -
Contributions subsequent to the measurement date	\$ 3,146	\$ -
Total	\$ 4,327	\$ (402)

\$3,146 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Year Ended June 30:	Fiscal Year Totals
2019	\$ 131
2020	131
2021	132
2022	132
2023	232
2024	21
Total	\$ 779

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates (PERA benefit structure):	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.00 % for 2017, gradually rising to 4.25% in 2023

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age difference between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Sensitivity of the Town’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease	Current Discount Rate	1% Increase
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Proportionate share of the net OPEB asset (liability)	\$ (23,339)	\$ (23,999)	\$ (24,795)

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
-

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 6: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the Town’s proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (26,983)	\$ (23,999)	\$ (21,453)

OPEB plan fiduciary net position. Detailed information about the HCTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 7: RISK MANAGEMENT

The Town is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town carries commercial insurance. The amounts of settlements have not exceeded insurance coverage the past three years, nor were there any significant changes in insurance coverage.

NOTE 8: CONTINGENCIES, COMMITMENTS AND COMPLIANCE

A. Grants

The Town receives revenues from various federal and state grant programs, which are subject to final review and approval as to allowability by the respective grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

B. Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The Town is subject to the Tabor Amendment. Fiscal year 1993 provides the basis for limits in future years to assessed valuation. Revenue received in excess of the limitations may be required to be refunded unless the Town's electorate vote to retain the revenue. The Tabor Amendment is subject to many interpretations, but the Town feels it is in substantial compliance with the Amendment. On April 5, 1994, the Town passed the following exemption to the Tabor Amendment:

Shall the Town of Alma, Colorado, be authorized to collect and expend the full revenues generated, including without limitation any reduction in debt service, beginning May 1, 1994 and for each subsequent year thereafter without any increase in such tax rates, and to spend such revenues for debt service, municipal operations, capital projects and any other lawful municipal purpose? Nothing in this question can be construed to remove the remaining restrictions of Article X, Section 20 of the Colorado Constitution with is commonly known as Amendment One and/or the TABOR Amendment.

The Town has reserved \$15,000 in the General Fund to meet the three (3) percent emergency reserve required by the Tabor Amendment.

TOWN OF ALMA

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE 9: BUDGET VIOLATION

The Town's expenditures exceed appropriations in the Sewer fund, which may be a violation of Colorado statutes.

NOTE 10: PRIOR PERIOD RESTATEMENT

For the fiscal year, the Town adopted GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement places a long-term obligation, as well as related deferred outflows and inflows, on the Statement of Net Position related to future postemployment benefit obligations. The Town has restated the beginning net position for governmental and business-type activities for those balances that were applicable as of December 31, 2017. This restatement resulted in net decreases in governmental activities of \$15,500 and business-type activities of \$4,308.

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**Required Supplementary Information
(Pension Schedules Unaudited)**

TOWN OF ALMA

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)

PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year Ended</u>	<u>Town's proportion of the net Pension asset (liability)</u>	<u>Town's proportionate share of the net Pension asset (liability)</u>	<u>Town's covered payroll</u>	<u>Town's proportionate share of the net Pension asset (liability) as a</u>	<u>Plan fiduciary net position as a percentage of the total Pension liability</u>
December 31, 2014	0.028148%	\$ (231,638)	\$ 150,174	154.25%	81.00%
December 31, 2015	0.029381%	(263,347)	160,996	163.57%	80.72%
December 31, 2016	0.030277%	(333,524)	171,949	193.97%	76.87%
December 31, 2017	0.022775%	(307,535)	138,043	222.78%	73.65%
December 31, 2018	0.023765%	(264,608)	149,921	176.50%	79.37%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

TOWN OF ALMA

**SCHEDULE OF TOWN CONTRIBUTIONS
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

<u>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Town's covered- employee payroll</u>	<u>Contributions as a percentage of covered payroll</u>
December 31, 2014	\$ 19,042	\$ (19,042)	-	\$ 150,174	12.68%
December 31, 2015	20,414	(20,414)	-	160,996	12.68%
December 31, 2016	21,803	(21,803)	-	171,949	12.68%
December 31, 2017	17,504	(17,504)	-	138,043	12.68%
December 31, 2018	19,010	(19,010)	-	149,921	12.68%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

TOWN OF ALMA

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE
 NET PENSION ASSET (LIABILITY)
 FPPA SWDB Pension Plan
 Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year Ended</u>	<u>Town's proportion of the net pension asset (liability)</u>	<u>Town's proportionate share of the net pension asset (liability)</u>	<u>Town's covered- employee payroll</u>	<u>Town's proportionate share of the net pension asset (liability) as a</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2014	0.014417%	\$ 12,892	\$ 62,621	20.59%	105.83%
December 31, 2015	0.015435%	\$ 17,419	\$ 69,409	25.10%	106.83%
December 31, 2016	0.017707%	\$ 312	\$ 85,838	0.36%	100.10%
December 31, 2017	0.009623%	\$ (3,477)	\$ 49,250	7.06%	98.21%
December 31, 2018	0.008783%	\$ 12,636	\$ 51,375	24.60%	106.30%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

TOWN OF ALMA

**SCHEDULE OF TOWN CONTRIBUTIONS
 FPPA SWDB Pension Plan
 Last 10 Fiscal Years⁽¹⁾**

<u>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Town's covered- employee payroll</u>	<u>Contributions as a percentage of covered payroll</u>
December 31, 2014	\$ 5,010	(5,010)	\$ -	\$ 62,621	8.00%
December 31, 2015	\$ 5,553	(5,553)	\$ -	\$ 69,409	8.00%
December 31, 2016	\$ 6,867	(6,867)	\$ -	\$ 85,838	8.00%
December 31, 2017	\$ 3,940	(3,940)	\$ -	\$ 49,250	8.00%
December 31, 2018	\$ 4,110	(4,110)	\$ -	\$ 51,375	8.00%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

TOWN OF ALMA

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB ASSET (LIABILITY)
PERA Health Care Trust Fund
Last 10 Fiscal Years⁽¹⁾**

<u>Fiscal Year Ended</u>	<u>Town's proportion of the net OPEB asset (liability)</u>	<u>Town's proportionate share of the net OPEB asset (liability)</u>	<u>Town's covered payroll</u>	<u>Town's proportionate share of the net OPEB asset (liability) as a % of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
December 31, 2017	0.001748%	\$ (22,667)	\$ 276,273	8.20%	16.70%
December 31, 2018	0.001847%	\$ (23,999)	\$ 149,921	16.01%	17.53%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

TOWN OF ALMA

SCHEDULE OF TOWN CONTRIBUTIONS

PERA Health Care Trust Fund

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Town's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
December 31, 2017	\$ 2,818	(2,818)	\$ -	\$ 276,273	1.02%
December 31, 2018	\$ 1,529	(1,529)	\$ -	\$ 149,921	1.02%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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Required Supplementary Information

TOWN OF ALMA

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018				2017
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Taxes					
Property Taxes	\$ 88,430	\$ 88,430	\$ 90,357	\$ 1,927	\$ 104,372
Specific Ownership Taxes	12,900	12,900	15,132	2,232	15,099
Sales Taxes	154,400	154,400	162,248	7,848	158,571
Franchise Taxes	26,000	26,000	21,095	(4,905)	18,384
Other Taxes	-	-	496	496	-
Total Tax Revenue	<u>281,730</u>	<u>281,730</u>	<u>289,328</u>	<u>7,598</u>	<u>296,426</u>
Intergovernmental Revenues					
Cigarette Taxes	1,000	1,000	485	(515)	1,096
Highway Users	13,472	13,472	16,477	3,005	13,242
Road and Bridge	3,500	3,500	2,475	(1,025)	85
Clerk/Motor Vehicle Fees	1,400	1,400	911	(489)	1,321
Mineral Lease	3,000	3,000	97	(2,903)	112
Severance Tax	500	500	684	184	510
State Grants	200,000	200,000	35,111	(164,889)	16,763
Total Intergovernmental Revenue	<u>222,872</u>	<u>222,872</u>	<u>56,240</u>	<u>(166,632)</u>	<u>33,129</u>
Licenses and Permits					
Building Permits	12,000	12,000	2,767	(9,233)	425
Other Licenses and Permits	4,300	4,300	9,800	5,500	6,878
Total Licenses and Permits	<u>16,300</u>	<u>16,300</u>	<u>12,567</u>	<u>(3,733)</u>	<u>7,303</u>
Fines and Forfeits					
	<u>139,900</u>	<u>139,900</u>	<u>55,064</u>	<u>(84,836)</u>	<u>113,194</u>
Charges for Services					
Utility Charges	34,000	34,000	33,483	(517)	33,604
Rents	11,200	11,200	18,665	7,465	10,637
Other Charges for Services	18,000	18,000	39,667	21,667	16,872
Total Charges for Services	<u>63,200</u>	<u>63,200</u>	<u>91,815</u>	<u>28,615</u>	<u>61,113</u>
Investment Earnings					
	<u>800</u>	<u>800</u>	<u>6,930</u>	<u>6,130</u>	<u>2,788</u>
Other Revenues					
Donations	1,000	1,000	250	(750)	-
Sale of Capital Assets	-	-	-	-	40,000
Other Miscellaneous Revenue	14,400	14,400	10,058	(4,342)	7,619
Total Other Revenue	<u>15,400</u>	<u>15,400</u>	<u>10,308</u>	<u>(5,092)</u>	<u>47,619</u>
TOTAL REVENUES	<u>740,202</u>	<u>740,202</u>	<u>522,252</u>	<u>(217,950)</u>	<u>561,572</u>

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF ALMA

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018				2017
	Original Budget	Final Budget	Actual	Variance With Final Budget	
(Continued)					
EXPENDITURES					
General Government					
Personnel Services	119,149	119,149	118,559	(590)	109,130
Fuel and Automotive	-	-	646	(646)	990
Insurance	9,495	9,495	18,598	(9,103)	16,619
Professional Fees	40,250	40,250	25,553	14,697	21,388
Repairs and Maintenance	1,800	1,800	374	1,426	1,049
Supplies	10,600	10,600	8,616	1,984	9,298
Telephone and Utilities	26,800	26,800	21,214	5,586	20,931
Travel and Training	1,200	1,200	1,071	129	797
Other Expenses	8,700	8,700	7,488	1,212	19,405
Total General Government	<u>217,994</u>	<u>217,994</u>	<u>202,119</u>	<u>14,695</u>	<u>199,607</u>
Public Safety					
Personnel Services	96,958	96,958	90,099	6,859	90,022
Fuel and Automotive	2,000	2,000	3,342	(1,342)	2,206
Insurance	3,500	3,500	544	2,956	-
Professional Fees	4,200	4,200	4,200	-	4,200
Supplies	3,650	3,650	1,284	2,366	2,468
Telephone and Utilities	200	200	-	200	205
Travel and Training	-	-	-	-	42
Other Expenses	1,500	1,500	1,574	(74)	211
Total Public Safety	<u>112,008</u>	<u>112,008</u>	<u>101,043</u>	<u>10,965</u>	<u>99,354</u>
Public Works					
Personnel Services	60,044	60,044	38,890	21,154	29,653
Contract Labor	900	900	-	900	634
Fuel and Automotive	9,000	9,000	5,003	3,997	9,904
Repairs and Maintenance	16,500	16,500	3,742	12,758	18,699
Supplies	2,500	2,500	290	2,210	211
Telephone and Utilities	3,000	3,000	2,866	134	3,421
Travel and Training	500	500	-	500	-
Other Expenses	2,000	2,000	1,865	135	313
Total Public Works/Comm Devel	<u>94,444</u>	<u>94,444</u>	<u>52,656</u>	<u>41,788</u>	<u>62,835</u>
Parks, Recreation and Other					
Personnel Services	-	-	8,410	8,410	2,854
Repairs and Maintenance	-	-	8,202	(8,202)	1,699
Telephone and Utilities	-	-	2,770	(2,770)	2,451
Other Expenses	-	-	44	(44)	3,106
Total Parks, Recreation & Other	<u>-</u>	<u>-</u>	<u>19,426</u>	<u>(2,606)</u>	<u>10,110</u>

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF ALMA

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018				2017
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
(Continued)					
Capital Outlay					
General Government Capital Outlay	9,000	9,000	95,932	(86,932)	2,293
Public Safety Capital Outlay	6,000	6,000	44,876	(38,876)	46
Public Works Capital Outlay	500,000	500,000	-	500,000	76,521
Parks, Recreation and Other Capital Outlay	5,500	5,500	14,447	(8,947)	323
Total Capital Outlay	<u>520,500</u>	<u>520,500</u>	<u>155,255</u>	<u>365,245</u>	<u>79,183</u>
Debt Service					
Principal	70,050	70,050	26,607	43,443	25,028
TOTAL EXPENDITURES	<u>1,014,996</u>	<u>1,014,996</u>	<u>557,106</u>	<u>473,530</u>	<u>476,117</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(274,794)	(274,794)	(34,854)	255,580	85,455
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	<u>(300,000)</u>	<u>(300,000)</u>	-	300,000	-
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (574,794)</u>	<u>\$ (574,794)</u>	(34,854)	<u>\$ 555,580</u>	85,455
FUND BALANCE, BEGINNING			478,634		393,179
FUND BALANCE, ENDING			<u>\$ 443,780</u>		<u>\$ 478,634</u>

See accompanying Independent Auditors' Report.

Other Supplementary Information

TOWN OF ALMA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018

With Comparative Totals for December 31, 2017

	SPECIAL REVENUE FUNDS		
	Conservation Trust Fund	Total	
		2018	2017
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Restricted Cash and Investments	<u>\$ 15,254</u>	<u>\$ 15,254</u>	<u>\$ 13,975</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
FUND BALANCE			
Restricted Fund Balance	<u>\$ 15,254</u>	<u>\$ 15,254</u>	<u>\$ 13,975</u>

See accompanying Independent Auditors' Report.

TOWN OF ALMA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
With Comparative Totals for the Year Ended December 31, 2017

	SPECIAL REVENUE FUNDS		
	Conservation Trust Fund	Total	
		2018	2017
REVENUES			
Intergovernmental Revenues	\$ 1,463	\$ 1,463	\$ 1,372
Investment Earnings	278	278	123
TOTAL REVENUES	1,741	1,741	1,495
EXPENDITURES			
Capital Outlay	462	462	-
NET CHANGE IN FUND BALANCE - GAAP BASIS	1,279	1,279	1,495
FUND BALANCE, BEGINNING	13,975	13,975	12,480
FUND BALANCE, ENDING	\$ 15,254	\$ 15,254	\$ 13,975

See accompanying Independent Auditors' Report.

TOWN OF ALMA

BUDGETARY COMPARISON SCHEDULE

Conservation Trust Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018		Variance With Final Budget	2017 Actual
	Original & Final Budget	Actual		
REVENUES				
Intergovernmental Revenues				
Cons Trust Fund Revenue	\$ 1,100	\$ 1,463	\$ 363	\$ 1,372
Investment Earnings	-	278	278	123
TOTAL REVENUES	<u>1,100</u>	<u>1,741</u>	<u>641</u>	<u>1,495</u>
EXPENDITURES				
Capital Outlay				
Parks, Recreation and Other Capital Outlay	<u>1,100</u>	<u>462</u>	<u>638</u>	<u>-</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ -</u>	<u>1,279</u>	<u>\$ 1,279</u>	<u>1,495</u>
FUND BALANCE, BEGINNING		<u>13,975</u>		<u>12,480</u>
FUND BALANCE, ENDING		<u>\$ 15,254</u>		<u>\$ 13,975</u>

See accompanying Independent Auditors' Report.

TOWN OF ALMA

BUDGETARY COMPARISON SCHEDULE

Debt Service Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018		Variance With Final Budget	2017 Actual
	Original & Final Budget	Actual		
REVENUES				
Taxes				
Property Taxes	\$ 11,000	\$ 10,838	\$ (162)	\$ 10,881
Specific Ownership Taxes	113	1,671	1,558	1,579
Total Tax Revenue	11,113	12,509	1,396	12,460
Investment Earnings	-	35	35	61
TOTAL REVENUES	11,113	12,544	1,431	12,521
EXPENDITURES				
Debt Service				
Principal	11,113	8,122	2,991	10,190
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ -</u>	4,422	<u>\$ 4,422</u>	2,331
FUND BALANCE, BEGINNING		63,152		60,821
FUND BALANCE, ENDING		<u>\$ 67,574</u>		<u>\$ 63,152</u>

See accompanying Independent Auditors' Report.

TOWN OF ALMA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL**

Water Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018			2017 Actual
	Original & Final Budget	Actual	Variance with Final Budget	
Operating Revenues				
Utility Charges	\$ 119,240	\$ 124,427	\$ 5,187	\$ 121,147
Other Charges for Services	-	440	440	740
Total Revenues	<u>119,240</u>	<u>124,867</u>	<u>5,627</u>	<u>121,887</u>
Operating Expenses				
Personnel Services	21,472	30,423	(8,951)	11,072
Administrative/Office Expenses	1,300	525	775	410
Insurance	6,000	3,238	2,762	-
Professional Fees	7,500	2,525	4,975	4,004
Repairs and Maintenance	18,000	8,487	9,513	11,901
Travel and Training	1,000	981	19	363
Treatment	3,500	2,021	1,479	996
Telephone and Utilities	6,650	7,284	(634)	7,702
Other Operating Expenses	1,366	1,914	(548)	3,319
Other Capital Outlay	13,482	11,228	2,254	45
Contingency Reserve	4,953	-	4,953	-
Total Expenditures	<u>85,223</u>	<u>68,626</u>	<u>16,597</u>	<u>39,812</u>
Operating Income (Loss)	<u>34,017</u>	<u>56,241</u>	<u>22,224</u>	<u>82,075</u>
Other Income (Expense)				
Investment Earnings	100	1,299	1,199	728
Other Revenue	3,000	2,639	(361)	3,273
Debt Service	(37,117)	(36,861)	256	(36,930)
Gain (Loss) on Sale of Assets	-	(228)	(228)	-
Total Other Income (Expense)	<u>(34,017)</u>	<u>(33,151)</u>	<u>866</u>	<u>(32,929)</u>
Net Income (Loss) before Transfers	-	23,090	23,090	49,146
Contributed Capital				
Plant Investment Fees	<u>22,500</u>	<u>7,500</u>	<u>(15,000)</u>	<u>-</u>
Change in Net Position (Budget Basis)	<u>\$ 22,500</u>	<u>30,590</u>	<u>\$ 8,090</u>	<u>49,146</u>
Budget to GAAP Reconciliation				
Principal Paid		25,102		24,718
Depreciation Expense		(48,428)		(47,895)
Capital Outlay		<u>10,800</u>		<u>-</u>
Change in Net Position - GAAP Basis		<u>18,064</u>		<u>25,969</u>
Net Position, Beginning		965,764		939,795
Prior Period Restatement		(2,154)		-
Net Position, Beginning (As Restated)		<u>963,610</u>		<u>939,795</u>
Net Position, Ending		<u>\$ 981,674</u>		<u>\$ 965,764</u>

See accompanying Independent Auditors' Report.

TOWN OF ALMA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL**

Sewer Fund

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018		2017 Actual	
	Original & Final Budget	Actual		Variance with Final Budget
Operating Revenues				
Utility Charges	\$ 73,080	\$ 78,684	\$ 5,604	\$ 78,094
Operating Expenses				
Personnel Services	20,602	25,345	(4,743)	23,285
Administrative/Office Expenses	588	349	239	300
Insurance	4,642	6,426	(1,784)	-
Operating Supplies	-	94	(94)	111
Professional Fees	6,250	4,870	1,380	5,232
Repairs and Maintenance	11,200	2,866	8,334	1,667
Travel and Training	1,000	131	869	68
Treatment	3,500	2,161	1,339	3,909
Telephone and Utilities	7,800	6,440	1,360	7,296
Other Operating Expenses	223	1,511	(1,288)	10,159
Other Capital Outlay	8,437	24,623	(16,186)	-
Total Expenditures	64,242	74,816	(10,574)	52,027
Operating Income (Loss)	8,838	3,868	(4,970)	26,067
Other Income (Expense)				
Investment Earnings	-	1,945	1,945	949
Other Revenue	-	139	139	198
Debt Service	(7,988)	(7,892)	96	(7,938)
Total Other Income (Expense)	(7,988)	(5,808)	2,180	(6,791)
Net Income (Loss) before Transfers	850	(1,940)	(2,790)	19,276
Contributed Capital				
Plant Investment Fees	22,500	7,500	(15,000)	-
Change in Net Position (Budget Basis)	\$ 23,350	5,560	\$ (17,790)	19,276
Budget to GAAP Reconciliation				
Principal Paid		3,844		3,682
Depreciation Expense		(13,479)		(13,479)
Capital Outlay		24,623		-
Change in Net Position - GAAP Basis		20,548		9,479
Net Position, Beginning		332,084		322,605
Prior Period Restatement		(2,154)		-
Net Position, Beginning (As Restated)		329,930		322,605
Net Position, Ending		\$ 350,478		\$ 332,084

See accompanying Independent Auditors' Report.

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COMPLIANCE SECTION

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State Compliance

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
ALMA
YEAR ENDING :
December 2018

This Information From The Records Of (example - City of _ or County of _) Prepared By:
Phone:

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:	28,433
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	3,448
2. General fund appropriations	39,953	b. Snow and ice removal	15,779
3. Other local imposts (from page 2)		c. Other	8,569
4. Miscellaneous local receipts (from page 2)	3,467	d. Total (a. through c.)	27,796
5. Transfers from toll facilities		4. General administration & miscellaneous	3,920
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	60,149
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)	43,420	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government		2. Notes:	
(from page 2)	16,729	a. Interest	
D. Receipts from Federal Government		b. Redemption	
(from page 2)	0	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	60,149	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)	60,149

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
	0	60,149	60,149		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2018

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	1,020	f. Charges for Services	
5. Specific Ownership &/or Other	2,447	g. Other Misc. Receipts	
6. Total (1. through 5.)	3,467	h. Other	
c. Total (a. + b.)	3,467	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	16,729	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		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.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	16,729	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: