

**TOWN OF AULT
AULT, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

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

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Title Page	
Table of Contents	
Managements' Discussion and Analysis (Required Supplementary Information - Unaudited)	M1 – M8
FINANCIAL SECTION	
Independent Auditors' Report	1 - 3
Basic Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds	6
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position Governmental Activities	7
Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Change In Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10
Statement of Revenues, Expenses, and Change in Fund Net Position - Proprietary Funds	11
Statement of Cash Flows - Proprietary Funds	12
Notes to the Financial Statements	13 - 35
Pension Schedules – Required Supplementary Information (Unaudited)	
Schedule of the Town's Proportionate Share of the Net Pension Asset (Liability)	36
Schedule of Town Contributions	37

TABLE OF CONTENTS
(Continued)

	Page
Required Supplementary Information	
Budgetary Comparison Schedule for the General Fund	38
Budgetary Comparison Schedule for the Street Systems Fund	39
Other Supplementary Information	
Special Revenues Fund	
Budgetary Comparison Schedule for the Conservation Trust Fund	40
Enterprise Funds	
Schedule of Revenues, Expenses and Change in Fund Net Position - Budget and Actual - Water Fund	41
Schedule of Revenues, Expenses and Change in Fund Net Position - Budget and Actual - Sanitation Fund	42
Component Unit	
Schedule of Revenues, Expenses and Change in Fund Balance - Budget and Actual - Library	43
 COMPLIANCE SECTION	
State Compliance	
Local Highway Finance Report	44 - 45

TOWN OF AULT, COLORADO

BOARD OF TRUSTEES
DECEMBER 31, 2018

Board of Trustees

Rob Piotrowski – Mayor

Scott Riley – Mayor ProTem

Tim Falk – Trustee

Corry Cole - Trustee

Dallas Schleining - Trustee

Amy Palmer - Trustee

Butch White – Trustee

ADMINISTRATION

Sharon Sullivan – Town Clerk/Treasurer

FINANCIAL SECTION

Town of Ault
Management's Discussion and Analysis
December 31, 2018

The discussion and analysis of the Town of Ault's 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 Ault's overall net position increased by \$3,478,560, with its governmental net position increasing by \$1,661,573 and business-type net position increasing by \$1,816,987 for the year, with the large increase mainly due to construction.

- The assets of the Town exceeded its liabilities at the close of fiscal year 2018 by \$12,312,654 (*net position*). Of this amount, \$4,239,915 (*unrestricted net position*) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- At the end of 2018, the unrestricted net position for the governmental funds was \$1,766,411 and proprietary funds (business-type activities) were \$2,473,504.
- As of the close of fiscal year 2018, the Town's General Fund reported an ending fund balance of \$1,791,770 compared to the fiscal year 2017 balance of \$1,465,207.
- General Fund 2018 revenues increased by \$239,437 to \$1,377,620.
- General Fund expenditures increased in 2018 by \$168,179 to \$981,222.

Using the Basic Financial Statements

The Basic Financial Statements consists of the Management's 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 Ault 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 and short-term information about the Town's overall financial status.

Town of Ault
Management's Discussion and Analysis
December 31, 2018

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. The Town has two major governmental funds, the General Fund and the Street Systems Fund.

Proprietary fund statements offer short 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
- Sanitation Fund

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 net position was \$12,312,654 as of December 31, 2018 and \$8,834,094 as of December 31, 2017. This represents an increase of \$3,478,560.

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, 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 include: general government, public safety (police), public works, parks and recreation, and health and welfare. The Business-type Activities of the Town of Ault consists of water and sanitation services.

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 Ault, assets exceeded liabilities by approximately \$12 million overall at the close of 2018.

Town of Ault
Management's Discussion and Analysis
December 31, 2018

Net position of the Town at December 31 was as follows:

	Condensed Statement of Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
ASSETS						
Current and Other Assets	\$ 2,589,845	\$ 2,071,875	\$ 2,845,536	\$ 2,070,279	\$ 5,435,381	\$ 4,142,154
Capital Assets, net	<u>1,629,863</u>	<u>453,695</u>	<u>7,765,387</u>	<u>6,838,595</u>	<u>9,395,250</u>	<u>7,292,290</u>
TOTAL ASSETS	<u>4,219,708</u>	<u>2,525,570</u>	<u>10,610,923</u>	<u>8,908,874</u>	<u>14,830,631</u>	<u>11,434,444</u>
Deferred Outflows	<u>107,294</u>	<u>92,191</u>	<u>-</u>	<u>-</u>	<u>107,294</u>	<u>92,191</u>
 LIABILITIES						
Current Liabilities	95,354	74,698	281,521	222,368	376,875	297,066
Non-Current Liabilities	<u>3,078</u>	<u>19,279</u>	<u>2,092,717</u>	<u>2,266,808</u>	<u>2,095,795</u>	<u>2,286,087</u>
TOTAL LIABILITIES	<u>98,432</u>	<u>93,977</u>	<u>2,374,238</u>	<u>2,489,176</u>	<u>2,472,670</u>	<u>2,583,153</u>
Deferred Inflows	<u>152,601</u>	<u>109,388</u>	<u>-</u>	<u>-</u>	<u>152,601</u>	<u>109,388</u>
 Net Position						
Net Investment in Capital Assets	1,686,149	450,617	5,672,670	4,577,691	7,358,819	5,028,308
Restricted Net Position	623,409	492,674	90,511	86,314	713,920	578,988
Unrestricted	<u>1,766,411</u>	<u>1,471,105</u>	<u>2,473,504</u>	<u>1,755,693</u>	<u>4,239,915</u>	<u>3,226,798</u>
TOTAL NET POSITION	<u>\$ 4,075,969</u>	<u>\$ 2,414,396</u>	<u>\$ 8,236,685</u>	<u>\$ 6,419,698</u>	<u>\$ 12,312,654</u>	<u>\$ 8,834,094</u>

The statement of net position reflects a cash position totaling \$5,435,381 of total assets. The bulk of the Town's resources, \$9.4 million, are invested in capital assets. These assets consist of land and improvements, buildings, equipment, and utility system assets. The remaining assets represent receivables.

The Town of Ault uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ault's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources since, 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.

Changes in Net Position

Governmental activities increased the Town of Ault's net position by \$1,661,573. Business activities increased the Town's net position by \$1,816,987.

Town of Ault
Management's Discussion and Analysis
December 31, 2018

A summary of the changes in net position is as follows:

	Condensed Statement of Activities					
	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Program Revenues						
Charges for Services	\$ 410,666	\$ 274,220	\$ 980,436	\$ 915,081	\$ 1,391,102	\$ 1,189,301
Operating Grants and Contrib.	192,699	127,571	-	-	192,699	127,571
Capital Grants and Contrib.	-	-	1,338,305	290,275	1,338,305	290,275
Total Program Revenues	<u>603,365</u>	<u>401,791</u>	<u>2,318,741</u>	<u>1,205,356</u>	<u>2,922,106</u>	<u>1,607,147</u>
General Revenues:						
Taxes	962,412	747,201	-	-	962,412	747,201
Other General Revenues	17,613	99,717	24,451	10,928	42,064	110,645
Total General Revenues	<u>980,025</u>	<u>846,918</u>	<u>24,451</u>	<u>10,928</u>	<u>1,004,476</u>	<u>857,846</u>
Total Revenues	<u>1,583,390</u>	<u>1,248,709</u>	<u>2,343,192</u>	<u>1,216,284</u>	<u>3,926,582</u>	<u>2,464,993</u>
Program Expenses						
General Government	218,204	177,983	-	-	218,204	177,983
Public Safety	656,067	562,872	-	-	656,067	562,872
Public Works	226,855	165,245	-	-	226,855	165,245
Parks and Recreation	(1,203,693)	60,483	-	-	(1,203,693)	60,483
Health & Welfare	47,923	49,461	-	-	47,923	49,461
Economic development/assistance	495	495	-	-	495	495
Water Operations	-	-	536,552	451,541	536,552	451,541
Sanitation Operations	-	-	721,019	548,718	721,019	548,718
Total Expenses	<u>(54,149)</u>	<u>1,016,539</u>	<u>1,257,571</u>	<u>1,000,259</u>	<u>1,203,422</u>	<u>2,016,798</u>
Transfers	<u>24,034</u>	<u>14,920</u>	<u>(24,034)</u>	<u>(14,920)</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,661,573	247,090	1,061,587	201,105	2,723,160	448,195
Net Position, Beginning	<u>2,414,396</u>	<u>2,167,306</u>	<u>6,419,698</u>	<u>6,218,593</u>	<u>8,834,094</u>	<u>8,385,899</u>
Prior Period Restatement	-	-	755,400	-	755,400	-
Net Position, Beginning (As Restated)	<u>2,414,396</u>	<u>2,167,306</u>	<u>7,175,098</u>	<u>6,218,593</u>	<u>9,589,494</u>	<u>8,385,899</u>
Net Position, Ending	<u>\$ 4,075,969</u>	<u>\$ 2,414,396</u>	<u>\$ 8,236,685</u>	<u>\$ 6,419,698</u>	<u>\$ 12,312,654</u>	<u>\$ 8,834,094</u>

For 2018, the Town's Governmental Activities show an increase of \$334,682 in total revenues and a decrease of \$206,718 in expenses, resulting in an increase in net position of \$447,381 over 2017. The Business-type Activities show an increase of \$67,655 in revenues and a decrease of \$258,559 in expenses resulting in an increase in net position of \$1,836,987 over 2017.

Financial Analysis of the Town's Funds

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

Town of Ault
Management's Discussion and Analysis
December 31, 2018

Governmental Funds - The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balance 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 year.

General Fund – The General Fund went from a balance of \$1,465,207 to \$1,791,770. This increase is principally the result of increasing revenues and maintaining expenditures below budget. Total revenues increased by \$239,437. Expenditures increased by \$168,179.

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 than the information found in the government-wide statements.

Water Fund – The net position increased by \$1,325,354 in 2018, which is well above the increase of \$228,226 in 2017. Infrastructure dedicated in prior years being restated January 1, 2018 contributed to this increase.

Sanitation Fund – The net position increased by \$491,633 in 2018, well above the decrease of \$27,121. in 2017. Again, infrastructure dedicated in prior years being restated January 1, 2018 contributed to this increase.

Capital Assets

Approximately 20% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings, infrastructure, and improvements.

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 219,806	\$ -	\$ -	\$ 219,806
Capital assets being depreciated:				
Buildings and improvements	246,957	-	6,467	240,490
Land improvements	354,157	-	-	354,157
Vehicles and equipment	348,713	88,345	105,997	331,061
Infrastructure	<u>1,321,671</u>	<u>1,175,498</u>	<u>77,551</u>	<u>2,419,618</u>
Total capital assets being depreciated	<u>2,271,498</u>	<u>1,263,843</u>	<u>190,015</u>	<u>3,345,326</u>
Less accumulated depreciation:				
Buildings and improvements	186,340	3,673	6,467	183,546
Land improvements	298,733	6,214	-	304,947
Vehicles and equipment	282,676	37,756	105,997	214,435
Infrastructure	<u>1,269,860</u>	<u>40,032</u>	<u>77,551</u>	<u>1,232,341</u>
Total accumulated depreciation	<u>2,037,609</u>	<u>87,675</u>	<u>190,015</u>	<u>1,935,269</u>
Total capital assets, net	<u>\$ 453,695</u>	<u>\$ 1,176,168</u>	<u>\$ -</u>	<u>\$ 1,629,863</u>

Town of Ault
Management's Discussion and Analysis
December 31, 2018

Approximately 80% of the Town's capital assets support business-type activities. The Town's business-type activities capital assets consist of its investments in its utility systems and related equipment.

	Restated			
	Balance			Balance
	January 1,	Additions	Deletions	December 31,
	2018			2018
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 15,338	\$ -	\$ -	\$ 15,338
Water rights	<u>1,033,908</u>	<u>27,000</u>	<u>-</u>	<u>1,060,908</u>
Total capital assets not being depreciated	<u>1,049,246</u>	<u>27,000</u>	<u>-</u>	<u>1,076,246</u>
Capital assets being depreciated:				
Water and sewer systems	8,730,450	524,088	5,414	9,249,124
Equipment	<u>93,896</u>	<u>-</u>	<u>10,714</u>	<u>83,182</u>
Total capital assets being depreciated	<u>8,824,346</u>	<u>524,088</u>	<u>16,128</u>	<u>9,332,306</u>
Less accumulated depreciation:				
Water and sewer systems	2,202,934	374,134	5,414	2,571,654
Equipment	<u>76,664</u>	<u>5,561</u>	<u>10,714</u>	<u>71,511</u>
Total accumulated depreciation	<u>2,279,598</u>	<u>379,695</u>	<u>16,128</u>	<u>2,643,165</u>
Total Capital Assets, net	<u>\$ 7,593,994</u>	<u>\$ 171,393</u>	<u>\$ -</u>	<u>\$ 7,765,387</u>

The Town's Governmental Activities reported depreciation expense of \$87,675 in the Government-Wide Financial Statements. The Town's Business-Type Activities reported \$379,695 in depreciation expense allocated to the Water and Sanitation Funds at \$40,866 and \$338,829 respectively.

Town of Ault
Management's Discussion and Analysis
December 31, 2018

Long-Term Debt

The Town's governmental and business-type activities for long-term debt consist of various capital leases, loans and notes payable that were used for capital asset acquisition and system improvements. Long-term debt transactions for the year were as follows:

	Balance			Balance		
	January 1,		Repayments	December 31,		Interest
	2018	Advances		2018	Current	
GOVERNMENTAL ACTIVITIES				Portion	Expense	
Capital Leases - Equipment	\$ 5,361	\$ -	\$ 2,283	\$ 3,078	\$ 2,442	\$ 292
Compensated Absences	33,825	5,117	-	38,942	38,942	-
Total Obligations	\$ 39,186	\$ 5,117	\$ 2,283	\$ 42,020	\$ 41,384	\$ 292

	Balance			Balance		
	January 1,		Repayments	December 31,		Interest
	2018	Advances		2018	Current	
BUSINESS -TYPE ACTIVITIES				Portion	Expense	
2006 CWRPDA Loan	\$ 653,508	\$ -	\$ 71,955	\$ 581,553	\$ 73,220	\$ 10,913
2015 CWRPDA Loan	1,787,393	-	102,137	1,685,256	102,137	-
Compensated Absences	11,014	3,124	-	14,138	14,138	-
Total Obligations	\$ 2,451,915	\$ 3,124	\$ 174,092	\$ 2,280,947	\$ 189,495	\$ 10,913

General Fund Budget

The General Fund accounts for all of the general government services provided by the Town of Ault including: public safety (police), public works, parks and recreation, and general government services. The Town's General Fund revenues were higher than budgeted by \$228,089, which is again a higher margin than last year. The Town's expenditures were \$160 more than budgeted.

Economic Factors and Future Budgets and Rates

The economy has improved, and the Town has seen an increase in new construction and sales tax revenue. It remains important to have stable, well-thought-out planning.

The Town has just completed an upgrade to our Domestic Water Booster Pump Station for distribution. The comprehensive plan and land use code are under revision. The Town Board will continue to review the fee structure in the coming years to be sure to stay up with the demands of the infrastructure.

The Town must continue to strategize for growth and needs of the future. Steady yet smart growth is needed to continue with an upward trend.

Town of Ault
Management's Discussion and Analysis
December 31, 2018

Request for Information

The financial statements are 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 Town Clerk/Treasurer, Town of Ault, 201 1st Street, P.O. Box 1098 Ault, CO 80610 or call (970) 834-2844.

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 Ault
Ault, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Ault, Colorado, as of and for the year ended December 31, 2018, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component unit, each major funds, and the aggregate remaining fund information of the Town of Ault, 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 13 to the financial statements, the 2017 financial statements have been restated to reflect the previously unrecorded prior year capital asset dedications. The inclusion of these items 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 Ault's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 29, 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-M8 and pension schedules on pages 35-36 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 Schedules 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 37-38 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 budgetary comparison schedules on pages 39-42 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, 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* on pages 43-44 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.

Mayberry + Company, LLC

Englewood, Colorado
June 3, 2019

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the Town's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2018.

INTENTIONALLY LEFT BLANK

TOWN OF AULT, COLORADO

STATEMENT OF NET POSITION
December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Northern Plains Public Library
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 2,311,447	\$ 2,650,771	\$ 4,962,218	\$ 1,765,500
Accounts Receivable	111,120	93,554	204,674	-
Property Tax Receivable	101,476	-	101,476	-
Prepaid Expenses	12,403	4,734	17,137	-
Restricted Cash and Investments	-	90,511	90,511	-
TOTAL CURRENT ASSETS	2,536,446	2,839,570	5,376,016	1,765,500
NONCURRENT ASSETS				
Capital Assets not being depreciated	219,806	1,076,246	1,296,052	35,000
Capital Assets being depreciated (net)	1,410,057	6,689,141	8,099,198	537,041
Net Pension Asset	59,364	-	59,364	-
TOTAL NONCURRENT ASSETS	1,689,227	7,765,387	9,454,614	572,041
TOTAL ASSETS	4,225,673	10,604,957	14,830,630	2,337,541
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES				
Net Pension Deferred Outflows	107,294	-	107,294	-
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	42,178	88,319	130,497	4,346
Accrued Payroll	-	-	-	4,467
Developer Tap Fees Payable	-	3,276	3,276	-
Accrued Interest Payable	-	1,696	1,696	-
Customer Deposits	6,383	-	6,383	-
Unearned Revenues	7,850	-	7,850	-
Current Portion of Noncurrent Liabilities	41,384	189,495	230,879	25,368
TOTAL CURRENT LIABILITIES	97,795	282,786	380,581	34,181
NONCURRENT LIABILITIES				
Capital Leases Payable	636	-	636	27,425
Notes Payable	-	2,091,452	2,091,452	-
TOTAL NONCURRENT LIABILITIES	636	2,091,452	2,092,088	27,425
TOTAL LIABILITIES	98,431	2,374,238	2,472,669	61,606
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Deferred Revenue - Property Taxes	101,476	-	101,476	-
Net Pension Deferred Inflows	51,125	-	51,125	-
TOTAL DEFERRED INFLOWS	152,601	-	152,601	-
NET POSITION				
Net Investment in Capital Assets	1,688,591	5,673,935	7,362,526	519,248
Restricted:				
for TABOR Emergencies	45,000	-	45,000	14,000
for Impact Related Improvements	524,917	-	524,917	-
for Parks and Recreation	51,623	-	51,623	-
for Operations and Maintenance Reserve	-	90,511	90,511	-
Unrestricted	1,771,804	2,466,273	4,238,077	1,742,687
TOTAL NET POSITION	\$ 4,081,935	\$ 8,230,719	\$ 12,312,654	\$ 2,275,935

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

TOWN OF AULT, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General Government	\$ 218,204	\$ 125,739	\$ 51,475	\$ -
Public Safety	614,087	219,202	2,600	-
Public Works	180,489	65,525	121,411	1,175,498
Parks and Recreation	60,151	200	17,213	-
Health & Welfare	47,923	-	-	-
Economic Development	495	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>1,121,349</u>	<u>410,666</u>	<u>192,699</u>	<u>1,175,498</u>
Business - Type Activities:				
Water Operations	536,552	482,144	-	915,883
Sanitation Operations	721,019	498,292	-	422,422
TOTAL BUSINESS - TYPE ACTIVITIES	<u>1,257,571</u>	<u>980,436</u>	<u>-</u>	<u>1,338,305</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 2,378,920</u>	<u>\$ 1,391,102</u>	<u>\$ 192,699</u>	<u>\$ 2,513,803</u>
Component Unit				
Northern Plains Public Library	\$ 258,609	\$ 2,147	\$ 3,412	\$ -

GENERAL REVENUES

Taxes
Investment Earnings
Other Revenues

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION - Beginning of Year

PRIOR PERIOD RESTATEMENT

NET POSITION - Beginning of Year (As Restated)

NET POSITION - End of Year

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

**NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION -
PRIMARY GOVERNMENT**

<u>GOVERNMENT ACTIVITIES</u>	<u>BUSINESS - TYPE ACTIVITES</u>	<u>TOTAL</u>	<u>COMPONENT UNIT</u>
\$ (40,990)	\$ -	\$ (40,990)	\$ -
(392,285)	-	(392,285)	-
1,181,945	-	1,181,945	-
(42,738)	-	(42,738)	-
(47,923)	-	(47,923)	-
(495)	-	(495)	-
<u>657,514</u>	<u>-</u>	<u>657,514</u>	<u>-</u>
-	861,475	861,475	-
-	199,695	199,695	-
<u>-</u>	<u>1,061,170</u>	<u>1,061,170</u>	<u>-</u>
<u>657,514</u>	<u>1,061,170</u>	<u>1,718,684</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(253,050)</u>
962,412	-	962,412	405,391
17,485	20,956	38,441	22,443
128	3,495	3,623	5,894
30,000	(30,000)	-	-
<u>1,010,025</u>	<u>(5,549)</u>	<u>1,004,476</u>	<u>433,728</u>
<u>1,667,539</u>	<u>1,055,621</u>	<u>2,723,160</u>	<u>180,678</u>
2,414,396	6,419,698	8,834,094	2,095,257
<u>-</u>	<u>755,400</u>	<u>755,400</u>	<u>-</u>
<u>2,414,396</u>	<u>7,175,098</u>	<u>9,589,494</u>	<u>2,095,257</u>
<u>\$ 4,081,935</u>	<u>\$ 8,230,719</u>	<u>\$ 12,312,654</u>	<u>\$ 2,275,935</u>

TOWN OF AULT, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2018

With Comparative Totals for December 31, 2017

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>GENERAL</u>	<u>STREET SYSTEMS</u>	<u>NON-MAJOR CONSERVATION TRUST</u>
ASSETS			
Cash and Investments	\$ 1,731,686	\$ 528,138	\$ 51,623
Accounts Receivable	111,120	-	-
Property Tax Receivable	101,476	-	-
Prepaid Expenses	<u>10,989</u>	<u>1,414</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 1,955,271</u>	<u>\$ 529,552</u>	<u>\$ 51,623</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 38,957	\$ 3,221	\$ -
Deposits	6,383	-	-
Unearned Revenue - Other	<u>7,850</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>53,190</u>	<u>3,221</u>	<u>-</u>
DEFERRED INFLOWS			
Deferred Revenue - Property Taxes	<u>101,476</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Nonspendable:			
Prepays	10,989	1,414	-
Restricted Fund Balance			
Restricted for TABOR Emergencies	45,000	-	-
Restricted for Impact Related Projects	-	524,917	-
Restricted for Parks and Recreation	-	-	51,623
Committed:			
Committed for Martinez Memorial	6,083	-	-
Unassigned	<u>1,738,533</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>1,800,605</u>	<u>526,331</u>	<u>51,623</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,955,271</u>	<u>\$ 529,552</u>	<u>\$ 51,623</u>

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

TOTALS

<u>2018</u>	<u>2017</u>
\$ 2,311,447	\$ 1,852,888
111,120	99,160
101,476	108,074
<u>12,403</u>	<u>11,753</u>
<u>\$ 2,536,446</u>	<u>\$ 2,071,875</u>

\$ 42,178	\$ 25,917
6,383	4,822
<u>7,850</u>	<u>7,850</u>
<u>56,411</u>	<u>38,589</u>

<u>101,476</u>	<u>108,074</u>
----------------	----------------

12,403	11,753
45,000	34,000
524,917	420,331
51,623	38,343
6,083	6,083
<u>1,738,533</u>	<u>1,414,702</u>
<u>2,378,559</u>	<u>1,925,212</u>
<u>\$ 2,536,446</u>	<u>\$ 2,071,875</u>

TOWN OF AULT, COLORADO

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION GOVERNMENTAL ACTIVITIES**
Year Ended December 31, 2018

FUND BALANCE - GOVERNMENTAL FUNDS \$2,378,559

Amounts Reported for Governmental Activities on the Statement of Net Position
are Different Because:

Capital assets used in governmental activities are not resources
and are not reported in the funds:

Capital Assets	\$ 3,565,132	
Accumulated Depreciation	<u>(1,935,269)</u>	1,629,863

Certain long-term pension related costs and adjustments are not available to pay
or are payable currently and are therefore not reported in the funds

FPPA Pension

Net pension deferred outflows	107,294	
Net pension liability	59,364	
Net pension deferred Inflows	<u>(51,125)</u>	115,533

Long-term liabilities are not due and payable in the current period

Accrued Compensated Absences	(38,942)	
Capital Leases Payable	<u>(3,078)</u>	<u>(42,020)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 4,081,935

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

TOWN OF AULT, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS

Year Ended December 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	SPECIAL REVENUE FUNDS			TOTALS	
	GENERAL	STREET SYSTEMS	NON-MAJOR CONSERVATION TRUST	2018	2017
REVENUES					
Taxes	\$ 952,318	\$ 35,465	\$ -	\$ 987,783	\$ 765,082
Licenses and Permits	150,043	56,025	-	206,068	61,940
Intergovernmental	37,081	72,782	17,213	127,076	106,711
Fines and Forfeits	204,117	-	-	204,117	211,768
Other	34,061	24,219	67	58,347	103,208
TOTAL REVENUES	<u>1,377,620</u>	<u>188,491</u>	<u>17,280</u>	<u>1,583,391</u>	<u>1,248,709</u>
EXPENDITURES					
Current					
General Government	208,166	5,377	-	213,543	176,193
Public Safety	589,884	-	-	589,884	489,000
Public Works	2,941	148,838	-	151,779	135,278
Parks and Recreation	50,910	258	-	51,168	47,734
Health & Welfare	37,998	-	-	37,998	37,905
Economic Development	495	-	-	495	495
Capital Outlay	88,253	24,349	-	112,602	64,146
Debt Service	2,575	-	-	2,575	2,575
TOTAL EXPENDITURES	<u>981,222</u>	<u>178,822</u>	<u>-</u>	<u>1,160,044</u>	<u>953,326</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	396,398	9,669	17,280	423,347	295,383
OTHER FINANCING SOURCES (USES)					
Transfers In	4,000	95,000	-	99,000	99,636
Transfers Out	(65,000)	-	(4,000)	(69,000)	(84,716)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(61,000)</u>	<u>95,000</u>	<u>(4,000)</u>	<u>30,000</u>	<u>14,920</u>
CHANGE IN FUND BALANCE	335,398	104,669	13,280	453,347	310,303
FUND BALANCE, Beginning	<u>1,465,207</u>	<u>421,662</u>	<u>38,343</u>	<u>1,925,212</u>	<u>1,614,909</u>
FUND BALANCE, Ending	<u>\$ 1,800,605</u>	<u>\$ 526,331</u>	<u>\$ 51,623</u>	<u>\$ 2,378,559</u>	<u>\$ 1,925,212</u>

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

TOWN OF AULT, COLORADO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
Year Ended December 31, 2018

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Change in Fund Balance - Governmental Funds	\$	453,347	
Principal payments on debt are reported as expenditures and debt proceeds are reported as revenues in the funds:			
Principal Payments on Capital Leases Payable		2,283	
Accrued Compensated Absences are expensed when paid in the funds:			
Change in Accrued Leave			(5,116)
Pension 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.			
FPPA Pension			
Change in deferred pension outflows	\$	15,103	
Change in net pension liability		75,565	
Change in deferred pension inflows		<u>(49,811)</u>	40,857
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:			
Capitalized assets		88,346	
Contributed infrastructure		1,175,498	
Depreciation Expense		<u>(87,676)</u>	<u>1,176,168</u>
Change in Net Position - Governmental Activities	\$		<u><u>1,667,539</u></u>

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

TOWN OF AULT, COLORADO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2018

With Comparative Totals for December 31, 2017

	BUSINESS-TYPE ACTIVITIES		TOTALS	
	WATER	SANITATION	2018	2017
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 1,832,963	\$ 817,808	\$ 2,650,771	\$ 1,892,976
Restricted Cash and Investments	-	90,511	90,511	86,314
Accounts Receivable	38,231	55,323	93,554	86,545
Prepaid Expenses	2,860	1,874	4,734	4,444
TOTAL CURRENT ASSETS	1,874,054	965,516	2,839,570	2,070,279
NONCURRENT ASSETS				
Land	-	15,338	15,338	15,338
Water Rights	1,060,908	-	1,060,908	958,908
Equipment	49,217	33,966	83,183	93,896
Improvements	1,845,736	7,403,388	9,249,124	8,014,240
Less Accumulated Depreciation	(762,293)	(1,880,873)	(2,643,166)	(2,243,787)
TOTAL NONCURRENT ASSETS	2,193,568	5,571,819	7,765,387	6,838,595
TOTAL ASSETS	4,067,622	6,537,335	10,604,957	8,908,874
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	30,847	57,472	88,319	32,079
Developer Tap Fees Payable	-	3,276	3,276	3,275
Accrued Interest Payable	-	1,696	1,696	1,906
Current Portion of Noncurrent Liabilities	5,591	183,904	189,495	185,108
TOTAL CURRENT LIABILITIES	36,438	246,348	282,786	222,368
NONCURRENT LIABILITIES				
Notes Payable	-	2,091,452	2,091,452	2,266,808
TOTAL LIABILITIES	36,438	2,337,800	2,374,238	2,489,176
NET POSITION				
Net Investment in Capital Assets	2,193,568	3,300,921	5,494,489	4,402,152
Restricted for Operations and Maintenance Reserve	-	90,511	90,511	86,314
Unrestricted	1,837,616	808,103	2,645,719	1,931,232
TOTAL NET POSITION	\$ 4,031,184	\$ 4,199,535	\$ 8,230,719	\$ 6,419,698

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

TOWN OF AULT, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
PROPRIETARY FUNDS

Year Ended December 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTALS</u>	
	<u>WATER</u>	<u>SANITATION</u>	<u>2018</u>	<u>2017</u>
OPERATING REVENUES				
Charges for Services	\$ 482,144	\$ 498,292	\$ 980,436	\$ 912,781
OPERATING EXPENSES				
Personal Services	127,846	142,621	270,467	217,026
Supplies	8,775	24,058	32,833	34,627
Purchased Services	304,835	104,065	408,900	378,746
Other Operating Expenses	2,674	2,280	4,954	2,169
Fleet Maintenance	2,219	783	3,002	1,966
Repairs & Maintenance	17,123	26,989	44,112	56,043
Small Capital	32,214	70,481	102,695	162
Depreciation	40,866	338,829	379,695	297,360
TOTAL OPERATING EXPENSES	536,552	710,106	1,246,658	988,099
NET INCOME (LOSS) FROM OPERATIONS	(54,408)	(211,814)	(266,222)	(75,318)
NONOPERATING INCOME (EXPENSE)				
Investment Earnings	14,100	6,856	20,956	10,928
Miscellaneous Revenue	2,200	1,295	3,495	2,300
Interest Expense	-	(10,913)	(10,913)	(12,160)
NONOPERATING INCOME (EXPENSE)	16,300	(2,762)	13,538	1,068
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(38,108)	(214,576)	(252,684)	(74,250)
TRANSFERS				
Transfers In	-	-	-	15,080
Transfers Out	(15,000)	(15,000)	(30,000)	(30,000)
NET TRANSFERS	(15,000)	(15,000)	(30,000)	(14,920)
CAPITAL CONTRIBUTIONS				
Capital Contributions	915,883	422,422	1,338,305	290,275
CHANGE IN NET POSITION	862,775	192,846	1,055,621	201,105
NET POSITION, Beginning	2,711,841	3,707,857	6,419,698	6,218,593
PRIOR PERIOD RESTATEMENT	456,568	298,832	755,400	-
NET POSITION, Beginning (As Restated)	3,168,409	4,006,689	7,175,098	6,218,593
NET POSITION, Ending	\$ 4,031,184	\$ 4,199,535	\$ 8,230,719	\$ 6,419,698

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

TOWN OF AULT, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Increase (Decrease) in Cash and Cash Equivalents

Year Ended December 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	BUSINESS-TYPE ACTIVITIES		TOTAL	
	WATER	SANITATION	2018	2017
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 477,295	\$ 495,844	\$ 973,139	\$ 1,384,596
Cash Payments to Suppliers	(357,203)	(179,932)	(537,135)	(692,748)
Cash Payments to Employees	(127,846)	(142,621)	(270,467)	(217,026)
Net Cash Provided by Operating Activities	(7,754)	173,291	165,537	474,822
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(312,205)	(238,882)	(551,087)	(31,739)
Debt Proceeds				
Capital Contributions	915,883	422,422	1,338,305	290,275
Principal Payments on Debt	-	(174,092)	(174,092)	(172,849)
Interest Payments on Debt	-	(11,122)	(11,122)	(12,366)
Net Cash Provided (Used) by Capital and Related Financing Activities	603,678	(1,674)	602,004	73,321
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	2,200	1,295	3,495	-
Transfers - Net	(15,000)	(15,000)	(30,000)	(14,920)
Net Cash Provided (Used) by Non-Capital Financing Activities	(12,800)	(13,705)	(26,505)	(14,920)
Cash Flows From Investing Activities:				
Investment Income	14,100	6,856	20,956	10,928
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	597,224	164,768	761,992	544,151
CASH AND EQUIVALENTS, Beginning	1,235,739	743,551	1,979,290	1,435,139
CASH AND EQUIVALENTS, Ending	\$ 1,832,963	\$ 908,319	\$ 2,741,282	\$ 1,979,290
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ (54,408)	\$ (211,814)	\$ (266,222)	\$ (73,018)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	40,866	338,829	379,695	297,360
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Accounts Receivable	(4,687)	(2,322)	(7,009)	469,156
Prepaid Expenses	(162)	(126)	(288)	359
Increase (Decrease) in:				
Accounts Payable	10,157	46,081	56,238	(220,986)
Payroll Liabilities	480	2,643	3,123	1,951
Total Adjustments	46,654	385,105	431,759	547,840
Net Cash Provided by Operating Activities	\$ (7,754)	\$ 173,291	\$ 165,537	\$ 474,822

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Ault was incorporated in 1904 and is administered by a 7 member board of trustees, and provides municipal services to a population of 1,700 persons. The Town's basic financial statements include the accounts of all Town operations.

This summary of the Town of Ault's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the Town of Ault conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

In accordance with Governmental Accounting Standards, the Town has considered the possibility of inclusion of additional entities in its basic financial statements. The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based upon the application of these criteria, the following component unit is included in the Town's reporting entity because of the significance of its operational or financial relationship to the Town.

Discretely Presented Component Unit

The Northern Plains Public Library – the Mayor appoints a board member to represent the Board of Trustees at Library meetings. New members for the Library Board are selected by the Library Board, and then presented to the Town Board of Trustees for approval. Currently, one member of the Town's Board of Trustees is a member of the Library Board. The Library serves the citizens of Weld County School District RE-9, which includes the Town of Ault. The Town Board of Trustees approves the annual budget for the Library and includes their audit into the Town's audited financial statements. The Library is presented as a governmental fund type discretely presented component unit. Complete financial statements of the Library can be obtained from the Northern Plains Public Library, 216 2nd Street, Ault, CO 80610.

Government-Wide and Fund Financial Statements

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment is offset by program revenues.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, sales and use taxes, franchise fees, state shared revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

In the fund financial statements, the Town reports the following major governmental funds:

General Fund – The General 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.

Street Systems Fund – This is a special revenue fund that accounts for the financial resources related to improvements of the Town's streets and drainage systems. The Town has dedicated its specific ownership taxes, motor vehicle registration fees, Highway Users Tax Fund receipts and Road and Bridge tax revenue for this purpose.

The Town also reports the following major proprietary funds:

Water and Sanitation Funds – These funds account for the activities related to offering the respective services to the Town's residents.

Budgets

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

- (1) Prior to or by the regular Board meeting in December, the budget is legally enacted through passage of resolutions, after receiving input through public hearings.
- (2) The Town Clerk and Finance Committee reports monthly to the Town Board explaining any variance from the approved budget.
- (3) The Ault Municipal Code requires the adoption of a budget for proprietary funds. Depreciation expense is not a budgeted item.
- (4) The Town does not utilize encumbrance accounting and all appropriations lapse at year end.

Budgets are adopted based on the requirements of state statutes. The following timetable is used:

- (1) Submission of the proposed budget to the Board of Trustees by October 15 of each year.
- (2) Certification of mill levies to the County Commissioners by December 15 of each year.
- (3) Final adoption of the budget and appropriations by December 15 of each year.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less.

Property Taxes

Property taxes for the Town are levied by the Town Board and certified for collection to Weld 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.

Inventory

Inventories are valued at cost, using the first-in, first-out (FIFO) method.

Property, Plant and Equipment

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives.

	<u>Primary Government</u>	<u>Component Unit</u>
Buildings and improvements	10 - 40 years	40 years
Infrastructure	3 - 15 years	N/A
Furniture and equipment	5 - 10 years	5 - 15 years
Utility systems	20 -50 years	N/A
Land improvements	15 25 years	N/A
Books	N/A	10 years

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Employees of the Town are allowed to accumulate unused vacation, sick and compensatory time depending on length of employment. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time and compensatory time at their current rate of pay, and all accrued sick time at one half their current rate of pay.

Accumulated unpaid vacation, sick and compensatory time is accrued when earned. In the governmental fund types, accumulated compensated absences not expected to be paid with current available resources are reported as governmental activities liabilities, but not reported in the funds. Compensated absences relating to the Enterprise Funds are reported as a liability of those funds.

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 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 related deferred inflows that are reported at the activity level.

Net Position/Fund Balance

In the government-wide financial statements and for the proprietary fund statements, Net Position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as "nonspendable" include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance (Continued)

Fund balances are reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by the highest formal action, the adoption of an Ordinance, of the government's highest level of decision-making authority, the Town Board, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

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, if allowed under the terms of the restriction. 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.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town’s financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments follows:

Cash and Investments	\$ 4,962,219
Restricted Cash and Investments	<u>90,511</u>
Total Cash and Investments	<u>\$ 5,052,730</u>

The Town's cash and investment balances are comprised of the following:

Cash	\$ 5,051,311
Investments	<u>1,419</u>
Total Cash and Investments	<u>\$ 5,052,730</u>

Restricted cash and investment balances are comprised of the following:

Governmental Activities - Unrestricted	\$ 2,311,448
Business-type Activities - Unrestricted	2,650,771
Business-type Activities - Rest. (O&M Reserve)	<u>90,511</u>
Total Cash and Investments	<u>\$ 5,052,730</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 (\$250,000) 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 bank deposits as shown below were either insured by federal depository insurance or collateralized under PDPA. Uninsured deposits in financial institutions are placed into three categories depending on the custody credit risk.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

The categories are as follows:

1. Uncollateralized
2. Collateralized with securities held by the pledging financial institution
3. Collateralized with securities held by the pledging financial institution’s trust department, or agent but not in the entity's name

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Secured (Not in Entity's Name)	4,877,718	4,800,436
Petty Cash	-	875
Total Cash	<u>\$ 5,127,718</u>	<u>\$ 5,051,311</u>

Investments

Credit Risk

The Town invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) Safety, 2) Liquidity, and 3) Yield. The Town Treasurer is responsible for all of the investments of the Town.

Eligible investments shall conform to state law and may include any of the following:

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

As of December 31, 2018, the Town’s investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Maturity</u>	<u>Rating</u>
Local Government Pool	\$ 1,419	-	AAAm

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

During the year ended December 31, 2018, the Town invested funds in Colotrust. As investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pool 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 pools operate 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. These funds are rated AAAM by the Standard and Poor's Corporation.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes. The Town's investment portfolio does not contain investments that exceed that limitation.

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer. The Town's sole investment is in Colotrust.

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. The Town Board of Trustees approves a list of financial institutions and depositories authorized to provide investment services.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3: CAPITAL ASSETS

A Summary of the Town’s governmental activity capital assets is as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>January 1,</u>			<u>December 31,</u>
	<u>2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>2018</u>
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 219,806	\$ -	\$ -	\$ 219,806
Capital assets being depreciated:				
Buildings and improvements	246,957	-	6,467	240,490
Land improvements	354,157	-	-	354,157
Vehicles and equipment	348,713	88,345	105,997	331,061
Infrastructure	<u>1,321,671</u>	<u>1,175,498</u>	<u>77,551</u>	<u>2,419,618</u>
Total capital assets being depreciated	<u>2,271,498</u>	<u>1,263,843</u>	<u>190,015</u>	<u>3,345,326</u>
Less accumulated depreciation:				
Buildings and improvements	186,340	3,673	6,467	183,546
Land improvements	298,733	6,214	-	304,947
Vehicles and equipment	282,676	37,756	105,997	214,435
Infrastructure	<u>1,269,860</u>	<u>40,032</u>	<u>77,551</u>	<u>1,232,341</u>
Total accumulated depreciation	<u>2,037,609</u>	<u>87,675</u>	<u>190,015</u>	<u>1,935,269</u>
Total capital assets, net	<u>\$ 453,695</u>	<u>\$ 1,176,168</u>	<u>\$ -</u>	<u>\$ 1,629,863</u>

Depreciation is charged to the Town’s Governmental Activities as follows:

General Government	\$ 1,528
Public Safety	27,137
Public Works	50,727
Health and Welfare	547
Culture and recreation	<u>7,736</u>
Total Depreciation	<u>\$ 87,675</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3: CAPITAL ASSETS (Continued)

The following schedule presents business-type activities capital assets at December 31, 2018:

	Restated			
	Balance			Balance
	January 1,		Deletions	December 31,
	2018	Additions	2018	2018
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 15,338	\$ -	\$ -	\$ 15,338
Water rights	<u>1,033,908</u>	<u>27,000</u>	<u>-</u>	<u>1,060,908</u>
Total capital assets not being depreciated	<u>1,049,246</u>	<u>27,000</u>	<u>-</u>	<u>1,076,246</u>
Capital assets being depreciated:				
Water and sewer systems	8,730,450	524,088	5,414	9,249,124
Equipment	<u>93,896</u>	<u>-</u>	<u>10,714</u>	<u>83,182</u>
Total capital assets being depreciated	<u>8,824,346</u>	<u>524,088</u>	<u>16,128</u>	<u>9,332,306</u>
Less accumulated depreciation:				
Water and sewer systems	2,202,934	374,134	5,414	2,571,654
Equipment	<u>76,664</u>	<u>5,561</u>	<u>10,714</u>	<u>71,511</u>
Total accumulated depreciation	<u>2,279,598</u>	<u>379,695</u>	<u>16,128</u>	<u>2,643,165</u>
Total Capital Assets, net	<u>\$ 7,593,994</u>	<u>\$ 171,393</u>	<u>\$ -</u>	<u>\$ 7,765,387</u>

Depreciation is charged to the Town's Business-type Activities as follows:

Depreciation is charged to the Town's Business- Type Activities as follows:

Water	\$ 40,866
Sewer	<u>338,829</u>
Total Depreciation	<u>\$ 379,695</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 4: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES

Changes in governmental activity long-term debt are as follows:

GOVERNMENTAL ACTIVITIES	Balance			Balance		
	January 1, 2018	Advances	Repayments	December 31, 2018	Current Portion	Interest Expense
Capital Leases - Equipment	\$ 5,361	\$ -	\$ 2,283	\$ 3,078	\$ 2,442	\$ 292
Compensated Absences	33,825	5,117	-	38,942	38,942	-
Total Obligations	\$ 39,186	\$ 5,117	\$ 2,283	\$ 42,020	\$ 41,384	\$ 292

CAPITAL LEASE PAYABLE

In April 2012, the Town entered into a lease/purchase agreement for a copier. The copier lease requires 48 monthly payments of \$233 consisting of both principal and interest at an effective rate of 6%. The copier value of \$9,901 was capitalized and debt is serviced through the General Fund. The copier was traded in for a new copier in March 2016 on a new lease. The new lease requires 48 monthly payments of \$215 consisting of both principal and interest at an effect rate of 6.75%. The copier value of \$9,004 was capitalized and debt is serviced through the General Fund.

Scheduled future payments on the capital leases are as follows:

Year	Copier Equipment Payment
2019	2,575
2020	643
Total Payments	3,218
Interest at 6%	(140)
Present Value of Payments	\$ 3,078

Changes in business-type activity long-term debt are as follows:

BUSINESS -TYPE ACTIVITIES	Balance			Balance		
	January 1, 2018	Advances	Repayments	December 31, 2018	Current Portion	Interest Expense
2006 CWRPDA Loan	\$ 653,508	\$ -	\$ 71,955	\$ 581,553	\$ 73,220	\$ 10,913
2015 CWRPDA Loan	1,787,393	-	102,137	1,685,256	102,137	-
Compensated Absences	11,014	3,124	-	14,138	14,138	-
Total Obligations	\$ 2,451,915	\$ 3,124	\$ 174,092	\$ 2,280,947	\$ 189,495	\$ 10,913

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 5: LONG - TERM DEBT – BUSINESS-TYPE ACTIVITIES (Continued)

NOTES PAYABLE

A governmental agency bond was issued to the Colorado Water Resources and Power Development Authority (“CWRPDA”) in 2006 for the amount of \$1,396,850. Beginning November 2006, semi-annual payments of \$41,539 are required, including interest at a 1.75% annual rate, with a final payment due May 1, 2026. Both the principal and interest thereon are payable solely from the net revenue (gross revenue less operations and maintenance expenses) of the wastewater treatment system. The net revenue of the system is pledged as collateral on the bond. The proceeds of the bond were used to upgrade the Town’s wastewater treatment facility from a facultative lagoon system to an aerated lagoon facility. The debt is serviced through the Sanitation Fund.

In April 2015, the Town entered into a direct loan with CWRPDA for \$2,000,000. The term is for 20 years, interest at 0% per annum. Semi-annual payments of \$51,068.38 are due each November 1 and May 1, beginning May 2016. The first payment of \$8,333.33 was due and paid November 1, 2015. The proceeds are being used to upgrade the Town’s wastewater treatment facilities. CWRPDA has designated the project as a 2015 Green Project. As such, the interest rate was reduced from the original 2% annual rate to 0%.

The Town must maintain an “operations and maintenance” reserve in the Sanitation Fund to report resources set aside to subsidize potential deficiencies from the Town’s operations that could adversely affect debt service payments. The amount is equal to three months of operations and maintenance expenses (excluding depreciation) and may be represented by cash or securities or unrestricted Net Position. The Town has funded this reserve through restriction of its cash balances in the Sanitation Fund (Note 2), in the amount of \$90,511, as of December 31, 2018. The Town believes it is in compliance with all required covenants and obligations called for by the loan agreement.

The debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 175,357	\$ 9,858	\$ 185,215
2020	176,644	8,571	185,215
2021	177,954	7,262	185,216
2022	179,286	5,929	185,215
2023	180,642	4,573	185,215
2024-2028	713,037	5,343	718,380
2029-2033	510,684	-	510,684
2034-2035	153,205	-	153,205
Total	<u>\$ 2,266,809</u>	<u>\$ 41,536</u>	<u>\$ 2,308,345</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 6: INTERFUND TRANSACTIONS

The Town has recorded the following routine transfers:

	<u>Transfers</u> <u>In</u>	<u>Transfers</u> <u>Out</u>
General Fund	\$ 4,000	\$ 65,000
Street Systems Fund	95,000	-
Conservation Trust Fund	-	4,000
Water Fund	-	15,000
Sanitation Fund	-	15,000
Total	<u>\$ 99,000</u>	<u>\$ 99,000</u>

NOTE 7: EMPLOYEE BENEFIT PLANS

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

Summary of Significant Accounting Policies

Pensions. The Town 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 Town 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, 2014, that can be obtained at:

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

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.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 7: EMPLOYEE BENEFIT PLANS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan (Continued)

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 8 percent of base salary for a total contribution rate of 17 percent through 2016. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments 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 20.5 percent of base salary through 2015. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 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 AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 7: EMPLOYEE BENEFIT PLANS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan (Continued)

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8 percent through 2014. 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 Town is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the Town were \$19,309 for the plan year ended December 31, 2017 and \$20,149 for the fiscal year ended December 31, 2018. The current year contributions will be expensed in 2019 for FPPA purposes and are a timing difference at year end.

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

At December 31, 2018, the Town reported an asset of \$59,364 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. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Town's proportion of the net pension asset was based on Town's contributions to the SWDB for the calendar year 2017 relative to the total contributions of participating employers to the SWDB.

At December 31, 2017, the Town's proportion was .04126%, which was an decrease of .00357% from its proportion measured as of December 31, 2017.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 7: EMPLOYEE BENEFIT PLANS (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)

For the year ended December 31, 2018, the Town recognized pension expense of \$15,984. At December 31, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 44,342	\$ (787)
Changes of assumptions or other inputs	\$ 10,716	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 31,989	\$ (47,739)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 98	\$ (2,599)
Contributions subsequent to the measurement date	\$ 20,149	\$ -
Total	\$ 107,294	\$ (51,125)

\$20,149 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 liability in the year ended December 31, 2019.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 7: EMPLOYEE BENEFIT PLANS (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)

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 Total
2019	\$ 9,281
2020	8,181
2021	(2,085)
2022	(5,537)
2023	6,398
2024-2028	19,781
Total	\$ 36,020

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 Years
Long-term investment rate of return, net of	7.50%
Salary increase, including wage inflation	4.00-14.00%
Cost of Living Adjustments (COLA)	0.00%
* Includes inflation at	2.50%

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, 40 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA is used in the projection of post-retirement benefits.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study adopted by FPPA's Board in July, 2011. The assumption changes were effective for actuarial valuations beginning January 1, 2012. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used. The date the new actuarial assumptions were effective for benefit purposes was October 1, 2012.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 7: EMPLOYEE BENEFIT PLANS (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)

Effective with the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2017 and were used in the rollforward calculation of total pension liability as of December 31, 2016. Actuarial assumptions effective for actuarial valuations prior to January 1, 2017 were used in the determination of the actuarially determined contributions as of December 31, 2016. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

Asset Class	Target Allocation	Long-Term Expected 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%	2.66%
Total	100.00%	

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 7: EMPLOYEE BENEFIT PLANS (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 3.78% (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)	\$ (64,630)	\$ 59,364	\$ 162,325

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 7: EMPLOYEE BENEFIT PLANS (Continued)

SIMPLE IRA EMPLOYEE BENEFIT PLAN

The Town has established an employer SIMPLE IRA Plan, which is a “money-purchase” plan under current law and U.S. Treasury regulations for all substantially full-time non-police employees. A contribution to each employee’s account is made and all contributions vest immediately to the employee. The Town has no statutory or contractual liability for any individual’s post-employment benefits under this plan. Employer contributions for the year ended December 31, 2018, 2017 and 2016 totaled \$12,533, \$11,202, and \$10,595, respectively.

NOTE 8: RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases sufficient commercial insurance to cover losses from these events and does not self-insure or participate in a public entity risk pool. All risk management activities are allocated among the various funds according to actual or perceived risk as determined by management and the Board of Trustees. Settlement amounts have not exceeded insurance coverage for the three prior years. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but which not have been reported, are considered. There are no outstanding claims or incurred but not reported liabilities (IBNR) for the year ended December 31, 2018.

NOTE 9: COMMITMENTS AND CONTIGENCIES

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. In November 1995, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town in 1994 and subsequent years, notwithstanding the provisions of the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2018, the emergency reserve of \$44,000 was recorded in the General Fund.

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 10: RATE MAINTENANCE

The 2006 Colorado Water Resources and Power Development Authority sewer loan agreement requires that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and parity debt coming due. The computation of said rate maintenance is as follows:

	<u>Sanitation Fund</u>
Gross operating revenue	\$ 498,292
Investment earnings	6,856
Other revenue	1,295
Capital contributions	<u>422,422</u>
Total revenue	<u>928,865</u>
Operations and maintenance expense	710,106
Less: Depreciation	<u>(338,829)</u>
Adjusted O&M	<u>371,277</u>
Net revenue	<u>\$ 557,588</u>
Total debt service	
2006 CWRPDA Revenue Bonds	\$ 83,079
2015 CWRPDA Revenue Bonds	<u>102,137</u>
	185,216
Required rate	<u>110%</u>
Net revenue required	<u>203,738</u>
Excess (deficit)	<u>\$ 353,850</u>

NOTE 11: JOINT VENTURE

The Town participates with various towns, cities, and Weld County, Colorado in the Weld 911 Emergency Telephone Service Authority (the Authority) which provides emergency 911 dialing services to customers within the Town limits. On dissolution of the Authority, the Net Position will be shared proportionately based on main telephone station access lines within the agency's jurisdiction. As of December 31, 2018, the Town has not made and is not required to contribute to the Authority. The Authority is governed by a seven-member board of directors, of which four are chosen by the Weld County, Colorado Board of Commissioners. The Authority is primarily funded through a \$.50 per month surcharge to each customer's telephone bill. Accounting responsibility has been placed with Weld County, Colorado and is included as a discretely presented component unit in its Comprehensive Annual Financial Report.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

NOTE 12: BUDGET VIOLATIONS

The Town's General and Sanitation Fund expenditures exceeded appropriations by \$160 and \$4,272, respectively, which may be a violation of Colorado Statutes.

NOTE 13: PRIOR PERIOD RESTATEMENT

The Town has restated the January 1, 2018 beginning net position in the Water and Sanitation Funds as well as the Business-type Activities for contributed infrastructure dedicated in prior years. This restatement included water and sewer lines as well as water rights. This resulted in a net increase of \$456,568, \$298,832, and \$755,400, respectively.

REQUIRED SUPPLEMENTARY INFORMATION
(Pension Schedules Unaudited)

TOWN OF AULT

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

Fiscal Year Ended	Town's proportion	Town's	Town's covered	Town's	Plan fiduciary net
	of the net pension	proportionate share	payroll	proportionate share	position as a
	asset (liability)	of the net pension		of the net pension	percentage of the
		asset (liability)		asset (liability) as a	total pension
				percentage of	liability
				covered payroll	
12/31/2014	0.046885%	\$ 41,924	\$ 203,640	20.59%	105.83%
12/31/2015	0.049483%	55,845	222,524	25.10%	106.83%
12/31/2016	0.049443%	872	239,688	0.36%	100.10%
12/31/2017	0.044836%	(16,201)	229,463	7.06%	98.21%
12/31/2018	0.041264%	59,364	241,363	24.60%	106.34%

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 AULT

SCHEDULE OF DISTRICT CONTRIBUTIONS
 FPPA Pension Plan
 Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year</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- employee payroll</u>
12/31/2014	\$ 16,291	(16,291)	\$ -	\$ 203,640	8.00%
12/31/2015	17,802	(17,802)	-	222,524	8.00%
12/31/2016	19,175	(19,175)	-	239,688	8.00%
12/31/2017	18,357	(18,357)	-	229,463	8.00%
12/31/2018	19,309	(19,309)	-	241,363	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.

INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF AULT, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
GENERAL FUND**

Year Ended December 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018			2017 <u>ACTUAL</u>
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Property and Sales Taxes	\$ 727,282	\$ 892,099	\$ 164,817	\$ 681,636
Franchise Taxes	60,000	60,219	219	55,365
Licenses, Permits and Fees	74,600	150,043	75,443	52,709
Intergovernmental Revenue	29,700	34,481	4,781	28,989
Fines and Forfeits	232,249	204,117	(28,132)	211,768
Investment Earnings	4,200	14,649	10,449	8,065
Miscellaneous Revenue	15,500	19,412	3,912	93,411
Grant Revenue	<u>6,000</u>	<u>2,600</u>	<u>(3,400)</u>	<u>6,240</u>
TOTAL REVENUES	<u>1,149,531</u>	<u>1,377,620</u>	<u>228,089</u>	<u>1,138,183</u>
EXPENDITURES				
Current:				
General Government	209,896	208,166	1,730	171,405
Public Safety	577,365	589,884	(12,519)	489,000
Public Works	3,400	2,941	459	3,341
Parks and Recreation	48,359	50,910	(2,551)	47,576
Health & Welfare	41,107	37,998	3,109	37,905
Economic Development	495	495	-	495
Capital Outlay	98,750	88,253	10,497	60,746
Debt Service	<u>1,690</u>	<u>2,575</u>	<u>(885)</u>	<u>2,575</u>
TOTAL EXPENDITURES	<u>981,062</u>	<u>981,222</u>	<u>(160)</u>	<u>813,043</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES				
	<u>168,469</u>	<u>396,398</u>	<u>227,929</u>	<u>325,140</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	25,000	4,000	(21,000)	605
Transfers Out	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>	<u>(84,716)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(40,000)</u>	<u>(61,000)</u>	<u>(21,000)</u>	<u>(84,111)</u>
CHANGE IN FUND BALANCE	128,469	335,398	206,929	241,029
FUND BALANCE, Beginning	<u>1,434,141</u>	<u>1,465,207</u>	<u>31,066</u>	<u>1,224,178</u>
FUND BALANCE, Ending	<u>\$ 1,562,610</u>	<u>\$ 1,800,605</u>	<u>\$ 237,995</u>	<u>\$ 1,465,207</u>

See the accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF AULT, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
STREET SYSTEMS FUND**

Year Ended December 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018			2017
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	
REVENUES				
Property and Sales Taxes	\$ 27,200	\$ 35,465	\$ 8,265	\$ 28,081
Licenses, Permits and Fees	10,000	56,025	46,025	9,231
Intergovernmental Revenue	57,550	72,782	15,232	55,319
Investment Earnings	1,100	2,769	1,669	1,664
Miscellaneous Revenue	-	21,450	21,450	-
TOTAL REVENUES	95,850	188,491	92,641	94,295
EXPENDITURES				
Current:				
General Government	5,150	5,377	(227)	4,788
Public Works	331,354	148,838	182,516	131,937
Parks and Recreation	6,050	258	5,792	158
Capital Outlay	2,500	24,349	(21,849)	3,400
TOTAL EXPENDITURES	345,054	178,822	166,232	140,283
REVENUES IN EXCESS (DEFICIENCY)				
OF EXPENDITURES	(249,204)	9,669	258,873	(45,988)
OTHER FINANCING SOURCES (USES)				
Transfers In	95,000	95,000	-	99,031
CHANGE IN FUND BALANCE	(154,204)	104,669	258,873	53,043
FUND BALANCE, Beginning	383,181	421,662	38,481	368,619
FUND BALANCE, Ending	<u>\$ 228,977</u>	<u>\$ 526,331</u>	<u>\$ 297,354</u>	<u>\$ 421,662</u>

See the accompanying Independent Auditors' Report.

SPECIAL REVENUE FUND

Special Revenue Fund is established to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

The following is the Special Revenue Fund for the Town:

Conservation Trust Fund -- This fund accounts for lottery proceeds received from the State government. Expenditures are restricted to the development or improvement of Town parks.

TOWN OF AULT, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
CONSERVATION TRUST FUND - NONMAJOR**

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 FAV (UNFAV)	
REVENUES				
Intergovernmental Revenue	\$ 15,500	\$ 17,213	\$ 1,713	\$ 16,163
Investment Earnings	<u>70</u>	<u>67</u>	<u>(3)</u>	<u>68</u>
TOTAL REVENUES	15,570	17,280	1,710	16,231
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(25,000)</u>	<u>(4,000)</u>	<u>21,000</u>	<u>-</u>
CHANGE IN FUND BALANCE	(9,430)	13,280	22,710	16,231
FUND BALANCE, Beginning	<u>34,894</u>	<u>38,343</u>	<u>3,449</u>	<u>22,112</u>
FUND BALANCE, Ending	<u>\$ 25,464</u>	<u>\$ 51,623</u>	<u>\$ 26,159</u>	<u>\$ 38,343</u>

See the accompanying Independent Auditors' Report.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed in a manner similar to private business enterprises. The costs of providing goods or services to the general public on a continuing basis are recovered primarily from user charges.

The following are the Enterprise Funds of the Town:

Water Fund -- This fund accounts for the provision of water services to Town residents.

Sanitation Fund -- This fund accounts for the provision of waste water management services to Town residents.

TOWN OF AULT, COLORADO

WATER FUND

SCHEDULE OF REVENUES, EXPENSES

AND CHANGE IN FUND NET POSITION -

BUDGET AND ACTUAL

Year Ended December 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018		VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2017
	FINAL BUDGET	ACTUAL		ACTUAL
OPERATING REVENUES				
Charges for Services	\$ 443,000	\$ 482,144	\$ 39,144	\$ 429,232
OPERATING EXPENSES				
Personal Services	149,992	127,846	22,146	118,308
Supplies	8,500	8,775	(275)	6,887
Purchased Services	317,108	304,835	12,273	274,582
Other Operating Expenses	11,846	2,674	9,172	1,121
Fleet Maintenance	2,500	2,219	281	1,482
Repairs & Maintenance	26,250	17,123	9,127	21,630
Capital Outlay	189,750	49,336	140,414	31,037
TOTAL OPERATING EXPENSES	705,946	512,808	193,138	455,047
OPERATING INCOME	(262,946)	(30,664)	232,282	(25,815)
NON-OPERATING REVENUE (EXPENSE)				
Investment Earnings	3,500	14,100	10,600	7,948
Miscellaneous Revenue	3,000	2,200	(800)	2,300
TOTAL NON-OPERATING REVENUE (EXPENSE)	6,500	16,300	9,800	10,248
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(256,446)	(14,364)	242,082	(15,567)
TRANSFERS AND CONTRIBUTIONS				
Transfer In	-	-	-	9,012
Transfer Out	(15,000)	(15,000)	-	(15,000)
Capital Contributions	733,850	915,883	182,033	246,275
NET INCOME (LOSS) - BUDGET (GAAP) BASIS	\$ 462,404	886,519	\$ 424,115	224,720
GAAP BASIS ADJUSTMENTS				
Capital Outlay		17,122		27,974
Depreciation		(40,866)		(24,468)
TOTAL GAAP BASIS ADJUSTMENTS		(23,744)		3,506
CHANGE IN FUND NET POSITION		862,775		228,226
NET POSITION, beginning		2,711,841		2,483,615
Prior Period Restatement		456,568		-
TOTAL NET POSITION, Beginning of Year (as restated)		3,168,409		2,483,615
NET POSITION, ending		\$ 4,031,184		\$ 2,711,841

See the accompanying Independent Auditors' Report.

TOWN OF AULT, COLORADO

SANITATION FUND
SCHEDULE OF REVENUES, EXPENSES
AND CHANGE IN FUND NET POSITION -
BUDGET AND ACTUAL

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 FAV (UNFAV)	
OPERATING REVENUES				
Charges for Services	\$ 488,291	\$ 498,292	\$ 10,001	\$ 483,549
OPERATING EXPENSES				
Personal Services	140,333	142,621	(2,288)	98,718
Supplies	30,500	24,058	6,442	27,740
Purchased Services	125,765	104,065	21,700	104,164
Other Operating Expenses	2,620	2,280	340	1,048
Fleet Maintenance	750	783	(33)	484
Repairs & Maintenance	49,550	26,989	22,561	34,413
Capital Outlay	35,710	90,442	(54,732)	864
TOTAL OPERATING EXPENSES	385,228	391,238	(6,010)	267,431
OPERATING INCOME	103,063	107,054	3,991	216,118
NON-OPERATING REVENUE (EXPENSE)				
Investment Earnings	1,700	6,856	5,156	2,980
Miscellaneous Revenue	-	1,295	1,295	-
Debt Service Principal	(173,000)	(172,849)	151	(172,849)
Interest Expense	(12,500)	(10,913)	1,587	(12,160)
TOTAL NON-OPERATING REVENUE (EXPENSE)	(183,800)	(175,611)	8,189	(182,029)
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(80,737)	(68,557)	12,180	34,089
TRANSFERS AND CONTRIBUTIONS				
Transfer In	-	-	-	6,068
Transfer Out	(15,000)	(15,000)	-	(15,000)
Capital Contribution	110,000	422,422	312,422	44,000
NET INCOME (LOSS) - BUDGET (GAAP) BASIS	\$ 14,263	338,865	\$ 324,602	69,157
GAAP BASIS ADJUSTMENTS				
Capital Outlay		19,961		3,765
Debt Principal		172,849		172,849
Depreciation		(338,829)		(272,892)
TOTAL GAAP BASIS ADJUSTMENTS		(146,019)		(96,278)
CHANGE IN FUND NET POSITION		192,846		(27,121)
NET POSITION, beginning		3,707,857		3,734,978
Prior Period Restatement		298,832		-
TOTAL NET POSITION, Beginning of Year (as restated)		4,006,689		3,734,978
NET POSITION, ending		\$ 4,199,535		\$ 3,707,857

See the accompanying Independent Auditors' Report.

INTENTIONALLY LEFT BLANK

COMPONENT UNIT

Component Units are legally separate entities that do not qualify as a primary government.

The Town has one Discretely Presented Component Unit:

Northern Plains Public Library -- The Library serves the citizens of Weld County School District RE-9, which includes the Town of Ault.

TOWN OF AULT, COLORADO

NORTHERN PLAINS PUBLIC LIBRARY (COMPONENT UNIT)

SCHEDULE OF REVENUES, EXPENSES

AND CHANGE IN FUND BALANCE -

BUDGET AND ACTUAL

Year Ended December 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	<u>2018</u>			
	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAV (UNFAV)</u>	<u>2017 ACTUAL</u>
REVENUES				
Property Taxes	\$ 421,709	\$ 405,391	\$ (16,318)	\$ 386,187
Charges for Service	3,520	2,147	(1,373)	2,618
Intergovernmental Revenue	1,000,400	2,112	(998,288)	2,641
Other Revenue	3,800	7,194	3,394	3,941
Investment Earnings	<u>7,000</u>	<u>22,443</u>	<u>15,443</u>	<u>7,483</u>
Total Revenues	<u>1,436,429</u>	<u>439,287</u>	<u>(997,142)</u>	<u>402,870</u>
EXPENDITURES				
Operating Expenses	101,015	74,192	26,823	85,357
Salaries and Benefits	128,355	128,979	(624)	122,226
Debt Service	28,000	27,432	568	27,432
Capital Outlay	<u>2,041,500</u>	<u>28,873</u>	<u>2,012,627</u>	<u>27,929</u>
Total Expenditures	<u>2,298,870</u>	<u>259,476</u>	<u>2,039,394</u>	<u>262,944</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES				
	(862,441)	179,811	1,042,252	139,926
FUND BALANCE, Beginning				
	<u>-</u>	<u>1,576,876</u>	<u>1,576,876</u>	<u>1,436,950</u>
FUND BALANCE, Ending				
	<u>\$ (862,441)</u>	<u>\$ 1,756,687</u>	<u>\$ 2,619,128</u>	<u>\$ 1,576,876</u>
FUND BALANCE - NORTHERN PLAINS PUBLIC LIBRARY FUND				
		\$ 1,756,687		
Capital assets used in governmental activities are not resources and are not reported in the funds:				
Capital Assets		1,334,235		
Accumulated Depreciation		(762,194)		
Long-term liabilities are not due and payable in the current period				
Capital Leases Payable		<u>(52,793)</u>		
TOTAL NET POSITION - NORTHERN PLAINS PUBLIC LIBRARY ACTIVITY				
		<u>\$ 2,275,935</u>		
NET CHANGE IN FUND BALANCE - NORTHERN PLAINS PUBLIC LIBRARY FUND				
		\$ 179,811		
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:				
Capitalized Assets		24,965		
Depreciation Expense		(48,232)		
Principal payments on debt are reported as expenditures and debt proceeds are reported as revenues in the funds:				
Principal Payments on Capital Leases Payable		<u>24,134</u>		
CHANGE IN NET POSITION - NORTHERN PLAINS PUBLIC LIBRARY FUND				
		<u>\$ 180,678</u>		

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION

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

LOCAL HIGHWAY FINANCE REPORT	City or County:
	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)	109,001
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	36,411
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	2,559
2. General fund appropriations	232,386	b. Snow and ice removal	0
3. Other local imposts (from page 2)	82,390	c. Other St Lighting	30,851
4. Miscellaneous local receipts (from page 2)	122,088	d. Total (a. through c.)	33,410
5. Transfers from toll facilities		4. General administration & miscellaneous	2,400
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	238,515
a. Bonds - Original Issues		6. Total (1 through 5)	419,737
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)	436,865	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	81,881	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	518,746	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	419,737

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
	322,653	518,746	419,737	421,662	(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	18,080	a. Interest on investments	2,769
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	56,025	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	8,286	g. Other Misc. Receipts	119,319
6. Total (1. through 5.)	64,311	h. Other	
c. Total (a. + b.)	82,390	i. Total (a. through h.)	122,088
	(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	72,782	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	9,099	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.)	9,099	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	81,881	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		9,524	9,524
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		66,881	66,881
(4). System Enhancement & Operation		32,596	32,596
(5). Total Construction (1) + (2) + (3) + (4)	0	99,477	99,477
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	109,001	109,001
			(Carry forward to page 1)

Notes and Comments: