

***Town of Iliff, Colorado***

**Financial Statements**

**For the Year Ended December 31, 2018**

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## **Independent Auditors' Report**

To the Honorable Mayor and Members of Town Council  
Town of Iliff  
Iliff, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iliff (the Town) 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information and the local highway finance report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information, the local highway finance report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, the local highway finance report, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2019, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
April 30, 2019

## MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Town of Iliff, Colorado's annual financial report presents the discussion and analysis of the financial performance for the fiscal year that ended December 31, 2018.

### FINANCIAL HIGHLIGHTS

- The Town of Iliff remains in good financial condition.
- The assets of the Town of Iliff exceeded its liabilities at the close of 2018 by \$2,578,984 (net position). Of this amount \$291,977 or 11% is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's revenue from taxes and other revenues for governmental activities were less than the expenses by \$5,621.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Iliff's basic financial statements. The Town of Iliff's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements.
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide financial statements**

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies.

The **statement of net position** presents information on all of the Town of Iliff's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Iliff is improving or deteriorating.

The **statement of activities** presents information showing how the Town of Iliff's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes.)

The government-wide financial statements of the Town are divided into two categories:

- **Governmental activities.** Most of the Town's basic services are included here, such as the public works, parks, recreation, and general administration. Property tax, franchise tax, intergovernmental revenue and charges for services finance most of these activities.
- **Business-type activities.** The Town charges fees to customers to recover most of the costs of certain services provided. The Town's water and sewer systems are included here.

The government-wide financial statements can be found starting on page 12 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law; however, Town Council has established other funds to help control and manage money for particular purposes or to show that it is properly using certain revenue (the Conservation Trust Fund). All of the funds of the Town of Iliff can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides a detailed, short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found starting on page 16 of this report.

**Proprietary funds.** When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The basic proprietary fund financial statements can be found starting on page 20 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 24 of this report.

## **FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Iliff, assets exceed liabilities by \$2,578,984 at the close of 2018.

## Net Position

Combined net position of the Town of Iliff as of December 31, 2018 and 2017 is shown in Table 1 below.

**Table 1**  
**NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 60,138	\$ 68,890	\$ 277,799	\$ 711,826	\$ 337,937	\$ 780,716
Capital assets	<u>71,637</u>	<u>53,132</u>	<u>2,639,897</u>	<u>1,943,014</u>	<u>2,711,534</u>	<u>1,996,146</u>
Total assets	<u>\$ 131,775</u>	<u>\$ 122,022</u>	<u>\$ 2,917,696</u>	<u>\$ 2,654,840</u>	<u>\$ 3,049,471</u>	<u>\$ 2,776,862</u>
Long-term debt outstanding	\$ 14,295	\$ -	\$ 438,538	\$ 759,000	\$ 452,833	\$ 759,000
Other liabilities	<u>2,720</u>	<u>1,274</u>	<u>5,196</u>	<u>217,029</u>	<u>7,916</u>	<u>218,303</u>
Total liabilities	<u>17,015</u>	<u>1,274</u>	<u>443,734</u>	<u>976,029</u>	<u>460,749</u>	<u>977,303</u>
Deferred property tax revenues	<u>9,738</u>	<u>10,105</u>	-	-	<u>9,738</u>	<u>10,105</u>
Total deferred inflows of resources	<u>9,738</u>	<u>10,105</u>	-	-	<u>9,738</u>	<u>10,105</u>
Net position:						
Net investment in capital assets	57,342	53,132	2,201,359	1,184,014	2,258,701	1,237,146
Restricted	25,768	22,965	2,538	-	28,306	22,965
Unrestricted	<u>21,912</u>	<u>34,546</u>	<u>270,065</u>	<u>494,797</u>	<u>291,977</u>	<u>529,343</u>
Total net position	<u>105,022</u>	<u>110,643</u>	<u>2,473,962</u>	<u>1,678,811</u>	<u>2,578,984</u>	<u>1,789,454</u>
Total liabilities, deferred inflow of resources and net position	<u>\$ 131,775</u>	<u>\$ 142,022</u>	<u>\$ 2,917,696</u>	<u>\$ 2,654,840</u>	<u>\$ 3,049,471</u>	<u>\$ 2,776,862</u>

The largest portion of the Town of Iliff's net position, 88%, reflects its investment in capital assets (land, buildings and equipment). The Town of Iliff uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. In addition, a portion of the Town of Iliff's net position, 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 11%, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2018, the Town of Iliff is able to report positive balances in all three categories of net position for the government as a whole and its business-type activities, but not for its governmental activities.

### Changes in net position

The Town's total revenue of \$980,837 was more than program expenses of \$191,307 for an increase in net position of \$789,530.

**Table 2**  
**CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues						
Charges for services	\$ 3,600	\$ 2,700	\$ 139,555	\$ 114,303	\$ 143,155	\$ 117,003
Operating grants and contributions	20,939	18,004	-	-	20,939	18,004
Capital grants and contributions	-	-	791,809	567,572	791,809	567,572
General revenues						
Property taxes	10,088	10,598	-	-	10,088	10,598
Other taxes	1,148	1,242	-	-	1,148	1,242
Franchise taxes	8,801	9,113	-	-	8,801	9,113
Mineral lease	129	149	-	-	129	149
Unrestricted interest	122	343	-	-	122	343
Miscellaneous	4,592	695	54	-	4,646	695
Total revenues	49,419	42,844	931,418	681,875	980,837	724,719
Program expenses						
General government	52,496	46,936	-	-	52,496	46,936
Public works	2,206	20,810	-	-	2,206	20,810
Culture and recreation	338	338	-	-	338	338
Water services	-	-	59,941	108,840	59,941	108,840
Sewer services	-	-	76,326	45,540	76,326	45,540
Total expenses	55,040	68,084	136,267	154,380	191,307	222,464
Change in net position	(5,621)	(25,240)	795,151	527,495	789,530	502,255
Net position at beginning of year	110,643	135,883	1,678,811	1,151,316	1,789,454	1,287,199
Net position at end of year	\$ 105,022	\$ 110,643	\$ 2,473,962	\$ 1,678,811	\$ 2,578,984	\$ 1,789,454

**Governmental Activities**

Revenue for the Town's governmental activities totaled \$49,419 for 2018. Tax revenue produced 41% of these revenues. Tax revenue includes property taxes, franchise taxes and other taxes.

**Table 3**  
**GOVERNMENTAL ACTIVITIES**

	Total cost of services		Net cost of services	
	2018	2017	2018	2017
General government	\$ 52,496	\$ 46,936	\$ 48,742	\$ 44,132
Public works	2,206	20,810	(15,926)	5,526
Culture and recreation	338	338	(2,315)	(2,278)

Table 3, above, presents the cost and revenue of each of the Town's three largest programs – general government, public works and culture and recreation – as well as each program's *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**Business-type Activities**

Net position in the Town's business-type activities increased by \$795,151 in 2018. Business-type activities include electric, water, and sewer services.

**Table 4  
BUSINESS-TYPE ACTIVITIES**

	Total cost of services		Net cost of services	
	2018	2017	2018	2017
Water services	\$ 59,941	\$ 108,840	\$ (31,634)	\$ 2,643
Sewer services	76,326	45,540	(763,463)	(530,138)

Table 4, above, presents the cost and revenue of each of the Town's business-type activities – water and sewer – as well as the program *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$47,680. The general fund and conservation trust fund reported fund balances of \$23,312 and \$24,368, respectively.

**General Fund Budgetary Highlights**

The actual charges to appropriations (expenditures) were \$4,155 above the final budget amounts, due in large part to the acquisition of a utility tractor through a capital lease obligation.

Additionally, resources available for appropriation (revenues) were \$24,479 less than the final budgeted amounts, due in large part to the acquisition of a utility tractor through a capital lease obligation, as well as franchise and highway users taxes that were higher than anticipated.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets.** The Town of Iliff's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to \$2,711,534 (net of accumulated depreciation). This amount includes a broad range of capital assets, including public works equipment, electric, water, sewer, and other infrastructure.

The Town remains committed to the upkeep and maintenance of the Town's largest assets. More detailed information about the Town's capital assets is presented in Table 5.

**Table 5**  
**CAPITAL ASSETS ON DECEMBER 31, 2018**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and improvements	\$ 24,831	\$ 25,169	\$ 17,607	\$ 17,607	\$ 42,438	\$ 42,776
Construction in progress	-	-	-	975,121	-	975,121
Buildings and improvements	21,065	21,598	-	-	21,065	21,598
Equipment	25,741	6,365	-	-	25,741	6,365
Systems	-	-	2,622,290	950,286	2,622,290	950,286
<b>Total</b>	<b>\$ 71,637</b>	<b>\$ 53,132</b>	<b>\$ 2,639,897</b>	<b>\$ 1,943,014</b>	<b>\$ 2,711,534</b>	<b>\$ 1,996,146</b>

**Long-term debt.** The Town had \$452,833 in debt outstanding at year-end. More detailed information about the Town's long-term debt is presented in Table 6 and Note F to the financial statements.

**Table**  
**LONG-TERM DEBT ON DECEMBER 31, 2018**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital lease obligation	\$ 14,295	\$ -	\$ -	\$ -	\$ 14,295	\$ -
Notes payable	-	-	438,538	759,000	438,538	759,000
<b>Totals</b>	<b>\$ 14,295</b>	<b>\$ -</b>	<b>\$ 438,538</b>	<b>\$ 759,000</b>	<b>\$ 452,833</b>	<b>\$ 759,000</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

**Wastewater Treatment Facility (WWTF) Update**

**Background:** In 2013 the Colorado Department of Public Health and Environment notified the Town of liff that the current wastewater treatment system was not in compliance with environmental regulations. With this violation notification, the town was required to respond with a plan on how they would correct the violations to avoid significant monthly monetary fines. In June 2013, the town sent a correction plan to the Water Quality Control Division, Colorado Department of Public Health which stated by August 2014 the town would hire an engineer, secure the funding, and construct a new wastewater treatment facility. With many different roadblocks and the emergency repair of the main water supply into town due to the flood, this project was placed on hold. The project construction notice to proceed was issued on September 5, 2018 with final completion date of June 2018.

**Project Funding:** Total project budget is: \$1,730,500. To pay for the new WWTF the following funding sources have been secured:

- Applicant Contribution-\$10,000
- USDA Rural Development
  - Grants -\$1,106,500
  - Loans-\$414,000
- Colorado Department of Local Affairs grant-\$200,000

The project costs will be 73% grant funded with 27% funded with loans.

**Rate Increase:** To cover the costs of the loans to construct the new WWTF, the sewer rates will need to increase. The increase will cover the costs of the loan as well as the operation of the new treatment facility.

In September 2018, a sewer rate increase of \$10 was implemented. In January 2018 another rate increase of \$10 occurred-\$7.50 applied to sewer and \$2.50 applied to water. The \$2.50 water increase is required to keep our rates consistent with the state averages for municipalities. The new rates may vary as the new town budget is constructed.

**New Rates**

**September 2018-\$75.00**

Water-\$38.75

Sewer-\$36.25

**January 2018-\$85.00**

Water-\$41.25

Sewer-\$43.75

**Flood Recovery Update**

In June of 2015, the Town of Iliff's main water supply line broke as a result of the flooded South Platte River. During this water break the Town of Iliff was without water for 23 days. During this time the town board frantically searched for a funding source to help implement a temporary water line fix until the permanent line that ran underneath the South Platte River south of town could be repaired. The funding sources secured for the temporary and permanent water line repairs were the Colorado Department of Local Affairs (DOLA), Department of Homeland Security (DHSEM) aka FEMA. Until the DOLA & DHSEM funds were dispersed, the Town of Iliff requested a Rural Economic Development loan of \$400,000 from Highline Electric Association (HEA) to get the temporary line in place until the grants funds were dispersed. The HEA loan has an interest rate of 3.5% per annum with an Administrative Charge of \$1,000 and an Administrative fee of \$2,000. At the end of 2018 the town paid \$13,749 in interest and administrative charges and fees to HEA for the loan. The loan agreement was renewed for 2019 at the same interest rates and charges as the DHSEM funds have not been fully paid to the town to pay off the HEA loan. The total project costs were approximately \$1,100,000 for the temporary line that was implemented in June of 2015 and the permanent line repair with the work being completed in November 2016. On January 8, 2018, a principal payment of \$238,130.00 was made. On October 19, 2018, another principal payment of \$79,261.00 was paid. Principal balance on the loan as of 12/31/2018 was \$27,609.00.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact Town of Iliff, P.O. Box 194, Iliff, Colorado 80736.

## **Basic Financial Statements**

The basic financial statements of the Town include the following:

*Government-wide financial statements.* The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

*Fund financial statements.* The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

*Notes to the financial statements.* The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

**TOWN OF ILIFF, COLORADO**  
**Statement of Net Position**  
**December 31, 2018**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash	\$ 13,451	\$ 208,260	\$ 221,711
Cash with county treasurer	869		869
Certificates of deposit	51,522		51,522
Internal balances	(18,184)	18,184	-
Receivables	12,480	48,817	61,297
Restricted cash		2,538	2,538
Capital assets, net of depreciation	71,637	2,639,897	2,711,534
<b>Total assets</b>	<b><u>\$ 131,775</u></b>	<b><u>\$ 2,917,696</u></b>	<b><u>\$ 3,049,471</u></b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 2,720	\$ 4,885	\$ 7,605
Accrued interest payable		311	311
<b>Noncurrent liabilities</b>			
Due within one year	3,237	35,119	38,356
Due in more than one year	11,058	403,419	414,477
<b>Total liabilities</b>	<b>17,015</b>	<b>443,734</b>	<b>460,749</b>
<b>Deferred inflows of resources</b>			
Deferred property tax revenues	9,738		9,738
<b>Total deferred inflows of resources</b>	<b>9,738</b>	<b>-</b>	<b>9,738</b>
<b>Net position</b>			
Net investment in capital assets	57,342	2,201,359	2,258,701
<b>Restricted for:</b>			
Emergencies	1,400		1,400
Culture and recreation	24,368		24,368
Multi-year obligations	14,295		14,295
Debt service		2,538	2,538
Unrestricted	7,617	270,065	277,682
<b>Total net position</b>	<b><u>105,022</u></b>	<b><u>2,473,962</u></b>	<b><u>2,578,984</u></b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b><u>\$ 131,775</u></b>	<b><u>\$ 2,917,696</u></b>	<b><u>\$ 3,049,471</u></b>

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

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**TOWN OF ILIFF, COLORADO**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 52,496	\$ 3,600	\$ 154	
Public works	2,206		18,132	
Culture and recreation	338		2,653	
Total governmental activities	55,040	3,600	20,939	\$ -
Business-type activities				
Water	59,941	71,581		19,994
Sewer	76,326	67,974		771,815
Total business-type activities	136,267	139,555	-	791,809
Total	<u>\$ 191,307</u>	<u>\$ 143,155</u>	<u>\$ 20,939</u>	<u>\$ 791,809</u>

General revenues  
 Taxes  
   Property taxes, levied for general purposes  
   Other taxes  
   Franchise taxes  
 Mineral lease revenues  
 Unrestricted earnings on investments  
 Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

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

Net (Expenses) Revenues and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (48,742)		\$ (48,742)
15,926		15,926
2,315		2,315
(30,501)	\$ -	(30,501)
	31,634	31,634
	763,463	763,463
-	795,097	795,097
(30,501)	795,097	764,596
10,088		10,088
1,148		1,148
8,801		8,801
129		129
122		122
4,592	54	4,646
24,880	54	24,934
(5,621)	795,151	789,530
110,643	1,678,811	1,789,454
<u>\$ 105,022</u>	<u>\$ 2,473,962</u>	<u>\$ 2,578,984</u>

**TOWN OF ILIFF, COLORADO**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2018**

	General Fund	Conservation Trust Fund	Total Governmental Funds
<b>Assets</b>			
Cash		\$ 13,451	\$ 13,451
Cash with county treasurer	\$ 869		869
Certificates of deposit	40,605	10,917	51,522
Accounts receivable	2,742		2,742
Property taxes receivable	9,738		9,738
	<u>53,954</u>	<u>24,368</u>	<u>78,322</u>
Total assets	<u>\$ 53,954</u>	<u>\$ 24,368</u>	<u>\$ 78,322</u>
<b>Liabilities</b>			
Accounts payable	\$ 2,720		\$ 2,720
Due to other funds	18,184		18,184
	<u>20,904</u>	<u>\$ -</u>	<u>20,904</u>
Total liabilities	20,904	\$ -	20,904
<b>Deferred inflows of resources</b>			
Deferred property tax revenues	9,738		9,738
	<u>9,738</u>	<u>-</u>	<u>9,738</u>
Total deferred inflows of resources	9,738	-	9,738
<b>Fund balance</b>			
Restricted for emergencies	1,400		1,400
Restricted for culture and recreation		24,368	24,368
Restricted for multi-year obligations	14,295		14,295
Unassigned	7,617		7,617
	<u>23,312</u>	<u>24,368</u>	<u>47,680</u>
Total fund balance	23,312	24,368	47,680
	<u>\$ 53,954</u>	<u>\$ 24,368</u>	<u>\$ 78,322</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 53,954</u>	<u>\$ 24,368</u>	<u>\$ 78,322</u>

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

**TOWN OF ILIFF, COLORADO**

**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
December 31, 2018**

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 47,680
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	71,637
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(14,295)</u>
Net position of governmental activities	<u><u>\$ 105,022</u></u>

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

**TOWN OF ILIFF, COLORADO**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2018**

	General Fund	Conservation Trust Fund	Total Governmental Funds
Revenues			
Taxes	\$ 20,037		\$ 20,037
Intergovernmental revenue	18,415	\$ 2,653	21,068
Miscellaneous revenue	8,264	50	8,314
Total revenues	46,716	2,703	49,419
Expenditures			
Current			
General government	52,502		52,502
Public works	21,043		21,043
Debt service			
Principal payments	1,888		1,888
Total expenditures	75,433	-	75,433
Excess of revenues over (under) expenditures	(28,717)	2,703	(26,014)
Other financing sources			
Proceeds from capital lease	16,183		16,183
Net change in fund balance	(12,534)	2,703	(9,831)
Fund balance at beginning of year	35,846	21,665	57,511
Fund balance at end of year	<u>\$ 23,312</u>	<u>\$ 24,368</u>	<u>\$ 47,680</u>

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

**TOWN OF ILIFF, COLORADO**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2018**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - governmental funds	\$ (9,831)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	18,505
The issuance of long-term debt provides current financial resources in the governmental funds, however, issuing debt increases long-term liabilities in the government-wide statement of net position.	(16,183)
Repayment of principal on capital lease obligations are expenditures in the governmental funds, but the repayment reduces the long-term liability in the government-wide statement of net position.	<u>1,888</u>
Change in net position of governmental activities	<u>\$ (5,621)</u>

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

**TOWN OF ILIFF, COLORADO**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2018**

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Assets</b>			
Current assets			
Cash	\$ 127,113	\$ 81,147	\$ 208,260
Due from other funds	18,184		18,184
Accounts receivable	1,404	1,313	2,717
Grants receivable	46,100		46,100
Total current assets	192,801	82,460	275,261
Noncurrent assets			
Restricted cash		2,538	2,538
Capital assets, net of depreciation	853,546	1,786,351	2,639,897
Total noncurrent assets	853,546	1,788,889	2,642,435
Total assets	<u>\$ 1,046,347</u>	<u>\$ 1,871,349</u>	<u>\$ 2,917,696</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 1,605	\$ 3,280	\$ 4,885
Accrued interest payable		311	311
Current portion of long-term debt	27,609	7,510	35,119
Total current liabilities	29,214	11,101	40,315
Noncurrent liabilities			
Long-term debt		403,419	403,419
Total liabilities	29,214	414,520	443,734
<b>Net position</b>			
Net investment in capital assets	825,937	1,375,422	2,201,359
Restricted for debt service		2,538	2,538
Unrestricted	191,196	78,869	270,065
Total net position	<u>1,017,133</u>	<u>1,456,829</u>	<u>2,473,962</u>
Total liabilities and net position	<u>\$ 1,046,347</u>	<u>\$ 1,871,349</u>	<u>\$ 2,917,696</u>

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

**TOWN OF ILIFF, COLORADO**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**

	Business-type Activities Enterprise Funds		Total
	Water Fund	Sewer Fund	
Operating revenues			
Charges for services	\$ 71,581	\$ 67,974	\$ 139,555
Operating expenses			
Salaries	9,790	9,688	19,478
Administration	5,483	8,387	13,870
Legal and professional	267	113	380
Chemicals		2,057	2,057
Supplies	32		32
Repairs and maintenance	8,209	16,493	24,702
Utilities	4,033	7,371	11,404
Testing	1,092	6,854	7,946
Dues and memberships	1,286	1,472	2,758
Insurance		3,136	3,136
Other	5	124	129
Depreciation	25,411	15,388	40,799
Total operating expenses	55,608	71,083	126,691
Operating income (loss)	15,973	(3,109)	12,864
Nonoperating revenues (expenses)			
Grants	19,994	771,815	791,809
Miscellaneous	54		54
Interest and fiscal charges	(4,333)	(5,243)	(9,576)
Total nonoperating revenues (expenses)	15,715	766,572	782,287
Change in net position	31,688	763,463	795,151
Net position at beginning of year	985,445	693,366	1,678,811
Net position at end of year	<u>\$ 1,017,133</u>	<u>\$ 1,456,829</u>	<u>\$ 2,473,962</u>

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

**TOWN OF ILIFF, COLORADO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2018**

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash flows from operating activities			
Receipts from customers	\$ 71,117	\$ 67,540	\$ 138,657
Internal activity - receipts from (payments to) other funds	171,980	(184,064)	(12,084)
Payments to suppliers	(20,787)	(47,128)	(67,915)
Payments to employees	(9,790)	(9,688)	(19,478)
Net cash provided (used) by operating activities	212,520	(173,340)	39,180
Cash flows from capital and related financing activities			
Grant revenues	99,255	975,877	1,075,132
Miscellaneous	54		54
Purchase of capital assets	(1,604)	(941,172)	(942,776)
Principal payments on loan	(317,391)	(3,071)	(320,462)
Interest and fiscal charges	(4,333)	(10,480)	(14,813)
Net cash provided (used) by capital and related financing activities	(224,019)	21,154	(202,865)
Net decrease in cash	(11,499)	(152,186)	(163,685)
Cash and cash equivalents at beginning of year	138,612	235,871	374,483
Cash and cash equivalents at end of year	\$ 127,113	\$ 83,685	\$ 210,798

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 15,973	\$ (3,109)	\$ 12,864
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Depreciation	25,411	15,388	40,799
Changes in assets and liabilities			
Receivables	(464)	(434)	(898)
Interfund items	171,980	(184,064)	(12,084)
Accounts payable	(380)	(1,121)	(1,501)
Net cash provided (used) by operating activities	<u>\$ 212,520</u>	<u>\$ (173,340)</u>	<u>\$ 39,180</u>
Cash and cash equivalents consists of:			
Cash	\$ 127,113	\$ 81,147	\$ 208,260
Restricted cash		2,538	2,538
Total cash and cash equivalents	<u>\$ 127,113</u>	<u>\$ 83,685</u>	<u>\$ 210,798</u>

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies**

This summary of the Town of Iliff'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 financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Town's accounting policies are described below.

**A.1 – Reporting entity**

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The Town has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Town has no component units.

**A.2 – Fund accounting**

The Town uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), major capital projects (capital projects fund), and the servicing of general long-term debt (debt service fund). The following are the Town's major governmental funds:

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

General Fund – The General Fund is the operating fund of the Town. It is used to account for most of the day-to-day operations of the Town which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the Town, except for activities of the enterprise funds.

Conservation Trust Fund – This fund is a special revenue fund established to account for state lottery proceeds and allowable expenditures.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Town's major proprietary funds:

Water Fund – This fund was established to account for all operations of the water utility services provided by the Town.

Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the Town.

**A.3 – Basis of presentation**

Government-wide financial statements – The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function or program of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund financial statements – Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

**A.4 – Basis of accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

Revenues – exchange and nonexchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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.

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

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

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**A.5 – Encumbrances**

Encumbrances outstanding at year-end are considered immaterial and thus are not reported as reservations of fund balance.

**A.6 – Cash and cash equivalents**

For the purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

**A.7 – Short-term interfund receivables/payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

**A.8 – Receivables**

Monthly charges for electric, water and sewer services are included with monthly utility billings. No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.9 – Capital assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets with a unit cost greater than \$1,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) will be capitalized on a prospective basis.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings	50 years	40 years
Equipment	3-25 years	3-10 years
Improvements other than buildings	10-50 years	25-50 years
Infrastructure	50 years	n/a

**A.10 – Accrued liabilities and long-term obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**A.11 – Fund balance**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the town council (the Town's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the Town's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the town council through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

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

**A.12 – Net position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**A.13 – Operating revenues and expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are service charges for water and sewer utility services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**A.14 – Interfund transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

**A.15 – Extraordinary and special items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the town council and that are either unusual in nature or infrequent in occurrence. The Town had no transactions that qualify as extraordinary or special items during the year.

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

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**Note B – Cash and investments**

**Cash and deposits**

Colorado State statutes govern the Town's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the Town had total deposits of \$275,654, of which \$250,000 were insured and \$25,654 were collateralized with securities held by the pledging institution's trust department or agent in the Town's name.

**Investments**

Authorized investments – Investment policies are governed by Colorado State Statutes and the Town's own investment policies and procedures. Investments of the Town may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At year-end the Town had investments in certificates of deposit.

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

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**Note C – Interfund transactions**

The following is a summary of interfund borrowings for the year as presented in the fund financial statements:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Water Fund	General Fund	\$ <u>18,184</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

**Note D – Receivables**

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Accounts receivable	\$ 2,742	\$ 2,717	\$ 5,459
Property taxes receivable	9,738	-	9,738
Grants receivable	<u>-</u>	<u>46,100</u>	<u>46,100</u>
Total	<u>\$ 12,480</u>	<u>\$ 48,817</u>	<u>\$ 61,297</u>

Property taxes are levied on December 15<sup>th</sup> and attach as a lien on property the following January 1<sup>st</sup>. They are payable in full by April 30<sup>th</sup> or are due in two equal installments on February 28<sup>th</sup> and June 15<sup>th</sup>. Logan County bills and collects property taxes for all taxing entities within the county. The tax receipts collected by the county are remitted to the Town in the subsequent month.

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

**Note E – Capital assets**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being Depreciated:				
Land	\$ 10,173	\$ -	\$ -	\$ 10,173
Total capital assets, not being depreciated	10,173	-	-	10,173
Capital assets, being depreciated:				
Land improvements	16,914	-	-	16,914
Buildings	28,063	-	-	28,063
Equipment	28,020	21,983	-	50,003
Office equipment	7,364	-	-	7,364
Total capital assets, being depreciated	<u>80,361</u>	<u>21,983</u>	-	<u>102,344</u>
Total capital assets	90,534	21,983	-	112,517
Less accumulated depreciation for:				
Land improvements	(1,918)	(338)	-	(2,256)
Buildings	(6,465)	(533)	-	(6,998)
Equipment	(21,654)	(2,607)	-	(24,261)
Office equipment	<u>(7,365)</u>	<u>-</u>	<u>-</u>	<u>(7,365)</u>
Total accumulated depreciation	<u>(37,402)</u>	<u>(3,478)</u>	-	<u>(40,880)</u>
Governmental activities capital assets, net	<u>\$ 53,132</u>	<u>\$ 18,505</u>	<u>\$ -</u>	<u>\$ 71,637</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 17,607	\$ -	\$ -	\$ 17,607
Construction in progress	<u>975,121</u>	<u>733,777</u>	<u>(1,708,898)</u>	<u>-</u>
Total capital assets, not being depreciated	992,728	733,777	(1,708,898)	17,607

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

**Note E – Capital assets (Continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Utility systems	<u>1,479,173</u>	<u>3,904</u>	<u>1,708,898</u>	<u>3,191,975</u>
Total capital assets, being depreciated	<u>1,479,173</u>	<u>3,904</u>	<u>1,708,898</u>	<u>3,191,975</u>
Total capital assets	2,471,901	737,681	-	3,209,582
Less accumulated depreciation for:				
Utility systems	<u>(528,886)</u>	<u>(40,799)</u>	<u>-</u>	<u>(569,685)</u>
Total accumulated depreciation	<u>(528,886)</u>	<u>(40,799)</u>	<u>-</u>	<u>(569,685)</u>
Business-type activities capital assets, net	<u>\$ 1,943,015</u>	<u>\$ 696,882</u>	<u>\$ -</u>	<u>\$ 2,639,897</u>

Depreciation expense was charged to programs of the primary government as follows:

**Governmental activities**

General government	\$ 1,794
Public works	1,346
Culture and recreation	<u>338</u>
Total governmental activities	3,478

**Business-type activities**

Water	25,411
Sewer	<u>15,388</u>
Total business-type activities	<u>40,799</u>
Total depreciation expense	<u>\$ 44,277</u>

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

**Note F – Long-term debt**

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

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balances</u>	<u>Due within</u> <u>one year</u>
<b>Governmental</b>					
<b>Activities</b>					
Capital lease	\$ -	\$ 16,183	\$ (1,888)	\$ 14,295	\$ 3,237

Capital lease obligations – The Town has entered into a lease purchase agreement for the acquisition of a John Deere compact utility tractor and loader. The City has capitalized \$16,183 of assets under this capital lease. This lease, dated May 11, 2018, requires monthly payments of \$270 with a fixed interest rate of 0.0%, with final payment due May 11, 2023. The lessor has a first lien security interest in the property until the payments are completed.

The following is a schedule by years of future minimum lease payments under the capital lease above, together with the present value of the net minimum lease payments at year-end:

<u>Year ended December 31,</u>	<u>Debt service</u> <u>requirement</u>
2019	\$ 3,237
2020	3,237
2021	3,237
2022	3,236
2023	<u>1,348</u>
Total minimum lease payments	14,295
Less amount representing interest	<u>-</u>
Present value of future minimum lease payments	\$ <u>14,295</u>

	<u>Beginning</u> <u>Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balances</u>	<u>Due within</u> <u>one year</u>
<b>Business-type</b>					
<b>Activities</b>					
Notes payable	\$ 759,000	\$ -	\$ (320,462)	\$ 438,538	\$ 35,119

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

**Note F – Long-term debt (Continued)**

Highline Electric Association – Water Fund – The Town has entered into a \$400,000 note agreement with Highline Electric Association (HEA) dated February 12, 2016, which was to be due in full at December 31, 2016. HEA has subsequently extended the note until December 31, 2019, at which time all principal and accrued interest will be due in full. The note bears interest at a rate of 3.50%

\$ 27,609

USDA Rural Development – Sewer Fund – The Town has entered into a \$265,000 note agreement with USDA Rural Development (RD) dated May 1, 2017, due in monthly installments of \$801 through 2057. The agreement provides for the disbursement of funds at the Town’s request to facilitate the construction of a new wastewater facility. The note bears interest at a rate of 1.875%.

263,072

USDA Rural Development – Sewer Fund – The Town has entered into a \$149,000 note agreement with USDA Rural Development (RD) dated May 1, 2017, due in monthly installments of \$431 through 2057. The agreement provides for the disbursement of funds at the Town’s request to facilitate the construction of a new wastewater facility. The note bears interest at a rate of 1.625%.

147,857

Total

\$ 438,538

The following schedule represents the Town’s debt service requirements to maturity for the outstanding notes payable at year-end:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 35,119	\$ 8,240	\$ 43,359
2020	7,625	7,159	14,784
2021	7,782	7,002	14,784
2022	7,922	6,862	14,784
2023	8,064	6,720	14,784
2024-2028	42,512	31,408	73,920
2029-2033	46,495	27,425	73,920
2034-2038	50,832	23,088	73,920
2039-2043	55,576	18,344	73,920
2044-2048	60,758	13,162	73,920
2049-2053	66,442	7,478	73,920
2054-2057	<u>49,411</u>	<u>1,575</u>	<u>50,986</u>
Total	<u>\$ 438,538</u>	<u>\$ 158,463</u>	<u>\$ 597,001</u>

**TOWN OF ILIFF, COLORADO**  
**Notes to Financial Statements**

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**Note G – Risk management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. Settled claims resulting from any of the above risks have not exceeded the coverages provided. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

**Note H – Commitments and contingencies**

**Taxpayer's Bill of Rights (TABOR)**

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate. In November 2003, the voters of the Town approved a ballot initiative permitting the Town to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution.

TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR. However, the Town has made certain interpretations of TABOR's language in order to determine its compliance. The Town has reserved funds in the General Fund in the amount of \$1,400 for the emergency reserve.

**Colorado local government budget laws**

Expenditures in the General Fund exceeded appropriations by \$4,155, which may be a violation of local government budget laws.

### **Required Supplementary Information**

Budgetary comparison schedules are required to be presented for the General Fund and each major special revenue fund. The Town has one major special revenue fund.

- General Fund – The General Fund is the operating fund of the Town. It is used to account for most of the day-to-day operations of the Town which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the Town, except for activities of the enterprise funds.
- Conservation Trust Fund – This fund is a special revenue fund established to account for state lottery proceeds and allowable expenditures.

**TOWN OF ILIFF, COLORADO**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 18,320	\$ 18,320	\$ 20,037	\$ 1,717
Intergovernmental revenue	14,700	14,700	18,415	3,715
Miscellaneous revenue	5,400	5,400	8,264	2,864
<b>Total revenues</b>	<b>38,420</b>	<b>38,420</b>	<b>46,716</b>	<b>8,296</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	46,855	46,855	52,502	(5,647)
Public safety	21,000	21,000	21,043	(43)
<b>Debt service</b>				
Principal payments			1,888	(1,888)
Appropriated reserves	3,423	3,423		3,423
<b>Total expenditures</b>	<b>71,278</b>	<b>71,278</b>	<b>75,433</b>	<b>(4,155)</b>
Excess of revenues over (under) expenditures	(32,858)	(32,858)	(28,717)	12,451
<b>Other financing sources</b>				
Proceeds from capital lease			16,183	16,183
<b>Net change in fund balance</b>	<b>\$ (32,858)</b>	<b>\$ (32,858)</b>	<b>(12,534)</b>	<b>\$ 20,324</b>
Fund balance at beginning of year			35,846	
Fund balance at end of year			<u>\$ 23,312</u>	

**TOWN OF ILIFF, COLORADO**  
**Conservation Trust Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
State lottery funds	\$ 4,000	\$ 4,000	\$ 2,653	\$ (1,347)
Interest on investments	25	25	50	25
Total revenues	4,025	4,025	2,703	(1,322)
<b>Expenditures</b>				
Culture and recreation				
Appropriated reserves	27,031	27,031		27,031
Total expenditures	27,031	27,031	-	27,031
Net change in fund balance	\$ (23,006)	\$ (23,006)	2,703	\$ 25,709
Fund balance at beginning of year			21,665	
Fund balance at end of year			\$ 24,368	

**TOWN OF ILIFF, COLORADO**  
**Notes to the Required Supplementary Information**

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**Note A – Budgetary data**

Annual budgets are established for all funds of the Town. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the enterprise funds (electric, water and sewer) in which capital and principal retirement expenses are treated as operating expenses and depreciation expense is not budgeted.

An appropriated budget for the entity as a whole is prepared on a detailed basis. Revenues are budgeted by source. Expenditures are budgeted by department and the major divisions thereof and by each independent office and agency and by the principal objects of expenditure. The legal level of control is considered to be the entity as a whole and expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by Town council. Within these control levels, management may transfer appropriations without Town council approval.

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

- On or before October 15, the Town Clerk submits to the Town board of trustees, a proposed budget for the following calendar year.
- A proposed budget is made available for public inspection, and public hearings are conducted to obtain taxpayer comments.
- Prior to December 15, the Town must adopt the budget by formal resolution and certify the mill levies to the County Commissioners.
- On or before December 31, the Town must enact a resolution making appropriations for the following calendar year.

### **Other Supplementary Information**

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – General Fund Revenues and Expenditures
- Budgetary Comparison Schedules – Enterprise Funds

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### **Budgetary Comparison Schedules - General Fund**

The General Fund accounts for all transactions of the Town not required to be accounted for in other funds. This fund represents an accounting of the Town's ordinary operations financed primarily from tax dollars and intergovernmental aid. It is the most significant fund in relation to the Town's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

**TOWN OF ILIFF, COLORADO**  
**General Fund**  
**Budgetary Comparison Schedule - Revenues**  
**For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Taxes</b>				
Local property taxes	\$ 10,105	\$ 10,105	\$ 10,088	\$ (17)
Specific ownership taxes	1,215	1,215	1,098	(117)
Delinquent taxes and interest			50	50
Franchise taxes	7,000	7,000	8,801	1,801
<b>Total taxes</b>	<b>18,320</b>	<b>18,320</b>	<b>20,037</b>	<b>1,717</b>
<b>Intergovernmental revenues</b>				
Highway users tax	12,300	12,300	15,754	3,454
Motor vehicle assessment	1,450	1,450	1,782	332
Road and bridge tax	650	650	596	(54)
Severance tax	150	150	154	4
Mineral lease	150	150	129	(21)
<b>Total intergovernmental revenues</b>	<b>14,700</b>	<b>14,700</b>	<b>18,415</b>	<b>3,715</b>
<b>Miscellaneous revenues</b>				
Tower rent	2,700	2,700	3,600	900
Miscellaneous	2,350	2,350	4,592	2,242
Interest on investments	350	350	72	(278)
<b>Total miscellaneous revenues</b>	<b>5,400</b>	<b>5,400</b>	<b>8,264</b>	<b>2,864</b>
<b>Total revenues</b>	<b>\$ 38,420</b>	<b>\$ 38,420</b>	<b>\$ 46,716</b>	<b>\$ 8,296</b>

**TOWN OF ILIFF, COLORADO**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General government				
Salaries	\$ 2,780	\$ 2,780	\$ 3,354	\$ (574)
Payroll taxes	1,900	1,900	2,273	(373)
Trainings and workshops	450	450		450
Office supplies	4,200	4,200	3,011	1,189
Computer software	2,500	2,500	2,672	(172)
Legal and professional	16,000	16,000	15,605	395
Mileage and meals	1,200	1,200	1,031	169
Advertising and legal notices	150	150	176	(26)
Dues and memberships	300	300	486	(186)
Insurance and bonds	7,500	7,500	8,935	(1,435)
Public utility services	3,500	3,500	4,141	(641)
Telephone and internet	2,200	2,200	1,948	252
Repairs and maintenance	550	550	6,244	(5,694)
Treasurer's fees	250	250	215	35
Miscellaneous	2,575	2,575	611	1,964
Elections	800	800		800
Capital outlay			1,800	(1,800)
Total general government	46,855	46,855	52,502	(5,647)
Public works				
Streets and highways				
Street maintenance			860	(860)
Capital outlay	21,000	21,000	20,183	817
Total public works	21,000	21,000	21,043	(43)
Debt service				
Principal payments			1,888	(1,888)
Total debt service	-	-	1,888	(1,888)
Appropriated reserves	3,423	3,423		3,423
Total expenditures	\$ 71,278	\$ 71,278	\$ 75,433	\$ (4,155)

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## **Budgetary Comparison Schedules - Enterprise Funds**

The Town reports the following major proprietary funds:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Water Fund – This fund was established to account for all operations of the water utility service provided by the Town.
- Sewer Fund – This fund was established to account for all operations of the sewer utility service provided by the Town.

**TOWN OF ILIFF, COLORADO**  
**Water Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 79,500	\$ 79,500	\$ 71,581	\$ (7,919)
Operating expenses				
Salaries	12,510	12,510	9,790	2,720
Administration	2,500	2,500	5,483	(2,983)
Legal and professional			267	(267)
Supplies			32	(32)
Repairs and maintenance	12,500	12,500	8,209	4,291
Utilities	4,000	4,000	4,033	(33)
Testing	9,500	9,500	1,092	8,408
Assessments	150	150		150
Dues and memberships	1,500	1,500	1,286	214
Capital purchases			1,604	(1,604)
Other			5	(5)
Appropriated reserves	560,807	560,807		560,807
Total operating expenses	603,467	603,467	31,801	571,666
Operating income (loss)	(523,967)	(523,967)	39,780	563,747
Nonoperating revenues (expenses)				
Grants	375,000	375,000	19,994	(355,006)
Miscellaneous	450	450	54	(396)
Principal payments	(345,000)	(345,000)	(317,391)	27,609
Interest and fiscal charges	(13,500)	(13,500)	(4,333)	9,167
Total nonoperating revenues (expenses)	16,950	16,950	(301,676)	(318,626)
Change in net position	\$ (507,017)	\$ (507,017)	(261,896)	\$ (245,121)
Adjustments to GAAP Basis				
Add capital purchases			1,604	
Add principal payments			317,391	
Deduct depreciation			(25,411)	
Change in net position - GAAP Basis			31,688	
Net position at beginning of year			985,445	
Net position at end of year			\$ 1,017,133	

**TOWN OF ILIFF, COLORADO**  
**Sewer Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 58,500	\$ 58,500	\$ 67,974	\$ 9,474
Operating expenses				
Salaries	12,510	12,510	9,688	2,822
Administration	1,500	1,500	8,387	(6,887)
Legal and professional			113	(113)
Chemicals	6,000	6,000	2,057	3,943
Repairs and maintenance	10,500	10,500	16,493	(5,993)
Testing	13,000	13,000	6,854	6,146
Utilities	9,900	9,900	7,371	2,529
Dues and memberships	1,225	1,225	1,472	(247)
Capital purchases	907,000	907,000	736,077	170,923
Insurance			3,136	(3,136)
Other	6,172	6,172	124	6,048
Appropriated reserves	50,871	50,871		50,871
Total operating expenses	1,018,678	1,018,678	791,772	226,906
Operating loss	(960,178)	(960,178)	(723,798)	236,380
Nonoperating revenues (expenses)				
Grants revenues	907,000	607,000	771,815	164,815
Principal payments	(6,160)	(6,160)	(3,071)	3,089
Interest and fiscal charges	(7,390)	(7,390)	(5,243)	2,147
Total nonoperating revenues (expenses)	893,450	593,450	763,501	170,051
Change in net position	\$ (66,728)	\$ (366,728)	39,703	\$ 406,431
Adjustments to GAAP Basis				
Add capital outlay			736,077	
Add principal payments			3,071	
Deduct depreciation			(15,388)	
Change in net position - GAAP Basis			763,463	
Net position at beginning of year			693,366	
Net position at end of year			\$ 1,456,829	

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**Colorado Department of Highways  
Local Highway Finance Report**

This calendar-year report of receipts and expenditures is required by the Colorado Department of Highways to maintain Statewide accountability for moneys used for highway and street purposes. To ensure data accuracy, House Bill 1008 mandates that this report be included in the Town's financial statements.

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Town of Iliff
	YEAR ENDING : 2018
This Information From The Records Of (example - City of _ or County of _) Town of Iliff, Colorado	Prepared By: Debbie Gerlach Phone: 970-522-2283

**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**

ITEM	AMOUNT
<b>A. Receipts from local sources:</b>	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	0
3. Other local imposts (from page 2)	596
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	16,183
d. Total (a. + b. + c.)	16,183
7. Total (1 through 6)	16,779
<b>B. Private Contributions</b>	
<b>C. Receipts from State government (from page 2)</b>	17,536
<b>D. Receipts from Federal Government (from page 2)</b>	0
<b>E. Total receipts (A.7 + B + C + D)</b>	34,315

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT
<b>A. Local highway disbursements:</b>	
1. Capital outlay (from page 2)	21,983
2. Maintenance:	7,291
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	0
c. Other - Street Lighting	1,568
d. Total (a. through c.)	1,568
4. General administration & miscellaneous	0
5. Highway law enforcement and safety	0
6. Total (1 through 5)	30,842
<b>B. Debt service on local obligations:</b>	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	1,888
c. Total (a. + b.)	1,888
3. Total (1.c + 2.c)	1,888
<b>C. Payments to State for highways</b>	
<b>D. Payments to toll facilities</b>	
<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	32,730

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	0	16,183	1,888	14,295

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	81,059	34,315	32,730	82,644	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
12/18

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	596	g. Other Misc. Receipts	
6. Total (1. through 5.)	596	h. Other	
c. Total (a. + b.)	596	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	15,754	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	1,782	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.)	1,782	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	17,536	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements			0
(3). System Preservation		21,983	21,983
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	21,983	21,983
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	21,983	21,983
			(Carry forward to page 1)

Notes and Comments:

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## **Single Audit Section**

The Single Audit Section contains the following:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

**TOWN OF ILIFF, COLORADO**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture:</u>			
Pass-through program from USDA Rural Development:			
Water and Waste Disposal Systems for Rural Communities	10.760	*	\$ 717,278
Total U.S. Department of Agriculture			717,278
<u>U.S. Department of the Interior:</u>			
Pass-through program from Colorado Department of Local Affairs:			
Distribution of Receipts to State and Local Governments	15.227	EIAF 8009	74,531
Total U.S. Department of the Interior			74,531
Total Expenditures of Federal Awards			\$ 791,809

\* Pass-through identifying number is not readily available.

See accompanying Notes to Schedule of Expenditures of Federal Awards

**TOWN OF ILIFF, COLORADO**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2018**

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**Note A – Basis of presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Iliff, Colorado, under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Town of Iliff, Colorado, it is not intended to and does not present the financial position, changes in net position, or cash flows of Town of Iliff, Colorado.

**Note B – Summary of significant accounting policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C – Indirect cost rate**

The Town has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note D – Subrecipients**

The Town did not pass through any federal grants to subrecipients.

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**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Mayor and Members of Town Council  
Town of Iliff  
Iliff, Colorado

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iliff, Colorado (the Town), 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, and have issued our report thereon dated April 30, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
April 30, 2019



**Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Honorable Mayor and Members of Town Council  
Town of Iliff  
Iliff, Colorado

**Report on Compliance of Each Major Federal Program**

We have audited Town of Iliff, Colorado's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2018. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Town's compliance with those requirements.

**Opinion on Each Major Federal Program**

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

## Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
April 30, 2019

**TOWN OF ILIFF, COLORADO**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2018**

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**Summary of auditors' results**

1. The auditors' report expresses an unmodified opinion on the financial statements of Town of Iliff, Colorado (the Town).
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs of the Town expresses an unmodified opinion on all major federal award programs.
6. The audit did not disclose any findings relative to the major federal award programs of the Town.
7. The program tested as a major program included:

Water and Waste Disposal Systems for Rural Communities    CFDA No. 10.760
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town did not qualify as a low-risk auditee.

**Findings – financial statement audit**

We noted no findings that are required to be reported under *Government Auditing Standards*.

**Findings and questioned costs – major federal award programs audit**

We noted no findings or questioned costs that are required to be reported in accordance with the Uniform Guidance.

**Prior year findings**

There were no findings or questioned costs reported for the year ended December 31, 2017.