

TOWN OF MANASSA
FINANCIAL STATEMENTS

December 31, 2018



**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

**TOWN OF MANASSA
TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Governmental Fund Financial Statements:	
Balance Sheet	5
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balance	7
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Proprietary Fund Financial Statements:	
Statement of Net Position	9
Statement of Revenues, Expenses and Changes in Net Position	10
Statement of Cash Flows	11
Notes to the Basic Financial Statements	12
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
General Fund	27
Conservation Trust Fund	28
Schedule of the Town's Proportionate Share of the Net Pension Asset -	
FPPA SWDB Pension Plan	29
Schedule of Town Contributions - FPPA SWDB Pension Plan	30
Supplementary Information	
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual	
Water Fund	31
Sewer Fund	32
Other Schedules and Reports	
Local Highway Finance Report	33

INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Manassa (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. 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, and each major fund of the Town of Manassa, 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.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and pension information on pages 27 through 30 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 proprietary fund budgetary comparison information and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The proprietary fund budgetary comparison information and Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the proprietary fund budgetary comparison information and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Wall, Smith, Bateman Inc.
Wall, Smith, Bateman Inc.
Alamosa, Colorado

July 30, 2019

TOWN OF MANASSA
BASIC FINANCIAL STATEMENTS

TOWN OF MANASSA
STATEMENT OF NET POSITION
December 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 278,213	\$ 371,625	\$ 649,838
Restricted Cash	-	102,051	102,051
Property Taxes Receivable	52,460	-	52,460
Accounts Receivable (Net)	(4,564)	15,384	10,820
Due from Other Governments	6,834	-	6,834
Due from Franchises	4,151	-	4,151
Total Current Assets	337,094	489,060	826,154
Noncurrent Assets			
Construction in Progress	-	120,791	120,791
Land	26,703	-	26,703
Land Improvements	50,689	-	50,689
Buildings and Improvements	115,962	43,279	159,241
Water and Sewer System	-	4,426,791	4,426,791
Vehicles, Machinery, and Equipment	162,468	145,282	307,750
Less: Accumulated Depreciation	(197,354)	(2,705,917)	(2,903,271)
Net Pension Asset	9,961	-	9,961
Total Noncurrent Assets	168,429	2,030,226	2,198,655
TOTAL ASSETS	505,523	2,519,286	3,024,809
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	9,825	-	9,825
LIABILITIES			
Current Liabilities			
Accounts Payable	497	4,862	5,359
Payroll Taxes Payable	(2,520)	3,077	557
Unearned Revenues	-	2,366	2,366
Bonds and Notes Payable	-	33,430	33,430
Total Current Liabilities	(2,023)	43,735	41,712
Noncurrent Liabilities			
Bonds and Notes Payable	-	812,045	812,045
Total Noncurrent Liabilities	-	812,045	812,045
TOTAL LIABILITIES	(2,023)	855,780	853,757
DEFERRED INFLOWS OF RESOURCES			
Pensions	8,014	-	8,014
Deferred Revenue- Property Taxes	52,460	-	52,460
TOTAL DEFERRED INFLOWS OF RESOURCES	60,474	-	60,474
NET POSITION			
Net Investment in Capital Assets	158,468	1,184,751	1,343,219
Restricted for TABOR Reserve	6,000	-	6,000
Restricted for Highways and Streets	35,032	-	35,032
Unrestricted	257,397	478,755	736,152
TOTAL NET POSITION	\$ 456,897	\$ 1,663,506	\$ 2,120,403

The accompanying notes are an integral part of this financial statement.

TOWN OF MANASSA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Primary Government		
						Business-Type Activities	TOTAL	
Primary Government:								
Governmental Activities:								
General Government	\$ 95,323	\$ 75	\$ 143	\$ -	\$ (95,105)	\$ -	\$ (95,105)	
Public Safety	97,810	11,665	-	-	(86,145)	-	(86,145)	
Highways and Streets	35,839	-	81,018	-	45,179	-	45,179	
Culture and Recreation	15,788	3,408	12,840	-	460	-	460	
Total Governmental Activities	244,760	15,148	94,001	-	(135,611)	-	(135,611)	
Business-Type Activities:								
Water	120,409	128,318	-	-	-	7,909	7,909	
Sewer	185,826	151,506	-	-	-	(34,320)	(34,320)	
Total Business-Type Activities	306,235	279,824	-	-	-	(26,411)	(26,411)	
Total Primary Government	550,995	294,972	94,001	-	(135,611)	(26,411)	(162,022)	
General Revenues:								
Taxes:								
General Property Taxes					51,251	-	51,251	
Payment in Lieu of Taxes					2,261	-	2,261	
Sales Taxes					24,398	-	24,398	
Franchise Taxes					18,208	-	18,208	
Specific Ownership Taxes					10,066	-	10,066	
Interest on Accounts					983	1,104	2,087	
Sale of Fixed Asset					21,270	-	21,270	
Miscellaneous					8,565	-	8,565	
Total General Revenues					137,002	1,104	138,106	
Change in Net Position					1,391	(25,307)	(23,916)	
Net Position - Beginning of Year					455,506	1,688,813	2,144,319	
Net Position - End of Year					\$ 456,897	\$ 1,663,506	\$ 2,120,403	

The accompanying notes are an integral part of this financial statement.

TOWN OF MANASSA
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2018

	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 233,714	\$ 44,499	\$ 278,213
Property Taxes Receivable	52,460	-	52,460
Accounts Receivable	(4,564)	-	(4,564)
Due From Funds	7,283	-	7,283
Due From Other Governments	6,834	-	6,834
Due From Franchises	4,151	-	4,151
TOTAL ASSETS	\$ 299,878	\$ 44,499	\$ 344,377
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 773	\$ (276)	\$ 497
Due to Other Funds	-	7,283	7,283
Payroll Taxes Payable	(2,520)	-	(2,520)
TOTAL LIABILITIES	(1,747)	7,007	5,260
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue- Property Taxes	52,460	-	52,460
FUND BALANCE			
Restricted:			
TABOR Reserve	6,000	-	6,000
Highways and Streets	35,032	-	35,032
Committed:			
Culture and Recreation	-	37,492	37,492
Unassigned	208,133	-	208,133
TOTAL FUND BALANCE	249,165	37,492	286,657
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 299,878	\$ 44,499	\$ 344,377

The accompanying notes are an integral part of this financial statement.

TOWN OF MANASSA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2018

Total governmental fund balances	\$ 286,657
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	158,468
Deferred results and contributions to pension plans made after the measurement date are not recorded as expenditures in the governmental funds but must be deferred in the statement of net position.	9,825
Net pension assets (liabilities) are not due and payable in the current period and are not reported in the funds.	9,961
Certain amounts related to the net pension liability are deferred and amortized over time. These are not reported in the funds.	<u>(8,014)</u>
Net position of governmental activities	<u><u>\$ 456,897</u></u>

TOWN OF MANASSA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
For the Year Ended December 31, 2018

	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ 106,184	\$ -	\$ 106,184
Intergovernmental Revenue	81,161	9,882	91,043
Licenses and Permits	75	-	75
Fines and Forfeits	11,665	-	11,665
Culture and Recreation	5,115	-	5,115
Interest on Accounts	951	32	983
Miscellaneous	9,593	223	9,816
TOTAL REVENUES	<u>214,744</u>	<u>10,137</u>	<u>224,881</u>
EXPENDITURES			
General Government	95,323	-	95,323
Public Safety	97,810	-	97,810
Highways and Streets	29,709	-	29,709
Culture and Recreation	8,233	3,831	12,064
Capital Outlay	-	-	-
TOTAL EXPENDITURES	<u>231,075</u>	<u>3,831</u>	<u>234,906</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(16,331)</u>	<u>6,306</u>	<u>(10,025)</u>
OTHER FINANCING SOURCES (USES)			
Sale of Capital Asset	<u>21,270</u>	<u>-</u>	<u>21,270</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>21,270</u>	<u>-</u>	<u>21,270</u>
Net Change in Fund Balance	4,939	6,306	11,245
Fund Balances at Beginning of Year	<u>244,226</u>	<u>31,186</u>	<u>275,412</u>
Fund Balances at End of Year	<u><u>\$ 249,165</u></u>	<u><u>\$ 37,492</u></u>	<u><u>\$ 286,657</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF MANASSA
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

Net change in fund balances - total governmental funds	\$ 11,245
---	------------------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset addition	\$ -	
Depreciation expense	(15,146)	
	(15,146)	(15,146)

Certain Items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension expense.

Change in net position of governmental funds	\$ 1,391
---	---

TOWN OF MANASSA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2018

	WATER FUND	SEWER FUND	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 139,349	\$ 232,276	\$ 371,625
Restricted Cash	22,958	79,093	102,051
Accounts Receivable	7,314	8,070	15,384
Total Current Assets	169,621	319,439	489,060
Noncurrent Assets			
Construction in Progress	-	120,791	120,791
Buildings and Improvements	21,639	21,640	43,279
Water System	1,247,867	-	1,247,867
Sewer System	-	3,178,924	3,178,924
Machinery and Equipment	82,545	62,737	145,282
Less: Accumulated Depreciation	(792,110)	(1,913,807)	(2,705,917)
Total Noncurrent Assets	559,941	1,470,285	2,030,226
TOTAL ASSETS	729,562	1,789,724	2,519,286
LIABILITIES			
Current Liabilities			
Accounts Payable	1,631	3,231	4,862
Unearned Revenues	1,323	1,043	2,366
Payroll Taxes Payable	962	2,115	3,077
Bonds and Notes Payable	16,430	17,000	33,430
Total Current Liabilities	20,346	23,389	43,735
Noncurrent Liabilities			
Bonds and Notes Payable	353,245	458,800	812,045
TOTAL LIABILITIES	373,591	482,189	855,780
NET POSITION			
Net Investment in Capital Assets	190,266	994,485	1,184,751
Unrestricted	165,705	313,050	478,755
TOTAL NET POSITION	\$ 355,971	\$ 1,307,535	\$ 1,663,506

The accompanying notes are an integral part of this financial statement.

TOWN OF MANASSA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2018

	WATER FUND	SEWER FUND	TOTAL
OPERATING REVENUES			
Charges for Services	\$ 128,318	\$ 151,506	\$ 279,824
Total Operating Revenues	<u>128,318</u>	<u>151,506</u>	<u>279,824</u>
OPERATING EXPENSES			
Salaries	30,604	30,604	61,208
Employee Benefits	3,425	3,668	7,093
Purchased Services	6,057	8,072	14,129
Insurance- General	4,513	3,224	7,737
Utilities	25,229	15,177	40,406
Fuel	514	1,220	1,734
Supplies	10,939	17,594	28,533
Engineering	-	5,400	5,400
Repairs and Maintenance	1,564	1,259	2,823
Miscellaneous	7,441	3,332	10,773
Depreciation	30,123	74,309	104,432
Total Operating Expenses	<u>120,409</u>	<u>163,859</u>	<u>284,268</u>
Operating Income (Loss)	<u>7,909</u>	<u>(12,353)</u>	<u>(4,444)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest on Accounts	373	731	1,104
Interest Expense	<u>-</u>	<u>(21,967)</u>	<u>(21,967)</u>
Total Nonoperating Revenues (Expenses)	<u>373</u>	<u>(21,236)</u>	<u>(20,863)</u>
Net Income (Loss)	8,282	(33,589)	(25,307)
Net Position, Beginning of Year	<u>347,689</u>	<u>1,341,124</u>	<u>1,688,813</u>
Net Position, End of Year	<u><u>\$ 355,971</u></u>	<u><u>\$ 1,307,535</u></u>	<u><u>\$ 1,663,506</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF MANASSA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

	WATER FUND	SEWER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 124,970	\$ 148,882	\$ 273,852
Cash Payments to Suppliers for Goods and Services	(53,619)	(52,045)	(105,664)
Cash Payments to Employees for Services	(30,604)	(30,604)	(61,208)
Cash Payments for Employee Benefits and Taxes	(3,425)	(3,668)	(7,093)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>37,322</u>	<u>62,565</u>	<u>99,887</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	-	(396)	(396)
Interest Paid on Notes and Bonds	-	(21,967)	(21,967)
Principal Paid on Notes and Bonds	(16,430)	(16,400)	(32,830)
NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(16,430)</u>	<u>(38,763)</u>	<u>(55,193)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>373</u>	<u>731</u>	<u>1,104</u>
NET CASH PROVIDED (USED) FROM INVESTING ACTIVITIES	<u>373</u>	<u>731</u>	<u>1,104</u>
Net Increase (Decrease) in Cash and Cash Equivalents	21,265	24,533	45,798
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>141,042</u>	<u>286,836</u>	<u>427,878</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 162,307</u></u>	<u><u>\$ 311,369</u></u>	<u><u>\$ 473,676</u></u>
 Operating Income (Loss)	 \$ 7,909	 \$ (12,353)	 \$ (4,444)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	30,123	74,309	104,432
Change in Assets and Liabilities			
Decrease (Increase) in:			
Accounts Receivable	(3,348)	(2,622)	(5,970)
Increase (Decrease) in:			
Accounts Payable	2,638	3,231	5,869
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 37,322</u></u>	<u><u>\$ 62,565</u></u>	<u><u>\$ 99,887</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of Manassa (the Town) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

The Town was incorporated in 1889, and became a statutory town under State Statute (CRS 31-1-101). The Town operates under Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, culture and recreation, planning and zoning, water and sewer systems, and general administrative services.

Component Units

The Town's combined financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Town holds the corporate powers of the organization
- The Town appoints a voting majority of the organization's board
- The Town is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Town
- There is fiscal dependency by the organization on the Town
- The organization is financially accountable to the Town
- The organization receives or holds funds that are for the benefit of the Town: and the Town has access to a majority of the funds held; and the funds that are accessible are also significant to the Town

Based on the aforementioned criteria, the Town of Manassa has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the Town. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each reported as a separate column.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

The Town reports the following major governmental funds:

- The General Fund is the general operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Conservation Trust Fund is used to account for the Town's share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks, and other public recreational facilities.

Proprietary fund financial statements are used to account for activities similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. Expenses include the cost of sales and services, administrative expenses and depreciation on capital assets.

The proprietary funds are accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
- Current-year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent year, are accrued.

The Town reports the following major proprietary funds:

- The Water Fund accounts for the user fees and expenses for operating, financing, and maintaining the Town's water system.
- The Sewer Fund accounts for the user fees and expenses for operating, financing, and maintaining the Town's sewer system.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash

The Town's cash and cash equivalents are considered to be cash in bank, certificates of deposit and liquid investments with maturity of three months or less.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The Town's property taxes are collected by the County Treasurer who remits monthly receipts to the Town. Property tax revenue is recognized when received by the County Treasurer. The 2018 property tax levy due January 1, 2019, has been recorded in the financial statements as a receivable and corresponding deferred inflow of resources.

Receivables/Payables From Other Town Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

Inventories

Inventories held by all funds have been recorded as expenditures at the time of purchase.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Capital Assets

Capital assets, which include construction in progress, land, land improvements, buildings and improvements, vehicles, machinery and equipment, and water and sewer system, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	10-50
Buildings and Improvements	10-50
Vehicles, Machinery, and Equipment	5-25
Water and Sewer System	10-45

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This represents an consumption of net position/fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period.

In addition to liabilities, the statement of net position and governmental funds balance sheet reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as an other financing use.

Compensated Absences

The Town does not accrue sick and personal days for employees. The Town does accrue vacation days for employees; however, the liability is deemed to be immaterial and is not recorded in the financial statements.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan and additions to/deductions from Fire & Police Statewide Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Fund Balance

Fund balances are reported by classification based on the extent to which the Town is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance*- amounts that cannot be spent because they are not in spendable form- such as inventory and prepaid expenditures.
- *Restricted Fund Balance*- amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance*- amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Trustees, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance*- amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Trustees or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance*- amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Encumbrances

The Town does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are re-budgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain amounts in 2017 have been reclassified to conform to the 2018 financial statement presentation.

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town of Manassa follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 15 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution no later than December 31.

Formal budgetary integration is employed as a management control device for all funds of the Town. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States (GAAP). Proprietary funds present a reconciliation to the GAAP-basis. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Town did adopted supplemental appropriations during fiscal year 2018.

NOTE 3 CASH AND DEPOSITS

A summary of cash and deposits for the Town are as follows:

Cash on Hand and in Banks	\$ 751,889
Total cash and deposits on the Statement of Net Position	<u>\$ 751,889</u>

Cash and Deposits

Colorado State Statutes govern the Town's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. All deposits were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989 during 2018.

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 December 31, 2018, the Town was not exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 PROPERTY TAXES RECEIVABLE

At December 31, 2018, the Town had an estimated property tax receivable of \$52,460.

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The Town reports interfund balances between its funds. The balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at December 31, 2018, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Conservation Trust Fund	\$ 7,283

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	<u>Balance 12/31/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2018</u>
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 26,703	\$ -	\$ -	\$ 26,703
Total capital assets not being depreciated	<u>26,703</u>	<u>-</u>	<u>-</u>	<u>26,703</u>
Capital assets being depreciated				
Land Improvements	50,689	-	-	50,689
Buildings and Improvements	129,132	-	13,170	115,962
Vehicles and Equipment	162,468	-	-	162,468
Total capital assets being depreciated	<u>342,289</u>	<u>-</u>	<u>13,170</u>	<u>329,119</u>
Less accumulated depreciation for:				
Land Improvements	35,317	2,202	-	37,519
Buildings and Improvements	64,349	2,880	13,170	54,059
Vehicles and Equipment	95,712	10,064	-	105,776
Total accumulated depreciation	<u>195,378</u>	<u>15,146</u>	<u>13,170</u>	<u>197,354</u>
Total capital assets being depreciated	<u>146,911</u>	<u>(15,146)</u>	<u>-</u>	<u>131,765</u>
Governmental Activities Capital Assets, net	<u>\$ 173,614</u>	<u>\$ (15,146)</u>	<u>\$ -</u>	<u>\$ 158,468</u>

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
<i>Business-type Activities:</i>				
Capital Assets not being depreciated				
Construction in Progress	\$ 120,791	\$ -	\$ -	\$ 120,791
Total capital assets not being depreciated	120,791	-	-	120,791
Capital Assets being depreciated				
Buildings and Improvements	43,279	-	-	43,279
Water System	1,247,867	-	-	1,247,867
Sewer System	3,178,528	396	-	3,178,924
Machinery and Equipment	145,282	-	-	145,282
Less: Accumulated Depreciation	(2,601,485)	(104,432)	-	(2,705,917)
Total capital assets being depreciated	2,013,471	(104,036)	-	1,909,435
Business-type Activities Capital Assets, net	\$ 2,134,262	\$ (104,036)	\$ -	\$ 2,030,226

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

Governmental activities:

Highways and Streets	\$ 6,130
Public Safety	5,292
Culture and Recreation	3,724
Total depreciation expense – governmental activities	\$ 15,146

Business-type activities:

Water	\$ 30,123
Sewer	74,309
Total depreciation expense – business-type activities	\$ 104,432

NOTE 7 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018	Due Within One Year
<i>Business-type Activities:</i>					
Water Fund- CWRPDA Loan 0%	\$ 386,105	\$ -	\$ 16,430	\$ 369,675	\$ 16,430
Sewer Fund- FmHA Bonds 4.5%	492,200	-	16,400	475,800	17,000
Total	\$ 878,305	\$ -	\$ 32,830	\$ 845,475	\$ 33,430

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Colorado Water Resources and Power Development Authority (CWRPDA) loan

The Town drew a loan of \$492,900 in 2011. The annual payment requirements are based on the entire loan balance and are as follows:

	Principal	Interest	Total
2019	\$ 16,430	\$ -	\$ 16,430
2020	16,430	-	16,430
2021	16,430	-	16,430
2022	16,430	-	16,430
2023	16,430	-	16,430
2024-2028	82,150	-	82,150
2029-2033	82,150	-	82,150
2034-2038	82,150	-	82,150
2039-2041	41,075	-	41,075
Total	<u>\$ 369,675</u>	<u>\$ -</u>	<u>\$ 369,675</u>

Revenue Bonds Payable

1996 sewer revenue bonds are payable to Farmer's Home Administration. The annual requirements to amortize bonds outstanding as of December 31, 2018 including interest are as follows:

	Principal	Interest	Total
2019	\$ 17,000	\$ 21,222	\$ 38,222
2020	17,800	20,448	38,248
2021	18,600	19,638	38,238
2022	19,500	18,792	38,292
2023	20,400	17,903	38,303
2024-2028	116,700	74,732	191,432
2029-2033	146,000	45,617	191,617
2034-2036	119,800	10,447	130,247
Total	<u>\$ 475,800</u>	<u>\$ 228,798</u>	<u>\$ 704,598</u>

NOTE 8 POLICE PENSION

General Information about the Fire and Police Statewide Defined Benefit Plan

Plan description. The Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan. The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.FPPAco.org>.

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

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

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

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

Contributions. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the SWDB plan and their employers are contributing at the rate of 9.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 17.5 percent in 2017. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions to the Plan from the Town were \$566 for the year ended December 31, 2018.

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

At December 31, 2018, the Town reported a liability (asset) of (\$9,961) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2018. The Town's proportion of the net pension liability (asset) was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined as of December 31, 2017, based upon the January 1, 2017 actuarial valuation. At December 31, 2017, the Town's proportion was 0.006 percent, which was an increase of 0.0001 from its proportion measured as of December 31, 2016.

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

For the year ended December 31, 2018, the Town reduced pension expense by \$5,292. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,183	\$ 110
Net difference between projected and actual earnings on pension plan investments	-	3,382
Changes in assumptions or other inputs	1,501	-
Changes in proportionate share	575	4,522
Contributions subsequent to the measurement date	566	-
Total	<u>\$ 9,825</u>	<u>\$ 8,014</u>

\$566 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2018.

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

Year Ended December 31,	
2019	\$ 588
2020	434
2021	(1,003)
2022	(1,536)
2023	466
Thereafter	2,296
	<u>\$ 1,245</u>

Actuarial assumptions. The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability (asset) and actuarially determined contributions for the fiscal year ending December 31, 2017. The valuations used the following actuarial assumption and other inputs:

Actuarial Valuation Date	January 1, 2017
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 years
Long-term Investment Rate of Return*	7.50%
Projected Salary Increases*	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.00%
*Includes Inflation at	2.50%

As of January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment, projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3 percent mortality probability to males and 2 percent mortality probability for females, is included to reflect substantial impairment for this population. The pre-retirement non-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

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

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

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

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

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

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability (asset), calculated using a Single Discount Rate of 7.50%, as well as what

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

the plan's net pension liability (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

1.00% Decrease (6.50%)	Current Discount Rate (7.50%)	1.00% Increase (8.50%)
<u>\$ 10,845</u>	<u>\$ (9,961)</u>	<u>\$ (27,238)</u>

NOTE 9 RESTRICTED ASSETS

Under the terms of an agreement with USDA's Farm Service Agency (formerly Farmers Home Administration), the Town is required to transfer \$3,859 to a reserve account until \$38,590 is accumulated for the 1996 sewer bonds. Under the terms of the Colorado Water Resources and Power Development Authority (CWRPDA) loan, the Town is required to have a reserve account of \$18,073. The reserve accounts shall be used only for the purpose of paying the cost of repairing or replacing damage caused by unforeseen catastrophe, making extensions or improvements to the system, or making emergency payments on debt service.

At December 31, 2018, there was \$79,093 in the sewer reserve account and \$22,958 in the water reserve account. During 2018, interest income of \$86 and \$41 was earned on the sewer and water reserve accounts, respectively.

NOTE 10 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment.

In November 1998, the voters of the Town approved a ballot issue to allow the Town "to collect, retain or expend all revenues and other funds received from any source, notwithstanding any restriction or limit on fiscal year revenue or spending generated during 1988 and each subsequent year thereafter, without limiting the restrictions of Article X, Section 20 of the Colorado Constitution".

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. The Emergency Reserve has been presented as restricted fund balance/net position in the financial statements. The Town is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 11 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

TOWN OF MANASSA
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

NOTE 12 COMMITMENTS AND CONTINGENCIES

Compliance Advisory – Significant Non-Compliance with Permit CO0042935

The Town is subject to the Colorado Discharge Permit System, Permit No. CO0042935. The Permit authorizes the Town to discharge treated wastewater subject to the specific effluent limitations and other conditions of the Permit. Section 61.8, 5 CCR 1002.61, requires a permittee to comply with all the terms and conditions of the permit. The Colorado Department of Public Health and Environment, Water Quality Control Division has received and evaluated monitoring data provided during 2011. A review of the data submitted indicates violation of the discharge permit conditions. The Town was awarded a grant in 2012 that was used for the development of the Preliminary Engineering Report and Environmental Assessment. During 2014, the Town came to an agreement with the Colorado Department of Public Health and Environment in which the Town agreed to undertake the repairs of the sewer system using their own funds. The project is expected to be completed in 2020. The Town has incurred costs of \$120,791 through December 31, 2018.

Litigation

The Town is a party to various legal actions normally associated with governmental activities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to its financial statements.

NOTE 13 SUBSEQUENT EVENT

On June 5, 2019 the Town entered into a loan agreement with Colorado Water Resources and Power Development Authority for \$201,254 for wastewater collection system improvements. The estimated completion date is June 2020 and the total estimated design and engineering cost is \$321,240. Upon loan closing, the Authority will forgive 100% of the principal amount of the loan.

TOWN OF MANASSA

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and major governmental fund. In addition, pension plan contributions and the Town's proportionate share of the net pension liability (asset) is required to supplement the basic financial statements.

TOWN OF MANASSA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 105,594	\$ 105,594	\$ 106,184	\$ 590
Intergovernmental Revenue				
Highway Users Tax	63,200	63,200	81,161	17,961
Licenses and Permits	360	360	75	(285)
Fines and Forfeits	22,166	22,166	11,665	(10,501)
Culture and Recreation	3,500	3,500	5,115	1,615
Interest on Accounts	1,800	1,800	951	(849)
Miscellaneous	10,100	10,100	9,593	(507)
TOTAL REVENUES	206,720	206,720	214,744	8,024
EXPENDITURES				
General Government	62,390	62,390	95,323	(32,933)
Public Safety	106,620	106,620	97,810	8,810
Highways and Streets	32,325	32,325	29,709	2,616
Culture and Recreation	9,080	9,080	8,233	847
Capital Outlay	125,000	125,000	-	125,000
TOTAL EXPENDITURES	335,415	335,415	231,075	104,340
Excess (Deficiency) of Revenues over Expenditures	<u>(128,695)</u>	<u>(128,695)</u>	<u>(16,331)</u>	<u>112,364</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Asset	<u>25,000</u>	<u>25,000</u>	<u>21,270</u>	<u>(3,730)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>25,000</u>	<u>21,270</u>	<u>(3,730)</u>
Net Change in Fund Balance	(103,695)	(103,695)	4,939	108,634
Fund Balance at Beginning of Year	<u>208,503</u>	<u>208,503</u>	<u>244,226</u>	<u>35,723</u>
Fund Balance at End of Year	<u><u>\$ 104,808</u></u>	<u><u>\$ 104,808</u></u>	<u><u>\$ 249,165</u></u>	<u><u>\$ 144,357</u></u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

TOWN OF MANASSA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Intergovernmental Revenue				
Lottery Funds	\$ 10,000	\$ 10,000	\$ 9,882	\$ (118)
Interest on Accounts	25	25	32	7
Miscellaneous Revenue	-	-	223	223
TOTAL REVENUES	<u>10,025</u>	<u>10,025</u>	<u>10,137</u>	<u>112</u>
EXPENDITURES				
Culture and Recreation	9,060	9,060	3,831	5,229
TOTAL EXPENDITURES	<u>9,060</u>	<u>9,060</u>	<u>3,831</u>	<u>5,229</u>
Net Change in Fund Balance	965	965	6,306	5,341
Fund Balance at Beginning of Year	<u>37,251</u>	<u>37,251</u>	<u>31,186</u>	<u>(6,065)</u>
Fund Balance at End of Year	<u>\$ 38,216</u>	<u>\$ 38,216</u>	<u>\$ 37,492</u>	<u>\$ (724)</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

TOWN OF MANASSA
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION ASSET
FPPA SWDB PENSION PLAN
For the Years Ended December 31,

	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset)	0.0069239103%	0.0067973208%	0.0060131303%	0.0066712459%	0.0000000000%
Town's proportionate share of the net pension liability (asset)	\$ (9,961)	\$ 2,456	\$ (106)	\$ (7,529)	\$ -
Town's covered payroll	\$ 7,075	\$ 39,000	\$ 24,406	\$ 29,147	\$ 6,923
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-140.79%	6.30%	-0.43%	-26%	0%
Plan fiduciary net position as a percentage of the total pension liability	106.3%	98.2%	100.1%	106.8%	105.8%

*The amounts presented were determined as of the calendar year-end.

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the Town presents information for those years for which information is available.

Notes to Required Supplementary Information:

Changes in Assumptions are recorded as Deferred Outflows or Deferred Inflows in the year changes are enacted and amortized over the average remaining expected service life (see Note 8). Changes in assumptions were last made as a result of the Actuarial Experience Study in 2015, first reflected in the Total Pension Liability as of January 1, 2016, and first recorded as Deferred Outflows in the December 31, 2015 measurement period.

TOWN OF MANASSA
SCHEDULE OF TOWN CONTRIBUTIONS
FPPA SWDB PENSION PLAN
For the Years Ended December 31,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 566	\$ 3,120	\$ 1,952	\$ 2,332	\$ 554
Contributions in relation to the contractually required contribution	<u>(566)</u>	<u>(3,120)</u>	<u>(1,952)</u>	<u>(2,332)</u>	<u>(554)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	7,075	39,000	24,406	29,147	6,923
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled the Town presents information for those years for which information is available.

Notes to Required Supplementary Information:

Changes in Assumptions are recorded as Deferred Outflows or Deferred Inflows in the year changes are enacted and amortized over the average remaining expected service life (see Note 8). Changes in assumptions were last made as a result of the Actuarial Experience Study in 2015, first reflected in the Total Pension Liability as of January 1, 2016, and first recorded as Deferred Outflows in the December 31, 2015 measurement period.

TOWN OF MANASSA
SUPPLEMENTARY INFORMATION

TOWN OF MANASSA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL (NON-GAAP)
PROPRIETARY FUND TYPE - WATER FUND
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
OPERATING REVENUES				
Charges for Services	\$ 131,600	\$ 131,600	\$ 128,318	\$ (3,282)
Total Operating Revenues	<u>131,600</u>	<u>131,600</u>	<u>128,318</u>	<u>(3,282)</u>
OPERATING EXPENSES				
Salaries	30,070	30,070	30,604	(534)
Employee Benefits	6,290	6,290	3,425	2,865
Purchased Services	14,900	14,900	6,057	8,843
Insurance - General	5,000	5,000	4,513	487
Utilities	23,850	23,850	25,229	(1,379)
Fuel	2,100	2,100	514	1,586
Supplies	4,100	4,100	10,939	(6,839)
Repairs and Maintenance	8,800	8,800	1,564	7,236
Miscellaneous	3,400	3,400	7,441	(4,041)
Total Operating Expenses	<u>98,510</u>	<u>98,510</u>	<u>90,286</u>	<u>8,224</u>
Operating income (loss)	<u>33,090</u>	<u>33,090</u>	<u>38,032</u>	<u>4,942</u>
NONOPERATING REVENUES (EXPENSES)				
Interest on Accounts	400	400	373	(27)
Loan Payments	(16,500)	(16,500)	(16,430)	70
Total Nonoperating Revenues (Expenses)	<u>(16,100)</u>	<u>(16,100)</u>	<u>(16,057)</u>	<u>43</u>
Net Income - Budget Basis	<u>16,990</u>	<u>16,990</u>	<u>21,975</u>	<u>4,985</u>
Add: Principal Payments			16,430	
Deduct: Depreciation Expense			(30,123)	
Net Income (Loss)			8,282	
Net Position at Beginning of Year	<u>75,343</u>	<u>75,343</u>	<u>347,689</u>	<u>272,346</u>
Net Position at End of Year	<u>\$ 92,333</u>	<u>\$ 92,333</u>	<u>\$ 355,971</u>	<u>\$ 263,638</u>

TOWN OF MANASSA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL (NON-GAAP)
PROPRIETARY FUND TYPE - SEWER FUND
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
OPERATING REVENUES				
Charges for Services	\$ 149,800	\$ 149,800	\$ 151,506	\$ 1,706
Total Operating Revenues	<u>149,800</u>	<u>149,800</u>	<u>151,506</u>	<u>1,706</u>
OPERATING EXPENSES				
Salaries	30,070	30,070	30,604	(534)
Employee Benefits	6,290	6,290	3,668	2,622
Purchased Services	14,300	14,300	8,072	6,228
Insurance- General	5,000	5,000	3,224	1,776
Utilities	12,350	12,350	15,177	(2,827)
Fuel	1,800	1,800	1,220	580
Supplies	5,500	5,500	17,594	(12,094)
Engineering	7,000	7,000	5,400	1,600
Repairs and Maintenance	29,700	29,700	1,259	28,441
Miscellaneous	4,200	4,200	3,332	868
Total Operating Expenses	<u>116,210</u>	<u>116,210</u>	<u>89,550</u>	<u>26,660</u>
Operating income (loss)	<u>33,590</u>	<u>33,590</u>	<u>61,956</u>	<u>28,366</u>
NONOPERATING REVENUES (EXPENSES)				
Grant Revenue	-	-	-	-
Interest on Accounts	800	800	731	(69)
Loan Payments	(38,500)	(38,500)	(38,367)	133
Total Nonoperating Revenues (Expenses)	<u>(37,700)</u>	<u>(37,700)</u>	<u>(37,636)</u>	<u>64</u>
Net Income - Budget Basis	<u>(4,110)</u>	<u>(4,110)</u>	<u>24,320</u>	<u>28,430</u>
Add: Principal Payments			16,400	
Deduct: Depreciation Expense			<u>(74,309)</u>	
Net Income (Loss)			(33,589)	
Net Position at Beginning of Year	<u>144,275</u>	<u>144,275</u>	<u>1,341,124</u>	<u>1,196,849</u>
Net Position at End of Year	<u>\$ 140,165</u>	<u>\$ 140,165</u>	<u>\$ 1,307,535</u>	<u>\$ 1,167,370</u>

TOWN OF MANASSA
OTHER SCHEDULES AND REPORTS

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

LOCAL HIGHWAY FINANCE REPORT		City or County:
		Town of Manassa
		YEAR ENDING :
This Information From The Records Of : Town of Manassa		Prepared By: Tamera Smith
		Phone: (719)-843-5207

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
A. Receipts from local sources:	
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	
3. Other local imposts (from page 2)	11,783
4. Miscellaneous local receipts (from page 2)	11,290
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	23,073
B. Private Contributions	
C. Receipts from State government (from page 2)	72,556
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	95,629

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	29,709
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	1,540
c. Other	6,703
d. Total (a. through c.)	8,243
4. General administration & miscellaneous	
5. Highway law enforcement and safety	38,301
6. Total (1 through 5)	76,253
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	76,253

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	15,656	95,629	76,253	35,032	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	0	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	11,290
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	11,783	g. Other Misc. Receipts	
6. Total (1. through 5.)	11,783	h. Other	
c. Total (a. + b.)	11,783	i. Total (a. through h.)	11,290
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	72,556	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	72,556	3. Total (1. + 2.g)	
		(Carry forward to page 1)	

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: