Town of Morrison, Colorado

Financial Statements
with Independent Auditors' Report

December 31, 2018

HINKLE & COMPANY PC
Strategic Business Advisors

Town of Morrison, Colorado

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December 31, 2018

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditors' Report

Honorable Mayor and Members of the Board of Trustees
Town of Morrison
Morrison, Colorado

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Morrison, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the entity'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.

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Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities, the business-type activities, and each major fund of the Town of Morrison 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 required supplementary 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 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 of Morrison's basic financial statements. The supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hinkle & Company.pc

Greenwood Village, Colorado
May 29, 2019

TOWN OF MORRISON

Management's Discussion and Analysis

As Management of the Town of Morrison, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2018.

Financial Highlights

- The Town's assets as of December 31, 2018 exceeded its liabilities and deferred inflows of resources by $17,263,563 (net position).
- The Town's net position is comprised of the following:
  (1) Net investment in capital assets, $12,612,209, includes property and equipment net of accumulated depreciation, and reduced for outstanding debt related to the purchase of the capital assets.
  (2) Restricted net position, $198,968, includes resources constrained by obligations imposed by the State of Colorado (TABOR) laws and regulations, and other requirements.
  (3) Unrestricted net position, $4,452,386, represents amounts available to maintain the Town's continuing obligations to residents, businesses, and creditors.
- The Town's governmental fund, the General Fund, had a fund balance of $4,336,768 at December 31, 2018. This compares to the prior year ending fund balance of $4,489,858, a decrease of $153,090 during the year.
- At the end of 2018, the unrestricted fund balance for the General Fund was $4,124,965 or 1.48 times total General Fund expenditures.
- Overall, the Town continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "Financial Analysis" sections of this report.

Overview of the Financial Statements

This Management Discussion and Analysis report introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town includes additional information to supplement the basic financial statements. This schedules include budgetary comparison information.

Government-wide Financial Statements

The Town's financial statements include two government-wide statements, which are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The first government-wide statement is the *Statement of Net Position*. This statement presents information that includes all of the Town's assets and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Town infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the most recent fiscal year. All revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities/functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish activities of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are generally intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include general government, planning and zoning, public safety, highways and streets, and culture and recreation. Business-type activities include the water and sewer systems.

The government-wide financial statements are presented on pages 4 & 5 of this report.

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. The Town of Morrison, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has two funds that fall into two fund types. The Town's General Fund is a governmental fund, and its Utility Fund is a proprietary fund.

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. The focus of the governmental fund financial statements, however, is very different. They report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 6 through 8 of this report.

The *proprietary fund* is reported in the fund financial statements and generally reports water and sewer services for which the Town charges customers a fee. The Town's proprietary fund is classified as an enterprise fund. This enterprise fund essentially encompasses the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 9 through 11 of this report.

Notes to the Basic Financial Statements
The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 12 of this report.

Required Supplementary Information
In addition to the basic financial statements including the accompanying notes, this report also presents certain required supplementary information concerning the Town's budget. The budget and actual comparison schedule is included as "required supplementary information" for the General Fund. This schedule demonstrates compliance with the Town's adopted and final revised budget. The budget comparison schedule is presented on page 22.

Supplementary Information
The Utility Fund budgetary comparison schedule is presented on page 24.

Government-wide Financial Analysis

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to evaluate the changing financial position of the Town as a whole. The following table provides a summary of the Town's net position over the past two years:

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 4,559,752	$ 4,694,569	$ 618,733	$ 452,615	$ 5,178,485	$ 5,147,184
Capital assets, net	4,107,835	4,149,200	8,520,173	8,654,048	12,628,008	12,803,248
Total assets	$ 8,667,587	$ 8,843,769	$ 9,138,906	$ 9,106,663	$ 17,806,493	$ 17,950,432
Deferred outflows of resources	$ -	$ -	$ -	$ -	$ -	$ -
Current liabilities	182,425	161,171	185,088	201,930	367,513	363,101
Noncurrent Liabilities	73,476	38,444	20,823	12,847	94,299	51,291
Total liabilities	$ 255,901	$ 199,615	$ 205,911	$ 214,777	$ 461,812	$ 414,392
Deferred inflows of resources	$ 40,559	$ 43,540	$ 40,559	$ 42,218	$ 81,118	$ 85,758
Net position:						
Net investment in capital assets	$ 4,092,036	$ 4,149,200	$ 8,520,173	$ 8,654,048	$ 12,612,209	$ 12,803,248
Restricted	154,126	140,395	44,842	204,082	198,968	344,477
Unrestricted	4,124,965	4,311,019	327,421	(8,462)	4,452,386	4,302,557
Total net position	$ 8,371,127	$ 8,600,614	$ 8,892,436	$ 8,849,668	$ 17,263,563	$ 17,450,282

The Town continues to maintain a high "current ratio." The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. These ratios are strong. The Town reported positive balances in net position for both governmental and business-type activities. During 2018, net position decreased $229,487 for governmental activities and increased $42,768 for business-type activities. The Town's overall net position decreased from 2017 by $186,719.

Note that approximately 48.9% of the governmental activities' net position is "tied up" in capital assets. The Town uses these capital assets to provide services to its citizens. In the business-type activities, the Town has approximately 95.8% of its net position invested in capital assets. Capital assets in the business-type activities enable the provision of utility services and generate revenues for this fund. Approximately 73.1% of the Town's total net position was invested in capital assets at December 31, 2018.

The following table provides a summary of the Town's changes in net position:

Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	$ 1,518,267	$ 1,628,930	$ 542,235	$ 740,426	$ 2,060,502	$ 2,369,356
Operating grants & contributions	70,298	61,665	-	-	70,298	61,665
Capital grants & contributions	-	-	491,720	686,021	491,720	686,021
General revenues:						
Property taxes	50,255	40,303	34,756	38,505	85,011	78,808
Sales & use taxes	744,446	724,499	173,209	164,562	917,655	889,061
Other taxes	58,583	55,120	-	-	58,583	55,120
Gain (loss) on sale of capital assets	2,676	-	-	-	2,676	-
Other general revenues	173,414	22,161	75,626	2,592	249,040	24,753
Total revenues	$ 2,617,939	$ 2,532,678	$ 1,317,546	$ 1,632,106	$ 3,935,485	$ 4,164,784
Program expenses:						
General government	$ 648,226	$ 620,496	$ -	$ -	$ 648,226	$ 620,496
Community Development	$ 188,751	$ 102,748	$ -	$ -	$ 188,751	$ 102,748
Public safety	1,301,185	1,211,568	-	-	1,301,185	1,211,568
Public works	428,018	343,141	-	-	428,018	343,141
Culture and Recreation	281,246	270,144	-	-	281,246	270,144
Water and Sewer utility	-	-	1,274,778	1,539,454	1,274,778	1,539,454
Total expenses	$ 2,847,426	$ 2,548,097	$ 1,274,778	$ 1,539,454	$ 4,122,204	$ 4,087,551
Increase/(decrease)in net position	$ (229,487)	$ (15,419)	$ 42,768	$ 92,652	$ (186,719)	$ 77,233
Net Position, Beginning	8,600,614	8,616,033	8,849,668	8,757,016	17,450,282	17,373,049
Net Position, Ending	$ 8,371,127	$ 8,600,614	$ 8,892,436	$ 8,849,668	$17,263,563	$17,450,282

Governmental Activities

The Town relies substantially on sales and use taxes to support governmental operations and capital assets. Taxes provided 32.6% of the Town's total governmental revenues. Revenues from fines and forfeitures and service charges make up the balance of program revenues. The Town also receives grants and miscellaneous fees as revenues. Note that because program revenues do not cover governmental operating expenses, the general economy and vitality of the Town's businesses have a major impact on the Town's revenue streams due to the taxes they generate.

Business-type Activities

Business-type activities increased the Town's net position by $42,768 during 2018. As with the Governmental Activities, it is noteworthy that program revenues do not cover the business-type operating expenses. Certain sales and property taxes also help to support the Utility Fund.

Financial Analysis of the Town's Funds

Governmental Fund: *General Fund*

As discussed above, governmental funds are reported in the fund statements with a short-term, inflow/outflow focus on spendable resources. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The Town's governmental fund, the General Fund, is the chief operating fund of the Town. It accounts for all of the general services provided by the Town. The General Fund reported an ending fund balance of $4,336,768 at the end of 2018, as compared to $4,489,858 at the end of 2017. Of this year-end total, $4,124,965 is unrestricted, indicating availability for continuing the Town's service requirements. Legally restricted fund balances are reported for shared Open Space sales taxes received from Jefferson County, shared Colorado Lottery proceeds received from the State, and amounts restricted for emergencies by the Colorado Taxpayers Bill of Rights (TABOR).

General fund revenues increased by approximately 3.3% over the prior year while expenditures increased by approximately 22.0% ($503,024). These expenses included downtown improvements, police vehicles, utility undergrounding, computer upgrades, and Red Rocks Centre planning costs.

Proprietary Fund: *Utility Fund*

The Town's proprietary fund is the Utility Fund that provides water and sewer services. There are separate treatment plants/facilities and customers that are billed on a monthly basis for these services. The results of operations during 2018 were positive in that overall net position increased by $42,768 (0.5%) to $8,892,436. Both activities without non-operating help are less than breakeven operations. The net operating loss of the Utility Fund in 2018 was -$524,900.

The Town is a party to an Intergovernmental Agreement with the City and County of Denver to provide water and sewer services to Red Rocks Amphitheatre. The Town completed related water improvements and began related wastewater engineering during 2018. Revenues from the City and County of Denver will entirely offset the costs of the improvements. During 2018 the Town also completed a clearwell installation project at its water treatment plant to help ensure compliance with State water quality regulations.

Capital Assets and Debt Administration

Capital Assets

Capital assets include items such as infrastructure, parks, buildings, vehicles and equipment, and land. Infrastructure includes streets, curb, gutter and sidewalks, traffic signals, storm water structures and trails. The Town uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Town Management is aware that replacing capital assets will need to be continually reviewed and included in future budgets. Additional information on the Town's assets can be found in Note 3 to the Financial Statements.

The following table provides a summary of capital assets at December 31, 2018 and the prior year:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Capital assets not being depreciated						
Land	$ -	$ -	$ 45,535	$ 45,535	$ 45,535	$ 45,535
Water Rights	-	-	85,243	85,243	85,243	85,243
Construction in Progress	15,799	-	27,887	362,171	43,686	362,171
Total capital assets not being depreciated	$ 15,799	$ -	$ 158,665	$ 492,949	$ 174,464	$ 492,949
Capital assets being depreciated						
Parks	3,491,461	3,491,461	-	-	3,491,461	3,491,461
Buildings	1,387,307	1,420,847	-	-	1,387,307	1,420,847
Water Treatment Plant	-	-	7,673,817	7,133,229	7,673,817	7,133,229
Sewer Treatment Plant	-	-	4,987,674	4,987,674	4,987,674	4,987,674
Vehicles and Equipment	938,600	914,803	280,698	280,698	1,219,298	1,195,501
Infrastructure	1,669,890	1,572,756	-	-	1,669,890	1,572,756
Total capital assets being depreciated	$ 7,487,258	$ 7,399,867	$ 12,942,189	$ 12,401,601	$ 20,429,447	$ 19,801,468
Less Accumulated Depreciation	(3,395,224)	(3,250,667)	(4,580,681)	(4,240,500)	(7,975,905)	(7,491,167)
Net capital assets	$ 4,107,833	$ 4,149,200	$ 8,520,173	$ 8,654,050	$ 12,628,006	$ 12,803,250

Long-term Debt

The Town had no long-term debt during 2018 other than accrued compensated absences (untaken leave benefits) estimated to total $20,823 at December 31, 2018.

Economic Factors & Next Year's Budget

The 2019 Budget estimates revenue and expenses to be relatively the same as 2018.

Requests for Information

This financial report was designed to provide the Town of Morrison's residents, taxpayers, customers, potential investors, and creditors with a general overview of the Town's finances, to comply with finance-related laws and regulations, and to demonstrate the Town's accountability for the funds it receives and assets it maintains. If you have questions about this report, or should you desire additional financial information, contact the Town of Morrison at 321 Colorado Highway 9, Morrison, CO 80465-3001 or call the Town Offices at (303) 697-8749.

Basic Financial Statements

Town of Morrison, Colorado
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	$ 4,362,137	$ 396,787	$ 4,758,924
Accounts Receivable	154,305	181,387	335,692
Property Taxes Receivable	40,559	40,559	81,118
Prepaid Expenses	2,751	-	2,751
Capital Assets, Not Being Depreciated	15,799	158,665	174,464
Capital Assets, Net of Accumulated Depreciation	4,092,036	8,361,508	12,453,544
Total Assets	8,667,587	9,138,906	17,806,493
Liabilities			
Current Liabilities			
Accounts Payable	113,675	126,471	240,146
Accrued Liabilities	33,964	8,142	42,106
Mount Carbon Deposits	-	50,000	50,000
Deposits on Developments	34,786	475	35,261
Total Current Liabilities	182,425	185,088	367,513
Non-Current Liabilities			
Due Within One year	7,348	2,082	9,430
Due In More Than One year	66,128	18,741	84,869
Total Non-Current Liabilities	73,476	20,823	94,299
Total Liabilities	255,901	205,911	461,812
Deferred Inflows of Resources			
Property Taxes	40,559	40,559	81,118
Total Deferred Inflows of Resources	40,559	40,559	81,118
Net Position			
Net Investment in Capital Assets	4,092,036	8,520,173	12,612,209
Restricted for:			
Parks and Open Space	70,126	-	70,126
Emergencies	84,000	44,842	128,842
Unrestricted	4,124,965	327,421	4,452,386
Total Net Position	$ 8,371,127	$ 8,892,436	$ 17,263,563

Town of Morrison, Colorado

Statement of Activities

For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	$ 648,226	$ 13,722	$ -	-	$ (634,504)	$ -	$ (634,504)
Community Development	188,751	174,992	-	-	(13,759)	-	(13,759)
Public Safety	1,301,185	1,184,105	1,476	-	(115,604)	-	(115,604)
Public Works	428,018	-	21,372	-	(406,646)	-	(406,646)
Culture and Recreation	281,246	145,448	47,450	-	(88,348)	-	(88,348)
Total Governmental Activities	2,847,426	1,518,267	70,298	-	(1,258,861)	-	(1,258,861)
Business-Type Activities							
Water and Sewer	1,274,778	542,235	-	491,720	-	(240,823)	(240,823)
Total Business-Type Activities	1,274,778	542,235	-	491,720	-	(240,823)	(240,823)
Total Primary Government	$ 4,122,204	$ 2,060,502	$ 70,298	$ 491,720	(1,258,861)	(240,823)	(1,499,684)
General Revenues							
Property Taxes					50,255	34,756	85,011
Specific Ownership Taxes					7,885	-	7,885
Sales and Use Taxes					716,119	173,209	889,328
Franchise Taxes					41,202	-	41,202
Motor Vehicle Use Taxes					28,327		28,327
Intergovernmental Revenues Not Restricted to Specific Programs					9,496	-	9,496
Investment Income					52,887	3,495	56,382
Miscellaneous Income					120,527	72,131	192,658
Gain on Sale of Assets					2,676	-	2,676
Total General Revenues					1,029,374	283,591	1,312,965
Change in Net Position					(229,487)	42,768	(186,719)
Net Position, *Beginning of year (as restated)*					8,600,614	8,849,668	17,450,282
Net Position, *End of year*					$ 8,371,127	$ 8,892,436	$ 17,263,563

See Notes to Financial Statements.

Town of Morrison, Colorado
Balance Sheet
Governmental Funds
December 31, 2018

		General
Assets		
Cash and Investments	$	4,362,137
Accounts Receivable		38,824
Sales & Use Tax Receivable		115,481
Property Taxes Receivable		40,559
Prepaid Expenses		2,751
Total Assets	$	4,559,752
Liabilities		
Accounts Payable	$	85,731
Accrued Liabilities		61,908
Deposits on Development		34,786
Total Liabilities		182,425
Deferred Inflows of Resources		
Property Taxes		40,559
Fund Balance		
Restricted for:		
Parks and Open Space		70,126
Emergencies		84,000
Unrestricted, Unassigned		4,182,642
Total Fund Balance		4,336,768
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$	4,559,752

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

Total Fund Balance of Governmental Funds	4,336,768
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	
Capital Assets	4,107,835
The net pension liability and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Compensated Absences	(73,476)
Total Net Position of Governmental Activities	8,371,127

See Notes to Financial Statements.

Town of Morrison, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General
Revenues	
Taxes	$ 843,788
Licenses and Permits	29,392
Charges for Services	588,059
Fines and Forfeitures	902,726
Intergovernmental	78,318
Investment Income	52,887
Miscellaneous	120,093
Total Revenues	2,615,263
Expenditures	
Current	
General Government	572,615
Community Development	186,129
Public Safety	1,233,778
Public Works	362,295
Culture and Recreation	195,039
Capital Outlay	238,698
Total Expenditures	2,788,554
Excess of Revenues Over (Under) Expenditures	(173,291)
Other Financing Sources	
Proceeds from Sale of Assets	20,201
Total Other Financing Sources	20,201
Net Change in Fund Balance	(153,090)
Fund Balance, *Beginning of year (as restated)*	4,489,858
Fund Balance, *End of year*	$ 4,336,768

See Notes to Financial Statements.

Town of Morrison, Colorado

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

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

Net Change in Fund Balance of Governmental Funds	$	(153,090)
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as as annual depreciation expense in the statement of activities.		
Capital Outlay		237,774
Depreciation Expense		(261,614)
Book Value of Assets Sold		(17,525)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in Accrued Compensated Absences		(35,032)
Change in Net Position of Governmental Activities	$	(229,487)

See Notes to Financial Statements.

Town of Morrison, Colorado

Statement of Net Position
Proprietary Funds
December 31, 2018

	Utility
Assets	
Current Assets	
Cash and Investments	$ 396,787
Accounts Receivable	153,638
Sales Tax Receivable	27,749
Property Tax Receivable	40,559
Total Current Assets	618,733
Non-Current Assets	
Capital Assets, *Not being depreciated*	158,665
Capital Assets, *Net of accumulated depreciation*	8,361,508
Total NonCurrent Assets	8,520,173
Total Assets	$ 9,138,906
Liabilities	
Current Liabilities	
Accounts Payable	$ 126,471
Accrued Expenses	8,142
Mount Carbon Unearned Revenue	50,000
Deposits on Developments	475
Compensated Absences*, Current Portion*	2,082
Total Current Liabilities	187,170
Non-Current Liabilities	
Compensated Absences	18,741
Total Liabilities	205,911
Deferred Inflows of Resources	
Property Taxes	40,559
Net Position	
Investment in Capital Assets	8,520,173
Restricted for:	
Emergencies	44,842
Unrestricted	327,421
Total Net Position	$ 8,892,436

See Notes to Financial Statements.

Town of Morrison, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
December 31, 2018

	Utility
Operating Revenues	
Charges for Services	$ 541,991
Mount Carbon Metropolitan District Subsidy	207,887
Total Operating Revenues	749,878
Operating Expenses	
Operations and Maintenance	934,597
Depreciation	340,181
Total Operating Expenses	1,274,778
Net Operating Loss	(524,900)
Nonoperating Revenues (Expenses)	
Property Taxes	34,756
Sales Taxes	173,209
Investment Income	3,495
Total Nonoperating Revenues (Expenses)	211,460
Net Loss Before Capital Contributions	(313,440)
Capital Contributions	
Tap Fees	72,375
Capital Contributions	233,596
Grants	50,237
	356,208
Change in Net Position	42,768
Net Position, *Beginning of year (as restated)*	8,849,668
Net Position, *End of year*	$ 8,892,436

See Notes to Financial Statements.

Town of Morrison, Colorado

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

		Utility
Cash Flows From Operating Activities		
Cash Received from Customers	$	801,751
Cash Paid to Employees		(271,548)
Cash Paid to Suppliers		(672,390)
Net Cash Used by Operating Activities		(142,187)
Cash Flows From Noncapital Financing Activities		
Property Taxes Received		34,756
Sales Taxes Received		166,221
City of Denver Intergovernmental Revenue		-
Miscellaneous Revenue		-
Net Cash Provided by Noncapital Financing Activities		200,977
Cash Flows From Capital and Related Financing Activities		
Acquisition of Capital Assets		(206,306)
Tap Fees Received		72,375
Capital Contributions		233,596
Capital Grants Received		50,237
Cash Paid to Other Funds		(546,863)
		(396,961)
Cash Flows From Investing Activities		
Interest Received		3,495
Net Change in Cash and Cash Equivalents		(334,676)
Cash and Cash Equivalents, *Beginning of year*		731,463
Cash and Cash Equivalents, *End of year*	$	396,787
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Net Operating Income	$	(524,900)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities		
Depreciation		340,181
Changes in Assets and Liabilities Related to Operations		
Accounts Receivable		51,398
Deposits		475
Accounts Payable		(17,269)
Accrued Salaries and Benefits		(48)
Compensated Absences Payable		7,976
Net Cash Used by Operating Activities	$	(142,187)

See Notes to Financial Statements.

Note 1: Summary of Significant Accounting Policies

The Town of Morrison (the Town) was organized in 1906. In September, 2000, citizens voted to become a home rule municipality, as authorized by State statutes. The Town is governed by a Mayor and six-member Board of Trustees.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Town. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Town. Legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the Town.

Based on the application of these criteria, the Town does not include additional organizations within its reporting entity.

Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for the governmental fund and the proprietary fund. Major individual funds are reported as separate columns in the fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the Town.

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

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 fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

> The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those accounted for in the enterprise fund.

Additionally, the Town reports the following major proprietary fund:

> The *Utility Fund* is an enterprise fund that accounts for the financial activities associated with the provision of water and sewer services.

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Interfund Receivables and Payables – During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Capital Assets – Capital assets, which include land, water rights, water and sewer systems, infrastructure, parks, buildings, and vehicles and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of $1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value on the date of donation.

The costs 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 capitalized.

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

Water Treatment Plant and Systems	10 – 40 years
Sewer Treatment Plant and Systems	40 years
Infrastructure	10 – 50 years
Parks	50 years
Vehicles and Equipment	5 – 10 years

Compensated Absences – Employees of the Town are allowed to accumulate up to 120 hours of unused vacation time and up to 240 hours of unused sick time. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time, and one-half of any accrued sick time. Compensated absences are accrued when earned in the government-wide and proprietary fund financial statements. A liability is recorded in the governmental fund financial statements only when payment is due.

Long-Term Debt – In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financial uses.

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance *(Continued)*

Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Deferred Inflows of Resources – Deferred inflows of resources include property taxes earned but levied for a subsequent year.

Net Position/Fund Balances – In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. Committed fund balance represents amounts constrained by the Board of Trustees, which is the highest level of decision-making authority, by formal action (resolution). The policy approved by the Board of Trustees established the Town's ideal target reserves at 40% of the current operating budget of the General Fund. The reserves should not be allowed to fall below 20% of the current operating budget, including the emergency reserves required by the TABOR Amendment (See Note 8). The Board of Trustees has authorized the Town Administrator or her designee to assign fund balances for specific purposes consistent with the adopted budget. If both restricted and unrestricted fund balances are available, the Town uses restricted fund balance first, followed by committed, assigned and unassigned.

As of December 31, 2018, the Town reported the following restrictions in the statement of net position: 1) $70,126 restricted for parks and open space and $84,000 restricted for emergencies (see Note 8) reported under governmental activities; and 2) $44,842 restricted for operations and maintenance in emergency situations is reported under business-type activities. Restricted net position is a result of externally imposed restrictions.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis.

Note 2: Cash and Investments

At December 31, 2018, cash consisted of the following:

Petty Cash	$	500
Cash Deposits		687,105
Investments		4,071,319
Total	$	4,758,924

Note 2: Cash and Investments (Continued)

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2018, the Town had bank deposits of $436,566 collateralized with securities held by the financial institutions' agents but not in their name.

Investments

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which the Town may invest, which include the following. State statutes do not address custodial risk.

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

Interest Rate Risk – State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk – State statutes limit certain investments to those with specified ratings established by nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk – State statutes do not limit the amount the Towns may invest in a single issuer of investment securities, except for corporate securities.

Local Government Investment Pool – At December 31, 2018, the Town had $4,071,319 invested in the Colorado Local Government Liquid Asset Trust (Colotrust).

Colotrust – Colotrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables and payables. This investment is valued using the NAV per share (or its equivalent) of the investments.

Note 2: Cash and Investments (Continued)

Investments *(Continued)*

Colortrust is an investment vehicle established by state statute for local entities in Colorado to pool surplus funds for investment purposes and are registered with the State Securities Commissioner. The pools operate similarly to money market funds and each share is equal in value to $1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. Investments of the pools consist of US Treasury bills, notes, and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by US Treasury securities and or US Instrumentalities. Colotrust is rated AAAm by Standard and Poor's. Information regarding Colotrust's financial statements is available at their website www.colotrust.com.

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2018, is summarized below:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in Progress	$ -	$ 15,799	$ -	$ 15,799
Capital Assets, *Being Depreciated*				
Infrastructure	1,572,756	97,134	-	1,669,890
Parks	3,491,461	-	-	3,491,461
Buildings	1,420,847	35,990	(69,530)	1,387,307
Vehicles and Equipment	914,803	88,851	(65,054)	938,600
Total Capital Assets, *Being Depreciated*	7,399,867	221,975	(134,584)	7,487,258
Less Accumulated Depreciation				
Infrastructure	(1,030,896)	(65,463)	-	(1,096,359)
Parks	(855,302)	(72,341)	-	(927,643)
Buildings	(690,544)	(32,299)	69,530	(653,313)
Vehicles and Equipment	(673,925)	(91,511)	47,529	(717,907)
Total Accumulated Depreciation	(3,250,667)	(261,614)	117,059	(3,395,222)
Total Capital Assets, Being Depreciated	4,149,200	(39,639)	(17,525)	4,092,036
Governmental Activities Capital Assets, *net*	$ 4,149,200	$ (23,840)	$ (17,525)	$ 4,107,835

Note 3: Capital Assets (Continued)

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Business-Type Activities				
Capital Assets, *Not Being Depreciated*				
Land	$ 45,535	$ -	$ -	$ 45,535
Water Rights	85,243	-	-	85,243
Construction in Progress	362,171	27,887	(362,171)	27,887
Total Capital Assets, *Not Being Depreciated*	492,949	27,887	(362,171)	158,665
Capital Assets, *Being Depreciated*				
Water Treatment Plant ad System	7,133,229	540,588	-	7,673,817
Sewer Treatment Plant ad System	4,987,674	-	-	4,987,674
Vehicles and Equipment	280,698	-	-	280,698
Total Capital Assets, *Being Depreciated*	12,401,601	540,588	-	12,942,189
Less Accumulated Depreciation				
Water Treatment Plant ad System	(3,239,174)	(202,413)	-	(3,441,587)
Sewer Treatment Plant ad System	(775,483)	(122,378)	-	(897,861)
Vehicles and Equipment	(225,843)	(15,390)	-	(241,233)
Total Accumulated Depreciation	(4,240,500)	(340,181)	-	(4,580,681)
Total Capital Assets, *Being Depreciated, net*	8,161,101	200,407	-	8,361,508
Business-Type Activities Capital Assets, *net*	$ 8,654,050	$ 228,294	$ (362,171)	$ 8,520,173

Depreciation expense was charged to programs of the Town as follows:

General Government	$ 18,562
Public Safety	93,175
Highways and Streets	63,670
Culture and Recreation	86,207
Total	$ 261,614

Note 4: Long-Term Debt

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2018:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18	Due Within One Year
Governmental Activities					
Compensated Absences	$ 38,444	$ 52,332	$ (17,300)	$ 73,476	$ 7,348

Compensated absences are expected to be liquidated with revenues of the General Fund.

Note 4: Long-Term Debt (Continued)

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2018:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18	Due Within One Year
Business-Type Activities					
Compensated Absences	$ 12,847	$ 13,757	$ (5,781)	$ 20,823	$ 2,082

Note 5: Retirement Commitments

Employees' Pension Plan

The Town contributes to a multiple-employer defined contribution retirement plan on behalf of its employees. All regular full-time employees are eligible to participate in the plan. The plan provisions and contribution requirements are established and may be amended by the Board of Trustees. The Town is required to contribute 3% of each participating employee's compensation, and each participating employee must contribute a matching amount. Employees may make additional voluntary contributions not to exceed 10% of their compensation. Employees fully vest in the Town's contributions at a rate of 33.3% for each full year of participation. During the year ended December 31, 2018, the Town contributed $33,454 to the plan, equal to the required contributions. The Plan is administered by the Colorado County Officials and Employees Retirement Association (CCOERA).

Note 6: 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.

Public Entity Risk Pool

For property, liability and workers compensation risks, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes, and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

Note 6: Risk Management (Continued)

Public Entity Risk Pool *(Continued)*

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have ability to significantly affect the operations of CIRSA.

Note 7: Commitments and Contingencies

Litigation

The Town has pending or threatened litigation. Management believes the outcome of any litigation will not have a significant impact on the Town's financial position.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. On April 2, 1996, voters authorized the Town to collect, retain, use or expend all revenues, including any reduction in debt service, and to spend such revenues for municipal operations, capital projects, reserve increases, and debt service, beginning January 1, 1996, and each subsequent year without limitation by the restrictions of the Amendment. The Amendment is complex and subject to interpretation. However, the Town's management believes it is in compliance the provisions of the Amendment.

The Town has established emergency reserves, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2018, emergency reserves of $84,000 and $44,842 were reported as restricted fund balance in the General Fund. Additionally, At December 31, 2018 the Town has set aside $44,842 for emergency reserves, unrelated to the TABOR Amendment, as restricted fund balance in the Utility Fund.

Red Rocks Centre

In 1985, the Town annexed 350 acres of land, known as Red Rocks Centre. The Town received $500,000 from the developer in return for future credits on building permit fees in Red Rocks Centre. In 2000, the Town entered into an intergovernmental agreement with the City of Lakewood ("Lakewood"). Under the agreement, Lakewood is responsible for providing building permit and inspection services within Red Rocks Centre. In addition, the Town and Lakewood agreed to share certain revenues collected and the costs of specified municipal services within Red Rocks Centre. No development has occurred in Red Rocks Centre through December 31, 2018. The Town disconnected Red Rocks Centre during the year ended December 31, 2018.

Note 7: Commitments and Contingencies (Continued)

Mount Carbon Metropolitan District

Pursuant to the 2008 intergovernmental agreement between the Town and the Mount Carbon Metropolitan District (the "District"), the District agreed to design and construct, with Town oversight and review, a wastewater treatment facility to replace the Town's existing facility. The District financed construction of the facility and the Town agreed to waive future system development fees for the District's sewer tap purchases as more fully set forth in the agreement. In addition, the District agreed to subsidize the operation of the wastewater treatment facility until 500 sewer taps have been purchased. During the year ended December 31, 2018, the Town received $207,887 under this agreement, which is reported as operating revenue in the Utility Fund.

Note 8: Prior Period Adjustment

Capital Asset Depreciation

The beginning fund balance for both the governmental fund and the proprietary fund, have been restated for the correction of errors related to the reporting of accounts receivable and accounts payable as of December 31, 2018, as follows:

	Fund Statements	Government-wide Basis
General Fund		
Net Position, *as originally stated*	$ 4,568,685	$ 8,679,441
Restatement:		
Accounts Receivable	(46,858)	(46,858)
Accounts Payable	(31,969)	(31,969)
Net Position, *as restated*	$ 4,489,858	$ 8,600,614
Proprietary Fund		
Net Position, *as originally stated*	$ 8,983,855	$ 8,983,855
Restatement:		
Accounts Receivable	(103,879)	(103,879)
Accounts Payable	(30,308)	(30,308)
Net Position, *as restated*	$ 8,849,668	$ 8,849,668

Required Supplementary Information

Town of Morrison, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes			
Sales	$ 550,000	$ 692,838	$ 142,838
Use	38,000	51,608	13,608
Property	43,540	50,255	6,715
Specific Ownership	5,000	7,885	2,885
Franchise	33,000	41,202	8,202
Licenses and Permits	20,000	29,392	9,392
Charges for Services	426,900	588,059	161,159
Fines and Forfeitures	903,000	902,726	(274)
Intergovernmental	312,641	78,318	(234,323)
Investment Income	3,000	52,887	49,887
Miscellaneous	-	120,093	120,093
Total Revenues	2,335,081	2,615,263	280,182
Expenditures			
Current			
General Government	600,900	572,615	28,285
Community Development	88,250	186,129	(97,879)
Public Safety	1,160,300	1,233,778	(73,478)
Public Works	306,300	362,295	(55,995)
Culture & Recreation	178,310	195,039	(16,729)
Capital Outlay	625,282	238,698	386,584
Total Expenditures	2,959,342	2,788,554	170,788
Excess of Revenues Over (Under) Expenditures	(624,261)	(173,291)	450,970
Other Financing Sources			
Proceeds from Sale of Assets	-	20,201	20,201
Total Other Financing Sources	-	20,201	20,201
Net Change in Fund Balance	(624,261)	(153,090)	471,171
Fund Balance, *Beginning of year*	4,452,345	4,489,858	37,513
Fund Balance, *End of year*	$ 3,828,084	$ 4,336,768	$ 508,684

See the accompanying Independent Auditors' Report.

Note 1: Stewardship, Compliance, and Accountability

Budgets

Budgets are legally adopted for all funds of the Town. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the Utility Fund are presented on a non-GAAP budgetary basis. Capital outlay and debt principal are budgeted as expenditures, and depreciation is not budgeted.

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

- Management submits to the Board of Trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- All appropriations lapse at year end.

Supplementary Information

Town of Morrison, Colorado
Budgetary Comparison Schedule
Utility Fund
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Water Charges	$ 275,000	$ 289,586	$ 14,586
Sewer Charges	273,000	202,365	(70,635)
Mount Carbon Metropolitan District Subsidy	120,000	207,887	87,887
Property Taxes	31,300	34,756	3,456
Sales Taxes	120,000	173,209	53,209
Investment Income	1,500	3,495	1,995
Tap Fees	18,400	72,375	53,975
Grants	-	50,237	50,237
City of Denver	-	284,552	284,552
Miscellaneous	7,500	(916)	(8,416)
Total Revenues	846,700	1,317,546	470,846
Expenditures			
Operations and Maintenance	756,600	742,079	14,521
Capital Outlay	427,000	398,822	28,178
Total Expenditures	1,183,600	1,140,901	42,699
Change in Net Position, *Budgetary Basis*	(336,900)	176,645	428,147
Reconciliation to GAAP Basis			
Capital Outlay - Capitalized		206,304	
Depreciation		(340,181)	
Change in Net Position, *GAAP Basis*		$ 42,768	

State Compliance

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Morrison
	YEAR ENDING : December 31, 2018
This Information From The Records Of (example - City of _ or County of _) Town of Morrison, Colorado	Prepared By: Lorraine Trotter, Professional Mgmt Solutions Phone: 303-910-9197

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)	217,163
4. Miscellaneous local receipts (from page 2)	908,765
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)	1,125,928
B. Private Contributions	
C. Receipts from State government (from page 2)	15,197
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	1,141,125

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	114,530
3. Road and street services:	
a. Traffic control operations	1,066
b. Snow and ice removal	12,726
c. Other	0
d. Total (a. through c.)	13,792
4. General administration & miscellaneous	25,305
5. Highway law enforcement and safety	987,498
6. Total (1 through 5)	1,141,125
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)	1,141,125

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
0	1,141,125	1,141,125		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 31, 2018

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalities	899,659
1. Sales Taxes	180,951	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	1,455
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	36,212	g. Other Mis County Road & Bridge Tax	7,651
6. Total (1. through 5.)	217,163	h. Other General Sales Taxes	0
c. Total (a. + b.)	217,163	i. Total (a. through h.)	908,765
	(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	13,721	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	1,476	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,476	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	15,197	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: