# Town of Mountain View, Colorado

## Financial Statements
## with Independent Auditors' Report

## December 31, 2018

# Town of Mountain View, Colorado
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December 31, 2018

Management's Discussion and Analysis

This discussion and analysis of the financial performance of the Town of Mountain View, Colorado (Town) provides an overview of the Town's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the financial statements.

## FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at December 31, 2018 by $3,435,283 (net position). Of this amount, $2,561,967 (unrestricted net position) may be used to meet the Town's ongoing general obligations to residents and creditors.
- The fund balance of the General Fund increased by $603,695 (33.8%) during 2018.

## USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Town of Mountain View's financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves, including budget-to-actual comparisons for all funds with adopted budgets.

### Government-wide financial statements

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

The *Statement of Net Position* presents information on all of the Town's assets and liabilities and deferred inflows and outflows 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 is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town of Mountain View that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government (administration and municipal court), public safety (police), public works, parks and recreation, and trash collection. The business-type activities of the Town include sanitary Wastewater & Storm Water and storm drainage services.

### Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Mountain View, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: Governmental Funds and Proprietary Funds.

***Governmental Funds*** -- Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The balances left at year-end are available for spending in future years, provided that balances restricted for certain purposes are spent for those purposes only. Governmental Funds utilize the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements display detailed short-term views of cash, operations, and the basic services provided. Governmental fund statements 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Balance Sheet - Governmental Funds* and the *Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities* provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The Town of Mountain View currently maintains three individual governmental funds. Information is presented by fund name in the *Balance Sheet--Governmental Funds* and the *Statement of Revenues, Expenditures, and Changes in Fund Balance--Governmental Funds* for the two governmental funds that meet the criteria to be designated as major funds (General Fund and Department of Justice Fund) and for the Conservation Trust Fund which is the Town’s only non-major governmental fund.

***Proprietary Funds*** -- The Town's wastewater and storm water collection services are reported in the proprietary fund; it focuses on overall economic position rather than year-end fund balances. The type of proprietary fund utilized is an Enterprise Fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements but in a bit more detail.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are the final section of the basic financial statements.

**Other information**

Required and additional supplementary information is included after the Notes to the Financial Statements. This includes certain pension information and budgetary comparison schedules for those funds with adopted budgets (General Fund, Conservation Trust Fund, and Wastewater & Storm Water Fund). The budgetary comparison schedules demonstrate each fund’s level of compliance with adopted budgets.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Mountain View, total net position was $3,435,283 at the close of 2018.

Town of Mountain View’s Net Position

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Current and other assets | $ 2,659,881 | $ 2,173,936 | $ 102,801 | $ 128,468 | $ 2,762,682 | $ 2,302,404 |
| Capital assets, net | 589,183 | 462,650 | 77,302 | - | 666,485 | 462,650 |
| Pension asset, net | 89,752 | - | - | - | 89,752 | - |
| Total assets | 3,338,816 | 2,636,586 | 180,103 | 128,468 | 3,518,919 | 2,765,054 |
| Deferred outflows of resources | 98,908 | 94,124 | - | - | 98,908 | 94,124 |
| Current liabilities | 87,502 | 165,136 | 33,631 | - | 121,133 | 165,136 |
| Pension liability, net | - | 19,910 | - | - | - | 19,910 |
| Total liabilities | 87,502 | 185,046 | 33,631 | - | 121,133 | 185,046 |
| Deferred inflows of resources | 61,411 | 30,008 | - | - | 61,411 | 30,008 |
| Net position: | | | | | | |
| Net investment in capital assets | 589,183 | 462,650 | - | - | 589,183 | 462,650 |
| Restricted | 284,133 | 301,534 | - | - | 284,133 | 301,534 |
| Unrestricted | 2,415,495 | 1,751,472 | 146,472 | 128,468 | 2,561,967 | 1,879,940 |
| Total net position | $ 3,288,811 | $ 2,515,656 | $ 146,472 | $ 128,468 | $ 3,435,283 | $ 2,644,124 |

At December 31, 2018, 78.5% ($2,762,682) of the Town’s total assets were in Current Assets. The excellent cash position in the Governmental Activities will enable the Town to continue to provide services to the community and build reserves for future infrastructure needs. The Business-type Activities had $102,801 in current assets and no long-term debt.

Approximately 8.3% ($284,133) of the Town’s total net position is restricted for parks and recreation, open space, certain public safety police activities, or emergencies. Another 17.1% ($589,183) is invested in capital assets. The remaining amount ($2,561,967) represents 74.6% of total net position and may be used to meet the Town’s other ongoing obligations to residents and creditors.

The following chart displays the changes in net position experienced by the Town over the last two years. An analysis of these changes follows for both its Governmental and Business-type Activities.

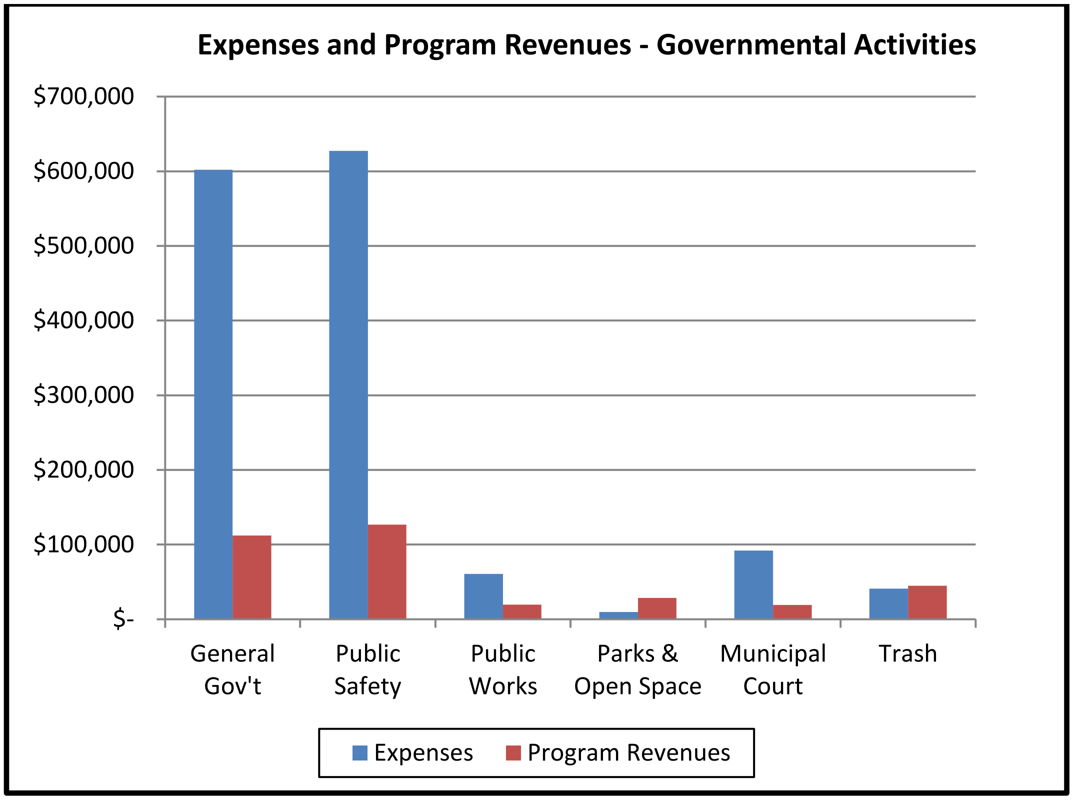
Town of Mountain View's Changes in Net Position

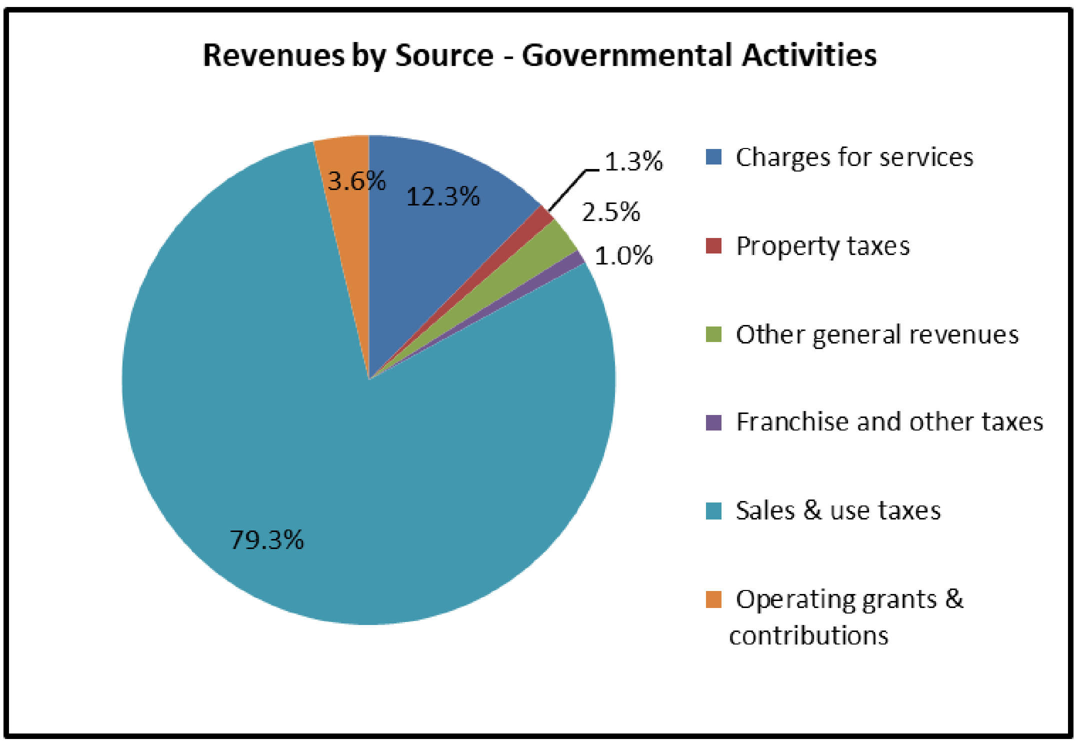
| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Program revenues: | | | | | | |
| Charges for services | $ 271,060 | $ 279,668 | $ 105,994 | $ 96,446 | $ 377,054 | $ 376,114 |
| Operating grants & contributions | 79,875 | 101,239 | - | - | 79,875 | 101,239 |
| Capital grants & contributions | - | - | - | - | - | - |
| General revenues: | | | | | | |
| Property taxes | 27,960 | 21,485 | - | - | 27,960 | 21,485 |
| Sales & use taxes | 1,748,750 | 1,739,979 | - | - | 1,748,750 | 1,739,979 |
| Franchise & other taxes | 21,359 | 20,637 | | | 21,359 | 20,637 |
| Other general revenues | 57,067 | 108,356 | 1,233 | 48 | 58,300 | 108,404 |
| Total revenues | 2,206,071 | 2,271,364 | 107,227 | 96,494 | 2,313,298 | 2,367,858 |
| Program expenses: | | | | | | |
| General government | 601,793 | 497,033 | - | - | 601,793 | 497,033 |
| Parks and open space | 9,950 | 8,341 | - | - | 9,950 | 8,341 |
| Public safety | 627,452 | 721,384 | - | - | 627,452 | 721,384 |
| Public w orks | 60,613 | 88,434 | - | - | 60,613 | 88,434 |
| Municipal court | 91,983 | 93,759 | - | - | 91,983 | 93,759 |
| Trash services | 41,125 | 44,258 | - | - | 41,125 | 44,258 |
| Wastew ater & storm w ater | - | - | 89,223 | 82,898 | 89,223 | 82,898 |
| Total expenses | 1,432,916 | 1,453,209 | 89,223 | 82,898 | 1,522,139 | 1,536,107 |
| Transfers In/(Out) | - | - | - | - | - | - |
| Increase/(decrease)in net assets | 773,155 | 818,155 | 18,004 | 13,596 | 791,159 | 831,751 |
| Net Position, Beginning, restated | 2,515,656 | 1,697,501 | 128,468 | 114,872 | 2,644,124 | 1,812,373 |
| Net Position, Ending | $ 3,288,811 | $ 2,515,656 | $ 146,472 | $ 128,468 | $ 3,435,283 | $ 2,644,124 |

**Governmental Activities**

Governmental activities caused the Town's total net position to increase by $773,155 (29.2%) in 2018. This impressive increase was similar to the prior year's increase as the Town continues to benefit from strong sales tax revenues. Other general revenues were lower in 2018 than 2017 due primarily to reductions in proceeds from insurance claims ($46,833) and miscellaneous revenues ($9,716).

The following two charts illustrate the Governmental Activities revenues and expenses.



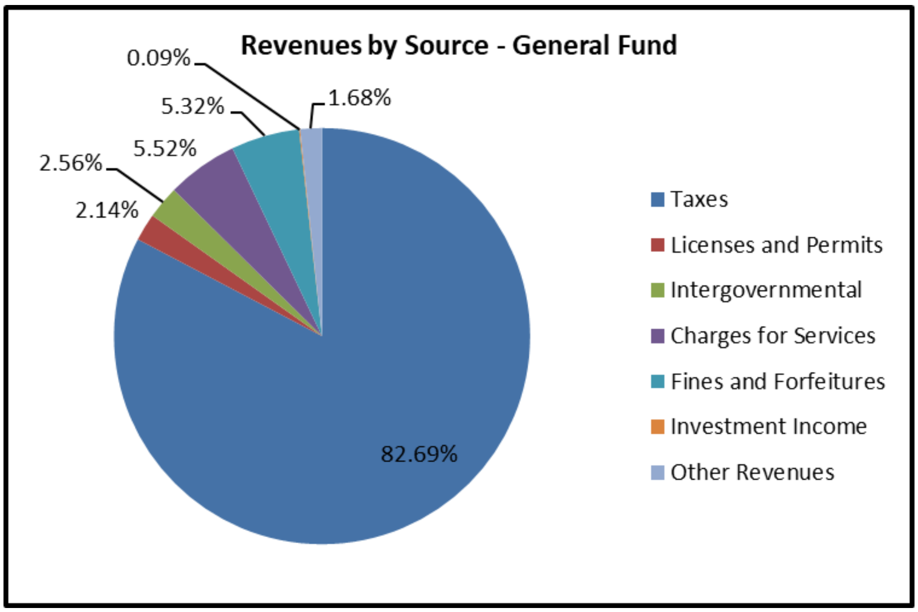

**Business-type Activities**

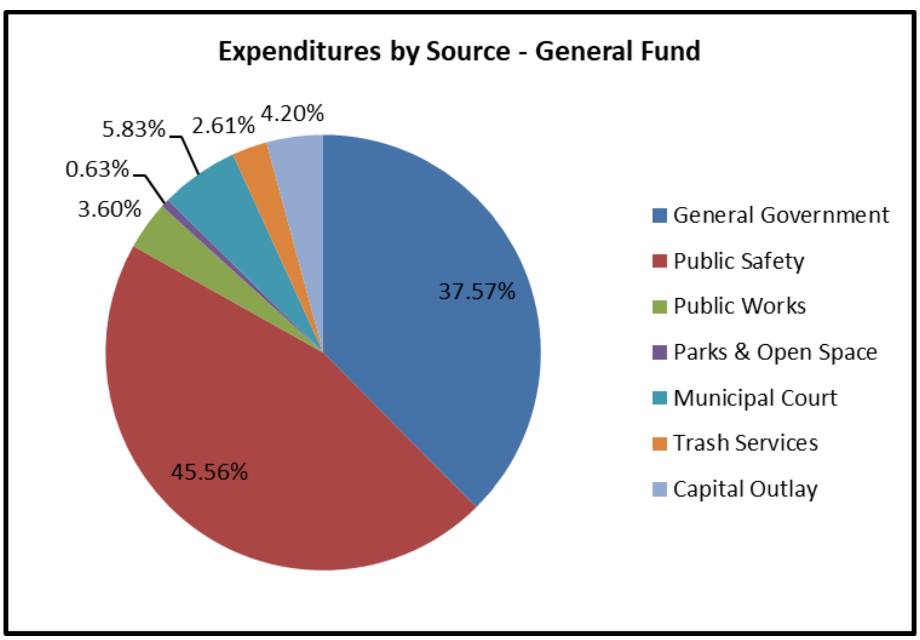
Business-type Activities increased the Town of Mountain View's net position by $18,004 (0.7%) during 2018. This was slightly more than the business-type activities increase of $13,596 in 2017. Charges for services in the Wastewater & Storm Water activity exceeded operating expenses by $16,771 (18.8%).

## THE TOWN'S FUNDS

As noted earlier, the Town of Mountain View uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (fund balances) in each fund are shown at year end. At December 31, 2018 the Town's three Governmental funds reported combined fund balances of $2,544,508. This represented a 28.4% increase over the previous year. The major governmental funds are discussed below.

*General Fund*. The General Fund is the chief operating fund of the Town of Mountain View. It accounts for all of the general services provided by the Town. At the end of 2018, the fund balance of the General Fund totaled $2,387,689. This represented a 33.8% increase over the previous year. As mentioned earlier, strong sales taxes are the primary reason for the improvement of this fund. The following two tables illustrate General Fund revenues and expenditures in 2018.



*Department of Justice Fund*. The Department of Justice Fund tracks the receipt and use of funds forfeited under laws enforced or administered by the U.S. Department of Justice and joint law enforcement task forces participated in by the Town's police department. At the end of 2018, the fund balance of the Department of Justice Fund totaled $135,454. This represented a 25.3% decrease from the previous year due primarily to the purchase of a police vehicle during 2018.

*Wastewater & Storm Water Fund*. At December 31, 2018 the Net Position of the Town's proprietary fund, the Wastewater & Storm Water Fund, was $146,472. It had $105,994 in operating revenues which increased by $9,548 (9.9%) over the previous year, and $89,223 in operating expenses, which increased by $6,325 (7.6%) over the previous year.

## CAPITAL ASSETS

*Capital Assets.* At December 31, 2018 the Town had invested in a range of capital assets including land, buildings and improvements, equipment, and vehicles. Note 3 of the financial statements provides a summary of these assets. Town capital acquisitions and expenses during 2018 included:

| | |
|---|---|
| Buildings and Improvements (heating improvements) | $ 29,578 |
| Equipment (shelving system and police evidence lockers) | $ 40,144 |
| Vehicles (police vehicles) | $ 93,054 |
| Construction in Process (sewer and storm drainage system improvements) | $ 77,302 |

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town of Mountain View expects continued revenue streams from the sale of marijuana in the Town. It also is guardedly optimistic about the current pace of general sales taxes as marijuana stores and enhanced commercial properties in neighboring jurisdictions continue to bring shoppers to the area. The Town continues to anticipate increased remodeling activity as housing prices in the Denver metropolitan area have increased. Utility revenues are budgeted with small increases for 2019.

## REQUESTS FOR INFORMATION

This financial report is designed to provide the Town of Mountain View's residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report, or should you desire additional financial information, contact the Town Clerk/Treasurer at Town of Mountain View, 4176 Benton St., Mountain View, CO 80212, or visit our website at http://mtvgov.org.

## Independent Auditors' Report

Honorable Mayor and Members of the Town Council
Town of Mountain View
Mountain View, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mountain View as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Mountain View, 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 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

**Other Matters**
*Required Supplementary Information*
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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.

**Supplementary Information**
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mountain View'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 1, 2019

# Basic Financial Statements

# Town of Mountain View, Colorado

Statement of Net Position

December 31, 2018

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **Assets** | | | |
| Cash and Investments | $ 2,354,423 | $ 89,962 | $ 2,444,385 |
| Accounts Receivable | 273,587 | 12,839 | 286,426 |
| Property Taxes Receivable | 27,871 | - | 27,871 |
| Prepaid Expenses | 4,000 | - | 4,000 |
| Net Pension Asset | 89,752 | - | 89,752 |
| Capital Assets, Not Being Depreciated | 219,152 | 77,302 | 296,454 |
| Capital Assets, Net of Accumulated Depreciation | 370,031 | - | 370,031 |
| Total Assets | 3,338,816 | 180,103 | 3,518,919 |
| **Deferred Outflows of Resources** | | | |
| Pensions, Net of Accumulated Amortization | 98,908 | - | 98,908 |
| **Liabilities** | | | |
| Accounts Payable | 43,135 | 33,631 | 76,766 |
| Accrued Liabilities | 35,262 | - | 35,262 |
| Court Bonds | 9,105 | - | 9,105 |
| Total Liabilities | 87,502 | 33,631 | 121,133 |
| **Deferred Inflows of Resources** | | | |
| Property Taxes | 27,871 | - | 27,871 |
| Pensions, Net of Accumulated Amortization | 33,540 | - | 33,540 |
| Total Deferred Inflows of Resources | 61,411 | - | 61,411 |
| **Net Position** | | | |
| Net Investment in Capital Assets | 589,183 | - | 589,183 |
| Restricted for: | | | |
| Parks and Open Space | 81,679 | - | 81,679 |
| Public Safety | 135,454 | - | 135,454 |
| Emergencies | 67,000 | - | 67,000 |
| Unrestricted | 2,415,495 | 146,472 | 2,561,967 |
| Total Net Position | $ 3,288,811 | $ 146,472 | $ 3,435,283 |

# Town of Mountain View, 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 | 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 | $ 601,793 | $ 99,495 | $ 12,791 | $ (489,507) | $ - | $ (489,507) |
| Public Safety | 627,452 | 107,668 | 18,901 | (500,883) | - | (500,883) |
| Public Works | 60,613 | - | 19,486 | (41,127) | - | (41,127) |
| Parks and Open Space | 9,950 | - | 28,697 | 18,747 | - | 18,747 |
| Municipal Court | 91,983 | 19,042 | - | (72,941) | - | (72,941) |
| Trash Services | 41,125 | 44,855 | - | 3,730 | - | 3,730 |
| Total Governmental Activities | 1,432,916 | 271,060 | 79,875 | (1,081,981) | - | (1,081,981) |
| ***Business-Type Activities*** | | | | | | |
| Sewer | 89,223 | 105,994 | - | - | 16,771 | 16,771 |
| Total Business-Type Activities | 89,223 | 105,994 | - | - | 16,771 | 16,771 |
| Total Primary Government | $ 1,522,139 | $ 377,054 | $ 79,875 | (1,081,981) | 16,771 | (1,065,210) |
| **General Revenues** | | | | | | |
| Sales Taxes | | | | 1,746,103 | - | 1,746,103 |
| Use Taxes | | | | 2,647 | - | 2,647 |
| Property Taxes | | | | 27,960 | - | 27,960 |
| Specific Ownership Taxes | | | | 2,577 | - | 2,577 |
| Franchise Taxes | | | | 18,782 | - | 18,782 |
| Intergovernmental Revenues not Restricted to Specific Programs | | | | 1,516 | - | 1,516 |
| Investment Income | | | | 17,730 | 1,233 | 18,963 |
| Insurance Proceeds | | | | 11,368 | - | 11,368 |
| Miscellaneous | | | | 26,453 | - | 26,453 |
| Total General Revenues | | | | 1,855,136 | 1,233 | 1,856,369 |
| **Change in Net Position** | | | | 773,155 | 18,004 | 791,159 |
| **Net Position,** *Beginning of year* | | | | 2,515,656 | 128,468 | 2,644,124 |
| **Net Position,** *End of year* | | | | $ 3,288,811 | $ 146,472 | $ 3,435,283 |

# Town of Mountain View, Colorado
Balance Sheet
Governmental Funds
December 31, 2018

| | General | Department of Justice | Nonmajor Conservation Trust | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and Investments | $ 2,196,710 | $ 136,348 | $ 21,365 | $ 2,354,423 |
| Accounts Receivable | 273,587 | - | - | 273,587 |
| Property Taxes Receivable | 27,871 | - | - | 27,871 |
| Prepaid Expenses | 4,000 | - | - | 4,000 |
| Total Assets | $ 2,502,168 | $ 136,348 | $ 21,365 | $ 2,659,881 |
| **Liabilities** | | | | |
| Accounts Payable | $ 42,241 | $ 894 | $ - | $ 43,135 |
| Accrued Liabilities | 35,262 | - | - | 35,262 |
| Court Bonds | 9,105 | - | - | 9,105 |
| Total Liabilities | 86,608 | 894 | - | 87,502 |
| **Deferred Inflows of Resources** | | | | |
| Property Taxes | 27,871 | - | - | 27,871 |
| **Fund Balance** | | | | |
| Restricted for: | | | | |
| Parks and Open Space | 60,514 | - | 21,165 | 81,679 |
| Public Safety | - | 135,454 | - | 135,454 |
| Emergencies | 67,000 | - | - | 67,000 |
| Unrestricted, Unassigned | 2,260,175 | - | 200 | 2,260,375 |
| Total Fund Balance | 2,387,689 | 135,454 | 21,365 | 2,544,508 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | $ 2,502,168 | $ 136,348 | $ 21,365 | $ 2,659,881 |

| | |
|---|---|
| Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because: | |
| Total Fund Balance of Governmental Funds | $ 2,544,508 |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds. | |
| Capital Assets | 589,183 |
| The net pension liability and related items are not due and payable in the current year and, therefore, are not reported in governmental funds: | |
| Net Pension Asset | 89,752 |
| Deferred Outflows Related to Pensions | 98,908 |
| Deferred Inflows Related to Pensions | (33,540) |
| Total Net Position of Governmental Activities | $ 3,288,811 |

*See Notes to Financial Statements.*

# Town of Mountain View, Colorado

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

| | General | Department of Justice | Nonmajor Conservation Trust | Total |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes | $ 1,798,069 | $ - | $ - | $ 1,798,069 |
| Licenses and Permits | 76,412 | - | - | 76,412 |
| Charges for Services | 111,846 | - | - | 111,846 |
| Fines and Forfeitures | 82,802 | - | - | 82,802 |
| Intergovernmental | 57,073 | 18,901 | 5,417 | 81,391 |
| Investment Income | 17,417 | - | 313 | 17,730 |
| Miscellaneous | 26,453 | - | - | 26,453 |
| Total Revenues | 2,170,072 | 18,901 | 5,730 | 2,194,703 |
| **Expenditures** | | | | |
| Current | | | | |
| General Government | 592,720 | - | - | 592,720 |
| Public Safety | 718,797 | 64,792 | - | 783,589 |
| Public Works | 56,857 | - | - | 56,857 |
| Parks and Open Space | 9,950 | - | - | 9,950 |
| Municipal Court | 91,983 | - | - | 91,983 |
| Trash Services | 41,125 | - | - | 41,125 |
| Capital Outlay | 66,313 | - | - | 66,313 |
| Total Expenditures | 1,577,745 | 64,792 | - | 1,642,537 |
| **Excess of Revenues Over (Under) Expenditures** | 592,327 | (45,891) | 5,730 | 552,166 |
| **Other Financing Sources** | | | | |
| Insurance Proceeds | 11,368 | - | - | 11,368 |
| Total Other Financing Sources | 11,368 | - | - | 11,368 |
| **Net Change in Fund Balance** | 603,695 | (45,891) | 5,730 | 563,534 |
| **Fund Balance**, *Beginning of year* | 1,783,994 | 181,345 | 15,635 | 1,980,974 |
| **Fund Balance**, *End of year* | $ 2,387,689 | $ 135,454 | $ 21,365 | $ 2,544,508 |

## Town of Mountain View, 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 | $ | 563,534 |
| 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 annual depreciation expense in the statement of activities. | | |
| Capital Outlay | | 162,776 |
| Depreciation Expense | | (36,243) |
| 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 Net Pension Asset | | 109,662 |
| Change in Deferred Outflows Related to Pensions | | 4,784 |
| Change in Deferred Inflows Related to Pensions | | (31,358) |
| Change in Net Position of Governmental Activities | $ | 773,155 |

*See Notes to Financial Statements.*

# Town of Mountain View, Colorado

Statement of Net Position
Proprietary Fund
December 31, 2018

| | Wastewater & Storm Water |
|---|---|
| **Assets** | |
| Current Assets | |
| Cash and Investments | $ 89,962 |
| Accounts Receivable | 12,839 |
| Construction in Progress | 77,302 |
| Total Assets | $ 180,103 |
| **Liabilities** | |
| Accounts Payable | $ 33,631 |
| **Net Position** | |
| Unrestricted | 146,472 |
| Total Net Position | $ 180,103 |

*See Notes to Financial Statements.*

# Town of Mountain View, Colorado

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2018

| | Wastewater & Storm Water |
|---|---|
| **Operating Revenues** | |
| Charges for Services | $ 105,994 |
| Total Operating Revenues | 105,994 |
| **Operating Expenses** | |
| System Operations and Maintenance | 63,142 |
| Administration | 26,081 |
| Total Operating Expenses | 89,223 |
| **Net Operating Income** | 16,771 |
| **Nonoperating Revenues** | |
| Investment Income | 1,233 |
| **Change in Net Position** | 18,004 |
| **Net Position**, *Beginning of year* | 128,468 |
| **Net Position**, *End of year* | $ 146,472 |

# Town of Mountain View, Colorado

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

| | Wastwater & Storm Water |
|---|---|
| **Cash Flows From Operating Activities** | |
| Cash Received from Customers | $ 108,633 |
| Cash Paid to Suppliers | (55,592) |
| Net Cash Provided by Operating Activities | 53,041 |
| **Cash Flows From Capital and Financing Activities** | |
| Purchase of Capital Assets | (77,302) |
| **Cash Flows From Investing Activities** | |
| Interest Received | 1,233 |
| **Net Change in Cash and Cash Equivalents** | (23,028) |
| **Cash and Cash Equivalents**, *Beginning of year* | 112,990 |
| **Cash and Cash Equivalents**, *End of year* | $ 89,962 |
| | |
| **Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities** | |
| Net Operating Income | $ 16,771 |
| Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities | |
| Changes in Assets and Liabilities Related to Operations | |
| Accounts Receivable | 2,639 |
| Accounts Payable | 33,631 |
| Net Cash Provided by Operating Activities | $ 53,041 |

*See Notes to Financial Statements.*

## Note 1: Summary of Significant Accounting Policies

The Town of Mountain View, Colorado (the Town) was incorporated in 1904. In April 1972, the residents voted to become a home rule municipality, as authorized by Article 20 of the Colorado Constitution. The Town is governed by a Mayor and six-member Town Council elected by the residents.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to government entities. The Governmental Accounting Standard 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 this criteria, the Town does not include additional organizations in 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 financial 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 as program revenues.

Separate financial statements are provided for governmental funds 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 to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, 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 proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses. 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 practice to use restricted resources first, then unrestricted resources as they are needed.

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

> The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources except those accounted for in another fund.
>
> The *Department of Justice Fund* accounts for federal asset forfeitures shared with the Town for law enforcement purposes.
>
> The *Wastewater and Storm Water Fund* accounts for the financial activities associated with the provision of sewer services to Town residents.

## Note 1: Summary of Significant Accounting Policies (Continued)

### ***<u>Assets, Liabilities and Net Position/Fund Balance</u>***

*Cash Equivalents* – Cash equivalents include investments with original maturities of three months or less. Investments in pooled cash are considered cash equivalents.

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

*Capital Assets* – Capital assets, which include land, parks, buildings, equipment, vehicles, and infrastructure assets purchased since January 1, 2004, 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 as assets with an initial, individual cost of $5,000 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 the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

| | |
|---|---:|
| Buildings and Improvements | 20 – 100 years |
| Infrastructure | 25 – 40 years |
| Vehicles and Equipment | 5 – 10 years |

*Personal Time Off (PTO)* – Employees are eligible to accrue PTO of certain amounts depending on length of employment. However, PTO must be used prior to each employee's anniversary date. In certain situations, the Mayor may approve a carryover of PTO up to 40 hours. Accrued but unused PTO will be paid upon separation from employment. However, no liability is reported in the financial statements because the accrued PTO is insignificant.

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

*Pensions* – The Town participates in the Statewide Defined Benefit Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA).

The net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the Plan's fiduciary net position have been determined using the accrual basis of accounting, the same basis of accounting used by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized in the year the contributions are due.

## Note 1: Summary of Significant Accounting Policies (Continued)

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

*Net Position/Fund Balance* – In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The Town Council establishes a fund balance commitment through passage of an ordinance, and is authorized to informally assign amounts to a specific purpose.

The Town has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the Town uses restricted amounts first, followed by committed, assigned, and unassigned amounts.

***<u>Property Taxes</u>***

Property taxes attach as an enforceable lien 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

Cash and investments at December 31, 2018, consisted of the following:

| | | |
|---|---|---|
| Petty Cash | $ | 1,600 |
| Cash Deposits | | 2,431,800 |
| Investments | | 10,985 |
| Total | $ | 2,444,385 |

***<u>Cash Deposits</u>***

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 $2,196,273 collateralized with securities held by the financial institution's agent but not in the Town's name.

## Note 2: Cash and Investments (Continued)

***Investments***

The Town is required to comply with State statutes which specify the investments meeting defined rating, maturity, and concentration risk criteria in which local governments 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 from nationally recognized statistical rating organizations, depending on the type of investment.

*Concentration of Credit Risk* – Except for corporate securities, State statutes do no limit the amount the Town may invest in any single investment or issuer.

*Local Government Investment Pool* – At December 31, 2018, the Town had $10,985 invested in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSAFE. CSAFE operates in conformity with the Securities and Exchange Commission's Rule 2a-7. CSAFE is measured at the net asset value per share, with each share valued at $1. CSAFE is rated AAAm by Standard and Poor's. Investments of CSAFE are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

## Note 3: Capital Assets

Capital assets activity for the year ended December 31, 2018, is summarized below.

| Governmental Activities | Balance 12/31/17 | Additions | Deletions | Balance 12/31/18 |
|---|---|---|---|---|
| Capital Assets, *Not Being Depreciated:* | | | | |
| Land | $ 219,152 | $ - | $ - | $ 219,152 |
| Capital Assets, *Being Depreciated:* | | | | |
| Buildings and Improvements | 38,176 | 29,578 | - | 67,754 |
| Infrastructure | 93,892 | - | - | 93,892 |
| Equipment | 101,806 | 40,144 | - | 141,950 |
| Vehicles | 171,500 | 93,054 | - | 264,554 |
| Total Capital Assets, *Being Depreciated* | 405,374 | 162,776 | - | 568,150 |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | (18,805) | (2,488) | - | (21,293) |
| Infrastructure | (3,756) | (3,756) | - | (7,512) |
| Equipment | (62,561) | (6,126) | - | (68,687) |
| Vehicles | (76,754) | (23,873) | - | (100,627) |
| Total Accumulated Depreciation | (161,876) | (36,243) | - | (198,119) |
| Capital Assets, *Being Depreciated, net* | 243,498 | 126,533 | - | 370,031 |
| Governmental Activities Capital Assets, *net* | $ 462,650 | $ 126,533 | $ - | $ 589,183 |

| Business-Type Activities | Balance 12/31/17 | Additions | Deletions | Balance 12/31/18 |
|---|---|---|---|---|
| Capital Assets, *Not Being Depreciated:* | | | | |
| Construction in Progress | $ - | $ 77,302 | $ - | $ 77,302 |

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

| | |
|---|---|
| Governmental Activities | |
| General Government | $ 7,338 |
| Public Safety | 25,149 |
| Public Works | 3,756 |
| Total | $ 36,243 |

## Note 4: Risk Management (Continued)

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for its workers compensation claims. For other risks of loss, the Town participates in 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 provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability and property coverages and to assist members in preventing and reducing 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.

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.

## Note 5: Defined Benefit Pension Plan

***General Information***

*Plan Description* – The Town contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). The plan covers all full-time police officers. Title 31, Article 31 of the Colorado Revised Statutes (CRS) grants the authority to establish and amend benefit terms to the FPPA Board of Directors. FPPA issues a publicly available financial report that includes information on the plan. That report may be obtained at www.fppaco.org.

*Benefits Provided* – A plan member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. The annual normal retirement benefit is 2% 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% for each year of service thereafter. Benefits paid to retirees are evaluated and may be re-determined every October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero to the higher of 3% 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% 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% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

## Note 5: Defined Benefit Pension Plan (Continued)

***General Information*** *(Continued)*

Plan members may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement, and age 55. A member can continue to work while participating in the DROP, but must terminate employment within five years of entry into the DROP. The member's percentage of retirement benefits is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Each member shall self-direct the investments in their DROP account, which are held by a custodian and not included in the plan's net position.

*Contributions* – The Town and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The Town and eligible employees contributed 8% and 9.5% of base salary, respectively, for the year ended December 31, 2018. Plan members elected to increase the employee contribution rate 0.5% annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 8% of base salary. The Town's contributions to the plan for the year ended December 31, 2018, were $27,893, equal to the required contributions.

***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 net pension asset of $89,752, representing its proportionate share of the net pension asset of the plan. The net pension asset was measured at December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2018. The Town's proportion of the net pension asset was based on the Town's contributions to the plan for the calendar year ended December 31, 2017, relative to the projected contributions of all participating employers. At December 31, 2017, the Town's proportion was 0.062385714%, which was an increase of 0.007284184% from its proportion measured at December 31, 2016.

For the year ended December 31, 2018, the Town recognized pension income of $46,809. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

## Note 5: Defined Benefit Pension Plan (Continued)

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 56,911 | $ 842 |
| Changes of assumptions and other inputs | 11,646 | - |
| Net difference between projected and actual Earnings on plan investments | - | 31,573 |
| Changes in proportion | 2,458 | 1,125 |
| Contributions subsequent to the measurement date | 27,893 | - |
| Total | $ 98,908 | $ 33,540 |

Town contributions subsequent to the measurement date of $27,893 will be recognized as an increase to the net pension asset in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended December 31, | |
|---|---|
| 2019 | $ 9,409 |
| 2020 | (3,543) |
| 2021 | (8,347) |
| 2022 | 9,698 |
| 2023 | 9,698 |
| Thereafter | 20,560 |
| Total | $ 37,475 |

*Actuarial Assumptions* – The actuarial valuations as of January 1, 2018, determined the total pension liability using the following actuarial assumptions and other inputs:

| | |
|---|---|
| Investment rate of return, compounded annually, net of plan Investment expenses, including inflation | 7.5% |
| Inflation | 2.5% |
| Projected salary increases | 4.0% - 14.0% |
| Cost of living adjustment | 0.0% |

## Note 5: Defined Benefit Pension Plan (Continued)

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

Mortality rates for active members were based on the RP-2014 Mortality Tables for Blue Collar Employees projected with Scale BB, using a 55% multiplier for off-duty mortality. The RP-2014 Mortality Tables for Blue Collar Employees were used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants were used, and for post-retirement members ages 55 through 64, a blend of the tables was used. All tables were projected with Scale BB.

The current actuarial methods and assumptions were adopted by the FPPA Board of Directors for first use in the actuarial valuation as of January 1, 2016, based upon the actuary's analysis and recommendations from the 2015 Experience Study.

The long-term expected rate of return on 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 weighting 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 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% | 8.33% |
| Equity Long/Short | 9% | 7.15% |
| Illiquid Alternatives | 24% | 9.70% |
| Fixed Income | 15% | 3.00% |
| Absolute Return | 9% | 6.46% |
| Managed Futures | 4% | 6.85% |
| Cash | 2% | 2.26% |
| | 100.00% | |

## Note 5: Defined Benefit Pension Plan (Continued)

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

*Discount Rate* – The discount rate used to measure the total pension liability was 7.5%. 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 in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on this assumption, the plan's fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.5%.

*Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate* – The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as the Town's proportionate share of the net pension asset (liability) if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate, as follows:

| | 1% Decrease (6.5%) | Current Discount Rate (7.5%) | 1% Increase (8.5%) |
|---|---|---|---|
| Town's Proportionate share of the Net pension asset (Liability) | $ (97,713) | $ 89,752 | $ 245,417 |

*Pension Plan Fiduciary Net Position* - Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

## Note 6: Other Retirement Commitments

***Statewide Money Purchase Pension Plan***

The Town contributes to the Statewide Money Purchase Plan, a multiple-employer defined contribution pension plan, on behalf of the Police Chief. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). The contribution requirements of the plan are established by State statutes. Currently, plan participants contribute 8% of base salary, which is matched by the Town. Participants vest immediately in their contributions. Vesting in the Town's contributions and the related investment earnings occurs at 20% per year after the first year of service, with full vesting after five years of service. During the year ended December 31, 2018, the Town contributed $6,113 to the plan, equal to the required contributions.

## Note 6: Other Retirement Commitments (Continued)

***General Employees' Pension Plan***

The Town contributes to an Internal Revenue Code Section 401(a) pension plan on behalf of all full-time employees not covered by the FPPA pension plans. Employees may participate in the Plan on the date of employment. The Town and employees are each required to contribute 8% of each employee's eligible salary. The Town Council is authorized to amend the Plan provisions, and determines the contributions made by the Town. During the year ended December 31, 2018, the Town contributed $20,773 to the Plan, equal to the required contributions. The Plan investments are managed by Great-West Financial.

## Note 7: Other Postemployment Benefits

*Plan Description* – The Town contributes to the Statewide Death and Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). All full-time police officers are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by contacting FPPA as described previously.

*Funding Policy* – The contribution requirements are established by State statute. The Town Council determines the contribution split between members and the Town. No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the Town contributed 2.7% of base salaries during the year ended December 31, 2018. The Town's contributions to the plan for the years ended December 31, 2018, 2017 and 2016 were $11,728, $11,531 and $8,848, respectively, equal to the required contributions.

## Note 8: Commitments and Contingencies

***Claims and Judgments***

The Town participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. Management believes that additional disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Town.

***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 November 8, 1994, voters authorized the Town to collect, retain and expend the full proceeds of any revenue source of the Town notwithstanding any limitation contained in the Amendment.

## Note 8: Commitments and Contingencies (Continued)

***TABOR Amendment*** *(Continued)*

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2018, the reserve was reported as restricted fund balance in the General Fund, in the amount of $67,000.

# Required Supplementary Information

# Town of Mountain View, Colorado

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Asset (Liability) and Contributions
FPPA Statewide Defined Benefit Plan
For the Year Ended December 31, 2018

| | 12/31/17 | 12/31/16 | 12/31/15 | 12/31/14 | 12/31/13 |
|---|---|---|---|---|---|
| **Proportionate Share of the Net Pension Asset (Liability)** | | | | | |
| Town's Proportion of the Net Pension Asset (Liability) | 0.062385714% | 0.055101530% | 0.042450328% | 0.041036365% | 0.041821000% |
| Town's Proportionate Share of the Net Pension Asset (Liability) | $ 89,752 | $ (19,910) | $ 748 | $ 36,694 | $ 37,395 |
| Town's Covered Payroll | $ 365,152 | $ 281,997 | $ 205,792 | $ 184,541 | $ 225,547 |
| Town's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll | (24.7%) | (7.2%) | 0.4% | 20% | 17% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 106.3% | 98% | 100.1% | 107% | 106% |

| | 12/31/18 | 12/31/17 | 12/31/16 | 12/31/15 | 12/31/14 |
|---|---|---|---|---|---|
| **Town Contributions** | | | | | |
| Statutorily Required Contribution | $ 27,893 | $ 29,212 | $ 22,560 | $ 16,463 | $ 14,763 |
| Contributions in Relation to the Statutorily Required Contribution | (27,893) | (29,212) | (22,560) | (16,463) | (14,763) |
| Contribution Deficiency (Excess) | $ - | $ - | $ - | $ - | $ - |
| Town's Covered Payroll | $ 348,662 | $ 365,152 | $ 281,997 | $ 205,792 | $ 184,541 |
| Contributions as a Percentage of Covered Payroll | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% |

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

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

| | Original and Final Budget | Actual | Variance *Positive (Negative)* |
|---|---|---|---|
| **Revenues** | | | |
| Taxes | | | |
| Sales | $ 1,464,189 | $ 1,746,103 | $ 281,914 |
| Use | 20,000 | 2,647 | (17,353) |
| Property | 24,000 | 27,960 | 3,960 |
| Specific Ownership | 2,000 | 2,577 | 577 |
| Franchise | 19,500 | 18,782 | (718) |
| Licenses and Permits | 42,200 | 76,412 | 34,212 |
| Charges for Services | 102,100 | 111,846 | 9,746 |
| Fines and Forfeitures | 110,600 | 82,802 | (27,798) |
| Intergovernmental | 81,920 | 57,073 | (24,847) |
| Investment Income | 1,000 | 17,417 | 16,417 |
| Miscellaneous | 2,054 | 26,453 | 24,399 |
| Total Revenues | 1,869,563 | 2,170,072 | 300,509 |
| **Expenditures** | | | |
| Current | | | |
| General Government | 558,300 | 592,720 | (34,420) |
| Public Safety | 721,180 | 718,797 | 2,383 |
| Public Works | 131,600 | 56,857 | 74,743 |
| Parks and Open Space | 3,850 | 9,950 | (6,100) |
| Municipal Court | 128,000 | 91,983 | 36,017 |
| Trash Services | 45,000 | 41,125 | 3,875 |
| Capital Outlay | 478,000 | 66,313 | 411,687 |
| Total Expenditures | 2,065,930 | 1,577,745 | 488,185 |
| **Excess of Revenues Over (Under) Expenditures** | (196,367) | 592,327 | 788,694 |
| **Other Financing Sources** | | | |
| Insurance Proceeds | - | 11,368 | 11,368 |
| Proceeds from Sale of Assets | - | - | - |
| Transfers In | - | - | - |
| Total Other Financing Sources | - | 11,368 | 11,368 |
| **Net Change in Fund Balance** | (196,367) | 603,695 | 800,062 |
| **Fund Balance**, *Beginning of year* | 1,688,896 | 1,783,994 | 95,098 |
| **Fund Balance**, *End of year* | $ 1,492,529 | $ 2,387,689 | $ 895,160 |

## Note 1: Stewardship, Compliance and Accountability

***Budgetary Accounting***

In accordance with State statutes, budgets are adopted for all funds of the Town except the Department of Justice Fund. The expenditure of federal asset forfeitures in the Department of Justice Fund are not required to be budgeted by the Town Council. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise 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 to establish the budgetary information reflected in the financial statements:

- Management submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating 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 adopted through passage of an ordinance.

- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Council.

- All appropriations lapse at year end.

# Supplementary Information

# Town of Mountain View, Colorado

Budgetary Comparison Schedule
Conservation Trust Fund
For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance *Positive (Negative)* |
|---|---|---|---|
| **Revenues** | | | |
| Intergovernmental | $ 5,000 | $ 5,417 | $ 417 |
| Investment Income | 5 | 313 | 308 |
| Total Revenues | 5,005 | 5,730 | 725 |
| **Expenditures** | | | |
| Parks and Open Space | - | - | - |
| **Net Change in Fund Balance** | 5,005 | 5,730 | 725 |
| **Fund Balance**, *Beginning of year* | 15,374 | 15,635 | 261 |
| **Fund Balance**, *End of year* | $ 20,379 | $ 21,365 | $ 986 |

# Town of Mountain View, Colorado
Budgetary Comparison Schedule
Wastewater and Storm Water Fund
For the Year Ended December 31, 2018

| | Original and Final Budget | Actual | Variance *Positive (Negative)* |
|---|---|---|---|
| **Revenues** | | | |
| Charges for Services | $ 103,950 | $ 105,994 | $ 2,044 |
| Investment Income | 108 | 1,233 | 1,125 |
| Total Revenues | 104,058 | 107,227 | 3,169 |
| **Expenditures** | | | |
| System Operations and Maintenance | 90,000 | 63,142 | 26,858 |
| Administration | 26,500 | 26,081 | 419 |
| Transfers Out | - | - | - |
| Total Expenditures | 116,500 | 89,223 | 27,277 |
| **Change in Net Position** | (12,442) | 18,004 | 30,446 |
| **Net Position**, *Beginning of year* | 108,467 | 128,468 | 20,001 |
| **Net Position**, *End of year* | $ 96,025 | $ 146,472 | $ 50,447 |

# Compliance Section

# State Compliance

| | |
|---|---|
| **LOCAL HIGHWAY FINANCE REPORT** | City or County: Town of Mountain View |
| | YEAR ENDING : December 31, 2018 |

| | | |
|---|---|---|
| This Information From The Records Of (example - City of _ or County of | Prepared By: | Lorraine Trotter, Professional Mgmt Solutior |
| Town of Mountain View, Colorado | 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) | 2,577 |
| 4. Miscellaneous local receipts (from page 2) | 16,907 |
| 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) | 19,484 |
| **B. Private Contributions** | |
| **C. Receipts from State government** (from page 2) | 13,652 |
| **D. Receipts from Federal Government** (from page 2) | 0 |
| **E. Total receipts (A.7 + B + C + D)** | 33,136 |

## III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT |
|---|---|
| **A. Local highway disbursements:** | |
| 1. Capital outlay (from page 2) | 0 |
| 2. Maintenance: | 4,961 |
| 3. Road and street services: | |
| a. Traffic control operations | |
| b. Snow and ice removal | 2,108 |
| c. Other Street Lights | 22,257 |
| d. Total (a. through c.) | 24,365 |
| 4. General administration & miscellaneous | 3,810 |
| 5. Highway law enforcement and safety | |
| 6. Total (1 through 5) | 33,136 |
| **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)** | 33,136 |

## 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 | 33,136 | 33,136 | | 0 |

**Notes and Comments:**

**FORM FHWA-536 (Rev. 1-05)** PREVIOUS EDITIONS OBSOLETE (Next Page)

| LOCAL HIGHWAY FINANCE REPORT | STATE:<br>Colorado<br>YEAR ENDING (mm/yy):<br>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 | |
| 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 | 2,577 | g. Other Mis County Road & Bridge Tax | 5,058 |
| 6. Total (1. through 5.) | 2,577 | h. Other General Sales Taxes | 11,849 |
| c. Total (a. + b.) | 2,577 | i. Total (a. through h.) | 16,907 |
| | (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 | 11,842 | 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 | 1,810 | d. Federal Transit Admin | |
| d. Other (Specify) | | e. U.S. Corps of Engineers | |
| e. Other (Specify) | | f. Other Federal | |
| f. Total (a. through e.) | 1,810 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 13,652 | 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:**

**FORM FHWA-536 (Rev.1-05)** PREVIOUS EDITIONS OBSOLETE