

TOWN OF STRATTON, COLORADO

Financial Statements

For the Year Ended December 31, 2018



TOWN OF STRATTON, COLORADO
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December 31, 2018

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Additional Information

Highway Users Tax Report

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Town of Stratton, Colorado
Stratton, Colorado 80836

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 Stratton, Colorado, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

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 Stratton, Colorado, as of December 31, 2018, and the

respective changes in financial position and, where applicable, cash flows thereof for the year then ended in 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, budgetary comparison information, and the pension information on pages a-h and 30-32 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. For the management discussion and analysis we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stratton, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements, and the Highway Users Tax Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Highway Users Tax Report has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

WINFREY, COUNTY & HAYS, PC
Certified Public Accountants

Winfrey, County & Hays, PC

June 25, 2019

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2018

Purpose

The Town of Stratton's Management's Discussion and Analysis (MD&A) is designed to:

1. Assist the reader in focusing on significant financial issues.
2. Provide an overview of the Town's financial activity.
3. Identify changes in the Town's financial position.
4. Identify any material deviation from the budget.
5. Identify individual fund issues or concerns.

The MD&A is designed to focus on the year's activities, resulting changes, and currently known facts. Please read it in conjunction with the Town's Financial Statements beginning on page 2 of that document.

Introduction

The Town of Stratton is a Statutory Rule Municipality that was incorporated in 1915. The type of government is Town Board-Mayor with the seven elected officials being responsible for all policy decisions that affect the Town's financial condition. The appointed Town Clerk/Treasurer is responsible for preparing the annual budget, which is adopted by the Board by December 15th. The Clerk/Treasurer is responsible for financial reporting to the Town Board and to the public-at-large. The Town maintains six separate funds, which are as follows:

1. General Fund
2. Community Building Fund
3. Conservation Trust Fund
4. Lodger's Tax Fund
5. Sanitation Fund
6. Water Fund

Financial Information

The Town's government-wide statements have been prepared using the economic resources measurement of focus and the accrual basis of accounting. The Town's fund financial statements for governmental funds have been prepared using the modified accrual basis of accounting. The financial system of the Town incorporates financial and administrative controls that ensure the safeguarding of assets and the reliability of financial reports. To ensure budgeting controls, the Town Board approves all major budgetary changes by passage of a resolution amending the budget.

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2018
(continued)

Financial Highlights

The Town of Stratton remains in stable condition, as the unrestricted fund balance in the General Fund at year-end is \$351,214. This balance is considered to be a safe level of reserves, as it would allow the Town to cover its governmental operating costs for 70% of the year, net of budgeted capital outlays, with no consideration of revenues to be collected during the same period.

The net position of the Town exceeds its liabilities at the close of the fiscal year by \$4,994,223. Of this amount, \$979,955 (unrestricted net position) may be used to meet the Town's ongoing obligations to residents and creditors.

At December 31, 2018, the Town's governmental funds reported combined ending fund balances of \$396,751 reflecting a decrease of \$94,722.

The general fund received grants of \$17,262 from the Cooper Clark Foundation. The general fund also received a grant of \$3,500 from the State of Colorado for the library.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Stratton'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.

Government-wide financial statements

The government-wide financial statements use an accounting method similar to those used by private sectors companies. The focus of the Statement of Net Position (the unrestricted net position) is designed similar to a bottom line for the Town and its government and business-like activities. The statement reports all the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator 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 current 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 flow. Thus, revenue and expenses are reported in this statement for times that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2018
(continued)

The government-wide statements are divided into two categories:

- Governmental Activities reflects the Town's basic services including administrative, public safety, public works, judicial, building division, cemetery, parks, and recreation. Property tax, sales tax and intergovernmental taxes finance the majority of these activities. The police department receives seventy-five percent of sales tax revenue while public works receives the remaining twenty-five per cent.
- Business-type activities are funds that reflect private sector type operations, which includes the Town's Water, Sanitation, and Community Building funds. Fees for services should cover the majority of the cost of these operations including depreciation.

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 Stratton 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 cash flows. The unrestricted balances left at year-end are available for spending in future years. The funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view as to cash, operations, and basic services provided.

The Town of Stratton maintains three governmental funds. Only the General Fund is considered to be a major fund. Data from the governmental funds are combined into a single aggregated presentation. Annual budget appropriations are adopted for each of these funds. Budgetary comparison statements are provided to demonstrate compliance with budgets.

Proprietary Funds

The Town's water, sanitation and community building services are reported in proprietary funds. They focus on overall economic position rather than year-end fund balances. Enterprise funds are the type of proprietary funds used to account for each of the Town's utilities. Enterprise funds are used to report the same functions presented in business-type activities in the governmental-wide financial statements, only in more detail.

Notes to Financial Statement

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the Financial Statements can be found immediately after the basic financial statements.

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2018
(continued)

Government-Wide Financial Analysis

This financial report for the year ended December 31, 2018 reflects the reporting requirements of GASB 34. GASB 34 requires governments to report the information found in the Basic Financial Statements and to include a presentation of comparative data from the prior period as it becomes available with the passage of time.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Town of Stratton's assets exceeded liabilities by \$4,994,223 at the close of the current fiscal year.

Of the Town's total assets of \$6,599,995, \$5,376,321 or 81% reflects capital assets (e.g. land, infrastructure, buildings, utility delivery systems, and equipment). The amount of debt against those assets is \$1,473,873, for a net investment in capital assets of \$3,902,447. The Town uses these assets to provide services to citizens, consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following reflects the Town's net position

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/17</u>
Current assets	516,686	595,405	685,459	648,608	1,202,145	1,244,013
Notes receivable	8,583	0	0	0	8,583	0
Net pension asset	12,946	0	0	0	12,946	0
Capital assets	<u>1,415,400</u>	<u>1,459,455</u>	<u>3,960,921</u>	<u>4,021,992</u>	<u>5,376,321</u>	<u>5,481,447</u>
Total Assets	1,953,615	2,054,860	4,646,380	4,670,599	6,599,995	6,725,460
Deferred Outflows of Resources	16,040	18,730	0	0	16,040	18,730
Current liabilities	43,318	18,732	99,500	98,037	142,817	116,769
Net pension liability	0	3,396	0	0	0	3,396
Long-term liabilities	<u>0</u>	<u>0</u>	<u>1,388,178</u>	<u>1,473,872</u>	<u>1,388,178</u>	<u>1,473,872</u>
Total Liabilities	43,318	22,128	1,487,678	1,571,910	1,530,996	1,594,037
Deferred Inflows of Resources	90,816	86,593	0	0	90,816	86,593
Net Position						
Invested in capital assets	1,415,400	1,459,455	2,487,047	2,463,862	3,902,447	3,923,317
Restricted	43,821	36,383	68,000	68,000	111,821	104,383
Unrestricted	<u>376,300</u>	<u>469,032</u>	<u>603,655</u>	<u>566,827</u>	<u>979,955</u>	<u>1,035,859</u>
	<u>1,835,521</u>	<u>1,964,870</u>	<u>3,158,702</u>	<u>3,098,689</u>	<u>4,994,223</u>	<u>5,063,559</u>

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2018
(continued)

Statement of Activities

For 2018, total net position for Governmental Activities decreased by \$129,349. Net position for Business-type Activities (Enterprise Fund) increased by \$53,698.

The following condensed table of changes in net position illustrates changes in net position for Governmental Activities and Business-type Activities.

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/17</u>
Revenues						
Program Revenues						
Charges for service	28,434	25,548	452,634	429,229	481,068	454,777
Operating grants and contributions	62,145	54,345	0	0	62,145	54,345
Capital grants	17,594	90,100	0	400	17,594	90,500
General Revenues						
Property taxes	82,624	85,465	0	0	82,624	85,465
Sales taxes	92,720	90,402	0	0	92,720	90,402
Other taxes	68,483	66,861	0	0	68,483	66,861
Investment interest	340	438	1,340	810	1,679	1,247
Other	34,419	30,982	0	0	34,419	30,982
Transfers	0	(12,000)	0	12,000	0	0
Sale of assets	<u>(360)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(360)</u>	<u>0</u>
Total Revenues	386,398	432,140	453,974	442,439	840,372	874,579
Expenses						
General government	123,426	96,443			123,426	96,443
Judicial	800	1,011			800	1,011
Public safety	82,118	96,966			82,118	96,966
Public works	153,390	163,007			153,390	163,007
Economic development	13,642	22,502			13,642	22,502
Health and welfare	1,275	1,745			1,275	1,745
Culture and recreation	141,096	121,148			141,096	121,148
Debt service	0	0			0	0
Water			219,443	232,224	219,443	232,224
Sanitation			151,003	140,376	151,003	140,376
Community building	<u>0</u>	<u>0</u>	<u>29,829</u>	<u>15,176</u>	<u>29,829</u>	<u>15,176</u>
Total Expenses	<u>515,747</u>	<u>502,822</u>	<u>400,276</u>	<u>387,776</u>	<u>916,023</u>	<u>890,597</u>
Increase (decrease) in net assets	(129,349)	(70,682)	53,698	54,663	(75,651)	(16,018)
Net Position - Beginning	1,964,870	2,035,551	3,105,003	3,044,025	5,069,873	5,079,577
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,314</u>	<u>0</u>	<u>6,314</u>
Net Position - Ending	<u>1,835,521</u>	<u>1,964,870</u>	<u>3,158,702</u>	<u>3,105,003</u>	<u>4,994,222</u>	<u>5,069,873</u>

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2018
(continued)

As previously noted, governmental activities are principally supported by taxes, intergovernmental revenues, grant funding and charges for services. These revenues support General Government activities, including Administration, Planning, Data Processing, Economic Development and Town Board, Public Safety, Public Works, including Streets, Mosquito Control, Parks and Recreation.

Net position in business-type activities continues to show improvement. The focus continues on cost containment and building reserves while maintaining and improving infrastructure.

Financial Analysis of the Government's Funds

As earlier noted, the Town of Stratton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Governmental Funds are accounted for using the modified accrual basis of accounting, and the balance of spendable resources (unreserved fund balance) is shown at year end. The unreserved fund balance serves as a useful measure of a government's net resources available for spending at year end. At year end, the Town's Governmental funds reported a combined fund balance of \$396,751. Of that balance, \$352,930 was unrestricted and is available for spending at the Town's discretion.

The General Fund is the only major governmental fund. It is the chief operating fund of the Town of Stratton. It accounts for all general services provided by the Town, excluding special revenue funds.

Proprietary Funds

The Town's Water, Sanitation and Community Building Funds are used to account for those operations that are financed and operated in a manner similar to private business, in that fees are charged to external users for goods and services.

The Water Fund and the Sanitation Fund are major proprietary funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

No budgets were amended for the Town for 2018.

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2018
(continued)

CAPITAL ASSETS

At December 31, 2018, the Town had invested in a range of capital assets including land, buildings and improvements, vehicles, equipment, park facilities, infrastructure (including streets, alleys, traffic signals and signs) of governmental activities, water and wastewater plants, utility lines and storm drainage ditches.

The Town's capital assets by activity at December 31, 2018 were as follows:

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/17</u>
Land	104,228	104,228	88,377	88,377	192,605	192,605
Infrastructure	810,469	810,469	0	0	810,469	810,469
System	0	0	4,334,764	4,311,091	4,334,764	4,311,091
Buildings	285,335	299,350	440,891	440,891	726,226	740,241
Equipment and vehicles	332,251	327,142	98,607	104,906	430,858	432,049
Improvements	951,293	951,293	28,358	28,358	979,651	979,651
Assets under construction	121,575	99,182	47,417	40,650	168,991	139,832
Less accumulated depreciation	<u>(1,189,751)</u>	<u>(1,132,209)</u>	<u>(1,077,494)</u>	<u>(992,282)</u>	<u>(2,267,245)</u>	<u>(2,124,491)</u>
Total	<u>1,415,400</u>	<u>1,459,455</u>	<u>3,960,921</u>	<u>4,021,992</u>	<u>5,376,321</u>	<u>5,481,447</u>

In 2018, the governmental funds addition to capital assets included equipment and assets under construction. The town purchased a mower for \$7,399, purchased a mosquito sprayer for \$3,710, and continued to work on the construction of the new town shop building for \$22,393.

In 2018, the business-type funds addition to capital assets included additions to its water distribution system for \$23,674 and the Water Fund also contributed to the construction of the new town shop for \$6,767. The Community Building Fund purchased a new air conditioning unit for \$4,500.

DEBT ADMINISTRATION

At December 31, 2018, the Town had total outstanding debt of \$1,473,873. Outstanding debt by activity was as follows:

	<u>Business-type Activities</u>	
	<u>12/31/18</u>	<u>12/31/17</u>
Loans payable	1,473,873	1,558,129

The loan payable is for water and sanitation system improvements and the purchase of the water well.

TOWN OF STRATTON, COLORADO
Management's Discussion and Analysis
December 31, 2018
(continued)

SUMMARY OF FINANCIAL CONDITION

In 2019 the Town of Stratton will continue to focus on gaining financial efficiencies while maintaining or attempting to maintain its plant and equipment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town is anticipating overall positive financial performance, realizing that specific funds may show negative performance. Funding depreciation costs attributable to plant and equipment continue to be a challenge.

REQUESTS FOR INFORMATION

This financial report is designed to provide our 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 need additional information, contact the Town Clerk/Treasurer, 918 Colorado Avenue, Stratton, CO 80836 or call (719) 348-5612.

BASIC FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO
Statement of Net Position
December 31, 2018

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	335,066	601,819	936,885
Certificates of deposit	10,000	100,000	110,000
Accounts receivable	11,649	40,003	51,652
Due from other governments	18,408	0	18,408
Due from other funds	56,363	(56,363)	0
Accrued property taxes	85,200	0	85,200
Notes receivable	8,583	0	8,583
Net pension asset	12,946	0	12,946
Capital assets, net of accumulated depreciation	<u>1,415,400</u>	<u>3,960,921</u>	<u>5,376,321</u>
Total Assets	1,953,615	4,646,380	6,599,995
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension expense	16,040	0	16,040
LIABILITIES			
Accounts payable	42,049	8,519	50,567
Accrued sick leave	1,269	2,538	3,807
Meter deposits	0	2,748	2,748
Noncurrent liabilities			
Due within one year	0	85,695	85,695
Due in more than one year	<u>0</u>	<u>1,388,178</u>	<u>1,388,178</u>
Total Liabilities	43,318	1,487,678	1,530,996
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	85,200	0	85,200
Deferred pension expense	<u>5,616</u>	<u>0</u>	<u>5,616</u>
Total Deferred Inflows of Resources	90,816	0	90,816
NET POSITION			
Invested in capital assets	1,415,400	2,487,047	3,902,447
Restricted for recreation	33,213	0	33,213
Restricted for TABOR	10,608	0	10,608
Restricted for loan retirement	0	68,000	68,000
Unrestricted	<u>376,300</u>	<u>603,655</u>	<u>979,955</u>
Total Net Position	<u>1,835,521</u>	<u>3,158,702</u>	<u>4,994,223</u>

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

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Service</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants</u>
Governmental Activities				
General government	123,426	6,107		
Judicial	800			
Public safety	82,118	533		
Public works	153,390		50,003	
Economic development	13,642			
Health and welfare	1,275			
Culture and recreation	<u>141,096</u>	<u>21,794</u>	<u>12,142</u>	<u>17,594</u>
Total Governmental Activities	515,747	28,434	62,145	17,594
Business-type Activities				
Community building	29,829	10,499	0	0
Sanitation	151,003	134,355	0	0
Water	<u>219,443</u>	<u>307,780</u>	<u>0</u>	<u>0</u>
Total Business-type Activities	<u>400,276</u>	<u>452,634</u>	<u>0</u>	<u>0</u>
Total	<u>916,023</u>	<u>481,068</u>	<u>62,145</u>	<u>17,594</u>

General revenues:

Taxes

Property taxes, levied for general purposes

Auto taxes

Sales taxes

Franchise taxes

Cigarette taxes

Lodging taxes

Miscellaneous

Investment earnings

Transfers

Sale of assets

Total General Revenues

Change in Net Position

Net Position - Beginning

Prior Period Adjustment - Note 2C

Net Position - Ending

Net (Expense) Revenue and Changes in Net Position		
<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total</u>
(117,319)		(117,319)
(800)		(800)
(81,585)		(81,585)
(103,387)		(103,387)
(13,642)		(13,642)
(1,275)		(1,275)
<u>(89,566)</u>		<u>(89,566)</u>
(407,575)	0	(407,575)
	(19,330)	(19,330)
	(16,648)	(16,648)
	<u>88,337</u>	<u>88,337</u>
<u>0</u>	<u>52,358</u>	<u>52,358</u>
(407,575)	52,358	(355,216)
82,624		82,624
8,748		8,748
92,720		92,720
44,817		44,817
650		650
14,269		14,269
34,419		34,419
340	1,340	1,679
0	0	0
<u>(360)</u>	<u>0</u>	<u>(360)</u>
<u>278,226</u>	<u>1,340</u>	<u>279,566</u>
(129,349)	53,698	(75,651)
1,964,870	3,098,689	5,063,559
<u>0</u>	<u>6,314</u>	<u>6,314</u>
<u>1,835,521</u>	<u>3,158,702</u>	<u>4,994,223</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO

Balance Sheet

Governmental Funds

December 31, 2018

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	298,857	36,209	335,066
Certificates of deposit	10,000	0	10,000
Accounts receivable	10,571	1,078	11,649
Due from other governments	18,408	0	18,408
Due from other funds	61,804	1,783	63,587
Accrued property taxes receivable	85,200	0	85,200
Notes receivable	<u>8,583</u>	<u>0</u>	<u>8,583</u>
Total Assets	<u>493,422</u>	<u>39,070</u>	<u>532,493</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities			
Accounts payable	38,229	3,819	42,049
Accrued sick leave	1,269	0	1,269
Due to other funds	<u>6,902</u>	<u>322</u>	<u>7,224</u>
Total Liabilities	46,400	4,142	50,542
Deferred Inflows of Resources			
Deferred property tax revenue	85,200	0	85,200
Fund Balances			
Restricted			
TABOR reserve	10,608	0	10,608
Recreation	0	33,213	33,213
Unrestricted	<u>351,214</u>	<u>1,716</u>	<u>352,930</u>
Total Fund Balances	<u>361,822</u>	<u>34,929</u>	<u>396,751</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>493,422</u>	<u>39,070</u>	<u>532,493</u>

TOWN OF STRATTON, COLORADO
 Reconciliation of the Balance Sheet
 Governmental Funds to the Statement of Net Position
 December 31, 2018

Total Governmental Fund Balances	396,751
Amounts reported for governmental activities in the statement of net assets are different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	1,415,400
Net pension asset is not a financial resource and not reported in the governmental funds	12,946
Deferred outflows of resources related to pensions is amortized over future periods and is not recorded in the funds	16,040
Deferred inflows of resources related to pensions is amortized over future periods and is not recorded in the funds	<u>(5,616)</u>
Net Position of Governmental Activities	<u>1,835,521</u>

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

	<u>General</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
REVENUES			
Taxes	224,614	14,269	238,883
Licenses and permits	893	0	893
Fines and fees	533	0	533
Charges for services	26,898	0	26,898
Intergovernmental	55,057	6,581	61,638
Grants	17,262	0	17,262
Library	6,223	0	6,223
Sale of assets	5,000	0	5,000
Other	<u>34,381</u>	<u>47</u>	<u>34,428</u>
Total Revenues	370,861	20,897	391,758
EXPENDITURES			
Current			
General government	123,426	0	123,426
Judicial	800	0	800
Public safety	89,079	0	89,079
Public works	131,027	0	131,027
Economic development	0	13,648	13,648
Health and welfare	1,275	0	1,275
Parks and recreation	61,510	0	61,510
Library	32,213	0	32,213
Capital outlay	<u>33,502</u>	<u>0</u>	<u>33,502</u>
Total Expenditures	<u>472,832</u>	<u>13,648</u>	<u>486,480</u>
Revenues over (under) Expenditures	(101,971)	7,249	(94,722)
Fund Balance - Beginning	<u>463,793</u>	<u>27,680</u>	<u>491,473</u>
Fund Balance - Ending	<u>361,822</u>	<u>34,929</u>	<u>396,751</u>

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

Net change in fund balances - total governmental funds		(94,722)
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period.</p>		
Capital outlays	33,502	
Depreciation expense	<u>(72,197)</u>	(38,695)
<p>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</p>		
Pension expenses		9,428
<p>Gain on sale of assets is not recognized in governmental funds but the sale of the asset is recorded as income.</p>		
Sale of assets	(5,000)	
Recognized gain (loss) on disposition of assets	<u>(360)</u>	<u>(5,360)</u>
Change in net position of government activities		<u>(129,349)</u>

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

ASSETS	<u>Sanitation</u>	<u>Water</u>	<u>Community Building</u>	<u>Total</u>
Current Assets				
Cash	23,341	570,596	7,882	601,819
Certificates of deposit	50,000	50,000	0	100,000
Accounts receivable	0	40,003	0	40,003
Due from other funds	<u>7,030</u>	<u>5,119</u>	<u>0</u>	<u>12,149</u>
Total Current Assets	80,371	665,718	7,882	753,971
Fixed Assets				
Land, buildings and equipment	1,183,306	3,331,430	523,679	5,038,415
Less: accumulated depreciation	<u>(351,311)</u>	<u>(519,710)</u>	<u>(206,473)</u>	<u>(1,077,494)</u>
Net Fixed Assets	<u>831,995</u>	<u>2,811,720</u>	<u>317,206</u>	<u>3,960,921</u>
TOTAL ASSETS	912,366	3,477,437	325,089	4,714,891
LIABILITIES				
Current Liabilities				
Accounts payable	2,460	5,318	741	8,519
Due to other funds	60,410	6,708	1,394	68,511
Key deposits	0	0	55	55
Accrued sick leave	1,269	1,269	0	2,538
Meter deposits	0	2,693	0	2,693
Current portion of long term debt	<u>26,125</u>	<u>59,570</u>	<u>0</u>	<u>85,695</u>
Total Current Liabilities	90,264	75,558	2,190	168,011
Long-Term Debt				
Loans payable	<u>218,430</u>	<u>1,169,748</u>	<u>0</u>	<u>1,388,178</u>
TOTAL LIABILITIES	308,694	1,245,306	2,190	1,556,189
NET POSITION				
Invested in capital assets	587,440	1,582,402	317,206	2,487,047
Restricted for loan retirement	31,000	37,000	0	68,000
Unrestricted	<u>(14,768)</u>	<u>612,730</u>	<u>5,693</u>	<u>603,655</u>
TOTAL NET POSITION	<u>603,671</u>	<u>2,232,131</u>	<u>322,899</u>	<u>3,158,702</u>

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

	<u>Sanitation</u>	<u>Water</u>	Community <u>Building</u>	<u>Total</u>
OPERATING REVENUE				
Charges for service	134,055	305,711	0	439,766
Connect fees	0	2,060	0	2,060
Rental income	0	0	10,009	10,009
Access passes	0	0	490	490
Other income	<u>300</u>	<u>9</u>	<u>0</u>	<u>309</u>
Total Operating Revenues	134,355	307,780	10,499	452,634
OPERATING EXPENSES				
Salaries	48,737	48,737	0	97,475
Payroll taxes	6,393	4,736	0	11,129
Benefits	11,884	13,540	0	25,424
Consulting fees	2,228	5,366	0	7,594
Supplies	5,576	1,473	440	7,489
Repairs	19,468	44,193	6,488	70,149
Utilities	19,131	13,729	5,791	38,650
Insurance	0	7,047	0	7,047
Miscellaneous	9,330	6,933	6,722	22,985
Depreciation	<u>22,101</u>	<u>63,523</u>	<u>10,388</u>	<u>96,012</u>
Total Operating Expenses	<u>144,847</u>	<u>209,277</u>	<u>29,829</u>	<u>383,954</u>
OPERATING INCOME (LOSS)	(10,492)	98,503	(19,330)	68,680
Non Operating Income (Expense)				
Interest income	614	726	0	1,340
Interest expense	<u>(6,156)</u>	<u>(10,166)</u>	<u>0</u>	<u>(16,322)</u>
Total Non Operating Income (Expense)	<u>(5,542)</u>	<u>(9,440)</u>	<u>0</u>	<u>(14,982)</u>
CHANGE IN NET POSITION	(16,035)	89,063	(19,330)	53,698
Net Position - Beginning	630,875	2,125,585	342,229	3,098,689
Prior Period Adjustment - Note 2C	<u>(11,170)</u>	<u>17,484</u>	<u>0</u>	<u>6,314</u>
Adjusted Net Position - Beginning	<u>619,705</u>	<u>2,143,068</u>	<u>342,229</u>	<u>3,105,003</u>
Net Position - Ending	<u>603,671</u>	<u>2,232,131</u>	<u>322,899</u>	<u>3,158,702</u>

See auditor's report and notes to the financial statements.

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

	<u>Sanitation</u>	<u>Water</u>	<u>Community Building</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	134,356	305,930	10,499	450,785
Payments to suppliers	(31,903)	(78,177)	(11,306)	(121,386)
Payments for salaries and benefits	(67,237)	(67,237)	(6,381)	(140,855)
Net Cash Provided by Operating Activities	35,216	160,516	(7,188)	188,544
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grants and donations received	0	0	0	0
Principal on capital debt	(25,547)	(58,709)	0	(84,256)
Purchase of capital assets	0	(30,440)	(4,500)	(34,941)
Interest on capital debt	(6,156)	(10,166)	0	(16,322)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(31,703)	(99,315)	(4,500)	(135,519)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	614	726	0	1,340
Net increase (decrease) in cash	4,126	61,927	(11,688)	54,365
Cash Balance - beginning of year	19,215	508,670	19,571	547,455
Cash Balance - end of year	23,341	570,596	7,882	601,820
Reconciliation of operating income (loss) to net cash provided (used) by operations				
Operating income (loss)	(10,492)	98,503	(19,330)	68,680
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation	22,101	63,523	10,388	96,012
(Increase) decrease in accounts receivable	0	(1,850)	0	(1,850)
(Increase) decrease in due to/from other funds	24,283	0	1,394	25,677
(Decrease) increase in accounts payable	(453)	563	361	471
Change in accrued sick leave	(223)	(223)	0	(446)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>35,216</u>	<u>160,516</u>	<u>(7,188)</u>	<u>188,544</u>

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Town of Stratton, Colorado conform to generally accepted accounting principles (GAAP) as applicable to governments. The Government 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 principles.

A. Reporting Entity

The Town is a political subdivision of the State of Colorado which is governed by an elected mayor and elected 6-member board of trustees. In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of (a) the primary government, (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no additional agencies or entities which should be included in the financial statements of the Town.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide financial statements include a statement of net position and the statement of activities. These statements present summaries of governmental and business-type activities for the Town, accompanied by a total column. Governmental activities, which generally 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 a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Amounts recorded as program revenues include (1) charges to customers for goods or services (2) operating grants and contributions, and (3) capital grants and contributions.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column.

The government-wide financial statements and proprietary funds are accounted for under economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual method of accounting, revenues are recognized in the period in which they are earned.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

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

The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property tax, sales and use tax, intergovernmental revenues and other taxes. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

- The General Fund is the Town's primary operating fund. It accounts for all financial resources except those required to be in another fund.

Operating revenues for proprietary funds are those revenues that are a result of providing services to individuals and businesses that are serviced by the various Town proprietary funds. The Town also recognizes as operating revenues in its Water and Sanitation funds the tap fees intended to recover the cost of connecting new customers to the system.

All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

The Town reports the following major proprietary funds:

- The Water Fund and Sanitation Fund account for activities of the Town's distribution and collection operations.

C. Assets, Liabilities and Net Assets or Equity

1. Cash and Cash Equivalents

The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

The Town pools cash from several funds for the purpose of increasing interest income. Interest is allocated to individual funds based on the average cash of the funds.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

2. Accounts Receivable and Allowance for Uncollectible Accounts

Accounts receivable balances are recorded on the statement of net position, net of allowance for uncollectible accounts, of \$0 in the Sanitation Fund, and \$40,003 in the Water Fund.

The Town uses a bad debt allowances that are not limited to a specific percent of receivables but are reviewed annually to determine their adequacy. Actual bad debts are low due to continued review.

3. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between funds for goods provided or services rendered. These receivable and payables are classified as “due to/due from other funds” on the balance sheet for governmental funds and on the statement of position for the proprietary funds when they are expected to be liquidated within one year.

Through the budgetary process, the Town budgets transfers between funds. The amounts are for funding purposes per the budget.

4. Property taxes

Taxes are levied by December 15, and tax bills are mailed January 1 of the following year creating an enforceable lien on the property. If paid by installments of one-half each, the first is due February 28, and the second by June 15. If paid in one payment, the due date is April 30. Taxes are delinquent if not paid by those dates. Notices of delinquencies are mailed in September, and tax sales are scheduled for November.

5. Notes Receivable

Notes receivable are supported by contracts, which outline the repayment of borrowed funds.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

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

Property, plant and equipment are depreciated in the proprietary funds and within the government-wide financial statements using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	20-50
Improvements	20-30
Buildings	20-50
Equipment	5-20
Vehicles	7-10
Systems	50

General infrastructure assets acquired prior to January 1, 2001 are not being reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2001.

7. Compensated Absences

Sick/personal days accrue to permanent employees at the rate of 8 days per year for employees working 40 hours per week and 6 days per year for employees working 32 hours per week. A maximum of 36 days may be accumulated by employees working 40 hours per week and a maximum of 32 days for employees working 32 hours per week. Employees are allowed to carry 30 accrued compensated absence days into the following year. If an employee has accrued more than 30 days as of December 31, the excess days will be paid out in January of the following year.

8. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bonds issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

9. Estimates

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

10. Encumbrances

Encumbrance accounting where purchase orders, contracts, and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation is not utilized by the Town.

11. Net Position/Fund Balance

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Invested in Capital Assets – this category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding debt balances that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Assets – indicates the portion of net assets which has been legally segregated for specific purposes or is not available for appropriation.

Unrestricted Net Assets – represents the amount which is not reserved for any purpose and is available for appropriation and expenditure in future periods.

When both restricted and unrestricted funds are available, restricted are deemed first spent.

In the fund financial statements, fund balances of governmental funds are classified in the following categories:

Nonspendable – amounts that cannot be spent because they are either not in spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of a permanent fund which is required to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale.

Restricted – when constraints placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

Committed – amounts that can be only used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Assigned – amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by the governing body itself, or the Town Clerk to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned - amounts that are available for any purpose. These amounts are reported only in the General Fund.

The Towns Board of Trustees is the sole authority with the ability to commit funds for specific purposes. Committed funds cannot be used for any other purposes unless the Board of Trustees uses the same action that it took to originally commit the amounts.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

All funds must have budgets to be allowed expenditures. Budgets for all funds except proprietary funds are adopted on a basis consistent with generally accepted accounting principles. The proprietary funds are prepared on the accrual basis of accounting excluding depreciation expense. All annual appropriations lapse at year end.

By August 25, the County Assessor forwards certification of assessed valuation to the Town. On or before October 1, departments must submit to the budget officer an estimate of their expenditure requirements and their estimated revenue for the ensuing budget year. The budget officer shall prepare and submit to the Board of Trustees a proposed budget by October 15. Upon receipt of the proposed budget, the Board of Trustees shall publish a notice showing the proposed budget is open for inspection by the public and the date the Board will consider adoption of such proposed budget.

By December 15, the Board of Trustees certifies to County Commissioners the mill levy against the assessed valuation. Final adoption and an ordinance or resolution making appropriations is due by December 31 and submitted to division of local government within 30 days. Expenditures may not legally exceed budgeted appropriations at the fund level.

The Conservation Trust Fund expenditures of \$6 exceeded the budgeted amount of \$0. The Community Building Fund expenditures of \$23,942 exceeded the budgeted amount of \$16,167. The Sanitation Fund expenditures of \$154,450 exceeded the budgeted amount of \$133,400. These may be violations of state budget laws.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

- B. Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the amendment's language in order to determine its compliance.

Voters of the Town passed a referendum at an election held November 4, 1997, permitting the Town to collect, retain, and expend the full proceeds of the Town's property taxes, non-federal grants, and all other rates, fees, tolls and charges for capital projects and municipal services, for the year 1997 and each subsequent year, notwithstanding any state restriction on fiscal year spending including, without limitation, the restrictions of Article X, Section 20, of the Colorado Constitution.

- C. During the year ended December 31, 2018, the Town discovered that it was improperly evaluating accounts receivable within the Water and Sanitation Funds. The correction of this error increased accounts receivable within the Water Fund by \$17,484, decreased accounts receivable within the Sanitation Fund by \$11,170, and increased the government-wide opening net position by \$6,314.

(3) DETAILED NOTES ON ALL FUNDS

- A. Cash and Cash Equivalents - all are in two financial institutions. They are displayed on the balance sheets as cash and cash equivalents and certificates of deposit.

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Division of Banking is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Deposits with a bank balance of \$226,976 as of December 31, 2018, are uninsured, exposed to custodial credit risk, and collateralized with securities held by the pledging financial institution through PDPA.

- B. Custodial Credit Risk - the risk that, in the event of bank failure, the Town's deposit may not be returned to it. The Town does not have a written deposit policy for custodial credit risk.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

- C. Accrued Property Taxes Receivable - the amount of current year property taxes which are due January 1 of the following year. There is an offsetting amount of deferred property tax revenue. This amount has not been included in the revenues of the current year.
- D. Changes in General Fixed Assets - a summary of changes in the general fixed assets follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Land	104,228	-	-	104,228
Assets under construction	99,182	22,393	-	121,575
Infrastructure	810,469	-	-	810,469
Buildings	299,350	-	(14,015)	285,335
Improvements	951,293	-	-	951,293
Equipment	272,242	11,109	(6,000)	277,351
Vehicles	54,900	-	-	54,900
Total	<u>2,591,664</u>	<u>33,502</u>	<u>(20,015)</u>	<u>2,605,151</u>
Less: Accumulated depreciation				
Land	-	-	-	-
Assets under construction	-	-	-	-
Infrastructure	225,883	16,717	-	242,600
Buildings	131,680	6,234	(12,455)	125,459
Improvements	525,761	35,375	-	561,136
Equipment	204,745	11,891	(2,200)	214,436
Vehicles	44,140	1,980	-	46,120
Total	<u>1,132,209</u>	<u>72,197</u>	<u>(14,655)</u>	<u>1,189,751</u>
Governmental Activities				
Net capital assets	<u>1,459,455</u>	<u>(38,695)</u>	<u>(5,360)</u>	<u>1,415,400</u>

Depreciation expense in the governmental funds was allocated \$156 to general government, \$2,467 to public safety, \$22,363 to public works, and \$47,211 to culture & recreation.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Land	88,377	-	-	88,377
Assets under construction	40,650	6,767	-	47,417
Site improvements	28,358	-	-	28,358
Buildings	440,891	-	-	440,891
Equipment	75,908	4,500	(2,800)	77,608
Vehicles	29,000	-	(8,000)	21,000
System	4,311,090	23,674	-	4,334,764
Total	<u>5,014,274</u>	<u>34,941</u>	<u>(10,800)</u>	<u>5,038,415</u>
Less: Accumulated depreciation				
Land	-	-	-	-
Assets under construction	-	-	-	-
Site improvements	15,545	1,419	-	16,964
Buildings	130,612	8,819	-	139,431
Equipment	67,659	1,398	(2,800)	66,257
Vehicles	29,000	-	(8,000)	21,000
System	749,466	84,376	-	833,842
Total	<u>992,282</u>	<u>96,012</u>	<u>(10,800)</u>	<u>1,077,494</u>
Business-type Activities				
Net capital assets	<u>4,021,992</u>	<u>(61,071)</u>	<u>-</u>	<u>3,960,921</u>

Depreciation in the business-type activities was as follows:

Water	\$63,523
Sanitation	22,101
Community Building	<u>10,388</u>
Total	<u>\$96,012</u>

E. Changes in Long-Term Debt

	<u>Balance January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31</u>
Loans payable	1,558,129	-0-	84,256	1,473,873

In 2006, the Water Fund, entered into a loan agreement with TBK Bank in the amount of \$135,000 to help finance acquisition of a water well. The loan calls for 15 annual payments of \$13,009 with interest at 5%. Following is a payment schedule:

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

Year Ending <u>December 31</u>	Loan <u>Principle</u>	Loan <u>Interest</u>	<u>Total</u>
2019	11,303	1,706	13,009
2020	11,867	1,142	13,009
2021	<u>11,010</u>	<u>551</u>	<u>11,561</u>
Total	34,180	3,399	37,579

In 2008 the Water Fund entered into a loan agreement with Colorado Water Resources & Power Development Authority in the amount of \$483,000 for improvements to the water system. The loan calls for semi-annual payments of \$10,673 through May 2038 with interest at 1.875%. Following is a payment schedule:

Year Ending <u>December 31</u>	Loan <u>Principle</u>	Loan <u>Interest</u>	<u>Total</u>
2019	14,904	6,442	21,346
2020	15,185	6,162	21,347
2021	15,471	5,875	21,346
2022	15,762	5,584	21,346
2023	16,059	5,287	21,346
2024-2028	84,950	21,782	106,732
2029-2033	93,259	13,474	106,733
2034-2038	<u>91,709</u>	<u>4,352</u>	<u>96,061</u>
Total	347,299	68,958	416,257

In 2008 the Water Fund entered into a loan agreement with Colorado Water Resources & Power Development Authority in the amount of \$90,000 for improvements to the water system. The loan calls for semi-annual payments of \$1,943 through May 2039 with interest at 1.750%. Following is a payment schedule:

Year Ending <u>December 31</u>	Loan <u>Principle</u>	Loan <u>Interest</u>	<u>Total</u>
2019	2,730	1,155	3,885
2020	2,778	1,107	3,885
2021	2,827	1,058	3,885
2022	2,877	1,008	3,885
2023	2,927	958	3,885
2024-2028	15,427	4,000	19,427
2029-2033	16,832	2,596	19,428
2034-2038	18,364	1,064	19,428
2039	<u>1,927</u>	<u>17</u>	<u>1,944</u>
Total	66,689	12,963	79,652

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

Under the terms of this loan, the Town must maintain an operations & maintenance reserve equal to three months of operations & maintenance expenses. The Town must also establish and collect charges for water service which, together with other moneys available, are expected to produce “gross revenues” that will be at least sufficient to pay the sum of (1) all amounts required for operations and maintenance excluding depreciation, (2) a sum equal to 110% of the debt service due on the governmental agency bond plus all other debt service, and (3) amount, if any, to be paid during such calendar year into any debt service reserve in conjunction with any obligations secured by the pledged property.

Current assets	665,718	Operating expenses	209,277
Current liabilities	<u>75,558</u>	Less: depreciation	<u>(63,523)</u>
Working capital	590,160	Net expenses	145,754
Calculation -			
25% of operating expenses minus depreciation			36,439
Current assets minus current liabilities			<u>590,160</u>
Excess			553,721
Total operating revenue	307,780	Operating expenses	209,277
Interest income	<u>726</u>	Less: depreciation	<u>(63,523)</u>
Total revenue	308,506	Net expenses	145,754
Debt payments	58,709	Coverage	236.30%
Interest paid	<u>10,166</u>		
Total debt payments	68,875	Should be at least	110.00%

In 2007 the Sanitation Fund entered into a loan agreement with Colorado Water Resources & Power Development Authority in the amount of \$442,000 for improvements to the lagoon system. The loan calls for semi-annual payments of \$13,349 through May 2027 with interest at 1.875%. Following is a payment schedule:

Year Ending <u>December 31</u>	Loan <u>Principle</u>	Loan <u>Interest</u>	<u>Total</u>
2019	22,889	3,809	26,698
2020	23,320	3,378	26,698
2021	23,759	2,939	26,698
2022	24,206	2,492	26,698
2023	24,663	2,035	26,698
2024-2027	<u>90,036</u>	<u>3,408</u>	<u>93,444</u>
Total	208,873	18,061	226,934

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

Under the terms of this loan, the Town must maintain an operations & maintenance reserve equal to three months of operations & maintenance expenses. The Town must also establish and collect charges for sanitation service which, together with other moneys available, are expected to produce "gross revenues" that will be at least sufficient to pay the sum of (1) all amounts required for operations and maintenance excluding depreciation, (2) a sum equal to 110% of the debt service due on the governmental agency bond plus all other debt service, and (3) amount, if any, to be paid during such calendar year into any debt service reserve in conjunction with any obligations secured by the pledged property.

Current assets	80,371	Operating expenses	144,847
Current liabilities	<u>90,264</u>	Less: depreciation	<u>(22,101)</u>
Working capital	(9,893)	Net expenses	122,746
Calculation -			
25% of operating expenses minus depreciation			30,687
Current assets minus current liabilities			<u>(9,893)</u>
Excess			(40,580)
Total operating revenue	134,355	Operating expenses	144,847
Interest income	<u>614</u>	Less: depreciation	<u>(22,101)</u>
Total revenue	134,969	Net expenses	122,746
Debt payments	25,547	Coverage	38.55%
Interest paid	<u>6,156</u>		
Total debt payments	31,703	Should be at least	110.00%

In 2008 the Sanitation Fund entered into a loan agreement with Department of Local Affairs in the amount of \$65,000 for improvements to the sanitation system. The loan calls for semi-annual payments of \$5,020 through 2027 with interest at 5%. Following is a payment schedule:

Year Ending <u>December 31</u>	Loan <u>Principle</u>	Loan <u>Interest</u>	<u>Total</u>
2019	3,236	1,784	5,020
2020	3,398	1,622	5,020
2021	3,568	1,452	5,020
2022	3,746	1,274	5,020
2023	3,933	1,087	5,020
2024-2027	<u>17,801</u>	<u>2,279</u>	<u>20,080</u>
Total	35,682	9,498	45,180

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

In 2013 the Water Fund entered into a loan agreement with Colorado Water Resources & Power in the amount of \$919,000 for improvements to the water system. The loan calls for semi-annual payments of \$15,317 through May 2044 with no interest at. Following is a payment schedule:

<u>Year Ending</u> <u>December 31</u>	<u>Loan</u> <u>Principle</u>	<u>Loan</u> <u>Interest</u>	<u>Total</u>
2019	30,633	-0-	30,633
2020	30,634	-0-	30,634
2021	30,633	-0-	30,633
2022	30,634	-0-	30,634
2023	30,633	-0-	30,633
2024-2028	153,167	-0-	153,167
2029-2033	153,166	-0-	153,166
2034-2038	153,167	-0-	153,167
2039-2043	153,166	-0-	153,166
2044	<u>15,317</u>	<u>-0-</u>	<u>15,317</u>
Total	781,150	-0-	781,150

Under the terms of this loan, the Town must maintain an operations & maintenance reserve equal to three months of operations & maintenance expenses. The Town must also establish and collect charges for water service which, together with other moneys available, are expected to produce “gross revenues” that will be at least sufficient to pay the sum of (1) all amounts required for operations and maintenance excluding depreciation, (2) a sum equal to 110% of the debt service due on the governmental agency bond plus all other debt service, and (3) amount, if any, to be paid during such calendar year into any debt service reserve in conjunction with any obligations secured by the pledged property.

The calculation for compliance with this covenant is on page 21.

Total long-term commitments -

<u>Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2019	85,695	14,896	100,591
2020	87,182	13,411	100,593
2021	87,268	11,875	99,143
2022	77,225	10,358	87,583
2023	78,215	9,367	87,582
2024-2028	361,381	31,469	392,850
2029-2033	263,257	16,070	279,327
2034-2038	263,240	5,416	268,656
2039-2043	155,093	17	155,110
2044	<u>15,317</u>	<u>-0-</u>	<u>15,317</u>
Total	1,473,873	112,879	1,586,752

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

(4) OTHER INFORMATION

- A. Pension Plan - the employees of the Town are covered under the Social Security system, except for police officers.

General Information about the Fire & Police Statewide Defined Benefit Plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980 and as of December 31, 2017 has 207 participating employer fire and police departments.

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

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

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

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

A member 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 5 years of entry into DROP. The member's percentage of retirement benefit 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. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds. The DROP balance invested with the asset custodian at December 31, 2017 was \$74,738,493. This amount was not included in the SWDB Plan Net Position.

Contributions. The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for this Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership.

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

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 21.5 percent of base salary in 2017. It is a local decision as to whether the member or the employer pays the additional 4 percent contribution. Per the 2014 member election, the reentry group also had their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4.75 percent and 4 percent, respectively, of base salary for a total contribution rate of 8.75 percent in 2017. Per the 2014 member election, members of the affiliate social security group had their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the Plan from the Town were \$4,336 for the year ended December 31, 2018.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

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

At December 31, 2018, the Town reported an asset of \$12,946 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating Towns, actuarially determined. At December 31, 2017, the Town's proportion was 0.0089989464 percent, which was decrease of 0.0003995769 percent from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Town recognized pension income of \$9,429. At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	9,336	143
Changes in assumptions	1,951	0
Net difference between actual and projected earnings on pension plan investments	0	4,396
Changes in proportion and differences between Town contributions and proportionate share of contributions	417	1,077
Town contributions subsequent to the measurement date	4,336	N/A
Total	16,040	5,616

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

There is \$4,336 reported as deferred outflows of resources related to pensions, resulting from Town contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2019	95
2020	95
2021	95
2022	95
2023	95
Thereafter	183

Actuarial assumptions. The total pension asset in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Total Pension Liability
Actuarial Valuation Date	January 1, 2016
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term Investment Rate of Return*	7.5%
Projected Salary Increases*	4.0% - 14.0%
Cost of Living Adjustments (COLA)	0.0%
*Includes Inflation at	2.5%

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

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

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	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%
Total	100%	

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

Sensitivity of the Town's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.50 percent, as well as what the Town's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1.00% Decrease (6.50%)*	Current Discount Rate (7.50%)*	1.00% Increase (8.50%)*
Town's net pension liability/ (asset)	14,095	(12,946)	(35,401)

* The long-term rate of return used was 7.5 percent. The municipal bond rate used was 3.31 percent. The single discount rate for the plans was 7.50 percent.

TOWN OF STRATTON, COLORADO
Notes to Financial Statements
December 31, 2018
(continued)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report available online at www.fppaco.org or by contacting the Fire and Police Pension Association, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111-2721 or telephone (303) 770-3772.

- B. The Town, pursuant to a resolution dated January 11, 1996, joined the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool. CIRSA is a collection of municipalities who participate in a self-insurance pool. The Town is at risk of loss for various property, liability and worker's compensation issues, and their participation in the public entity risk pool is an attempt to handle these potential issues.

CIRSA's rights and responsibilities include the provision of services pertaining to or associated with insurance or self-insurance, loss control, risk management and claims administration. The Town, as a member of the pool, has agreed to pay annual contributions as established by the board of directors of CIRSA, including coverage of losses and contributions to a reserve fund to pay claims for which previous contributions were insufficient. In addition, the Town will follow loss control procedures adopted by the board and provide information and records as needed for loss protection.

- C. The Town had no proceeds under the Colorado Contraband Forfeiture Act.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	269,686	269,686	224,614	(45,072)
Licenses and permits	1,900	1,900	893	(1,007)
Intergovernmental	51,965	51,965	55,057	3,092
Charges for service	21,000	21,000	26,898	5,898
Court and traffic fines	400	400	533	133
Grants	1,356	1,356	17,262	15,906
Other	<u>3,278</u>	<u>3,278</u>	<u>45,604</u>	<u>42,326</u>
TOTAL REVENUES	349,585	349,585	370,861	21,276
EXPENDITURES				
General government	108,986	108,986	123,426	(14,440)
Judicial	1,500	1,500	800	700
Public safety	86,175	86,175	89,079	(2,904)
Public works	162,394	162,394	157,130	5,264
Health and welfare	4,260	4,260	1,275	2,985
Parks and recreation	43,136	43,136	68,909	(25,773)
Library	33,748	33,748	32,213	1,535
Contingency reserve	<u>54,036</u>	<u>54,036</u>	<u>0</u>	<u>54,036</u>
TOTAL EXPENDITURES	<u>494,235</u>	<u>494,235</u>	<u>472,832</u>	<u>21,403</u>
Excess of revenue over (under) Expenditures	(144,650)	(144,650)	(101,971)	42,679
Fund Balance - Beginning	<u>652,484</u>	<u>652,484</u>	<u>463,793</u>	<u>(188,691)</u>
Fund Balance - Ending	<u>507,834</u>	<u>507,834</u>	<u>361,822</u>	<u>(146,012)</u>

TOWN OF STRATTON, COLORADO
 Schedule of Town's Proportionate Share of the Net Pension Liability / (Asset)
 Last 10 Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion (percentage) of the net pension liability/(asset)	0.0089989464%	0.0093985233%	0.0087489499%	0.0091312341%	0.0092685578%
Proportionate share of the net pension liability/(asset)	(12,946)	3,396	(154)	(10,305)	(8,288)
Covered payroll	49,961	50,534	42,534	41,096	40,290
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-25.91%	6.72%	-0.36%	-25.08%	-20.57%
Plan fiduciary net position as a percentage of the total pension liability	106.30%	98.21%	100.10%	106.80%	105.80%

Note 1: Information above is presented as of the measurement date (December 31 of the previous fiscal year-end).

Note 2: Information is not currently available for years prior to 2013; additional years will be displayed as they become available.

TOWN OF STRATTON, COLORADO
 Schedule of Town's Contributions and Related Ratios
 Last 10 Fiscal Years
 As of December 31,

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Statutorily required contribution	4,336	4,211	4,700	3,956	3,822	3,687	3,508	3,286	3,263	3,289
Actual contribution	4,336	4,211	<u>4,700</u>	<u>3,956</u>	<u>3,822</u>	<u>3,687</u>	<u>3,508</u>	<u>3,286</u>	<u>3,263</u>	<u>3,289</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Covered payroll	49,961	50,534	50,534	42,534	41,096	40,290	38,333	35,910	35,665	35,940
Contributions as a percentage of covered payroll	8.68%	8.33%	9.30%	9.30%	9.30%	9.15%	9.15%	9.15%	9.15%	9.15%

Note 1: Information above is presented as of the Town's fiscal year-end.

Notes to Required Supplementary Information for the Year Ended December 31, 2018

Changes in plan provisions: FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions at least every five years.

Benefit adjustments effective for 2015: A 0.61% benefit adjustment was granted to all retirees and beneficiaries of the plan who retired on or before October 1, 2014.

Changes in actuarial assumptions effective for 2016: The inflation assumption was reduced from 3.0% to 2.5% while the real return on investments was increased to 5.0% from 4.5% for an overall nominal investment return of 7.5% which is unchanged from the prior year. In addition, an explicit charge for administrative expenses was added in the actuarial contribution calculation, the base mortality tables were revised with the explicit assumption for increasing longevity in the future to reflect current mortality studies, and the expected incidence of total disability was increased.

Changes in actuarial assumptions effective for 2014: The married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

See auditor's report and notes to the financial statements.

OTHER INFORMATION

TOWN OF STRATTON, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Conservation Trust</u>	<u>Lodgers Tax</u>	
ASSETS			
Cash and cash equivalents	31,429	4,780	36,209
Accounts receivable	0	1,078	1,078
Due from other funds	<u>1,783</u>	<u>0</u>	<u>1,783</u>
TOTAL ASSETS	<u>33,213</u>	<u>5,858</u>	<u>39,070</u>
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	0	3,819	3,819
Due to other funds	<u>0</u>	<u>322</u>	<u>322</u>
Total Liabilities	0	4,142	4,142
Fund Equity			
Fund Balance			
Restricted for recreation	33,213	0	33,213
Unrestricted	<u>0</u>	<u>1,716</u>	<u>1,716</u>
Total Fund Equity	<u>33,213</u>	<u>1,716</u>	<u>34,929</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>33,213</u>	<u>5,858</u>	<u>39,070</u>

TOWN OF STRATTON, COLORADO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	<u>Special Revenue Funds</u>		<u>Total</u>
	Conservation <u>Trust</u>	Lodgers <u>Tax</u>	
REVENUES			
Taxes	0	14,269	14,269
Interest income	45	2	47
Intergovernmental	<u>6,581</u>	<u>0</u>	<u>6,581</u>
Total Revenues	6,626	14,271	20,897
EXPENDITURES			
Advertising	0	13,551	13,551
Other	<u>6</u>	<u>91</u>	<u>97</u>
Total Expenditures	<u>6</u>	<u>13,642</u>	<u>13,648</u>
Excess of Revenues over (under) Expenditures	6,620	629	7,249
Fund Balance - Beginning	<u>26,593</u>	<u>1,088</u>	<u>27,680</u>
Fund Balance - Ending	<u>33,213</u>	<u>1,716</u>	<u>34,929</u>



SUPPLEMENTARY INFORMATION

GENERAL FUND

The General Fund accounts for all transactions of the Town not required to be accounted for in other funds. This fund represents an accounting for the Town's ordinary operations financed primarily from taxes. It is the most significant fund in relation to the Town's overall operation.

TOWN OF STRATTON, COLORADO
General Fund
Comparative Balance Sheet
At December 31

	<u>2018</u>	<u>2017</u>	<u>Change</u>
ASSETS			
Cash			
On hand	118	118	0
In bank	297,059	410,824	(113,764)
With county treasurer	<u>1,679</u>	<u>1,087</u>	<u>592</u>
Total Cash	298,857	412,029	(113,172)
Certificate of deposit	10,000	10,000	0
Accounts receivable	10,571	9,990	581
Due from other governments	18,408	18,066	342
Due from other funds	61,804	36,127	25,677
Accrued property tax receivable	85,200	85,200	0
Notes receivable	<u>8,583</u>	<u>0</u>	<u>8,583</u>
TOTAL ASSETS	<u>493,422</u>	<u>571,412</u>	<u>(77,990)</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
Liabilities			
Accounts payable	10,793	8,914	1,879
Accrued sick leave	1,269	3,499	(2,230)
Payroll withholdings payable	27,437	4,887	22,549
Due to other funds	<u>6,902</u>	<u>5,119</u>	<u>1,783</u>
Total Liabilities	46,400	22,419	23,981
Deferred Inflows of Resources			
Deferred property tax revenue	85,200	85,200	0
Fund Balance			
Unrestricted	351,214	454,003	(102,789)
Restricted - TABOR reserve	<u>10,608</u>	<u>9,790</u>	<u>818</u>
Total Fund Balance	<u>361,822</u>	<u>463,793</u>	<u>(101,971)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>493,422</u>	<u>571,412</u>	<u>(77,990)</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2018

With Comparative Actual Amounts for the Year Ended December 31, 2017

			Variance Favorable (Unfavorable)	Actual Prior Year
TAXES	<u>Budget</u>	<u>Actual</u>		
Property	99,500	81,974	(17,526)	84,823
Tax penalties and interest	796	649	(147)	642
Specific ownership	15,610	8,748	(6,862)	9,871
Sales taxes	100,000	92,830	(7,170)	90,498
Use taxes	20,000	0	(20,000)	0
Franchise taxes	<u>33,780</u>	<u>40,413</u>	<u>6,633</u>	<u>39,146</u>
Total Taxes	269,686	224,614	(45,072)	224,980
LICENSES & PERMITS				
Liquor licenses	1,000	245	(755)	735
Other licenses	500	392	(108)	385
Building permits	<u>400</u>	<u>256</u>	<u>(144)</u>	<u>150</u>
Total Licenses & Permits	1,900	893	(1,007)	1,270
INTERGOVERNMENTAL				
Highway users tax	32,000	37,861	5,861	31,237
Cigarette tax	815	650	(165)	1,096
Motor vehicle fees	4,150	4,404	254	3,303
Road and bridge	<u>15,000</u>	<u>12,141</u>	<u>(2,859)</u>	<u>12,597</u>
Total Intergovernmental	51,965	55,057	3,092	48,232
CHARGES FOR SERVICE				
Swimming	16,000	21,794	5,794	19,494
Trash, net	<u>5,000</u>	<u>5,104</u>	<u>104</u>	<u>4,612</u>
Total Charges For Service	21,000	26,898	5,898	24,106
COURT & TRAFFIC FINES	400	533	133	70
OTHER				
Sale of assets	0	5,000	5,000	0
Interest income	540	293	(247)	416
Library	2,238	6,223	3,985	4,551
Other	<u>500</u>	<u>34,088</u>	<u>33,588</u>	<u>30,538</u>
Total Other	3,278	45,604	42,326	35,504
GRANTS	<u>1,356</u>	<u>17,262</u>	<u>15,906</u>	<u>90,000</u>
Total Revenues	349,585	370,861	21,276	424,161

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2018

With Comparative Actual Amounts for the Year Ended December 31, 2017

(continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Prior Year <u>Actual</u>
GENERAL GOVERNMENT				
Current				
Clerk salary	38,025	22,022	16,003	15,744
Clerk benefits	5,800	1,952	3,848	1,077
Audit	6,600	7,187	(587)	6,639
Attorney	8,400	9,100	(700)	8,400
Insurance	20,000	20,810	(810)	10,743
Payroll taxes	2,911	7,449	(4,538)	8,071
Dues and fees	6,500	3,227	3,273	4,692
Printing and publishing	1,500	1,796	(296)	676
Supplies and maintenance	2,150	4,650	(2,500)	5,923
Election expenses	2,500	354	2,146	0
Miscellaneous	6,100	33,517	(27,417)	21,555
Town hall	3,500	9,467	(5,967)	10,957
County treasurer fees	5,000	1,895	3,105	1,966
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>98,428</u>
Total General Government	108,986	123,426	(14,440)	194,872
JUDICIAL				
Judge Salary	1,000	800	200	850
Court Expense	<u>500</u>	<u>0</u>	<u>500</u>	<u>161</u>
Total Judicial	1,500	800	700	1,011
PUBLIC SAFETY				
Current				
Police salaries	50,000	49,961	39	54,135
Benefits	14,950	4,920	10,030	13,155
Payroll taxes	3,825	0	3,825	0
Police expense	3,900	19,903	(16,003)	7,765
Phone	1,750	1,123	627	1,021
Maintenance	1,000	8,116	(7,116)	7,628
Rabies control	500	57	443	59
Tornado siren	250	664	(414)	0
Pension expense	5,000	4,336	664	6,254
Capital outlay	<u>5,000</u>	<u>0</u>	<u>5,000</u>	<u>0</u>
Total Public Safety	86,175	89,079	(2,904)	90,016

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2018

With Comparative Actual Amounts for the Year Ended December 31, 2017

(continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
PUBLIC WORKS				
Current				
Street salaries	33,974	39,051	(5,077)	29,396
Benefits	15,120	16,818	(1,698)	9,708
Payroll taxes	2,600	0	2,600	0
Traffic	15,000	305	14,695	0
Street lighting	16,000	15,325	675	15,301
Utilities	1,200	3,741	(2,541)	3,606
Maintenance	4,000	10,893	(6,893)	13,592
Supplies	57,500	44,895	12,606	69,389
Capital outlay	<u>17,000</u>	<u>26,103</u>	<u>(9,103)</u>	<u>28,996</u>
Total Public Works	162,394	157,130	5,264	169,987
HEALTH & WELFARE				
Current				
Spraying and exterminating	2,500	24	2,476	494
Recycling	1,260	1,251	9	1,251
Tree expense	<u>500</u>	<u>0</u>	<u>500</u>	<u>0</u>
Total Health & Welfare	4,260	1,275	2,985	1,745
PARKS & RECREATION				
Current				
Swimming pool salaries	24,000	30,837	(6,837)	26,019
Payroll Taxes	1,836	0	1,836	0
Swimming pool utilities	1,500	6,850	(5,350)	6,258
Swimming pool expenses	7,300	19,936	(12,636)	8,905
Park expenses	2,500	3,435	(935)	2,883
Scout house	1,000	453	547	634
Recreation program	5,000	0	5,000	0
Capital outlay	<u>0</u>	<u>7,399</u>	<u>(7,399)</u>	<u>103,389</u>
Total Parks & Recreation	43,136	68,909	(25,773)	148,089

TOWN OF STRATTON, COLORADO

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2018

With Comparative Actual Amounts for the Year Ended December 31, 2017

(continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
LIBRARY				
Current				
Books	500	4,020	(3,520)	6,737
Miscellaneous	0	60	(60)	354
Office	500	0	500	0
Salaries	24,336	22,774	1,562	18,038
Payroll taxes	1,862	0	1,862	649
Travel and conference	500	32	468	254
Supplies	250	1,104	(854)	162
Contract services	850	0	850	0
Repairs and maintenance	500	174	326	7
Utilities	3,250	2,578	672	2,490
Phone and internet	<u>1,200</u>	<u>1,470</u>	<u>(270)</u>	<u>1,154</u>
Total Library	33,748	32,213	1,535	29,844
Contingency Reserve	<u>54,036</u>	<u>0</u>	<u>54,036</u>	<u>0</u>
Total Expenditures	<u>494,235</u>	<u>472,832</u>	<u>21,403</u>	<u>635,563</u>
Excess of Revenue over (under) Expenditures	(144,650)	(101,971)	42,679	(211,402)
Other Financing Sources (Uses)				
Operating transfers in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(12,000)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(144,650)	(101,971)	42,679	(223,402)
Fund Balance - Beginning	<u>652,484</u>	<u>463,793</u>	<u>(188,691)</u>	<u>687,195</u>
Fund Balance - Ending	<u>507,834</u>	<u>361,822</u>	<u>(146,012)</u>	<u>463,793</u>

See auditor's report and notes to the financial statements.

SPECIAL REVENUE FUNDS

Conservation Trust Fund - to account for lottery funds from the state that are to be expended for recreational purposes.

Lodgers Tax Fund - to account for expenditures for advertising of the Town. Revenues are from a special tax on hotel rooms and camping sites.

TOWN OF STRATTON, COLORADO
 Conservation Trust Special Revenue Fund
 Comparative Balance Sheet
 At December 31,

ASSETS	<u>2018</u>	<u>2017</u>	<u>Change</u>
Cash	31,429	26,593	4,836
Due from other funds	<u>1,783</u>	<u>0</u>	<u>1,783</u>
Total Assets	<u>33,213</u>	<u>26,593</u>	<u>6,620</u>
FUND BALANCE			
Restricted	<u>33,213</u>	<u>26,593</u>	<u>6,620</u>

Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended December 31, 2018
 With Comparative Actual Amounts for the Year Ended December 31, 2017

REVENUES	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
Lottery receipts	4,800	6,581	1,781	6,511
Interest income	<u>30</u>	<u>45</u>	<u>15</u>	<u>19</u>
Total Revenues	4,830	6,626	1,796	6,530
EXPENDITURES				
Current				
Bank charges	0	6	(6)	0
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>15,000</u>
Total Expenditures	<u>0</u>	<u>6</u>	<u>(6)</u>	<u>15,000</u>
Excess of Revenues over (under) Expenditures	4,830	6,620	1,790	(8,470)
Fund Balance - Beginning	<u>35,063</u>	<u>26,593</u>	<u>(8,470)</u>	<u>35,063</u>
Fund Balance - Ending	<u>39,893</u>	<u>33,213</u>	<u>(6,680)</u>	<u>26,593</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Lodgers Tax Special Revenue Fund
Comparative Balance Sheet
At December 31,

ASSETS	<u>2018</u>	<u>2017</u>	<u>Change</u>
Current Assets			
Cash	4,780	1,537	3,242
Accounts receivable	<u>1,078</u>	<u>1,304</u>	<u>(226)</u>
TOTAL ASSETS	<u>5,858</u>	<u>2,841</u>	<u>3,016</u>
LIABILITIES AND FUND BALANCE			
Current Liabilities			
Accounts payable	3,819	1,431	2,388
Due to other funds	<u>322</u>	<u>322</u>	<u>0</u>
TOTAL LIABILITIES	4,142	1,753	2,388
FUND BALANCE			
Unrestricted	<u>1,716</u>	<u>1,088</u>	<u>628</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>5,858</u>	<u>2,841</u>	<u>3,016</u>

TOWN OF STRATTON, COLORADO
 Lodgers Tax Special Revenue Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended December 31, 2018
 With Comparative Actual Amounts for the Year Ended December 31, 2017

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	Actual Prior Year
REVENUES				
Lodgers taxes	13,000	14,269	1,269	13,446
Interest income	<u>10</u>	<u>2</u>	<u>(8)</u>	<u>3</u>
Total Revenues	13,010	14,271	1,261	13,449
EXPENDITURES				
Current				
State signs	0	0	0	2,880
Billboards	15,500	13,551	1,949	19,531
Other	120	91	29	91
Contingency reserve	<u>2,800</u>	<u>0</u>	<u>2,800</u>	<u>0</u>
Total Expenditures	<u>18,420</u>	<u>13,642</u>	<u>4,778</u>	<u>22,502</u>
Excess of Revenues over (under) Expenditures	(5,410)	629	6,039	(9,053)
Fund Balance - Beginning	<u>7,582</u>	<u>1,088</u>	<u>(6,494)</u>	<u>10,141</u>
Fund Balance - Ending	<u>2,172</u>	<u>1,716</u>	<u>(456)</u>	<u>1,088</u>



PROPRIETARY FUNDS

Community Building Fund - to account for the expenses of operating and maintaining the community building. Primary financing is from the rental of the building.

Sanitation Fund - to account for the provisions of sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operations, maintenance, billing, and collections.

Water Fund - to account for the provisions of water services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including but not limited to administration, operations, maintenance, billing, and collections.

TOWN OF STRATTON, COLORADO
 Community Building Proprietary Fund
 Comparative Statement of Net Position
 At December 31,

ASSETS	<u>2018</u>	<u>2017</u>	<u>Change</u>
Current Assets			
Cash	7,882	19,571	(11,688)
Fixed Assets			
Site improvement	28,358	28,358	0
Buildings	440,892	440,892	0
Equipment	54,429	52,728	1,700
Less: accumulated depreciation	(206,473)	(198,885)	(7,588)
Net Fixed Assets	<u>317,206</u>	<u>323,094</u>	<u>(5,888)</u>
 TOTAL ASSETS	 325,089	 342,664	 (17,576)
 LIABILITIES			
Current Liabilities			
Accounts payable	741	380	361
Due to other funds	1,394	0	1,394
Key deposits	<u>55</u>	<u>55</u>	<u>0</u>
Total Current Liabilities	2,190	435	1,755
 NET POSITION			
Investment in capital assets	317,206	323,094	(5,888)
Unrestricted	<u>5,693</u>	<u>19,136</u>	<u>(13,443)</u>
TOTAL NET POSITION	<u>322,899</u>	<u>342,229</u>	<u>(19,330)</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Community Building Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP) and Actual
For the Year Ended December 31, 2018
With Comparative Actual Amounts for the Year Ended December 31, 2017

	(Non GAAP)		Variance Favorable (Unfavorable)	Actual Prior Year
REVENUES	<u>Budget</u>	<u>Actual</u>		
Rental income	13,100	10,009	(3,091)	9,451
Access passes	<u>700</u>	<u>490</u>	<u>(210)</u>	<u>630</u>
Total Revenues	13,800	10,499	(3,301)	10,081
EXPENDITURES				
Current				
Cleaning	0	6,381	(6,381)	0
Repairs	800	6,488	(5,688)	45
Supplies	600	440	160	0
Utilities	7,300	5,791	1,509	4,757
Other	0	341	(341)	0
Capital Outlay	0	4,500	(4,500)	0
Contingency reserve	<u>7,467</u>	<u>0</u>	<u>7,467</u>	<u>0</u>
Total Expenditures	<u>16,167</u>	<u>23,942</u>	<u>(7,775)</u>	<u>4,802</u>
Income (Loss) Before Adjustments Below	(2,367)	(13,443)	(11,076)	5,279
NON-OPERATING REVENUES (EXPENSES)				
Grants and donations	<u>0</u>	<u>0</u>	<u>0</u>	<u>400</u>
Income (Loss) Before Adjustment to Proprietary Basis of Accounting	(2,367)	(13,443)	(11,076)	5,679
Adjustments to Proprietary Fund Basis of Accounting				
Capital outlay	0	4,500	4,500	0
Depreciation expense	<u>0</u>	<u>(10,388)</u>	<u>(10,388)</u>	<u>(10,374)</u>
Net Income (Loss) Proprietary Basis of Accounting	(2,367)	(19,330)	(16,963)	(4,695)
Net Position - Beginning	<u>12,673</u>	<u>342,229</u>	<u>329,556</u>	<u>346,924</u>
Net Position - Ending	<u>10,306</u>	<u>322,899</u>	<u>312,593</u>	<u>342,229</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Sanitation Proprietary Fund
Comparative Statement of Net Position
At December 31,

	<u>2018</u>	<u>2017</u> <u>Restated</u>	<u>Change</u>
ASSETS			
Current Assets			
Cash	23,341	19,215	4,126
Certificates of deposit	50,000	50,000	0
Accounts receivable	0	0	0
Due from other funds	<u>7,030</u>	<u>7,030</u>	<u>0</u>
Total Current Assets	80,371	76,245	4,126
Fixed Assets			
Land, buildings and equipment	1,183,306	1,187,306	(4,000)
Less: accumulated depreciation	<u>(351,311)</u>	<u>(333,210)</u>	<u>(18,101)</u>
Net Fixed Assets	<u>831,995</u>	<u>854,096</u>	<u>(22,101)</u>
TOTAL ASSETS	912,366	930,341	(17,975)
LIABILITIES			
Current Liabilities			
Accounts payable	2,460	2,913	(453)
Due to other funds	60,410	36,127	24,283
Accrued sick leave	1,269	1,492	(223)
Current portion of loans payable	<u>26,125</u>	<u>25,547</u>	<u>578</u>
Total Current Liabilities	90,264	66,080	24,184
Long-Term Liabilities			
Loans payable	<u>218,430</u>	<u>244,556</u>	<u>(26,125)</u>
TOTAL LIABILITIES	308,694	310,635	(1,941)
NET POSITION			
Investment in capital assets	587,440	583,993	3,446
Restricted for loan retirement	31,000	28,000	3,000
Unrestricted	<u>(14,768)</u>	<u>7,712</u>	<u>(22,481)</u>
TOTAL NET POSITION	<u>603,671</u>	<u>619,705</u>	<u>(16,034)</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Sanitation Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP) and Actual
For the Year Ended December 31, 2018
With Comparative Actual Amounts for the Year Ended December 31, 2017

	Budget		Variance	Actual
	(Non-GAAP)	Actual	Favorable (Unfavorable)	Prior Year (Restated)
OPERATING REVENUES				
Sewer collections	133,200	134,055	855	131,415
Other income	<u>0</u>	<u>300</u>	<u>300</u>	<u>0</u>
Total Operating Revenues	133,200	134,355	1,155	131,415
EXPENDITURES				
Electricity	20,000	19,131	869	19,930
Lift station maintenance	2,000	19,468	(17,468)	2,946
Salary	33,974	32,214	1,760	29,170
Benefits	15,120	9,374	5,746	12,081
Miscellaneous	7,400	9,330	(1,930)	5,366
Payroll taxes	2,600	6,393	(3,793)	4,563
Consulting	6,800	2,228	4,573	6,401
Supplies	5,000	5,576	(576)	14,383
Town clerk salary	0	16,524	(16,524)	14,115
Town clerk benefits	0	2,510	(2,510)	2,548
Debt service				
Interest expense	4,233	6,156	(1,923)	6,768
Principal paid	22,465	25,547	(3,082)	24,985
Contingency reserve	<u>13,808</u>	<u>0</u>	<u>13,808</u>	<u>0</u>
Total Expenditures	<u>133,400</u>	<u>154,450</u>	<u>(21,050)</u>	<u>143,257</u>
Income (Loss) Before Adjustments Below	(200)	(20,095)	(19,895)	(11,842)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	200	614	414	417
Operating transfer in (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,000</u>
Income (Loss) Before Adjustment to Proprietary Fund Basis of Accounting	0	(19,481)	(19,481)	574

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Sanitation Proprietary Fund
Statement of Revenues, Expenses, and Changes in Net Position
Budget (Non-GAAP) and Actual
For the Year Ended December 31, 2018
With Comparative Actual Amounts for the Year Ended December 31, 2017
(continued)

	Budget (Non-GAAP)	Actual	Variance Favorable (Unfavorable)	Actual Prior Year (Restated)
Adjustments to Proprietary Fund Basis of Accounting				
Loan principal paid	0	25,547	25,547	24,985
Depreciation	<u>0</u>	<u>(22,101)</u>	<u>(22,101)</u>	<u>(22,104)</u>
Net Income Proprietary Fund Basis of Accounting	0	(16,035)	(16,035)	3,456
Net Position - Beginning	0	619,705	619,705	627,419
Prior Period Adjustment - Note 2C	<u>0</u>	<u>0</u>	<u>0</u>	<u>(11,170)</u>
Net Position - Ending	<u>0</u>	<u>603,671</u>	<u>603,671</u>	<u>619,705</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Water Proprietary Fund
Comparative Statement of Net Position
At December 31,

ASSETS	<u>2018</u>	<u>2017</u> <u>(Restated)</u>	<u>Change</u>
Current Assets			
Cash	570,596	508,670	61,926
Certificates of deposit	50,000	50,000	0
Accounts receivable	40,003	38,152	1,851
Due from other funds	<u>5,119</u>	<u>5,119</u>	<u>0</u>
Total Current Assets	665,718	601,940	63,777
Fixed Assets			
Land, buildings and equipment	3,331,430	3,304,989	26,440
Less: accumulated depreciation	<u>(519,710)</u>	<u>(460,187)</u>	<u>(59,523)</u>
Net Fixed Assets	<u>2,811,720</u>	<u>2,844,802</u>	<u>(33,083)</u>
 TOTAL ASSETS	 3,477,437	 3,446,743	 30,695
 LIABILITIES			
Current Liabilities			
Accounts payable	5,318	4,755	563
Due to other funds	6,708	6,708	0
Accrued sick leave	1,269	1,492	(223)
Meter deposits	2,693	2,693	0
Current portion of loans payable	<u>59,570</u>	<u>58,710</u>	<u>860</u>
Total Current Liabilities	75,558	74,358	1,200
Long-Term Liabilities			
Loans payable	<u>1,169,748</u>	<u>1,229,317</u>	<u>(59,569)</u>
 TOTAL LIABILITIES	 1,245,306	 1,303,674	 (58,369)
 NET POSITION			
Investment in capital assets	1,582,402	1,556,775	25,626
Restricted for loan retirement	37,000	40,000	(3,000)
Unrestricted	<u>612,730</u>	<u>546,293</u>	<u>66,437</u>
TOTAL NET POSITION	<u>2,232,131</u>	<u>2,143,068</u>	<u>89,063</u>

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
Water Proprietary Fund
Statement of Revenues, Expenses and Changes in Net Position
Budget (Non-GAAP) and Actual
For the Year Ended December 31, 2018
With Comparative Actual Amounts for the Year Ended December 31, 2017

	Budget	Actual	Variance	Actual
	(Non-GAAP)	<u>Actual</u>	Favorable (Unfavorable)	Prior Year (Restated)
OPERATING REVENUES				
Charges for service	280,000	305,711	25,711	279,501
Rental income	8,500	0	(8,500)	6,548
Miscellaneous	0	9	9	989
Connection fees	<u>1,500</u>	<u>2,060</u>	<u>560</u>	<u>695</u>
Total Operating Revenues	290,000	307,780	17,780	287,734
EXPENDITURES				
Current				
Salary	33,974	32,214	1,760	29,170
Town clerk salary	22,815	16,524	6,291	14,115
Payroll taxes	4,346	4,736	(390)	3,348
Maintenance benefits	15,120	11,350	3,770	12,840
Town clerk benefits	3,420	2,190	1,230	2,515
Consulting fees	6,000	5,366	634	7,303
Miscellaneous	5,500	6,933	(1,433)	3,654
Office supplies	1,500	533	967	686
Pumping power	15,750	12,719	3,031	12,354
Insurance	0	7,047	(7,047)	13,343
Printing	250	940	(690)	198
Utilities	0	1,010	(1,010)	1,869
Maintenance	31,000	44,193	(13,193)	56,886
Debt services				
Interest expense	0	10,166	(10,166)	11,025
Principal paid	69,215	58,709	10,506	57,849
Capital outlay	0	30,440	(30,440)	58,465
Contingency reserve	<u>81,410</u>	<u>0</u>	<u>81,410</u>	<u>0</u>
Total Expenditures	<u>290,300</u>	<u>245,069</u>	<u>45,231</u>	<u>285,620</u>
Income (Loss) Before Adjustments Below	(300)	62,711	63,011	2,114

See auditor's report and notes to the financial statements.

TOWN OF STRATTON, COLORADO
 Water Proprietary Fund
 Statement of Revenues, Expenses, and Changes in Net Position
 Budget (Non-GAAP) and Actual
 For the Year Ended December 31, 2018
 With Comparative Actual Amounts for the Year Ended December 31, 2017
 (continued)

	Budget (Non-GAAP)	Actual	Variance Favorable (Unfavorable)	Actual Prior Year (Restated)
NON-OPERATING REVENUES (EXPENSE)				
Interest income	<u>300</u>	<u>726</u>	<u>426</u>	<u>393</u>
Income (Loss) Before Adjustment to Proprietary Fund Basis of Accounting	0	63,437	63,437	2,507
Adjustments to Proprietary Fund Basis of Accounting				
Capital outlay	0	30,440	30,440	58,465
Principal paid	0	58,709	58,709	57,849
Depreciation	<u>0</u>	<u>(63,523)</u>	<u>(63,523)</u>	<u>(62,918)</u>
Net Income Proprietary Fund Basis of Accounting	0	89,063	89,063	55,903
Net Position - Beginning	0	2,143,068	2,143,068	2,069,682
Prior Period Adjustment - Note 2C	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,484</u>
Net Position - Ending	<u>0</u>	<u>2,232,131</u>	<u>2,232,131</u>	<u>2,143,068</u>

See auditor's report and notes to the financial statements.

ADDITIONAL INFORMATION

HIGHWAY USERS TAX REPORT

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Stratton
	YEAR ENDING : December 2018
This Information From The Records Of (example - City of _ or County of _) TOWN OF STRATTON, COLORADO	Prepared By: Winfrey, County & Hays Phone: 719-346-7216

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	145,186
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	158,059	b. Snow and ice removal	
3. Other local imposts (from page 2)	25,293	c. Other	15,325
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	15,325
5. Transfers from toll facilities		4. General administration & miscellaneous	7,799
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	53,448
a. Bonds - Original Issues		6. Total (1 through 5)	221,758
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	183,352	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	38,406	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	221,758	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)	221,758

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
		221,758	221,758		0

Notes and Comments:

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
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	25,293	g. Other Misc. Receipts	
6. Total (1. through 5.)	25,293	h. Other	
c. Total (a. + b.)	25,293	i. Total (a. through h.)	0
	(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	38,406	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	38,406	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: