

TOWN OF KEENESBURG, COLORADO

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2017

Town of Keenesburg, Colorado
Annual Financial Report
For the Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Keenesburg, Colorado

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Keenesburg, Colorado, as of and for the year ended December 31, 2017, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Keenesburg, Colorado, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the major funds budgetary comparisons 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 require that management's discussion and analysis 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Keenesburg, Colorado's basic financial statements. The individual nonmajor fund schedules and the Local Highway Finance Report are presented for purposes of additional analysis and are not required part of the basic financial statements.

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

Rose & Melville, CPA
Loveland, Colorado
June 4, 2018

Management's Discussion and Analysis

Town of Keenesburg, Colorado's (Town) discussion and analysis offers readers of the Town's financial statements a narrative overview and analysis of the Town's financial activities for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The Town's assets exceeded its liabilities at December 31, 2017 by \$7.8 million (*net position*). Of this amount, \$1.6 million (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens, creditors and enterprise fund customers.
- The Town's total net position increased by \$393,844 over the previous year, with 15 percent of the increase resulting from governmental activities and 85 percent resulting from business-type activities.
- At December 31, 2017 the Town's governmental fund balance sheet reported a combined ending fund balance of \$932 thousand, an increase of \$166 thousand compared to the previous fiscal year. A total of \$187,525 of the fund balance is unassigned.
- The General Fund reported a fund balance of \$555,261, an increase of \$62,464 from last fiscal year. This ending fund balance equated to 105 percent of General Fund expenditures for the year.
- The Town's total debt decreased by \$102,945 in fiscal year 2017, due to scheduled principal payments on outstanding debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The 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 are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government, public safety, public works, health and welfare, and park and recreation. The Town's business-type activities include a water and wastewater utility system.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Conservation Trust Fund, Capital Improvements fund and Impact fund, each of which are considered to be major funds for the 2017 fiscal year.

The Town adopts an annual appropriated budget for all funds, as required by State Statutes. Budgetary comparison statements have been provided for governmental funds to demonstrate compliance with the budget.

Proprietary funds. The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and wastewater utility system.

Financial statements of proprietary funds provide the same type of information as the government-wide financial statements, but in greater detail. The proprietary fund financial statements provide separate information for the Town's water and wastewater, each of which is considered to be major fund of the Town.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning budgetary comparison information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indication of a government's financial position. The Town's assets exceeded liabilities by \$7.8 million at the close of the most recent fiscal year, representing an increase in total net position for the year amounting to \$393,844.

The largest portion of the Town's net position (78 percent) reflects its investment in capital assets (for example, land, buildings, infrastructure, and machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its 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 because the capital assets themselves cannot be used to liquidate these liabilities.

Town of Keenesburg, Colorado Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 1,220,107	\$ 1,209,937	\$ 839,999	\$ 576,947	\$ 2,060,106	\$ 1,786,884
Capital assets	2,865,464	3,031,220	4,873,378	4,991,832	7,738,842	8,023,052
Total assets	<u>4,085,571</u>	<u>4,241,157</u>	<u>5,713,377</u>	<u>5,568,779</u>	<u>9,798,948</u>	<u>9,809,936</u>
Long-term liabilities outstanding	740,000	800,000	886,804	929,748	1,626,804	1,729,748
Other liabilities	73,355	253,363	48,251	194,548	121,606	447,911
Total liabilities	<u>813,355</u>	<u>1,053,363</u>	<u>935,055</u>	<u>1,124,296</u>	<u>1,748,410</u>	<u>2,177,659</u>
Deferred inflows of resources						
Deferred property taxes	216,111	185,499			216,111	185,499
Net position:						
Net investment in capital assets	2,125,464	2,231,220	3,986,575	4,062,083	6,112,039	6,293,303
Restricted	91,738	84,308			91,738	84,308
Unrestricted	838,903	686,767	791,747	382,400	1,630,650	1,069,167
Total net position	<u>\$ 3,056,105</u>	<u>\$ 3,002,295</u>	<u>\$ 4,778,322</u>	<u>\$ 4,444,483</u>	<u>\$ 7,834,427</u>	<u>\$ 7,446,778</u>

An additional portion of the Town's net position (1 percent) represents resources that are subject to restrictions on how they may be used, most of which are restrictions imposed from external sources. The remaining 21 percent of total net position (\$1.6 million) represents unrestricted net position that may be used to meet the government's ongoing obligations to citizens, creditors, and customers within the respective governmental and business-type activities.

At the end of the current fiscal year, as in the prior year, the Town is able to report positive balances in all three categories of net position as a whole and individually within the governmental and business-type activities. Unrestricted net position increased by \$562 thousand compared with the prior year, largely due to a decrease in capital outlays. Despite the struggling economy, the Town's finances are strong, sound and stable because of solid, dedicated and committed financial management.

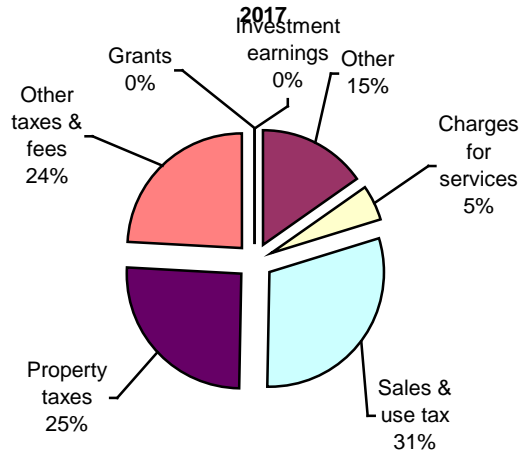
The changes in net position displayed subsequently shows the governmental and business-type activities during the previous two fiscal years. The decrease in net position for each year represents the extent to which expenses exceeded revenues during the year.

Town of Keenesburg, Colorado Changes in Net Position

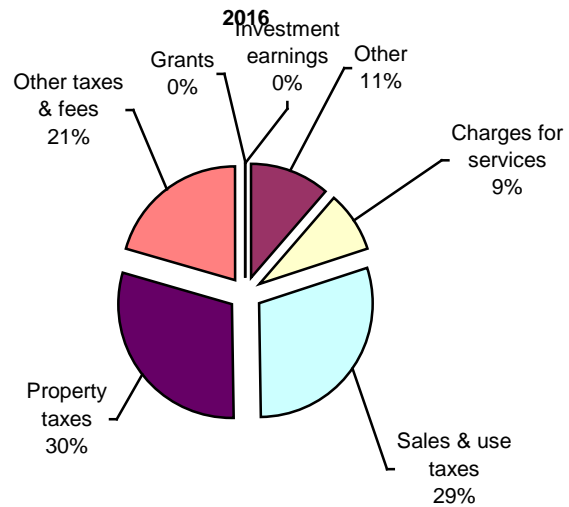
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 39,483	\$ 57,722	\$ 691,266	\$ 553,053	\$ 730,749	\$ 610,775
Grants and contributions			306,109	257,350	306,109	257,350
General revenues:						
Property taxes	197,371	194,399			197,371	194,399
Other taxes	422,403	324,573			422,403	324,573
Other	118,373	76,903	255	323	118,628	77,226
Total revenues	<u>777,630</u>	<u>653,597</u>	<u>997,630</u>	<u>810,726</u>	<u>1,775,260</u>	<u>1,464,323</u>
Expenses:						
General government	263,353	283,965			263,353	283,965
Public safety	112,199	69,004			112,199	69,004
Public works	112,576	107,941			112,576	107,941
Health and welfare	13,279	12,544			13,279	12,544
Culture and recreation	12,875	12,330			12,875	12,330
Depreciation	179,984	169,735	175,857	148,676	355,841	318,411
Interest on long-term debt	23,360	25,112	35,346	36,926	58,706	62,038
Water and sewer			452,587	513,555	452,587	513,555
Total expenses	<u>717,626</u>	<u>680,631</u>	<u>663,790</u>	<u>699,157</u>	<u>1,381,416</u>	<u>1,379,788</u>
Change in net position	60,004	(27,034)	333,840	111,569	393,844	84,535
Net position, January 1	2,996,101	3,029,329	4,444,482	4,332,914	7,440,583	7,362,243
Net position, December 31	<u>\$ 3,056,105</u>	<u>\$ 3,002,295</u>	<u>\$ 4,778,322</u>	<u>\$ 4,444,483</u>	<u>\$ 7,834,427</u>	<u>\$ 7,446,778</u>

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the town's activities for fiscal years 2017 and 2016.

GOVERNMENTAL REVENUES



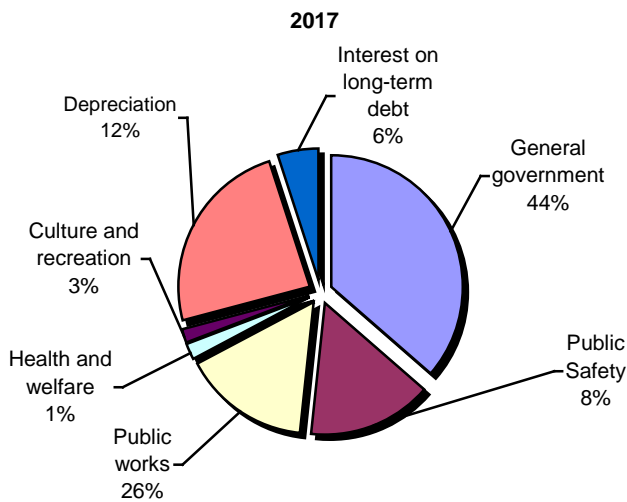
Total = \$777,630



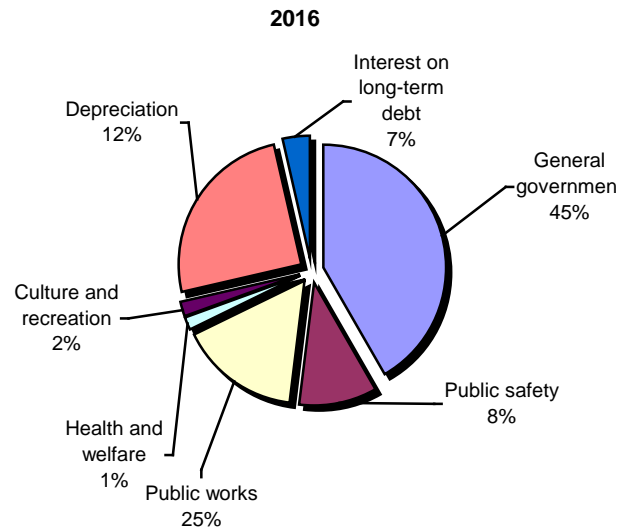
Total = \$653,597

As graphically portrayed above and discussed earlier, the town is heavily reliant on sales & use and property taxes to support governmental operations. Sales & use and property taxes provided 56 and 59 percent of the Town's governmental revenues in fiscal years 2017 and 2016.

GOVERNMENTAL FUNCTIONAL EXPENSES



Total = \$717,625



Total = \$680,631

This graph shows the total governmental activities cost of \$717,625 for this year. Of this amount, general government was the largest operating service cost, at 44 percent, or \$263,169 of total cost of services in 2017, primarily funded by the town's taxing power. Public works absorbed \$112,576 in taxes to citizens and other general revenues. Other governmental activities with significant tax-based funding include public safety.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2017, the Town's governmental funds reported combined fund balances of \$932,394, an increase of \$165,945 compared with the prior year balances. There is \$187,525 unassigned fund balance, which is available for spending at the Town's discretion. The remainder of fund balance falls into the categories of either not in spendable form, restricted, committed or assigned. These categories indicate that the funds are not available for new spending because they have already been designated for a specific purpose either by action of the Town, statutory or debt-based requirements.

The General Fund is the chief operating fund of the Town. At December 31, 2017, total fund balance in the General Fund was \$555,261. As a measure of the General Fund's liquidity, the total fund balance amount equates to approximately 105 percent of total fund expenditures. The fund balance of the General Fund increased by \$62,464 during the current fiscal year due to an increase in revenues.

The Conservation Trust special revenue fund has a total unassigned and assigned fund balance of \$41,997. This fund balance increased \$11,878 during the current fiscal year due to a decrease in expenditures.

The Capital Improvement debt service fund has a total fund balance of \$322,646 of which \$48,000 is reserved for payment of debt service. The \$79,113 increase in fund balance for the year is the result of servicing debt only in 2017.

The Impact fund has a total unassigned fund balance of \$12,490. This fund just started in 2017 and had no expenditures.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. At December 31, 2017, total net position amounted to \$4,778,322 for enterprise funds, as compared to \$4,444,482 at December 31, 2016.

Total net position of the Wastewater Fund amounted to \$712,297 at the end of the fiscal year, representing a \$66,965 increase from the prior year amount of \$645,332. This was almost entirely due to operating activities. Operating revenues increased 22 percent, or \$47,401, compared to fiscal year 2016 due to an increase in sewer rates. Operating expenditures showed a decrease of \$27,856, approximately 12 percent, due to a decrease in professional services. Unrestricted net positions increased to \$147,744.

The Waterworks Fund total net position increased by \$266,876 during the year. The largest portion of the fund's net position (84 percent) reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. Unrestricted net position of the fund increased by \$317,048 to \$644,004 from a balance of \$326,956 the previous year, largely due to a state grant.

General Fund Budgetary Highlights

A budget to actual statement is provided for the General Fund. Columns for both the original budget adopted for fiscal year 2017 as well as the final budget are presented.

Budgeted taxes revenue represents the full levy of property taxes for the year, whereas actual results reflect a small amount of delinquent accounts. There were negative revenue variances totaling \$83,410. Expenditures for general government, public safety, public works, health and welfare, and culture and recreation were under budget by a total of \$131,896 due to the change in need to transfer funds to enterprise funds.

Capital Asset and Debt Administration

Capital assets. The Town’s investment in capital assets for its governmental and business–type activities as of December 31, 2017, amounts to \$7,738,842 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, machinery and equipment, infrastructure, and vehicles. The overall net decrease in the Town’s capital assets for the current fiscal year was 4 percent (a decrease of 6 percent for governmental activities and an decrease of 3 percent for business-type activities for the year), due to depreciation of the assets. Major capital asset events in the current fiscal year included the following:

- Town Hall office remodel \$10,171
- New computers \$4,056
- Fire hydrant replacements \$4,065
- Preliminary work on school district lift station \$12,975

Town of Keenesburg, Colorado Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 148,654	\$ 148,654	\$ 169,054	\$ 169,054	\$ 317,708	\$ 317,708
Buildings and system	339,889	371,391	2,163	2,319	342,052	373,710
Machinery and equipment	120,587	175,627	23,126	33,316	143,713	208,943
Infrastructure	2,256,334	2,335,548			2,256,334	2,335,548
Wastewater system			502,290	523,806	502,290	523,806
Waterworks system			3,032,256	3,118,849	3,032,256	3,118,849
Water rights			1,144,489	1,144,489	1,144,489	1,144,489
Total	<u>\$ 2,865,464</u>	<u>\$ 3,031,220</u>	<u>\$ 4,873,378</u>	<u>\$ 4,991,833</u>	<u>\$ 7,738,842</u>	<u>\$ 8,023,053</u>

Long-term debt. At the end of the current fiscal year, the Town had total debt outstanding of \$1,626,804. Of this amount, \$740,000 comprises bonded debt backed by the full faith and credit of the government. The balance consists of a loan contract with the Colorado Water Conservation Board of \$850,756 and a loan contract with the Department of Local Affairs of \$36,048.

**Town of Keenesburg, Colorado Outstanding Debt
General Obligation, Revenue Bonds and Notes Payable**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue bonds	\$ 740,000	\$ 800,000			\$ 740,000	\$ 800,000
Notes payable			\$ 886,804	\$ 929,748	886,804	929,748
Total	<u>\$ 740,000</u>	<u>\$ 800,000</u>	<u>\$ 886,804</u>	<u>\$ 929,748</u>	<u>\$ 1,626,804</u>	<u>\$ 1,729,748</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to three percent of the total assessed valuation. The current debt limitation for the Town is \$294.697.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the Town stabilized at 2.7 percent. This is lower than the state's average unemployment rate of 3.0 percent and lower than the national average of 4.71 percent at December 31, 2017.
- Taxable property valuation increased, \$1.39 million to \$9.823 million in 2017.
- Sales tax revenues are expected to decrease from \$234,421 in 2017 to \$205,000 in 2018.

All of these factors were considered in preparing the Town's budget for the 2018 fiscal year.

At December 31, 2017, assigned fund balance in the General Fund was \$510,052. The Town has appropriated \$865,974 in the 2018 fiscal year budget in accordance with the requirements of state statute. Property tax rates remain unchanged for the 2018 fiscal year. All municipal services provided in 2017 will be continued in 2018, noting an expanded law enforcement service with a 25% increase in service hours for 2018.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town Treasurer.

BASIC FINANCIAL STATEMENTS

Town of Keenesburg, Colorado
Statement of Net Position
December 31, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 885,707	\$ 740,708	\$ 1,626,415
Receivables, net	263,403	53,181	316,584
Due from other funds	21,526	1,831	23,357
Inventories and prepaid costs	1,471	44,279	45,750
Restricted assets	48,000		48,000
Nondepreciable capital assets	148,654	1,313,543	1,462,197
Depreciable capital assets, net	<u>2,716,810</u>	<u>3,559,835</u>	<u>6,276,645</u>
 Total assets	 <u>4,085,571</u>	 <u>5,713,377</u>	 <u>9,798,948</u>
Liabilities			
Accounts payable and accrued liabilities	47,320	17,081	64,401
Due to other funds	3,200	20,157	23,357
Unearned revenue	21,335	3,013	24,348
Customer deposits	1,500	8,000	9,500
Long-term liabilities:			
Portion due within one year	65,000	44,585	109,585
Portion due after one year	<u>675,000</u>	<u>842,219</u>	<u>1,517,219</u>
 Total liabilities	 <u>813,355</u>	 <u>935,055</u>	 <u>1,748,410</u>
Deferred inflows of resources			
Deferred property taxes	<u>216,111</u>		<u>216,111</u>
Net Position			
Net investment in capital assets	2,125,464	3,986,575	6,112,039
Restricted	91,738		91,738
Unrestricted	<u>838,903</u>	<u>791,747</u>	<u>1,630,650</u>
 Total net position	 <u>3,056,105</u>	 <u>4,778,322</u>	 <u>7,834,427</u>
 Total liabilities and net position	 <u>\$ 4,085,571</u>	 <u>\$ 5,713,377</u>	 <u>\$ 9,798,948</u>

Town of Keenesburg, Colorado
Statement of Activities
Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Governmental activities:						
General government	\$ 263,353	\$ 39,483			\$ (223,870)	\$ (223,870)
Public safety	112,199				(112,199)	(112,199)
Public works	112,576				(112,576)	(112,576)
Health and welfare	13,279				(13,279)	(13,279)
Park and recreation	12,875				(12,875)	(12,875)
Depreciation	179,984				(179,984)	(179,984)
Interest on long-term debt	23,360				(23,360)	(23,360)
Total governmental activities	<u>717,626</u>	<u>39,483</u>			<u>(678,143)</u>	<u>(678,143)</u>
Business-type activities:						
Waterworks	250,366	424,331		255,749	\$ 429,714	429,714
Wastewater	413,424	266,935		50,360	(96,129)	(96,129)
Total business-type activities	<u>663,790</u>	<u>691,266</u>		<u>306,109</u>	<u>333,585</u>	
Total	<u>\$ 1,381,416</u>	<u>\$ 730,749</u>		<u>\$ 306,109</u>	<u>(678,143)</u>	<u>333,585</u>
General Revenues						
Taxes:						
General Property					183,167	183,167
Specific ownership					14,204	14,204
Franchise					54,967	54,967
Sales					234,421	234,421
Use					58,789	58,789
Severance					23,943	23,943
Highway users					47,200	47,200
Interest					365	365
Other					3,083	3,083
Earnings on investments					384	255
Other Revenues					117,624	117,624
Total general revenues					<u>738,147</u>	<u>255</u>
Change in net position					60,004	333,840
Net position - January 1					2,996,101	4,444,482
Net position - December 31					<u>\$ 3,056,105</u>	<u>\$ 4,778,322</u>
						<u>\$ 7,834,427</u>

Town of Keenesburg, Colorado

**Balance Sheet
Governmental Funds
December 31, 2017**

	<u>General</u>	<u>Conservation Trust</u>	<u>Capital Improvements</u>	<u>Impact</u>	<u>Total Governmental</u>
Assets					
Cash and cash equivalents	\$ 587,222	\$ 41,997	\$ 247,198	\$ 9,290	\$ 885,707
Due from other funds	18,326			3,200	21,526
Receivables					
Accounts	19,844		27,448		47,292
Property taxes	216,111				216,111
Prepays	1,471				1,471
Restricted asset					
Bond reserve account			48,000		48,000
Total assets	<u>\$ 842,974</u>	<u>\$ 41,997</u>	<u>\$ 322,646</u>	<u>12,490</u>	<u>\$ 1,220,107</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 46,967				\$ 46,967
Due to other funds	3,200				3,200
Unearned revenue	21,335				21,335
Total liabilities	<u>71,502</u>				<u>71,502</u>
Deferred inflows of resources					
Deferred property taxes	216,111				216,111
Fund Balances:					
Non-spendable:					
Prepaid expenditures	1,471				1,471
Restricted:					
Emergencies (TABOR)	43,738				43,738
Bond reserve			\$ 48,000		48,000
Committed:					
Debt service			86,608		86,608
Parks/recreation					
Assigned, reported in					
General fund	510,052				510,052
Conservation trust fund		\$ 30,000			30,000
Capital improvements fund			25,000		25,000
Unassigned:					
Total fund balances	<u>555,261</u>	<u>41,997</u>	<u>322,646</u>	<u>\$ 12,490</u>	<u>932,394</u>
Total liabilities and fund balances	<u>\$ 842,874</u>	<u>\$ 41,997</u>	<u>\$ 322,646</u>	<u>\$ 12,490</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 2,865,464

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (741,754)

Total net position of governmental activities \$ 3,056,105

Town of Keenesburg, Colorado

**Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended December 31, 2017**

	<u>General</u>	<u>Conservation Trust</u>	<u>Capital Improvements</u>	<u>Impact</u>	<u>Total</u>
Revenues					
Taxes	\$ 461,284		\$ 158,855		\$ 620,139
Licenses and fees	56,174				56,174
Intergovernmental	14,384	\$ 11,862		\$ 12,489	38,735
Charges for service	39,483				39,483
Earnings on investments	249	16	118	1	384
Miscellaneous revenue	19,215		3,500		22,715
Total revenues	<u>590,789</u>	<u>11,878</u>	<u>162,473</u>	<u>12,490</u>	<u>777,630</u>
Expenditures					
Current operating					
General government	263,169				263,169
Public safety	112,199				112,199
Public works	112,576				112,576
Health and welfare	13,279				13,279
Culture and recreation	12,875				12,875
Capital outlay	14,227				14,227
Debt service					
Principal			60,000		60,000
Interest			23,360		23,360
Total expenditures	<u>528,325</u>		<u>83,360</u>		<u>611,685</u>
Revenues over(under) expenditures	62,464	11,878	79,113	12,490	165,945
Fund balances - January 1	<u>492,797</u>	<u>30,119</u>	<u>243,533</u>		
Fund balances - December 31	<u>\$ 555,261</u>	<u>\$ 41,997</u>	<u>\$ 322,646</u>	<u>\$ 12,490</u>	

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.	(165,757)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position.	60,000
Change in long-term compensated absences:	<u>(184)</u>
Change in net position of governmental activities	<u>\$ 60,004</u>

Town of Keenesburg, Colorado

Statement of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 General Fund
 Year Ended December 31, 2017

	<u>Budget</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes				
General property taxes	\$ 185,499	\$ 185,499	\$ 183,167	\$ (2,332)
Specific ownership taxes	10,500	10,500	14,204	3,704
Interest on delinquent taxes	200	200	365	165
Total taxes	<u>196,199</u>	<u>196,199</u>	<u>197,736</u>	<u>1,537</u>
All other taxes	207,600	207,600	263,548	55,948
Intergovernmental	12,300	12,300	14,384	2,084
License and permits	41,600	41,600	56,174	14,574
Charges for Service	54,300	54,300	39,483	(14,817)
Miscellaneous	162,200	162,200	19,464	(142,736)
Total	<u>478,000</u>	<u>478,000</u>	<u>393,053</u>	<u>(84,947)</u>
Total revenues	<u>674,199</u>	<u>674,199</u>	<u>590,789</u>	<u>(83,410)</u>
Expenditures				
Legislative	26,020	26,020	25,419	601
Administration	231,875	231,875	250,624	(18,749)
Public safety	100,400	100,400	112,200	(11,800)
Public works	126,525	126,525	113,928	12,597
Health and welfare	12,600	12,600	13,279	(679)
Culture and recreation	12,800	12,800	12,874	(74)
Transfers	150,000	150,000		(150,000)
Total expenditures	<u>660,220</u>	<u>660,220</u>	<u>528,324</u>	<u>131,896</u>
Net change in fund balance	13,979	13,979	62,465	48,486
Fund balance - January 1	<u>437,603</u>	<u>437,603</u>	<u>492,797</u>	<u>506,776</u>
Fund balance - December 31	<u>\$ 451,582</u>	<u>\$ 451,582</u>	<u>\$ 555,262</u>	<u>\$ 555,262</u>

Town of Keenesburg, Colorado

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Conservation Trust Fund
 Year Ended December 31, 2017

	<u>Budget</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Lotto contributions/donation	\$ 12,000	\$ 12,000	\$ 11,862	\$ (138)
Earnings on investments			16	16
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>11,878</u>	<u>(122)</u>
Expenditures				
Maintenance and repairs	2,500	2,500		2,500
Capital outlay				
Total expenditures	<u>2,500</u>	<u>2,500</u>		<u>2,500</u>
Net change in fund balance	9,500	9,500	11,878	2,378
Fund balance - January 1	<u>21,714</u>	<u>21,714</u>	30,119	<u>39,619</u>
Fund balance - December 31	<u>\$ 31,214</u>	<u>\$ 31,214</u>	<u>\$ 41,997</u>	<u>\$ 41,997</u>

Town of Keenesburg, Colorado

Statement of Net Position
 Proprietary Funds
 December 31, 2017

	Enterprise Funds		
	Waterworks Operating Fund	Wastewater Operating Fund	Total
Assets			
Cash and cash equivalents	\$ 593,080	\$ 147,627	\$ 740,707
Accounts receivable, net	26,478	26,704	53,182
Due from other funds		1,831	1,831
Inventories	42,724		42,724
Prepays	1,189	366	1,555
Capital assets:			
Land	85,762	83,292	169,054
Other capital assets, net of depreciation	4,187,015	517,309	4,704,324
Total assets	<u>4,936,248</u>	<u>777,129</u>	<u>5,713,377</u>
Liabilities			
Accounts payable	6,042	7,982	14,024
Current portion of long-term debt	42,048	2,537	44,585
Due to other funds	1,881	18,276	20,157
Deposits	8,000		8,000
Compensated absences, non-current	1,661	1,395	3,056
Unearned revenue	1,883	1,131	3,014
Notes payable, non-current	808,708	33,511	842,218
Total liabilities	<u>870,223</u>	<u>64,832</u>	<u>935,055</u>
Net position			
Net investment in capital assets	3,422,021	564,554	3,986,575
Net position - restricted for capital projects			
Net position - unrestricted	644,004	147,744	791,749
Total net position	<u>4,066,027</u>	<u>712,297</u>	<u>4,778,322</u>
Total liabilities and net position	<u>\$ 4,936,248</u>	<u>\$ 777,129</u>	<u>\$ 5,713,377</u>

Town of Keenesburg, Colorado

Statement of Net Position

Proprietary Funds

December 31, 2017

Fund Balance General

Town of Keenesburg, Colorado

**Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2017**

	<u>Waterworks</u>	<u>Wastewater</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 420,429	\$ 251,395	\$ 671,824
Miscellaneous	3,902	15,540	19,442
Total operating revenues	<u>424,331</u>	<u>266,935</u>	<u>691,266</u>
Operating expenses			
Operations and maintenance	147,494	94,118	241,612
Administration and general	97,378	113,596	210,974
Total operating expenses	<u>244,872</u>	<u>207,714</u>	<u>452,586</u>
Operating income(loss) before depreciation	179,459	59,221	238,680
Depreciation	<u>135,129</u>	<u>40,728</u>	<u>175,857</u>
Operating income (loss)	<u>44,330</u>	<u>18,493</u>	<u>62,823</u>
Nonoperating revenues (expenses)			
State grants	195,839		195,839
Earnings on investments	220	35	255
Interest on debt	<u>(33,423)</u>	<u>(1,923)</u>	<u>(35,346)</u>
Total nonoperating revenues (expenses)	<u>162,636</u>	<u>(1,888)</u>	<u>160,748</u>
Income (loss) before contributions	206,966	16,605	223,571
Capital contributions	<u>59,910</u>	<u>50,360</u>	<u>110,270</u>
Change in net position	266,876	66,965	333,840
Total net position - January 1	<u>3,799,151</u>	<u>645,332</u>	<u>4,444,482</u>
Total net position - December 31	<u>\$ 4,066,027</u>	<u>\$ 712,297</u>	<u>\$ 4,778,322</u>

Town of Keenesburg, Colorado

Statement of Cash Flows

Proprietary Fund

Year Ended December 31, 2017

	<u>Waterworks</u>	<u>Wastewater</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 420,428	\$ 251,395	\$ 671,823
Cash payments to employees for services	(103,099)	(90,337)	(193,436)
Cash payments to suppliers for goods and services	(132,420)	(128,933)	(261,353)
Other operating receipts	3,903	15,540	19,443
Net cash provided (used) by operating activities	<u>188,812</u>	<u>47,665</u>	<u>236,477</u>
Cash flows from noncapital financing activities:			
Sewer connection fees received		50,360	50,360
Grants received	195,839		195,839
Net cash provided (used) by noncapital financing activities	<u>195,839</u>	<u>50,360</u>	<u>246,199</u>
Cash flows from capital and related financing activities:			
Principal payments on long-term debt	(40,528)	(2,417)	(42,945)
Interest paid on long-term debt	(33,423)	(1,923)	(35,346)
Acquisition and construction of capital assets	(4,065)	(12,975)	(17,040)
Capital contributions	59,910		59,910
Net cash used by capital and related financing activities	<u>(18,106)</u>	<u>(17,315)</u>	<u>(35,421)</u>
Cash flows from investing activities:			
Interest on investments	220	35	255
Net cash provided by investing activities	<u>220</u>	<u>35</u>	<u>255</u>
Net increase (decrease) in cash and cash equivalents	366,765	80,745	447,510
Cash and cash equivalents			
Beginning of year	<u>226,315</u>	<u>66,882</u>	<u>293,198</u>
End of year	<u>\$ 593,080</u>	<u>\$ 147,627</u>	<u>\$ 740,708</u>
Reconciliation of operating income(loss) to net cash provided (used) by operating activities			
Operating income	\$ 44,329	\$ 18,493	\$ 62,822
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	135,129	40,728	175,857
Change in assets and liabilities			
Accounts receivable	(23,069)	(21,296)	(44,365)
Prepaid expenses	2,011	1,560	3,571
Inventories	3,135		3,135
Accounts payable and accrued expenses	(147,349)	1,987	(145,362)
Due to (from) other funds	175,283	11,781	187,064
Deferred revenue	(4,657)	(5,588)	(10,245)
Deposits	4,000		4,000
Net cash provided (used) by operating activities	<u>\$ 188,812</u>	<u>\$ 47,665</u>	<u>\$ 236,477</u>

NOTES TO THE FINANCIAL STATEMENTS

Town of Keenesburg, Colorado

Notes to Basic Financial Statement December 31, 2017

NOTE 1: Summary of Significant Accounting Policies

These financial statements of the Town of Keenesburg, Colorado (Town) were prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities (GAAP). The following summary of the more significant accounting policies of the Town is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

Reporting Entity

The Town is an autonomous municipal entity established pursuant to the laws of the State of Colorado and governed by an elected Mayor and Board of Trustees. The Town provides the following services as authorized by state law: public safety, public works, sanitation, health and welfare, culture and recreation, public improvements, planning and zoning, and general administrative services. The accompanying financial statements present the Town's primary government over which the Town exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Town (as distinct from legal relationships).

Financial Statement Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the nonfiduciary activities of the primary government. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities are primarily financed through taxes and intergovernmental revenues, whereas business-type activities are primarily financed through charges for services to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities, and for each of the business-type activities. Direct expenses are those that are clearly identified with a specific program or segment. Indirect expense allocations are displayed separately from the direct expenses. Program revenues include (a) fees, fines, and charges for service, and (b) grants and contributions that are restricted for operating or capital requirements of a specific program. All taxes and other revenues not meeting the criteria for classification as program revenues are reported as general revenues.

Fund Financial Statements: The fund financial statements report information about the Town's funds. Separate statements are presented for each major governmental and enterprise fund.

The Town reports the following major governmental funds:

General Fund. This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Conservation Trust Fund. This fund is used to account for and report the financial resources acquired through the state of Colorado and the earnings of these financial resources and ensures the financial resources are used for conservation related operating and capital expenditures.

Capital Projects Fund. This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition, construction or improvement of major capital facilities and other capital assets other than those financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments. The capital projects fund is also used to accumulate funds to finance a capital improvement plan. The capital projects fund budget is adopted on a project basis which is multi-year.

Impact Fund. The purpose of this fund is to address the impacts of growth and development, providing a funding mechanism to address the pro-rata share of the impact that new development will create. The only revenue source for this fund are impact fees that include: park impact, roadway impact, drainage impact, town hall impact and police impact.

Town of Keenesburg, Colorado

Notes to Basic Financial Statement December 31, 2017

The Town reports the following major enterprise funds:

Waterworks Fund. This fund accounts for the revenues and expenses related to the provision of water service.

Wastewater Fund. This fund accounts for the revenues and expenses related to the provision of sewer service.

Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and, thus, these funds are maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements use a current financial resources measurement focus, and are maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both "measurable" and "available to finance expenditures of the current period." The Town considers amounts collected on grants within 120 days after year-end, and amounts collected within 60 days after year-end on all other governmental funds, to be available and thus recognizes them as revenues of the current year. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early the following year.

Revenues of the Town which are susceptible to accrual under the modified accrual basis include property taxes, grant revenues, interest revenue, and charges for services. In applying the "susceptible to accrual" concept to intergovernmental revenues (grants, entitlements and shared revenues), the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two type of these revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be earned by the Town; therefore, revenues are recognized based upon when the expenditures are made if they meet the criterion of availability. In the other, moneys are essentially unrestricted as to purpose of expenditure and revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenue at the time of receipt or earlier if they meet the criterion of availability.

Fund Balance Presentation

Fund balances of the Governmental Funds are classified as follows:

Nonspendable. This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

- Prepaid expenditures – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid expenditures, which are not spendable resources.

Restricted. This classification includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

- Restricted for Emergency Reserves – portion of fund balance that is restricted by State Statute (amendment to the State Constitution, Article X, Section 20).

Town of Keenesburg, Colorado

Notes to Basic Financial Statement December 31, 2017

Committed. This classification includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the Town. Such formal action may be in the form of an ordinance or resolution and may only be modified or rescinded by a subsequent formal action.

- Committed for debt service - portion of fund balance that can only be used for debt service.
- Committed for parks and recreation - portion of fund balance that can only be used for parks and recreation.

Assigned. This classification includes amounts that are intended by the Town to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the governing body or official.

- Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

Unassigned. This classification represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

The Town uses restricted amounts first when both restricted and unrestricted fund balances are available.

Budget and Budgetary Accounting

Local Government Budget law, requires that the annual fiscal year budget be legally adopted by the Board at the fund level, and that any expenditures or contract for expenditures in the fiscal year for an amount greater than the total fund budget is unlawful. Pursuant to this legal requirement, an annual appropriated budget is adopted by resolution subject to public hearing. Such resolution sets the budget appropriations in total by fund for each governmental fund and each proprietary fund of the Board. Budgetary information presented in this report is in a categorized format by revenue source, expenditure function, and expenditure reserves, which represents a detail level greater than the statutory level of control. At the close of the fiscal year, all budget appropriations lapse to the extent that they have not been expended.

The budgets for the proprietary funds are prepared on a accrual basis and are consistent with GAAP except that depreciation, amortization, noncash capital contributions, and gains/losses on the disposal of assets are not budgeted, capitalized net interest costs on funds borrowed to finance construction of capital assets are budgeted as interest income and interest expense, capital outlays are budgeted as expense, and proceeds and principal payments are respectively budgeted as revenue and expense.

The Town may be in violation of Colorado Revised Statutes for not adopting a budget for the Impact Fund when it began operations in mid-2017.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Town considers all cash accounts, which are not subject to withdrawal restrictions or penalties and all certificates of deposit to be cash equivalents.

Investments are stated at cost or amortized cost, which approximates market.

Inventories

Business-type fund inventory consist of supplies held for consumption. This inventory is carried at cost using the first-in, first-out method. The cost is recorded as an expenditure at the time individual inventory items are consumed (consumption method).

Town of Keenesburg, Colorado

Notes to Basic Financial Statement December 31, 2017

Accounts Receivable

Amounts due from private individuals, organizations, or other governments which pertain to charges for services rendered by the departments are reported as accounts receivable.

Receivables are reviewed periodically to establish or update the provisions for uncollectible amounts. These provisions are estimated based on an analysis of the age of the various accounts. The Town records the amount of earned but unbilled service revenues for Waterworks and Wastewater enterprise funds.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Constructed or purchased assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at the estimated fair market value on the date of donation. The thresholds for capitalization of assets range from \$1000 to \$1 million, depending on the asset class. Costs of maintenance and repairs that do not add to the value of assets or extend their useful lives are not capitalized.

All capital assets except land, water rights, and construction in progress are depreciated using the straight-line method over the following estimated useful lives:

Buildings	10-50
Infrastructure and improvements	10-50
Mobile equipment, furniture, machinery and equipment	5-20

Compensated Absences

It is the policy of the Town to permit employees to accumulate a limited amount of earned but unused leave benefits which will be paid to employees upon separation from service. Unpaid compensated absences are recorded as a liability when the benefits are earned in the proprietary fund financial statements. For governmental funds, there is no legal requirement to accumulate expendable available financial resources to liquidate the obligation; thus expenditures are recognized in the governmental funds when payments are made to employees. The valuation of accrued leave benefits is calculated in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The liability is typically liquidated with resources of the same fund that has paid the applicable employee's regular salaries and fringe benefits.

Net Position

The government-wide statement of net position reports a total of \$91,738 of restricted net position for governmental activities, all of which is restricted by enabling legislation.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the financial statement date and the reported amounts of revenues and expenses or expenditures during the reporting period. Actual results could differ from those estimates.

Town of Keenesburg, Colorado

**Notes to Basic Financial Statement
December 31, 2017**

NOTE 2: Deposits

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 is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools and are the co-agents for release of the collateralized assets.

The Town is governed by the deposit and investment limitations of state law. The deposits and investments held at December 31, 2017, and reported at fair value, are shown below:

<u>Type</u>	<u>Rating</u>	<u>Carrying Value</u>
Deposits:		
Checking/Demand Deposits	N/A	\$ 99,213
Investments:		
Savings	N/A	<u>1,575,202</u>
Total deposits and investments		<u>\$ 1,674,415</u>
 Reconciliation to Statement of Net Position		
Current unrestricted		\$ 1,582,677
Current restricted		<u>91,738</u>
		<u><u>\$ 1,674,415</u></u>

Custodial Credit Risk

Deposits in financial institutions, reported as cash, cash equivalents, and investments, had a bank balance of \$1,674,415 at December 31, 2017, which was fully insured by depository insurance or secured with collateral held by Town's agent in its name. All investments, evidenced by individual securities, are registered in the name of the Town.

Investment Interest Rate Risk

The Town has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The Town has no investment policy that limits its investment choices other than the limitation of state law.

Concentration of Investment Credit Risk

The Town places no limit on the amount it may invest in any one issuer. At December 31, 2017, the Town had no concentration of credit risk.

Town of Keenesburg, Colorado

**Notes to Basic Financial Statement
December 31, 2017**

NOTE 3: Property Taxes

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are certified by Weld County in October of the preceding year, levied on January 1 and paid in either one installment in April 30, or two installments on February 28 and June 15. Weld County bills and collects the Town's property tax. Property taxes are recognized as receivables and deferred revenues when levied and as revenue when due for collection in the following year. Management believes that all property tax receivable as of December 31, 2017 are fully collectible. Accordingly, no reserve for bad debts exists at December 31, 2017.

NOTE 4: Interfund Receivable/Payable

Interfund receivable and payable balances at December 31, 2017 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 18,326	\$ 3,200
Waterworks Operating		1,881
Wastewater Operating	1,831	18,276
Other Funds	3,200	
Total	<u>\$ 23,357</u>	<u>\$ 23,357</u>

NOTE 5: Prior Period Adjustment

In the prior year the Town completed the installation of the new water tank with the new SCADA software, but did not receive all of the invoices prior to the completion of the financial statements. These invoices amounted to an increase in the waterworks system of \$40,363. There were also late invoices for planning and zoning causing a decrease in the beginning balance for net position that amounted to \$6,194.

Town of Keenesburg, Colorado

**Notes to Basic Financial Statement
December 31, 2017**

NOTE 6: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2017 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers/ Decreases</u>	<u>Ending Balance</u>
Nondepreciable capital assets:				
Land	\$ 148,654			\$ 148,654
Other capital assets:				
Buildings	885,084	\$ 10,171		895,255
Equipment	714,799	4,056		718,835
Streets	2,672,002			2,672,002
Total other capital assets as historical cost	<u>4,271,865</u>	<u>14,227</u>		<u>4,286,092</u>
Less accumulated depreciation for:				
Buildings	513,693	41,673		555,366
Equipment	539,152	59,096		598,248
Streets	336,454	79,214		415,668
Total accumulated depreciation	<u>1,389,299</u>	<u>179,983</u>		<u>1,569,282</u>
Other capital assets, net	<u>2,882,566</u>	<u>(165,756)</u>		<u>2,716,810</u>
Governmental activities capital assets, net	<u>\$3,031,220</u>	<u>\$(165,756)</u>		<u>\$2,865,464</u>
Depreciation expense was charged to functions as follows:				
Governmental activities:				
Legislative		\$ 8,899		
General government		82,235		
Public safety		39,281		
Public works		39,413		
Health and welfare		4,649		
Culture and recreation		<u>4,507</u>		
Total governmental activities depreciation expense		<u>\$ 179,984</u>		

Town of Keenesburg, Colorado

**Notes to Basic Financial Statement
December 31, 2017**

Business-type activities

	Beginning Balance	Increases	Transfers/ Decreases	Ending Balance
Nondepreciable Capital assets:				
Land	\$ 169,054			\$ 169,054
Water rights	1,144,489			1,144,489
Total capital assets not being depreciated	<u>1,313,543</u>			<u>1,313,543</u>
Other capital assets:				
Buildings	41,662			41,662
Equipment	151,573		\$ 5,209	146,364
Improvements - lagoons	429,150			429,150
Lagoon discharge rights	11,904			11,904
Waste water system	392,691	\$ 12,975		405,666
Water works system	4,648,969	4,065	3,476	4,649,558
Total other capital assets at historical cost	<u>5,675,949</u>	<u>17,040</u>	<u>8,685</u>	<u>5,684,304</u>
Less accumulated depreciation for:				
Buildings	39,343	157		39,500
Equipment	118,257	10,189	5,209	123,237
Improvements - lagoons	173,285	18,821		192,106
Lagoon discharge rights	11,903			11,903
Waste water system	124,751	15,669		140,419
Water works system	1,489,758	131,021	3,476	1,617,303
Total accumulated depreciation	<u>1,957,297</u>	<u>175,857</u>	<u>8,685</u>	<u>2,124,468</u>
Other capital assets, net	<u>3,718,652</u>	<u>(158,817)</u>		<u>3,559,835</u>
Business-type activities capital assets, net	<u>\$5,032,195</u>	<u>\$(158,817)</u>		<u>\$4,873,378</u>

Depreciation expense was charged to functions as follows:

Business-type activities:

Water works	\$ 135,129
Waste water	<u>40,728</u>

Total business-type activities depreciation expense \$ 175,857

Town of Keenesburg, Colorado

**Notes to Basic Financial Statement
December 31, 2017**

NOTE 7: Long-term obligations

The following is a summary of transactions affecting the Town's long-term obligations for the year ended December 31, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within 1 Year
Governmental activities					
Bonds payable:					
Sales Tax Revenue and Refunding Bonds	\$ 800,000		\$ 60,000	\$ 740,000	\$ 65,000
Compensated absences	1,668	\$ 185		1,853	
Governmental activities long-term liabilities	<u>\$ 801,668</u>	<u>\$ 185</u>	<u>\$ 60,000</u>	<u>\$ 741,853</u>	<u>\$ 65,000</u>
Business-type activities					
Notes Payable	\$ 929,748		\$ 42,945	\$ 886,803	\$ 44,585
Compensated absences	2,354	\$ 702		3,056	
Business-type activities long-term liabilities	<u>\$ 932,102</u>	<u>\$ 702</u>	<u>\$ 42,945</u>	<u>\$ 889,859</u>	<u>\$ 44,485</u>

Permanent employees of the Town can earn vacation leave at the rate of 5 days per year for the first three years up to a maximum of 20 days per year after ten years. Part-time employees working 20-31 hours per week earn vacation leave prorated based on the average number of hours worked each month based on the same years of service as permanent employees. Employees are encouraged to take the full amount of vacation each year. Vacation may be carried over into subsequent calendar years after three years of service. No more than 40 hours may be carried over on any given year. At termination, employees are paid for any accumulated vacation leave. Accumulated vacation leave and salary related payments at December 31, 2017 amounted to \$2,369. Of this amount, \$812 is recorded as a liability in the government-wide financial statements for governmental activities, and \$1,557 is recorded as a liability in the proprietary fund financial statements and the government-wide financial statements for business-type activities.

Permanent employees of the Town earn sick leave at the rate of 12 days per year. The maximum permissible accumulation is 60 days. Upon separation from the Town, employees are paid for one fourth of any accumulated sick leave. Accumulated sick leave for the Town at December 31, 2017 amounted to \$2,539 in total. Of this amount, \$1,041 is recorded as a liability in the government-wide financial statements for governmental activities, and \$1,498 is recorded as a liability in the proprietary fund financial statements and the government-wide financial statements for business-type activities.

Town of Keenesburg, Colorado

**Notes to Basic Financial Statement
December 31, 2017**

Bonds and notes payable

Bonds and notes payable at December 31, 2017 are comprised of the following issues:

	<u>Total Payable</u>	<u>Current Portion</u>
Business-type activities:		
A loan from Colorado Water Conservation Board (CWCB), issued for purchase of an existing well and to construct a raw water pipeline from the well to the Town. Principal and interest installments are due annually on July 1, at an annual interest rate of 3.75%, maturity date of June 30, 2038.	\$ 850,756	\$ 42,048
A loan from Department of Local Affairs (DOLA), issued for purchase of materials for wastewater system upgrade to meet state requirements. Principal and interest installments are due annually on September 1, at an annual interest rate of 5%, maturity date of September 1, 2028.	36,048	2,537
Governmental activities:		
The \$960,000 Sales Tax Revenue Bonds, Series 2014, issued for street improvements. Principal installments are due annually on December 1 with semiannual interest payments due on June 1 and December 1, at an annual interest rate of 2.92%	<u>740,000</u>	<u>65,000</u>
Total bonds, leases and notes payable	<u>\$1,626,804</u>	<u>\$ 109,585</u>

To provide additional security for the payment of the Sales Tax Bonds, sales tax collections that are in excess of the required annual amounts to fund the Bond requirements shall be maintained in a Reserve Account. The amount of the reserve shall be \$48,000. The requirement for 2017 has been met by the Town.

The Town has established a 3% municipal sales tax of which 1/12th is pledged monthly to be used to pay principal and interest on this indebtedness. These pledged revenues are accounted for in the Capital Improvements Fund. In 2017, sales taxes of \$158,855 were received in the Capital Improvements Fund and \$83,360 was required for debt service. Debt service is anticipated to require approximately 50% of pledged revenues.

Town of Keenesburg, Colorado

**Notes to Basic Financial Statement
December 31, 2017**

The annual debt service requirements for all bonds and notes outstanding as of December 31, 2017, are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 109,585	\$ 55,314
2019	111,289	51,712
2020	113,058	48,045
2021	119,895	44,310
2022	121,803	40,358
Subtotal	575,629	239,739
2023-2027	695,300	132,543
2028-2032	331,593	42,502
2033	24,282	911
Total	<u>\$1,626,804</u>	<u>\$ 415,695</u>

NOTE 8: Budgets

State law requires that all funds be budgeted. The Waterworks Operating Fund and Wastewater Operating Fund budgets are on a comprehensive basis of accounting other than GAAP. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, timing, perspective and entity differences in the excess of revenues and other sources in financial resources over expenditures and other uses of financial resources for the year ended December 31, 2017, is presented below:

	<u>Waterworks Operating Fund</u>	<u>Wastewater Operating Fund</u>
Excess of revenues and other sources of financial resources over expenditures and other uses of financial resources (Budget basis)	\$ 357,411	\$ 92,301
Adjustments:		
Equipment, buildings, and system improvements	4,065	12,975
Depreciation and amortization	(135,129)	(40,728)
Principal on debt	40,528	2,417
Excess of revenues and other sources of financial resources over expenditures and other uses of financial resources (GAAP basis)	<u>\$ 266,876</u>	<u>\$ 66,965</u>

Town of Keenesburg, Colorado

**Notes to Basic Financial Statement
December 31, 2017**

NOTE 9: Retirement Plan

The Town provides retirement benefits for all full-time employees through individual SEP accounts of the employee's choosing. The current year covered payroll of eligible employees amounted to \$295,376. The Town contributes 5% of the employees' compensation; however, the total contribution for each employee may not exceed 15% of annual earnings or \$30,000, whichever is less. Contributions by the Town on behalf of the employees amounted to \$12,225 for 2017. All contributions are 100% vested for the benefit of each employee immediately upon deposit.

NOTE 10: Risk Management

The Town is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self-insurance pool created by intergovernmental agreement of 228 municipalities and 44 special districts to provide property and liability and/or workers' compensation coverage to its members.

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund, and those amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

The Town maintains commercial insurance for workmen's compensation coverage. Claims have not exceeded coverage in any of the past three fiscal years.

NOTE 11: Related Organization

The Timberwood Housing Authority is an autonomous municipal entity governed by a board approved by the Mayor, but there is no continuing relationship between the Authority and the Town. The management of the Authority is selected by the governing board and operations are the exclusive responsibility of the Authority's management. The Authority is responsible for its financial affairs including the funding of deficits and the disposition of surpluses, also the Town does not guarantee the Authority's outstanding debt.

The Authority operates within the geographical boundaries of the Town.

The Authority is treated as a related organization rather than a component unit since there is not financial interdependency, control or oversight responsibility.

NOTE 12: Tax and Spending Limitations

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. In accordance with the amendment, the registered electors of the Town of Keenesburg, Colorado, passed an ordinance in 1995 allowing the collection, retention, and expenditure of the full proceeds of the Town's revenues, without any increase in any tax rate, from January 1, 1994 and thereafter. The Town believes it is in compliance with the requirements of the Amendment. The Town has made certain interpretations of the amendment's language in order to determine its compliance. The effect, if any, on the future operations of the Town is not determinable at this time.

The Amendment requires that Emergency Reserves be established. These reserves must be at least 3 percent of "fiscal Year Spending" (as defined in the Amendment). As of December 31, 2017, the Reserved Fund Balance for this purpose is \$43,738.

SUPPLEMENTARY INFORMATION

Town of Keenesburg, Colorado

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual - General Fund
 Year Ended December 31, 2017

	<u>Budget</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
General property tax	\$ 185,499	\$ 185,499	\$ 183,167	\$ (2,332)
Specific ownership tax	10,500	10,500	14,204	3,704
Penalties and interest	200	200	365	165
Taxes	<u>196,199</u>	<u>196,199</u>	<u>197,736</u>	<u>1,537</u>
Cigarette tax	1,100	1,100	1,120	20
Sales tax	75,000	75,000	75,566	566
Franchise tax	36,000	36,000	54,967	18,967
Severance tax	26,000	26,000	23,943	(2,057)
Highway users' tax	46,000	46,000	47,200	1,200
Use tax	22,000	22,000	58,789	36,789
Payment in lieu of taxes	1,500	1,500	1,962	462
Other taxes	<u>207,600</u>	<u>207,600</u>	<u>263,548</u>	<u>55,948</u>
Motor vehicle registration	6,000	6,000	6,640	640
County road and bridge	6,200	6,200	7,745	1,545
Donations	100	100		(100)
Intergovernmental	<u>12,300</u>	<u>12,300</u>	<u>14,384</u>	<u>2,084</u>
Liquor license	1,200	1,200	933	(267)
Occupation fees	550	550	483	(67)
Building permits	35,000	35,000	44,443	9,443
Business licenses and permits	1,350	1,350	6,665	5,315
Street cut fees	500	500	900	(1,400)
Park fees	3,000	3,000	2,750	(250)
License and fees	<u>41,600</u>	<u>41,600</u>	<u>56,174</u>	<u>14,574</u>
Development fees engineering	25,000	25,000	17,644	(7,356)
Development fees legal	25,000	25,000	13,682	(11,318)
Animal control fees	2,300	2,300	3,238	938
Municipal court fees	2,000	2,000	4,918	2,918
Charges for service	<u>54,300</u>	<u>54,300</u>	<u>39,483</u>	<u>(14,817)</u>
Transfer from Wastewater	150,000	150,000		(150,000)
Earnings on investments	200	200	249	49
Miscellaneous revenues	12,000	12,000	19,215	7,215
Miscellaneous	<u>162,200</u>	<u>162,200</u>	<u>19,464</u>	<u>(142,736)</u>
Total revenues	<u><u>\$ 674,199</u></u>	<u><u>\$ 674,199</u></u>	<u><u>\$ 590,789</u></u>	<u><u>\$ (83,410)</u></u>

Town of Keenesburg, Colorado

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual - General Fund
 Year Ended December 31, 2017

	<u>Budget</u>			<i>Variance with Final Budget Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures				
Mayor salary	18,000	18,000	18,000	
Payroll taxes mayor/trustees	1,900	1,900	1,855	45
Workmen's compensation	120	120	64	56
Director/trustee fees	6,000	6,000	5,500	500
Legislative	<u>26,020</u>	<u>26,020</u>	<u>25,419</u>	<u>601</u>
Salaries	58,000	58,000	55,879	2,121
Payroll taxes	4,825	4,825	4,691	134
Telephone	2,200	2,200	1,960	240
Utilities	1,900	1,900	1,678	222
Office expense	10,500	10,500	8,041	2,459
Maintenance and repairs	2,000	2,000	5,246	(3,246)
Insurance and bonds	8,700	8,700	8,711	(11)
Audit and accounting	4,800	4,800	4,704	96
Professional services	15,000	15,000	11,041	3,959
Legal	20,000	20,000	23,978	(3,978)
Publishing	2,500	2,500	6,938	(4,438)
Dues and subscriptions	10,200	10,200	14,389	(4,189)
Health insurance	9,500	9,500	8,440	1,060
Planning and zoning	20,000	20,000	43,402	(23,402)
Capital outlay			12,875	(12,875)
Employee benefits	2,900	2,900	2,792	108
Workmen's compensation	250	250	127	123
Miscellaneous	6,000	6,000	4,764	1,236
Treasurer's fees	2,600	2,600	1,836	764
Legal/Development/Planning	50,000	50,000	29,135	20,865
General Administration	<u>231,875</u>	<u>231,875</u>	<u>250,624</u>	<u>(18,749)</u>
Legal - judge and court attorney	3,000	3,000	4,975	(1,975)
Law enforcement	68,900	68,900	71,358	(2,458)
Inspection services	28,000	28,000	35,136	(7,136)
Miscellaneous	500	500	730	(230)
Capital outlay				
Public safety	<u>100,400</u>	<u>100,400</u>	<u>112,200</u>	<u>(11,800)</u>

Town of Keenesburg, Colorado

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual - General Fund
 Year Ended December 31, 2017

	<u>Budget</u>			<i>Variance with Final Budget Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Salaries	32,000	32,000	29,819	2,181
Payroll taxes	2,700	2,700	2,369	331
Telephone	2,200	2,200	1,963	237
Utilities	1,500	1,500	1,501	(1)
Office expense	1,000	1,000	466	534
Maintenance and repair - equipment	15,000	15,000	10,944	4,056
Maintenance and repair - streets	25,000	25,000	25,178	(178)
Street lighting	16,000	16,000	14,203	1,797
Gas and oil	4,000	4,000	3,217	783
Shop supplies	6,000	6,000	5,990	10
Trash service fees	3,600	3,600	3,403	197
Capital outlay			1,352	
Employee benefits	1,600	1,600	1,120	480
Health insurance	9,925	9,925	5,488	4,437
Workmen's compensation	3,000	3,000	1,509	1,491
Miscellaneous	3,000	3,000	5,406	(2,406)
Public works	<u>126,525</u>	<u>126,525</u>	<u>113,928</u>	<u>12,597</u>
Code enforcement	7,000	7,000	7,813	(813)
Mosquito spraying	3,400	3,400	3,400	-
Animal control	2,200	2,200	2,066	134
Health and welfare	<u>12,600</u>	<u>12,600</u>	<u>13,279</u>	<u>(679)</u>
Transfers	150,000	150,000		(150,000)
Utilities	300	300	525	(225)
Maintenance and repair	3,500	3,500	2,431	1,069
Miscellaneous	2,000	2,000	923	1,077
Miscellaneous contributions	7,000	7,000	8,995	(1,995)
Culture and recreation	<u>12,800</u>	<u>12,800</u>	<u>12,874</u>	<u>(74)</u>
Total expenditures	<u>660,220</u>	<u>660,220</u>	<u>528,324</u>	<u>131,896</u>
Net change in fund balance	<u>\$ 13,979</u>	<u>\$ 13,979</u>	62,465	48,486
Fund balance - beginning			<u>492,797</u>	<u>506,776</u>
Fund balance - ending			<u>\$ 555,262</u>	<u>\$ 555,262</u>

Town of Keenesburg, Colorado

Schedule fo Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Capital Improvement Fund
 Year Ended December 31, 2017

	<u>Budget</u>		<u>Actual</u>	<i>Variance with Final Budget Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
Revenues				
Sales tax	\$ 117,000	\$ 117,000	\$ 158,855	\$ 41,855
Street impact fees	3,000	3,000	3,500	500
Earnings on investments	300	300	118	(182)
Total revenues	<u>120,300</u>	<u>120,300</u>	<u>162,473</u>	<u>42,173</u>
Expenditures				
Capital expenditures				
Street bond debt principal	60,000	60,000	60,000	
Street bond debt interest	23,360	23,360	23,360	
Street debt paying fee				
Total expenditures	<u>83,360</u>	<u>83,360</u>	<u>83,360</u>	
Net change in fund balance	<u>\$ 36,940</u>	<u>\$ 36,940</u>	79,113	42,173
Fund balance - beginning			<u>243,533</u>	<u>280,473</u>
Fund balance - ending			<u>\$ 322,646</u>	<u>\$ 322,646</u>

Town of Keenesburg, Colorado

Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual - Impact Fund
 Year Ended December 31, 2017

	<u>Budget</u>		<u>Actual</u>	<i>Variance with Final Budget Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
Revenues				
Police impact fee			\$ 390	\$ 390
Town Hall impact fee			3,090	3,090
Roadway impact fee			3,810	3,810
Drainage impact fee			769	769
Park impact fee			4,430	4,430
Earnings on investments			1	1
Total revenues			<u>12,490</u>	<u>12,490</u>
Expenditures				
Police capital outlay				
Town Hall capital outlay				
Roadway capital outlay				
Drainage capital outlay				
Park capital outlay				
Total expenditures				
Net change in fund balance			12,490	12,490
Fund balance - beginning				
Fund balance - ending			<u>\$ 12,490</u>	<u>\$ 12,490</u>

Town of Keenesburg, Colorado

Schedule of Revenues and Expenditures - Budget and Actual -
 (Non-GAAP Basis) Enterprise Fund - Waterworks
 Year Ended December 31, 2017

	<i>Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues			
Earnings on investments	\$ 300	\$ 220	\$ (80)
Transfer from waste to water	150,000		(150,000)
Miscellaneous revenues	4,000	3,903	(97)
State funds- grants		195,839	195,839
Water pipeline use income	63,099	63,098	
Water sales	275,000	357,330	82,330
Water tap fees	64,000	59,910	(4,090)
Total revenues	556,399	680,300	123,901
Expenditures			
Salaries	57,000	47,564	9,436
Payroll taxes	4,750	3,934	816
Utilities	41,000	33,187	7,813
Maintenance and repair equipment	100,000	26,157	73,843
Gas and oil	2,500	1,609	891
Operating supplies	17,500	14,612	2,888
Health insurance	17,865	9,879	7,986
Capital outlay		4,065	(4,065)
Employee benefits	2,850	1,810	1,040
Workmen's compensation	4,000	2,837	1,163
Miscellaneous	200	134	66
Water testing	6,000	5,772	228
Public Works	253,665	151,560	102,105
Salaries	52,000	51,218	782
Payroll taxes	4,325	4,276	49
Telephone	2,150	2,014	136
Utilities	900	838	62
Office Expense	2,500	2,191	309
Maintenance and repairs	800	732	68
Insurance and bonds	4,400	4,356	44
Audit and accounting	2,400	2,352	48
Professional services	25,000	13,460	11,540
Dues and subscriptions	6,550	5,418	1,132
Health insurance	8,000	7,929	71
Employee benefits	2,500	2,507	(7)
Workmen's compensation	300	64	236
Miscellaneous	90	24	66
Administration	111,915	97,378	14,537
Excess of revenues over expenditures	190,819	431,362	240,543

Town of Keenesburg, Colorado

**Schedule of Revenues and Expenditures - Budget and Actual -
(Non-GAAP Basis) Enterprise Fund - Waterworks
Year Ended December 31, 2017**

	<u>Budget</u>	<u>Actual</u>	<i>Variance with Final Budget Positive (Negative)</i>
Other financing uses			
Interest on CWCB loan	(32,951)	(33,423)	
Principal on CWCB loan	(41,000)	(40,528)	
System improvements			
Total other financing uses	<u>(73,951)</u>	<u>(73,951)</u>	-
Transfers from water to waste	(150,000)		(150,000)
Excess of revenues over expenditures and other financing uses	(33,132)	357,411	324,279
Fund balance appropriated	<u>\$ 589,531</u>		<u>\$ 589,531</u>
Excess of revenues over expenditures and other financing uses		<u>\$ 357,411</u>	

Town of Keenesburg, Colorado

Schedule of Revenues and Expenditures - Budget and Actual -
 (Non-GAAP Basis) Enterprise Fund - Wastewater
 Year Ended December 31, 2017

	<i>Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Revenues			
Earnings on investments	\$ 20	\$ 35	\$ 15
Loan proceeds	300,000		(300,000)
State funds - grant	1,600,000	15,540	(1,584,460)
Transfers from general and water	300,000		(300,000)
Sewer sales	231,000	251,395	20,395
Sewer tap fees	52,000	50,360	(1,640)
Total revenues	<u>2,483,020</u>	<u>317,330</u>	<u>(2,165,690)</u>
Expenditures			
Salaries	38,000	34,562	3,438
Payroll taxes	3,175	2,863	312
Utilities	40,000	29,233	10,767
Maintenance and repair	15,000	6,024	8,976
Gas and oil	2,200	1,608	592
Health insurance	12,000	6,586	5,414
Operating supplies	2,800	5,533	(2,733)
Capital outlay		12,975	(12,975)
Employee benefits	1,900	1,299	601
Workmen's compensation	2,900	1,690	1,210
Miscellaneous	500	124	376
Sewer testing and permits	6,000	4,595	1,405
Public Works	<u>124,475</u>	<u>107,092</u>	<u>17,383</u>
Salaries	50,000	52,834	(2,834)
Payroll taxes	4,150	4,410	(260)
Telephone	2,100	1,957	143
Utilities	850	725	125
Office Expense	2,500	2,241	259
Maintenance and repairs	700	643	57
Insurance and bonds	4,400	4,355	45
Audit and accounting	2,400	2,352	48
Professional services	30,000	29,026	974
Dues and subscriptions	4,350	4,419	(69)
Health insurance	8,000	7,928	72
Employee benefits	2,500	2,642	(142)
Workmen's compensation	110	64	46
Miscellaneous	300,000	1	299,999
Administration	<u>412,060</u>	<u>113,597</u>	<u>298,463</u>
Excess of revenues over expenditures	<u>1,946,485</u>	<u>96,641</u>	<u>(1,849,844)</u>

Town of Keenesburg, Colorado

Schedule of Revenues and Expenditures - Budget and Actual -
 (Non-GAAP Basis) Enterprise Fund - Wastewater
 Year Ended December 31, 2017

	<i>Budget</i>	<i>Actual</i>	<i>Variance with Final Budget Positive (Negative)</i>
Other financing uses			
Principal on debt	(2,417)	(2,417)	
Interest on debt	(1,923)	(1,923)	
System improvements	(1,900,000)		1,900,000
Total other financing uses	<u>(1,904,340)</u>	<u>(4,340)</u>	<u>1,900,000</u>
 Excess of revenues over expenditures and other financing uses	 42,145	 92,301	 50,156
 Fund balance appropriated	 <u>\$ 2,440,875</u>		 <u>\$ 2,440,875</u>
 Excess of revenues over expenditures and other financing uses		 <u>\$ 92,301</u>	

COMPLIANCE SECTION

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Keenesburg
		YEAR ENDING : December 2017
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Phone:	Debra Chumley (303) 732-4281

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:	25,178
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	63,589	b. Snow and ice removal	
3. Other local imposts (from page 2)	158,855	c. Other	
4. Miscellaneous local receipts (from page 2)	118	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	88,750
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	113,928
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	23,360
7. Total (1 through 6)	222,562	b. Redemption	60,000
B. Private Contributions		c. Total (a. + b.)	83,360
C. Receipts from State government (from page 2)	53,839	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	276,401	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	83,360
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	197,288

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	800,000		60,000	740,000
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
	243,533	276,401	197,288	322,646	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2017

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	118
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	158,855	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	158,855	h. Other	
c. Total (a. + b.)	158,855	i. Total (a. through h.)	118
	(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	47,200	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	6,639	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.)	6,639	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	53,839	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: