



Town of Gilcrest, Colorado

Financial Statements and Supplementary Information

For the Year Ended December 31, 2017

Town of Gilcrest, Colorado

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Gilcrest, Colorado (the "Town"), 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

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 Gilcrest, Colorado as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 on pages 3 through 12 and the budgetary comparison information on page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison information on pages 40 through 43 and the Local Highway Finance Report on pages 44 and 45, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information 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 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Anton Collins Mitchell LLP

Greeley, Colorado
July 17, 2018

**Town of Gilcrest, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

This section of the annual financial report offers readers of the Town of Gilcrest's (the "Town") financial statements management's discussion and analysis of the Town's financial performance during the year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information furnished in the Town's financial statements, which immediately follow this section.

Background Information

The Town was incorporated in 1912. The predominant funds are comprised of five basic funds; the General, Conservation Trust, Water, Sewer and Stormwater Funds.

On November 7, 1995, (retroactive to January 1, 1994) the taxpayers approved a ballot question to remove the TABOR limits that were imposed on the Town in 1992 and to remove the 5.5% property tax increase annual limitation.

Financial Highlights

- The Town financial status improved over the course of the 2017 fiscal year. Total net position increased 8.4 percent.
- General revenues account for \$391,374 or 25.3 percent of all revenues. The Town had \$1,154,470 in program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions during 2017.
- The Town had \$651,067 in expenses related to governmental activities, of which \$531,880 were offset by program specific charges for services and operating grants and contributions. General revenues (property, specific ownership, sales and use and other taxes) of \$358,996 were adequate to provide for all other governmental activities.
- Outlays for capital assets were primarily comprised of the improvements to the utility system and for the general government operations. See the capital assets section of this management discussion and analysis for more information.
- The Town's outstanding debt at December 31, 2017, consists of \$93,000 in general obligation bonds, \$106,853 in Energy Impact Assistance Loans, and \$983,980 in a Colorado Water Resources and Power Development Authority Loan.

Overview of the Financial Statements

This annual financial report consists of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town.

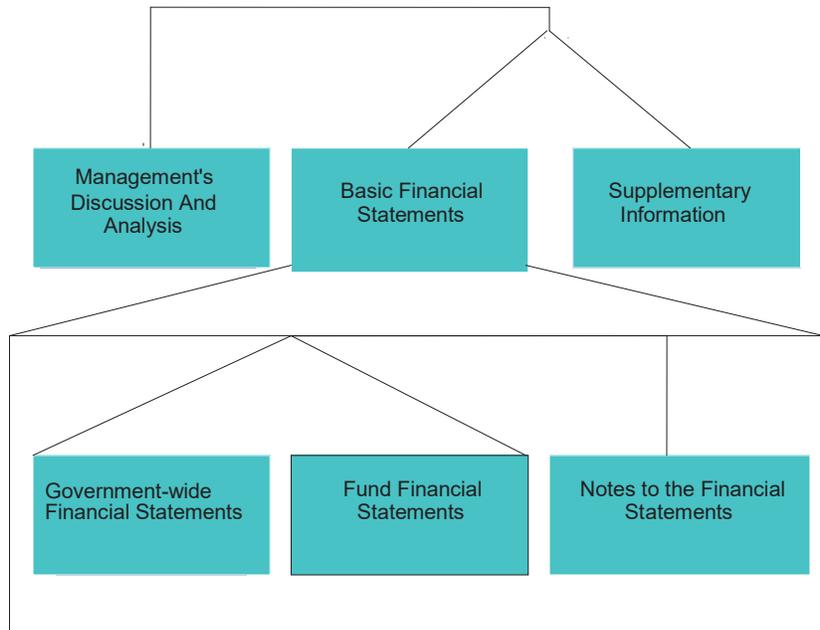
- The first two statements are government-wide financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The governmental funds statements tell how basic services were financed in the short-term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required and other supplementary information that further explains and supports the financial statements with a comparison of the Town's budget versus actual expenditures for the year.

Detailed in the following diagram are how the various parts of this annual report are arranged and related to one another.

Town of Gilcrest, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Table 1
Organization of Town's Annual Financial Report



SUMMARY



DETAILED

Table 2, displayed on the following page summarizes the major features of the Town's financial statements, including the portion of the Town's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the two types of financial statements, government-wide and fund financial statements, found in the basic financial statements.

Town of Gilcrest, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2017

Table 2
Major Features of the Town and Fund Financial Statements

	Town Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire Town	The activities of the Town that are not proprietary or fiduciary.	Activities the Town operates similar to private businesses: water and sewer services
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic-resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements are designed to provide readers a broad overview of the Town of Gilcrest finances, in a manner similar to a private-sector business. The statement of net position includes all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid. These statements provide both short-term and long-term information about the Town's overall financial status.

Town of Gilcrest, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2017

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these 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. To assess the Town's overall health, you need to consider additional non-financial factors such as the condition of buildings and equipment.

The statement of activities presents information showing how the government'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 flow in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). Included in governmental activities are most of the Town's basic services such as general government, public safety, and public works.

These statements can be found on pages 13-15 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or major funds, not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on particular programs. The Town has governmental and proprietary funds.

- *Governmental funds:* Most of the Town's basic services are included in governmental funds, which generally focus on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the Town's programs. Because this information does not encompass the long-term focus of the Town's statements, a reconciling schedule is included on the governmental funds statements explaining the relationship (or difference) between them.

The Town of Gilcrest maintains two governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances. The General Fund is considered a major fund of the Town.

The basic governmental fund financial statements can be found on pages 16-18 of this report.

- *Proprietary Funds:* Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Gilcrest uses enterprise funds to account for its water, sewer and stormwater operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water, sewer and storm water operations, all of which are considered to be major funds of the Town of Gilcrest.

The basic proprietary fund statements can be found on pages 19-22 of this report.

**Town of Gilcrest, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Town and fund financial statements. The notes to the financial statements can be found on pages 23-38 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information. This includes the budget comparison schedules for the General, Conservation Trust, Water, Sewer and Stormwater Funds.

Financial Analysis of the Town as a Whole

Net position and Changes in Net Position

The Town's combined net position was larger on December 31, 2017, than it was the year before, increasing 8.4 percent to \$5,154,611. Table 3 provides a summary of the Town's net position at December 31, 2017, with comparative totals for 2016.

**Table 3
Condensed Statement of Net Position**

	Governmental Activities	Business-Type Activities	Total 2017	Total 2016
Current assets	\$ 1,092,633	\$ 1,038,781	\$ 2,131,414	\$ 2,431,065
Restricted assets	-	58,945	58,945	58,222
Capital assets	395,831	4,029,084	4,424,915	4,144,115
Total assets	1,488,464	5,126,810	6,615,274	6,633,402
Current liabilities	25,304	38,219	63,523	445,655
Long-term liabilities	8,539	1,192,382	1,200,921	1,277,208
Total liabilities	33,843	1,230,601	1,264,444	1,722,863
Deferred inflows of resources	174,123	22,096	196,219	156,519
Net investment in capital assets	395,831	3,161,004	3,556,835	3,672,202
Restricted	50,339	58,945	109,284	908,694
Unrestricted	834,328	654,164	1,488,492	173,124
Total net position	\$ 1,280,498	\$ 3,874,113	\$ 5,154,611	\$ 4,754,020

**Town of Gilcrest, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Table 4 provides a summary of the changes in net position. Following Table 4 is specific discussion related to overall revenues and expenses.

**Table 4
Changes in Net position from Operating Results**

	Governmental Activities	Business-Type Activities	Total 2017	Total 2016
<u>Program revenues</u>				
Charges for services	\$ 161,225	\$ 465,972	\$ 627,197	\$ 679,082
Grants and contributions	370,655	156,618	527,273	749,016
<u>General revenue</u>				
Property taxes	128,921	25,035	153,956	156,533
Specific ownership taxes	12,001	-	12,001	9,825
Sales and use taxes	115,934	-	115,934	124,897
Franchise taxes	29,919	-	29,919	25,009
Other taxes	35,751	-	35,751	44,528
Earnings on investments	9,432	1,123	10,555	5,743
Other	33,258	-	33,258	5,833
Transfers	(6,250)	6,250	-	-
<u>Total revenues</u>	<u>890,846</u>	<u>654,998</u>	<u>1,545,844</u>	<u>1,800,466</u>
<u>Expenses</u>				
General government	186,269	-	186,269	149,092
Public safety	130,202	-	130,202	131,393
Public works	228,855	-	228,855	412,440
Health and welfare	23,517	-	23,517	33,666
Culture, recreation, and parks	82,224	-	82,224	77,671
Water	-	219,015	219,015	239,072
Sewer	-	251,962	251,962	172,798
Stormwater	-	23,209	23,209	20,123
<u>Total expenses</u>	<u>651,067</u>	<u>494,186</u>	<u>1,145,253</u>	<u>1,236,255</u>
Change in net position	<u>\$ 239,779</u>	<u>\$ 160,812</u>	<u>\$ 400,591</u>	<u>\$ 564,211</u>

Property, specific ownership, sales and use, franchise and other taxes account for 22 cents for every dollar raised. Another 41 cents came from charges for services, operating and capital grants and contributions raised 34 cents, and earnings on investments and other revenues account for 3 cent. The Town expenses predominantly relate to police protection, building inspection, maintenance of the Town's streets and infrastructure, general government and recreation.

**Town of Gilcrest, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

Governmental Activities

The increase in net position for governmental activities was \$239,779 in 2017. The governmental funds monitor cash resources and expenditures. There was no capital outlay during 2017 in the governmental funds. Capital outlay is often a significant expenditure and is not considered an expense on the government-wide statement of activities. Rather, these costs are expensed over time as depreciation expense.

As reflected on the reconciliation of governmental funds revenues and expenditures to the government-wide statement of activities page 18, the net difference between capital outlays, depreciation expenses, and the net book value of assets disposed was \$44,027. In 2017, the full amount is related to depreciation expenses.

The statement of activities shows the cost of program services and the related charges for services and grant offsetting those costs. Table 5 reflects each program's total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted property taxes.

**Table 5
Net Cost of Governmental Activities**

	2017		2016
	Total Cost of Services	Net Cost of Services	Net Cost of Services
General government	\$ 186,269	\$ (178,078)	\$ (142,375)
Public safety	130,202	(98,095)	(109,200)
Public works	228,855	220,450	(11,499)
Health and welfare	23,517	(23,517)	(33,666)
Culture, recreation and parks	82,224	(39,947)	(15,666)
Total	\$ 651,067	\$ (119,187)	\$ (312,406)

Financial Analysis of the Town's General Fund

The General Fund was established and is continually funded to provide for the daily activities, salaries, expenses, and operating costs of the Town. This fund provides for functional areas of the organization - administration, public safety, public works, health and welfare and culture and recreation. The General Fund also provides for such other items as insurance, utilities, and other costs the Town incurs. The primary funding source for the General Fund is sales and use taxes and taxation of real property. Other sources of income for the General Fund include earnings on investments, charges for services, intergovernmental revenues and other miscellaneous sources.

**Town of Gilcrest, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

The primary projects or program efforts for establishing needed funding during 2017 were:

1. Salaries and benefits for all existing full-time personnel of the Town
2. Public safety services
3. Normal operational costs of the Town
4. Public works services
5. Recreation activities

General Fund Budgetary Highlights

The Town's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The Town's final budget for the General Fund anticipated that expenditures would exceed revenues by \$150,827 due to the expending of one-time sources for certain projects. The actual results for the year show revenues exceeding expenditures by \$287,017.

It should be noted that the Town's budget format is designed to establish and monitor divisional functions of the Town's operations to more closely align expenses with the areas of responsibility. These divisions are set up as cost centers for accountability in each of the following areas:

- General Government
- Public Safety
- Public Works
- Health and Welfare
- Culture, Recreation and Parks
- Debt Service
- Capital Outlay
- The Town must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At December 31, 2017, the Town's TABOR reserve amounted to \$26,591.

Capital Assets and Debt Administration

Capital Assets

By the end of 2017, the Town had invested \$4,424,915, net of depreciation, in a broad range of capital assets, including land, buildings, site improvements, vehicles and other equipment (See Note 5). This amount represents an increase of \$280,800 or 6.8 percent from last year. Additional information on the Town's capital assets can be found in Note 5 to the financial statements. Total depreciation expense for the year was \$44,027 in the governmental funds and \$129,063 in the enterprise funds.

**Town of Gilcrest, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

**Table 6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land and water rights	\$ 37,514	\$ 37,514	\$ 683,075	\$ 683,075	\$ 720,589	\$ 720,589
System enhancement fees	-	-	137,500	137,500	137,500	137,500
Construction in Process	-	-	-	959,479	-	959,479
Land improvements	67,384	71,114	-	-	67,384	71,114
Buildings and improvements	56,064	59,906	-	57	56,064	59,963
Street and improvements	134,639	107,753	-	-	134,639	107,753
Vehicles and equipment	100,230	163,571	13,891	23,939	114,121	187,510
Utility systems	-	-	3,194,618	1,900,207	3,194,618	1,900,207
Total	\$ 395,831	\$ 439,858	\$4,029,084	\$3,704,257	\$4,424,915	\$4,144,115

Long-Term Debt

At year-end the Town had \$93,000 in general obligation bonds, a reduction of 14.2 percent from the previous year, \$983,980 in CWRPDA loan, a reduction of 4.9 percent from the previous year, and \$106,853 in energy impact assistance loans which was reduced by 7.6 percent during 2017. More detailed information about the Town's long-term liabilities is presented in Note 6 to the financial statements.

**Table 7
Outstanding Long-Term Debt**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ -	\$ -	\$ 93,000	\$ 108,400	\$ 93,000	\$ 108,400
CWRPDA loan	-	-	983,980	1,035,187	983,980	1,035,187
Energy impact assistance loans	-	-	106,853	115,664	106,853	115,664
Total	\$ -	\$ -	\$1,183,833	\$1,259,251	\$1,183,833	\$1,259,251

Factors Bearing on the Town's Future

At the time these financial statements were prepared and audited, the Town was aware of the following circumstances that could significantly affect its financial health in the future:

The Town's budget for 2018 anticipates general property tax revenue of \$196,219.

In 2018, 100% of the 1% sales tax approved for capital improvements will be allocated to the Street Improvement fund.

**Town of Gilcrest, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2017**

In May 2018, the principal amount of the 2015 CWRPDA loan was reduced by \$271,517 for unused project funds.

Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Gilcrest at, P.O. Box 128, Gilcrest, Colorado 80623

Basic Financial Statements

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ -	\$ 156,943	\$ 156,943
Cash with county treasurer	-	455	455
Investments	1,062,427	100,974	1,163,401
Accounts and taxes receivables	391,214	82,295	473,509
Internal balances	(381,743)	381,743	-
Prepaid items	20,735	618	21,353
Restricted cash and cash equivalents	-	58,945	58,945
Loan proceeds receivable	-	315,753	315,753
Capital assets:			
Not being depreciated	37,514	820,575	858,089
Being depreciated, net of accumulated depreciation	358,317	3,208,509	3,566,826
Total assets	1,488,464	5,126,810	6,615,274
Liabilities			
Accounts payable	25,034	28,772	53,806
Accrued wages payable	242	1,551	1,793
Accrued payroll taxes payable	28	681	709
Accrued interest payable	-	7,215	7,215
Noncurrent liabilities:			
Compensated absences	8,539	8,549	17,088
Due within one year	-	77,372	77,372
Due in more than one year	-	1,106,461	1,106,461
Total liabilities	33,843	1,230,601	1,264,444
Deferred inflows of resources			
Unearned revenue	174,123	22,096	196,219
Total deferred inflows of resources	174,123	22,096	196,219
Net position			
Net investment in capital assets	395,831	3,161,004	3,556,835
Restricted for:			
Emergencies	26,591	-	26,591
Debt service	-	58,945	58,945
Parks and recreation	23,748	-	23,748
Unrestricted	834,328	654,164	1,488,492
Total net position	\$ 1,280,498	\$ 3,874,113	\$ 5,154,611

The accompanying notes are an integral part of these financial statements.

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

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Governmental activities:				
General government	\$ 186,269	\$ 8,191	\$ -	\$ -
Public safety	130,202	32,107	-	-
Public works	228,855	89,382	359,923	-
Health and welfare	23,517	-	-	-
Culture, recreation and parks	82,224	31,545	10,732	-
Total government activities	651,067	161,225	370,655	-
Business-type activities:				
Water	219,015	215,022	-	-
Sewer	251,962	231,715	-	156,618
Stormwater	23,209	19,235	-	-
Total business-type activities	494,186	465,972	-	156,618
Total primary government	\$ 1,145,253	\$ 627,197	\$ 370,655	\$ 156,618

General revenues

Taxes:

- Property taxes levied for general purposes
- Property taxes levied for debt services
- Specific ownership taxes
- Sales and use taxes
- Franchise taxes
- Other taxes

Earnings on investments

Other revenues

Transfers

Total general revenues

Changes in net position

Net position at beginning of year

Net position at end of year

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (178,078)	\$ -	\$ (178,078)
(98,095)	-	(98,095)
220,450	-	220,450
(23,517)	-	(23,517)
(39,947)	-	(39,947)
(119,187)	-	(119,187)
-	(3,993)	(3,993)
-	136,371	136,371
-	(3,974)	(3,974)
-	128,404	128,404
(119,187)	128,404	9,217
128,921	-	128,921
-	25,035	25,035
12,001	-	12,001
115,934	-	115,934
29,919	-	29,919
35,751	-	35,751
9,432	1,123	10,555
33,258	-	33,258
(6,250)	6,250	-
358,966	32,408	391,374
239,779	160,812	400,591
1,040,719	3,713,301	4,754,020
\$ 1,280,498	\$ 3,874,113	\$ 5,154,611

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Balance Sheet
Governmental Funds
December 31, 2017

	General	Conservation Trust (Nonmajor)	Total Governmental Funds
Assets			
Investments	\$ 948,290	\$ 114,137	\$ 1,062,427
Accounts and taxes receivable	391,214	-	391,214
Prepaid items	20,570	165	20,735
Totals assets	\$ 1,360,074	\$ 114,302	\$ 1,474,376
Liabilities, deferred inflows of resources and fund balances			
Liabilities			
Accounts payable	\$ 25,034	\$ -	\$ 25,034
Due to other funds	309,003	72,740	381,743
Accrued wages payable	242	-	242
Accrued payroll taxes payable	-	28	28
Total liabilities	334,279	72,768	407,047
Deferred inflows of resources			
Unearned revenue - property taxes	174,123	-	174,123
Total deferred inflows of resources	174,123	-	174,123
Fund balances			
Nonspendable	20,570	165	20,735
Restricted	26,591	23,748	50,339
Assigned	246,219	17,621	263,840
Unassigned	558,292	-	558,292
Total fund balances	851,672	41,534	893,206
Total liabilities, deferred inflows of resources and fund balances	\$ 1,360,074	\$ 114,302	\$ 1,474,376

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

Fund balances of governmental funds	\$ 893,206
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the fund financial statements.

Capital assets	\$ 1,484,219	
Less: accumulated depreciation	<u>(1,088,388)</u>	395,831

Accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements.	(8,539)
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Total net position of governmental activities	\$ 1,280,498
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The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2017

	General	Conservation Trust (Nonmajor)	Total Governmental Funds
Revenues			
Taxes	\$ 322,526	\$ -	\$ 322,526
Licenses and permits	14,608	-	14,608
Charges for services	114,780	-	114,780
Fines and forfeitures	31,837	-	31,837
Intergovernmental	359,923	10,732	370,655
Earnings on investments	8,228	1,204	9,432
Miscellaneous revenue	33,258	-	33,258
Total revenues	885,160	11,936	897,096
Expenditures			
Current:			
General government	175,016	-	175,016
Public safety	127,234	-	127,234
Public works	206,521	-	206,521
Health and welfare	23,517	-	23,517
Culture, recreation and parks	65,855	9,229	75,084
Total expenditures	598,143	9,229	607,372
Excess of revenues over expenditures	287,017	2,707	289,724
Other financing sources (uses)			
Transfers out	(6,250)	-	(6,250)
Total other financing sources (uses)	(6,250)	-	(6,250)
Net change in fund balance	280,767	2,707	283,474
Fund balances at beginning of year	570,905	38,827	609,732
Fund balances at end of year	\$ 851,672	\$ 41,534	\$ 893,206

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances with the Government-wide Statement of Activities
Year Ended December 31, 2017

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

Total net change in fund balances - governmental funds. \$ 283,474

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities these costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount of depreciation expensed during the period. (44,027)

Decrease in accrued compensated absences liability reflected as an expense on the statement of activities and not reflected as an expense on the government fund statement of revenue, expenditures and changes in fund balances. 332

Change in net position of governmental activities \$ 239,779

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2017

	Water Fund	Sewer Fund	Stormwater Fund	Totals
Assets				
Current assets				
Equity in pooled cash and cash equivalents	\$ 6,339	\$ 80,283	\$ 70,321	\$ 156,943
Cash with county treasurer	455	-	-	455
Investments	51,332	49,642	-	100,974
Accounts and taxes receivable	47,853	31,756	2,686	82,295
Prepaid items	394	224	-	618
Due from other funds	381,743	-	-	381,743
Total current assets	488,116	161,905	73,007	723,028
Noncurrent assets				
Restricted cash and cash equivalents	19,633	39,312	-	58,945
Loan proceeds receivable	-	315,753	-	315,753
Capital assets				
Land and water rights	554,703	47,575	80,797	683,075
System enhancement fee	137,500	-	-	137,500
Buildings and improvements	30,019	3,600	-	33,619
Utility system	1,672,933	2,623,268	651,182	4,947,383
Equipment	52,232	60,324	-	112,556
Less accumulated depreciation	(951,038)	(846,339)	(87,672)	(1,885,049)
Total capital assets, net	1,496,349	1,888,428	644,307	4,029,084
Total noncurrent assets	1,515,982	2,243,493	644,307	4,403,782
Total assets	2,004,098	2,405,398	717,314	5,126,810
Liabilities				
Current liabilities				
Accounts payable	21,400	7,348	24	28,772
Accrued wages payable	722	821	8	1,551
Accrued payroll taxes payable	339	310	32	681
Accrued interest payable	4,539	2,676	-	7,215
Current portion of bonds and loans payable	20,455	56,917	-	77,372
Total current liabilities	47,455	68,072	64	115,591
Noncurrent liabilities				
Bonds and loans payable, net of current	137,087	969,374	-	1,106,461
Compensated Absences	4,306	3,667	576	8,549
Total noncurrent liabilities	141,393	973,041	576	1,115,010
Total liabilities	188,848	1,041,113	640	1,230,601
Deferred inflows of resources				
Unearned revenue - property taxes	22,096	-	-	22,096
Total deferred inflows of resources	22,096	-	-	22,096
Net position				
Net investment in capital assets	1,338,807	1,177,890	644,307	3,161,004
Restricted for debt service	19,633	39,312	-	58,945
Unrestricted	434,714	147,083	72,367	654,164
Total net position	\$ 1,793,154	\$ 1,364,285	\$ 716,674	\$ 3,874,113

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2017

	Water Fund	Sewer Fund	Stormwater Fund	Totals
Operating revenues				
Charges for services	\$ 215,022	\$ 231,715	\$ 19,235	\$ 465,972
Total operating revenues	215,022	231,715	19,235	465,972
Operating expenses				
Operations and maintenance	113,196	109,089	10,185	232,470
Administration	54,984	55,022	-	110,006
Depreciation	40,775	75,264	13,024	129,063
Total operating expenses	208,955	239,375	23,209	471,539
Operating income (loss)	6,067	(7,660)	(3,974)	(5,567)
Nonoperating revenues (expenses)				
Property tax	25,035	-	-	25,035
Earnings on investments	571	552	-	1,123
Interest expense	(10,060)	(12,587)	-	(22,647)
Total nonoperating revenues (expenses)	15,546	(12,035)	-	3,511
Income (loss) before contributions and transfers	21,613	(19,695)	(3,974)	(2,056)
Grants and contributions	-	156,618	-	156,618
Transfers in	6,106	-	10,000	16,106
Transfers out	-	(3,750)	(6,106)	(9,856)
Changes in net position	27,719	133,173	(80)	160,812
Net position at beginning of year	1,765,435	1,231,112	716,754	3,713,301
Net position at end of year	\$ 1,793,154	\$ 1,364,285	\$ 716,674	\$ 3,874,113

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2017

	Water Fund	Sewer Fund	Stormwater Fund	Total
Cash flows from operating activities				
Cash received from customers	\$ 216,517	\$ 233,511	\$ 20,072	\$ 470,100
Cash payments to suppliers	(106,415)	(107,644)	(3,892)	(217,951)
Cash payments to employees	(62,961)	(57,324)	(6,231)	(126,516)
Net cash flows from operating activities	47,141	68,543	9,949	125,633
Cash flows from non-capital financing activities				
Property taxes	25,035	-	-	25,035
Change in interfund balances	(187,413)	-	-	(187,413)
Sales taxes	-	-	-	-
Transfers in	6,106	-	10,000	16,106
Transfers out	-	(3,750)	(6,106)	(9,856)
Net cash flows from non-capital financing activities	(156,272)	(3,750)	3,894	(156,128)
Cash flows from capital and related financing activities				
Grants and contributions	-	378,772	-	378,772
Change in restricted cash and cash equivalents	(19)	(704)	-	(723)
Change in loan proceeds receivable	-	471,585	-	471,585
Cash paid for capital assets	-	(829,869)	-	(829,869)
Principal paid on long-term debt	(19,262)	(56,156)	-	(75,418)
Interest paid on long-term debt	(10,060)	(12,587)	-	(22,647)
Net cash flows capital and from related financing activities	(29,341)	(48,959)	-	(78,300)
Cash flows from investing activities				
Purchase of investments	(570)	(552)	-	(1,122)
Earnings on investments	571	552	-	1,123
Net cash flows from investing activities	1	-	-	1
Net change in cash and cash equivalents	(138,471)	15,834	13,843	(108,794)
Cash and cash equivalents at beginning of year	144,810	64,449	56,478	265,737
Cash and cash equivalents at end of year	\$ 6,339	\$ 80,283	\$ 70,321	\$ 156,943

Town of Gilcrest, Colorado
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2017

	Water Fund	Sewer Fund	Stormwater Fund	Total
Reconciliation of operating income to net cash flows from operating activities				
Operating income	\$ 6,067	\$ (7,660)	\$ (3,974)	\$ (5,567)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	40,775	75,264	13,024	129,063
Changes in operating assets and liabilities				
Accounts and taxes receivable	1,495	1,796	837	4,128
Prepaid items	626	531	69	1,226
Accounts payable	(1,659)	(1,437)	11	(3,085)
Accrued wages payable	(36)	99	3	66
Accrued payroll taxes payable	168	155	16	339
Accrued compensated absences payable	(295)	(205)	(37)	(537)
Net cash flows from operating activities	\$ 47,141	\$ 68,543	\$ 9,949	\$ 125,633
Non-cash investing, capital and financing activities				
Capital assets acquired with accounts payable in the prior year	\$ -	\$ 375,979	\$ -	\$ 375,979

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado

Notes to Financial Statements

December 31, 2017

1. Summary of Significant Accounting Policies

Form of Organization

The Town of Gilcrest, Colorado (the "Town") was founded in 1912 as a statutory town. The Town's major operations include general government; public safety; public works; culture, parks and recreation; health and welfare; and water, sewer and stormwater utilities.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Town's accounting policies are described below.

Reporting Entity

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the Town.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user 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 with a specific function or segment. Program revenues include: (1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances present increases and decreases in those components. These funds use the modified accrual basis of accounting, whereby 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 generally are recognized 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 recognized only when payment is due.

Property taxes, intergovernmental grants, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual, and so, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15.

Governmental funds are used to account for all or most of a government's general activities. The following is the Town's major governmental fund:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The other governmental fund (nonmajor fund) is a special revenue fund (Conservation Trust) and has been established to account for revenues derived from specific earmarked revenue sources which finance specific activities as required by law or administrative action.

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into amounts invested in capital assets, restricted for debt service and rate stabilization loan reserves, and unrestricted.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The Town's major enterprise funds include the Water, Sewer, and Stormwater funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Budgets

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

- By October 15, the Town Administrator submits to the Town Board of Trustees, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them;
- A public hearing is conducted to obtain taxpayer comments;
- Prior to December 31, the budget is legally enacted through passage of a resolution;
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Directors through passage of a formal resolution;
- The Town legally adopts budgets for all of the funds. Budgets for the general and special revenue funds are adopted on a basis consistent with GAAP. Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis, where payments for capital assets and principal amounts of debt are treated as expenditures;
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Board of Trustees. All appropriations lapse at year end.

The following table summarizes the individual fund budgeted expenditures for 2017, as originally adopted, and as revised:

	Original Budget	Total Revisions	Revised Budget
Governmental funds:			
General fund	\$ 757,092	\$ 154,595	\$ 911,687
Conservation trust fund	26,448	-	26,448
Business type fund:			
Water fund	237,261	-	237,261
Sewer fund	884,396	-	884,396
Stormwater fund	27,410	-	27,410
Total funds	\$ 1,932,607	\$ 154,595	\$ 2,087,202

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

Cash and Cash Equivalents

To improve cash management, cash received by the Town is pooled and invested. Individual fund integrity is maintained through the Town's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. The Town considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Overdrawn balances in pooled cash accounts are treated by the Town as interfund liabilities, payable to the fund deemed to have made the loan.

Investments

Investments, consisting of funds invested in a local government investment pool (Note 2), are measured at net asset value ("NAV"), which approximates fair value.

Restricted Cash

The amount restricted in the Water Fund is in compliance with the 1980 revenue bond reserve requirements as described in Note 2. The amount restricted in the Sewer Fund is in compliance with the 2015 revenue loan reserve requirements as described in Note 2.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if any, are classified as internal balances on the government-wide statement of net position and classified as due from other funds or due to other funds on the balance sheet.

Bond Premium and Debt Issuance Costs

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method as principal is paid. Debt issuance costs are recognized during the period of issuance.

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., streets and roads, bridges, water lines, storm-water drainage, 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 \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date received.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

Assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities. Estimated useful lives for asset types are as follows:

Description	Governmental Activities	Business-Type Activities
Land	N/A	N/A
Water rights	N/A	N/A
System enhancement fee	N/A	N/A
Construction in progress	N/A	N/A
Land improvements	40 Years	40 Years
Buildings and improvements	40 Years	10 - 40 Years
Utility systems	N/A	25 - 50 Years
Streets	20 Years	20 Years
Vehicles and equipment	5 - 15 Years	15 Years

Compensated Absences

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the Town will compensate the employees for the benefits earned. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay. There is no payment for sick leave upon termination.

Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements. The Town has recorded a liability of \$8,539 for the governmental activities and \$8,549 for the business-type activities on the statement of net position at December 31, 2017.

On the governmental fund financial statements, where applicable, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. At December 31, 2017, there is no accrual in the fund financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Capital lease obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

Fund Balance and Net Position

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

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

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

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

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors (the "Board"). The Board is the highest level of decision making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has the authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts. The General Fund is the only fund that would report a positive amount in unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amount that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

At December 31, 2017, fund balances are composed of the following:

	General Fund	Conservation Trust Fund	Total
Nonspendable:			
Prepaid items	\$ 20,570	\$ 165	\$ 20,735
Restricted:			
Emergencies	26,591	-	26,591
Parks and recreation	-	23,748	23,748
Assigned:			-
Future budgetary needs	246,219	17,621	263,840
Unassigned:	558,292	-	558,292
Total fund balances	\$ 851,672	\$ 41,534	\$ 893,206

Revenue Recognition/Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the Town by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the Town.

In the fund financial statements, property taxes are recognized in the year for which levied provided they become available and measurable.

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Use of Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

2. Cash and Investments

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes ("CRS") require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2017, the Town had deposits with financial institutions with a carrying amount of \$214,897. The bank balances with the financial institutions was \$262,741, of which \$262,741 was covered by federal depository insurance.

At December 31, 2017, the Town had cash and cash equivalent balances, including restricted cash, as follows:

Cash on hand	\$ 991
Cash with county treasurer	455
Cash deposits	118,149
Total cash and cash equivalents	\$ 119,595

Cash and cash equivalents, by statement, are as follows:

Statement of net position:	
Cash and cash equivalents	\$ 156,943
Cash with county treasurer	455
Restricted cash and cash equivalents	58,945
Total	\$ 216,343

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the Town may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

- Local government investment pools

The Town's policy is to hold investments until maturity.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the Town would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a specific policy for custodial credit risk. As of December 31, 2017, the Town had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust, discussed below.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates.

Local Government Investment Pools

At December 31, 2017, the Town had invested \$1,163,401 in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents in the Water Fund are \$19,633 as established by Ordinance #1979-2 to be used to prevent default in the payment of the water revenue bonds and interest thereon. Restricted cash and cash equivalents in the Sewer Fund are \$39,312 as established by the 2015 revenue bonds to be used to prevent default in the payment of the sewer revenue bonds and interest thereon.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

3. Receivables

Receivables at December 31, 2017, consisted of the following:

Types	Governmental Activities	Business-Type Activities	Total
Taxes	\$ 183,667	\$ 41,518	\$ 225,185
Trade accounts	12,981	40,777	53,758
Intergovernmental	194,566	-	194,566
Total	\$ 391,214	\$ 82,295	\$ 473,509

4. Individual Fund Interfund Transfers and Balances Receivable/Payable

Interfund Transfers

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, or to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

	Transfers In	Transfers Out
Governmental funds:		
Major fund		
General	\$ -	\$ (6,250)
Proprietary funds:		
Major funds		
Water	6,106	-
Sewer	-	(3,750)
Stormwater	10,000	(6,106)
Total	\$ 16,106	\$ (16,106)

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

Interfund Balances Receivable/Payable

The Town's interfund receivables and payables at December 31, 2017 (at the fund level) are shown below. These amounts represent short-term receivables and payables. The balances result from the need to cover the temporary negative cash positions in individual funds

	Due to	Due from
Governmental funds:		
Major fund		
General	\$ -	\$ (309,003)
Nonmajor fund		
Conservation Trust	-	(72,740)
Proprietary funds:		
Major funds		
Water	381,743	-
Total	\$ 381,743	\$ (381,743)

5. Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 37,514	\$ -	\$ -	\$ 37,514
Total capital assets, not being depreciated	37,514	-	-	37,514
Capital assets, being depreciated:				
Land improvements	149,189	-	-	149,189
Buildings and improvements	135,201	-	-	135,201
Vehicles and equipment	535,101	-	-	535,101
Streets	627,214	-	-	627,214
Total capital assets, being depreciated	1,446,705	-	-	1,446,705
Less accumulated depreciation for:				
Land improvements	(78,075)	(3,730)	-	(81,805)
Buildings and improvements	(75,295)	(3,842)	-	(79,137)
Vehicles and equipment	(371,530)	(28,932)	-	(400,462)
Streets	(519,461)	(7,523)	-	(526,984)
Total accumulated depreciated	(1,044,361)	(44,027)	-	(1,088,388)
Total capital assets, being depreciated, net	402,344	(44,027)	-	358,317
Governmental activities capital assets, net	\$ 439,858	\$ (44,027)	\$ -	\$ 395,831

Depreciation expense for governmental activities has been allocated to various activities as follows:

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

Governmental Activities:	
General government	\$ 11,253
Public safety	3,300
Public works	22,334
Culture, recreation and parks	7,140
Total depreciation expense - governmental activities	\$ 44,027

A summary of changes in business-type activities capital assets for the year ended December 31, 2017, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 137,736	\$ -	\$ -	\$ 137,736
Water rights	545,339	-	-	545,339
System enhancement fee	137,500	-	-	137,500
Construction in progress	959,479	453,890	1,413,369	-
Total capital assets, not being depreciated	1,780,054	453,890	1,413,369	820,575
Capital assets, being depreciated:				
Buildings and improvements	33,619	-	-	33,619
Equipment	112,556	-	-	112,556
Utility systems	3,534,014	1,413,369	-	4,947,383
Total capital assets, being depreciated	3,680,189	1,413,369	-	5,093,558
Less accumulated depreciation for:				
Buildings and improvements	(33,562)	(57)	-	(33,619)
Equipment	(88,617)	(10,048)	-	(98,665)
Utility systems	(1,633,807)	(118,958)	-	(1,752,765)
Total accumulated depreciation	(1,755,986)	(129,063)	-	(1,885,049)
Total capital assets, being depreciated, net	1,924,203	1,284,306	-	3,208,509
Total business-type activities capital assets, net	\$ 3,704,257	\$ 1,738,196	\$ 1,413,369	\$ 4,029,084

Depreciation expense was charged to function or programs of the Town's business-type activities as follows:

Business-type Activities:	
Water	\$ 40,775
Sewer	75,264
Stormwater	13,024
Total depreciation expense - business-type activities	\$ 129,063

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

6. Long-Term Debt

Business-type Activities:

2004 Energy Impact Assistance Loan ("EIAF")

On September 1, 2004, the Town executed a \$90,000 promissory note with the State of Colorado, Department of Local Affairs to make improvements to the Town's sewer system. The note is due in annual installments of \$7,312, principal and interest, at 5.0% through September 1, 2024. The Town agrees to establish rates and charges for the services of the sewer system in an amount sufficient to manage, operate and maintain, in an efficient and economical manner, the sewer system.

2009 Energy Impact Assistance Loan ("EIAF")

On June 16, 2009, the Town executed a \$90,000 promissory note with the State of Colorado, Department of Local Affairs to make improvements to the Town's water system. The note is due in annual installments of \$7,282, principal and interest, at 5.0% through September 1, 2029. The Town agrees to establish rates and charges for the services of the water system in an amount sufficient to manage, operate and maintain, in an efficient and economical manner, the potable water system.

1993 General Obligation Bonds

In 1993, the Town issued \$300,000 of general obligation bonds. The bonds were issued to construct, enlarge and improve the Town's water system. The bonds are due in principal installments of \$15,400 in 2017 increasing to \$21,100 on October 28, 2022. The interest rate on these bonds is 6.125%.

2015 Colorado Water Resources and Power Development Authority Loan ("CWRPDA")

On June 30, 2015, the Town executed a loan agreement totaling \$1,909,000 with the Colorado Water Resources and Power Development Authority to make improvements and upgrades to the Town's wastewater treatment facility. The loan accrues interest at 1.00% and is payable in semi-annual principal and interest payments, beginning on November 1, 2016, with a maturity date of May 1, 2035. The loan is secured by the net revenues of the ownership and operation of the system, as defined within the Agreement. The loan was recorded as loan proceeds receivable. The outstanding loan balance as of December 31, 2017 was \$983,980.

Changes in long-term debt for the year ended December 31, 2017 were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Business-type activities:					
2004 EIAF loan	\$ 47,260	\$ -	\$ (4,949)	\$ 42,311	\$ 5,197
2009 EIAF loan	68,404	-	(3,862)	64,542	4,055
1993 general obligation bond	108,400	-	(15,400)	93,000	16,400
2015 CWRPDA loan	1,035,187	-	(51,207)	983,980	51,720
Accrued compensated absences	9,086	10,625	(11,162)	8,549	-
Total	\$1,268,337	\$ 10,625	\$ (86,580)	\$1,192,382	\$ 77,372

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

The following table represents future debt service requirements on the business-type activity debt as December 31, 2017:

Year	Principal	Interest	Total
2018	\$ 77,372	\$ 24,764	\$ 102,136
2019	79,352	23,264	102,616
2020	81,462	21,732	103,194
2021	83,601	20,163	103,764
2022	86,070	19,330	105,400
2023-2027	319,523	72,605	392,128
2028-2032	305,052	36,191	341,243
2033-2035	151,401	6,512	157,913
Total	\$ 1,183,833	\$ 224,561	\$ 1,408,394

7. Rate Maintenance

Sewer Fund

Pursuant to the 2015 CWRPDA loan, the Town must establish, maintain and enforce rates and charges for services rendered by the water system sufficient to create income and revenue each year, which pay maintenance and operation expenses of the system and cover the principal and interest payments of the water bond as they become due.

The following calculation shows the Town has complied with the rate maintenance provision of this loan agreement.

Operating revenues	\$ 231,715	
Less operating expenses, excluding depreciation	<u>(164,111)</u>	
Net revenue as defined in the bond agreement		67,604
2017 principal due	51,207	
2017 interest due	<u>10,224</u>	
	61,431	
	x110%	67,574
Amount the current year revenues were in excess of the 2015 loan agreement.		\$ 30

8. Pledged Revenues

The Town has pledged future water customer revenues, net of specified operating expenses, to repay the \$90,000, 2009 Energy Impact Assistance Loan. The proceeds were used to make water system improvements and are payable through 2029. Annual principal and interest payments on this debt is expected to require less than 50% of net revenues as defined in the debt agreements. Total principal and interest remaining to be paid on this debt is \$89,971. Principal and interest paid for the current year and total customer revenues were \$7,282 and \$215,022, respectively.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

The Town has pledged future sewer customer revenues, net of specified operating expenses, to repay \$90,000 in sewer system energy impact assistance loan issued in 2004. The proceeds were used to make sewer system improvements and are payable through 2024. Annual principal and interest payments on the loan are expected to require approximately 75% of net revenues of the sewer fund. Total principal and interest remaining to be paid on the bonds is \$51,185. Principal and interest paid for the current year and total customer revenues were \$7,312 and \$231,715, respectively.

9. Lease Revenue

The Town leases several plots of land to companies to place towers under operating lease agreements for five to ten year initial terms through 2030. The total lease revenue received as of December 31, 2017, was approximately \$29,000. The future minimum rent payments to be received are as follows:

Year		
2018	\$	29,893
2019		30,485
2020		31,091
2021		31,711
2022		32,346
2023 - 2027		171,807
2027 - 2030		111,744
	\$	439,077

10. Contingency

Risk Management

The Town is self insured for property and liability insurance. In order to mitigate risk, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency ("CIRSA"). CIRSA has a legal obligation for claims against their members to the extent that funds are available in their annually established loss fund and 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 they are not legally required to do so. Additionally, the Town may receive credit on future contributions in the event of a surplus.

CIRSA has entered into various excess insurance contracts to limit large losses and minimize exposure on large risks. Excess of loss contracts in effect during 2017 limit CIRSA's per occurrence exposure to \$1,000,000 for property coverage, \$1,000,000 for excess property coverage and provide coverage to specified upper limits. The excess of loss contract for workers' compensation coverage limits CIRSA's per occurrence exposure to \$500,000 for 2017 and provides coverage to statutory limits for the State of Colorado.

The Town's 2017 contributions were \$13,277 and \$5,892 for the property and casualty pool and the workers' compensation pool. The share of surplus at December 31, 2017, amounted to approximately \$12,670 and \$13,244 for the property and casualty pool and the workers' compensation pool, respectively.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2017

The ultimate liability to the Town resulting from claims not covered by CIRSA is not presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the Town's financial statements.

11. Taxes, Spending, and Debt Limitations

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserve (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary of fringe benefit increase. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The Town has restricted \$26,591 for this purpose.

On November 7, 1995, the voting citizens of the Town of Gilcrest authorized the Town (retroactive to January 1, 1994) to retain all of the revenues from all sources generated during 1994 and subsequent years, and spend the same as a voter-approved revenue change as an exception to limits which would otherwise apply for each of said years. This effectively removed all revenue and spending limits imposed by TABOR.

12. Subsequent Events

The Town evaluated subsequent events through July 17, 2018 the date these financial statements were available to be issued. Effective May 9, 2018, the remaining loan principal of the 2015 CWRPDA loan was reduced by \$271,517 for unused project funds.

No additional transactions or events that would require adjustment to the financial statements or note disclosures were identified.

Required Supplementary Information

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

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 273,001	\$ 273,001	\$ 322,526	\$ 49,525
Licenses and permits	9,725	9,725	14,608	4,883
Charges for services	80,307	80,307	114,780	34,473
Fines and forfeitures	23,410	23,410	31,837	8,427
Intergovernmental	178,436	333,031	359,923	26,892
Earnings on investments	2,500	2,500	8,228	5,728
Miscellaneous revenue	38,886	38,886	33,258	(5,628)
Total revenues	606,265	760,860	885,160	124,300
Expenditures				
Current:				
General government	164,087	164,087	175,016	(10,929)
Public safety	129,400	129,400	127,234	2,166
Public works	307,620	462,215	206,521	255,694
Health and welfare	25,850	25,850	23,517	2,333
Culture, recreation, and parks	130,135	130,135	65,855	64,280
Total expenditures	757,092	911,687	598,143	313,544
Excess (deficiency) of revenues over expenditures	(150,827)	(150,827)	287,017	437,844
Other financing sources (uses)				
Transfers out	-	-	(6,250)	(6,250)
Total other financing sources (uses)	-	-	(6,250)	(6,250)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ (150,827)	\$ (150,827)	280,767	\$ 431,594
Fund balance at beginning of year			570,905	
Fund balance at end of year			\$ 851,672	

See accompanying independent auditor's report.

Other Supplementary Information

Town of Gilcrest, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Conservation Trust Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State lottery funds	\$ 10,000	\$ 10,000	\$ 10,732	\$ 732
Earnings on investments	400	400	1,204	804
Total revenues	10,400	10,400	11,936	1,536
Expenditures				
Operating expenses	7,248	7,248	7,640	(392)
Well augmentation	1,700	1,700	1,589	111
Capital outlay	17,500	17,500	-	17,500
Total expenditures	26,448	26,448	9,229	17,219
Net change in fund balance	\$ (16,048)	\$ (16,048)	2,707	\$ 18,755
Fund balance at beginning of year			<u>38,827</u>	
Fund balance at end of year			<u>\$ 41,534</u>	

See accompanying independent auditor's report.

Town of Gilcrest, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Water Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 187,000	\$ 187,000	\$ 215,022	\$ 28,022
Operating expenses				
Operations and maintenance	145,095	145,095	113,196	31,899
Administration	62,844	62,844	54,984	7,860
Total operating expenses	207,939	207,939	168,180	39,759
Operating income	(20,939)	(20,939)	46,842	67,781
Other revenues (expenses)				
Property taxes	22,042	22,042	25,035	2,993
Earnings on investments	200	200	571	371
Transfers in	6,106	6,106	6,106	-
Interest expense	(10,060)	(10,060)	(10,060)	-
Principal paid	(19,262)	(19,262)	(19,262)	-
Total other revenues (expenses)	(974)	(974)	2,390	3,364
Excess (deficiency) of revenues over expenditures	\$ (21,913)	\$ (21,913)	49,232	\$ 71,145
Reconciliation to GAAP basis				
Depreciation			(40,775)	
Principal paid			19,262	
Change in net position - GAAP basis			27,719	
Net position at beginning of year			1,765,435	
Net position at end of year			\$ 1,793,154	

See accompanying independent auditor's report.

Town of Gilcrest, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Sewer Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 201,600	\$ 201,600	\$ 231,715	\$ 30,115
Total operating revenues	201,600	201,600	231,715	30,115
Operating expenses				
Operations and maintenance	153,499	153,499	109,089	44,410
Administration	65,304	65,304	55,022	10,282
Total operating expenses	218,803	218,803	164,111	54,692
Operating income (loss)	(17,203)	(17,203)	67,604	84,807
Other revenues (expenses)				
Grants and contributions	235,500	235,500	156,618	(78,882)
Earnings on investments	200	200	552	352
Loan proceeds	347,336	347,336	471,585	124,249
Principal paid	(56,156)	(56,156)	(56,156)	-
Interest expense	(12,587)	(12,587)	(12,587)	-
Transfers out	(3,750)	(3,750)	(3,750)	-
Capital outlay	(593,100)	(593,100)	829,869	1,422,969
Total other revenues (expenses)	(82,557)	(82,557)	1,386,131	1,468,688
Excess of revenues over expenditures	\$ (99,760)	\$ (99,760)	1,453,735	\$ 1,553,495
Reconciliation to GAAP basis				
Depreciation			(75,264)	
Loan proceeds			(471,585)	
Capital outlay			(829,869)	
Principal paid			56,156	
Change in net position - GAAP basis			133,173	
Net position at beginning of year			1,231,112	
Net position at end of year			\$ 1,364,285	

See accompanying independent auditor's report.

Town of Gilcrest, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Stormwater Fund
Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 19,000	\$ 19,000	\$ 19,235	\$ 235
Total revenues	19,000	19,000	19,235	235
Expenses				
Public works	21,304	21,304	10,185	11,119
Total expenses	21,304	21,304	10,185	11,119
Operating income	(2,304)	(2,304)	9,050	11,354
Other revenues (expenses)				
Transfers in	10,000	10,000	10,000	-
Transfers out	(6,106)	(6,106)	(6,106)	-
Total other revenues (expenses)	3,894	3,894	3,894	-
Excess of revenues over expenditures	\$ 1,590	\$ 1,590	12,944	\$ 11,354
Reconciliation to GAAP basis				
Depreciation			(13,024)	
Change in net position - GAAP basis			(80)	
Net position at beginning of year			716,754	
Net position at end of year			\$ 716,674	

See accompanying independent auditor's report.

State Compliance

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Gilcrest
	YEAR ENDING : 12/31/2017
This Information From The Records Of Town of Gilcrest	Prepared By: Trudy Peterson Phone: 970-737-2426

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:	0
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	45,000	b. Snow and ice removal	0
3. Other local imposts (from page 2)	16,495	c. Other	0
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0
a. Bonds - Original Issues		6. Total (1 through 5)	0
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)	61,495	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	6,948	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	68,443	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)	0

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
	3,810	68,443	0	72,253	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
12/17

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	0	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	16,495	g. Other Misc. Receipts	
6. Total (1. through 5.)	16,495	h. Other	
c. Total (a. + b.)	16,495	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	0	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	6,948	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.)	6,948	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	6,948	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:

Specific Ownership	12,001
County Road & Bridge	4,494
Total Other Local Imposts	16,495