

Annual Financial Report

**Town of Pierce**

Pierce, Colorado

For the Year Ended December 31, 2018



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# TOWN OF PIERCE, COLORADO

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 of 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 Pierce, State of Colorado as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-7 and budgetary comparison information on pages 27-31 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 of Pierce, State of Colorado's basic financial statements. The budgetary comparisons on pages 32-37 and the local highway finance report on pages 38-39 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparisons and 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 budgetary comparisons and local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Tim Chavies & Associates, Inc.*

Tim Chavies & Associates, Inc.  
Certified Public Accountants

Greeley, Colorado  
June 17, 2019

**TOWN OF PIERCE**  
**P.O. Box 57**  
**Pierce, Colorado 80650**  
**(970) 834-2851 Fax (970) 834-2755**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2018**

This section of Town of Pierce, State of Colorado's (Town) 2018 annual financial report presents management's discussion and analysis of the Town's financial performance for the year ended December 31, 2018. The Management Discussion and Analysis ("MD&A") should be read in conjunction with the Town's financial statements, including the notes to financial statements and supplemental information that immediately follow this section.

**ORGANIZATION AND PURPOSE**

The Town was incorporated in 1918 as a political subdivision of the State of Colorado and operated under a Town Board form of government. The following services are provided by the Town: public safety, public works (streets, trash, communicable disease control, street lighting), parks and recreation, water and sewer service and general administration.

**FINANCIAL HIGHLIGHTS**

- The net position of the Town increased by \$101,048 during 2018, compared to \$9,032 in 2017. The increase was due to an increase in property and sales tax money received and a tap fee.
- The Town capitalized \$90,123 of capital assets, and recorded depreciation of \$166,226 during 2018. In 2017 the District capitalized \$587,027 and recorded depreciation of \$147,272.
- Total revenues for the governmental funds were \$570,347 in 2018 compared to \$498,777 in 2017, an increase of \$71,570 or 14.35%. Total expenditures were \$556,641 in 2018 compared to \$730,695 in 2017, a decrease of \$174,054 or 23.82%.
- Total operating revenues for the proprietary funds were \$733,139 in 2018 compared to \$751,844 in 2017, a decrease of \$18,705 or 2.49%. Total operating expenditures were \$683,271 in 2018 compared to \$647,231 in 2017, an increase of \$36,040 or 5.57%.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Town's financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

**Government-Wide Financial Statements** are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the Town's finances utilizing the full accrual method of accounting.

**The Statement of Net Position** presents information on all of the Town's assets, deferred outflows of resources and liabilities and deferred inflows of resources, including capital assets and long-term liabilities with the difference being 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 the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Both 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 governmental activities of the Town include the General Fund and Conservation Trust Fund. The business-type activities of the Town include the Water Fund and Sewer Fund. The Town does not have any component units.

**Fund Financial Statements** focus on current available resources and are organized and operated on the basis of funds. 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. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary 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, the governmental funds financial statements utilize the modified accrual basis of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances on spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements. The Town maintains two governmental funds (General and Conservation Trust).

**Proprietary Funds** provide the same type of information as the government-wide financial statements, only in more detail. These funds are used to account for services in which the Town charges customers a fee. The Town maintains two proprietary funds (Water and Sewer).

The Town does not have any **Fiduciary Funds**.

**Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide, business-type activities and fund financial statements.

**Other Information** includes certain required supplementary information containing budgetary comparison schedules of revenues, expenditures and changes in fund balances for all funds.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Condensed financial information from the **Statement of Net Position** at December 31, 2018:

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 725,303	\$ 1,203,412	\$ 1,928,715
Capital assets, net	509,632	5,891,656	6,401,288
<b>Total Assets</b>	<b>1,234,935</b>	<b>7,095,068</b>	<b>8,330,003</b>
<b>Total Deferred Outflows</b>	-	-	-
Current liabilities	14,019	25,620	39,639
Long-term debt outstanding	2,555	-	2,555
<b>Total Liabilities</b>	<b>16,574</b>	<b>25,620</b>	<b>42,194</b>
Unearned revenues - property taxes	103,468	-	103,468
<b>Total Deferred Inflows</b>	<b>103,468</b>	-	<b>103,468</b>
Net investment in capital assets	509,632	5,891,656	6,401,288
Restricted for Tabor	16,814	-	16,814
Restricted for parks & recreation	68,015	-	68,015
Unrestricted	520,432	1,177,792	1,698,224
<b>Total Net Position</b>	<b>\$ 1,114,893</b>	<b>\$ 7,069,448</b>	<b>\$ 8,184,341</b>

The restricted portion of net position (\$84,829) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,698,224) may be used to meet the Town's obligations to citizens and creditors.

Condensed financial information from the **Statement of Activities** at December 31, 2018:

	Governmental Activities	Business-Type Activities	Total
<b>Revenues</b>			
Program Revenues:			
Charges for services	\$ 50,534	\$ 706,019	\$ 756,553
General Revenues:			
Taxes	358,021	-	358,021
Licenses and permits	22,389	-	22,389
Intergovernmental revenues	112,163	-	112,163
Fines and forfeitures	16,837	-	16,837
Earnings on investment	4,968	4,394	9,362
Other	(50)	88,888	88,838
<b>Total Revenues</b>	<b>564,862</b>	<b>799,301</b>	<b>1,364,163</b>
<b>Expenses:</b>			
General government	262,086	-	262,086
Public safety	116,207	-	116,207
Public works	131,000	-	131,000
Health and welfare	-	-	-
Culture - recreation	70,551	-	70,551
Other	-	-	-
Water	-	353,016	353,016
Sewer	-	330,255	330,255
<b>Total Expenses</b>	<b>579,844</b>	<b>683,271</b>	<b>1,263,115</b>
<b>Change in Net Position</b>	<b>(14,982)</b>	<b>116,030</b>	<b>101,048</b>
Net Position - beginning	1,129,875	6,953,418	8,083,293
<b>Net Position - ending</b>	<b>\$ 1,114,893</b>	<b>\$ 7,069,448</b>	<b>\$ 8,184,341</b>

Net position increased to \$8,184,341, an increase of \$101,048 from 2017. The increase was affected by the Town capital asset donations, property and sales tax increases, along with capital outlay of \$90,123, less depreciation expense of \$166,236 and a tap fee.

### FINANCIAL ANALYSIS OF THE FUNDS

**Governmental funds:** The Town's functions are reported in the General Fund and Conservation Trust Fund. The focus of these 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, unrestricted fund balance may serve as a useful measure of the Town's net resources available for spending at the end of its fiscal year.

As of December 31, 2018, the Town's governmental funds reported combined ending fund balances of \$607,816 an increase of \$18,956 in comparison with 2017. Approximately 29.84% of this total amount (\$181,366) constitutes *undesignated* fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed for encumbrances or Tabor.

**Proprietary funds:** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**Fiduciary funds:** As mentioned earlier, the Town does not have any of these types of funds.

### Budgetary Highlights

The budgets are prepared in accordance with accounting principles generally accepted in the United States of America. Budget and actual comparison schedules are provided in the other supplementary information section of this report. The budget and actual comparison schedules show the original adopted budget, the final revised budget, actual results, and variance between the final budget and actual results for all funds.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets (Net of Depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$ 221,878	\$ 26,220	\$ 248,098
Water rights	-	1,927,165	1,927,165
Utility systems	-	5,482,345	5,482,345
Buildings and improvements	394,311	-	394,311
Machinery and equipment	286,938	151,779	438,717
<b>Total Capital Assets</b>	<b>903,127</b>	<b>7,587,509</b>	<b>8,490,636</b>
Less: Accumulated depreciation	(393,495)	(1,695,853)	(2,089,348)
<b>Net Capital Assets</b>	<b>\$ 509,632</b>	<b>\$ 5,891,656</b>	<b>\$ 6,401,288</b>

Capital assets – net of depreciation decreased \$91,080 during 2018 due to capital outlay (assets acquired) less depreciation (See Note 5 for further discussion).

### DEBT ADMINISTRATION

The Town paid in full its debt obligations with the Colorado Water Resources and Power Development Authority on 07/19/2017. The Town is debt free.



## **ECONOMIC FACTORS**

- The annual budget assures the efficient, effective and economic use of the Town's resources as well as establishing the highest priority objectives are accomplished. Through the budget, the Board of Trustees sets the direction of the Town, allocates its resources, and establishes its priorities. The 2018 budget was approved by the Board of Trustees on December 11, 2017, appropriating \$1,741,350 for expenditures.
- Rimrock Energy Partners started construction on their gas treatment facility on newly annexed property.

## **FINANCIAL CONTACT**

This financial report is designed to provide a general overview of the Town's finances for those who have an interest in the Town. If you have any questions about the report or need additional financial information, please contact Kristina Duran, Town Clerk at 144 Main Street, Pierce, Colorado 80650. Phone (970) 834-2851.

***BASIC FINANCIAL STATEMENTS***

**TOWN OF PIERCE, COLORADO**

*Statement of Net Position*

**Government-Wide**

December 31, 2018

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash on hand and in checking	\$ 142,273	\$ 590,945	\$ 733,218
Cash with county treasurer	3,927	-	3,927
Cash in savings	74,815	347,981	422,796
<b>Total Cash</b>	<b>221,015</b>	<b>938,926</b>	<b>1,159,941</b>
Money market account	361,722	-	361,722
Certificates of deposit	-	188,859	188,859
<b>Total Investments</b>	<b>361,722</b>	<b>188,859</b>	<b>550,581</b>
Accounts receivable	38,611	74,753	113,364
Accrued interest receivable	-	278	278
Property taxes receivable	103,468	-	103,468
Prepaid expenses	487	596	1,083
Internal balances	-	-	-
<b>Total Current Assets</b>	<b>725,303</b>	<b>1,203,412</b>	<b>1,928,715</b>
<b>Capital Assets:</b>			
Land	221,878	26,220	248,098
Water rights	-	1,927,165	1,927,165
Utility systems	-	5,482,345	5,482,345
Buildings and improvements	394,311	-	394,311
Machinery and equipment	286,938	151,779	438,717
<b>Total Capital Assets</b>	<b>903,127</b>	<b>7,587,509</b>	<b>8,490,636</b>
Less: accumulated depreciation	(393,495)	(1,695,853)	(2,089,348)
<b>Net Capital Assets</b>	<b>509,632</b>	<b>5,891,656</b>	<b>6,401,288</b>
<b>Total Assets</b>	<b>1,234,935</b>	<b>7,095,068</b>	<b>8,330,003</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	11,867	18,045	29,912
Payroll taxes payable	1,752	1,030	2,782
Accrued interest payable	-	-	-
Deposits	400	6,545	6,945
<b>Total Current Liabilities</b>	<b>14,019</b>	<b>25,620</b>	<b>39,639</b>
<b>Long Term Liabilities:</b>			
Compensated absences	2,555	-	2,555
<b>Total Long Term Liabilities</b>	<b>2,555</b>	<b>-</b>	<b>2,555</b>
<b>Total Liabilities</b>	<b>16,574</b>	<b>25,620</b>	<b>42,194</b>
<b>DEFERRED INFLOWS</b>			
Unearned revenue - property taxes	103,468	-	103,468
<b>NET POSITION</b>			
Net investment in capital assets	509,632	5,891,656	6,401,288
Restricted for labor	16,814	-	16,814
Restricted for parks and recreation	68,015	-	68,015
Unrestricted	520,432	1,177,792	1,698,224
<b>Total Net Position</b>	<b>\$ 1,114,893</b>	<b>\$ 7,069,448</b>	<b>\$ 8,184,341</b>

See accompanying notes to the basic financial statements

**TOWN OF PIERCE, COLORADO**

*Statement of Activities*

**Government-Wide**

December 31, 2018

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Capital Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
<b>Primary Government</b>						
<b>Governmental Activities:</b>						
General government	\$ (262,086)	\$ -	\$ -	\$ (262,086)	\$ -	\$ (262,086)
Public safety	(116,207)	-	-	(116,207)	-	(116,207)
Public works	(131,000)	50,534	-	(80,466)	-	(80,466)
Health and welfare	-	-	-	-	-	-
Culture - recreation	(70,551)	-	-	(70,551)	-	(70,551)
<b>Total Governmental Activities</b>	<b>(579,844)</b>	<b>50,534</b>	<b>-</b>	<b>(529,310)</b>	<b>-</b>	<b>(529,310)</b>
<b>Business-Type Activities:</b>						
Water fund	(353,016)	361,841	66,000	-	74,825	74,825
Sewer fund	(330,255)	344,178	-	-	13,923	13,923
<b>Total Business-Type Activities</b>	<b>(683,271)</b>	<b>706,019</b>	<b>66,000</b>	<b>-</b>	<b>88,748</b>	<b>88,748</b>
<b>Total Primary Government</b>	<b>\$ (1,263,115)</b>	<b>\$ 756,553</b>	<b>\$ 66,000</b>	<b>(529,310)</b>	<b>88,748</b>	<b>(440,562)</b>
<b>General Revenues:</b>						
Taxes				358,021	-	358,021
Licenses and permits				22,389	-	22,389
Intergovernmental revenue				112,163	-	112,163
Fines and forfeitures				16,837	-	16,837
Miscellaneous income				5,435	27,120	32,555
Sale of assets				(5,485)	(4,232)	(9,717)
Grants				-	-	-
Insurance proceeds				-	-	-
Interest income				4,968	4,394	9,362
Transfers				-	-	-
Contributions				-	-	-
<b>Total General Revenues</b>				<b>514,328</b>	<b>27,282</b>	<b>541,610</b>
<b>Change in Net Position</b>				<b>(14,982)</b>	<b>116,030</b>	<b>101,048</b>
<b>Net Position-beginning of year</b>				<b>1,129,875</b>	<b>6,953,418</b>	<b>8,083,293</b>
<b>Net Position-end of year</b>				<b>\$ 1,114,893</b>	<b>\$ 7,069,448</b>	<b>\$ 8,184,341</b>

See accompanying notes to the basic financial statements

**TOWN OF PIERCE, COLORADO**

*Balance Sheet*

**Governmental Funds**

December 31, 2018

	General	Conservation Trust	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash on hand and in checking	\$ 142,273	\$ -	\$ 142,273
Cash with county treasurer	3,927	-	3,927
Cash in savings	-	74,815	74,815
<b>Total Cash</b>	<b>146,200</b>	<b>74,815</b>	<b>221,015</b>
Money market account	361,722	-	361,722
Certificates of deposit	-	-	-
<b>Total Investments</b>	<b>361,722</b>	<b>-</b>	<b>361,722</b>
Accounts receivable	38,611	-	38,611
Accrued interest receivable	-	-	-
Property taxes receivable	103,468	-	103,468
Prepaid expenses	487	-	487
Due from other funds	6,800	-	6,800
<b>Total Current Assets</b>	<b>657,288</b>	<b>74,815</b>	<b>732,103</b>
<b>Total Assets</b>	<b>\$ 657,288</b>	<b>\$ 74,815</b>	<b>\$ 732,103</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 11,867	\$ -	\$ 11,867
Payroll taxes payable	1,752	-	1,752
Deposits	400	-	400
Due to other funds	-	6,800	6,800
<b>Total Current Liabilities</b>	<b>14,019</b>	<b>6,800</b>	<b>20,819</b>
<b>Total Liabilities</b>	<b>14,019</b>	<b>6,800</b>	<b>20,819</b>
<b>DEFERRED INFLOWS</b>			
Unearned revenue - property taxes	103,468	-	103,468
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>117,487</b>	<b>6,800</b>	<b>124,287</b>
<b>FUND BALANCE</b>			
Non-spendable - prepaid	487	-	487
Restricted	16,814	61,665	78,479
Committed - subsequent year's expenditures	341,134	6,350	347,484
Assigned	-	-	-
Unassigned	181,366	-	181,366
<b>Total Fund Balance</b>	<b>539,801</b>	<b>68,015</b>	<b>607,816</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balance</b>	<b>\$ 657,288</b>	<b>\$ 74,815</b>	<b>\$ 732,103</b>

**Reconciliation of the Balance Sheet to the Statement of Net Position**

Total Governmental Fund Balance \$ 607,816

*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 fund:

Capital assets	903,127	
Less: accumulated depreciation	(393,495)	
		509,632

Accrued compensated absences are not due and payable in the current period, therefore, they are not reported in the fund financial statements (2,555)

**Net Position of Governmental Activities \$ 1,114,893**

See accompanying notes to the basic financial statements

**TOWN OF PIERCE, COLORADO**

*Statement of Revenues, Expenditures, and Changes in Fund Balances*

**Governmental Funds**

December 31, 2018

	General	Conservation Trust	Total
<b>Revenues:</b>			
Taxes	\$ 358,021	\$ -	\$ 358,021
Licenses and permits	22,389	-	22,389
Intergovernmental revenue	103,182	8,981	112,163
Charges for services	50,534	-	50,534
Fines and forfeitures	16,837	-	16,837
Miscellaneous revenues	9,924	479	10,403
<b>Total Revenues</b>	<b>560,887</b>	<b>9,460</b>	<b>570,347</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	263,995	-	263,995
Public safety	115,916	-	115,916
Public works	114,161	-	114,161
Health and welfare	-	-	-
Culture - recreation	62,569	-	62,569
<b>Total Expenditures</b>	<b>556,641</b>	<b>-</b>	<b>556,641</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>4,246</b>	<b>9,460</b>	<b>13,706</b>
<b>Other Financing Sources (Uses):</b>			
Sale of assets	5,250	-	5,250
Contributions	-	-	-
Insurance proceeds	-	-	-
Transfers in	8,000	-	8,000
Transfers out	-	(8,000)	(8,000)
<b>Total Other Financing Sources (Uses)</b>	<b>13,250</b>	<b>(8,000)</b>	<b>5,250</b>
<b>Net Change in Fund Balance</b>	<b>17,496</b>	<b>1,460</b>	<b>18,956</b>
Fund Balance - beginning of year	522,305	66,555	588,860
<b>Fund Balance - End of Year</b>	<b>\$ 539,801</b>	<b>\$ 68,015</b>	<b>\$ 607,816</b>

**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities:**

Net Change in Fund Balance - Total Governmental Funds \$ 18,956  
*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	9,680	
Depreciation expense	(36,003)	
		(26,323)

In the statement of activities only the gain/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold (10,735)

Some expenses reported in statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Change in compensated absences	3,120
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ (14,982)</b>
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# TOWN OF PIERCE, COLORADO

## Statement of Net Position

### Proprietary Funds

December 31, 2018

	Business-Type Activities		
	Water	Sewer	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash on hand and in checking	\$ 591,222	\$ (277)	\$ 590,945
Cash in savings	11,828	336,153	347,981
<b>Total Cash</b>	<b>603,050</b>	<b>335,876</b>	<b>938,926</b>
Money market account	-	-	-
Certificates of deposit	-	188,859	188,859
<b>Total Investments</b>	<b>-</b>	<b>188,859</b>	<b>188,859</b>
Accounts receivable	74,753	-	74,753
Accrued interest receivable	-	278	278
Prepaid expenses	379	217	596
Due from other funds	-	-	-
<b>Total Current Assets</b>	<b>678,182</b>	<b>525,230</b>	<b>1,203,412</b>
<b>Capital Assets:</b>			
Land	2,273	23,947	26,220
Water rights	1,927,165	-	1,927,165
Utility systems	2,621,110	2,861,235	5,482,345
Machinery and equipment	46,986	104,793	151,779
<b>Total Capital Assets</b>	<b>4,597,534</b>	<b>2,989,975</b>	<b>7,587,509</b>
Less: Accumulated depreciation	(890,453)	(805,400)	(1,695,853)
<b>Net Capital Assets</b>	<b>3,707,081</b>	<b>2,184,575</b>	<b>5,891,656</b>
<b>Total Assets</b>	<b>4,385,263</b>	<b>2,709,805</b>	<b>7,095,068</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	8,523	9,522	18,045
Payroll taxes payable	530	500	1,030
Accrued interest payable	-	-	-
Deposits	6,545	-	6,545
Due to other funds	-	-	-
<b>Total Current Liabilities</b>	<b>15,598</b>	<b>10,022</b>	<b>25,620</b>
<b>Total Liabilities</b>	<b>15,598</b>	<b>10,022</b>	<b>25,620</b>
<b>DEFERRED INFLOWS</b>			
Unearned revenue	-	-	-
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>15,598</b>	<b>10,022</b>	<b>25,620</b>
<b>NET POSITION</b>			
Net investment in capital assets	3,707,081	2,184,575	5,891,656
Restricted	-	-	-
Unrestricted:			
Designated for subsequent year's expenditures	233,850	284,300	518,150
Undesignated	428,734	230,908	659,642
<b>Total Net Position</b>	<b>\$ 4,369,665</b>	<b>\$ 2,699,783</b>	<b>\$ 7,069,448</b>

See accompanying notes to the basic financial statements

**TOWN OF PIERCE, COLORADO**

*Statement of Revenues, Expenses, and Changes in Net Position*

**Proprietary Funds**

December 31, 2018

	<b>Business-Type Activities</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Charges for services	\$ 361,841	\$ 344,178	\$ 706,019
Other revenue	15,316	11,804	27,120
<b>Total Operating Revenues</b>	<b>377,157</b>	<b>355,982</b>	<b>733,139</b>
<b>Operating Expenses:</b>			
<b>System Operation and Maintenance:</b>			
Salaries	35,265	35,265	70,530
Payroll taxes	2,757	2,757	5,514
Retirement	937	937	1,874
Health insurance	761	760	1,521
Supplies	11,368	7,450	18,818
Insurance	-	-	-
Utilities	5,160	16,415	21,575
Miscellaneous	138	437	575
Engineering	186	302	488
Outside services	4,115	18,287	22,402
Fuel	358	205	563
Water purchased	110,880	-	110,880
Water assessments	13,519	-	13,519
Monitoring and testing	15,308	25,618	40,926
System maintenance	23,380	86,850	110,230
<b>Total System Operation and Maintenance</b>	<b>224,132</b>	<b>195,283</b>	<b>419,415</b>
<b>Administrative and General:</b>			
Salaries	23,708	23,278	46,986
Payroll taxes	1,850	1,817	3,667
Retirement	680	670	1,350
Health insurance	9,287	6,954	16,241
Audit and accounting	6,759	4,427	11,186
Supplies	531	858	1,389
Insurance	10,213	7,075	17,288
Legal	651	-	651
Telephone and postage	3,245	2,262	5,507
Utilities	3,915	10,639	14,554
Travel and transportation	-	-	-
Miscellaneous	4,105	1,364	5,469
Engineering	2,066	1,503	3,569
IT service	2,061	1,888	3,949
Software maintenance	1,156	661	1,817
<b>Total Administrative and General</b>	<b>70,227</b>	<b>63,396</b>	<b>133,623</b>
Depreciation and Amortization	58,657	71,576	130,233
<b>Total Operating Expenses</b>	<b>353,016</b>	<b>330,255</b>	<b>683,271</b>
<b>Operating Income (Loss)</b>	<b>24,141</b>	<b>25,727</b>	<b>49,868</b>
<b>Non-Operating Revenues (Expenses)</b>			
Interest income	101	4,293	4,394
Sale of assets	(3,496)	(736)	(4,232)
Grant proceeds	-	-	-
Insurance proceeds	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(3,395)</b>	<b>3,557</b>	<b>162</b>
<b>Income (Loss) before contributions and transfers</b>	<b>20,746</b>	<b>29,284</b>	<b>50,030</b>
<b>Contributions</b>	<b>66,000</b>	<b>-</b>	<b>66,000</b>
<b>Transfers In (Out)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in Net Position</b>	<b>86,746</b>	<b>29,284</b>	<b>116,030</b>
Net Position - beginning of year	4,282,919	2,670,499	6,953,418
<b>Net Position - End of Year</b>	<b>\$ 4,369,665</b>	<b>\$ 2,699,783</b>	<b>\$ 7,069,448</b>

See accompanying notes to the basic financial statements



**TOWN OF PIERCE, COLORADO**

*Statement of Cash Flows*

**Proprietary Funds**

December 31, 2018

	<b>Business-Type Activities</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>			
Cash received from customers	\$ 359,773	\$ 344,086	\$ 703,859
Cash payments to employees	(58,973)	(58,543)	(117,516)
Cash payments to suppliers	(238,687)	(218,592)	(457,279)
Other non-operating revenues	15,316	11,804	27,120
Internal activity - payments to other funds	55,988	(64,786)	(8,798)
<b>Net Cash Flows From Operating Activities</b>	<b>133,417</b>	<b>13,969</b>	<b>147,386</b>
<b>Cash Flows From Non-Capital Financing Activities:</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Grants	-	-	-
Insurance proceeds	-	-	-
<b>Net Cash Flows From Non-Capital Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Acquisition of capital assets	(66,000)	(14,443)	(80,443)
Proceeds from long-term debt	-	-	-
Capital contributions	66,000	-	66,000
Principal payments on long-term debt	-	-	-
Interest payments on long-term debt	-	-	-
<b>Net Cash Flows From Capital and Related Financing Activities</b>	<b>-</b>	<b>(14,443)</b>	<b>(14,443)</b>
<b>Cash Flows From Investing Activities:</b>			
Interest on investments	101	4,293	4,394
<b>Net Cash Flows From Investing Activities</b>	<b>101</b>	<b>4,293</b>	<b>4,394</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>133,518</b>	<b>3,819</b>	<b>137,337</b>
Cash and Cash Equivalents - January 1	469,532	520,916	990,448
<b>Cash and Cash Equivalents - December 31</b>	<b>\$ 603,050</b>	<b>\$ 524,735</b>	<b>\$ 1,127,785</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating income (loss)	\$ 24,141	\$ 25,727	\$ 49,868
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	58,657	71,576	130,233
Changes in assets and liabilities:			
Receivables	(2,068)	(92)	(2,160)
Prepaid expenses	(23)	(7)	(30)
Due from other funds	64,786	-	64,786
Payables and other accrued expenses	(3,278)	(18,449)	(21,727)
Due to other funds	(8,798)	(64,786)	(73,584)
<b>Net Cash Flows From Operating Activities</b>	<b>\$ 133,417</b>	<b>\$ 13,969</b>	<b>\$ 147,386</b>

See accompanying notes to the basic financial statements

***NOTES TO THE BASIC FINANCIAL STATEMENTS***

## **TOWN OF PIERCE, COLORADO**

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### *Notes to the Basic Financial Statements*

December 31, 2018

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Form of Organization**

The Town of Pierce, Colorado (Town) was founded on August 30, 1918 as a statutory town. The statutes provide that the Mayor is the chief administrative officer and that the Board of Trustees shall be the policy-making authority. The following services are currently offered by the Town: General government, public safety, public works (streets, trash, street lighting), parks and recreation, community development and water and sewer service.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices are described below.

##### **Reporting Entity**

The reporting entity consists of only the Town, a primary government that is a general-purpose local government. This primary government has a separately elected governing body and it is legally separate, as well as financially independent of other state and local governments. The primary government may appoint a simple majority of the organization's governing board or have the ability to impose its will on the organization. A component unit may be a financial benefit or burden to the primary government and which is a legally separate organization of which the elected officials of the primary government are financially accountable. The Town does not have any component units.

##### **New Accounting Pronouncements**

GASB Statement No 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. This statement is the companion statement to GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement No 75 enhances accountability and transparency through new and revised note disclosures and required supplementary information (RSI). The Town has no OPEB plans, therefore, for year ended December 31, 2018 implementation had no impact to the Town's financial statements.

GASB Statement No 85, *Omnibus 2017*. This statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurements and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Town has no component units, goodwill, fair value measurements, or postemployment benefits, therefore, for year ended December 31, 2018 implementation had no impact to the Town's financial statements.

##### **Basic Financial Statements**

**Government-Wide Financial Statements** consist of Statement of Net Position and Statement of Activities, these statements report information about the reporting entity as a whole. These statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred, regardless of the timing of the related cash flows.

## TOWN OF PIERCE, COLORADO

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### *Notes to the Basic Financial Statements*

December 31, 2018

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Financial Statements** consist of Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balance for all major governmental funds and non-major funds aggregated. These statements are presented on the “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recognized when received in cash, except for revenues subject to accrual (generally 60 days after year-end) are recognized when due.

The Town reports the following major **Governmental Funds**:

- **General Fund (major)** is the general operating fund of the Town and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Conservation Trust Fund (major)** are special revenue fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

The Town reports the following major **Proprietary Fund**:

- **Water Fund (major)** is used to account for the water use fees and the expenses associated with providing water services to Town residents.
- **Sewer Fund (major)** is used to account for the sewer use fees and the expenses associated with providing wastewater services to Town residents.

Required supplementary information includes Management’s Discussion and Analysis which includes an analytical overview of the Town’s financial activities. In addition, budgetary comparison schedules are presented for all funds that compare the adopted and modified budget with actual results.

The Town does not have any **Fiduciary Funds**.

#### **Budgets and Budgetary Accounting:**

An annual budget and appropriation resolutions is adopted by the Town in accordance with the Colorado State Statutes. The budget for all funds is prepared on a basis consistent with generally accepted accounting principles (GAAP), except that bond and loan proceeds are treated as other financing sources and debt service principal payments and capital outlays are treated as expenditures.

Budgeted amounts are as originally adopted or as increased by supplemental appropriations. Budget appropriations lapse at year-end. Budgetary comparisons with actual revenues and expenditures are included as required supplemental information for the General and Conservation Trust funds and as other supplemental information for the Water and Sewer funds. The following is a summary of the original, total revisions and revised budgets for those funds with amended budgets in year 2018:

**TOWN OF PIERCE, COLORADO**

*Notes to the Basic Financial Statements*

December 31, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets and Budgetary Accounting (continued)**

	Original Budget	Total Revisions	Revised Budget
Governmental Funds			
General Fund	\$ 773,650	\$ -	\$ 773,650
Conservation Trust Fund	8,000	-	8,000
Proprietary Funds			
Water Fund	470,600	-	470,600
Sewer Fund	489,100	-	489,100
<b>Total Funds</b>	<b>\$ 1,741,350</b>	<b>\$ -</b>	<b>\$ 1,741,350</b>

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

- On or before August 25, the County Assessor submits to the Town the new assessed valuation and other amounts needed to compute the statutory property tax revenue limit.
- On or before October 15, the Budget Committee submits to the Town Board of Trustees a proposed operating budget for the following fiscal year commencing January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- On or before December 15, the Town certifies the mill levy to the Board of County Commissioners.
- On or before December 22, the Board of County Commissioners certifies the levy against the assessed valuation on all taxable properties.
- Prior to December 31, the Town legally adopts the budget.

**Designated for Subsequent Year's Expenditures**

Designated fund balance is the portion of the fund balance that is appropriated in the succeeding year's budget.

**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 employee's 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 \$2,555 at December 31, 2018. There is no accrual in the fund financial statements.

**TOWN OF PIERCE, COLORADO**

*Notes to the Basic Financial Statements*

December 31, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For purposes of the basic financial statements and the statement of cash flows, the Town considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**Certificates of Deposit**

Certificates of deposit are carried at cost plus accrued interest, which approximates fair value.

**Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the governmental-wide financial statements. The Town records its property and equipment at historical cost. Contributed capital assets are valued at their estimated fair value on the date donated. Maintenance and repairs are charged to current period operating expenses, whereas additions and improvements are capitalized. Upon retirement or other disposition of property and equipment, the costs and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in operations. Interest costs relating to construction are capitalized. During year ended December 31, 2018, no interest was capitalized. The Town's capitalization level is \$2,000 for capital assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land and Water rights	NA
Buildings and improvements	7 to 50
Machinery and equipment	5 to 15
Infrastructure	7 to 50
Utility systems	25 to 50

As a result of Statement No. 34, the Town is accounting for infrastructure and capital assets on its financial statements. The government-wide financial statements include those assets that were completed during the fiscal year-end, considered construction in progress or purchased or constructed in prior years. The Town has elected to capture infrastructure assets with the implementation of Statement No. 34 (the prospective approach).

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Receivables**

Receivables are considered fully collectible and therefore are reported at their gross value.

## **TOWN OF PIERCE, COLORADO**

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### *Notes to the Basic Financial Statements*

December 31, 2018

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Fund Equity**

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. (1) Nonspendable fund balance cannot be spent because of its form. (2) Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. (3) Committed fund balance is a limitation imposed by the Town's board through approval of resolutions. (4) Assigned fund balance is a limitation imposed by a designee of the Town's board. (5) Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted fund balances are available for use, it is the Town's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

#### **NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

The amendment excludes from its provisions Enterprises. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than ten percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. At a special election on November 7, 1995, voters approved a ballot issue regarding the Town's retention of revenues collected in excess of the fiscal spending limits for 1994, also to be effective for all years thereafter.

At an election held on April 5, 2016, voters approved a ballot issue for the Town to retain the current mill levy at a constant rate of 10.454 mills for a period of ten years (June 1, 2016 through May 31, 2025).

The Amendment requires that Emergency Reserves be established. The reserves must be at least three percent of the fiscal year spending (excluding bonded debt service). The Town is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, salary or benefit increases. The Town has restricted \$16,814 for this purpose.

**TOWN OF PIERCE, COLORADO**

*Notes to the Basic Financial Statements*

December 31, 2018

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS**

**Cash Deposits**

Cash and cash investments are carried at cost. The Town authorized investment of funds in federally insured bank accounts or local government pools. Maturities must be five years or less. This authorization is in compliance with restrictions set forth by the State of Colorado statutes.

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 (\$250,000 for 2018) 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Total cash deposits at December 31, 2018 are as follows:

	Governmental Activities	Business-Type Activities	Total
Cash on hand and in checking	\$ 142,273	\$ 590,945	\$ 733,218
Cash with county treasurer	3,927	-	3,927
Cash in savings	74,815	347,981	422,796
<b>Total Cash Deposits</b>	<b>\$ 221,015</b>	<b>\$ 938,926</b>	<b>\$ 1,159,941</b>

The State Regulatory Commissions for banks are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which a political subdivision may invest, which include:

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



**TOWN OF PIERCE, COLORADO***Notes to the Basic Financial Statements*

December 31, 2018

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)****Investments (continued)**

Total investments at December 31, 2018:

	Governmental Activities	Business-Type Activities	Total
Money Market Account	\$ 361,722	\$ -	\$ 361,722
Certificates of deposit	-	188,859	188,859
<b>Total Investments</b>	<b>\$ 361,722</b>	<b>\$ 188,859</b>	<b>\$ 550,581</b>

Maturities of investments at December 31, 2018 were as follows:

	Investment Maturities in Years				Total
	Less than 1	1 to 5	6 to 10	More than 10	
Cash in Money Market	\$ 361,722	\$ -	\$ -	\$ -	\$ 361,722
Certificates of Deposit	188,859	-	-	-	188,859
Investments at Fair Value	-	-	-	-	-
<b>Total Investments</b>	<b>\$ 550,581</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 550,581</b>

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

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Town has the following recurring fair value measurements as of December 31, 2018:

	Level 1	Level 2	Level 3	Total
<b>Investments by Fair Value Level:</b>				
US Treasury Bond/Note	\$ -	\$ -	\$ -	\$ -
Federal Agency Obligations	-	-	-	-
Equities	-	-	-	-
Mutual Funds	-	-	-	-
Subtotal	-	-	-	-
<b>Investments measured at Amortized Cost:</b>				
Money Market Account	-	-	-	361,722
Certificates of deposit	-	-	-	188,859
<b>Total Investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 550,581</b>

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Investments classified in Level 3 are valued using discounted cash flow techniques or valued using consensus pricing.

**TOWN OF PIERCE, COLORADO**

*Notes to the Basic Financial Statements*

December 31, 2018

**NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (continued)**

**Custodial Credit Risk** is the risk that, in the event of the failure of the issuer or counterparty, the Town will not be able to recover the value of its investment (or related collateral securities that are held by an outside party). The Town had no custodial credit risk for its investments at December 31, 2018.

**Interest Rate Risk** is the risk that changes in interest rate will adversely affect the fair value of an investment. The Town minimizes the interest rate risk by having different maturity dates for its certificates of deposit. 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.

**Credit Risk** is the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The Town's investment policy follows Colorado Revised Statutes.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town has no such policy limiting how much can be with one financial institution due to the Colorado Public Deposit Protection Act (PDPA).

**Foreign Currency Risk** is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The Town has no policy for foreign currency risk since all are in the form of certificates of deposit.

**Summary**

Total cash deposits and investments at December 31, 2018 are as follows:

	Governmental Activities	Business-Type Activities	Total
Cash Deposits	\$ 221,015	\$ 938,926	\$ 1,159,941
Investments	361,722	188,859	550,581
<b>Total Cash Deposits and Investments</b>	<b>\$ 582,737</b>	<b>\$ 1,127,785</b>	<b>\$ 1,710,522</b>

**Investment Income:**

	Governmental Activities	Business-Type Activities	Total
Interest income	\$ 4,968	\$ 4,394	\$ 9,362
Net increase (decrease) in the fair value of investments	-	-	-
<b>Total Investment Income</b>	<b>\$ 4,968</b>	<b>\$ 4,394</b>	<b>\$ 9,362</b>

The net increase (decrease) in the fair value of investments represents the difference in fair value from one year to the next.

**TOWN OF PIERCE, COLORADO**

*Notes to the Basic Financial Statements*

December 31, 2018

**NOTE 4 - PROPERTY TAXES RECEIVABLE**

Under Colorado law, all property taxes become due and payable in the calendar year following that in which they are levied. Property taxes levied by the General Fund in the current year, 2018, to be collected in the subsequent year, 2019 are accrued as a receivable as of December 31, 2018 and offset by a deferred revenue account.

The Town's property tax calendar for 2018 is as follows:

Lien Date	January 1, 2018
Levy Date	November 1, 2018
Tax bills mailed	January 1, 2019
First installment due	February 28, 2019
Second installment due	June 15, 2019
If paid in full, due	April 30, 2019
Tax sale – delinquent taxes	November 15, 2019

**NOTE 5 – CAPITAL ASSETS**

The following is a summary of the governmental activities changes in capital assets as of December 31, 2018:

	Beg Balance	Additions	Retirements	End Balance
<b>Governmental Activities</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 232,613	\$ -	\$ (10,735)	\$ 221,878
<b>Depreciable Assets:</b>				
Buildings and improvements	391,566	9,680	(6,935)	394,311
Machinery and equipment	352,510	-	(65,572)	286,938
<b>Totals at Historical Cost</b>	<b>976,689</b>	<b>9,680</b>	<b>(83,242)</b>	<b>903,127</b>
<b>Less: Accumulated Depreciation for:</b>				
Buildings and improvements	(176,511)	(17,154)	9,595	(184,070)
Machinery and equipment	(253,488)	(18,849)	62,912	(209,425)
<b>Total Accumulated Depreciation</b>	<b>(429,999)</b>	<b>(36,003)</b>	<b>72,507</b>	<b>(393,495)</b>
<b>Governmental Activities</b>				
<b>Capital Assets - Net</b>	<b>\$ 546,690</b>	<b>\$ (26,323)</b>	<b>\$ (10,735)</b>	<b>\$ 509,632</b>

**Depreciation expense was charged to Governmental Activities as follows:**

General government	\$ 10,891
Public Safety	291
Culture and recreation	7,982
Highways and streets	16,839
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 36,003</b>

**TOWN OF PIERCE, COLORADO**

*Notes to the Basic Financial Statements*

December 31, 2018

**NOTE 5 – CAPITAL ASSETS (CONTINUED)**

The following is a summary of the business-type activities changes in capital assets as of December 31, 2018:

	Beg Balance	Additions	Retirements	End Balance
<b>Business-Type Activities</b>				
<b>Non-Depreciable Assets:</b>				
Land	\$ 26,220	\$ -	\$ -	\$ 26,220
Water rights	1,861,165	66,000	-	1,927,165
<b>Depreciable Assets:</b>				
Utility systems	5,487,050	14,443	(19,148)	5,482,345
Machinery and equipment	176,766	-	(24,987)	151,779
Construction in progress	-	-	-	-
<b>Totals at Historical Cost</b>	<b>7,551,201</b>	<b>80,443</b>	<b>(44,135)</b>	<b>7,587,509</b>
<b>Less: Accumulated Depreciation for:</b>				
Utility systems	(1,505,318)	(106,851)	14,916	(1,597,253)
Machinery and equipment	(100,205)	(23,382)	24,987	(98,600)
<b>Total Accumulated Depreciation</b>	<b>(1,605,523)</b>	<b>(130,233)</b>	<b>39,903</b>	<b>(1,695,853)</b>
<b>Business-Type Activities</b>				
<b>Capital Assets - Net</b>	<b>\$ 5,945,678</b>	<b>\$ (49,790)</b>	<b>\$ (4,232)</b>	<b>\$ 5,891,656</b>

**Depreciation expense was charged to Business-Type Activities as follows:**

Water fund	\$ 58,657
Sewer fund	71,576
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>\$ 130,233</b>

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS**

A summary of interfund activities at December 31, 2018 is as follows:

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
<b>Governmental Activities</b>				
General Fund	\$ 6,800	\$ -	\$ 8,000	\$ -
Conservation Trust Fund	-	6,800	-	8,000
<b>Total Governmental Activities</b>	<b>6,800</b>	<b>6,800</b>	<b>8,000</b>	<b>8,000</b>
<b>Business-Type Activities</b>				
Water Fund	-	-	-	-
Sewer Fund	-	-	-	-
<b>Total Business-Type Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$ 6,800</b>	<b>\$ 6,800</b>	<b>\$ 8,000</b>	<b>\$ 8,000</b>

Internal balances are reflected on the government-wide financial statements as the net between funds, as of December 31, 2018 that balance was \$0. Transfers from Conservation Trust to General Fund are accounted for in accordance with budgetary authorizations.

## **TOWN OF PIERCE, COLORADO**

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### *Notes to the Basic Financial Statements*

December 31, 2018

#### **NOTE 7 - RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and subcontractors; and natural disasters. The Town purchases commercial insurance for most risks of loss. As of December 31, 2018, the Town did not have any liabilities in excess of insurance limits. Claims have not exceeded insurance coverage in the prior three years.

#### **NOTE 8 – CONTINGENCIES**

In the opinion of the District's management and counsel, there is no material pending or threatened litigation, claims, and assessments. Furthermore, the District's management and counsel are unaware of any unasserted possible claims or assessments that are probable of assertion and must be disclosed as of December 31, 2018. See Note 11 for further information.

#### **NOTE 9 – VALIC RETIREMENT PLAN**

##### **Plan Description**

Town employees may voluntarily contribute to the Voluntary Investment Program (457 Plan), an Internal Revenue Code Section 457 defined contribution plan administered by the Variable Annuity Life Insurance Company (VALIC).

Investments are managed by the plan's administrator under several different investment options, or combinations thereof. The choice of the investment option(s) is made by the participants. The Town has no management control over the assets of the plan. Accordingly, the assets of the plan are not included in these financial statements.

##### **Funding Policy**

The 457 Plan is funded by voluntary member contributions up to a maximum limit set by the IRS (\$18,000 for the calendar year 2018). Catch-up contributions up to \$6,000 for the calendar year 2018 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRS Section 414(v). The Town contributes three (3%) of the employee's salary into this plan. For the year ended December 31, 2018, the Town contributed \$8,237.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are the solely the property and rights of the participants. The Town has no liability for losses under the plan.

#### **NOTE 10 - POLICE DEPARTMENT CONTRACT**

The Town does not employ a full-time police officer. The Town has a contract with the Town of Ault for all law enforcement services (except for enforcement of dog, weed or zoning ordinances) at the rate of \$90,959 for 2018. A part-time Town employee administers the ordinances not covered by the law enforcement contract.

**TOWN OF PIERCE, COLORADO**

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*Notes to the Basic Financial Statements*

December 31, 2018

**NOTE 11 – SUBSEQUENT EVENTS**

The Town has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through June 17, 2019, the date on which the financial statements were issued, and did identify events or transactions that would have a material impact on the financial statements.

On May 17, 2019, the Town retained special counsel to represent the Town in connection with its joint efforts to exclude certain property, which the Town recently annexed, and including that property into another Fire Protection District. Under an Intergovernmental Agreement (IGA) all legal fees related to the litigation will not be the Town's responsibility. A Favorable outcome is expected.

***REQUIRED SUPPLEMENTAL INFORMATION***

**TOWN OF PIERCE, COLORADO**

*Schedule of Revenues*

*Budget to Actual - General Fund*

Year Ended December 31, 2018

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

<b>Non-GAAP Budgetary Basis</b>	<b>2018</b>		<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>	<b>2017 Actual</b>
	<b>Budget</b>				
	<b>Original</b>	<b>Final</b>			
<b>Taxes:</b>					
General property taxes	\$ 97,391	\$ 97,391	\$ 97,351	\$ (40)	\$ 70,715
Delinquent property taxes	-	-	284	284	42
Specific ownership taxes	4,200	4,200	7,478	3,278	5,524
General sales and use taxes	160,000	160,000	213,610	53,610	188,156
Franchise taxes	33,000	33,000	38,869	5,869	36,757
Penalties and interest on delinquent taxes	75	75	429	354	149
<b>Total Taxes</b>	<b>294,666</b>	<b>294,666</b>	<b>358,021</b>	<b>63,355</b>	<b>301,343</b>
<b>Licenses and Permits:</b>					
Business	880	880	625	(255)	1,346
Non-business	20,000	20,000	21,764	1,764	40,200
<b>Total Licenses and Permits</b>	<b>20,880</b>	<b>20,880</b>	<b>22,389</b>	<b>1,509</b>	<b>41,546</b>
<b>Intergovernmental Revenues:</b>					
State Grants:					
Cigarette tax	-	-	549	549	-
Highway users tax	36,000	36,000	55,713	19,713	41,273
State Shared Revenues:					
Additional motor vehicle registration fees	5,000	5,000	5,891	891	5,880
Severance tax	22,000	22,000	31,157	9,157	23,046
Other Governmental Units:					
Weld County road and bridge funds	4,500	4,500	9,872	5,372	4,681
<b>Total Intergovernmental Revenues</b>	<b>67,500</b>	<b>67,500</b>	<b>103,182</b>	<b>35,682</b>	<b>74,880</b>
<b>Charges for Services:</b>					
Sanitation:					
Refuse collection charges	41,400	41,400	50,534	9,134	46,807
Health:					
Animal control	-	-	-	-	-
Road impact fee	1,000	1,000	-	(1,000)	1,600
<b>Total Charges for Services</b>	<b>42,400</b>	<b>42,400</b>	<b>50,534</b>	<b>8,134</b>	<b>48,407</b>
<b>Fines and Forfeitures - Court Fines</b>	<b>8,000</b>	<b>8,000</b>	<b>16,837</b>	<b>8,837</b>	<b>11,975</b>
<b>Miscellaneous Revenues:</b>					
Earnings on investments	2,000	2,000	4,489	2,489	3,017
Other income	4,000	4,000	5,435	1,435	7,394
Sale of assets	-	-	5,250	5,250	-
Insurance proceeds	-	-	-	-	724
Contributions	-	-	-	-	1,500
Grants	-	-	-	-	-
<b>Total Miscellaneous Revenues</b>	<b>6,000</b>	<b>6,000</b>	<b>15,174</b>	<b>9,174</b>	<b>12,635</b>
<b>Total Revenues</b>	<b>\$ 439,446</b>	<b>\$ 439,446</b>	<b>\$ 566,137</b>	<b>\$ 126,691</b>	<b>\$ 490,786</b>



**TOWN OF PIERCE, COLORADO**

*Schedule of Expenditures*

*Budget to Actual - General Fund*

Year Ended December 31, 2018

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

Non-GAAP Budgetary Basis	2018				
	Budget		Actual	Variance - Favorable (Unfavorable)	2017 Actual
	Original	Final			
<b>General Government:</b>					
<b>Legislative:</b>					
Council fees	\$ 15,000	\$ 15,000	\$ 8,875	\$ 6,125	\$ 8,080
Payroll taxes	800	800	924	(124)	618
Ordinances and proceedings	100	100	-	100	-
Miscellaneous	100	100	-	100	-
Workmen's compensation	500	500	-	500	-
Legal	6,000	6,000	-	6,000	2,080
<b>Total Legislative</b>	<b>22,500</b>	<b>22,500</b>	<b>9,799</b>	<b>12,701</b>	<b>10,778</b>
<b>Judicial:</b>					
Municipal judge	3,500	3,500	450	3,050	4,347
Miscellaneous	700	700	969	(269)	416
<b>Total Judicial</b>	<b>4,200</b>	<b>4,200</b>	<b>1,419</b>	<b>2,781</b>	<b>4,763</b>
<b>Elections</b>	<b>1,800</b>	<b>1,800</b>	<b>-</b>	<b>1,800</b>	<b>-</b>
<b>Administration:</b>					
Salaries	70,000	70,000	69,500	500	88,358
Payroll taxes	9,000	9,000	5,427	3,573	6,881
Retirement	3,000	3,000	1,956	1,044	2,190
Employee's health insurance	7,000	7,000	18,419	(11,419)	1,439
Audit and accounting	30,000	30,000	8,314	21,686	13,478
Treasurer's fees	1,000	1,000	981	19	709
Office supplies and printing	12,000	12,000	11,955	45	7,712
Insurance	6,000	6,000	14,879	(8,879)	4,049
Legal	15,000	15,000	26,673	(11,673)	7,179
Advertising and legal notices	3,000	3,000	3,019	(19)	2,392
Codification ordinances	500	500	-	500	-
Telephone and postage	4,500	4,500	4,821	(321)	4,389
Utilities	9,000	9,000	6,159	2,841	4,726
Travel and transportation	1,000	1,000	46	954	1,156
Miscellaneous	35,000	35,000	5,190	29,810	4,934
Engineering	30,000	30,000	8,205	21,795	17,963
Outside services	-	-	35,833	(35,833)	-
Repairs - Building	25,000	25,000	7,218	17,782	45,620
Repairs - Equipment	2,000	2,000	383	1,617	653
Fuel	-	-	1,841	(1,841)	-
IT service	-	-	7,672	(7,672)	-
Software maintenance	-	-	1,486	(1,486)	-
Capital outlay	40,000	40,000	9,680	30,320	81,454
<b>Total Administration</b>	<b>303,000</b>	<b>303,000</b>	<b>249,657</b>	<b>53,343</b>	<b>295,282</b>
<b>Planning and Zoning:</b>					
Miscellaneous	300	300	-	300	-
<b>Total Planning and Zoning</b>	<b>300</b>	<b>300</b>	<b>-</b>	<b>300</b>	<b>-</b>
<b>Total General Government</b>	<b>331,800</b>	<b>331,800</b>	<b>260,875</b>	<b>70,925</b>	<b>310,823</b>

(continued on next page)

**TOWN OF PIERCE, COLORADO**

*Schedule of Expenditures*

*Budget to Actual - General Fund (continued)*

Year Ended December 31, 2018

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

Non-GAAP Budgetary Basis	2018				
	Budget		Actual	Variance - Favorable (Unfavorable)	2017 Actual
	Original	Final			
<b>Public Safety: Police</b>					
Police department contract	\$ 110,000	\$ 110,000	\$ 90,959	\$ 19,041	\$ 87,372
Salaries	35,000	35,000	21,321	13,679	17,941
Payroll taxes	2,100	2,100	1,665	435	-
Retirement	1,200	1,200	617	583	1,049
Health insurance	16,000	16,000	121	15,879	121
Supplies	500	500	318	182	141
Insurance	5,500	5,500	-	5,500	5,123
Legal	-	-	60	(60)	-
Travel and transportation	200	200	-	200	-
Miscellaneous	1,500	1,500	752	748	611
Gas and oil	600	600	103	497	537
Capital outlay	500	500	-	500	-
<b>Total Police</b>	<b>173,100</b>	<b>173,100</b>	<b>115,916</b>	<b>57,184</b>	<b>112,895</b>
Building inspections	-	-	-	-	12,873
<b>Total Public Safety</b>	<b>173,100</b>	<b>173,100</b>	<b>115,916</b>	<b>57,184</b>	<b>125,768</b>
<b>Public Works: Highways and Streets</b>					
Salaries	52,000	52,000	51,215	785	46,040
Payroll taxes	6,000	6,000	4,001	1,999	3,701
Retirement	1,700	1,700	1,390	310	414
Employee's health insurance	7,400	7,400	1,164	6,236	905
Supplies	5,000	5,000	1,870	3,130	2,529
Insurance	3,000	3,000	-	3,000	2,011
Utilities	1,000	1,000	1,080	(80)	-
Outside services	-	-	609	(609)	-
Repairs	1,200	1,200	587	613	73
Fuel	3,000	3,000	5,372	(2,372)	1,111
Street lighting	22,000	22,000	16,644	5,356	18,373
System maintenance	10,000	10,000	2,598	7,402	44,468
Capital outlay	5,000	5,000	-	5,000	74,190
<b>Total Highways and Streets</b>	<b>117,300</b>	<b>117,300</b>	<b>86,530</b>	<b>30,770</b>	<b>193,815</b>
<b>Sanitation: Waste Collection</b>	<b>42,000</b>	<b>42,000</b>	<b>27,631</b>	<b>14,369</b>	<b>40,120</b>
<b>Total Public Works</b>	<b>159,300</b>	<b>159,300</b>	<b>114,161</b>	<b>45,139</b>	<b>233,935</b>
<b>Health and Welfare - Animal Control</b>	<b>600</b>	<b>600</b>	<b>-</b>	<b>600</b>	<b>-</b>
<b>Culture - Recreation: Parks</b>					
Salaries	45,000	45,000	38,042	6,958	32,325
Payroll taxes	4,000	4,000	2,972	1,028	2,600
Retirement	1,350	1,350	1,050	300	414
Health insurance	6,000	6,000	1,164	4,836	372
Supplies	-	-	2,685	(2,685)	-
Insurance	2,500	2,500	-	2,500	2,054
Telephone and postage	-	-	57	(57)	-
Utilities	-	-	7,002	(7,002)	-
Miscellaneous	15,000	15,000	2,918	12,082	4,849
Outside services	-	-	2,511	(2,511)	-
System maintenance	15,000	15,000	4,168	10,832	8,802
Capital outlay	20,000	20,000	-	20,000	5,850
<b>Total Culture - Recreation</b>	<b>108,850</b>	<b>108,850</b>	<b>62,569</b>	<b>46,281</b>	<b>57,266</b>
<b>Total Expenditures</b>	<b>\$ 773,650</b>	<b>\$ 773,650</b>	<b>\$ 553,521</b>	<b>\$ 220,129</b>	<b>\$ 727,792</b>

**TOWN OF PIERCE, COLORADO**

*Reconciliation of Budgetary Basis to GAAP Basis*

*Budget to Actual - General Fund*

Year Ended December 31, 2018

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

<b>Non-GAAP Budgetary Basis</b>	<b>2018</b>				
	Budget		Actual	Variance - Favorable (Unfavorable)	2017 Actual
	Original	Final			
<b>Revenues:</b>					
Taxes	\$ 294,666	\$ 294,666	\$ 358,021	\$ 63,355	\$ 301,343
Licenses and permits	20,880	20,880	22,389	1,509	41,546
Intergovernmental revenues	67,500	67,500	103,182	35,682	74,880
Charges for services	42,400	42,400	50,534	8,134	48,407
Fines and forfeitures	8,000	8,000	16,837	8,837	11,975
Miscellaneous revenues	6,000	6,000	15,174	9,174	12,635
<b>Total Revenues</b>	<b>439,446</b>	<b>439,446</b>	<b>566,137</b>	<b>126,691</b>	<b>490,786</b>
<b>Transfers In:</b>					
Conservation Trust Fund	8,000	8,000	8,000	-	8,000
<b>Total Transfers In</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>	<b>-</b>	<b>8,000</b>
<b>Total Revenues and Transfers In</b>	<b>447,446</b>	<b>447,446</b>	<b>574,137</b>	<b>126,691</b>	<b>498,786</b>
<b>Expenditures:</b>					
General government	331,800	331,800	260,875	70,925	310,823
Public safety	173,100	173,100	115,916	57,184	125,768
Public works	159,300	159,300	114,161	45,139	233,935
Health and welfare	600	600	-	600	-
Culture - recreation	108,850	108,850	62,569	46,281	57,266
<b>Total Expenditures</b>	<b>773,650</b>	<b>773,650</b>	<b>553,521</b>	<b>220,129</b>	<b>727,792</b>
<b>Transfers Out:</b>					
Water Fund	-	-	-	-	-
<b>Total Transfers Out</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures and Transfers Out</b>	<b>773,650</b>	<b>773,650</b>	<b>553,521</b>	<b>220,129</b>	<b>727,792</b>
<b>Excess (Deficit) of Revenues and Transfers over Expenditures and Transfers</b>	<b>\$ (326,204)</b>	<b>\$ (326,204)</b>	<b>20,616</b>	<b>\$ 346,820</b>	<b>\$ (229,006)</b>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>					
Capital asset purchases capitalized			9,680		
Depreciation expense			(36,003)		
Sale of assets			(10,735)		
Compensated absences			-		
<b>Change in Net Position</b>			<b>\$ (16,442)</b>		

**TOWN OF PIERCE, COLORADO**

*Budgetary Comparison Schedule*

**Budget to Actual - Conservation Trust Fund**

Year Ended December 31, 2018

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

<b>Non-GAAP Budgetary Basis</b>	<b>2018</b>		<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>	<b>2017 Actual</b>
	<b>Budget</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues:</b>					
<b>Intergovernmental Revenue:</b>					
State Grants:					
Conservation Trust Fund Apportionment	\$ 8,000	\$ 8,000	\$ 8,981	\$ 981	\$ 8,701
<b>Total Intergovernmental Revenue</b>	8,000	8,000	8,981	981	8,701
<b>Charges for Services:</b>					
Culture-Recreation:					
Park Fee	600	600	-	(600)	1,250
<b>Miscellaneous Revenues:</b>					
Earnings on investments	50	50	479	429	264
Other revenue	-	-	-	-	-
<b>Total Revenues</b>	8,650	8,650	9,460	810	10,215
<b>Expenditures:</b>					
General Government:					
Miscellaneous	-	-	-	-	-
<b>Total Expenditures</b>	-	-	-	-	-
<b>Transfers Out:</b>					
General Fund	8,000	8,000	8,000	-	8,000
<b>Total Transfers Out</b>	8,000	8,000	8,000	-	8,000
<b>Total Expenditures and Transfers Out</b>	8,000	8,000	8,000	-	8,000
<b>Excess (Deficit) of Revenues Over Expenditures and Transfers Out</b>	\$ 650	\$ 650	1,460	\$ 810	\$ 2,215
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>					
Capital asset purchases capitalized			-		
Depreciation expense			-		
<b>Change in Net Position</b>			\$ 1,460		

***OTHER SUPPLEMENTAL INFORMATION***

**TOWN OF PIERCE, COLORADO**

*Schedule of Revenues*

*Budget to Actual - Water Fund*

Year Ended December 31, 2018

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

<b>Non-GAAP Budgetary Basis</b>	<b>2018</b>				<b>2017 Actual</b>
	<b>Budget</b>		<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>	
	<b>Original</b>	<b>Final</b>			
<b>Operating Revenues:</b>					
Charges for services	\$ 300,000	\$ 300,000	\$ 347,450	\$ 47,450	\$ 350,616
Water surcharges	-	-	1,891	1,891	16,108
Drainage fees	5,400	5,400	-	(5,400)	6,407
Tap fees	25,000	25,000	12,500	(12,500)	25,000
<b>Total Operating Revenues</b>	<b>330,400</b>	<b>330,400</b>	<b>361,841</b>	<b>31,441</b>	<b>398,131</b>
<b>Non-Operating Revenues:</b>					
Interest on investments	350	350	101	(249)	416
Transfer from other funds	-	-	-	-	-
Other revenue	11,000	11,000	15,316	4,316	26,330
<b>Total Non-Operating Revenues</b>	<b>11,350</b>	<b>11,350</b>	<b>15,417</b>	<b>4,067</b>	<b>26,746</b>
<b>Miscellaneous Revenues:</b>					
Contributions	-	-	66,000	66,000	-
Sale of assets	-	-	(3,496)	(3,496)	-
Grant proceeds	-	-	-	-	-
Insurance proceeds	-	-	-	-	-
Transfers In (Out)	-	-	-	-	-
<b>Total Miscellaneous Revenues</b>	<b>-</b>	<b>-</b>	<b>62,504</b>	<b>62,504</b>	<b>-</b>
<b>Total Revenues</b>	<b>\$ 341,750</b>	<b>\$ 341,750</b>	<b>\$ 439,762</b>	<b>\$ 98,012</b>	<b>\$ 424,877</b>

**TOWN OF PIERCE, COLORADO**

*Schedule of Expenditures*

*Budget to Actual - Water Fund*

Year Ended December 31, 2018

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

<i>Non-GAAP Budgetary Basis</i>	2018				
	Budget		Actual	Variance - Favorable (Unfavorable)	2017 Actual
	Original	Final			
<b>Operating Expenditures:</b>					
<b>System Operation &amp; Maintenance:</b>					
Salaries	\$ 35,000	\$ 35,000	\$ 35,265	\$ (265)	\$ 24,167
Payroll taxes	3,000	3,000	2,757	243	1,948
Retirement	1,100	1,100	937	163	620
Health insurance	3,100	3,100	761	2,339	649
Supplies	1,200	1,200	11,368	(10,168)	176
Insurance	6,000	6,000	-	6,000	4,878
Utilities	18,000	18,000	5,160	12,840	12,520
Miscellaneous	-	-	138	(138)	-
Engineering	-	-	186	(186)	-
Outside services	13,000	13,000	4,115	8,885	9,682
Fuel	-	-	358	(358)	-
Water purchased	170,000	170,000	110,880	59,120	118,169
Water assessments	22,000	22,000	13,519	8,481	14,430
Monitoring and testing	4,500	4,500	15,308	(10,808)	1,537
System maintenance	40,000	40,000	23,380	16,620	20,158
<b>Total System Operation &amp; Maintenance</b>	<b>316,900</b>	<b>316,900</b>	<b>224,132</b>	<b>92,768</b>	<b>208,934</b>
<b>Administrative &amp; General:</b>					
Salaries	35,000	35,000	23,708	11,292	25,961
Payroll taxes	3,000	3,000	1,850	1,150	2,094
Retirement	2,000	2,000	680	1,320	1,532
Health insurance	7,400	7,400	9,287	(1,887)	187
Audit and accounting	25,000	25,000	6,759	18,241	12,192
Supplies	3,000	3,000	531	2,469	744
Insurance	7,000	7,000	10,213	(3,213)	5,274
Legal	15,000	15,000	651	14,349	860
Telephone and postage	5,000	5,000	3,245	1,755	3,737
Utilities	-	-	3,915	(3,915)	-
Travel and transportation	300	300	-	300	-
Miscellaneous	20,000	20,000	4,105	15,895	2,900
Engineering	1,000	1,000	2,066	(1,066)	836
IT service	-	-	2,061	(2,061)	-
Software maintenance	-	-	1,156	(1,156)	-
<b>Total Administrative &amp; General</b>	<b>123,700</b>	<b>123,700</b>	<b>70,227</b>	<b>53,473</b>	<b>56,317</b>
<b>Total Operating Expenditures</b>	<b>440,600</b>	<b>440,600</b>	<b>294,359</b>	<b>146,241</b>	<b>265,251</b>
<b>Non-Operating Expenditures:</b>					
Capital outlay	30,000	30,000	66,000	(36,000)	325,887
<b>Total Non-Operating Expenditures</b>	<b>30,000</b>	<b>30,000</b>	<b>66,000</b>	<b>(36,000)</b>	<b>325,887</b>
<b>Total Expenditures</b>	<b>\$ 470,600</b>	<b>\$ 470,600</b>	<b>\$ 360,359</b>	<b>\$ 110,241</b>	<b>\$ 591,138</b>

**TOWN OF PIERCE, COLORADO**

*Reconciliation of Budgetary Basis to GAAP Basis*

*Budget to Actual - Water Fund*

Year Ended December 31, 2018

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

<b>Non-GAAP Budgetary Basis</b>	<b>2018</b>				<b>2017 Actual</b>
	<b>Budget</b>		<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>	
	<b>Original</b>	<b>Final</b>			
<b>Revenues:</b>					
Operating revenues	\$ 330,400	\$ 330,400	\$ 361,841	\$ 31,441	\$ 398,131
Non-operating revenues	11,350	11,350	15,417	4,067	26,746
Miscellaneous revenues	-	-	62,504	62,504	-
<b>Total Revenues</b>	<b>341,750</b>	<b>341,750</b>	<b>439,762</b>	<b>98,012</b>	<b>424,877</b>
<b>Expenditures:</b>					
System operation & maintenance	316,900	316,900	224,132	92,768	208,934
Administrative & general	123,700	123,700	70,227	53,473	56,317
Capital outlay	30,000	30,000	66,000	(36,000)	325,887
<b>Total Expenditures</b>	<b>470,600</b>	<b>470,600</b>	<b>360,359</b>	<b>110,241</b>	<b>591,138</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ (128,850)</b>	<b>\$ (128,850)</b>	<b>79,403</b>	<b>\$ 208,253</b>	<b>\$ (166,261)</b>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>					
Capital assets purchases capitalized			66,000		
Depreciation expense			(58,657)		
<b>Change in Net Position</b>			<b>\$ 86,746</b>		



**TOWN OF PIERCE, COLORADO**

*Schedule of Revenues*

*Budget to Actual - Sewer Fund*

Year Ended December 31, 2018

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

<b>Non-GAAP Budgetary Basis</b>	<b>2018</b>				<b>2017 Actual</b>
	<b>Budget</b>		<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>	
	<b>Original</b>	<b>Final</b>			
<b>Operating Revenues:</b>					
Charges for services	\$ 315,000	\$ 315,000	\$ 344,178	\$ 29,178	\$ 318,202
Tap Fees	-	-	-	-	8,500
<b>Total Operating Revenues</b>	<b>315,000</b>	<b>315,000</b>	<b>344,178</b>	<b>29,178</b>	<b>326,702</b>
<b>Non-Operating Revenues:</b>					
Interest on investments	2,500	2,500	4,293	1,793	3,316
Other revenue	-	-	11,804	11,804	681
<b>Total Non-Operating Revenues</b>	<b>2,500</b>	<b>2,500</b>	<b>16,097</b>	<b>13,597</b>	<b>3,997</b>
<b>Miscellaneous Income:</b>					
Contributions	-	-	-	-	-
Sale of assets	-	-	(736)	(736)	-
Insurance proceeds	-	-	-	-	-
Transfers In (Out)	-	-	-	-	-
<b>Total Miscellaneous Revenues</b>	<b>-</b>	<b>-</b>	<b>(736)</b>	<b>(736)</b>	<b>-</b>
<b>Total Revenues</b>	<b>\$ 317,500</b>	<b>\$ 317,500</b>	<b>\$ 359,539</b>	<b>\$ 42,039</b>	<b>\$ 330,699</b>

**TOWN OF PIERCE, COLORADO**

*Schedule of Expenditures*

*Budget to Actual - Sewer Fund*

Year Ended December 31, 2018

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

<i>Non-GAAP Budgetary Basis</i>	2018				
	Budget		Actual	Variance - Favorable (Unfavorable)	2017 Actual
	Original	Final			
<b>Operating Expenditures:</b>					
<b>System Operation &amp; Maintenance:</b>					
Salaries	\$ 35,000	\$ 35,000	\$ 35,265	\$ (265)	\$ 25,856
Payroll taxes	3,000	3,000	2,757	243	1,891
Retirement	1,200	1,200	937	263	620
Health insurance	3,100	3,100	760	2,340	692
Supplies	5,000	5,000	7,450	(2,450)	1,994
Insurance	4,000	4,000	-	4,000	2,788
Utilities	-	-	16,415	(16,415)	-
Miscellaneous	-	-	437	(437)	-
Engineering	55,000	55,000	302	54,698	27,577
Outside services	-	-	18,287	(18,287)	-
Fuel	45,000	45,000	205	44,795	30,928
Monitoring and testing	30,000	30,000	25,618	4,382	16,156
System maintenance	160,000	160,000	86,850	73,150	110,925
<b>Total System Operation &amp; Maintenance</b>	<b>341,300</b>	<b>341,300</b>	<b>195,283</b>	<b>146,017</b>	<b>219,427</b>
<b>Administrative &amp; General:</b>					
Salaries	35,000	35,000	23,278	11,722	25,602
Payroll taxes	3,000	3,000	1,817	1,183	2,055
Retirement	1,200	1,200	670	530	658
Health insurance	6,600	6,600	6,954	(354)	549
Audit and accounting	20,000	20,000	4,427	15,573	5,592
Supplies	2,000	2,000	858	1,142	437
Insurance	5,000	5,000	7,075	(2,075)	3,126
Legal	10,000	10,000	-	10,000	405
Telephone and postage	4,000	4,000	2,262	1,738	2,423
Utilities	-	-	10,639	(10,639)	-
Travel and transportation	-	-	-	-	-
Miscellaneous	10,000	10,000	1,364	8,636	380
Engineering	1,000	1,000	1,503	(503)	600
IT service	-	-	1,888	(1,888)	-
Software maintenance	-	-	661	(661)	-
<b>Total Administrative &amp; General</b>	<b>97,800</b>	<b>97,800</b>	<b>63,396</b>	<b>34,404</b>	<b>41,827</b>
<b>Total Operating Expenditures</b>	<b>439,100</b>	<b>439,100</b>	<b>258,679</b>	<b>180,421</b>	<b>261,254</b>
<b>Non-Operating Expenditures:</b>					
<b>Capital outlay</b>	<b>50,000</b>	<b>50,000</b>	<b>14,443</b>	<b>35,557</b>	<b>98,192</b>
<b>Debt service:</b>					
Principal	-	-	-	-	576,479
Interest	-	-	-	-	6,027
<b>Total Non-Operating Expenditures</b>	<b>50,000</b>	<b>50,000</b>	<b>14,443</b>	<b>35,557</b>	<b>680,698</b>
<b>Total Expenditures</b>	<b>\$ 489,100</b>	<b>\$ 489,100</b>	<b>\$ 273,122</b>	<b>\$ 215,978</b>	<b>\$ 941,952</b>

**TOWN OF PIERCE, COLORADO**

*Reconciliation of Budgetary Basis to GAAP Basis*

*Budget to Actual - Sewer Fund*

Year Ended December 31, 2018

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

<i>Non-GAAP Budgetary Basis</i>	2018				2017 Actual
	Budget		Actual	Variance - Favorable (Unfavorable)	
	Original	Final			
<b>Revenues:</b>					
Operating revenues	\$ 315,000	\$ 315,000	\$ 344,178	\$ 29,178	\$ 326,702
Non-operating revenues	2,500	2,500	16,097	13,597	3,997
Miscellaneous revenues	-	-	(736)	(736)	-
<b>Total Revenues</b>	<b>317,500</b>	<b>317,500</b>	<b>359,539</b>	<b>42,039</b>	<b>330,699</b>
<b>Expenditures:</b>					
System operations & maintenance	341,300	341,300	195,283	146,017	219,427
Administrative & general	97,800	97,800	63,396	34,404	41,827
Non-operating	50,000	50,000	14,443	35,557	680,698
<b>Total Expenditures</b>	<b>489,100</b>	<b>489,100</b>	<b>273,122</b>	<b>215,978</b>	<b>941,952</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>\$ (171,600)</b>	<b>\$ (171,600)</b>	<b>86,417</b>	<b>\$ 258,017</b>	<b>\$ (611,253)</b>
<b>Reconciliation of Budgetary Basis to GAAP Basis:</b>					
Capital assets purchases capitalized			14,443		
Depreciation expense			(71,576)		
Long-term debt payments			-		
<b>Change in Net Position</b>			<b>\$ 29,284</b>		

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: <b>TOWN OF PIERCE, COLORADO</b> YEAR ENDING : <b>December 2018</b>
This Information From The Records Of (example - City of _ or County of _)	Prepared By: <b>KRISTINA DURAN, TOWN CLERK</b> Phone: <b>*(970) 834-2851</b>

**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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	17,874
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	(23,523)	b. Snow and ice removal	0
3. Other local imposts (from page 2)	9,872	c. Other <b>Street Lighting</b>	16,778
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	16,778
5. Transfers from toll facilities	0	4. General administration & miscellaneous	0
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	20,688
a. Bonds - Original Issues	0	6. Total (1 through 5)	55,340
b. Bonds - Refunding Issues	0	<b>B. Debt service on local obligations:</b>	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	(13,651)	b. Redemption	0
<b>B. Private Contributions</b>	0	c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	68,991	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	0
<b>E. Total receipts (A.7 + B + C + D)</b>	55,340	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	0
		<b>D. Payments to toll facilities</b>	0
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	55,340

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	55,340	55,340	0	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
**Colorado**  
 YEAR ENDING (mm/yy):  
**December 2018**

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	9,872	g. Other Misc. Receipts	0
6. Total (1. through 5.)	9,872	h. Other	0
c. Total (a. + b.)	9,872	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	56,511	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	12,480	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	12,480	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	68,991	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	0	0
(4). System Enhancement & Operation	0	0	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: