

TOWN OF PALMER LAKE, COLORADO

**FINANCIAL STATEMENTS
December 31, 2017**

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Office of the State Auditor

July 18, 2018

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Town of Palmer Lake, Colorado

We have audited the accompanying financial statements of the governmental activities, business activities and each major fund and the aggregate remaining fund information of the Town of Palmer Lake, Colorado as of and for the year ended December 31, 2017, which collectively comprise the Town's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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 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, business activities, each major fund and aggregate remaining fund information of the Town of Palmer Lake, 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 accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General Fund budgetary comparison schedule, Schedule of Contributions – Multiyear, Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios Multiyear, Schedule of the District's Proportionate Share of the Net Pension Liability – FPPA, and Schedule of Pension Contributions – FPPA as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Palmer Lake, Colorado's basic financial statements as a whole. The combining statements, the budget to actual schedules and the Local Highway Finance Report as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements, the budget to actual schedules and the Local Highway Finance Report is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "Gurn & Associates LLP".

Brighton, Colorado
July 16, 2018

Management's Discussion and Analysis

Town of Palmer Lake, Colorado

Management's Discussion and Analysis

Introduction:

Management's Discussion and Analysis is intended to provide the reader and user of our financial statements with a narrative overview of the Town's financial activities. Management's Discussion and Analysis (MD&A) should be read in conjunction with the Town's financial statements and notes to the financial statements, beginning on page 8.

The Town of Palmer Lake was founded in 1871 by General William Jackson Palmer and was incorporated in 1889 as a political subdivision of the State of Colorado. The Town operates under a Mayor-Council form of government. Under the guidance of the central administration which includes financial and technical support, the Town provides a range of services. The services include public safety (police and volunteer fire), public utilities (water), infrastructure (drainage, streets and public buildings) and cultural and recreational activities (parks, trails, recreation programs and library). The Town is nestled at the base of the pike National Forest in the northwest corner of El Paso County, Colorado. The population of Palmer Lake, Colorado is estimated at approximately 2,200 people.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (Net Position) by \$5,659,480 at December 31, 2017. Of this amount \$2,036,252 was unrestricted and available to fund future obligations of the Town.
- Net position of governmental activities increased by \$522,412, and net position of business-type activities decreased by \$85,676.
- As of December 31, 2017 the General fund had a fund balance of \$1,730,278 which is an increase of \$441,948 from December 31, 2016. Of this amount \$1,671,130 was unassigned and available for use to meet the Town's current obligations.
- As of December 31, 2017 the Water fund had a fund balance of \$3,370,229 which is a decrease of \$85,676 from December 31, 2016.

Overview of the Financial Statements of the Town:

The audited financial statements of the Town are:

- Statement of Net Position
- Statement of Activities
- Balance Sheet – Governmental Funds
- Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds
- Statement of Net Position – Proprietary Fund
- Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
- Statement of Cash Flows – Proprietary Fund
- Notes to the Financial Statements

The financial statements of the Town are presented as a special purpose government engaged in business and government type activities. These financial statements distinguish between the functions of the Town that will be principally supported by taxes.

The **Statement of Net Position** is prepared using the full accrual basis of accounting and provides information about what is owned (assets) by the Town, what is owed (liabilities) by the Town, and what is the Town's equity in its assets (net position). Over time, the comparison of changes in net position may provide a useful method of evaluating whether the financial position of the Town is improving, deteriorating, or maintaining a status quo.

The **Statement of Activities** provides information about the components – Program Expenses, Program Revenue and General Revenue – of the Town's annual operating activities and how those activities affected net position during the current fiscal year.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are governmental or proprietary funds.

Governmental Funds

The **Balance Sheet – Governmental Funds** presents the financial position of the Town's funds using the traditional government modified accrual method of accounting, which does not reflect capital assets and debt obligations.

The **Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds** presents the activities of the Town's funds using the modified accrual method of accounting which includes expenditures for capital assets and debt service obligations. This method approximates the reporting on a cash basis and closely follows the budgetary method.

The two reconciliations, which accompany these governmental funds statements, provide explanations of the specific differences in these statements as compared to the Statement of Net position and the Statement of Activities.

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

Proprietary Funds

Enterprise funds are used to report any activity for which it is primarily funded by charging a fee to external users for goods and services, and operate in a manner similar to private sector businesses. The Town utilizes one enterprise fund to account for water operations. The

proprietary fund financial statements provide the same type of information as shown in the government-wide financial statements.

The **Notes to Financial Statements** provide additional, required disclosures about the Town, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

Condensed Comparative Financial Information:

Statement of Net Position

	Governmental Activities		Business-type Activities		Primary Government	
	2017	2016	2017	2016	2017	2015
Current and Other Assets	\$ 2,636,129	\$ 2,044,689	\$ 485,071	\$ 990,332	\$ 3,121,200	\$ 3,035,021
Capital Assets	548,070	508,329	4,090,608	3,771,622	4,638,678	4,279,951
Total Assets	3,184,199	2,553,018	4,575,679	4,761,954	7,759,878	7,314,972
Deferred Outflows	76,716	58,440	-	-	76,716	58,440
Long-Term Debt	-	-	1,155,896	1,236,191	1,155,896	1,236,191
Other Liabilities	257,326	116,423	49,554	69,858	306,880	186,281
Total Liabilities	257,326	116,423	1,205,450	1,306,049	1,462,776	1,422,472
Deferred Inflows	714,338	677,181	-	-	714,338	677,181
Net Position						
Net investment in capital assets	548,070	508,329	2,934,712	2,535,431	3,482,782	3,043,760
Restricted	140,446	430,126	-	-	140,446	430,126
Unrestricted	1,600,735	828,384	435,517	920,474	2,036,252	1,748,858
Total Net Position	\$ 2,289,251	\$ 1,766,839	\$ 3,370,229	\$ 3,455,905	\$ 5,659,480	\$ 5,222,744

Statement of Activities

Statement of Activities	Governmental Activities		Business-type Activities		Primary Government	
	2017	2016	2017	2016	2017	2015
Program Expenses	\$ 1,475,405	\$ 1,192,768	\$ 1,014,422	\$ 883,999	\$ 2,489,827	\$ 1,890,818
Program Revenues	252,249	90,935	854,215	847,623	1,106,464	847,883
Net Program Expense	1,223,156	1,101,833	160,207	36,376	1,383,363	1,042,935
General Revenues	1,745,568	1,364,089	74,531	83,237	1,820,099	1,466,931
Change in Net Position	522,412	262,256	(85,676)	46,861	436,736	423,996
Net Position, Beginning of Year - (restated)	1,766,839	1,504,583	3,455,905	3,409,044	5,222,744	4,540,646
Net Position, End of Year	\$ 2,289,251	\$ 1,766,839	\$ 3,370,229	\$ 3,455,905	\$ 5,659,480	\$ 4,964,642

This foregoing information is a summary of the financial information contained in the Town's financial statements. For more about the information contained in this condensed, comparative

financial information, we recommend a close review of the accompanying audited financial statements beginning on page 8.

Discussion of Financial Position and Operating Activities

Net position at the end of December 2017 was \$2,289,251 for the governmental activities, \$3,370,229, for the business-type activities and \$5,659,480 for the primary government. This is from revenues that exceeded expenses by \$436,736 for the primary government.

The Town restricted three percent (3%) of its general revenues for emergencies in accordance with TABOR requirements. The Town had a TABOR reserve of \$59,148 at December 31, 2017.

The Town's total assets are comprised primarily cash and equivalents, receivables for water service and long term capital assets. The Town's total liabilities are comprised primarily of long term debt and current liabilities related to ongoing operations.

In 2017, program expense exceeded program revenues by \$1,383,363 for the primary government. This was offset by net general revenues of \$1,820,099, which resulted in an overall increase in net position. See page 8 of the accompanying Financial Statements for details of these revenues and expenses.

Fund Discussion

Governmental Funds

The Governmental Fund – General Fund balance increased from \$1,288,330 in 2016 to \$1,1730,278 in 2017. The fund balance includes \$59,148 for emergencies in accordance with TABOR requirements. The assets and liabilities are comprised primarily of cash and property tax revenues to be realized in 2017. As of December 31, 2017 the Town's combined fund balance for all governmental funds was \$1,811,576

General Fund Budgetary Discussion

Actual revenues for 2017 were \$590,570 less than the final budget. Actual expenditures for 2017 were \$1,039,073 more than the final budget primarily for a variety of reasons. See page 11 of the accompanying financial statements for more detail. The budget was not amended in 2017.

Proprietary Fund

The Water Fund balance increased from \$3,455,905 in 2016 to \$3,370,229 in 2017. The assets and liabilities are comprised primarily of cash, water accounts receivable and capital assets. Actual revenues for 2017 were \$2,109,798 less than the final budget. Actual expenditures for 2017 were \$1,624,841 less than the final budget. See page 47 of the accompanying financial statements for more detail. The budget was not amended in 2017.

Capital Assets and Long-term Obligations

Capital Assets. At the end of 2017 the Town had \$4,638,678 invested in a broad range of capital assets including major infrastructure such as buildings, roads, bridges, storm water drainage, parks and recreation facilities and water lines and distribution systems. This amount represents a net increase of \$358,727 from the prior year. More detailed information on the Town's capital assets is presented in Note 3 on page 22 of the financial statements.

Long-term Debt. At year-end the Town has no long term debt in the governmental funds. The Town had a Drinking Water Revolving Direct Loan outstanding in the amount of \$1,155,896 at December 31, 2017 in the water fund. This is a decrease of \$80,295 from the prior year.

There were no additions to long term debt during the year. For additional information on the Town's long-term debt see Note 4 of the Notes to the Financial Statements on page 23.

Economic Factors and Next Year's Budget

Continuing a conservative approach to budgeting, the Town of Palmer Lake hopes to see a slightly more positive budget based on improved economic growth along the Southern Front Range.

Requests for Information. This financial report is designed to provide a general overview of the Town of Palmer Lake, Colorado's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Town of Palmer Lake 42 Valley Crescent, PO Box 208, Palmer Lake, CO 80133.

Basic Financial Statements

Town of Palmer Lake, Colorado
Statement of Net Position
December 31, 2017

	Governmental Activities	Business- Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,859,393	\$ 404,032	\$ 2,263,425
Due from County Treasurer	49,213	-	49,213
Accounts receivable	-	81,039	81,039
Other receivables	37,438	-	37,438
Taxes receivable	690,085	-	690,085
Total Current Assets	<u>2,636,129</u>	<u>485,071</u>	<u>3,121,200</u>
Noncurrent Assets			
Capital assets			
Nondepreciable	-	694,718	694,718
Depreciable	1,912,696	7,031,924	8,944,620
Total Capital Assets	<u>1,912,696</u>	<u>7,726,642</u>	<u>9,639,338</u>
Less accumulated depreciation	<u>(1,364,626)</u>	<u>(3,636,034)</u>	<u>(5,000,660)</u>
Net Capital Assets	<u>548,070</u>	<u>4,090,608</u>	<u>4,638,678</u>
Total Noncurrent Assets	<u>548,070</u>	<u>4,090,608</u>	<u>4,638,678</u>
Total Assets	<u>3,184,199</u>	<u>4,575,679</u>	<u>7,759,878</u>
Deferred Outflows of Resources			
Volunteer fireman's pension	32,680	-	32,680
SWDB pension	44,036	-	44,036
Total Deferred Outflows of Resources	<u>76,716</u>	<u>-</u>	<u>76,716</u>
Liabilities			
Current Liabilities			
Accounts payable	23,817	27,309	51,126
Other accrued liabilities	110,651	-	110,651
Compensated absences	17,778	18,392	36,170
Accrued interest	-	3,853	3,853
Bonds payable, current portion	-	82,239	82,239
Total Current Liabilities	<u>152,246</u>	<u>131,793</u>	<u>284,039</u>
Noncurrent Liabilities			
Long-term debt, net of current portion	-	1,073,657	1,073,657
Net pension liability - SWDB	7,925	-	7,925
Net pension liability - volunteer	97,155	-	97,155
Total Long Term Liabilities	<u>105,080</u>	<u>1,073,657</u>	<u>1,178,737</u>
Total Liabilities	<u>257,326</u>	<u>1,205,450</u>	<u>1,462,776</u>
Deferred Inflows of Resources			
Deferred property taxes	690,085	-	690,085
Volunteer fireman's pension	23,850	-	23,850
SWDB pension	403	-	403
Total Deferred Inflows of Resources	<u>714,338</u>	<u>-</u>	<u>714,338</u>
Net Position			
Net investment in capital assets	548,070	2,934,712	3,482,782
Restricted for emergencies (TABOR)	59,148	-	59,148
Restricted for conservation trust	81,298	-	81,298
Unrestricted	1,600,735	435,517	2,036,252
Total Net Position	<u>\$ 2,289,251</u>	<u>\$ 3,370,229</u>	<u>\$ 5,659,480</u>

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Statement of Activities
For the Year Ended December 31, 2017

Functions / Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	482,682	14,173	178,852	-	\$ (289,657)	\$ -	\$ (289,657)
Public safety	626,515	59,224	-	-	(567,291)	-	(567,291)
Highways and streets	314,256	-	-	-	(314,256)	-	(314,256)
Culture and recreation	51,952	-	-	-	(51,952)	-	(51,952)
Total Governmental Activities	<u>1,475,405</u>	<u>73,397</u>	<u>178,852</u>	<u>-</u>	<u>(1,223,156)</u>	<u>-</u>	<u>(1,223,156)</u>
Business-type activities:							
Water operations	<u>1,014,422</u>	<u>854,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(160,207)</u>	<u>(160,207)</u>
Total Business-Type Activities	<u>1,014,422</u>	<u>854,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(160,207)</u>	<u>(160,207)</u>
TOTAL PRIMARY GOVERNMENT	<u><u>2,489,827</u></u>	<u><u>927,612</u></u>	<u><u>178,852</u></u>	<u><u>-</u></u>	<u><u>(1,223,156)</u></u>	<u><u>(160,207)</u></u>	<u><u>(1,383,363)</u></u>
General Revenues							
Property taxes					644,637	-	644,637
Specific ownership taxes					87,408	-	87,408
Sales and use taxes					663,487	-	663,487
Franchise and other taxes					147,870	-	147,870
Intergovernmental					179,972	-	179,972
Tap fees and development charges					-	70,000	70,000
Investment income					2,335	4,531	6,866
Other					19,859	-	19,859
Total General Revenues					<u>1,745,568</u>	<u>74,531</u>	<u>1,820,099</u>
Change in Net Position					522,412	(85,676)	436,736
Net Position - Beginning (Restated)					1,766,839	3,455,905	5,222,744
Net Position - Ending					<u>2,289,251</u>	<u>3,370,229</u>	<u>5,659,480</u>

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

Town of Palmer Lake, Colorado
Balance Sheet
Governmental Funds
December 31, 2017

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,778,095	\$ 81,298	\$ 1,859,393
Due from County Treasurer	49,213	-	49,213
Other receivables	37,438	-	37,438
Taxes receivable	690,085	-	690,085
Total Assets	<u>\$ 2,554,831</u>	<u>\$ 81,298</u>	<u>\$ 2,636,129</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 23,817	\$ -	\$ 23,817
Other accrued liabilities	110,651	-	110,651
Total Liabilities	<u>134,468</u>	<u>-</u>	<u>134,468</u>
Deferred Inflows of Resources			
Deferred property taxes	690,085	-	690,085
Total Deferred Inflows of Resources	<u>690,085</u>	<u>-</u>	<u>690,085</u>
Fund Balance			
Restricted	59,148	81,298	140,446
Unassigned	1,671,130	-	1,671,130
Total Fund Balance	<u>1,730,278</u>	<u>81,298</u>	<u>1,811,576</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,554,831</u>	<u>\$ 81,298</u>	<u>\$ 2,636,129</u>

Amounts reported for governmental activities in the statement of

Total fund balances - governmental funds \$ 1,811,576

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

Capital assets 1,912,696
Accumulated depreciation (1,364,626)

Pension related assets, liabilities, deferred inflows and deferred outflows of resources are not current resources and are not reported in the governmental funds. (52,617)

Long-term liabilities including compensated absences are not due and payable in the current year and, therefore, are not reported in the funds.

Compensated absences (17,778)
Net position of governmental activities \$ 2,289,251

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2017

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Revenues			
Property taxes	\$ 644,637	\$ -	\$ 644,637
Specific ownership taxes	87,408	-	87,408
Sales and use taxes	663,487	-	663,487
Highway user tax	99,054	-	99,054
Franchise fees and other taxes	147,870	-	147,870
Licenses and permits	14,173	-	14,173
Intergovernmental	54,686	26,232	80,918
Fines and forfeits	59,224	-	59,224
Investment income	2,335	-	2,335
Grants	178,852	-	178,852
Other	19,859	-	19,859
Total Revenues	<u>1,971,585</u>	<u>26,232</u>	<u>1,997,817</u>
Expenditures			
Current			
General government	448,549	-	448,549
Public safety	587,343	-	587,343
Highways and streets	290,729	-	290,729
Culture and recreation	31,150	20,802	51,952
County Treasurer fees	6,472	-	6,472
Capital outlay	116,839	-	116,839
Total Expenditures	<u>1,481,082</u>	<u>20,802</u>	<u>1,501,884</u>
Excess of Revenues Over (Under) Expenditures	490,503	5,430	495,933
Other Financing Sources and Uses			
Transfers	(48,555)	48,555	-
Total Other Financing Sources and Uses	<u>(48,555)</u>	<u>48,555</u>	<u>-</u>
Net Change in Fund Balance	<u>441,948</u>	<u>53,985</u>	<u>495,933</u>
Fund Balance, Beginning (Restated)	<u>1,288,330</u>	<u>27,313</u>	<u>1,315,643</u>
Fund Balance, Ending	<u><u>\$ 1,730,278</u></u>	<u><u>\$ 81,298</u></u>	<u><u>\$ 1,811,576</u></u>

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

Net change in Fund Balances - total governmental funds	\$ 495,933
Purchases of capital assets are expensed in governmental funds and depreciated on the statement	
Capital outlay	116,839
Depreciation	(77,098)
Changes in pension related assets, liabilities, deferred inflows and deferred outflows of resources do not utilize current resources and are not reported in the governmental funds.	(10,778)
Principal payments on bonds are reported as expenditures on governmental funds	-
Accrued vacation is not considered a current economic resource and therefore is not included in the governmental funds. Change in compensated absences for the year ended:	(2,484)
Change in net position - governmental activities	<u><u>\$ 522,412</u></u>

The accompanying notes are an integral part of these financial statements

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

	<u>Water Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 404,032
Accounts receivable	81,039
Total Current Assets	<u>485,071</u>
Capital Assets	
Non Depreciable	694,718
Depreciable	7,031,924
Total Capital Assets	<u>7,726,642</u>
Less accumulated depreciation	<u>(3,636,034)</u>
Net Capital Assets	<u>4,090,608</u>
Total Noncurrent Assets	<u>4,090,608</u>
Total Assets	<u>4,575,679</u>
Liabilities	
Current Liabilities	
Accounts payable	27,309
Compensated absences	18,392
Accrued interest	3,853
Bonds payable, current portion	82,239
Total Current Liabilities	<u>131,793</u>
Long Term Liabilities	
Bonds payable, net of current portions	<u>1,073,657</u>
Total Long Term Liabilities	<u>1,073,657</u>
Total Liabilities	<u>1,205,450</u>
Net Position	
Net investment in capital assets	2,934,712
Unrestricted	<u>435,517</u>
Total Net Position	<u><u>\$ 3,370,229</u></u>

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	<u>Water Fund</u>
Operating Revenues	
Water sales and fees	\$ 850,745
Other income	3,470
Total Operating Revenues	<u>854,215</u>
Operating Expenses	
General and Administration	186,491
Operations	602,505
Depreciation expense	201,018
Total Operating Expenses	<u>990,014</u>
Operating Income	<u>(135,799)</u>
Nonoperating Revenues	
Water tap fees and development charges	70,000
Interest income	4,531
Interest expense	(24,408)
Total Nonoperating Revenues	<u>50,123</u>
Change in Net Position	(85,676)
Net Position, Beginning	3,455,905
Net Position, Ending	<u><u>3,370,229</u></u>

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	<u>Water Fund</u>
Cash Flows From Operating Activities	
Cash received from customers	\$ 852,583
Cash paid to suppliers	(592,550)
Cash paid to employees	(216,482)
Net cash provided by operating activities	<u>43,551</u>
Cash Flows From Investing Activities	
Investment income	4,531
Net cash provided by noncapital financing activities	<u>4,531</u>
Cash Flows From Non-Capital Financing Activities	
Cash received from connection charges	70,000
Net cash provided by noncapital financing activities	<u>70,000</u>
Cash Flows From Capital And Related Financing Activities	
Acquisitions and construction of capital assets	(520,004)
Principal paid on bonds	(80,295)
Interest paid on bonds	(24,676)
Net cash (used) in capital and related financing activities	<u>(624,975)</u>
Net Change in Cash	(506,893)
Cash and cash equivalents, beginning	910,925
Cash and cash equivalents, ending	<u><u>\$ 404,032</u></u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income	\$ (135,799)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation expense	201,018
Changes in assets and liabilities	
Accounts receivable	(1,632)
Accounts payable	(17,338)
Other accrued liabilities	(2,698)
Net Cash Provided by Operating Activities	<u><u>\$ 43,551</u></u>

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Notes to Financial Statements
December 31, 2017

Note 1 Summary of Significant Accounting Policies

Financial Reporting Entity

The Town of Palmer Lake, Colorado (the Town) was organized as a statutory town in Colorado. The Town provides general government, public works (roads and streets), police, fire and water for the geographical area organized as the Town of Palmer Lake, Colorado.

The Governmental Accounting Standards Board (GASB) is the authoritative body and the Town follows all GASB accounting pronouncements, which provides guidance for determining which governmental activities, organization and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency. The Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial position of the governmental and proprietary fund activities at the end of the year. The statement of activities presents a comparison between program expenses and the program revenue for each program or function of the primary government activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the Town, with certain limited exceptions. The comparison of program expenses with program revenue identifies the extent to which each function is self-financing or draws from the general revenue of the Town.

Fund Accounting

During the year the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

The accounts of the Town are organized on the basis of funds each of which is considered a separate accounting entity. In the fund financial statements, the Town reports the following major governmental funds:

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

Road Improvement Fund – The Road Improvement Fund accounts for the funds to be used for road infrastructure and maintenance and improvements.

Police Fund – The Police Fund accounts for funds to be used for police operations.

Fire Fund – The Fire Fund accounts for funds to be used for fire protection.

Enterprise Funds are used to account for operations that are financed in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public be recovered primarily through user charges. The Town reports the following major enterprise funds:

Water Fund – The Water fund accounts for the costs related to providing water services to the Town.

Effective January 1, 2017 the Town elected to consolidate and transfer all assets and liabilities of the Road Improvement Fund, Police Fund and Fire Fund into the General Fund. The remaining assets or liabilities were reported as a transfer in the financial statements.

Measurement Focus and Basis of Accounting

Government-wide Financial Statement

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Town are included in the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance.

The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (revenue and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds is recorded as a reduction of liabilities.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 1 Summary of Significant Accounting Policies (Continued)

Revenue

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period, which is typically within sixty days of realization.

Non-exchange transactions, in which the Town receives value without directly giving value in return, include sales taxes, grants, entitlements and donations. Revenue from sales tax is recognized in the fiscal year for which the taxes are collected by the vendor. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Program revenues consist of revenues that are associated with the governmental services such as licenses, permits and water sales.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

Property Taxes

Property taxes attach an enforceable lien on property as of January 1st. Taxes are levied on January 1st and are payable either in one installment on or before April 30th, or in two installments due on or before February 28th and June 15th of each year. The collections and assessments are done by El Paso County and are remitted to the Town monthly. Property taxes, which are due to be paid in the next period and representing an enforceable lien at January 1st of the next year, have been recorded as a receivable and a deferred inflow of resources in the year in which they are levied. Property tax revenues are recognized when they are collected by El Paso County.

Assets and Liabilities

Cash and cash equivalents- The Town follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based on each fund's average equity balance in total cash. The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with maturities of 90 days or less at the date of their acquisition.

Investments – investments are recorded at fair value, which approximates cost.

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

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 1 Summary of Significant Accounting Policies (Continued)

Assets and Liabilities (Continued)

Capital assets - are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of more than one year and exceed the following dollar amount:

<u>Assets</u>	<u>Dollar Value</u>	<u>Useful Life</u>
Land	No minimum	30 years
Buildings	No minimum	5-10 years
Building improvements	\$ 5,000	5-10 years
Furniture and equipment	\$ 5,000	30 years
Infrastructure	\$ 5,000	10 years

Capital assets are recorded at cost except for those assets which have been contributed, which are stated at estimated fair market value at the date of contribution or at developer's cost. Depreciation is computed using the straight-line method over the asset's estimated economic useful life. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets since their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Long-Term Obligations

In the government-wide financial statements and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities or enterprise fund type statement of net position. Bond issuance costs are expensed during the current period. Bond premiums and discounts are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances and discounts are reported as other financing sources. The issuance costs related to the debt is reported as an expenditure in the current period.

Compensated absences – The Town's personnel policy states that employees may accrue unused vacation and sick pay benefits. The amount each employee can accrue varies depending on length of service. In the government-wide statements, vacation and sick pay is accrued when earned by the employee and reported as a liability. In the governmental funds vacation pay that is expected to be liquidated with current financial resources are reported as a fund liability. Amounts not expected to be liquidated with current financial resources are not reported in the governmental funds.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 1 Summary of Significant Accounting Policies (Continued)

Assets and Liabilities (Continued)

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Town utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” The net position is available for future operations or distributions.

Fund Balance

Nonspendable- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was \$0 as of December 31, 2017.

Restricted - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the Town to establish Emergency reserves (see Note 4). A reservation of \$59,148 of the General Fund balance has been made in compliance with this requirement. The Town has \$81,298 restricted for conservation trust programs.

Committed- General Fund - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees formally removes or changes the specified uses. The Town had a committed fund balance of \$0 as of December 31, 2017.

Assigned – Includes all amounts that are constrained by the Town’s intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Trustees. As of December 31, 2017 the assigned fund balance was \$0.

Unassigned- consists of the residual classification for each fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

The Town has not adopted fund balance policies; therefore the Town follows the guidance in accordance with GASB 54 and apply resources in the following order: restricted, committed, assigned and unassigned.

Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year-end outstanding balances are reported as due to / due from other funds. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as transfers. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Interfund balances represent amounts paid or received by the General Fund on behalf of the Water Fund as of December 31, 2017 and total \$0. The balances result from the time lag between the dates of the transactions and the dates of the reimbursements.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices and utility billings. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days. after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The Town Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Town Board or revised by the Town Board.

The general, police, fire, special investigations, lake maintenance and parks fund had expenditures in excess of budgeted appropriations for the year ended December 31, 2017, which may be a violation of State budget law.

Use of Estimates in the Preparation of Financial Statements

The preparation of 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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 2 Cash and Investments

Cash Deposits

The Town maintains a cash pool that is available for use by all funds. Each fund's portion of the pool is displayed on the combined balance sheet as cash and "Cash equivalents". As of December 31, 2017, the Town's cash deposits had a carrying balance of \$1,697,065 with corresponding bank balance of \$1,710,740 of which \$250,000 is federally insured.

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Town had \$1,460,740 collateralized under PDPA.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2017, none of the Town's bank deposits were exposed to custodial credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

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

At December 31, 2017 Town had \$566,060 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner 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 \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 2 Cash and Investments (Continued)

The custodian acts as 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. COLOTRUST is rated AAAM by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

A summary of cash and cash equivalents at December 31, 2017 is as follows:

Cash on hand	\$ 300
Cash deposits	1,697,065
COLOTRUST	566,060
Total cash and cash equivalents	<u>\$ 2,263,425</u>

Note 3 Capital Assets

A summary of changes to capital assets for 2017 is as follows:

Governmental Activities	Balance at 12/31/2016	Additions	Disposals	Balance at 12/31/2017
Depreciable Capital Assets				
Buildings	160,480	15,350	-	175,830
Roads and drainage	408,589	101,489	-	510,078
Equipment	1,226,788	-	-	1,226,788
Total Depreciable Capital Assets	<u>1,795,857</u>	<u>116,839</u>	<u>-</u>	<u>1,912,696</u>
Less Accumulated Depreciation				
Buildings	(61,875)	(5,216)	-	(67,091)
Roads and drainage	(415,185)	(15,908)	-	(431,093)
Equipment	(810,468)	(55,974)	-	(866,442)
Total Accumulated Depreciation	<u>(1,287,528)</u>	<u>(77,098)</u>	<u>-</u>	<u>(1,364,626)</u>
Net Capital Assets	<u>\$ 508,329</u>	<u>\$ 39,741</u>	<u>\$ -</u>	<u>\$ 548,070</u>

Depreciation Expense By Function

General Government	\$ 25,177
Public Safety	28,394
Highways and Streets	23,527
Culture and Recreation	-
Total Depreciation Expense	<u>\$ 77,098</u>

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 3 Capital Assets (Continued)

Business-type Activities	Balance at 12/31/2016	Additions	Disposals	Balance at 12/31/2017
Nondepreciable				
Land / water rights	\$ 560,000	\$ -	\$ -	\$ 560,000
Construction in Progress	-	134,718	-	134,718
Total Nondepreciable	560,000	134,718	-	694,718
Depreciable				
Reservoirs, lakes	150,233	-	-	150,233
Water facility	3,913,360	34,723	-	3,948,083
Shop building	121,825	-	-	121,825
Collection / transmission / distribution	1,437,233	272,935	-	1,710,168
Wells	846,767	-	-	846,767
General equipment	177,220	77,628	-	254,848
Total Depreciable	6,646,638	385,286	-	7,031,924
Total Capital Assets	7,206,638	520,004	-	7,726,642
Less Accumulated Depreciation				
Reservoirs, lakes	(99,770)	-	-	(99,770)
Water facility	(1,925,155)	(138,444)	-	(2,063,599)
Shop building	(97,462)	(4,873)	-	(102,335)
Collection / transmission / distribution	(905,300)	(25,818)	-	(931,118)
Wells	(234,350)	(16,935)	-	(251,285)
General equipment	(172,979)	(14,948)	-	(187,927)
Total Accumulated Depreciation	(3,435,016)	(201,018)	-	(3,636,034)
Net Capital Assets	\$ 3,771,622	\$ 318,986	\$ -	\$ 4,090,608

Note 4 Long-Term Liabilities

Changes in Long-term Debt for the year ended December 31, 2017 were:

	Balance 12/31/2016	Additions	Reductions	Balance 12/31/2017	Due Within One Year
CWPDA Bond	1,236,191	-	80,295	1,155,896	82,239
Total Long-term Debt	\$ 1,236,191	\$ -	\$ 80,295	\$ 1,155,896	\$ 82,239

Drinking Water Revolving Fund Direct Loan

On July 22, 2009, the Town borrowed \$1,862,552 through the Colorado Water Resources & Power Development Authority – Drinking Water Revolving Fund Direct Loan, with an interest rate of 2% to fund water resource projects. The loan is payable from and collateralized by the Town's water revenues in the amount of approximately \$1,731,536 through 2030. Principal and interest paid for the current year and pledged revenues received were each \$104,941. The proportion of the pledged revenue to total water revenues is not estimable because annual total fees collected fluctuate. Interest on the bonds is due each May 1 and November 1 commencing November 1, 2010. Principal is due annually on November 1 through 2030. Future maturities are as follows:

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 4 Long-Term Liabilities (Continued)

Year ending December 31,	Principal	Interest	Total
2018	82,239	22,702	104,941
2019	82,892	22,049	104,941
2020	85,578	19,363	104,941
2021	87,288	17,653	104,941
2022	89,053	15,888	104,941
2023-2027	472,847	51,858	524,705
2028-2030	255,999	7,691	263,690
Total	<u>\$ 1,155,896</u>	<u>\$ 157,204</u>	<u>\$ 1,313,100</u>

Note 5 Pension Plans

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

Statewide Defined Benefit Pension Plan- Police Officers

The Town contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan (SWDB) provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, paid police officers of the Town are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for firefighters hired on or after January 1, 1997.

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

Description of Benefits

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 5 Defined Benefit Pension Plan (Continued)

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

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Members of the SWDB plan and their employers contributing at the rate of 9 percent and 8 percent, respectively, of base salary for a total contribution rate of 17 percent in 2016. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022. Contributions to the SWDB plan from the Town were \$9,118 for the year ended December 31, 2017.

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

At December 31, 2017, the Town reported a liability of \$7,925 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2016, the Town's proportion was .0219331444 percent, which was an increase of .012117685334 percent from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the Town recognized pension expense of \$12,236. At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 5 Defined Benefit Pension Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 7,076	\$ 403
Changes in assumptions	5,414	0
Net difference between actual and projected earnings on pension plan investments	21,392	0
Net impact in change in proportionate share	1,036	0
Contributions subsequent to the measurement date	9,118	0
Total	\$44,036	\$ 403

\$9,118 in total reported as deferred outflows of resources related to pension resulting from Town's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2018	\$ 8,208
2019	7,036
2020	7,864
2021	1,310
2022	1,622
Thereafter	17,593
Total	\$ 43,633

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 5 Defined Benefit Pension Plan (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	36.00 %	9.25 %
Equity Long/Short	10.00	7.35
Illiquid Alternatives	23.00	10.75
Fixed Income	15.00	4.10
Absolute Return	10.00	6.55
Managed Futures	4.00	5.50
Cash	2.00	0.00 %*
Total	100.00	

*While the expected inflation exceeds the expected rate of return for cash, a 0.0 percent real rate of return is utilized.

Discount Rate

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

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 5 Defined Benefit Pension Plan (Continued)

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

<u>Discount Rate:</u>	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Proportionate share of the net pension liability (asset)	<u>\$ 67,431</u>	<u>\$ 7,925</u>	<u>\$(41,498)</u>

Pension Plan Fiduciary Net Position

Detailed information about the SWDB's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained at <http://www.fppaco.org>.

Volunteer Fire Department Pension Fund

At December 31, 2017, the Department reported a liability of \$97,155 for its net pension liability / (asset). The net pension liability / (asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The plan membership consists of 10 retirees and beneficiaries and 19 active members.

For the year ended December 31, 2017, the Department recognized pension expense of \$1,458. At December 31, 2017, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 107	\$ 287
Changes in assumptions	22,926	23,563
Net difference between actual and projected earnings on pension plan investments	1,718	0
Department contributions subsequent to the measurement date	7,929	0
Total	\$32,680	\$23,850

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 5 Pension Plans (Continued)

\$7,929 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. *Actuarial assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. Future pension expense from the amortization of deferred outflows and inflows of resources are:

<u>Year Ending</u>	<u>Net Deferred Outflows / (Inflows) of Resources</u>
2017	8,675
2018	745
2019	(1,882)
2020	1,292
2021	-
Thereafter	-
Total	<u>8,830</u>

Investment rate of return	7.5 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	N/A
Cost of Living Adjustment	0.0 percent
Inflation	3.0 percent

On-duty related mortality is assumed to be 0.00020 per year for all members. The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study in 2015. As a result of the 2015 actuarial experience study, the main actuarial factor changes which can be observed in the January 1, 2017 valuation:

- Reduced the inflation assumption from 3.0 percent to 2.5 percent. .
- Revised the post-retirement mortality tables to reflect increased longevity.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	36%	6.75%
Equity Long/Short	10%	4.85%
Illiquid Alternatives	23%	8.25%
Fixed Income	15%	0.50%
Absolute Return	10%	4.05%
Managed Futures	4%	3.00%
Cash	2%	0.00%
Total	100%	

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 5 Pension Plans (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2016, are summarized in the above table.

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

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

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
Department's net pension liability/(asset)	\$79,694	\$71,989	\$65,416

* The long-term rate of return used was 7.5 percent. The municipal bond rate used was 3.68 percent. The single discount rate for the plans was 7.50 percent.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Note 6 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR.

Spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2017

Note 6 Tax, Spending, and Debt Limitation (Continued)

TABOR requires local governments to establish emergency reserves, which must be at least 3% of fiscal year spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. This Town had an emergency reserve of \$59,148 as of December 31, 2017.

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 natural disaster. The District maintains commercial insurance to mitigate their risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 8 Prior Period Adjustment

During the year it was discovered the Town had an outstanding liability with the Internal Revenue Service (IRS) relating to unpaid payroll taxes, penalties, and interest in the amount of \$51,015 from the period ending December 31, 2008. This amount has been recorded as a liability in the General Fund on the fund financial statements and in the Governmental activities on the Statement of Net Position and net position has been reduced by \$51,015. Had this been properly recorded in the initial period expenses / expenditures and liabilities would have been increased by \$51,015 and net position would have been decreased by the same amount.

Required Supplemental Information

Town of Palmer Lake, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 613,000	644,637	\$ 31,637
Specific ownership taxes	45,000	87,408	42,408
Sales and use taxes	490,000	663,487	173,487
Highway user tax	102,000	99,054	(2,946)
Franchise fees and other taxes	181,350	147,870	(33,480)
Licenses and permits	18,200	14,173	(4,027)
Intergovernmental	2,000	54,686	52,686
Fines and forfeits	7,855	59,224	51,369
Investment income	100	2,335	2,235
Grants	1,043,000	178,852	(864,148)
Other	59,650	19,859	(39,791)
Total Revenues	<u>2,562,155</u>	<u>1,971,585</u>	<u>(590,570)</u>
Expenditures			
General wages and benefits	193,005	191,301	1,704
Training and travel	15,900	4,735	11,165
Professional fees	129,064	78,313	50,751
Contract services	20,000	2,870	17,130
Operating supplies	15,700	10,773	4,927
Elections	5,000	349	4,651
Repairs and maintenance	2,800	11,446	(8,646)
Office expense	24,600	17,785	6,815
Utilities	17,000	16,342	658
Insurance	11,000	5,469	5,531
Police	304,542	309,639	(5,097)
Fire	299,665	277,704	21,961
Roads	968,862	290,729	678,133
Parks	15,448	31,150	(15,702)
Grants expense	405,000	108,141	296,859
County Treasurer fees	-	6,472	(6,472)
Other expenses	34,569	1,025	33,544
Capital outlay	58,000	116,839	(58,839)
Total Expenditures	<u>2,520,155</u>	<u>1,481,082</u>	<u>1,039,073</u>
Net Change in Fund Balance	<u>\$ 42,000</u>	<u>\$ 490,503</u>	<u>\$ 448,503</u>

See the accompanying Independent Auditor's report

**Town of Palmer Lake
Schedule of Contributions Multiyear
Last 10 Fiscal Years ****

FY Ending December 31, (a)	Actuarially Determined Contribution (b)	Actual Contribution * (c)	Contribution Deficiency (Excess) (d) = (b) - (c)	Covered Payroll (e)	Actual Contribution as a % of Covered (f)
2014	\$ 8,844	\$ 8,406	\$ 438	N/A	N/A
2015	\$ 8,844	\$ 18,168	\$ (9,324)	N/A	N/A
2016	\$ 8,925	\$ 8,925	\$ -	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment

Notes to the Schedule of Contributions

Valuation Date

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2015, determines the contribution amounts for 2016 and 2017.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 Years*
Asset Valuation Method	5-Year smoothed market
Inflation	3.00%
Salary Increases	N/A
Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP -2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality Post-retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment Disabled:RP-2000 Disabled Mortality Table All tables projected with Scale AA

* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

** Information for the prior 8 years was not available to report
See the accompanying Independent Auditor's report

Town of Palmer Lake
Required Supplementary Information
Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios Multiyear
Last 10 Fiscal Years

Measurement date December 31,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service cost	\$ 853	\$ 2,571	\$ 1,292							
Interest	6,750	4,928	7,310							
Changes of benefit terms	-	-	-							
Differences between expected and actual experience	134	-	(617)							
Changes of assumptions	5,504	(39,273)	39,622							
Benefit payments, including refunds of employee contributions	(11,143)	(11,500)	(12,000)							
Net Change in Total Pension Liability	2,098	(43,274)	35,607							
Total Pension Liability -Beginning	95,057	138,331	102,724							
Total Pension Liability - Ending	97,155	95,057	138,331							
 Plan Fiduciary Net Position										
Contributions - Employer	8,925	8,560	-							
Net investment income	1,074	331	1,138							
Benefit payments, including refunds of employee contributions	(11,143)	(11,500)	(12,000)							
Administrative expense	(314)	(1,173)	(413)							
State of Colorado supplemental discretionary payments	-	9,608	8,406							
Net Change in Plan Fiduciary Net Positions	(1,458)	5,826	(2,869)							
Plan Fiduciary Net Position - Beginning	26,624	20,798	23,667							
Plan Fiduciary Net Position - Ending	25,166	26,624	20,798							
 Net Pension liability (Asset) - Ending	71,989	68,433	117,533							
 Plan fiduciary net position as a percentage of the total pension liability	25.90%	28.01%	15.03%							
 Covered employee payroll	N/A	N/A	N/A							
 Net pension liability as a percentage of covered employees payroll.	N/A	N/A	N/A							

* Information for the prior 9 years was not available to report

See the accompanying Independent Auditor's report

Town of Palmer Lake
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability - FPPA
Last 10 Fiscal Years *

Measurement date December 31, District's proportion of the net pension liability / asset	2016	2015	2014	2013
	0.0219331444%	0.0098164611%	0.0105819994%	1.0829630600%
District's proportional share of the net pension liability (asset)	\$ 7,925	\$ (173)	\$ (11,943)	\$ (12,222)
District's covered payroll	107,003	47,590	47,590	45,084
Total pension liability	2,021,526,883	1,846,961,999	1,652,901,084	1,533,631,141
Plan fiduciary net position	1,985,393,043	1,848,724,853	1,765,758,630	1,623,049,809
Net pension liability (asset)	<u>\$ 36,133,840</u>	<u>\$ (1,762,854)</u>	<u>\$ (112,857,546)</u>	<u>\$ (89,418,668)</u>
Plan fiduciary net position as a percentage of the total pension	0.98	1.00	1.07	1.06
Net pension liability as a percentage of covered payroll	7%	0%	-25%	-27%

These schedules are intended to show 10 years. Information is only shown for the years available.

See the accompanying Independent Auditor's report

**Town of Palmer Lake
Required Supplementary Information
Schedule of Pension Contributions - FPPA
Last 10 Fiscal Years**

	2017	2016	2015	2014	2013
Statutorily Required Contribution	8,560	8,560	3,807	3,807	3,607
Contributions in Relation to the Statutorily Required Contribution	9,118	8,560	3,807	3,807	3,607
Contribution Deficiency (Excess)	(558)	-	-	-	-
Covered Payroll	115,692	107,003	47,590	47,590	45,084
Contributions as a % of Covered Payroll	7.88%	8.00%	8.00%	8.00%	8.00%

These schedules are intended to show 10 years. Information is only shown for the years available.

Other Supplemental Information

Town of Palmer Lake, Colorado
Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	<u>Road Improvement</u>	<u>Conservation Trust</u>	<u>Police</u>	<u>Fire</u>	<u>Parks and Recreation</u>	<u>Total</u>
Assets						
Current Assets						
Cash and cash equivalents	\$ -	\$ 81,298	\$ -	\$ -	\$ -	\$ 81,298
Total Assets	<u>\$ -</u>	<u>\$ 81,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,298</u>
Liabilities						
Current Liabilities						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance						
Restricted	-	81,298	-	-	-	81,298
Unassigned	-	-	-	-	-	-
Total Fund Balance	<u>-</u>	<u>81,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,298</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ -</u>	<u>\$ 81,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,298</u>

Town of Palmer Lake, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Road Improvement	Conservation Trust	Police	Fire	Parks and Recreation	Total
Revenues						
Intergovernmental	\$ -	\$ 26,232	\$ -	\$ -	\$ -	\$ 26,232
Total Revenues	<u>-</u>	<u>26,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,232</u>
Expenditures						
Current						
Culture and recreation	-	20,802	-	-	-	20,802
Total Expenditures	<u>-</u>	<u>20,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,802</u>
Excess of Revenues Over (Under) Expenditures	-	5,430	-	-	-	5,430
Other Financing Sources and Uses						
Transfers	(285,575)	-	305,038	(27,955)	57,047	48,555
Total Other Financing Sources and Uses	<u>(285,575)</u>	<u>-</u>	<u>305,038</u>	<u>(27,955)</u>	<u>57,047</u>	<u>48,555</u>
Net Change in Fund Balance	<u>(285,575)</u>	<u>5,430</u>	<u>305,038</u>	<u>(27,955)</u>	<u>57,047</u>	<u>53,985</u>
Fund Balance, Beginning	285,575	75,868	(305,038)	27,955	(57,047)	27,313
Fund Balance, Ending	<u>\$ -</u>	<u>\$ 81,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,298</u>

Town of Palmer Lake, Colorado
Budgetary Comparison Schedule
Conservation Trust Fund
For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ -	\$ 26,232	\$ 26,232
Total Revenues	<u>-</u>	<u>26,232</u>	<u>26,232</u>
Expenditures			
Wages and benefits	24,761	13,963	10,798
Contact services	4,000	-	4,000
Operating supplies	2,500	4,688	(2,188)
Repairs and maintenance	2,500	277	2,223
Utilities	1,200	1,031	169
Other expenses	7,039	843	6,196
Total Expenditures	<u>42,000</u>	<u>20,802</u>	<u>21,198</u>
Excess of Revenues Over (Under)			
Expenditures	<u>\$ (42,000)</u>	<u>\$ 5,430</u>	<u>\$ 47,430</u>

See the accompanying Independent Auditor's report

Town of Palmer Lake, Colorado
Budgetary Comparison Schedule
Road Improvement Fund
For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Revenues	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Transfers	-	285,575	(285,575)
Total Expenditures	<u>\$ -</u>	<u>\$ 285,575</u>	<u>\$ (285,575)</u>

See the accompanying Independent Auditor's report

Town of Palmer Lake, Colorado
Budgetary Comparison Schedule
Police Fund
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Transfers	\$ -	\$ 305,038	\$ 305,038
Total Revenues	-	305,038	305,038
Expenditures			
Expenditures	-	-	-
Total Expenditures	\$ -	\$ -	\$ -

See the accompanying Independent Auditor's report

Town of Palmer Lake, Colorado
Budgetary Comparison Schedule
Fire Fund
For the Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Transfers	<u>-</u>	<u>27,955</u>	<u>(27,955)</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 27,955</u>	<u>\$ (27,955)</u>

See the accompanying Independent Auditor's report

Town of Palmer Lake, Colorado
Budgetary Comparison Schedule
Parks and Recreation Fund
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Transfers	\$ -	\$ 57,047	\$ 57,047
Total Revenues	-	57,047	57,047
Expenditures			
Expenditures	-	-	-
Total Expenditures	\$ -	\$ -	\$ -

See the accompanying Independent Auditor's report

Town of Palmer Lake, Colorado
Budgetary Comparison Schedule
Water Fund
For the Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Water sales and improvement fees	\$ 1,489,585	\$ 836,450	\$ (653,135)
Water meter parts	1,400	3,470	2,070
Late fees	12,000	14,295	2,295
Water tap fees	30,000	70,000	40,000
Investment income	950	4,531	3,581
Miscellaneous	1,504,609	-	(1,504,609)
Total Revenues	<u>3,038,544</u>	<u>928,746</u>	<u>(2,109,798)</u>
Expenditures			
Wages and benefits	290,395	285,451	4,944
Memberships and registrations	10,000	18,736	(8,736)
Contract services	2,000	3,115	(1,115)
Professional fees	58,452	36,684	21,768
Payment processing	17,500	19,955	(2,455)
Utilities	90,000	87,765	2,235
Operating supplies	100,000	67,924	32,076
Repairs and maintenance	22,500	129,389	(106,889)
Office expense	10,500	5,133	5,367
Insurance	13,500	14,058	(558)
Gas and oil	4,000	4,686	(686)
Reservoir / Dam maintenance	90,000	79,711	10,289
Water quality tests	57,500	34,540	22,960
Other expenses	2,600	1,849	751
Debt service	170,442	104,703	65,739
Capital outlay	2,099,155	520,004	1,579,151
Total Expenditures	<u>3,038,544</u>	<u>1,413,703</u>	<u>1,624,841</u>
Net Change in Fund Balance - Budgetary Basis	<u>\$ -</u>	<u>(484,957)</u>	<u>\$ (484,957)</u>
Reconciliation to Net Income			
Add Capital Outlay		520,004	
Add Principal paid on bonds		80,295	
Less Depreciation Expense		(201,018)	
Net Income - GAAP basis		<u>\$ (85,676)</u>	

See the accompanying Independent Auditor's report

Special Reports

ANNUAL HIGHWAY FINANCE REPORT - CY17

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II - RECEIPTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Receipts from local sources

2. General Fund Appropriations:	\$ 0.00
3. Other local imposts: <i>from A.3. 'Total' below</i>	\$ 179,730.76
4. Miscellaneous local receipts: <i>from A.4. 'Total' below</i>	\$ 53,447.50
5. Transfers from toll facilities	\$ 0.00
6. Proceeds of sale of bonds and notes	
a. Bonds - Original Issues:	\$ 0.00
b. Bonds - Refunding Issues:	\$ 0.00
c. Notes:	\$ 0.00

SubTotal: \$

B. Private Contributions

\$

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input

A.3. Other local imposts

a. Property Taxes and Assessments	\$ 78329.53
b. Other Local Imposts	
1. Sales Taxes:	\$ 64954.02
2. Infrastructure and Impact Fees:	\$ 0.00
3. Liens:	\$ 0.00
4. Licenses:	\$ 0.00
5. Specific Ownership and/or Other:	\$ 36447.21
Total: (a + b) carried to 'Other local impost' above	\$ 179,730.76

A.4. Miscellaneous local receipts**Please no commas or dollar signs for the input**

a. Interest on Investments:	\$ 0.00
b. Traffic fines & Penalties:	\$ 53447.50
c. Parking Garage Fees:	\$ 0.00
d. Parking Meter Fees:	\$ 0.00
e. Sale of Surplus Property:	\$ 0.00
f. Charges for Services:	\$ 0.00
g. Other Misc. Receipts:	\$ 0.00
h. Other:	\$ 0.00
Total: (a through h) carried to 'Misc local receipts' above	\$ 53,447.50

C. Receipts from State Government**Please no commas or dollar signs for the input**

1. Highway User Taxes:	\$ 99053.52
3. Other State funds:	
c. Motor Vehicle Registrations:	\$ 9111.80
d. Other (Specify):	
Comments: undefined	\$ 6850.19
e. Other (Specify):	
Comments: undefined	\$ 0.00
Total: (1+3c,d,e)	\$ 115,015.51

D. Receipts from Federal Government**Please no commas or dollar signs for the input**

2. Other Federal Agencies	
a. Forest Service:	\$ 0.00
b. FEMA:	\$ 0.00
c. HUD:	\$ 0.00
d. Federal Transit Administration:	\$ 0.00

e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00
Total: (2a-f)	\$	0.00

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Local highway disbursements

1. Capital outlay: (from A.1.d. 'Total Capital Outlay' below)	\$	51,609.95
2. Maintenance:	\$	22289.80
3. Road and street services		
a. Traffic control operations:	\$	994.30
b. Snow and ice removal:	\$	18000.00
c. Other:	\$	11079.56
4. General administration & miscellaneous	\$	20702.49
5. Highway law enforcement and safety	\$	12221.71
Total: (A.1-5)	\$	136,897.81

Please no commas or dollar signs for the input

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	0.00
b. Redemption	\$	0.00
2. Notes		
a. Interest	\$	0.00
b. Redemption	\$	0.00
SubTotal: (1+2)	\$	0.00

Please no commas or dollar signs for the input

C. Payments to State for Highways:	\$	0.00
D. Payments to Toll Facilities:	\$	0.00

Total Disbursements: (A+B+C+D) \$ 136,897.81

Please no commas or dollar signs for the input

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES - (Detail)

Please no commas or dollar signs for the input

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$ 0.00
b. Engineering Costs:	\$ 0.00	\$ 51609.95	\$ 51,609.95
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 0.00	\$ 0.00
4. System Enhancement:	\$ 0.00	\$ 0.00	\$ 0.00
5. Total Construction:			\$ 0.00
d. Total Capital Outlay: <i>(Lines A.1.a. + 1.b. + 1.c.5)</i>			\$ 51,609.95

IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
1. Bonds (Refunding Portion)		\$ 0.00	\$ 0.00	\$ 0.00
B. Notes (Total):	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C.Total Disbursements	D. Ending Balance	E. Reconciliation
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\$ \$ 348,193.77 \$ 136,897.81 \$ \$ -211,295.96

Notes & Comments:

undefined

Please enter your name:

Please provide a telephone number where you may be reached:

Save

Print Mode

Edit Mode

Please click on the "Save" button before viewing the data in a print format.

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