

**TOWN OF GRAND LAKE, COLORADO**

**Financial Statements**

**December 31, 2018**

# TOWN OF GRAND LAKE COLORADO

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Phyllis Price	Trustee
Mickey Rourke	Trustee
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Tom Weydert	Trustee

## Town Officials

Jim White	Town Manager
Erin Ackerman	Town Treasurer

# TOWN OF GRAND LAKE COLORADO

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Dazzio & Associates, PC

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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Trustees  
Town of Grand Lake, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Grand Lake, Colorado as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Grand Lake, Colorado, as of December 31, 2018, and the respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison schedules, and other supplementary information, including the local highway finance report and the schedule of expenditures of federal awards required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 budgetary comparison schedules, and other supplementary information, including the local highway finance report and the schedule of expenditures of federal awards (supplementary information) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2019, on our consideration of the the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Dazio & Associates, P.C.*

April 5, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## TOWN OF GRAND LAKE, COLORADO

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended December 31, 2018. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

#### Financial Highlights

- The Town's assets exceeded its liabilities by \$10,244,236 (net position) for the fiscal year reported.
- Total net position is comprised of the following:

Net investment in capital assets in the amount of \$5,003,732 including property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.

Net position of \$91,338 is restricted for parks and open space and emergency reserves.

Net position of \$5,149,166, which includes committed funds for attainable housing, capital projects (bond money) and the cemetery, represents the portion available to maintain the Town's continuing obligations to citizens.

- The Town's governmental fund (the General and Capital Improvement Funds) reports a total ending fund balance of \$3,376,364 this year. The General Fund ending fund balance of \$2,227,875 compares to the prior year ending fund balance of \$1,757,886, an increase of \$469,989 during the current year. In 2018, \$423,125 of the remaining unassigned General Fund balance was assigned to the 2019 budget. The Capital Improvement Fund was created in 2017, by voter approval of the sale of bonds to fund streetscape improvements primarily along Grand Avenue. The ending fund balance for this fund was \$1,148,489 in 2018.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

#### Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data for fiscal year 2018 versus fiscal year 2017.

## **Government-wide Financial Statements**

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the ***Statement of Net Position***. This presents information that includes all the Town's assets and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Evaluation of the overall fiscal health of the Town would extend to other non-financial factors such as diversification of the taxpayer base or the condition of Town infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the ***Statement of Activities***, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the Statement of Activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish the governmental activities of the Town that are principally supported by sales and use taxes from the business-type activities that are intended to recover all, or a significant portion, of their costs through user fees and charges. Governmental activities include general government, public safety, public works, parks and recreation, community services, and economic development. Business-type activities, through established Enterprise Funds, include the Water Department, the Marina, and the Pay-As-You-Throw ("PAYT") trash system.

The government-wide financial statements are presented in a later section of this report.

## **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

### **The Town has two types of funds:**

**Governmental funds** are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different, with fund financial statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability, focusing on the use of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental funds balance sheet and the governmental funds operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental funds financial statements are presented in a later section of this report.

**Proprietary funds** are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The three Town proprietary funds: Water Fund, Marina Fund, and PAYT Fund are classified as Enterprise Funds. The Enterprise Funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the governmental activities of the Town as described above.

The basic financial statements for the three enterprise funds are presented in a later section of this report.

### **Notes to the Basic Financial Statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements are included in a later section of this report.

### **Supplementary Information**

Budget to actual comparisons for the enterprise funds are presented in the supplementary section of this report.

## Financial Analysis of the Town as a Whole

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Town as a whole.

The Town's *combined* net position at fiscal year-end is \$10,244,236. The following table provides a summary of the Town's net position for 2018, compared to the 2017 net position of \$8,506,885.

	Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Assets:</b>						
Current Assets	\$ 4,287,489	\$ 4,081,388	\$ 2,072,231	\$ 1,636,975	\$ 6,359,720	\$ 5,718,363
Capital Assets	<u>8,703,576</u>	<u>6,795,192</u>	<u>2,589,890</u>	<u>1,580,074</u>	<u>11,293,466</u>	<u>8,375,266</u>
<b>Total Assets</b>	<u>12,991,065</u>	<u>10,876,580</u>	<u>4,662,121</u>	<u>3,217,049</u>	<u>17,653,186</u>	<u>14,093,629</u>
<b>Liabilities:</b>						
Current Liabilities	626,274	301,004	139,952	26,209	766,226	327,213
Noncurrent Liabilities	<u>4,895,726</u>	<u>4,788,000</u>	<u>1,249,496</u>	<u>38,254</u>	<u>6,145,222</u>	<u>4,826,254</u>
<b>Total Liabilities</b>	<u>5,522,000</u>	<u>5,089,004</u>	<u>1,389,448</u>	<u>64,463</u>	<u>6,911,448</u>	<u>5,153,467</u>
<b>Deferred Inflows of Resources</b>						
	<u>497,502</u>	<u>433,277</u>	<u>-</u>	<u>-</u>	<u>497,502</u>	<u>433,277</u>
<b>Net Position:</b>						
Net Investment in						
Capital Assets	3,692,197	2,073,458	1,311,535	1,580,074	5,003,732	3,653,532
Restricted	1,224,598	1,820,397	123,057	-	1,347,655	1,820,397
Unrestricted	<u>2,054,768</u>	<u>1,460,444</u>	<u>1,838,081</u>	<u>1,572,512</u>	<u>3,892,849</u>	<u>3,032,956</u>
<b>Total Net Position</b>	<u>\$ 6,971,563</u>	<u>\$ 5,354,299</u>	<u>\$ 3,272,673</u>	<u>\$ 3,152,586</u>	<u>\$ 10,244,236</u>	<u>\$ 8,506,885</u>

The largest portion of the Town's net position (49%) reflects its net investment of \$5,003,732 in capital assets less the related debt used to acquire some of those assets that is still outstanding. The Town's total net position has increased about 20% since 2017.

The Town continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The Town's current ratio of 8:1 is an indicator of a strong financial position. In 2018, we secured additional funding of \$424,835 for the rehabilitation of our West Portal Bridge Project. We worked with Alfred Benesch Engineering and with CDOT to revise our IGA while concurrently working to meet all the regulatory requirements. As construction costs continued to escalate, we were fortunate to receive additional funding so that we could commence construction of the West Portal Bridge Project in 2018. We plan to complete construction in June, 2019.

The Town reported a net position increase of \$1,617,264 for governmental activities. The Water Enterprise net position increased \$112,766 reflecting increased water sales and expenditure management. The net position increase of \$26,648 for the Marina Enterprise represents more activity in boat rentals and tour sales. The PAYT Enterprise saw a net position decrease of \$19,237 evidencing the program's monetary contribution to the West Portal Bridge project in 2018. Depreciation was \$103,225 for the Water Enterprise, a noticeable increase from 2017 in large part due to the addition of the 300,000 gallon water storage tank installation. Marina Enterprise depreciation was \$32,104, a slight increase from 2017 evidencing a full year of depreciation expense for the boats the Marina replaced in 2017. The PAYT Enterprise does not have any depreciable assets.

The following table provides a summary of the Town's changes in net position for 2018, with a comparison to 2017.

	<b>Changes in Net Position</b>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>						
Charges for Services	\$ 329,093	\$ 188,645	\$ 954,656	\$ 886,770	\$ 1,283,749	\$1,075,415
Grants	1,002,155	517,002	-	-	1,002,155	517,002
Tap Fees	-	-	52,000	91,000	52,000	91,000
Taxes	2,342,099	2,106,684	-	-	2,342,099	2,106,684
Interest	49,768	32,596	10,336	5,958	60,104	38,554
Gain on Disposal of Assets	-	-	8,600	-	8,600	-
Transfers	144,754	(90,329)	(144,754)	90,329	-	-
Other	21,160	25,987	-	-	21,160	25,987
<b>Total Revenues</b>	<u>3,889,029</u>	<u>2,780,585</u>	<u>880,838</u>	<u>1,074,057</u>	<u>4,769,867</u>	<u>3,854,642</u>
<b>Expenses:</b>						
General Government	770,036	639,535	-	-	770,036	639,535
Public Safety	208,787	257,959	-	-	208,787	257,959
Public Works	799,973	662,569	-	-	799,973	662,569
Grand Lake Center	161,610	166,869	-	-	161,610	166,869
Parks	158,946	145,165	-	-	158,946	145,165
Interest	172,413	252,237	-	-	172,413	252,237
Total General Gov't	<u>2,271,765</u>	<u>2,124,334</u>	<u>-</u>	<u>-</u>	<u>2,271,765</u>	<u>2,124,334</u>
Water	-	-	532,000	502,878	532,000	502,878
Marina	-	-	199,769	161,318	199,769	161,318
PAYT	-	-	28,982	34,642	28,982	34,642
Total Business-type	<u>-</u>	<u>-</u>	<u>760,751</u>	<u>698,838</u>	<u>760,751</u>	<u>698,838</u>
<b>Total Expenses</b>	<u>2,271,765</u>	<u>2,124,334</u>	<u>760,751</u>	<u>698,838</u>	<u>3,032,516</u>	<u>2,823,172</u>
<b>Change in Net Position</b>	1,617,264	656,251	120,087	375,219	1,737,351	1,031,470
<b>Beginning Net Position</b>	<u>5,354,299</u>	<u>4,400,242</u>	<u>3,152,586</u>	<u>2,591,014</u>	<u>8,506,885</u>	<u>7,475,415</u>
<b>Ending Net Position</b>	<u>\$6,971,563</u>	<u>\$5,056,493</u>	<u>\$3,272,673</u>	<u>\$2,966,233</u>	<u>\$10,244,236</u>	<u>\$8,506,885</u>

## GOVERNMENTAL REVENUES

The Town relies heavily on sales and use taxes to support governmental operations. In 2018, sales and use taxes were 53% of total governmental revenues for the Town, down 8% from the 2017 calculation of 61%. Overall, general government revenues are up 31% when compared with 2017.

## GOVERNMENTAL EXPENSES

Overall operating costs are up 7% when compared to 2017, primarily due to ongoing expenditures for the Streetscape Project. Public Safety accounts for approximately (9%) of the Town's total governmental expenses and Grand Lake Center accounts for (7%), while General Government (34%) and Public Works/Parks (42%) expenses together comprise (76%) of the total governmental activity costs. The remaining (8%) of costs are attributed to interest on the Town's long-term obligations.

## BUSINESS-TYPE ACTIVITIES

### Revenues vs. Costs

**Water Enterprise Fund:** Operating revenues were up 7%, or \$37,635 from 2017, due to increased water sales and higher interest received on deposited funds. Operating costs increased 5% in 2018, evidencing lower depreciation as earlier explained. This business-type activity reported an operating income of \$56,485 in 2018, compared to an operating income of \$45,305 in 2017.

**Marina Enterprise Fund:** The Marina Enterprise Fund was established in 2007. Pontoon and pedal boat rentals, lake tours, and the continuation of the Sunset Cruise generated operating revenue in the amount of \$319,444, up 10% from 2017. Operating costs were \$199,769, down \$38,451 from 2017, resulting in operating income of \$119,675.

**PAYT Enterprise Fund:** The Pay-As-You-Throw Enterprise Fund was established in August 2010. PAYT is a self-service trash disposal system. Revenues are derived from trash bags sold wholesale to various vendors for resale and from bags purchased retail by individuals directly from the Town. The PAYT Enterprise reported operating revenue of \$49,394 up 5% from 2017 and expenses decreased \$5,660, with a resulting operating income of \$20,412 for the year. Dumpster services were the sole cause of decreased operating costs.

## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

### Governmental Funds

Currently the Town has two governmental funds: General Fund and Capital Improvement Fund. These are reported in the fund statement with short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The General Fund reported a total ending fund balance of \$2,227,875, of which \$423,125 is intended for fiscal year 2019 expenditures. The Capital Improvement Fund reported an ending fund balance of \$1,148,489, of which \$968,874 is restricted for the remaining Streetscape improvements; the \$116,540 excess tax collected in 2018, after paying debt service, has been applied toward the Surplus Fund requirement (which after two years accumulates to \$179,615 of the \$280,500 required) set forth in the bond documents.

The total ending fund balance of the General Fund shows an increase of \$469,989 in 2018 when compared with the fiscal year 2017 fund balance increase of \$303,045. The Town did invest in critical capital projects in 2018, focusing on preparation and beginning of construction of the West Portal Bridge Project in 2018, and most notably, by completing Phase 2 of the Streetscape Project in 2018. The construction of Phase 2 continued all spring, summer and fall, and the overwhelming opinion was that the project was done well. Costs for the project remained within the budgeted amount; though the project was scaled back as we sought additional grant funding for Phase 3 anticipated to begin in 2019; we did maintain high quality construction standards.

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. Total revenues in the General Fund were \$3,251,822 an increase of \$1,181,815, 57% over 2017 total revenues. General Fund expenditures of \$3,216,808 were \$1,315,646, 69% more than 2017. Much of this is attributed to the revenues and expenditures of the West Portal Bridge Project.

The Capital Improvement Fund is the Town's 2017 bond sales and 1% sales and use tax increase fund and accounts exclusively for the collection, debt service, maintenance and capital outlay expenditures relating to these funds. Total revenues in the Capital Improvement Fund were \$492,453, a decrease of \$295,744, 38% under 2017 total revenues. The decrease in income is due to the unrealized grant funding from the Colorado Department of Local Affairs ("DOLA") for the 2018 budget year (the funding will take place in 2019 instead). Capital Improvement Fund expenditures of \$1,089,530 were \$2,503,991, 70% less than 2017. Since the anticipated DOLA funding was not eligible for the Phase 2 project planned in 2018 construction season, the Town decided to scale back the magnitude of Phase 2 until the Town funds could be use more effectively as matching funds for the 2018 DOLA grant cycle. We did receive \$750,000 in that DOLA cycle for use in the Phase 3 Streetscape Project in 2019.

## Proprietary Funds

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

Net position of the enterprise operations at December 31, 2018 follow:

	<u>Net Position</u>	<u>Change in Net Position</u>
Water	\$ 2,535,808	\$ 112,766
Marina	662,815	26,648
PAYT	74,050	(19,327)

Factors concerning the finances of the enterprise funds have already been addressed in the discussion of the Town's business-type activities.

## Budgetary Highlights

General Fund — General Fund revenue of \$3,251,822 was \$38,201 over the budgeted amount of \$3,213,621. Higher than estimated revenues were realized in a number of categories, significant and encouraging unbudgeted revenues (in the range of \$10,000 or more) were received in: Sales Tax (\$183,459), Building Use Tax (\$55,651 – based upon the amount of building permits which close each year), Motor Vehicle Use Tax (\$24,518) and Attainable Housing Fees (\$30,107), Grand Lake Center (\$28,828), and Interest on Investments (\$17,111). Unrealized budgeted revenues were associated primarily with unfunded grants (\$361,982) and the discontinued Municipal Fee (\$31,955).

The total General Fund expenditures of \$3,216,808 were under budget by \$579,785 of which \$314,570 were unexpended for the West Portal Bridge rehabilitation. Additional savings were realized due to budget management in general government, public works, public safety and parks. As is almost always the practice, budgeted amounts for projects that did not receive grant funding or correspond with future year revenues were not expended either. Overall, General Fund expenditures came in at 85% of budget.

Capital Improvement Fund – The Capital Improvement Fund was created in January, 2017 to collect, account for and service debt in relation to a bond initiative (inception of this fund is discussed later in the Long-term Debt portion of this analysis). Total funding for streetscape improvements was projected to be around \$6,000,000 so the Town has pursued grant funding from DOLA to help abate the shortfall of funding between bond financing and projected costs. So far, the Town has been awarded \$1,250,000 million from DOLA to help install underground utility improvements. Unrealized budgeted revenue was DOLA funding in the amount of \$679,294, this and additional grant revenue will be received in 2019 for the 3<sup>rd</sup> phase of the streetscape project. Phase 1 was the most extensive portion of streetscape improvements and the Town will continue to pursue grant funding as we continue this project into 2019, and beyond.

**Water Enterprise Fund** — The Water Enterprise Fund water sales revenue exceeded projections by \$37,206. Unrealized budgeted revenue was primarily the remainder of loan funding for the replacement water storage tank project which was not finalized in 2018 as anticipated. Decommissioning and removal of the old tank will take place in 2019. Water Fund expenses came in nearly 29% lower than budgeted, in large part (\$469,429) due to carry-over of the storage tank project, with the Town spending only \$1,563,326 of the \$2,193,227 budgeted, \$469,429 of these savings were due to the storage tank project.

**Marina Enterprise Fund** — The Marina Enterprise Fund had revenues of \$331,171, exceeding the budget by \$62,031. Expenses were \$288,468 compared to a budget of \$377,940. The \$109,507 increase in expenses from 2017 was budgeted improvements to the Marina facilities, and monetary support to the General Fund for the West Portal Bridge project. In 2019, the Town Board decided to eliminate the boat slip rental program; and buy new boats for additional rental capability.

**PAYT Enterprise Fund** — The PAYT Enterprise Fund increased its revenue to \$49,655, which was \$3,555 more than the budgeted figure of \$46,100. Expenses came in at \$68,982, \$10,886 less than the budget of \$79,868.

### **Capital Assets and Debt Administration**

#### **Capital Assets**

The Town's net investment in capital assets as of December 31, 2018, was \$3,692,197 for governmental activities and \$1,311,535 for business-type activities. The governmental activities capital assets include infrastructure that was first reported in 2004. The following table provides a summary of capital asset activity.

	<b>Capital Assets</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Non-depreciable assets:</b>						
Land	\$ 660,419	\$ 660,419	\$ 2,270	\$ 2,270	\$ 662,689	\$ 662,689
Construction In Progress	<u>1,144,134</u>	<u>115,583</u>	<u>16,049</u>	<u>223,286</u>	<u>1,160,183</u>	<u>338,869</u>
Total non-depreciable	<u>1,804,553</u>	<u>776,002</u>	<u>18,319</u>	<u>225,556</u>	<u>1,822,872</u>	<u>1,001,558</u>
<b>Depreciable assets:</b>						
Buildings	1,468,112	1,468,112	26,935	26,935	1,495,047	1,495,047
Improvements	1,036,642	1,035,236	-	-	1,036,642	1,035,236
Equipment	1,281,970	980,085	368,621	309,603	1,650,591	1,289,688
Infrastructure	6,904,491	6,075,422	4,584,528	3,346,150	11,489,019	9,421,572
Marina Equipment	-	-	211,625	230,329	211,625	230,329
Total depreciable assets	10,691,215	9,558,855	5,191,709	3,913,017	15,882,924	13,471,872
Accumulated depreciation	<u>(3,792,192)</u>	<u>(3,539,665)</u>	<u>(2,620,138)</u>	<u>(2,558,499)</u>	<u>(6,412,330)</u>	<u>(6,098,164)</u>
Total depreciable assets, net	<u>6,899,023</u>	<u>6,019,190</u>	<u>2,571,571</u>	<u>1,354,518</u>	<u>9,470,594</u>	<u>7,373,708</u>
Percentage depreciated	35%	37%	50%	65%	40%	45%
Total Capital Assets	<u>\$ 8,703,576</u>	<u>\$ 6,795,192</u>	<u>\$ 2,589,890</u>	<u>\$ 1,580,074</u>	<u>\$ 11,293,466</u>	<u>\$ 8,375,266</u>

At December 31, 2018, the depreciable capital assets for governmental activities were 35% depreciated. As for the Town's business-type activities, 50% of the asset values were depreciated at December 31, 2018. Governmental activities reflect the new infrastructure installed along Grand and a portion of Park Avenues as well as the replacement of aging vehicles and equipment. While business-type activities numbers reflect continued aging of the infrastructure in comparison to 2017.

A water rate study was conducted in 2008 in order to evaluate the implementation of the capital improvement plan that was completed in 2006. As a result of the study, the Board of Trustees adopted a 6% annual increase in water rate fees. Although the study recommended a 9% increase in order to fully implement the capital improvements recommended by the 2006 plan, the Board of Trustees approved annual increases of 6%. The increase schedule began in April 2009 and would have been effective through April 1, 2018; however, the Town opted-out of the increase for 2015 and 2017, resulting in an extension of the schedule through April 1, 2020.

### **Long-term Debt**

On November 8, 2016 the citizens of Grand Lake passed a ballot question to increase sales and use tax from 4% to 5%, effective January 1, 2017 and to incur debt for the purpose of financing improvements to streets, boardwalks, sidewalks, multi-use pathways, streetscapes, signage and drainage. These bonds were sold in May 2017 and generated an additional premium of \$385,090. Debt service began in December 2017. These funds are used first to pay debt service on the bonds in, then to fund the Surplus Fund requirement of \$280,500 and finally to operate and maintain the infrastructure installed. At the end of this year, the Town had total governmental activities bonded debt outstanding of \$4,362,182, which is being retired with the pledged revenues.

The Town also has \$649,197 in governmental capital leases outstanding for various equipment used by Public Works and the acquisition of Thomasson Park. Lease payments and obligations for the leases are funded entirely by the General Fund.

During 2018, the Town retired \$181,453 of governmental activities long-term debt.

### **Economic Conditions Affecting the Town**

Grand Lake's economy depends primarily on three economic drivers: tourism, housing market, and local spending with support from the large second homeowner population.

Taking these drivers in reverse order, local spending resulted in increased sales tax collections for 8 out of 12 months, when compared with 2017; with all 8 of these being record months since 2000. Exclusive of the 1% increase in sales tax, the year ended 7.6% (\$102,248) up over 2017 collections and was a record fiscal year of sales tax revenue since 2000, with the next highest fiscal year being 2016. Tax generated by the additional 1% totaled \$395,090 in the second year of collections, including sales tax of \$363,261, motor vehicle use tax of \$14,380 and building use tax of \$17,449.

The Town continues to enjoy the boost to summer tourism engendered by local businesses, especially the Grand Lake Lodge and Rocky Mountain Repertory Theatre being open for the season.

Looking to the future, the Town of Grand Lake will continue to carefully study state and national economic indicators. In addition, Grand Lake is essentially a tourist town with a focus on outdoor activities and is subject to the uncontrollable vagaries of nature. However, the area's climate, variety of terrain and outdoor recreational opportunities, coupled with its proximity to Rocky Mountain National Park, and the "small town" appeal of Grand Lake remain dependable amenities. The Town has embarked on several economic development initiatives, engaging the community and proactively pursuing tasks and projects that will contribute positively to the health of our local economy. Notably, the Town of Grand Lake was awarded Space to Create status; additionally, we were designated as a Colorado Creative District in 2018.

As in prior years, the Town will continue to take the most conservative approach as is practicable in its financial activities, with an eye to continually improve assets and amenities held by the Town.

### **Contacting the Town's Financial Management**

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Town Manager at P.O. Box 99, Grand Lake, CO 80447.

## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF GRAND LAKE, COLORADO**

**STATEMENT OF NET POSITION**  
December 31, 2018

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and Investments	\$ 1,743,802	\$ 827,274	\$ 2,571,076
Cash and Investments - Restricted	1,109,627	-	1,109,627
Receivables:			
Property Taxes	274,747	-	274,747
Sales Taxes	156,812	-	156,812
Accounts	77,940	17,092	95,032
Intergovernmental	900,982	-	900,982
Loans	-	1,217,225	1,217,225
Other	-	2,219	2,219
Prepaid Expense	18,187	-	18,187
Inventory	5,392	8,421	13,813
Capital Assets Not Being Depreciated	1,804,553	18,319	1,822,872
Capital Assets, Net of Accumulated Depreciation	6,899,023	2,571,571	9,470,594
<b>Total Assets</b>	<b>12,991,065</b>	<b>4,662,121</b>	<b>17,653,186</b>
<b>Liabilities</b>			
Accounts Payable	328,854	10,605	339,459
Retainage Payable	46,808	55,221	102,029
Accrued Interest Payable	15,229	-	15,229
Prepaid Fees	20,596	3,333	23,929
Unearned Revenue - Nightly Rental Licenses	13,365	-	13,365
Parking Fee-In-Lieu	4,000	-	4,000
Noncurrent Liabilities:			
Due Within One Year	197,422	70,793	268,215
Due In More Than One Year	4,895,726	1,249,496	6,145,222
<b>Total Liabilities</b>	<b>5,522,000</b>	<b>1,389,448</b>	<b>6,911,448</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - Property Taxes	274,747	-	274,747
Unearned Revenue - Use Tax	222,755	-	222,755
<b>Total Deferred Inflows of Resources</b>	<b>497,502</b>	<b>-</b>	<b>497,502</b>
<b>Net Position</b>			
Net Investment in Capital Assets	3,692,197	1,311,535	5,003,732
Restricted			
Parks and Open Space	29,638	-	29,638
Debt Service	164,386	123,057	287,443
Capital Projects	968,874	-	968,874
Emergency Reserves	61,700	-	61,700
Unrestricted	2,054,768	1,838,081	3,892,849
<b>Total Net Position</b>	<b>\$ 6,971,563</b>	<b>\$ 3,272,673</b>	<b>\$ 10,244,236</b>

The notes to the financial statements are an integral part of this statement.

**TOWN OF GRAND LAKE, COLORADO**

**STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018**

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Permits, Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental Activities</b>				
Administration	\$ 770,036	\$ 197,570	\$ 10,000	\$ -
Public Safety	208,787	41,018	-	-
Public Works	799,973	6,677	48,136	941,543
Grand Lake Center	161,610	83,828	-	-
Parks	158,946	-	2,476	-
Interest and Related Costs on Long-term Debt	172,413	-	-	-
<b>Total Governmental Activities</b>	<b>2,271,765</b>	<b>329,093</b>	<b>60,612</b>	<b>941,543</b>
<b>Business-type Activities</b>				
Water	532,000	585,818	6,948	52,000
Marina	199,769	319,444	3,127	8,600
Pay As You Throw	28,982	49,394	261	-
<b>Total Business-type Activities</b>	<b>760,751</b>	<b>954,656</b>	<b>10,336</b>	<b>60,600</b>
<b>Total</b>	<b>\$ 3,032,516</b>	<b>\$ 1,283,749</b>	<b>\$ 70,948</b>	<b>\$ 1,002,143</b>

General Revenues:

- Property Taxes
- Specific Ownership Taxes
- Sales and Use Taxes
- Franchise and Other Taxes
- Unrestricted Investment Earnings
- Miscellaneous

Transfers, Net

Total General Revenues and Transfers

Changes In Net Position

Net Position - Beginning

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

**Net (Expense) Revenue and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (562,466)	\$ -	\$ (562,466)
(167,769)	-	(167,769)
196,383	-	196,383
(77,782)	-	(77,782)
(156,470)	-	(156,470)
(172,413)	-	(172,413)
(940,517)	-	(940,517)
-	112,766	112,766
-	131,402	131,402
-	20,673	20,673
-	264,841	264,841
(940,517)	264,841	(675,676)
255,917	-	255,917
18,948	-	18,948
1,992,072	-	1,992,072
75,162	-	75,162
49,768	-	49,768
21,160	-	21,160
144,754	(144,754)	-
2,557,781	(144,754)	2,413,027
1,617,264	120,087	1,737,351
5,354,299	3,152,586	8,506,885
\$ 6,971,563	\$ 3,272,673	\$ 10,244,236

**TOWN OF GRAND LAKE, COLORADO**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2018**

	<b>General Fund</b>	<b>Capital Improvement Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and Investments	\$ 1,743,802	\$ -	\$ 1,743,802
Cash and Investments - Restricted	-	1,109,627	1,109,627
Receivables:			
Property Taxes	274,747	-	274,747
Sales Taxes	125,586	31,226	156,812
Accounts	77,940	-	77,940
Intergovernmental	882,016	18,966	900,982
Prepaid Expense	18,187	-	18,187
Inventory	5,392	-	5,392
<b>Total Assets</b>	<b>\$ 3,127,670</b>	<b>\$ 1,159,819</b>	<b>\$ 4,287,489</b>
<b>Liabilities</b>			
Accounts Payable	\$ 317,524	\$ 11,330	\$ 328,854
Retainage Payable	46,808	-	46,808
Prepaid Fees	20,596	-	20,596
Unearned Revenue - Nightly Rental Licenses	13,365	-	13,365
Parking Fee-In-Lieu	4,000	-	4,000
<b>Total Liabilities</b>	<b>402,293</b>	<b>11,330</b>	<b>413,623</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - Property Taxes	274,747	-	274,747
Unearned Revenue - Use Tax	222,755	-	222,755
<b>Total Deferred Inflows of Resources</b>	<b>497,502</b>	<b>-</b>	<b>497,502</b>
<b>Fund Balances</b>			
Nonspendable	23,579	-	23,579
Restricted for:			
Emergency Reserves	61,700	-	61,700
Parks and Open Space	29,638	-	29,638
Capital Projects	-	968,874	968,874
Debt Service	-	179,615	179,615
Committed to:			
Affordable Housing	463,915	-	463,915
Cemetery Operations	75,872	-	75,872
Assigned to:			
Subsequent Year's Budget	423,125	-	423,125
Unassigned	1,150,046	-	1,150,046
<b>Total Fund Balances</b>	<b>2,227,875</b>	<b>1,148,489</b>	<b>3,376,364</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,127,670</b>	<b>\$ 1,159,819</b>	<b>\$ 4,287,489</b>

The notes to the financial statements are an integral part of this statement.

**TOWN OF GRAND LAKE, COLORADO**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
December 31, 2018**

<b>Total Fund Balance - Governmental Funds</b>		\$ 3,376,364
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets	\$12,495,768	
Less Accumulated Depreciation	<u>(3,792,192)</u>	8,703,576
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. However, all liabilities - both current and long-term - are reported in the statement of net position.		
Balances at year-end are:		
Sales Tax Bonds	(4,015,000)	
Premium on Sales Tax Bonds	(347,182)	
Capital Lease Obligations	(649,197)	
Compensated Absences	<u>(81,769)</u>	(5,093,148)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due		<u>(15,229)</u>
<b>Net Position - Governmental Activities</b>		<u><u>\$ 6,971,563</u></u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF GRAND LAKE, COLORADO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**For the Year Ended December 31, 2018**

	<b>General Fund</b>	<b>Capital Improvement Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes	\$ 1,947,009	\$ 395,090	\$ 2,342,099
Licenses and Permits	103,733	-	103,733
Intergovernmental	921,449	70,706	992,155
Charges for Services	175,065	-	175,065
Fines and Forfeitures	100	-	100
Fees and Leases	2,500	-	2,500
Municipal Fee	47,695	-	47,695
Net Investment Income	23,111	26,657	49,768
Contributions	10,000	-	10,000
Other Revenue	21,160	-	21,160
<b>Total Revenues</b>	<b>3,251,822</b>	<b>492,453</b>	<b>3,744,275</b>
<b>Expenditures</b>			
Current			
Boards and Committees	170,472	-	170,472
Administration	569,650	-	569,650
Public Safety	208,787	-	208,787
Public Works	470,295	-	470,295
Grand Lake Center	158,271	-	158,271
Parks	129,585	-	129,585
Capital Outlay	1,434,114	810,980	2,245,094
Debt service			
Principal	53,657	105,000	158,657
Interest	21,977	173,550	195,527
<b>Total Expenditures</b>	<b>3,216,808</b>	<b>1,089,530</b>	<b>4,306,338</b>
<b>Excess Revenues Over (Under)</b>			
<b>Expenditures</b>	<b>35,014</b>	<b>(597,077)</b>	<b>(562,063)</b>
<b>Other Financing Sources</b>			
Capital Lease Proceeds	334,975	-	334,975
Transfers In	100,000	-	100,000
<b>Total Other Financing Sources</b>	<b>434,975</b>	<b>-</b>	<b>434,975</b>
<b>Net Change in Fund Balances</b>	<b>469,989</b>	<b>(597,077)</b>	<b>(127,088)</b>
<b>Fund Balances - Beginning</b>	<b>1,757,886</b>	<b>1,745,566</b>	<b>3,503,452</b>
<b>Fund Balances - Ending</b>	<b>\$ 2,227,875</b>	<b>\$ 1,148,489</b>	<b>\$ 3,376,364</b>

The notes to the financial statements are an integral part of this statement.

**TOWN OF GRAND LAKE, COLORADO**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018**

<b>Net Change in Fund Balances - Governmental Funds</b>		\$ (127,088)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.</p>		
Capital Outlay	\$2,255,206	
Depreciation	<u>(391,576)</u>	1,863,630
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales, contributions and transfers) is to increase net position. In the statement of activities, only the gain on the disposition of capital assets is reported. However, in the governmental funds, the proceeds from the disposition, if any, increases financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the asset disposed.</p>		
Contributed assets from the Marina Fund		44,754
<p>Long-term debt (e.g., issuance of bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Capital Lease Proceeds	(334,975)	
Principal Payment - Sales Tax Bonds	105,000	
Principal Payment - Capital Lease Obligations	<u>53,657</u>	(176,318)
<p>Interest expense in the statement of activities differs from the amount reported in governmental funds because of additional accrued and accreted interest, amortization of bond premiums, issue costs and refunding losses.</p>		
Decrease in accrued interest on long-term debt	318	
Amortization of premium on bonds	<u>22,796</u>	23,114
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Adjustment to compensated absences liability		<u>(10,828)</u>
<b>Change in Net Position - Governmental Activities</b>		<u><u>\$ 1,617,264</u></u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF GRAND LAKE, COLORADO**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018  
(With Comparative Totals for December 31, 2017)**

	Original & Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
<b>Revenues</b>				
<b>Taxes</b>				
Property Tax	\$ 260,657	\$ 255,917	\$ (4,740)	\$ 268,925
Specific Ownership Tax	14,000	18,948	4,948	18,204
General Sales Tax	1,270,354	1,453,813	183,459	1,351,565
Building Use Tax	30,000	85,651	55,651	6,771
Motor Vehicle Use Tax	33,000	57,518	24,518	43,179
Cigarette Tax	3,300	3,698	398	3,359
Franchise Tax	64,500	71,464	6,964	71,195
Subtotal Taxes	<u>1,675,811</u>	<u>1,947,009</u>	<u>271,198</u>	<u>1,763,198</u>
<b>Licenses &amp; Permits</b>				
Business Licenses	29,000	33,798	4,798	35,143
Rental Licenses	52,800	58,750	5,950	53,600
Liquor License	3,500	7,384	3,884	4,508
Other Licenses	3,550	3,801	251	4,530
Subtotal Licenses & Permits	<u>88,850</u>	<u>103,733</u>	<u>14,883</u>	<u>97,781</u>
<b>Intergovernmental</b>				
County Road and Bridge	6,300	7,196	896	6,352
Grants	1,232,819	870,837	(361,982)	35,600
Highway Users Tax	31,979	39,722	7,743	31,593
Conservation Trust Fund	2,000	2,476	476	2,304
Other Intergovernmental	1,500	1,218	(282)	1,558
Subtotal Intergovernmental	<u>1,274,598</u>	<u>921,449</u>	<u>(353,149)</u>	<u>77,407</u>
<b>Charges for Services</b>				
Attainable Housing Fee	2,000	32,107	30,107	16,895
Zoning and Subdivision Review	2,000	44,025	42,025	1,985
Cemetery	6,400	10,450	4,050	8,500
Grand Lake Center	55,000	83,828	28,828	58,064
Other Charges for Services	1,750	4,655	2,905	2,920
Subtotal Charges for Services	<u>67,150</u>	<u>175,065</u>	<u>107,915</u>	<u>88,364</u>
<b>Fines and Forfeitures</b>	-	100	100	-
<b>Fees and Leases</b>	2,500	2,500	-	2,500
<b>Municipal Fee</b>	79,650	47,695	(31,955)	-
<b>Net Investment Income</b>	6,000	23,111	17,111	11,010
<b>Other Revenue</b>	17,302	21,160	3,858	25,987
<b>Capital Specific Revenue</b>	1,760	-	(1,760)	3,760
<b>Total Revenues</b>	<u>\$ 3,213,621</u>	<u>\$ 3,251,822</u>	<u>\$ 38,201</u>	<u>\$ 2,070,007</u>

(Continued)

**TOWN OF GRAND LAKE, COLORADO**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018  
(With Comparative Totals for December 31, 2017)**

(Continued)

	<b>Original &amp; Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	<b>2017 Actual</b>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Boards and Committees</b>				
Board of Trustees	\$ 94,780	\$ 83,593	\$ 11,187	\$ 86,737
Cemetery Committee	10,700	1,850	8,850	1,000
Planning Commission & Board of Adjustment	64,100	43,493	20,607	10,748
Greenways Committee	42,280	41,536	744	40,274
Subtotal Boards and Committees	211,860	170,472	41,388	138,759
<b>Administration</b>				
Personnel	294,680	284,604	10,076	251,594
Supplies	28,250	19,858	8,392	12,974
Repairs and Maintenance	10,750	12,838	(2,088)	6,101
Purchased Services	26,800	22,986	3,814	22,551
Utility Services	16,520	14,014	2,506	14,706
Professional Services	56,220	77,675	(21,455)	41,257
Marketing	112,945	102,788	10,157	97,228
Other	34,350	34,887	(537)	30,066
Subtotal Administration	580,515	569,650	10,865	476,477
<b>Public Safety</b>				
Personnel	56,009	55,112	897	51,565
Purchased Services	158,675	153,675	5,000	194,909
Subtotal Public Safety	214,684	208,787	5,897	246,474
<b>Public Works</b>				
Personnel	338,417	323,537	14,880	299,236
Supplies	6,400	3,750	2,650	3,881
Repairs and Maintenance	169,550	98,763	70,787	137,179
Purchased Services	11,387	8,496	2,891	10,641
Utility Services	37,920	33,551	4,369	35,381
Professional Services	3,000	-	3,000	-
Other	2,800	2,198	602	1,530
Subtotal Public Works	\$ 569,474	\$ 470,295	\$ 99,179	\$ 487,848

(Continued)

**TOWN OF GRAND LAKE, COLORADO**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**For the Year Ended December 31, 2018  
(With Comparative Totals for December 31, 2017)**

(Continued)

<b>Expenditures (continued)</b>	<b>Original &amp; Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	<b>2017 Actual</b>
<b>Grand Lake Center</b>				
Personnel	\$ 129,939	\$ 90,864	\$ 39,075	\$ 58,014
Supplies	12,100	9,588	2,512	12,181
Repairs and Maintenance	19,320	13,385	5,935	21,045
Utility Services	26,057	22,791	3,266	21,882
Professional Services	8,000	1,865	6,135	43,027
Other	25,575	19,778	5,797	10,720
Subtotal Grand Lake Center	<u>220,991</u>	<u>158,271</u>	<u>62,720</u>	<u>166,869</u>
<b>Parks</b>				
Personnel	60,093	57,701	2,392	54,113
Supplies	14,900	13,790	1,110	13,282
Repairs and Maintenance	26,450	32,903	(6,453)	19,310
Utility Services	20,450	20,745	(295)	18,781
Other	12,800	4,446	8,354	14,480
Subtotal Parks	<u>134,693</u>	<u>129,585</u>	<u>5,108</u>	<u>119,966</u>
<b>Capital Outlay</b>	<u>1,693,069</u>	<u>1,434,114</u>	<u>258,955</u>	<u>222,849</u>
<b>Debt service</b>				
Lease Principal	73,112	53,657	19,455	24,493
Lease Interest	27,763	21,977	5,786	17,427
Subtotal Debt Service	<u>100,875</u>	<u>75,634</u>	<u>25,241</u>	<u>41,920</u>
<b>Reserves</b>	<u>70,432</u>	<u>-</u>	<u>70,432</u>	<u>-</u>
<b>Total Expenditures</b>	<u>3,796,593</u>	<u>3,216,808</u>	<u>579,785</u>	<u>1,901,162</u>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	(582,972)	35,014	617,986	168,845
<b>Other Financing Sources</b>				
Capital Lease Proceeds	-	334,975	334,975	-
Transfers In	245,000	100,000	(145,000)	134,200
<b>Total Other Financing Sources</b>	<u>245,000</u>	<u>434,975</u>	<u>189,975</u>	<u>134,200</u>
<b>Net Change in Fund Balance</b>	(337,972)	469,989	807,961	303,045
<b>Fund Balance - Beginning</b>	<u>1,507,080</u>	<u>1,757,886</u>	<u>250,806</u>	<u>1,454,841</u>
<b>Fund Balance - Ending</b>	<u>\$ 1,169,108</u>	<u>\$ 2,227,875</u>	<u>\$ 1,058,767</u>	<u>\$ 1,757,886</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF GRAND LAKE, COLORADO**

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
December 31, 2018**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Water</b>	<b>Marina</b>	<b>Pay As You Throw</b>	
<b>Assets</b>				
Current Assets				
Cash and Investments	\$ 177,721	\$ 584,126	\$ 65,427	\$ 827,274
Accounts Receivable	15,824	-	1,268	17,092
Loan Receivable	1,217,225	-	-	1,217,225
Other Receivables	2,219	-	-	2,219
Inventory	764	-	7,657	8,421
Total Current Assets	<u>1,413,753</u>	<u>584,126</u>	<u>74,352</u>	<u>2,072,231</u>
Noncurrent Assets				
Capital Assets Not Being Depreciated	2,270	16,049	-	18,319
Capital Assets, Net of Accumulated Depreciation	2,506,886	64,685	-	2,571,571
Total Noncurrent Assets	<u>2,509,156</u>	<u>80,734</u>	<u>-</u>	<u>2,589,890</u>
Total Assets	<u>3,922,909</u>	<u>664,860</u>	<u>74,352</u>	<u>4,662,121</u>
<b>Liabilities</b>				
Current Liabilities				
Accounts Payable	9,999	304	302	10,605
Retainage Payable	55,221	-	-	55,221
Compensated Absences	2,554	639	-	3,193
Prepaid Fees	3,333	-	-	3,333
Note Payable - Current	67,600	-	-	67,600
Total Current Liabilities	<u>138,707</u>	<u>943</u>	<u>302</u>	<u>139,952</u>
Noncurrent Liabilities				
Compensated Absences	37,639	1,102	-	38,741
Note Payable	1,210,755	-	-	1,210,755
Total Noncurrent Liabilities	<u>1,248,394</u>	<u>1,102</u>	<u>-</u>	<u>1,249,496</u>
Total Liabilities	<u>1,387,101</u>	<u>2,045</u>	<u>302</u>	<u>1,389,448</u>
<b>Net Position</b>				
Net Investment in Capital Assets	1,230,801	80,734	-	1,311,535
Restricted for Debt Service	123,057	-	-	123,057
Unrestricted	1,181,950	582,081	74,050	1,838,081
Total Net Position	<u>\$ 2,535,808</u>	<u>\$ 662,815</u>	<u>\$ 74,050</u>	<u>\$ 3,272,673</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF GRAND LAKE, COLORADO**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2018**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Total</b>
	<b>Water</b>	<b>Marina</b>	<b>Pay As You Throw</b>	
<b>Operating Revenues</b>				
Charges for Sales and Services				
Water Sales	\$ 578,143	\$ -	\$ -	\$ 578,143
Marina Rentals	-	316,390	-	316,390
PAYT Bag Sales	-	-	49,394	49,394
Other	7,675	3,054	-	10,729
Total Operating Revenues	<u>585,818</u>	<u>319,444</u>	<u>49,394</u>	<u>954,656</u>
<b>Operating Expenses</b>				
Personnel	292,174	128,752	-	420,926
Operations	133,934	38,913	28,982	201,829
Depreciation	103,225	32,104	-	135,329
Total Operating Expenses	<u>529,333</u>	<u>199,769</u>	<u>28,982</u>	<u>758,084</u>
<b>Operating Income</b>	<u>56,485</u>	<u>119,675</u>	<u>20,412</u>	<u>196,572</u>
<b>Nonoperating Revenues (Expenses)</b>				
Net Investment Income	6,948	3,127	261	10,336
Interest Expense	(2,667)	-	-	(2,667)
Loss on Disposition of Assets	-	(36,154)	-	(36,154)
Total Nonoperating Revenues (Expenses)	<u>4,281</u>	<u>(33,027)</u>	<u>261</u>	<u>(28,485)</u>
<b>Income Before Capital Contributions and Transfers</b>	60,766	86,648	20,673	168,087
Capital Contributions - Tap Fees	52,000	-	-	52,000
Transfers Out	-	(60,000)	(40,000)	(100,000)
<b>Change In Net Position</b>	112,766	26,648	(19,327)	120,087
<b>Net Position - Beginning</b>	2,423,042	636,167	93,377	3,152,586
<b>Net Position - Ending</b>	<u>\$ 2,535,808</u>	<u>\$ 662,815</u>	<u>\$ 74,050</u>	<u>\$ 3,272,673</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF GRAND LAKE, COLORADO**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2018**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Pay As</b>			
	<b>Water</b>	<b>Marina</b>	<b>You Throw</b>	<b>Total</b>
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 573,625	\$ 319,444	\$ 48,126	\$ 941,195
Cash Payments to Suppliers for Goods and Services	(128,555)	(38,758)	(35,502)	(202,815)
Cash Payments to Employees for Services	(291,750)	(128,910)	-	(420,660)
Net Cash Provided by Operating Activities	153,320	151,776	12,624	317,720
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers to Other Funds	-	(60,000)	(40,000)	(100,000)
<b>Cash Flows from Capital and Related Financing Activities</b>				
Capital Contributions	52,000	-	-	52,000
Capital Grant Received	66,585	-	-	66,585
Proceeds from Sale of Assets	-	8,600	-	8,600
Acquisition and Construction of Capital Assets	(1,077,180)	(60,803)	-	(1,137,983)
Principal Paid on Long-Term Debt	(5,455)	-	-	(5,455)
Interest Paid on Long-Term Debt	(2,667)	-	-	(2,667)
Net Cash (Used) by Capital and Related Financing Activities	(966,717)	(52,203)	-	(1,018,920)
<b>Cash Flows from Investing Activities</b>				
Net Investment Income	6,948	3,127	261	10,336
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	(806,449)	42,700	(27,115)	(790,864)
<b>Cash and Cash Equivalents - Beginning</b>	984,170	541,426	92,542	1,618,138
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 177,721</u>	<u>\$ 584,126</u>	<u>\$ 65,427</u>	<u>\$ 827,274</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating Income	\$ 56,485	\$ 119,675	\$ 20,412	\$ 196,572
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	103,225	32,104	-	135,329
Effect of Changes In Operating Assets and Liabilities				
Accounts Receivable	(2,807)	-	(1,268)	(4,075)
Inventory	(764)	-	(1,837)	(2,601)
Other Receivables	(2,219)	-	-	(2,219)
Accounts Payable	6,143	155	(4,683)	1,615
Compensated Absences	424	(158)	-	266
Deferred Revenue	(7,167)	-	-	(7,167)
Total Adjustments	96,835	32,101	(7,788)	121,148
Net Cash Provided by Operating Activities	<u>\$ 153,320</u>	<u>\$ 151,776</u>	<u>\$ 12,624</u>	<u>\$ 317,720</u>
<b>Noncash Investing, Capital and Financing Activities</b>				
Contribution of capital assets to other funds	<u>\$ -</u>	<u>\$ 44,754</u>	<u>\$ -</u>	<u>\$ 44,754</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018**

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**NOTE 1 REPORTING ENTITY**

The Town of Grand Lake, Colorado (the Town) was incorporated on June 9, 1944 in Grand County, Colorado and is governed by a seven-member elected Board of Trustees. The Town provides public works (roads and streets), trash, parks and recreation, water, and general administrative services. The Town contracts with Grand County for police protection services. Fire protection is provided by the Grand Lake Fire Protection District. Sanitary sewer services are provided by the Three Lakes Water and Sanitation District.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, 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 reporting entity consists of (a) the primary government; i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based upon the above criteria, the Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the Town are described as follows:

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all the activities of the Town. Governmental activities, which normally are supported by taxes and intergovernmental

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

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revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial and capital resources of the Town. The difference between the sum of assets and deferred outflows and the sum of liabilities and deferred inflows is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days after year-end. The major sources of revenue susceptible to accrual are property, sales and franchise taxes. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

The Town reports the following major governmental fund:

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

The *Capital Improvement Fund* accounts for the proceeds of the Town's 2017 Sales Tax Revenue Bonds and the additional 1% sales tax approved by the voters in November 2016 restricted to construction and maintenance of the Town's roads and repayment of the 2017 Bonds.

The Town reports the following major enterprise funds:

The *Water Fund* accounts for revenues and expenses associated with providing water services to Town residents.

The *Marina Fund* accounts for revenues and expenses associated with providing recreational activities to Town residents and visitors at the Town's Headwaters Marina.

The *Pay As You Throw Fund* was established in August 2010 and is used to account for revenues and expenses associated with providing trash service to the Town's residents.

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

Proprietary funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Town's water fund recognize as capital contributions the entire portion of tap fees, as they are intended to recover the cost of the capital investment in the water distribution system.

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

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**Pooled Cash and Investments**

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, all 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 upon each fund's average equity balance in the total cash and investments.

Cash and investments are presented in the basic financial statements at fair value.

For purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents.

**Restricted Assets**

Certain assets whose use is restricted for bonded debt service by debt indentures and unspent bond proceeds are segregated on the government-wide statement of net position and the fund balance sheets.

**Property Taxes**

Property taxes are levied by the Town's Board of Trustees. Property taxes are levied by December 15 of each year and are due in full the following year. The lien date is January 1 following the levy. Taxes may be paid in two equal installments, on or before February 28 and June 15; or in full, on or before April 30. Delinquent taxpayers are notified in August and generally, sales of the tax liens on delinquent properties are held in November or December. Property taxes are collected by Grand County and then remitted, net of a 2% collection fee, to the Town.

Taxes are recorded as a receivable and a deferred inflow of resources when levied, and subsequently recorded as revenue in the year they are available or collected.

**Inventories**

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of fuel and expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018

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**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Town currently capitalizes expenditures that cost more than \$5,000 and have a life of one year or more. Such capital assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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 capital assets because 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. Generally accepted accounting principles requires the Town to report general infrastructure assets obtained subsequent to January 1, 2004 but allows the Town to retroactively capitalize general infrastructure assets obtained prior to that date. The Town elected to not report general infrastructure assets retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and depreciated over their remaining useful lives.

Capital assets of the Town are depreciated, using the straight-line method over their estimated useful lives:

Infrastructure:	
Bridges	40 years
Roads	20 years
Parking Lots	20 years
Storm Drainage Systems	20 years
Buildings	40 – 75 years
Buildings Improvements	20 – 75 years
Water Distribution Systems	30 years
Water Storage Facilities	30 – 55 years
Vehicles, Machinery and Equipment	5 – 7 years

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018**

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**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports unavailable revenue for property taxes to be collected in the subsequent period and building use tax that is subject to refund and therefore not yet available.

**Compensated Absences**

Accumulated unpaid vacation, compensatory time and sick leave amounts are accrued as a liability as the benefits are earned, if the employees' rights to receive compensation are attributable to services already rendered, and it is probable that the employer will compensate employees for the benefits through paid time off or some other means. The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated liability at the fund reporting level only when due. Proprietary funds report the liability when incurred.

Upon termination, employees are paid full value for any accrued vacation and compensatory leave earned. Accrued sick leave is paid at two hours for one.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the term of the bonds. The balance of these deferrals is combined with the corresponding long-term debt in the financial statements.

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

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

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other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual new proceeds received, are reported as debt service expenditures.

**Net Position and Fund Equity**

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation

Unrestricted net position represents assets that do not have any third-party limitations on their use.

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned.

Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

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*Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

The Town reports the following Restricted Fund Balances:

Restricted for TABOR Emergencies – Emergency reserves have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (see Note 11).

Restricted for Parks and Open Space – Represents the balance of funds remaining from the Conservation Trust (State Lottery) Fund proceeds.

Restricted for Capital Projects – Represents unspent bond proceeds restricted for road improvements.

Restricted for Debt Service – Represents the portion of fund balance that is legally restricted to payment of principal and interest on long-term debt maturing in future years.

*Committed fund balance* – The portion of fund balance that can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

The following fund balances are committed:

Affordable Housing – Represents the accumulation of funds collected by the Town from affordable housing fees. The funds are to be utilized for the purpose of providing affordable housing.

Cemetery Operations – committed to the operations of the Grand Lake Cemetery.

*Assigned fund balance* – The portion of fund balance that reflects the Town's intended use of resources as determined by the Board of Trustees. These amounts are constrained by the Town's intent to be used for specific purposes, but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The following fund balances are assigned:

Subsequent Year's Budget – used to account for the portion of the year-end fund balance which is appropriated in the subsequent year's budget.

*Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the Town's practice to use the most restrictive classification first.

**Use of Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. An example of such an estimate that has been made by management is depreciation expense.

**NOTE 3 BUDGETARY INFORMATION**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds. The enterprise funds adopt budgets on the Non-GAAP basis wherein tap fees are recognized as revenue, principal payments on debt and capital expenditures are recognized as expenditures, and depreciation expense is not budgeted. All annual appropriations lapse at fiscal year-end. Not later than the first regular meeting in September, the Town Manager submits a proposed operating budget for the fiscal year commencing the following January 1 to the Board of Trustees. The operating budget for all budgeted funds includes proposed expenditures and the means of financing. Public hearings are held at the regular Trustee meetings to obtain taxpayer input. Prior to December 15, the budget is legally enacted through passage of a budget resolution. The appropriation can only be modified upon completion of notification and publication requirements.

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018**

**NOTE 4 CASH AND INVESTMENTS**

Cash and investments as of December 31, 2018, are classified in the accompanying financial statements as follows:

	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
Cash and Investments	\$ 1,743,802	\$ 827,274	\$ 2,571,076
Cash and Investments - Restricted	1,109,627	-	1,109,627
Total	<u>\$ 2,853,429</u>	<u>\$ 827,274</u>	<u>\$ 3,680,703</u>

Cash and investments as of December 31, 2018, consist of the following:

	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
On-hand	\$ 600	\$ 50	\$ 650
Deposits with Financial Institutions	1,008,470	136,309	1,144,779
Investments	1,844,359	690,915	2,535,274
Total	<u>\$ 2,853,429</u>	<u>\$ 827,274</u>	<u>\$ 3,680,703</u>

**Cash Deposits**

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party.

The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized.

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

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

At December 31, 2018, the Town's deposits amounting to \$1,168,141 were both insured by federal depository insurance and collateralized with securities held by third parties not in the Town's name, and consequently were not exposed to custodial credit risk.

**Investments**

The Town has not adopted a formal investment policy; however, the Town follows state statutes regarding investments.

The Town generally limits its concentration of investments to obligations of the United States, certain U.S. government agency securities and Local Government Investment Pools, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees, such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

At December 31, 2018, the Town had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Government Liquid Asset Trust (Colotrust)	Weighted Average under 60 Days	\$ 2,278,814
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average under 60 Days	<u>256,460</u>
		<u>\$ 2,535,274</u>

**COLOTRUST**

The Town 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. 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. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**CSAFE**

The Town invested in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all State statutes governing CSAFE. CSAFE is similar to a money market fund, with each share valued at \$1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018**

segregate investments owned by CSAFE. CSAFE is rated AAAM by Standard & Poor's. CSAFE records its investments at amortized cost and the Town records its investments in CSAFE using the amortized cost method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018 for the Town's governmental activities was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 660,419	\$ -	\$ -	\$ 660,419
Construction in Progress	115,583	1,028,551	-	1,144,134
Total Capital Assets Not Being Depreciated	<u>776,002</u>	<u>1,028,551</u>	<u>-</u>	<u>1,804,553</u>
Depreciable Capital Assets:				
Buildings	1,468,112	-	-	1,468,112
Improvements	1,035,236	65,025	63,619	1,036,642
Equipment	980,085	377,315	75,430	1,281,970
Infrastructure	6,075,422	829,069	-	6,904,491
Total Depreciable Capital Assets	<u>9,558,855</u>	<u>1,271,409</u>	<u>139,049</u>	<u>10,691,215</u>
Accumulated Depreciation:				
Buildings	(397,167)	(24,129)	-	(421,296)
Improvements	(562,024)	(43,671)	(63,619)	(542,076)
Equipment	(760,646)	(65,773)	(75,430)	(750,989)
Infrastructure	(1,819,828)	(258,003)	-	(2,077,831)
Total Accumulated Depreciation	<u>(3,539,665)</u>	<u>(391,576)</u>	<u>(139,049)</u>	<u>(3,792,192)</u>
Net Depreciable Capital Assets	<u>6,019,190</u>	<u>879,833</u>	<u>-</u>	<u>6,899,023</u>
<b>Total Net Governmental Activities</b>	<u><u>\$ 6,795,192</u></u>	<u><u>\$ 1,908,384</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,703,576</u></u>

Depreciation expense is allocated to specific departments as follows.

General Government	\$ 23,545
Public Works	339,749
Parks	<u>28,282</u>
Total Depreciation Expense	<u><u>\$ 391,576</u></u>

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018**

Capital asset activity for the year ended December 31, 2018 for the Town’s business-type activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 2,270	\$ -	\$ -	\$ 2,270
Construction in Progress	223,286	16,049	223,286	16,049
Total Capital Assets Not Being Depreciated	<u>225,556</u>	<u>16,049</u>	<u>223,286</u>	<u>18,319</u>
Depreciable Capital Assets:				
Water Utility System	3,346,150	1,269,727	31,349	4,584,528
Water Equipment	309,603	82,655	23,637	368,621
Water Buildings	26,935	-	-	26,935
Marina Equipment	230,329	-	18,704	211,625
Total Depreciable Capital Assets	<u>3,913,017</u>	<u>1,352,382</u>	<u>73,690</u>	<u>5,191,709</u>
Accumulated Depreciation:				
Water Utility System	(2,178,899)	(83,964)	(31,349)	(2,231,514)
Water Equipment	(219,125)	(19,261)	(23,637)	(214,749)
Water Buildings	(26,935)	-	-	(26,935)
Marina Equipment	(133,540)	(32,104)	(18,704)	(146,940)
Total Accumulated Depreciation	<u>(2,558,499)</u>	<u>(135,329)</u>	<u>(73,690)</u>	<u>(2,620,138)</u>
Net Depreciable Capital Assets	<u>1,354,518</u>	<u>1,217,053</u>	<u>-</u>	<u>2,571,571</u>
<b>Total Business-Type Activities</b>	<u>\$ 1,580,074</u>	<u>\$ 1,233,102</u>	<u>\$ 223,286</u>	<u>\$ 2,589,890</u>

Depreciation was charged to functions/programs as follows:

Water Fund	\$ 103,225
Marina Fund	<u>32,104</u>
Total Depreciation Expense	<u>\$ 135,329</u>

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2018**

**NOTE 6 LONG-TERM OBLIGATIONS**

The following is an analysis of changes in long-term debt for the year ended December 31, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
2017 Sales Tax Bonds	\$ 4,120,000	\$ -	\$ 105,000	\$ 4,015,000	\$ 105,000
2017 Sales Tax Bonds Premium	369,978	-	22,796	347,182	-
Capital Lease - Thomasson Park	259,061	-	13,112	245,949	13,783
2015 Capital Lease - Loader	108,818	-	12,446	96,372	12,887
2018 Capital Lease - Grader	-	278,880	21,726	257,154	42,904
2018 Capital Lease - Bobcat	-	56,095	6,373	49,722	13,270
Compensated Absences	70,941	73,199	62,371	81,769	9,578
<b>Total</b>	<u>\$ 4,928,798</u>	<u>\$ 408,174</u>	<u>\$ 243,824</u>	<u>\$ 5,093,148</u>	<u>\$ 197,422</u>
<b>Business-type Activities</b>					
Colorado Water Resources & Power Development Authority Water Fund, 2018	\$ -	\$ 1,283,810	\$ 5,455	\$ 1,278,355	\$ 67,600
Compensated Absences	41,668	32,257	31,991	41,934	3,193
	<u>\$ 41,668</u>	<u>\$ 1,316,067</u>	<u>\$ 37,446</u>	<u>\$ 1,320,289</u>	<u>\$ 70,793</u>

**Sales Tax Revenue Bonds**

Sales Tax Revenue Bonds, Series 2017 (the Bonds), issued on May 9, 2017, in the original principal amount of \$4,300,000. The Bonds consist of \$1,105,000 of serial bonds due annually in varying amounts from 2017 through 2025 and term bonds due annually in varying amounts from 2026 through 2042 in the amount of \$3,195,000. Interest on the serial and term bonds are payable semiannually at rates ranging from 3.0% to 5.0%, beginning December 1, 2017. The Bonds maturing on and after December 1, 2026 are subject to redemption prior to maturity, at the option of the Town, in whole or in part, and if in part in such order of maturities as the Town shall determine and by lot within a maturity, on December 1, 2025 and on any date thereafter, at a redemption price equal to the principal amount thereof (with no redemption premium), plus accrued interest to the redemption date. The Bonds maturing on December 1, 2027, December 1, 2029, December 1, 2031, December 1, 2034, December 1, 2037 and December 1, 2042 (the "Term Bonds") are subject to mandatory sinking fund redemption at a price equal to the principal amount thereof, plus accrued interest to the redemption date.

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

The Bonds were issued to finance the construction, maintenance, repair, replacement, expansion, acquisition, rehabilitation and renovation of existing and planned streets, boardwalks, sidewalks, pathways, streetscapes, signage, drainage and other street-related capital improvements within the Town.

The Bonds are revenue obligations of the Town payable solely from the pledged revenue, consisting of an additional 1% sales tax approved at an election held on November 8, 2016, an additional 1% sales tax which was being imposed and collected prior to the 2016 election, if necessary, and amounts on deposit in a Surplus Account, if any. Pursuant to the Bond Ordinance, the Town is required to establish a Surplus Fund for the Bonds that will be built up over time from excess pledged revenues to a maximum of \$280,500 in reserve. Monies in the Surplus Fund will be used solely for the purpose of paying the principal or interest on the Series 2017 bonds. Repayment of both principal and interest on the Certificates are insured by Municipal Assurance Corp. The bonds are rated "AA" by Standard & Poor's.

The Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 105,000	\$ 170,400	\$ 275,400
2020	110,000	167,250	277,250
2021	115,000	163,950	278,950
2022	115,000	160,500	275,500
2023	120,000	157,050	277,050
2024-2028	665,000	724,750	1,389,750
2029-2033	805,000	585,000	1,390,000
2034-2038	995,000	398,450	1,393,450
2039-2042	985,000	126,000	1,111,000
	<u>\$ 4,015,000</u>	<u>\$ 2,653,350</u>	<u>\$ 6,668,350</u>

**Capital Lease Obligations**

**Thomasson Park**

The Town entered into a long-term leasehold agreement on March 4, 2002, which includes an option to purchase and acquire title to the leased property in the original amount of \$400,000. The property provides useful public purposes, including a recreational multi-use trail, watchable wildlife viewing area, a cemetery site, open space and a buffer between the Town and Rocky Mountain National Park.

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

The agreement's terms require quarterly lease payments by the Town over 30 years at 5% per year with a five-year balloon payment. During the initial five-year term, the Town was to use reasonable efforts to obtain grants or other similar sources of funding that would allow the Town to purchase the property. If the Town was unable to obtain such funding during the initial five-year term, the agreement was automatically extended with the same terms and conditions for an additional five-year term, with the balloon payment due at the end of the five-year extension period. The agreement terminates when all payments are made and the property is conveyed to the Town.

At the end of the initial five-year term, the Town did not obtain funding to purchase the property and exercised the automatic renewal option for an additional five-year term. The second five-year term expired in December 2011. On December 12, 2011, the Town entered into an Extension of Lease Purchase Agreement with the property owner extending the Lease Purchase agreement under the same terms and conditions as the original agreement, for an additional five years through December 31, 2016, with an additional five-year extension if the Town is unable to obtain funding to complete the purchase. On November 3, 2016, the Town extended the lease agreement for an additional 5-year term. This lease is paid from the General Fund. Principal and interest on the lease in 2018 were \$13,112 and \$12,763, respectively.

Principal and interest remaining on the lease follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 13,783	\$ 12,092	\$ 25,875
2020	14,488	11,387	25,875
2021	15,229	10,646	25,875
2022	16,009	9,866	25,875
2023	16,828	9,047	25,875
2024-2028	97,967	31,407	129,374
2029-2031	71,645	5,980	77,625
	<u>\$ 245,949</u>	<u>\$ 90,425</u>	<u>\$ 336,374</u>

**2015 Equipment Lease - Loader**

On September 25, 2015, The Town entered into a capital lease agreement for a 2015 John Deere 624K Loader in the original principal amount of \$135,285. Lease payments of \$1,337 are due monthly beginning in October 2015 and ending in September 2025, with interest at 3.49%. Lease payments are made by the General Fund. Principal and interest on the lease in 2018 were \$12,446 and \$3,600, respectively.

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

The net present value of the minimum lease payments as of December 31, 2018 follow:

Year Ending December 31,	Payment Amount
2019	\$ 16,046
2020	16,046
2021	16,046
2022	16,046
2023	16,046
2024-2025	28,080
Minimum Lease Payments	108,310
Less: Amount representing interest	(11,938)
Present Value of Minimum Lease Payments	<u>\$ 96,372</u>

**2018 Equipment Lease – Skid Steer Loader**

On May 29, 2018, The Town entered into a capital lease agreement for a 2018 Bobcat Skid-Steer Loader in the original principal amount of \$56,095. Lease payments of \$1,301 are due monthly beginning on June 21, 2018 and ending on May 21, 2022, with interest at 5.36%. Lease payments are made by the General Fund. Principal and interest on the lease in 2018 were \$6,373 and \$1,433, respectively.

The net present value of the minimum lease payments as of December 31, 2018 follow:

Year Ending December 31,	Payment Amount
2019	\$ 15,612
2020	15,612
2021	15,612
2022	7,806
Minimum Lease Payments	54,642
Less: Amount representing interest	(4,920)
Present Value of Minimum Lease Payments	<u>\$ 49,722</u>

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018**

**2018 Equipment Lease – Grader**

On May 31, 2018, The Town entered into a capital lease agreement for a 2018 John Deere Motor Grader in the original principal amount of \$278,880. Lease payments of \$4,318 are due monthly beginning on July 20, 2018 and ending on June 20, 2024, with interest at 3.75%. Lease payments are made by the General Fund. Principal and interest on the lease in 2018 was \$21,726 and \$4,182, respectively.

The net present value of the minimum lease payments as of December 31, 2018 follow:

Year Ending December 31,	Payment Amount
2019	\$ 51,815
2020	51,815
2021	51,815
2022	51,815
2023	51,815
2024	25,908
Minimum Lease Payments	284,983
Less: Amount representing interest	(27,829)
Present Value of Minimum Lease Payments	<u>\$ 257,154</u>

Leased equipment under capital leases in capital assets at December 31, 2018, include the following:

Asset	Amount
Loader	\$ 135,285
Bobcat	56,095
Grader	278,880
Total Asset Cost	470,260
Less: Accumulated Depreciation	(86,738)
Total	<u>\$ 383,522</u>

Amortization of leased equipment under capital assets is included with depreciation expense.

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**Colorado Water Resources and Power Development Authority (CWR&PDA)**

On April 9, 2018, the Town issued a note with the CWR&PDA, Drinking Water Revolving Fund, in the original amount of \$1,600,000. The proceeds of the loan will be used to construct a new underground water storage tank and associated piping and appurtenances, including demolition of the current storage tank. During the year ended December 31, 2018, \$1,283,810 had been advanced to the Town. A principal and interest payment of \$5,455 and \$2,667, respectively, was made on November 1, 2018. The remaining payments on the note are payable in semi-annual installments of \$49,577 beginning on May 1, 2019 through May 1, 2038, including interest at 2.00%. The loan matures as follows:

	Principal	Interest	Total
2019	\$ 67,600	\$ 31,554	\$ 99,154
2020	68,958	30,196	99,154
2021	70,344	28,810	99,154
2022	71,758	27,396	99,154
2023	73,201	25,953	99,154
2024-2028	388,672	107,097	495,769
2029-2033	429,335	66,434	495,769
2034-2038	424,677	21,516	446,193
	\$1,594,545	\$ 338,956	\$1,933,501

A provision of the note with the CWR&PDA requires the net revenues (total revenues less operating expenses) be at least 110% of the annual debt service due in any one year. During the year ended December 31, 2018, the Town complied with the rate covenant.

Additionally, the note requires the Town to maintain an operations and reserve fund in an amount equal to three months of operations and maintenance expenses, excluding depreciation, as set forth in the annual budget for the current fiscal year. Accordingly, the Town has restricted \$123,057 of the Water Fund's net position, calculated as follows:

	2018 Budget
Total Expenditures	\$ 2,193,227
Less Capital Expenditures	(1,603,000)
Less Debt Service Expenditures	(98,000)
Operations and Maintenance Expenditures	\$ 492,227
3 Months of Operations and Maintenance	\$ 123,057

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

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The Town has pledged the revenue from the operation and use of the water system and other legally available revenue, after the payment of operation and maintenance expenses of the system, for the repayment of the loan.

**NOTE 7 INTERFUND TRANSFERS**

Transfers between funds provide support for various Town programs in accordance with budgetary authorizations. During the year ended December 31, 2018, the Town made one-time transfers to the General Fund from the Marina and Pay As You Throw funds to cover administrative costs.

**NOTE 8 RISK MANAGEMENT**

The Town is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are financed and funded through participation in the Colorado Intergovernmental Risk Sharing Agency (CIRSA).

CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of Colorado Revised Statutes and the Colorado Constitution.

CIRSA is a joint self-insurance pool created by intergovernmental agreement to provide property, general and automobile liability and public official's coverage to its members. A seven member Board elected by and from its members governs CIRSA.

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

The Town has not been informed of any excess losses that may have been incurred by the pool; there have been no claims in excess of insurance coverage in any of the past three years. There have been no significant changes in insurance coverage from the prior year in any of the major categories of risk.

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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**NOTE 9 COMMITMENTS AND CONTINGENCIES**

Grant Programs

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state and federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Construction Commitments

The Town entered into several construction contracts during the fiscal year, which include the West Portal Bridge construction and street and sidewalk improvements. As of December 31, 2018, the Town had an outstanding construction contract that will be financed by a combination of operating and grant funds, as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
West Portal Bridge Construction	<u>\$ 930,503</u>	<u>\$ 811,496</u>

**NOTE 10 DEFERRED COMPENSATION PLAN**

The Town has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City/County Management Association Retirement Corporation (ICMA-RC). Full time employees are eligible to participate in the plan. The Town will contribute 4% of the employee's salary if the employee contributes at least 1%. For every percentage increase thereafter up to 8%, the Town will match each employee dollar for dollar as long as the employee contributes an equal or greater amount. The Town contributed \$49,519 in matching contributions and participating employees contributed \$74,620 for the year ending December 31, 2018.

**TOWN OF GRAND LAKE, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018**

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**NOTE 11 TAX SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

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.

TABOR requires local governments to establish Emergency Reserves. These reserves 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.

The Town's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, may require judicial interpretation.

On November 8, 1994, a majority of the Town's electors approved a ballot issue permitting the Town, without increasing or adding any taxes of any kind, to collect, retain, and expend the full proceeds of the Town's fees, revenues and non-federal grants and to spend such revenue for debt service, municipal operations, capital projects, and any other lawful municipal operations, notwithstanding any state restrictions on fiscal year spending, including, without limitation the restrictions of Article X, Section 20, of the Colorado Constitution from the date of January 1, 1994 and thereafter.

## **BUDGETARY COMPARISON SCHEDULES**

**TOWN OF GRAND LAKE, COLORADO**

**CAPITAL IMPROVEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended December 31, 2018  
(With Comparative Totals for December 31, 2017)**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2017 Actual
<b>Revenues</b>				
Taxes				
General Sales Tax	\$ 313,491	\$ 395,090	\$ 81,599	343,486
Intergovernmental				
Grants	750,000	70,706	(679,294)	423,125
Net Investment Income	7,500	26,657	19,157	21,586
<b>Total Revenues</b>	<u>1,070,991</u>	<u>492,453</u>	<u>(578,538)</u>	<u>788,197</u>
<b>Expenditures</b>				
Capital Outlay	2,523,158	810,980	1,712,178	3,178,010
Debt service				
Bond Principal	105,000	105,000	-	180,000
Bond Interest	173,550	173,550	-	100,411
Bond Issuance Costs	-	-	-	135,100
Subtotal Debt Service	<u>278,550</u>	<u>278,550</u>	<u>-</u>	<u>415,511</u>
Reserves	32,130	-	32,130	-
<b>Total Expenditures</b>	<u>2,833,838</u>	<u>1,089,530</u>	<u>1,744,308</u>	<u>3,593,521</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>(1,762,847)</u>	<u>(597,077)</u>	<u>1,165,770</u>	<u>(2,805,324)</u>
<b>Other Financing Sources (Uses)</b>				
Bond Proceeds	-	-	-	4,300,000
Premium on Bond Proceeds	-	-	-	385,090
Transfers Out	-	-	-	(134,200)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,550,890</u>
<b>Net Change in Fund Balance</b>	<u>(1,762,847)</u>	<u>(597,077)</u>	<u>1,165,770</u>	<u>1,745,566</u>
<b>Fund Balance - Beginning</b>	<u>1,762,847</u>	<u>1,745,566</u>	<u>(17,281)</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ 1,148,489</u>	<u>\$ 1,148,489</u>	<u>\$ 1,745,566</u>

See the Independent Auditor's Report

**TOWN OF GRAND LAKE, COLORADO**

**WATER FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -  
BUDGET AND ACTUAL (BUDGETARY BASIS)**

**For the Year Ended December 31, 2018**

**(With Comparative Totals for December 31, 2017)**

	<b>Original &amp; Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	<b>2017 Actual</b>
<b>Revenues</b>				
Water Sales	\$ 540,937	\$ 578,143	\$ 37,206	\$ 544,446
Tap Fees	13,000	52,000	39,000	91,000
Resale Meters	14,000	6,289	(7,711)	2,695
Bulk Water Permits	930	995	65	813
Miscellaneous	-	391	391	229
Interest Income	5,000	6,948	1,948	5,100
Proceeds from Sale of Assets	20,000	-	(20,000)	-
Loan Proceeds	1,600,000	1,283,810	(316,190)	-
Total Revenues	<u>2,193,867</u>	<u>1,928,576</u>	<u>(265,291)</u>	<u>644,283</u>
<b>Expenditures</b>				
Personnel	302,877	292,174	10,703	284,480
Office Supplies	22,750	3,408	19,342	5,323
Operations Supplies	17,550	15,590	1,960	10,045
Repairs and Maintenance	36,600	40,460	(3,860)	36,855
Resale Supplies	14,500	5,346	9,154	3,370
Purchased Services	21,200	15,266	5,934	24,228
Utilities	38,730	35,908	2,822	33,027
Professional Services	24,020	2,830	21,190	2,830
Other Expenses	14,000	10,651	3,349	11,229
Capital Outlay	1,603,000	1,133,571	469,429	259,267
Debt Service-Principal	66,000	5,455	60,545	-
Debt Service-Interest	32,000	2,667	29,333	-
Total Expenditures	<u>2,193,227</u>	<u>1,563,326</u>	<u>629,901</u>	<u>670,654</u>
<b>Excess Revenues Over (Under)</b>				
Expenditures	640	365,250	364,610	(26,371)
<b>Funds Available - Beginning</b>	<u>1,162,208</u>	<u>939,757</u>	<u>(222,451)</u>	<u>966,128</u>
<b>Funds Available - Ending</b>	<u>\$ 1,162,848</u>	<u>\$ 1,305,007</u>	<u>\$ 142,159</u>	<u>\$ 939,757</u>
Funds Available is Computed as Follows:				
Current Assets		\$ 1,413,753		\$ 997,187
Liabilities		(176,346)		(57,430)
		<u>\$ 1,305,007</u>		<u>\$ 939,757</u>

See the Independent Auditor's Report

**TOWN OF GRAND LAKE, COLORADO**

**MARINA FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -  
BUDGET AND ACTUAL (BUDGETARY BASIS)**

**For the Year Ended December 31, 2018**

**(With Comparative Totals for December 31, 2017)**

	<b>Original &amp; Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	<b>2017 Actual</b>
<b>Revenues</b>				
Marina Rentals	\$ 185,000	\$ 225,930	\$ 40,930	\$ 203,236
Tours	60,000	70,260	10,260	66,510
Rentals	20,800	20,200	(600)	20,050
Miscellaneous	2,840	3,054	214	1,774
Interest Income	500	3,127	2,627	726
Sale of Assets	-	8,600	8,600	-
Total Revenues	<u>269,140</u>	<u>331,171</u>	<u>62,031</u>	<u>292,296</u>
<b>Expenditures</b>				
Personnel	115,501	128,752	(13,251)	96,036
Office Supplies	1,900	1,765	135	596
Operations Supplies	10,500	6,501	3,999	6,191
Repairs and Maintenance	14,500	11,774	2,726	11,858
Permits and Fees	565	512	53	512
Purchased Services	14,600	9,617	4,983	8,835
Utilities	4,230	3,515	715	3,589
Professional Services	5,303	1,739	3,564	1,445
Other Expenses	5,841	3,490	2,351	2,164
Capital Outlay	10,000	60,803	(50,803)	47,735
Transfers Out	195,000	60,000	135,000	-
Total Expenditures	<u>377,940</u>	<u>288,468</u>	<u>89,472</u>	<u>178,961</u>
<b>Excess Revenues Over (Under)</b>				
<b>Expenditures</b>	(108,800)	42,703	151,503	113,335
<b>Funds Available - Beginning</b>	<u>533,288</u>	<u>539,378</u>	<u>6,090</u>	<u>426,043</u>
<b>Funds Available - Ending</b>	<u>\$ 424,488</u>	<u>\$ 582,081</u>	<u>\$ 157,593</u>	<u>\$ 539,378</u>
Funds Available is Computed as Follows:				
Current Assets		\$ 584,126		\$ 541,426
Liabilities		<u>(2,045)</u>		<u>(2,048)</u>
		<u>\$ 582,081</u>		<u>\$ 539,378</u>

See the Independent Auditor's Report

**TOWN OF GRAND LAKE, COLORADO**

**PAY AS YOU THROW FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS AVAILABLE -  
BUDGET AND ACTUAL (BUDGETARY BASIS)**

**For the Year Ended December 31, 2018**

**(With Comparative Totals for December 31, 2017)**

	<b>Original &amp; Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>	<b>2017 Actual</b>
<b>Revenues</b>				
Bag Sales	\$ 46,000	\$ 49,394	\$ 3,394	\$ 47,017
Interest Income	100	261	161	132
Total Revenues	<u>46,100</u>	<u>49,655</u>	<u>3,555</u>	<u>47,149</u>
<b>Expenditures</b>				
Operations Supplies	10,000	4,125	5,875	4,248
Repairs and Maintenance	2,000	1,827	173	1,342
Purchased Services	26,750	22,518	4,232	28,421
Professional Services	157	157	-	157
Other Expenses	961	355	606	474
Transfers Out	40,000	40,000	-	-
Total Expenditures	<u>79,868</u>	<u>68,982</u>	<u>10,886</u>	<u>34,642</u>
<b>Excess Revenues Over Expenditures</b>	(33,768)	(19,327)	14,441	12,507
<b>Funds Available - Beginning</b>	<u>95,019</u>	<u>93,377</u>	<u>(1,642)</u>	<u>80,870</u>
<b>Funds Available - Ending</b>	<u>\$ 61,251</u>	<u>\$ 74,050</u>	<u>\$ 12,799</u>	<u>\$ 93,377</u>
Funds Available is Computed as Follows:				
Current Assets		\$ 74,352		\$ 98,362
Liabilities		<u>(302)</u>		<u>(4,985)</u>
		<u>\$ 74,050</u>		<u>\$ 93,377</u>

See the Independent Auditor's Report

## **COMPLIANCE SECTION**



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Dazzio & Associates, PC

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Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Board of Trustees  
Town of Grand Lake, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund, of the Town of Grand Lake, Colorado (the Town), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 5, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Duggio & Associates, P.C.*

April 5, 2019



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Dazzio & Associates, PC

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Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor and Board of Trustees  
Town of Grand Lake, Colorado

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Grand Lake, Colorado's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2018. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

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## Opinion on Each Major Federal Program

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

## Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Dazio & Associates, P.C.*

April 5, 2019

TOWN OF GRAND LAKE, COLORADO

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2018

I. Summary of the Auditor's Results

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                    \_\_\_ Yes                     X  No
- Significant deficiency(ies) identified?                \_\_\_ Yes                     X  None Reported

Noncompliance material to financial statements noted?                    \_\_\_ Yes                     X  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?                    \_\_\_ Yes                     X  No
- Significant deficiency(ies) identified?                \_\_\_ Yes                     X  None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?                    \_\_\_ Yes                     X  No

Identification of major programs:

20.205 Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?                    \_\_\_ Yes                     X  No

TOWN OF GRAND LAKE, COLORADO

Schedule of Prior Year Findings and Questioned Costs  
Year Ended December 31, 2018

Finding	Status	Corrective Action Plan or Other Explanation
<hr/> <b>None Reported</b>		

**TOWN OF GRAND LAKE, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor Number	Federal Expenditures
United States Department of Interior Pass-through from the Colorado Department of Local Affairs Distribution of Receipts to State and Local Governments	15.227	EIAF 8416	\$ 70,706
United States Environmental Protection Agency Pass-through from the Colorado Department of Health and Environment Capitalization Grants for Drinking Water State Revolving Funds	66.468	D18F409	66,585
United States Department of Transportation Pass-through from the Colorado Department of Transportation Highway Planning and Construction	20.205	BRO M560-003	805,404
<b>Total Expenditures of Federal Awards</b>			<u>\$ 942,695</u>

The accompanying notes are an integral part of this schedule

See the Independent Auditor's Report

**TOWN OF GRAND LAKE, COLORADO**

**Notes to the Schedule of Federal Awards**  
**Year Ended December 31, 2018**

**Note 1 – Basis Of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the the Town, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 – Indirect Cost Rate**

The Town has not allocated indirect costs to its federal awards through a federally negotiated indirect cost rate and has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

**LOCAL HIGHWAY FINANCE REPORT**

City or County:  
Town of Grand Lake  
YEAR ENDING :  
December 2018

This Information From The Records Of Town of Grand Lake:

Prepared By: Erin Ackerman  
Phone: 970-627-3435

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

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

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

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,858,995
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	259,769
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	27,559
2. General fund appropriations	629,368	b. Snow and ice removal	186,791
3. Other local imposts (from page 2)	421,573	c. Other	22,280
4. Miscellaneous local receipts (from page 2)	37,811	d. Total (a. through c.)	236,630
5. Transfers from toll facilities	0	4. General administration & miscellaneous	23,655
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	15,368
a. Bonds - Original Issues	0	6. Total (1 through 5)	2,394,417
b. Bonds - Refunding Issues	0	<b>B. Debt service on local obligations:</b>	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	173,550
7. Total (1 through 6)	1,088,752	b. Redemption	105,000
<b>B. Private Contributions</b>	0	c. Total (a. + b.)	278,550
<b>C. Receipts from State government</b> (from page 2)	181,734	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	805,404	a. Interest	0
<b>E. Total receipts (A.7 + B + C + D)</b>	2,075,890	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	278,550
		<b>C. Payments to State for highways</b>	0
		<b>D. Payments to toll facilities</b>	0
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	2,672,967

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	4,120,000	0	105,000	4,015,000
1. Bonds (Refunding Portion)		0	0	
<b>B. Notes (Total)</b>	0	0	0	0

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,745,566	2,075,890	2,672,967	1,148,489	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2018	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	0	a. Interest on investments	26,657
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	395,090	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	340	f. Charges for Services	11,154
5. Specific Ownership &/or Other	26,143	g. Other Misc. Receipts	0
6. Total (1. through 5.)	421,573	h. Other	0
c. Total (a. + b.)	421,573	i. Total (a. through h.)	37,811
	(Carry forward to page 1)		(Carry forward to page 1)
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	39,722	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	2,176	d. Federal Transit Admin	0
d. Other (Specify) - Cigarette Select	3,697	e. U.S. Corps of Engineers	0
e. Other (Specify) - DOLA Grant	136,139	f. Other Federal	805,404
f. Total (a. through e.)	142,012	g. Total (a. through f.)	805,404
4. Total (1. + 2. + 3.f)	181,734	3. Total (1. + 2.g)	
			(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	1,858,995	1,858,995
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,858,995	1,858,995
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,858,995	1,858,995
			(Carry forward to page 1)
<b>Notes and Comments:</b>			