

TOWN OF PALMER LAKE, COLORADO

FINANCIAL STATEMENTS
December 31, 2018

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Town of Palmer Lake, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other-Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, General Fund budgetary comparison schedule, Schedule of Contributions – Multiyear, Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios Multiyear, Schedule of the District's Proportionate Share of the Net Pension Liability – FPPA, and Schedule of Pension Contributions – FPPA as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

A handwritten signature in black ink that reads "Gurn & Associates LLP". The signature is written in a cursive, flowing style.

Brighton, Colorado
July 25, 2019

Management's Discussion and Analysis

Town of Palmer Lake, Colorado

Management's Discussion and Analysis

Introduction:

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

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

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (Net Position) by \$6,362,664 at December 31, 2018. Of this amount \$2,503,632 was unrestricted and available to fund future obligations of the Town.
- Net position of governmental activities increased by \$769,384, and net position of business-type activities decreased by \$16,795.
- As of December 31, 2018, the General fund had a fund balance of \$2,493,507. Of this amount \$2,433,255 was unassigned and available for use to meet the Town's current obligations.
- As of December 31, 2018, the Water fund had a fund balance of \$3,353,434 which is a decrease of \$16,795 from December 31, 2017.

Overview of the Financial Statements of the Town:

The audited financial statements of the Town are:

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

Enterprise funds are used to report any activity for which it is primarily funded by charging a fee to external users for goods and services, and operate in a manner similar to private sector businesses. The Town utilizes one enterprise fund to account for water operations. The proprietary fund financial statements provide the same type of information as shown in the government-wide financial statements.

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

Condensed Comparative Financial Information:

Statement of Net Position

	Governmental Activities		Business-type Activities		Primary Government	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 3,458,300	\$ 2,636,129	\$ 578,950	\$ 485,071	\$ 4,037,250	\$ 3,121,200
Capital Assets	568,237	548,070	5,316,724	4,090,608	5,884,961	4,638,678
Total Assets	<u>4,026,537</u>	<u>3,184,199</u>	<u>5,895,674</u>	<u>4,575,679</u>	<u>9,922,211</u>	<u>7,759,878</u>
Deferred Outflows	96,954	76,716	-	-	96,954	76,716
Long-Term Debt	134,820	-	2,198,814	1,155,896	2,333,634	1,155,896
Other Liabilities	172,413	257,326	343,426	49,554	515,839	306,880
Total Liabilities	<u>307,233</u>	<u>257,326</u>	<u>2,542,240</u>	<u>1,205,450</u>	<u>2,849,473</u>	<u>1,462,776</u>
Deferred Inflows	807,028	714,338	-	-	807,028	714,338
Net Position						
Net investment in capital assets	568,237	548,070	3,143,090	2,934,712	3,711,327	3,482,782
Restricted	147,705	140,446	-	-	147,705	140,446
Unrestricted	2,293,288	1,600,735	210,344	435,517	2,503,632	2,036,252
Total Net Position	<u>\$ 3,009,230</u>	<u>\$ 2,289,251</u>	<u>\$ 3,353,434</u>	<u>\$ 3,370,229</u>	<u>\$ 6,362,664</u>	<u>\$ 5,659,480</u>

Statement of Activities

Statement of Activities	Governmental Activities		Business-type Activities		Primary Government	
	2018	2017	2018	2017	2018	2017
Program Expenses	\$ 1,539,485	\$ 1,475,405	\$ 936,550	\$ 1,014,422	\$ 2,476,035	\$ 2,489,827
Program Revenues	221,329	252,249	910,225	854,215	1,131,554	1,106,464
Net Program Expense	<u>1,318,156</u>	<u>1,223,156</u>	<u>26,325</u>	<u>160,207</u>	<u>1,344,481</u>	<u>1,383,363</u>
General Revenues	2,038,135	1,745,568	9,530	74,531	2,047,665	1,820,099
Change in Net Position	<u>719,979</u>	<u>522,412</u>	<u>(16,795)</u>	<u>(85,676)</u>	<u>703,184</u>	<u>436,736</u>
Net Position, Beginning of Year - (restated)	2,289,251	1,766,839	3,370,229	3,455,905	5,659,480	5,222,744
Net Position, End of Year	<u>\$ 3,009,230</u>	<u>\$ 2,289,251</u>	<u>\$ 3,353,434</u>	<u>\$ 3,370,229</u>	<u>\$ 6,362,664</u>	<u>\$ 5,659,480</u>

This foregoing information is a summary of the financial information contained in the Town's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 8.

Discussion of Financial Position and Operating Activities

The Town restricted three percent (3%) of its general revenues for emergencies in accordance with TABOR requirements. The Town had a TABOR reserve of \$60,252 at December 31, 2018.

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

In 2018, program expense exceeded program revenues by \$1,318,156 for the primary government. This was offset by net general revenues of \$2,047,665, which resulted in an overall increase in net position. See page 8 of the accompanying Financial Statements for details of these revenues and expenses.

Fund Discussion

Governmental Funds

The Governmental Fund – General Fund balance increased to \$2,493,507 in 2018. The fund balance includes \$60,252 for emergencies in accordance with TABOR requirements. The assets and liabilities are comprised primarily of cash and property tax revenues to be realized in 2018. As of December 31, 2018, the Town's combined fund balance for all governmental funds was \$2,580,960.

General Fund Budgetary Discussion

Actual revenues for 2018 were \$361,638 less than the final budget. Actual expenditures for 2018 were \$1,124,867 less than the final budget primarily for a variety of reasons. See page 11 of the accompanying financial statements for more detail. The budget was not amended in 2018.

Proprietary Fund

The Water Fund balance was \$3,353,434 at December 31, 2018. The assets and liabilities are comprised primarily of cash, water accounts receivable and capital assets. Actual revenues for 2018 were \$1,059,448 less than the final budget. Actual expenditures for 2018 were \$265,725 more than the final budget. See the accompanying financial statements for more detail. The budget was not amended in 2018.

Capital Assets and Long-term Obligations

Capital Assets.

At the end of 2018 the Town had \$5,884,961 invested in a broad range of capital assets including major infrastructure such as buildings, roads, bridges, storm water drainage, parks and recreation facilities and water lines and distribution systems. More detailed information on the Town's capital assets is presented in the accompanying notes to the financial statements.

Long-term Debt.

During the year the Town entered into a Drinking Water Revolving Fund Direct Loan for \$1,100,000. The Town also entered into a lease purchase agreement for the purchase of vehicles. The remaining activity relating to long-term debt was the scheduled payment of debt.

Economic Factors and Next Year's Budget

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

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

Basic Financial Statements

Town of Palmer Lake, Colorado
Statement of Net Position
December 31, 2018

	Governmental Activities	Business- Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,548,272	\$ 357,593	\$ 2,905,865
Due from County Treasurer	33,804	-	33,804
Accounts receivable	-	94,534	94,534
Other receivables	22,759	-	22,759
Taxes receivable	740,184	-	740,184
Loan proceeds receivable	-	126,823	126,823
Cash and cash equivalents - restricted	57,975	-	57,975
Total Current Assets	<u>3,402,994</u>	<u>578,950</u>	<u>3,981,944</u>
Noncurrent Assets			
Net pension asset - FPPA	55,306	-	55,306
Capital assets			
Nondepreciable	6,772	1,782,313	1,789,085
Depreciable	1,995,299	7,379,810	9,375,109
Total Capital Assets	<u>2,002,071</u>	<u>9,162,123</u>	<u>11,164,194</u>
Less accumulated depreciation	<u>(1,433,834)</u>	<u>(3,845,399)</u>	<u>(5,279,233)</u>
Net Capital Assets	<u>568,237</u>	<u>5,316,724</u>	<u>5,884,961</u>
Total Noncurrent Assets	<u>623,543</u>	<u>5,316,724</u>	<u>5,940,267</u>
Total Assets	<u>4,026,537</u>	<u>5,895,674</u>	<u>9,922,211</u>
Deferred Outflows of Resources			
Volunteer fireman's pension	32,656	-	32,656
SWDB pension	<u>64,298</u>	<u>-</u>	<u>64,298</u>
Total Deferred Outflows of Resources	<u>96,954</u>	<u>-</u>	<u>96,954</u>
Liabilities			
Current Liabilities			
Accounts payable	40,748	312,171	352,919
Other accrued liabilities	41,102	6,721	47,823
Compensated absences	21,744	20,344	42,088
Accrued interest	-	4,190	4,190
Lease purchase - current portion	5,351	1,001	6,352
Loans payable, current portion	<u>-</u>	<u>110,764</u>	<u>110,764</u>
Total Current Liabilities	<u>108,945</u>	<u>455,191</u>	<u>564,136</u>
Noncurrent Liabilities			
Loans payable	-	2,062,870	2,062,870
Lease purchase agreement	129,469	24,179	153,648
Net pension liability - volunteer	<u>68,819</u>	<u>-</u>	<u>68,819</u>
Total Long Term Liabilities	<u>198,288</u>	<u>2,087,049</u>	<u>2,285,337</u>
Total Liabilities	<u>307,233</u>	<u>2,542,240</u>	<u>2,849,473</u>
Deferred Inflows of Resources			
Deferred property taxes	740,184	-	740,184
Volunteer fireman's pension	17,819	-	17,819
SWDB pension	<u>49,025</u>	<u>-</u>	<u>49,025</u>
Total Deferred Inflows of Resources	<u>807,028</u>	<u>-</u>	<u>807,028</u>
Net Position			
Net investment in capital assets	568,237	3,143,090	3,711,327
Restricted for emergencies (TABOR)	60,252	-	60,252
Restricted for conservation trust	87,453	-	87,453
Unrestricted	<u>2,293,288</u>	<u>210,344</u>	<u>2,503,632</u>
Total Net Position	<u>\$ 3,009,230</u>	<u>\$ 3,353,434</u>	<u>\$ 6,362,664</u>

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Statement of Activities
For the Year Ended December 31, 2018

	Program Revenues				Net (Expense) Revenue and Change in Net Position		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	496,373	68,944	70,056	-	\$ (357,373)	\$ -	\$ (357,373)
Public safety	630,280	82,329	-	-	(547,951)	-	(547,951)
Highways and streets	360,261	-	-	-	(360,261)	-	(360,261)
Culture and recreation	52,571	-	-	-	(52,571)	-	(52,571)
Total Governmental Activities	1,539,485	151,273	70,056	-	(1,318,156)	-	(1,318,156)
Business-type activities:							
Water operations	936,550	910,225	-	-	-	(26,325)	(26,325)
Total Business-Type Activities	936,550	910,225	-	-	-	(26,325)	(26,325)
TOTAL PRIMARY GOVERNMENT	2,476,035	1,061,498	70,056	-	(1,318,156)	(26,325)	(1,344,481)
General Revenues							
Property taxes					687,381	-	687,381
Specific ownership taxes					86,884	-	86,884
Sales and use taxes					708,923	-	708,923
Franchise and other taxes					122,830	-	122,830
Intergovernmental					154,687	-	154,687
Tap fees and development charges					-	2,000	2,000
Investment income					4,733	7,530	12,263
Other					49,082	-	49,082
Gain (loss) on sale of assets					223,615	-	223,615
Total General Revenues					2,038,135	9,530	2,047,665
		Change in Net Position			719,979	(16,795)	703,184
		Net Position - Beginning			2,289,251	3,370,229	5,659,480
		Net Position - Ending			3,009,230	3,353,434	6,362,664

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

**Town of Palmer Lake, Colorado
Balance Sheet
Governmental Funds
December 31, 2018**

	Major Fund	Non-Major Fund	
	General	Conservation Trust	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,460,819	\$ 87,453	\$ 2,548,272
Due from County Treasurer	33,804	-	33,804
Other receivables	22,759	-	22,759
Taxes receivable	740,184	-	740,184
Cash and cash equivalents - restricted	57,975		57,975
Total Assets	<u>\$ 3,315,541</u>	<u>\$ 87,453</u>	<u>\$ 3,402,994</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 40,748	\$ -	\$ 40,748
Other accrued liabilities	41,102	-	41,102
Total Liabilities	<u>81,850</u>	<u>-</u>	<u>81,850</u>
Deferred Inflows of Resources			
Deferred property taxes	740,184	-	740,184
Total Deferred Inflows of Resources	<u>740,184</u>	<u>-</u>	<u>740,184</u>
Fund Balance			
Restricted	60,252	87,453	147,705
Unassigned	2,433,255	-	2,433,255
Total Fund Balance	<u>2,493,507</u>	<u>87,453</u>	<u>2,580,960</u>
Total Liabilities, Deferred Inflows of	<u>\$ 3,315,541</u>	<u>\$ 87,453</u>	<u>\$ 3,402,994</u>

Amounts reported for governmental activities in the statement of

Total fund balances - governmental funds \$ 2,580,960

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

Capital assets 2,002,071
Accumulated depreciation (1,433,834)

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

16,597

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

(134,820)

Compensated absences (21,744)

Net position of governmental activities \$ 3,009,230

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2018

	Major Fund	Non-Major Fund	
	General	Conservation Trust	Total
Revenues			
Property taxes	\$ 687,381	\$ -	\$ 687,381
Specific ownership taxes	86,884	-	86,884
Sales and use taxes	708,923	-	708,923
Highway user tax	122,104	-	122,104
Franchise fees and other taxes	122,830	-	122,830
Licenses and permits	68,944	-	68,944
Intergovernmental	5,144	27,439	32,583
Fines and forfeits	41,331	-	41,331
Investment income	4,733	-	4,733
Grants	70,056	-	70,056
Proceeds from sales of assets	223,615		223,615
Dispatch revenue - fire	40,998		40,998
Other	49,082	-	49,082
Total Revenues	<u>2,232,025</u>	<u>27,439</u>	<u>2,259,464</u>
Expenditures			
Current			
General government	462,682	-	462,682
Public safety	686,733	-	686,733
Highways and streets	326,630	-	326,630
Culture and recreation	44,510	8,061	52,571
County Treasurer fees	6,909	-	6,909
Capital outlay	76,152	13,223	89,375
Total Expenditures	<u>1,603,616</u>	<u>21,284</u>	<u>1,624,900</u>
Excess of Revenues Over (Under) Expenditures	628,409	6,155	634,564
Other Financing Sources and Uses			
Proceeds from the issuance of long term debt	134,820	-	134,820
Total Other Financing Sources and Uses	<u>134,820</u>	<u>-</u>	<u>134,820</u>
Net Change in Fund Balance	763,229	6,155	769,384
Fund Balance, Beginning	1,730,278	81,298	1,811,576
Fund Balance, Ending	<u>\$ 2,493,507</u>	<u>\$ 87,453</u>	<u>\$ 2,580,960</u>

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

Net change in Fund Balances - total governmental funds	\$ 769,384
Purchases of capital assets are expensed in governmental funds and depreciated on the statement	
Capital outlay	89,375
Depreciation	(69,208)
Changes in pension related assets, liabilities, deferred inflows and deferred outflows of resources do not utilize current resources and are not reported in the governmental funds.	69,214
Principal payments on bonds are reported as expenditures on governmental funds	-
Accrued vacation is not considered a current economic resource and therefore is not included in the governmental funds. Change in compensated absences for the year ended:	(3,966)
The issuance of long-term debt provides current financial resources in the governmental funds however, the proceeds increase long-term liabilities in the Statement of Net Position	(134,820)
Change in net position - governmental activities	<u>\$ 719,979</u>

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2018

	<u>Water Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 357,593
Accounts receivable	94,534
Loan proceeds receivable	126,823
Total Current Assets	<u>578,950</u>
Capital Assets	
Non Depreciable	1,782,313
Depreciable	7,379,810
Total Capital Assets	<u>9,162,123</u>
Less accumulated depreciation	<u>(3,845,399)</u>
Net Capital Assets	<u>5,316,724</u>
Total Noncurrent Assets	<u>5,316,724</u>
Total Assets	<u>5,895,674</u>
Liabilities	
Current Liabilities	
Accounts payable	312,171
Other accrued liabilities	6,721
Compensated absences	20,344
Accrued interest	4,190
Lease purchase agreement -current portion	1,001
Loans payable, current portion	110,764
Total Current Liabilities	<u>455,191</u>
Long Term Liabilities	
Lease purchase agreement	24,179
Loans payable, net of current portions	2,062,870
Total Long Term Liabilities	<u>2,087,049</u>
Total Liabilities	<u>2,542,240</u>
Net Position	
Net investment in capital assets	3,143,090
Unrestricted	210,344
Total Net Position	<u><u>\$ 3,353,434</u></u>

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	<u>Water Fund</u>
Operating Revenues	
Water sales and fees	\$ 910,225
Total Operating Revenues	<u>910,225</u>
Operating Expenses	
General and Administration	186,566
Operations	517,573
Depreciation expense	209,365
Total Operating Expenses	<u>913,504</u>
Operating Income	<u>(3,279)</u>
Nonoperating Revenues	
Water tap fees and development charges	2,000
Interest income	7,530
Interest expense	(23,046)
Total Nonoperating Revenues	<u>(13,516)</u>
Change in Net Position	(16,795)
Net Position, Beginning	3,370,229
Net Position, Ending	<u><u>3,353,434</u></u>

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	<u>Water Fund</u>
Cash Flows From Operating Activities	
Cash received from customers	\$ 896,730
Cash paid to suppliers	(235,209)
Cash paid to employees	(175,395)
Net cash provided by operating activities	<u>486,126</u>
Cash Flows From Investing Activities	
Investment income	7,530
Net cash provided by noncapital financing activities	<u>7,530</u>
Cash Flows From Non-Capital Financing Activities	
Cash received from connection charges	2,000
Net cash provided by noncapital financing activities	<u>2,000</u>
Cash Flows From Capital And Related Financing Activities	
Acquisitions and construction of capital assets	(1,435,481)
Proceeds from issuance of long-term debt	998,357
Principal paid on bonds	(82,262)
Interest paid on bonds	(22,709)
Net cash (used) in capital and related financing activities	<u>(542,095)</u>
Net Change in Cash	(46,439)
Cash and cash equivalents, beginning	404,032
Cash and cash equivalents, ending	<u><u>\$ 357,593</u></u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income	\$ (3,279)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation expense	209,365
Changes in assets and liabilities	
Accounts receivable	(13,495)
Accounts payable	284,862
Other accrued liabilities	8,673
Net Cash Provided by Operating Activities	<u><u>\$ 486,126</u></u>

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Notes to Financial Statements
December 31, 2018

Note 1 Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Accounting

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

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

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

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

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

Measurement Focus and Basis of Accounting

Government-wide Financial Statement

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

Fund Financial Statements

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

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

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

Revenue

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

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

Note 1 Summary of Significant Accounting Policies (Continued)

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

Expenses/Expenditures

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

Property Taxes

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

Assets and Liabilities

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

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

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

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

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

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

Note 1 Summary of Significant Accounting Policies (Continued)

Assets and Liabilities (Continued)

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

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

Long-Term Obligations

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

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

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

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

Net Position

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

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

Note 1 Summary of Significant Accounting Policies (Continued)

Assets and Liabilities (Continued)

The Town utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” The net position is available for future operations or distributions.

Fund Balance

Nonspendable- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was \$0 as of December 31, 2018.

Restricted - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the Town to establish Emergency reserves (see Note 4). A reservation of \$60,252 of the General Fund balance has been made in compliance with this requirement. The Town has \$87,453 restricted for conservation trust programs.

Committed- General Fund - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees formally removes or changes the specified uses. The Town had a committed fund balance of \$0 as of December 31, 2018.

Assigned – Includes all amounts that are constrained by the Town’s intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Trustees. As of December 31, 2018, the assigned fund balance was \$0.

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

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

Interfund Transactions

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

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Interfund balances represent amounts paid or received by the General Fund on behalf of the Water Fund as of December 31, 2018 and total \$0. The balances result from the time lag between the dates of the transactions and the dates of the reimbursements.

Budgets and Budgetary Accounting

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

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

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

The water fund had expenditures in excess of budgeted appropriations for the year ended December 31, 2018, which may be a violation of State budget law.

Use of Estimates in the Preparation of Financial Statements

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

Note 2 Cash and Investments

Cash Deposits

The Town maintains a cash pool that is available for use by all funds. Each fund's portion of the pool is displayed on their respective balance sheet as "Cash and Cash equivalents". As of December 31, 2018, the Town's cash deposits had a carrying balance of \$2,327,610 with corresponding bank balance of \$2,386,006 of which \$250,000 is federally insured.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Town had \$2,136,006 collateralized under PDPA.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

Note 2 Cash and Investments (Continued)

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2018, none of the Town's bank deposits were exposed to custodial credit risk.

Investments

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

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

At December 31, 2018 the Town had \$577,955 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 and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

Note 2 Cash and Investments (Continued)

A summary of cash and cash equivalents at December 31, 2018 is as follows:

Cash on hand	\$ 300
Cash deposits	2,327,610
COLOTRUST	577,955
Total cash and cash equivalents	<u>\$ 2,905,865</u>

Note 3 Capital Assets

A summary of changes to capital assets for 2018 is as follows:

Governmental Activities	Balance at 12/31/2017	Additions	Disposals	Balance at 12/31/2018
Nondepreciable Capital Assets				
Construction in progress	\$ -	\$ 6,772	\$ -	\$ 6,772
Total Nondepreciable Capital Assets	-	6,772	-	6,772
Depreciable Capital Assets				
Buildings	175,830		-	175,830
Roads and drainage	510,078	12,955	-	523,033
Equipment	1,226,788	69,648	-	1,296,436
Total Depreciable Capital Assets	1,912,696	82,603	-	1,995,299
Less Accumulated Depreciation				
Buildings	(67,091)	(5,216)	-	(72,307)
Roads and drainage	(431,093)	(24,751)	-	(455,844)
Equipment	(866,442)	(39,241)	-	(905,683)
Total Accumulated Depreciation	(1,364,626)	(69,208)	-	(1,433,834)
Net Capital Assets	<u>\$ 548,070</u>	<u>\$ 20,167</u>	<u>\$ -</u>	<u>\$ 568,237</u>

Depreciation Expense By Function

General Government	\$ 22,816
Public Safety	12,761
Highways and Streets	33,631
Culture and Recreation	-
Total Depreciation Expense	<u>\$ 69,208</u>

Note 3 Capital Assets (Continued)

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

Business-type Activities	Balance at 12/31/2017	Additions	Disposals	Balance at 12/31/2018
Nondepreciable				
Land / water rights	\$ 560,000	\$ -	\$ -	\$ 560,000
Construction in Progress	134,718	1,087,595	-	1,222,313
Total Nondepreciable	694,718	1,087,595	-	1,782,313
Depreciable				
Reservoirs, lakes	150,233	-	-	150,233
Water facility	3,948,083	-	-	3,948,083
Shop building	121,825	-	-	121,825
Collection / transmission / distribution	1,710,168	322,706	-	2,032,874
Wells	846,767	-	-	846,767
General equipment	254,848	25,180	-	280,028
Total Depreciable	7,031,924	347,886	-	7,379,810
Total Capital Assets	7,726,642	1,435,481	-	9,162,123
Less Accumulated Depreciation				
Reservoirs, lakes	(99,770)	-	-	(99,770)
Water facility	(2,063,599)	(139,030)	-	(2,202,629)
Shop building	(102,335)	(4,873)	-	(107,208)
Collection / transmission / distribution	(931,118)	(29,179)	-	(960,297)
Wells	(251,285)	(18,817)	-	(270,102)
General equipment	(187,927)	(17,466)	-	(205,393)
Total Accumulated Depreciation	(3,636,034)	(209,365)	-	(3,845,399)
Net Capital Assets	\$ 4,090,608	\$ 1,226,116	\$ -	\$ 5,316,724

Note 4 Long-Term Liabilities

Changes in Long-term Debt for the year ended December 31, 2018 were:

Governmental activities

	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018	Due Within One Year
Lease purchase	-	134,580	-	134,580	5,351
Total Long-term Debt	\$ -	\$ 134,580	\$ -	\$ 134,580	\$ 5,351

Business-type activities

	Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018	Due Within One Year
CWPDA Bond - 2009	\$ 1,155,896	\$ -	\$ 82,262	\$ 1,073,634	\$ 83,892
CWPDA Bond - 2018	-	1,100,000	-	1,100,000	26,872
Lease purchase	-	25,180	-	25,180	1,001
Total Long-term Debt	\$ 1,155,896	\$ 1,125,180	\$ 82,262	\$ 2,198,814	\$ 111,765

Note 4 Long-Term Liabilities (Continued)

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

Drinking Water Revolving Fund Direct Loan

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

Year ending December 31,	Principal	Interest	Total
2019	82,892	22,049	104,941
2020	85,578	19,363	104,941
2021	87,288	17,653	104,941
2022	89,053	15,888	104,941
2023	90,844	14,097	104,941
2024-2028	482,350	42,355	524,705
2029-2030	155,629	3,097	158,726
Total	<u>\$ 1,073,634</u>	<u>\$ 134,502</u>	<u>\$ 1,208,136</u>

Drinking Water Revolving Fund Direct Loan

On March 16, 2018, the Town borrowed \$1,100,000 through the Colorado Water Resources & Power Development Authority – Drinking Water Revolving Fund Direct Loan, with an interest rate of 2% to fund water resource projects. The loan is payable from and collateralized by the Town's water revenues in the amount of approximately \$1,300,000 through 2038. The proportion of the pledged revenue to total water revenues is not estimable because annual total fees collected fluctuate. Interest on the bonds is due each May 1 and November 1 commencing May 1, 2019. Principal is due annually on November 1 through 2038. Future maturities are as follows:

Year ending December 31,	Principal	Interest	Total
2019	\$ 26,872	\$ 12,796	\$ 39,668
2020	46,939	21,229	68,168
2021	47,883	20,285	68,168
2022	48,845	19,323	68,168
2023	49,827	18,341	68,168
2024-2028	264,566	76,274	340,840
2029-2033	292,246	48,594	340,840
2034-2038	322,822	18,018	340,840
Total	<u>\$ 1,100,000</u>	<u>\$ 234,860</u>	<u>\$ 1,334,860</u>

Note 4 Long-Term Liabilities (Continued)

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

Vehicle Lease Purchase Agreement

On July 13, 2018, the Town borrowed \$160,000 through NBH Bank, with an interest rate of 4% to fund the lease purchase of vehicles. The loan is collateralized by the vehicles purchased. Payments on the lease are due on January and July of each year commencing on January 15, 2019 in the amount of \$9,801. The carrying value of the collateral was \$73,230 as of December 31, 2018. The town had \$57,975 of funds previously disbursed remaining to be spent which were reported as restricted cash on the statement of net position. Future maturities are as follows:

Year ending December 31,	Principal	Interest	Total
2019	\$ 13,250	\$ 6,352	\$ 19,602
2020	13,826	5,776	19,602
2021	14,390	5,212	19,602
2022	14,975	4,627	19,602
2023	15,585	4,017	19,602
2024-2028	87,974	10,036	98,010
Total	<u>\$ 160,000</u>	<u>\$ 36,020</u>	<u>\$ 196,020</u>

Note 5 Pension Plans

FPPA - Statewide Defined Benefit Pension Plan- Police Officers and Firefighters

The Town contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan (SWDB) provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January

1, 1997 through the Statewide Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, paid police officers of the Town are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for firefighters hired on or after January 1, 1997.

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

Description of Benefits

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

Note 5 Defined Benefit Pension Plan (Continued)

Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

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

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Members of the SWDB plan and their employers contributing at the rate of 9 percent and 8 percent, respectively, of base salary for a total contribution rate of 17 percent in 2017. In 2015, the members elected to increase the member contribution rate to the SWDB plan beginning in 2016. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022. Contributions to the SWDB plan from the Town were \$16,082 for the year ended December 31, 2018.

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

At December 31, 2018, the Town reported an (asset) of (\$55,306) for its proportionate share of the net pension liability. The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2017, the Town's proportion was .0384426613 percent, which was a decrease of .0165095169 percent from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Town recognized pension expense of (\$34,871). At December 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 5 Defined Benefit Pension Plan (Continued)

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 39,883	\$ 613
Changes in assumptions	8,333	0
Net difference between actual and projected earnings on pension plan investments	0	18,778
Net impact in change in proportionate share	0	29,634
Contributions subsequent to the measurement date	16,082	0
Total	\$ 64,298	\$ 49,025

\$16,082 in total reported as deferred outflows of resources related to pension resulting from Town's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2019	\$ (3,035)
2020	2,179
2021	(5,802)
2022	(5,243)
2023	5,876
Thereafter	5,216
Total	<u>\$ (809)</u>

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Note 5 Defined Benefit Pension Plan (Continued)

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

Effective January 1, 2017, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2015 generational mortality tables with blue collar

adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2015 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2015 mortality tables for active employees. The on-duty mortality rate is 0.00020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.00 %	8.33 %
Equity Long/Short	9.00	7.15
Illiquid Alternatives	24.00	9.90
Fixed Income	15.00	3.00
Absolute Return	9.00	6.46
Managed Futures	4.00	6.85
Cash	2.00	2.26
Total	100.00	

Discount Rate

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

Note 5 Defined Benefit Pension Plan (Continued)

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

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

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

<u>Discount Rate:</u>	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Proportionate share of the net pension liability (asset)	<u>\$ 60,212</u>	<u>\$(55,306)</u>	<u>\$(151,228)</u>

Pension Plan Fiduciary Net Position

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

Volunteer Fire Department Pension Fund

At December 31, 2018, the Department reported a liability of \$93,311 for its net pension liability / (asset). The net pension liability / (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The plan membership consists of 10 retirees and beneficiaries and 19 active members.

For the year ended December 31, 2018, the Department recognized pension expense of (\$34,343). At December 31, 2018, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 80	\$ 177
Changes in assumptions	14,792	15,708
Net difference between actual and projected earnings on pension plan investments	1,168	1,934
Department contributions subsequent to the measurement date	16,616	0
Total	\$32,656	\$17,819

\$16,616 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. *Actuarial assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. Future pension expense from the amortization of deferred outflows and inflows of resources are:

Note 5 Pension Plans (Continued)

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

Year Ending	Net Deferred Outflows / (Inflows) of Resources
2017	262
2018	(2,365)
2019	809
2020	(485)
2021	-
Thereafter	-
Total	<u>(1,779)</u>

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

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

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	8.33%
Equity Long/Short	9%	7.15%
Fixed Income	19%	3.00%
Absolute Return	9%	6.46%
Private Capital	24%	9.70%
Cash	2%	2.26 %
Total	100%	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2017, are summarized in the above table.

Note 5 Pension Plans (Continued)

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2018

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

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

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
Department's net pension liability/(asset)	\$76,530	\$68,819	\$62,291

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

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

Note 6 Tax, Spending, and Debt Limitation

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

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

TABOR requires local governments to establish emergency reserves, which must be at least 3% of fiscal year spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. This Town had an emergency reserve of \$60,252 as of December 31, 2018.

Note 7 Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District maintains commercial insurance to mitigate their risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Required Supplemental Information

Town of Palmer Lake, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 695,332	687,381	\$ (7,951)
Specific ownership taxes	200,000	86,884	(113,116)
Sales and use taxes	412,000	708,923	296,923
Highway user tax	98,576	122,104	23,528
Franchise fees and other taxes	133,375	122,830	(10,545)
Licenses and permits	16,500	68,944	52,444
Intergovernmental	4,800	5,144	344
Fines and forfeits	41,850	41,331	(519)
Investment income	1,000	4,733	3,733
Grants	1,087,500	70,056	(1,017,444)
Proceeds from sales of assets	-	223,615	223,615
Dispatch revenue - fire	15,000	40,998	25,998
Proceeds from the issuance of debt	-	134,820	134,820
Other	22,550	49,082	26,532
Total Revenues	<u>2,728,483</u>	<u>2,366,845</u>	<u>(361,638)</u>
Expenditures			
General wages and benefits	178,495	150,548	27,947
Training and travel	10,500	15,586	(5,086)
Professional fees	118,500	105,739	12,761
Contract services	20,000	8,040	11,960
Operating supplies	16,000	15,044	956
Elections	12,000	11,195	805
Repairs and maintenance	13,900	10,912	2,988
Office expense	14,550	9,148	5,402
Utilities	17,000	20,142	(3,142)
Insurance	11,000	9,931	1,069
Grants expense	-	90,486	(90,486)
Police	305,000	379,552	(74,552)
Fire	292,772	307,181	(14,409)
Roads	1,151,998	326,630	825,368
Parks	38,555	44,510	(5,955)
County Treasurer fees	-	6,909	(6,909)
Other expenses	7,000	15,911	(8,911)
Capital outlay	465,000	76,152	388,848
Contingencies	56,213	-	56,213
Total Expenditures	<u>2,728,483</u>	<u>1,603,616</u>	<u>1,124,867</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 763,229</u>	<u>\$ 763,229</u>

See the accompanying Independent Auditor's report

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

FY Ending December 31, (a)	Actuarially Determined Contribution (b)	Actual Contribution * (c)	Contribution Deficiency (Excess) (d) = (b) - (c)	Covered Payroll (e)	Actual Contribution as a % of Covered Payroll (f)
2014	\$ 8,844	\$ 8,406	\$ 438	N/A	N/A
2015	\$ 8,844	\$ 18,168	\$ (9,324)	N/A	N/A
2016	\$ 8,925	\$ 8,925	\$ -	N/A	N/A
2017	\$ 8,925	\$ 13,662	\$ (4,737)	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment

Notes to the Schedule of Contributions

Valuation Date

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2017, determines the contribution amounts for 2018 and 2019.

Methods and Assumptions Used to Determine Contribution Rates:

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

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

** The report is intended to show 10 years of data. Additional years will be presented when they become available
See the accompanying Independent Auditor's report

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

Measurement date December 31,	2017	2016	2015	2014
Total Pension Liability				
Service cost	\$ 1,265	\$ 853	\$ 2,571	\$ 1,292
Interest	6,891	6,750	4,928	7,310
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	134	-	(617)
Changes of assumptions	-	5,504	(39,273)	39,622
Benefit payments, including refunds of employee contributions	(12,000)	(11,143)	(11,500)	(12,000)
Net Change in Total Pension Liability	(3,844)	2,098	(43,274)	35,607
Total Pension Liability -Beginning	97,155	95,057	138,331	102,724
Total Pension Liability - Ending	93,311	97,155	95,057	138,331
 Plan Fiduciary Net Position				
Contributions - Employer	-	8,925	8,560	-
Net investment income	4,128	1,074	331	1,138
Benefit payments, including refunds of employee contributions	(12,000)	(11,143)	(11,500)	(12,000)
Administrative expense	(6,464)	(314)	(1,173)	(413)
State of Colorado supplemental discretionary payments	13,662	-	9,608	8,406
Net Change in Plan Fiduciary Net Positions	(674)	(1,458)	5,826	(2,869)
Plan Fiduciary Net Position - Beginning	25,166	26,624	20,798	23,667
Plan Fiduciary Net Position - Ending	24,492	25,166	26,624	20,798
 Net Pension liability (Asset) - Ending	68,819	71,989	68,433	117,533
 Plan fiduciary net position as a percentage of the total pension liability	26.25%	25.90%	28.01%	15.03%
 Covered employee payroll	N/A	N/A	N/A	N/A
 Net pension liability as a percentage of covered employees payroll.	N/A	N/A	N/A	N/A

** The report is intended to show 10 years of data. Additional years will be presented when they become available

See the accompanying Independent Auditor's report

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

Measurement date December 31,	2017	2016	2015	2014	2013
District's proportion of the net pension liability / (asset)	0.0384426613%	0.0219331444%	0.0098164611%	0.0105819994%	1.0829630600%
District's proportional share of the net pension liability (asset)	\$ (55,306)	\$ 7,925	\$ (173)	\$ (11,943)	\$ (12,222)
District's covered payroll	115,692	107,003	47,590	47,590	45,084
Total pension liability	2,021,526,883	2,021,526,883	1,846,961,999	1,652,901,084	1,533,631,141
Plan fiduciary net position	1,985,393,043	1,985,393,043	1,848,724,853	1,765,758,630	1,623,049,809
Net pension liability (asset)	<u>\$ 36,133,840</u>	<u>\$ 36,133,840</u>	<u>\$ (1,762,854)</u>	<u>\$ (112,857,546)</u>	<u>\$ (89,418,668)</u>
Plan fiduciary net position as a percentage of the total pension	0.98	0.98	1.00	1.07	1.06
Net pension liability as a percentage of covered payroll	-48%	7%	0%	-25%	-27%

** The report is intended to show 10 years of data. Additional years will be presented when they become available

See the accompanying Independent Auditor's report

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

	2018	2017	2016	2015	2014	2013
Statutorily Required Contribution	16,082	8,560	8,560	3,807	3,807	3,607
Contributions in Relation to the Statutorily Required Contribution	16,082	8,560	8,560	3,807	3,807	3,607
Contribution Deficiency (Excess)	-	-	-	-	-	-
Covered Payroll	208,036	115,692	107,003	47,590	47,590	45,084
Contributions as a % of Covered Payroll	7.73%	7.40%	8.00%	8.00%	8.00%	8.00%

** The report is intended to show 10 years of data. Additional years will be presented when they

Other Supplemental Information

Town of Palmer Lake, Colorado
Budgetary Comparison Schedule
Conservation Trust Fund
For the Year Ended December 31, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental	\$ 21,000	\$ 27,439	\$ 6,439
Total Revenues	<u>21,000</u>	<u>27,439</u>	<u>6,439</u>
Expenditures			
Wages and benefits	7,310	4,849	2,461
Contact services	2,500	-	2,500
Operating supplies	2,500	714	1,786
Repairs and maintenance	1,500	1,348	152
Utilities	500	1,150	(650)
Other expenses	500	-	500
Capital outlay	21,190	13,223	7,967
Total Expenditures	<u>36,000</u>	<u>21,284</u>	<u>14,716</u>
Excess of Revenues Over (Under)			
Expenditures	<u>\$ (15,000)</u>	<u>\$ 6,155</u>	<u>\$ 21,155</u>

See the accompanying Independent Auditor's report

Town of Palmer Lake, Colorado
Budgetary Comparison Schedule
Water Fund
For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Water sales and improvement fees	\$ 645,746	\$ 894,295	\$ 248,549
Water meter parts	2,974	-	(2,974)
Late fees	9,000	15,930	6,930
Water tap fees	60,000	2,000	(58,000)
Investment income	-	7,530	7,530
Grants	1,100,000	-	(1,100,000)
Miscellaneous	161,483	-	(161,483)
Total Revenues	<u>1,979,203</u>	<u>919,755</u>	<u>(1,059,448)</u>
Expenditures			
Wages and benefits	270,758	230,741	40,017
Memberships and registrations	18,250	9,638	8,612
Contract services	2,000	7,410	(5,410)
Professional fees	40,000	38,773	1,227
Payment processing	18,000	18,251	(251)
Utilities	90,000	90,979	(979)
Operating supplies	112,495	94,367	18,128
Repairs and maintenance	16,500	110,918	(94,418)
Office expense	7,200	10,352	(3,152)
Insurance	13,500	9,307	4,193
Reservoir / Dam maintenance	100,000	68,434	31,566
Water quality tests	40,000	13,420	26,580
Other expenses	500	1,549	(1,049)
Debt service	-	105,308	(105,308)
Capital outlay	1,250,000	1,435,481	(185,481)
Total Expenditures	<u>1,979,203</u>	<u>2,244,928</u>	<u>(265,725)</u>
Net Change in Fund Balance - Budgetary Basis	<u>\$ -</u>	<u>(1,325,173)</u>	<u>\$ (1,325,173)</u>
Reconciliation to Net Income			
Add Capital Outlay		1,435,481	
Add Principal paid on bonds		82,262	
Less Depreciation Expense		(209,365)	
Net Income - GAAP basis		<u>\$ (16,795)</u>	

See the accompanying Independent Auditor's report

Special Reports