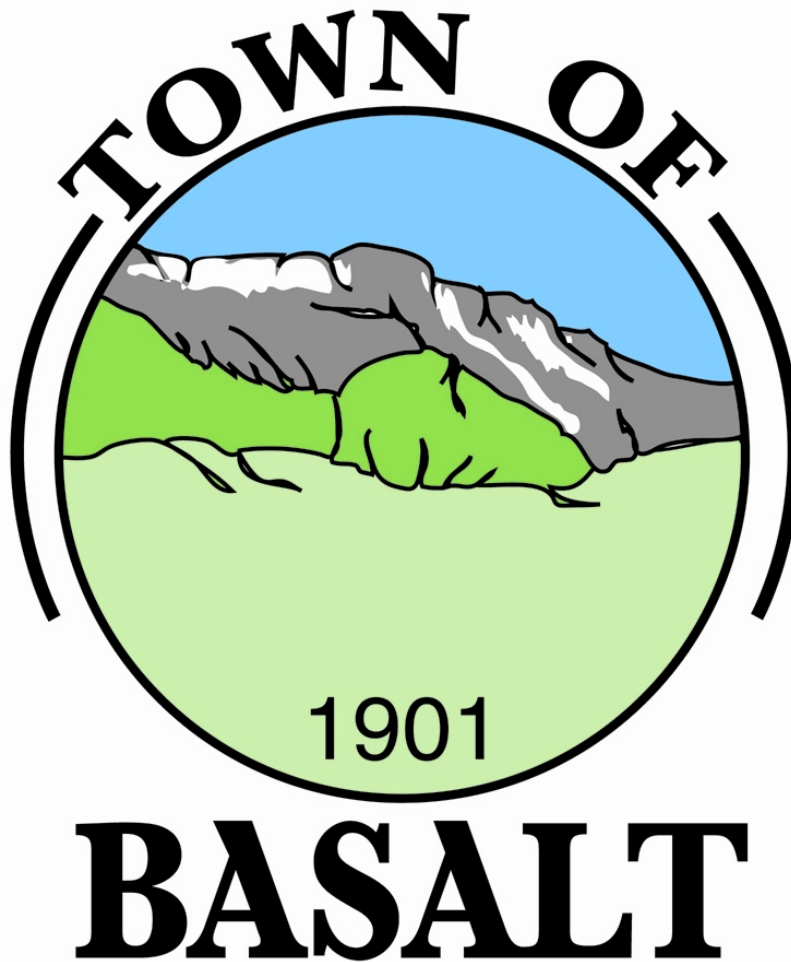


Town of Basalt

2019 Comprehensive Annual Financial Report

For the Year Ending December 31, 2019

Finance Department
101 Midland Ave
Basalt, CO 81621



**Town of Basalt
Basalt, Colorado**

**Comprehensive Annual Financial Report
December 31, 2019**



Prepared by the Finance Department of the Town of Basalt
Christy Hamrick, Director of Finance



INTRODUCTORY SECTION

**Town of Basalt
Comprehensive Annual Financial Report
December 31, 2019**

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June 26, 2020

To the Citizens of the Town of Basalt, Colorado;

The Town of Basalt is pleased to submit the 2019 audited financial statements for the fiscal year ending December 31, 2019. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data is accurate in all material respects of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

This report includes all funds of the Town. The Town provides a range of services including public safety, water utilities, construction and maintenance of streets and infrastructure, health and welfare, affordable housing, and recreational and cultural activities. Educational, fire protection, sanitary sewer, trash services, and portions of the water services in the Town are provided by separate entities.

The Management Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative and graphical introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

ECONOMIC CONDITION AND OUTLOOK

The Town of Basalt is located in the middle of the Roaring Fork Valley and is split between Eagle and Pitkin Counties. Eagle and Pitkin County are major winter and summer tourist destinations in the United States and also attract visitors from throughout the world.

The Town, incorporated in 1901, operates under a Home Rule Charter that was adopted by Basalt residents in November of 2002. The Town is managed based on the Town Manager – Council form of government. The governing body is made up of six councilmembers, who serve four-year staggered terms. Councilmembers are limited to two consecutive four-year terms. The Mayor is elected to a four-year term and also is limited to the two consecutive four-year terms. The Town Manager serves as the Chief Executive Officer of the Town.

The Town's 2019 population is 4,412 with a Fiscal Year 2020 total annual expenditure budget of \$17,028,927 for all funds. The Town covers two square miles and approximately 90% of the privately-owned land has been developed. Because of its location in the Roaring Fork Valley, the tourism trade found in the Town of Snowmass Village (TOSV) and Aspen areas drives much of Basalt's business activity.

There are two primary commercial hubs in the Town. The "Old" downtown anchors the commercial area on the south and east side of town and the newer Willits mixed-used development anchors the commercial area on the north and west side of town. Other businesses within the Town include health care facilities, several schools, Basalt Regional Library, US Post Office, Woody Creek Distillery and many other support/service businesses for the area.

The Town has traditionally been viewed as a bedroom community to Aspen, offering convenient services, a small town atmosphere, comfortable living conditions, a family environment, and a variety of outdoor recreational opportunities.

The Town is home to two gold medal trout streams (Frying Pan and Roaring Fork Rivers) that are both a source of pride and are significant tourist attractions. The Town Council proactively addresses quality of life issues to ensure that the current standard of living is not only maintained, but ultimately enhanced. The Town, in cooperation with the Basalt Chamber of Commerce, hosts summer events that build on the area's strong tourism industry and bring guests and visitors to our two commercial centers.

MAJOR TOWN INITIATIVES

The Town implemented a strategic work plan for 2020, that outlines the major initiatives of the Town. The Town adopted its Strategic Framework in March of 2019, and the 2020 Strategic work Plan directly relates to that framework. The Strategic Framework includes the following areas of focus:

Community – We value our citizens and represent their interests for the benefit of the entire community

Built Environment – Basalt's built environment is well-planned, considerate of our history, and reflects the cultural, environmental and economic values of the community.

Local Economy – Our existing businesses provide the foundation for Basalt's economy. We support responsible, knowledge, and ideas based economic growth that encourages green technologies and well-paid jobs across sectors.

Environment – We support common sense investment in green technologies and support new ideas that reduce our impact on the environment.

Additionally, the strategic Framework is based upon the values of the Town, including the following:

- Teamwork
- Communication
- Customer Service
- Commitment
- Respect
- Safety

The Town continues to facilitate and encourage both the improvement and redevelopment of the Pan & Fork Trailer Park. This redevelopment effort supports the continued implementation of the Town's River Master Plan. In August of 2011, the Town and the Roaring Fork Community Development Corporation (RFCD) jointly entered into an agreement for the purchase and eventual redevelopment of the Pan and Fork Trailer Park.

Throughout 2018, 2019, and 2020, the Town continued implementation of the Town's River Master Plan. This included improvements to the Town's River Park and continued discussions and agreements that are facilitating the occurrence of developing the River Park. Additionally, an accounting from 2011 through present was given to Council and the public regarding expenditures to date associated with the River Master Plan.

FINANCIAL INFORMATION

Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

BUDGETARY & FINANCIAL CONTROLS

The Town maintains various budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town's governing body. Activities in the General Fund, Conservative Trust Fund, Bond Fund, and Water Fund are included in the annual appropriated budget. The legal level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is at the fund level. The Town also has worked to segregate duties between the two accounting staff members. For example, the Finance Director reconciles the bank statements, while the Senior Finance position runs payroll, accounts payable, and cash receipts systems day-to-day. Additionally, there is a dual control feature on our bank accounts that require two signors to approve any outgoing wires or transfers (an example is payroll).

The Town and the Town's auditors have prepared the 2019 audited financials to submit to Government Finance Officers Association for an excellence in reporting award. This is a prestigious and rigorous standard to meet, which we are hopeful will continue to build the public's trust that the Town is headed in the right direction with finances and accountability.

OTHER INFORMATION

Independent Audit

Colorado statutes require an annual audit of the Town's financial statements. The audit for 2019 was conducted by McMahan and Associates, Certified Public Accountants and their report on the financial statements is included in the financial section of this report.

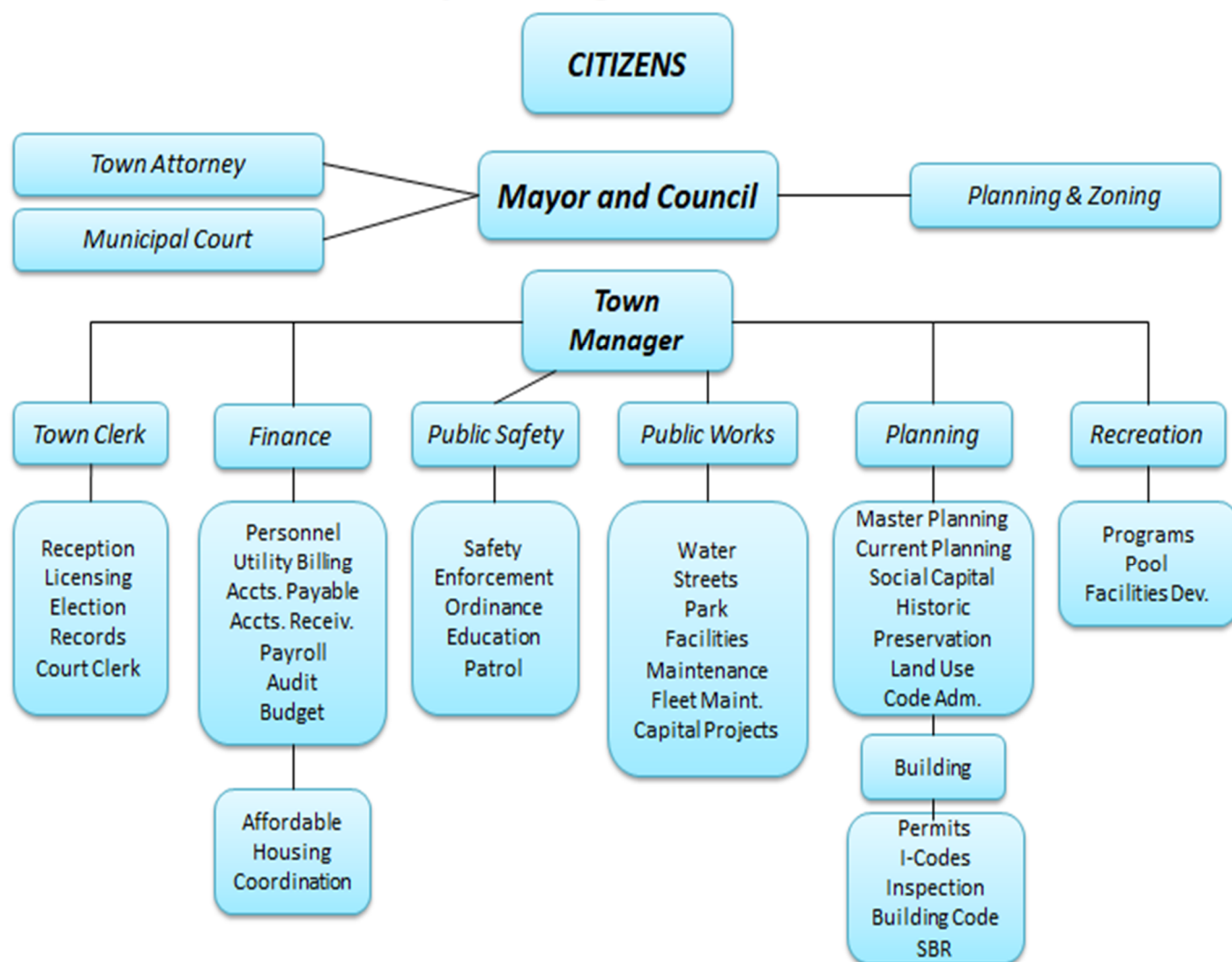
ACKNOWLEDGEMENTS

The preparation of this report was made possible by the dedicated services of the Town Council, the Town's auditors, McMahan and Associates and the Town's finance department. Thank you to all for your diligence and pursuit of excellence in the preparation of this report.

Respectfully submitted,

Christy Hamrick, Town Finance Director

Town of Basalt Organizational Structure



Town of Basalt
Basalt, Colorado
As of December 31, 2019

Member of Town Council

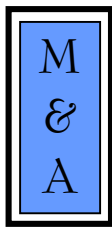
Jacque Whitsitt, Mayor
Auden Schendler
Katie Schwoerer
Jennifer Riffle
Gary Tennenbaum
Ryan Slack
Bill Infante

Town Officials

Ryan Mahoney – Town Manager
Susan Philp – Planning Director
Greg Knott – Chief of Police
Boyd Bierbaum – Public Works Director
Brian Passenti – Recreation Director
Christy Hamrick – Director of Finance

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INDEPENDENT AUDITOR'S REPORT



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

**To the Mayor and Town Council
Town of Basalt**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Basalt (the "Town"), as of and for the year ended December 31, 2019, 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, the business-type activities and each major fund, of the Town of Basalt as of December 31, 2019, and the respective changes in financial position and, where applicable, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual in section E, the Schedule of Proportion Share of the Net Pension Asset (Liability), Schedule of District Contributions, Notes to the Required information, Statement of Changes in Net Pension Liability and Related Ratios, and the Schedule of Contributions in Section E 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 Management's Discussion and Analysis in Section B and information in Section E 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.

The budgetary comparison information in section F is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison 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 statement 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The introductory section, combining fund financial statements, individual fund budgetary information, the *Local Highway Finance Report* in Section F are presented for purposes of additional analysis and are not a required part of the financial statements. The *Local Highway Finance Report* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 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. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Additionally, the Schedule of Expenditures of Federal Awards included in the Single Audit section are presented for the purpose of additional analysis, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"), and are not a required part of the Town's financial statements. Such information has been subjected to the auditing procedures applied 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 statement 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the 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 June 26, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with 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 the 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.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.
June 26, 2020**

MANAGEMENT DISCUSSION AND ANALYSIS

Town of Basalt, Colorado

Management's Discussion and Analysis December 31, 2019

As management of the Town of Basalt ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2019.

Background Information

The predominant fund approach for the Town is comprised of four basic funds, including: 1. General Fund; 2. Debt Service Fund; 3. Enterprise Fund, and 4. Special Revenue Fund.

Financial Highlights

- On the Town's Statement of Revenues, Expenditures and Changes in Fund Balances, the Town's fund balance increased in 2019 by \$7,151,971 for all governmental funds.
- The Town's Debt Service Fund increased by \$5,081 for 2019. The ending Fund Balance in the Debt Service Fund totals \$28,713.
- The Town's Conservation Trust Fund, a Special Revenue Fund, showed an increase in net position totaling \$24,210, with a current fund balance totaling \$208,112.
- The Town's Water Fund increased in Net Position for 2019 by \$233,856, with an ending fund balance of \$4,456,652.
- The Town issued \$2,200,000 Certificates of Participation, which will require payments through 2029, and charges a rate of 2.23%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all Town assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, culture and recreation, affordable housing, and health and welfare. The business-type activities of the Town are water services provided by the Town.

Overview of the Financial Statements (continued)

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 can be divided into three categories: governmental, proprietary and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget for all funds to demonstrate compliance with the State budget statutes.

Proprietary funds: The Town reports one category of proprietary funds, which is known as Enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the business-type service provided by the Town, which is considered to be a major fund of the Town.

The basic proprietary fund financial statements can be found on pages C7 through C9 of this report. The Town also presents a budgetary comparison for its proprietary fund.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages D1 through D26 of this report.

Overview of the Financial Statements (continued)

Government-wide Financial Analysis: The largest portion of the Town's assets is reflected in the investment in capital assets (i.e. land, buildings, improvements, and equipment). Capital assets account for 72.8% of the total assets. The Town uses these assets to provide services to its citizens.

Accordingly, these assets are not an available source for payment of future spending. Of the remaining net position, the Town's restricted net position has changed as follows:

Restricted for:	2019	2018
Emergencies	310,000	250,000
Recreation	208,112	183,902
Debt service	28,713	23,633
Development infrastructure	1,623,913	1,207,267
Renewable energy mitigation	114,425	146,119
Police officer training	5,901	3,699
Victims & Police (VALE)	83,287	95,869
Arts	1,462,026	1,081,037
Child care	113,060	82,092
Tobacco education	167,407	163,190
Park dedication	618,457	490,546
Open space & trails	1,651,250	321,423
Community gardens	2,889	3,028
Community promotions	88,034	52,926
Community enhancement	23,418	32,750
Transportation	201,784	245,568
Total	6,702,676	4,383,049

The following graphs show the Town's net position for 2018 and 2019:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 15,806,744	13,225,916	\$ 861,350	\$ 494,557	\$ 16,668,094	\$ 13,720,473
Capital assets	42,382,200	41,503,851	3,825,264	4,015,671	46,207,464	45,519,522
Total Assets	58,188,944	54,729,767	4,686,614	4,510,228	62,875,558	59,239,995
Deferred Outflow of Resources:						
Deferred outflow relating to pensions	583,180	269,389	-	-	583,180	269,389
Total deferred outflow of resources	583,180	269,389	-	-	583,180	269,389
Liabilities:						
Other liabilities	1,051,914	5,630,492	33,071	29,939	1,084,985	5,660,431
Long-term liabilities	5,153,024	3,399,637	196,891	257,492	5,349,915	3,657,129
Total Liabilities	6,204,938	9,030,129	229,962	287,431	6,434,900	9,317,560
Deferred Inflow of Resources:						
Deferred inflow related to pensions	6,280	65,736	-	-	6,280	65,736
Unavailable property tax revenue	2,123,603	1,963,720	-	-	2,123,603	1,963,720
Unavailable revenue - Other	33,971	1,248	-	-	33,971	1,248
Total deferred inflow of resources	2,163,854	2,030,704	-	-	2,163,854	2,030,704
Net Position:						
Net investment in capital assets	37,588,109	38,288,851	3,628,373	3,758,179	41,216,482	42,047,030
Restricted	6,702,676	4,383,049	-	-	6,702,676	4,383,049
Unrestricted	6,112,547	1,266,423	828,279	464,618	6,940,826	1,731,041
Total Net Position	\$ 50,403,332	\$ 43,938,323	\$ 4,456,652	\$ 4,222,797	\$ 54,859,984	\$ 48,161,120

Overview of the Financial Statements (continued)

At the end of the current fiscal year, the Town reported positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same report can be made for the prior year.

The following chart is a summary of the Town's Change in Net Position:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,103,951	\$ 1,281,388	\$ 913,272	\$ 885,481	\$ 2,017,223	\$ 2,166,869
Operating grants & contributions	1,965,639	935,110	23,707	14,768	1,989,346	949,878
Capital grants & contributions	830,066	1,097,708	183,814	273,706	1,013,880	1,371,414
General revenues:						
Property taxes	1,906,183	1,901,051	-	-	1,906,183	1,901,051
Sales and use taxes	7,009,042	6,086,425	-	-	7,009,042	6,086,425
Other taxes	786,770	886,114	-	-	786,770	886,114
Investment earnings and other revenue	2,535,591	136,698	8,243	7,180	2,543,834	143,878
Total Revenues	16,137,242	12,324,494	1,129,036	1,181,135	17,266,278	13,505,629
Expenses:						
General government	3,213,702	2,651,745	-	-	3,213,702	2,651,745
Public safety	2,184,285	2,033,117	-	-	2,184,285	2,033,117
Public works	2,749,438	1,617,148	-	-	2,749,438	1,617,148
Culture & recreation	1,038,123	1,020,129	-	-	1,038,123	1,020,129
Affordable housing	595,860	239,209	-	-	595,860	239,209
Interest	84,962	96,507	-	-	84,962	96,507
Water	-	-	669,271	658,689	669,271	658,689
Health & welfare	31,773	19,206	-	-	31,773	19,206
Total Expenses	9,898,143	7,677,061	669,271	658,689	10,567,414	8,335,750
Change in Net Position before transfers	6,239,099	4,647,433	459,765	522,446	6,698,864	5,169,879
Transfers	225,910	227,506	(225,910)	(227,506)	-	-
Special Items - TABOR Refund	-	(1,848,261)	-	-	-	(1,848,261)
Change in Net Position	6,465,009	3,026,678	233,855	294,940	6,698,864	3,321,618
Net Position - Beginning	43,938,323	40,911,645	4,222,797	3,927,857	48,161,120	44,839,502
Net Position - Ending	\$ 50,403,332	\$ 43,938,323	\$ 4,456,652	\$ 4,222,797	\$ 54,859,984	\$ 48,161,120

Governmental activities: Governmental activities increased the Town's net position by \$6,465,009.

Key elements of this increase are as follows:

- An increase in restricted funding net position of \$2,319,627, which is the change in the Town's remaining balance from 2019 operations of restricted revenues, less restricted expenses;
- A decrease in net position due to Capital Assets, net of related debt, totaling \$700,742;
- An increase in unrestricted net position of \$4,846,124, including the following:
 - Repayment of two lines of credit totaling \$3,158,815 with revenues and income from a sale of affordable housing units (The units sold for \$1,626,000, and had a book value of \$1,080,000)
 - Repayment of \$831,000 in general obligation debt from the Bond Fund
 - Other net operating impacts increasing fund balance by \$856,309.

Overview of the Financial Statements (continued)

Business-type activities: Business-type activities increased the Town's net position by \$233,855. Key elements of this change are as follows:

- Decrease of net capital assets totaled \$190,404.
- Increase in unrestricted operations totaling \$424,259.
 - Debt repayment totaling \$60,601 compared to budget;
 - Savings in operating expenses totaling \$99,572 compared to budget;
 - Capital contributions totaling \$183,814, which includes tap fees;
 - An increase in operating revenue totaling \$25,728;
 - An additional \$54,544 in operational impacts

Financial Analysis of the Town's Funds

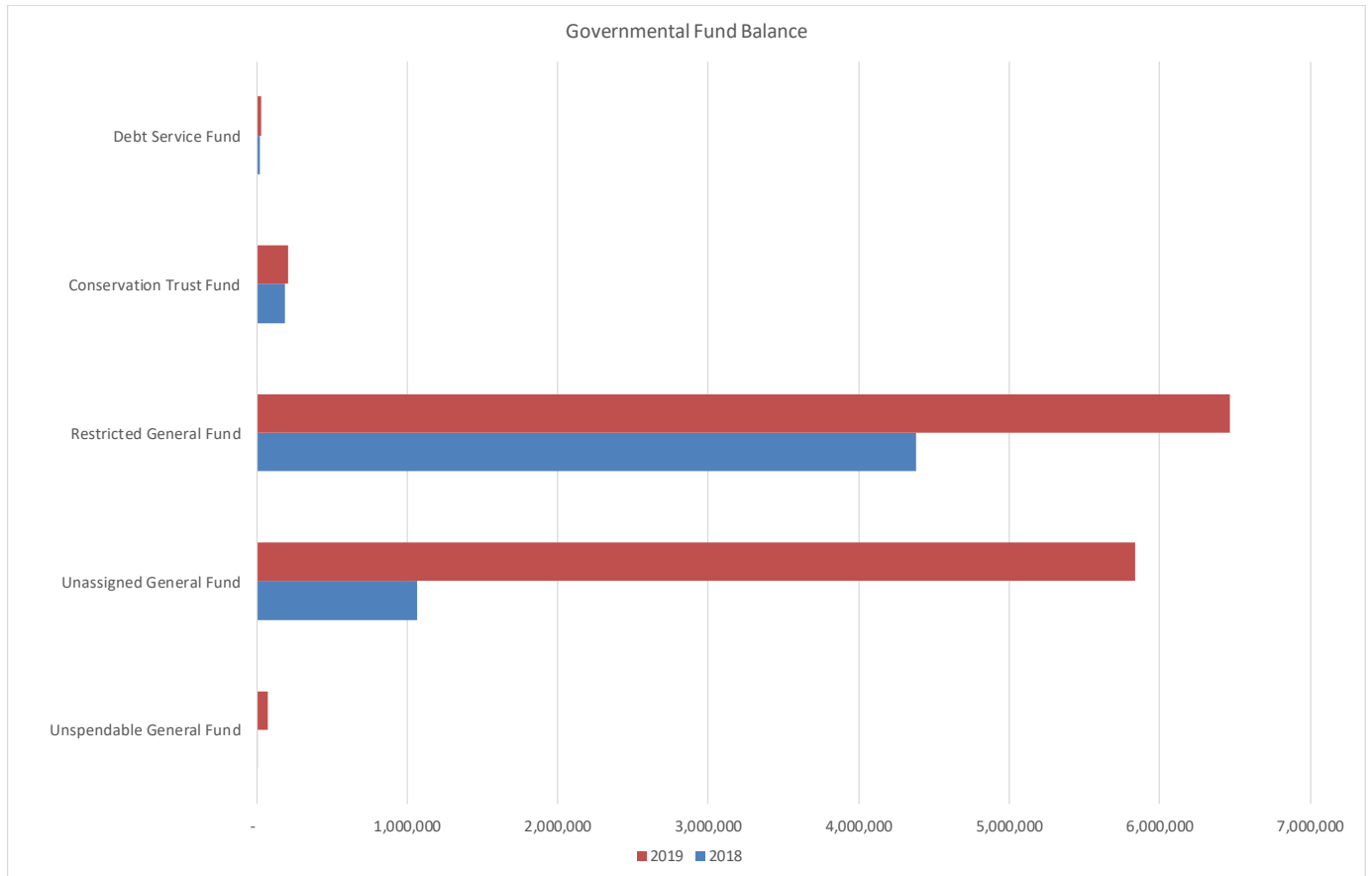
As mentioned on page B1 of this analysis, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$12,609,358. However, the total unrestricted fund balance for the general fund as of the end of 2019 totals \$5,833,565, the remaining fund balance is composed of \$6,702,676 restricted and \$73,117 as unspendable in ending governmental fund balance. Note the difference between restricted fund balance and unrestricted fund balance on the below graph. The Town's fund balances for past two years are presented in the graph on page B6.

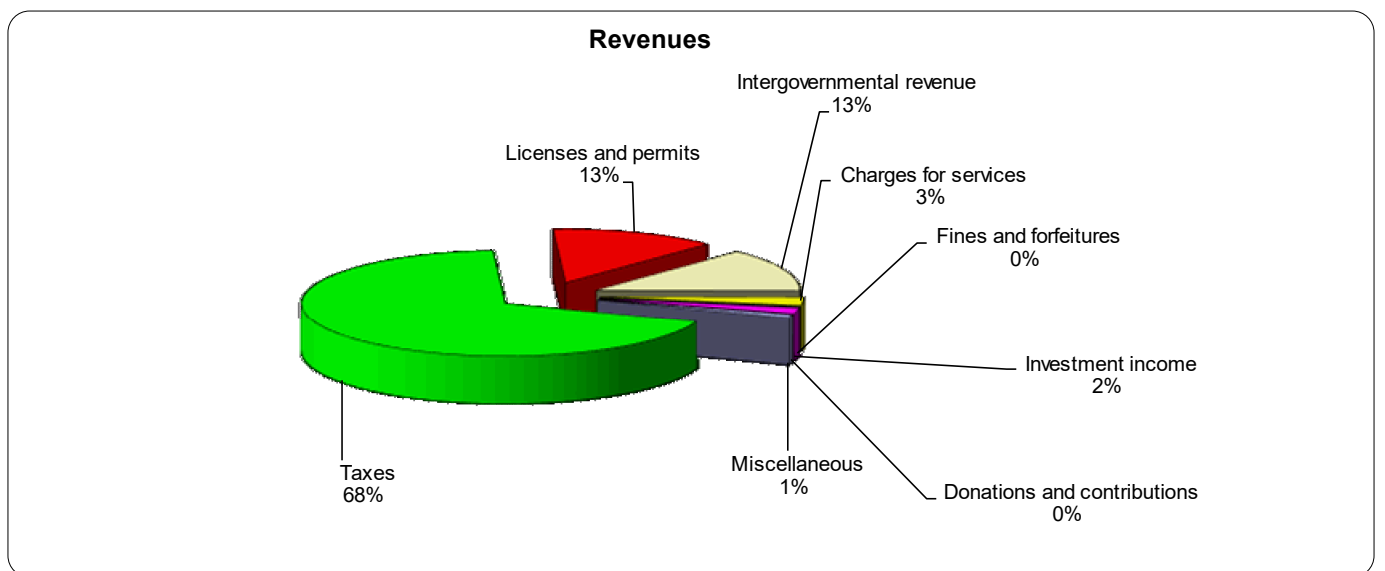
Fund balance is a useful indicator of whether the Town's financial position is improving or deteriorating. The improvement in the fund balance from 2018 to 2019 is a good indicator that the Town improved its financial position during 2019. For 2018, the Town did not meet its reserve fund balance policy of 33% of unrestricted General Fund revenues in reserves. Due to the improved financial position for 2019, the Town now exceeds its reserve fund balance policy by \$1,470,577.

Financial Analysis of the Town's Funds (continued)

Governmental funds (continued)



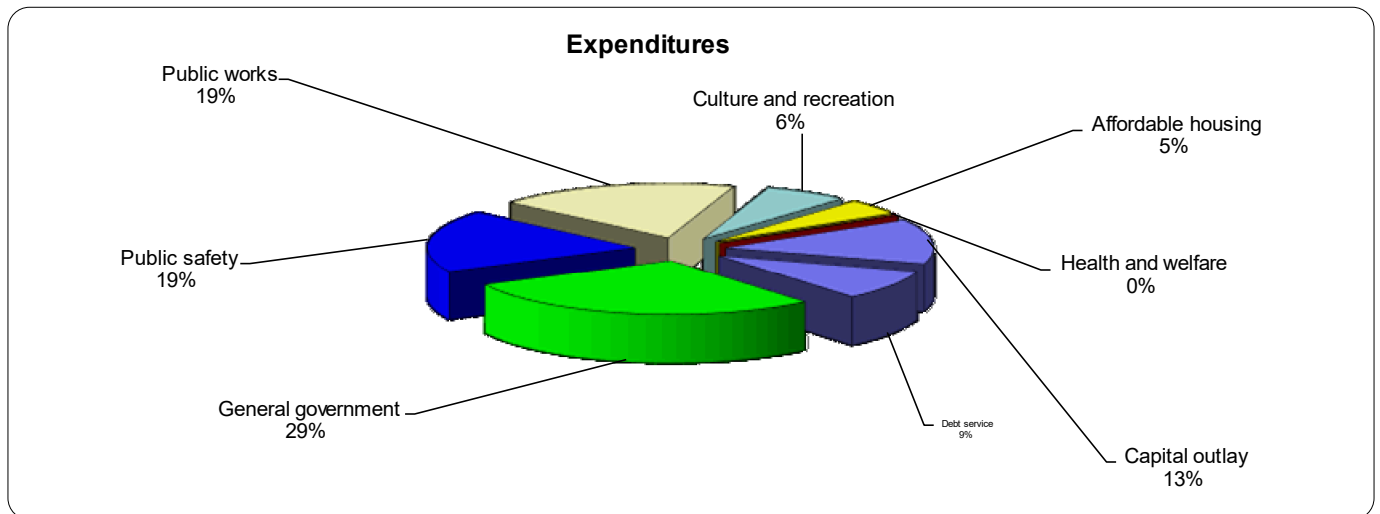
The Town's total \$14,168,833 in governmental funds' revenues were from the following sources:



Financial Analysis of the Town's Funds (continued)

Governmental funds (continued):

The following is a graph of the Town's governmental funds' expenditures by function for 2019:



Proprietary funds: The Town's proprietary fund financial statements, which is the Water Fund, provide the same type of information found in the government-wide financial statements, but in more detail. In addition to a Statement of Net Position and Statement of Revenues, Expenses, and Changes in Fund Net Position, there is also a Statement of Cash Flows. This information can be found on pages C7 – C9 of the financial statements.

Financial Analysis of the Town's Funds (continued)

Budget variances in the General Fund: The Town's significant General Fund budget variances are detailed as follows:

	Final Budget	Actual	Variance	Reason
Revenues:				
Sales & use tax	6,425,113	7,009,042	583,929	New online sales tax collection and improved economy
Franchise tax	316,500	378,918	62,418	Improved economy and growth
Other licenses and permits	1,158,825	1,864,921	706,096	Additional building permits and strong economy
Grant revenue	1,366,775	1,550,329	183,554	Expended all of NRCS Flood Mitigation funding
State highway users tax	125,000	158,933	33,933	Strong economy
Park dedication fees	26,564	127,911	101,347	Additional building permits received
Investment income	140,000	260,033	120,033	Delay of large projects which increased cash balance additionally interest rates were higher
Other income	66,900	127,420	60,520	Conservative budgeting
Total Revenues	11,274,027	13,221,181	1,947,154	
Expenditures:				
General government	3,790,906	3,256,711	534,195	Savings admin and retooling restricted funding
Public safety	2,224,170	2,121,330	102,840	Delayed receipt of police vehicles
Culture & recreation	872,822	740,187	132,635	Delay in POST project
capital outlay & repairs	5,073,333	1,524,571	3,548,762	Delay in 2 large restricted funding projects
Total Expenditures	14,648,542	10,310,102	4,338,440	

Capital assets: The Town's government-wide capital assets, net of accumulated depreciation, increased from \$41,503,851 to \$42,382,200 in the current year. Additional information as well as a detailed classification of the Town's net capital assets can be found in the Notes to the Financial Statements on pages D13 and D14 of this report.

Long-term and short-term debts: Long-term: As of the end of the current fiscal year, the Town had increased in total long-term debts. The Town issued \$2,200,000 in Certificates of Participation to repay taxpayers for a TABOR violation that was discovered in 2018. The amount of long-term debt repayments in 2019 totals \$831,000. The Town's current debt will be fully paid in 2029. Short-term: The Town reduced two lines of credit totaling \$3,158,815, plus repaid the 2018 liability from TABOR Refund due to taxpayers totaling \$1,848,261. Additional information regarding the Town's debt is on pages D15 through D17 of this report.

Capital Lease: In 2019 the Town entered into a lease agreement for a Street Sweeper. The total principal payments in the five-year lease agreement is \$265,000. Annual payments are due in December and total principal are \$56,596 or total \$282,982.

Sales and Use Tax: The Town's current sales and use tax rate is 3%. 1% of that tax funds Parks, Open Space & Trails, and 2% funds governmental operations. The increase in sales tax from 2018 was \$922,617 or 15.2%.

Financial Analysis of the Town's Funds (continued)

General Fund Restricted Funding Sources: The Town has many funding sources received that are restricted for a specific purpose. Restrictions can occur through ballot language, town ordinance, or contractual requirements. The below information summarizes the restricted revenue and expenses for 2019:

	2018 Ending fund balance	2019 Revenue	2019 Expenditure	2019 Ending restricted fund balance
Willits LaneDevelop	\$ 20,345	\$ 14,000	\$ 34,345	\$ -
Southside - Ped. Trans	3,586	18,196	-	21,782
REMP	101,719	(17,500)	20,390	63,828
Res. Transfer RFC	575,858	11,700	19,282	568,275
Affordable Housing	-	223,626	223,626	-
RETA Willits	298,395	328,098		626,493
VALE	64,544	3,475	4,584	63,434
Two Rivers Road	175,611	-	-	175,611
Police Training	3,699	3,475	1,273	5,901
Southside Roundabout	14,551	17,256	-	31,807
Parking Fees/Traffic	113,422	-	-	113,422
RETA Willits ARTS 50%	942,180	252,577	-	1,194,756
Climate Action Plan	35,359	15,238	-	50,597
Child Care	82,092	30,968	-	113,060
Tobacco Tax	163,190	29,162	24,945	167,407
Southside traffic calming	5,500	-	-	5,500
Lodging Tax	52,926	282,765	247,657	88,034
VALE Donations	31,325	375	11,848	19,852
Park Dedication	490,546	127,911	-	618,457
Energy Review Fees	9,041	9,078	18,119	-
Open Space & Trails	321,423	2,281,096	951,269	1,651,250
Community Gardens	3,028	5,306	5,445	2,889
Community Enh.	32,750	40,668	50,000	23,418
Sopris Meadows	138,858	156,666	28,254	267,270
Willits Transportation Fees	245,568	27,080	70,864	201,784
RETA 2 Willits	-	81,025	-	81,025
	<u>\$ 3,925,514</u>	<u>\$ 3,942,239</u>	<u>\$ 1,711,901</u>	<u>\$ 6,155,851</u>

Next year's budget and rates: The Town's General Fund balance at the end of the current fiscal year was \$12,372,533, comprised of \$5,833,565 in unrestricted funds and \$6,465,851 in restricted funds. For 2020, the Town developed a strategic Framework, which drove the expenditures for the 2020 budget. The Framework is based upon the following values of the Town:

Teamwork
Communication
Customer Service
Commitment
Respect
Safety

Financial Analysis of the Town's Funds (continued)

Next year's budget and rates (continued)

During the spring of 2020, the COVID-19 pandemic hit the United States, with unknown financial implications due to closures of businesses and stay-at-home orders implemented by various governments. The Town has responded to this financial unknown by temporarily reducing some of the 2020 expenses, and reviewing a financial modeling spreadsheet created by the Finance Director with Council and the Finance Advisory Board monthly. The actual financial impacts are currently unknown, but may impact the 2020, 2021 and 2022 budgets.

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Finance Director, 101 Midland Avenue, Basalt CO 81621.



FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

Town of Basalt, Colorado
Statement of Net Position
December 31, 2019

	Governmental Activities	Business type Activities	Total
Assets:			
Current assets:			
Cash and investments - Unrestricted	5,494,339	678,747	6,173,086
Cash and investments - Restricted	6,155,851	-	6,155,851
Accounts, taxes, and interest receivable	2,533,875	182,603	2,716,478
Due from other governments	1,549,562	-	1,549,562
Prepaid expenses	73,117	-	73,117
Capital assets not being depreciated:			
Construction in progress	546,485	-	546,485
Water rights	-	1,551,040	1,551,040
Land	17,966,931	256,235	18,223,166
Capital assets being depreciated:			
Buildings	6,716,655	7,133,829	13,850,484
Improvements	3,022,871	-	3,022,871
Machinery and equipment	2,489,737	332,996	2,822,733
Infrastructure	20,064,406	-	20,064,406
Less accumulated depreciation	(8,424,885)	(5,448,836)	(13,873,721)
Total assets	<u>58,188,944</u>	<u>4,686,614</u>	<u>62,875,558</u>
Deferred Outflow of Resources:			
Deferred outflow relating to pensions	583,180	-	583,180
Total deferred outflow of resources	<u>583,180</u>	<u>-</u>	<u>583,180</u>
Liabilities:			
Current liabilities:			
Accounts payable	605,932	25,711	631,643
Accrued payroll	76,988	4,047	81,035
Accrued expenses	94,332	1,313	95,645
Accrued interest	12,099	-	12,099
Deposits	262,563	2,000	264,563
Noncurrent liabilities:			
Compensated absences	204,027	-	204,027
Net pension liability	154,906	-	154,906
Due within one year	1,095,175	63,049	1,158,224
Due in more than one year	3,698,916	133,842	3,832,758
Total liabilities	<u>6,204,938</u>	<u>229,962</u>	<u>6,434,900</u>
Deferred Inflow of Resources:			
Deferred inflow relating to pensions	6,280	-	6,280
Unavailable property tax revenue	2,123,603	-	2,123,603
Unavailable revenue - Other	33,971	-	33,971
Total deferred inflow of resources	<u>2,163,854</u>	<u>-</u>	<u>2,163,854</u>
Net Position:			
Net Investment in capital assets	37,588,109	3,628,373	41,216,482
Restricted	6,702,676	-	6,702,676
Unrestricted	6,112,547	828,279	6,940,826
Total Net Position	<u><u>50,403,332</u></u>	<u><u>4,456,652</u></u>	<u><u>54,859,984</u></u>

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

Town of Basalt, Colorado
Statement of Activities
For the Year Ended December 31, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital	Governmental	Business-type	Total
	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities	
Functions/Programs							
Primary government:							
Governmental activities:							
General government	3,213,702	69,012	13,568	-	(3,131,122)	-	(3,131,122)
Public safety	2,184,285	541,509	1,537,163	-	(105,613)	-	(105,613)
Culture and recreation	1,038,123	269,136	67,601	-	(701,386)	-	(701,386)
Public works	2,749,438	166,909	347,307	830,066	(1,405,156)	-	(1,405,156)
Affordable housing	595,860	57,385	-	-	(538,475)	-	(538,475)
Health and welfare	31,773	-	-	-	(31,773)	-	(31,773)
Interest	84,962	-	-	-	(84,962)	-	(84,962)
Total Governmental Activities	<u>9,898,143</u>	<u>1,103,951</u>	<u>1,965,639</u>	<u>830,066</u>	<u>(5,998,487)</u>	<u>-</u>	<u>(5,998,487)</u>
Business-type activities:							
Water	669,271	913,272	23,707	183,814	-	451,522	451,522
Total Business-type Activities	<u>669,271</u>	<u>913,272</u>	<u>23,707</u>	<u>183,814</u>	<u>-</u>	<u>451,522</u>	<u>451,522</u>
Total Primary Government	<u>10,567,414</u>	<u>2,017,223</u>	<u>1,989,346</u>	<u>1,013,880</u>	<u>(5,998,487)</u>	<u>451,522</u>	<u>(5,546,965)</u>
General Revenues:							
Property tax, levied for general purposes					984,018	-	984,018
Property tax, levied for debt service					922,165	-	922,165
Specific ownership tax					95,925	-	95,925
General sales and use tax					7,009,042	-	7,009,042
Franchise tax					378,918	-	378,918
Other miscellaneous taxes					311,927	-	311,927
Investment earnings					261,466	8,243	269,709
Grants and contributions not restricted to any program					1,681,179	-	1,681,179
Gain (loss) on disposal of assets					592,946	-	592,946
Transfers					225,910	(225,910)	-
Total General Revenues, Special Items, and Transfers					<u>12,463,496</u>	<u>(217,667)</u>	<u>12,245,829</u>
Change in Net Position					<u>6,465,009</u>	<u>233,855</u>	<u>6,698,864</u>
Net Position - Beginning					<u>43,938,323</u>	<u>4,222,797</u>	<u>48,161,120</u>
Net Position - Ending					<u>50,403,332</u>	<u>4,456,652</u>	<u>54,859,984</u>

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

Town of Basalt, Colorado
Balance Sheet
Governmental Funds
December 31, 2019

	General	Conservation Trust Fund	Debt Service Fund	Total Governmental Funds
Assets:				
Cash and investments - Unrestricted	5,257,514	208,112	28,713	5,494,339
Cash and investments - Restricted	6,155,851	-	-	6,155,851
Receivables, net of allowance for uncollectible accounts	399,938	-	-	399,938
Property tax receivable	1,195,301	-	938,636	2,133,937
Due from other governments	1,549,562	-	-	1,549,562
Prepaid expenses	73,117	-	-	73,117
Total Assets	<u>14,631,283</u>	<u>208,112</u>	<u>967,349</u>	<u>15,806,744</u>
Liabilities and Fund Equity:				
Liabilities:				
Accounts payable	605,929	-	-	605,929
Accrued payroll	76,988	-	-	76,988
Accrued expenses	94,332	-	-	94,332
Deposits	262,563	-	-	262,563
Total Liabilities	<u>1,039,812</u>	<u>-</u>	<u>-</u>	<u>1,039,812</u>
Deferred inflow of resources:				
Unavailable property tax revenue	1,184,967	-	938,636	2,123,603
Unavailable revenue - other	33,971	-	-	33,971
Total deferred inflow of resources	<u>1,218,938</u>	<u>-</u>	<u>938,636</u>	<u>2,157,574</u>
Fund Balances:				
Unspendable	73,117	-	-	73,117
Spendable:				
Restricted for emergencies	310,000	-	-	310,000
Restricted for recreation	-	208,112	-	208,112
Restricted for debt service	-	-	28,713	28,713
Restricted for other items	6,155,851	-	-	6,155,851
Unassigned	5,833,565	-	-	5,833,565
Total Fund Balances	<u>12,372,533</u>	<u>208,112</u>	<u>28,713</u>	<u>12,609,358</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>14,631,283</u>	<u>208,112</u>	<u>967,349</u>	<u>15,806,744</u>

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

Town of Basalt
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
December 31, 2019

Governmental Funds Total Fund Balance	\$ 12,609,358
Add:	
Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds.	50,807,085
Deferred outflows related to pensions are reported in the statement of Net Position but not on the Town's Fund Balance Sheet	583,179
Less:	
Accumulated depreciation is not recognized in the governmental funds because capital assets are expensed at the time of acquisition.	(8,424,885)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(204,027)
Bonds payable	(4,584,000)
Lease payable	(210,091)
Net pension liability	<u>(154,906)</u>
	(5,153,024)
Accrued interest is not due and payable in the current period and not reported in the fund. This represents accrued interest on the Town's debt.	(12,102)
Deferred inflows for pensions are reported in the Statement of Net Position but not on the Town's Fund Balance Sheet.	<u>(6,279)</u>
Governmental Activities Net Position	<u><u>\$ 50,403,332</u></u>

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

Town of Basalt, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General	Conservation Trust Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Taxes	8,779,830	-	922,165	9,701,995
Licenses and permits	1,864,921	-	-	1,864,921
Intergovernmental revenue	1,812,109	24,058	-	1,836,167
Charges for services	354,316	-	-	354,316
Fines and forfeitures	22,173	-	-	22,173
Investment income	260,033	152	1,281	261,466
Donations and contributions	375	-	-	375
Miscellaneous	127,420	-	-	127,420
Total Revenues	<u>13,221,177</u>	<u>24,210</u>	<u>923,446</u>	<u>14,168,833</u>
Expenditures:				
General government	3,256,709	-	-	3,256,709
Public safety	2,121,334	-	-	2,121,334
Public works	2,122,629	-	-	2,122,629
Culture and recreation	740,186	-	-	740,186
Affordable housing	519,726	-	-	519,726
Health and welfare	24,944	-	-	24,944
Capital outlay	1,524,570	-	-	1,524,570
Debt service	105,409	-	918,365	1,023,774
Total Expenditures	<u>10,415,507</u>	<u>-</u>	<u>918,365</u>	<u>11,333,872</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,805,670</u>	<u>24,210</u>	<u>5,081</u>	<u>2,834,961</u>
Other Financing Sources (Uses):				
Sale of asset	1,626,100	-	-	1,626,100
Lease proceeds	265,000	-	-	265,000
Bond proceeds	2,200,000	-	-	2,200,000
Transfers in	225,910	-	-	225,910
Total Other Financing Sources (Uses)	<u>4,317,010</u>	<u>-</u>	<u>-</u>	<u>4,317,010</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	<u>7,122,680</u>	<u>24,210</u>	<u>5,081</u>	<u>7,151,971</u>
Fund Balances - Beginning	<u>5,249,853</u>	<u>183,902</u>	<u>23,632</u>	<u>5,457,387</u>
Fund Balances - Ending	<u><u>12,372,533</u></u>	<u><u>208,112</u></u>	<u><u>28,713</u></u>	<u><u>12,609,358</u></u>

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

Town of Basalt
Reconciliation of Revenues, Expenditures and Changes in Fund
Balances (Deficit) of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2019

Governmental Funds Changes in Fund Balances	\$ 7,151,971
Add:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capitalized assets during the year.	1,524,570
Retirement of lease principal and bonds outstanding on the Town's debt result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these as reduction against the long-term liabilities.	885,909
Contributed assets are recorded primarily on the government wide financial statements as a revenue and asset. This represents contributions of infrastructure to the Town relates to developments within the Town.	1,375,462
Less:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the depreciation expense for the year.	(988,529)
The issuance of long-term debt (e.g., certificates of participation, capital leases) provides current financial resources to governmental funds, however this transaction does not effect net position.	(2,465,000)
Changes in the Town employees' accrued compensated absences are considered changes in long-term liabilities. This is the change in accrued compensated absences decreased.	(19,392)
The Town's net pension liability is a non-current financial obligation. This represents the change in the net pension liability and related deferred inflows and outflows.	38,616
Assets disposed of prior to being fully depreciated are charged off upon disposition. This represents the assets gain on Assets solid durning the year.	(1,033,154)
Interest on long term liabilities is based upon when it due in the Statement of Activities as compared to when paid in the Governmental Fund financial statements.	<u>(5,444)</u>
Governmental Activities Change in Net Position	<u><u>\$ 6,465,009</u></u>

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

**Statement of Net Position
Proprietary Funds
December 31, 2019**

	Water Fund
Assets:	
Current assets:	
Cash and investments	678,748
Accounts receivables, net of allowance for uncollectibles	182,603
Total current assets	<u>861,351</u>
Non-current assets:	
Land	256,235
Buildings and improvements	7,133,829
Water rights	1,551,040
Machinery and equipment	332,996
Less: Accumulated depreciation	<u>(5,448,836)</u>
Total non-current assets	<u>3,825,264</u>
Total Assets	<u>4,686,615</u>
Liabilities:	
Current liabilities:	
Accounts payable	25,712
Accrued payroll	4,047
Accrued expenses	1,313
Deposits held	2,000
Non-current liabilities due within one year:	
Loans	<u>63,049</u>
Total current liabilities	<u>96,121</u>
Non-current liabilities:	
Non-Current Liabilities - due longer than one year:	
Loans	<u>133,842</u>
Total non-current liabilities	<u>133,842</u>
Total Liabilities	<u>229,963</u>
Net Position:	
Net Investment in capital assets	3,628,373
Unrestricted	<u>828,279</u>
Total Net Position	<u>4,456,652</u>

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

Town of Basalt
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Water Fund
Operating Revenue:	
Utility sales	912,021
Other revenue	19,960
Operating Revenue	<u>931,981</u>
Operating Expenses:	
Water administration	229,124
Water supply	30,810
Water treatment and transmission	131,184
Depreciation & amortization	268,858
Operating Expenses	<u>659,976</u>
Operating income (loss)	272,005
Non-Operating Revenues (Expenses):	
Interest revenue	8,243
Interest expense	(9,296)
Grants and contributions	5,000
Total Non-Operating Revenues (Expenses)	<u>3,947</u>
Income (Loss) Before Contributions and Transfers	275,952
Capital contributions	183,814
Transfers (out)	(225,910)
Change in Net Position	<u>233,856</u>
Total Net Position - Beginning	4,222,796
Total Net Position - Ending	<u><u>4,456,652</u></u>

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

Town of Basalt
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Water Fund
Cash Flows From Operating Activities:	
Cash received from customers for services	913,506
Other cash received	19,560
Cash paid for goods and services	(250,297)
Cash paid for employment services	(137,288)
Net Cash Provided (Used) by Operating Activities	<u>545,481</u>
Cash Flows From Non-Capital Financing Activities:	
Grants and contributions	5,000
Transfers (out)	(225,910)
Net Cash Provided by Non-Capital Financing Activities	<u>(220,910)</u>
Cash Flows From Capital Financing Activities:	
Tap fees and meter sales received	183,814
Purchase of fixed assets	(78,452)
Interest paid	(9,296)
Principal paid	(60,601)
Net Cash (Used) by Capital Financing Activities	<u>35,465</u>
Cash Flows From Investing Activities:	
Interest received	8,243
Net Cash Provided by Investing Activities	<u>8,243</u>
Net Increase (Decrease) in Cash and Cash Equivalents	368,279
Cash and Cash Equivalents - Beginning	310,469
Cash and Cash Equivalents - Ending	<u><u>678,748</u></u>
Reconciliation of Operating (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Operating (loss)	272,005
Adjustments to reconcile operating (loss)	
to net cash provided (used) by operating activities:	
Depreciation	268,858
(Increase) decrease in accounts receivable	1,485
Increase (decrease) in accounts payable	(515)
Increase (decrease) in deposits	(400)
Increase (decrease) in accrued wages	4,048
Total Adjustments	<u>273,476</u>
Net Cash Provided (Used) by Operating Activities	<u><u>545,481</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Town of Basalt
Notes to the Financial Statements
December 31, 2019

I. Summary of Significant Accounting Policies

The Town of Basalt began as a railroad town and was known as Aspen Junction until 1895, when the name was changed to Basalt. Basalt was officially incorporated during the summer of 1901 and adopted its Home Rule Charter during 2002. The Town operates under a Council-Manager form of government. An elected Mayor and Town Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with the Town Charter.

The Town's major operations include public safety (police and building inspection); public works (engineering and streets); culture and recreation (swimming pool, recreation department and open space); affordable housing and general administrative services.

The Town's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the Town are discussed below.

A. Reporting Entity

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 to impose specific financial burdens on, the Town. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by 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.

The accompanying financial statements present the primary government and its component units (entities for which the government is considered to be financially accountable).

Blended Component Units – Riverside BC Homeowners Association

The Town owns seven units in the Riverside BC Homeowners Association and is financially accountable. For financial reporting purposes Riverside BC Homeowners Association is shown as a blended component unit, whose transactions are reported in the Town's General Fund. The Town is the majority owner of the Riverside BC Homeowners Association. A separate financial statement for the Riverside BC Homeowners Association is not issued.

B. Government-wide and Fund Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's public safety; public works; culture and recreation; affordable housing and general administrative services are classified as governmental activities. The Town's water utility is classified as a business-type activity.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements (continued)

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts—net investment in capital assets; restricted; and unrestricted.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities (public safety, public works, water utility, etc.). The functions are also supported by general government revenues (property and sales taxes, intergovernmental revenue, fines and permits, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property and sales taxes, interest income, etc.).

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund's financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance. The Town reports the following governmental funds:

- **General Fund**

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

- **Special Revenue Fund**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The Town reports the following special revenue fund:

The *Conservation Trust Fund* accounts for revenues derived from state lottery revenues or other earmarked revenue sources which finance specific activities as required by law or administrative action.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements (continued)

- **Debt Service Fund**

The *Debt Service Fund* accounts for the collection of taxes and related payment of principal and interest on debt relating to governmental activities.

The Town reports the following proprietary or business-type funds:

- **Water Fund**

The *Water Fund* accounts for the production and sale of water to Town residents.

3. Categories and Classification of Fund Balance

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note I (C) (3) below.

4. Fund Balance Disclosure

The Town classifies governmental fund balances as follows:

Unspendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

4. Fund Balance Disclosure

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is Town Council. The Town's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Town Council platform to review, and/or make changes to each department's budget. Before year end, a budgetary committee will meet again with each department for final review and approval of preliminary budget. The Budget is then formally presented to Town Council via an advertised public process for their review, revisions and final approval by year end. All subsequent budget requests made during the year, after Town Council approval, must be presented via a public process and again approval by Town Council.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Town Council or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Town's formal minimum fund balance policy requires that the budget anticipate fund balance equal to at least thirty-three percent (33%) of budgeted unrestricted General Fund revenues for that same budget.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for the 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 non-operating revenues and expenses.

D. Financial Statement Accounts

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the Town.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash, Cash Equivalents and Investments (continued)

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The Town's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Certain Money Market Mutual Funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Prepaid expenses

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

4. Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased on the fund financial statements.

5. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflow of resources.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Capital Assets

Capital assets, which include land, buildings and other improvements, machinery and equipment, infrastructure and vehicle assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The Town defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Infrastructure, buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	15 - 50
Buildings and improvements	15 - 40
Land improvements	15 - 25
Machinery and equipment	3 - 10
Licensed vehicles	5 - 8

7. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Financial Position 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 that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. Accordingly, the Town recorded a deferred outflow for pensions. In addition to liabilities, the Statement of Financial Position 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 that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item that qualifies for reporting in this category. Accordingly, property tax revenue, deferred grant revenue, and pensions, is recorded deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

8. Compensated Absences

Earned but unused vacation benefits are accrued when incurred in the government-wide and proprietary fund financial statements. The liability for the amounts is reported in governmental funds.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet includes reconciliation between *fund balance – total governmental funds* and *net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that capital assets are recorded as assets when purchased and depreciated over the life of the assets. Net capital assets of \$42,382,200 represents capitalized costs of \$50,807,085 and accumulated depreciation of \$8,424,885.

Another element of that reconciliation states that "Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The amount of compensated absences payable is \$204,027.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes reconciliation between *net change in fund balances of governmental funds* and *changes in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense". The Town had depreciation expense of \$988,529.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end.

As required by Colorado Statutes and the Town Charter, the Town followed the required timetable noted below in preparing, approving, and enacting its budget for 2019.

1. For the 2019 budget year, prior to August 25, 2018 (revised November 30), the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries.
2. The Town Finance Director annually prepares a proposed budget, which is submitted to the Council by October 15 of each year. The proposed budget provides a complete financial plan for all Town funds and activities for the ensuing fiscal year. In organizing the budget, the Budget Officer shall utilize the most feasible combination of expenditure classification by fund, organization unit, program, purpose or activity and object. The recommended budget detailed the necessary property taxes needed along with other available revenues to meet the Town's operating requirements.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

3. Prior to December 15, 2018, a public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Council adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.
4. After adoption of the budget resolution, the Town may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2018 were collected in 2019 and taxes certified in 2019 will be collected in 2020. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

During the year the Town had the following budget amendments:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Amendment</u>
General Fund	14,213,500	14,648,542	435,042
Conservation Trust Fund	25,000	25,000	-
Debt Service Fund	918,365	918,365	-
Water Fund	879,053	879,053	-

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$310,000, which is the approximate required reserve at December 31, 2019.

On April 5, 1994 the Town's electorate approved to allow the Town to *collect and expend the full revenues generated during 1994 and each subsequent year (and to receive and expend state grants) and to receive and expend all sales tax and property tax revenues for capital projects and municipal operations without limiting in any year the amount of other revenues that may be collected and spent by the Town. Nothing herein shall permit any increase in the property tax mill levy and sales and use tax rates imposed by the Town of Basalt.*

The Gallagher Amendment requires 45% of property tax collected to come from residential property, and 55% to come from commercial property. Further, the Amendment requires that the commercial assessment rate applied to actual values be fixed at 29% with the residential assessment rate ("RAR") to be adjusted to hold the 45/55 split constant. Because of the increase in residential property values, the RAR has historically trended downward, which, in combination with TABOR's set mill levy rate, may limit the amount of property taxes the District can generate annually.

C. Gallagher Amendment

In 2017, the State Legislature lowered the RAR from 7.96% down to 7.22% for the 2018-2019 assessment period. This caused an approximately 9.3% loss of revenue for Colorado special districts, offset by increases, if any, in property values. In 2019, the State Legislature will review new values and set a new RAR to be applied in 2020-21. A publication issued by the Legislative Council Staff on April 12, 2019 states that the Division of Property Taxation estimates a RAR of 7.15% for 2019 and 2020, which would be a 1% reduction in property tax generated, assuming property values remain constant. The impact on the Town, if any, of future changes to the RAR cannot be determined at this time.

IV. Detailed Notes on All Funds

A. Deposits and Investments

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the Town's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA.

Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2019, the Town had the following recurring fair value measurements:

Investments Measured at Net Asset Value	
Colotrust	\$ 12,018,559
	<u>12,018,559</u>
Total Investments	<u>\$ 12,018,559</u>

Any items classified in Level 1 are valued using prices quoted in active markets for those securities. Any debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries and U.S. Agencies: quoted prices for identical securities in markets that are not active;
- Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices.

The Investment Pool represents investments in COLOTRUST. The fair value of the pool is determined by the pool's share price. The Town has no regulatory oversight for the pool.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the Town diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The Town coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the Town has limited its interest rate risk.

Credit Risk. State law and Town policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The Town's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The Town diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding Town funds must provide the Town with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At year end, the Town had the following cash and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	One to five years
<i>Petty cash:</i>	Not Rated	\$ 500	\$ 500	\$ -
<i>Demand Deposits:</i>				
Checking	Not Rated	309,878	309,878	-
Investment Pools	AAAm	12,018,559	12,018,559	-
Total Cash and Investments		\$ 12,328,937	\$ 12,328,937	\$ -
<i>Reconciliation to Statement of Net Position:</i>				
Cash and investments - Unrestricted		\$ 6,173,086		
Cash and investments - Restricted		6,155,851		
Total Cash and Investments		\$ 12,328,937		

B. Receivables

Receivables as of year-end for the Town's governmental funds, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Enterprise Water Fund
	General	Conservation Trust Fund	Debt Service Fund	Total	
Receivables:					
Taxes	\$ 1,195,301	\$ -	\$ 938,636	\$ 2,133,937	\$ -
Accounts and other receivable	399,938	-	-	399,938	182,603
Due from other governments	1,549,562	-	-	1,549,562	-
Gross receivables	3,144,801	-	938,636	4,083,437	182,603
Less: allowance for uncollectible	-	-	-	-	-
Net Receivables	\$ 3,144,801	\$ -	\$ 938,636	\$ 4,083,437	\$ 182,603

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. This includes property taxes levied in 2019 but not available until 2020.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	17,966,931	-	-	17,966,931
Construction in progress	-	546,485	-	546,485
Capital assets, being depreciated:				
Buildings	6,646,104	1,270,551	(1,200,000)	6,716,655
Improvements	3,003,589	19,282	-	3,022,871
Vehicles and equipment	2,337,612	369,950	(217,825)	2,489,737
Infrastructure	19,370,642	693,764	-	20,064,406
Total capital assets being depreciated	49,324,878	2,900,032	(1,417,825)	50,807,085
Less accumulated depreciation for:				
Buildings	(1,455,549)	(81,457)	188,628	(1,348,378)
Improvements	(1,091,770)	(180,285)	-	(1,272,055)
Machinery and equipment	(1,554,392)	(206,899)	196,043	(1,565,249)
Infrastructure	(3,719,316)	(519,888)	-	(4,239,203)
Total accumulated depreciation	(7,821,027)	(988,529)	384,671	(8,424,885)
Governmental Activities Capital Assets, Net	\$ 41,503,851	\$ 1,911,503	\$ (1,033,154)	\$ 42,382,200

Capital asset activity for the year ended December 31, 2019 for business-type activities was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	256,235	\$ -	\$ -	\$ 256,235
Non-depreciable Water rights	54,634	-	-	54,634
Total Capital Assets, Not Depreciated	310,869	-	-	310,869
Capital assets, being depreciated:				
Depreciable water rights	1,496,406	-	-	1,496,406
Plant and system	7,107,285	26,545	-	7,133,830
Machinery and equipment	281,086	51,909	-	332,995
Total Capital Assets Being Depreciated	8,884,777	78,454	-	8,963,231
Less accumulated depreciation for:				
Depreciable water rights	(747,556)	(17,527)	-	(765,083)
Plant and system	(4,296,409)	(197,183)	-	(4,493,592)
Machinery and equipment	(136,013)	(54,148)	-	(190,161)
Total Accumulated Depreciation	(5,179,978)	(268,858)	-	(5,448,836)
Business-type activities capital assets, net	\$ 4,015,668	\$ (190,404)	\$ -	\$ 3,825,264

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets (continued)

The Town had the following capital outlay and depreciation expense for the following functions:

	<u>Depreciation Expense</u>	<u>Capital Outlay</u>
Governmental activities:		
General government	\$ 42,798	\$ 55,403
Public safety	96,706	15,899
Culture and recreation	227,187	239,898
Public works	615,010	1,103,713
Health and welfare	6,828	-
Total - Governmental Activities	<u><u>\$ 988,529</u></u>	<u><u>\$ 1,414,913</u></u>
Business-type activities:		
Water Fund	268,858	78,454
Total - Business-type Activities	<u><u>\$ 268,858</u></u>	<u><u>\$ 78,454</u></u>

Difference between capital outlay and asset additions represent contributed assets and assets below the Town's \$5,000 capital asset addition threshold.

D. Transfers

Transfers were as follows:

	<u>In</u>	<u>Out</u>	<u>Reason</u>
<i>Governmental Funds:</i>			
General Fund	\$ 225,910	\$ -	Administration support
<i>Proprietary Funds:</i>			
Water Fund	-	(225,910)	Administration support
Total	<u><u>\$ 225,910</u></u>	<u><u>\$ (225,910)</u></u>	

E. Non-GAAP Basis

The water fund budgets on a modified accrual budgetary basis. The following schedule represents a reconciliation of expenditures on the budgetary basis to GAAP Basis:

Change in Net Position - Budgetary Basis	\$ 363,658
Reconciliation to GAAP Basis:	
Adjustments:	
Depreciation	(268,858)
Capital outlay	78,455
Debt service - Principal	60,601
Total Adjustments	<u><u>(129,802)</u></u>
Change in Net Position - GAAP Basis	<u><u>\$ 233,856</u></u>

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

F. Lines of Credit

- 1. Underpass Construction** – The Town has undertaken an unsecured line of credit with Alpine Bank for \$1,800,000 to finance construction costs relating to a Town underpass. The line of credit matured on December 31, 2018 and bears interest at a fixed rate of 3.25%. The balance on the line of credit at December 31, 2018 was \$1,353,778 and was paid in full during 2019. The line of credit was not renewed and matured December 31, 2018.
- 2. Affordable Housing** – The Town has undertaken an unsecured line of credit with Alpine Bank for \$2,000,000 to finance acquisition relating to affordable housing units. The line of credit matured on December 31, 2018 and bears interest at a fixed rate of 3.25%. The line of credit was shown as a liability of the General Fund at December 31, 2018. The balance on the line of credit at December 31, 2018 was \$1,805,037 and was paid in full during 2019. The line of credit was not renewed and matured December 31, 2018.

G. General Obligation Improvement and Refunding Bonds, Series 2013

At the 2013 Election, Town voters approved the issuance of \$5,000,000 of general obligation debt for the purpose of financing certain capital improvements. The issuance utilized \$3,070,000 to be used to primarily finance redeveloping the Pan and Fork Trailer Park area, including river restoration, floodplain mitigation, construction of park and street improvements, and site redevelopment. The remaining portion of the authorized issuance occurred with the Taxable General Obligation Bond, Series 2014.

The Town's 2013 issue also included \$2,330,000, which was used to refund the Town's outstanding Series 2011 Bonds. The Bonds bear interest at a rate of 2% to 3%, depending upon the maturity date. The bonds require interest payments semiannually and annual principal payments through December 1, 2023. The Bonds maturing on and after December 1, 2021 are subject to redemption prior to maturity at the option of the Town.

H. Taxable General Obligation Bonds, Series 2014

In 2014, the issued \$1,888,000 of taxable general obligation bonds to complete the aforementioned Pan and Fork Trailer Park area restoration project. The Bonds mature on December 1, 2021 and bear interest in at the rate of 2.7%. The bonds are subject to redemption prior to maturity at the at any time requested by the Town.

I. Certificates of Participation, Series 2019

In 2019, the issued \$2,200,000 of Certificates of Participation to voluntarily refund Town taxpayers amounts which may have been collected in violation of Article X, Section 20 of the Colorado Constitution, commonly known as the Tabor Amendment. UMB Bank is the Trustee. The certificates which allowed for the sale and leaseback of the following properties as collateral:

102 Lakeside Court (Affordable housing unit)
1400 E Valley Road (Affordable housing unit)
6101 Elk Run (Affordable housing unit)
221 Fiou Lane (Public works facility)

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

I. Certificates of Participation, Series 2019 (continued)

The certificates require principal payments on November 15th through 2029. Interest payments are required May 15th and November 15th at a rate of 2.23% per annum. The Town retains the option to redeem the certificates prior to maturity under certain conditions.

J. Colorado Water Resources and Power Development Authority Loan

On December 19, 2002 the Town entered into a loan agreement for \$948,246 with the Colorado Water Resources and Power Development Authority for the construction of a micro-filtration water treatment plant. The term of the loan requires semi-annual payments of \$35,150 for 20 years at an annual interest rate of 4%. The Loan is secured by water user rates, fees, including connection fees, and other charges from the operation of the System, after the payment of operations and maintenance expenses of the System. The Loan includes a rate covenant requiring the Town to establish, levy and collect, rents, rates and other charges sufficient, after meeting the operation and maintenance expenses of its System, to pay 110% of the debt service coming due.

The Town can prepay the Loan, in whole or in part, upon prior written notice of not less than ninety (90) days to the Authority.

K. Accrued Compensated Absences

Earned but unused compensated absence (e.g. paid time off) benefits amounted to \$204,027 at December 31, 2019. The Town determined that accrued vacation and holiday leave was not expected to be paid with General Fund currently available resources, therefore, the accrual relating to those compensated absences is reported on the Statement of Net Position.

L. Capital Lease

The Town entered into a lease agreement as a lessee for financing a street sweeper. The lease qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of future minimum payments at the inception date, \$265,000.

The future minimum lease obligations and the net present value of the minimum as of December 31, 2019, were as follows:

Governmental Activities Leases			
Year	Principal	Interest	Total
2020	50,175	6,421	56,596
2021	51,709	4,888	56,597
2022	53,289	3,307	56,596
2023	54,918	1,679	56,597
Total	\$ 210,091	\$ 16,295	\$ 226,386

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

M. Debt Schedules

The following payments relating to governmental activity debt are required as of December 31, 2019:

Year	Governmental Activities Debt		Total
	Principal	Interest	
2020	1,045,000	117,188	1,162,188
2021	1,079,000	84,046	1,163,046
2022	535,000	59,902	594,902
2023	545,000	45,469	590,469
2024	220,000	30,774	250,774
2025 - 2029	1,160,000	79,054	1,239,054
Total	\$ 4,584,000	\$ 416,433	\$ 5,000,433

The following payments relating to business-type activity debt are required as of December 31, 2019:

Year	Business-Type Activities Debt		Total
	Principal	Interest	
2020	63,049	7,251	70,300
2021	65,596	4,704	70,300
2022	68,246	2,054	70,300
Total	\$ 196,891	\$ 14,009	\$ 210,900

The Town had the following changes in debt for the year ended December 31, 2019:

	1/1/19	Additions	Deletions	12/31/19	Due within one year
Governmental Activities Debt:					
2013 G.O. Bonds	\$ 2,345,000	\$ -	\$ (550,000)	\$ 1,795,000	\$ 565,000
2014 G.O. Taxable Bonds	870,000	-	(281,000)	589,000	290,000
2019 COPs	-	2,200,000	-	2,200,000	190,000
Compensated absences	184,637	19,390	-	204,027	-
Leased asset	-	265,000	(54,909)	210,091	50,175
Net Pension Liability	-	154,906	-	154,906	-
Business Type Activities Debt:					
CWRPD Loan	257,492	-	(60,601)	196,891	63,049
Total	\$ 3,657,129	\$ 2,639,296	\$ (946,510)	\$ 5,349,915	\$ 1,158,224

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

N. Fund Balance Designations and Restrictions

The Town had the following designations and restrictions on fund balances at December 31, 2019:

	<u>General Fund</u>	<u>Conservation Trust Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Non-Spendable:				
Prepaid expenses	\$ 73,117	\$ -	\$ -	\$ 73,117
Restricted for:				
Emergencies	310,000	-	-	310,000
Recreation	-	208,112	-	208,112
Debt service	-	-	28,713	28,713
Other:				
Development infrastructure	1,623,913	-	-	1,623,913
Renewable energy mitigation	114,425	-	-	114,425
Police officer training	5,901	-	-	5,901
Victims & Police (VALE)	83,287	-	-	83,287
Arts	1,462,026	-	-	1,462,026
Child care	113,060	-	-	113,060
Tobacco education	167,407	-	-	167,407
Park dedication	618,457	-	-	618,457
Open space & trails	1,651,250	-	-	1,651,250
Community gardens	2,889	-	-	2,889
Community promotions	88,034	-	-	88,034
Community enhancement	23,418	-	-	23,418
Transportation	201,784	-	-	201,784
Total	<u><u>\$ 6,538,968</u></u>	<u><u>\$ 208,112</u></u>	<u><u>\$ 28,713</u></u>	<u><u>\$ 6,775,793</u></u>

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

O. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - FPPA Statewide Defined Benefit Plan (SDBP)

The Town's police officers participate in a Fire and Police Pension Association statewide defined benefit plan. The following provides details regarding this plan:

Plan Description - The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SDBP may include clerical and other personnel from fire Towns whose services are auxiliary to fire protection.

Contributions - Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Employees and employers are contributing at a rate of 8% and 9.5%, respectively, of base salary for a total contribution rate of 17.5% through 2017. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5% of base salary through 2015. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24% in 2022.

Benefits - On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the Plan to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension.

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. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

O. Pension asset (liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - FPPA Statewide Defined Benefit Plan (SDBP) (continued)

In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account until retirement, and the Plan may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result, their Separate Retirement Account (SRA) has two components; the standard SRA and the reentry SRA.

The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2014, the standard Separate Retirement Account contribution rate for members of the Statewide Defined Benefit Plan was set at 0 percent. The reentry Separate Retirement Account contribution rate was set at 3.60 percent.

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.

Net Pension asset (liability): At December 31, 2019, the Town reported an asset (liability) of (\$154,906) for its proportionate share of the net pension asset (liability). The Plan's fiduciary net position currently is exceeded by the total pension asset, resulting in an asset reported by the Town. The net pension asset was measured at of December 31 2018, and the total pension asset was determined by an actuarial valuation as of January 1, 2019. The Town's proportion of the net pension asset was based on the Town's contributions to the Plan for calendar year 2018, relative to the total contributions of participating employers to the Plan.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

O. Pension asset (liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - FPPA Statewide Defined Benefit Plan (continued)

At December 31, 2019, the Town's proportion was 0.12253%, as compared to 0.12496% at December 31 2018. For the year ended December 31, 2019, the Town recognized pension (revenues) expense of (\$38,616). At December 31, 2019, the Town 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
Difference between expected and actual experience	\$ 199,042	\$ 1,654
Changes of assumptions or other inputs	116,278	-
Net difference between projected and actual earnings on pension plan investments	121,857	-
Changes in proportion share	51,836	
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	4,626
Contributions subsequent to the measurement date	94,167	-
Total	<u>\$ 583,180</u>	<u>\$ 6,280</u>

Contributions subsequent to the measurement date of December 31, 2018, which are reported as deferred outflows of resources related to pensions, will be recognized as an adjustment against the net pension asset (liability) in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:	
2020	\$ 90,715
2021	65,277
2022	55,843
2023	91,282
2024	45,315
Thereafter	134,301
	<u>\$ 482,733</u>

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

O. Pension asset (liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - FPPA Statewide Defined Benefit Plan (continued)

Actuarial assumptions. The collective total pension asset (liability) and actuarially determined contributions in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2019	January 1, 2018
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Payroll, Open	Level % of Payroll, Open
Amortization Period	30 Years	30 Years
Long-term investment	7.0	7.5%
Rate of Return *		
Projected Salary Increases	4.25% to 11.25%	4.0% - 14.0%
Cost of Living Adjustments	0.0%	0.0%
* Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

O. Pension asset (liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - FPPA Statewide Defined Benefit Plan (continued)

Actuarial Assumptions (continued). The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	37%	8.0%
Equity Long/Short	9%	6.5%
Illiquid Alternatives	24%	10.0%
Fixed Income	15%	2.9%
Absolute Return	9%	5.1%
Managed Futures	4%	5.4%
Cash	2%	2.5%
Total	100%	

The discount rate used to measure the total pension liability was 7.00 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 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.

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.71 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

IV. Detailed Notes on All Funds (continued)

O. Pension asset (liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - FPPA Statewide Defined Benefit Plan (continued)

Sensitivity of the Town's proportionate share of the net pension asset (liability) to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00 percent, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Collective pension			
asset (liability)	\$ 490,270,474	\$126,427,453	\$ (175,373,752)
Proportionate share of			
net pension asset (liability)	\$ 600,709	\$ 154,906	\$ (214,879)

Pension plan fiduciary net position. Detailed information about the Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at http://www.fppaco.org/annual_reports.htm.

P. Section 457 Deferred Compensation Plan

The Town offers all its employees a deferred compensation plan created in accordance with internal revenue code Section 457. Participants may defer up to the lesser of \$11,000 or 100% of the participant's includable compensation. Participants over age 50 are eligible to contribute more than the \$11,000 limit due to a catch up provision in the plan. The Town is neither the trustee nor the administrator and has no liability under the plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen non-reimbursed emergency.

Q. Retirement Plan

The Town participates in the John Hancock investment, which is managed by the Hunter Benefits Consulting Group, Inc. (HBCG). This Plan is a qualified plan as defined by IRS Code Section 401(a). The plan provides retirement benefits through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings.

There are no unfunded past service liabilities. All full-time employees are required to participate in the plan upon the first day of the payroll period following the employee's date of hire. The Town is required to contribute 5% of employee compensation excluding overtime. The employee is required to contribute an amount equal to the Town's contribution. Employees are immediately vested in their participant contributions and become vested in employer contributions to the plan over a six-year period.

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

V. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to workers' compensation and general liability. The Town has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage. The Town is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. To address such risks, the Town is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency ("CIRSA").

CIRSA's operations are funded by contributions from member governments. Coverage is provided up to the value of property, \$1,000,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the Town may be liable for any losses in excess of this coverage, the Town does not anticipate such losses at December 31, 2019. Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

The Town's share of CIRSA's fund equity as of December 31, 2019, is:

<u>Property and Casualty Pool:</u>	<u>Town Share</u>
Cumulative Loss Fund	\$ 23,350
Cumulative Operating fund	4,739
Cumulative excess fund	18,185
Cumulative reserve fund	(5,577)
Total	<u>\$ 40,697</u>

CIRSA's combined financial information for the year ended December 31, 2019, is summarized as follows:

Assets:	
Cash and investments	\$ 35,120,192
Other assets	52,234,653
Total Assets	<u>\$ 87,354,845</u>
Total liabilities	<u>\$ 37,380,157</u>
Net position	<u>\$ 49,974,688</u>
 Total Revenues	 \$ 29,379,298
Total Expenses	(29,949,103)
Change in Net Position	<u>\$ (569,805)</u>

Town of Basalt
Notes to the Financial Statements
December 31, 2019
(continued)

V. Other Information (continued)

B. Grants

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

B. Mill Levy

The Town's electorate approved the following ballot question in 2019

Shall town of Basalt taxes be increased by not more than \$740,000 in tax collection year 2020 and by whatever additional amounts are generated annually thereafter by increasing the general operating mill levy from 2.562 mills to not more than 5.957 mills (which is the amount levied last year) for general municipal purposes of the town, including:

- public safety and police services,*
- fire and flood mitigation,*
- road maintenance, sidewalk repairs, street plowing and sweeping, and park maintenance and recreational programs;*

and shall town council be authorized to adjust the rate without further voter approval so long as the rate does not exceed 5.957 mills; and shall the town be authorized to collect, retain, and spend such revenues notwithstanding any applicable revenue or expenditure limitation imposed by article x, section 20 of the Colorado constitution or any other law?

C. Subsequent Events

The spread of COVID-19 may have operation, economic, and financial impacts on the Town. The significance and duration of the potential impacts cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

GENERAL FUND

The General Fund is the primary fund of the Town and is used to account for activities that are not accounted for in other funds.

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The *Conservation Trust Fund* accounts for lottery proceeds received from the State of Colorado that is required to be used for recreation.

PENSION INFORMATION

The Town provides additional information regarding their participation in Colorado's Fire and Police Pension Administration.

Town of Basalt
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2019
(With Comparative Actual Amounts For the Year Ended 2018)

	2019				2018
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
General property taxes	965,000	965,000	984,018	19,018	950,197
Specific ownership tax	80,000	80,000	95,925	15,925	90,462
Sales & use tax	6,425,113	6,425,113	7,009,042	583,929	6,086,425
Franchise tax	316,500	316,500	378,918	62,418	375,809
Other taxes	290,000	290,000	311,932	21,932	419,843
Total Taxes	8,076,613	8,076,613	8,779,835	703,222	7,922,736
Licenses and Permits:					
Other licenses and permits	1,158,825	1,158,825	1,864,921	706,096	2,557,021
Intergovernmental Revenue:					
Grant revenue	16,900	1,366,775	1,550,329	183,554	28,618
State highway users tax	125,000	125,000	158,933	33,933	157,598
County road and bridge	83,000	83,000	84,187	1,187	82,896
Other intergovernmental revenue	14,000	14,000	18,660	4,660	17,807
Total Intergovernmental Revenue	238,900	1,588,775	1,812,109	223,334	286,919
Charges for Services:					
Zoning and subdivision fees	15,000	15,000	11,192	(3,808)	7,783
Recreation revenue	118,600	118,600	132,444	13,844	107,849
Park dedication fees	26,564	26,564	127,911	101,347	215,618
Other charges for services	10,000	60,000	82,768	22,768	19,874
Total Charges for Services	170,164	220,164	354,315	134,151	351,124
Fines and Forfeitures:					
Traffic fines	22,750	22,750	22,173	(577)	53,946
Miscellaneous Revenue:					
Investment income	140,000	140,000	260,033	120,033	191,980
Donations and contributions	-	-	375	375	-
Other income	66,900	66,900	127,420	60,520	45,417
Total Miscellaneous Revenue	206,900	206,900	387,828	180,928	237,397
Total Revenues	9,874,152	11,274,027	13,221,181	1,947,154	11,409,143
Expenditures:					
General Government:					
Legislative	605,856	740,570	442,570	298,000	508,338
Judicial	31,250	31,250	21,900	9,350	25,908
Finance and administration	1,353,638	1,665,377	1,491,840	173,537	1,048,565
Elections	-	-	1,939	(1,939)	13,622
Planning	793,430	793,430	773,696	19,734	530,910
Municipal building facilities	320,279	320,279	277,109	43,170	304,433
Lodging	240,000	240,000	247,657	(7,657)	133,902
Total General Government	3,344,453	3,790,906	3,256,711	534,195	2,565,678

(continued on E2)

Town of Basalt
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2019
(With Comparative Actual Amounts For the Year Ended 2018)

	2019				2018
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures: (continued)					
Public Safety:					
Police	2,027,976	2,027,976	1,923,296	104,680	1,907,307
Building Inspection	196,194	196,194	198,034	(1,840)	158,339
Total Public Safety	<u>2,224,170</u>	<u>2,224,170</u>	<u>2,121,330</u>	<u>102,840</u>	<u>2,065,646</u>
Public Works:					
Engineering	65,000	65,000	3,090	61,910	37,445
Streets	431,347	431,347	440,847	(9,500)	601,746
Public works administration	262,955	262,955	263,573	(618)	286,675
Grants	-	1,348,875	1,415,120	(66,245)	789
Total Public Works	<u>759,302</u>	<u>2,108,177</u>	<u>2,122,630</u>	<u>(14,453)</u>	<u>926,655</u>
Culture and Recreation:					
Cemetery	15,000	15,000	934	14,066	189
Recreation	215,187	215,187	204,729	10,458	171,680
Swimming pool	153,150	153,150	148,362	4,788	154,035
Town sharing	-	-	-	-	31,000
Parks, open space and trails	489,485	489,485	386,162	103,323	307,491
Total Culture and Recreation	<u>872,822</u>	<u>872,822</u>	<u>740,187</u>	<u>132,635</u>	<u>664,395</u>
Affordable Housing:					
Affordable housing	479,134	529,134	519,728	9,406	209,209
Total Affordable Housing	<u>479,134</u>	<u>529,134</u>	<u>519,728</u>	<u>9,406</u>	<u>209,209</u>
Health and Welfare:					
Cigarette tax expense	50,000	50,000	24,945	25,055	12,378
Total Health and Welfare	<u>50,000</u>	<u>50,000</u>	<u>24,945</u>	<u>25,055</u>	<u>12,378</u>
Capital Outlay:					
Capital outlay and repairs	6,483,619	5,073,333	1,524,571	3,548,762	1,480,061
Total Capital Outlay	<u>6,483,619</u>	<u>5,073,333</u>	<u>1,524,571</u>	<u>3,548,762</u>	<u>1,480,061</u>
Debt Service:					
Principal	-	-	54,909	(54,909)	-
Cost of issuance	-	-	50,500	(50,500)	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>105,409</u>	<u>(105,409)</u>	<u>-</u>
Total Expenditures	<u>14,213,500</u>	<u>14,648,542</u>	<u>10,415,511</u>	<u>4,233,031</u>	<u>7,924,022</u>
 Excess (Deficiency) of Revenues over Expenditures	 (4,339,348)	 (3,374,515)	 2,805,670	 6,180,185	 3,485,121
 Other Financing Sources (Uses):					
Transfer in	225,910	225,910	225,910	-	227,506
Lease proceeds	-	-	265,000	265,000	-
Bond proceeds	-	2,160,000	2,200,000	40,000	-
Sale of assets	15,000	1,560,000	1,626,100	66,100	36,602
Total Other Financing Sources (Uses)	<u>240,910</u>	<u>3,945,910</u>	<u>4,317,010</u>	<u>371,100</u>	<u>264,108</u>
 Special Item:					
TABOR refund	-	-	-	-	(1,848,261)
 Net Change in Fund Balance	 <u>(4,098,438)</u>	 <u>571,395</u>	 7,122,680	 <u>6,551,285</u>	 1,900,968
 Fund Balance - Beginning			5,249,853		3,348,885
Fund Balance - Ending			<u>12,372,533</u>		<u>5,249,853</u>

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

Town of Basalt
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Conservation Trust Fund
For the Year Ended December 31, 2019
(With Comparative Actual Amounts For the Year Ended 2018)

	2019				2018
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Intergovernmental revenue:					
State grants	19,500	19,500	24,058	4,558	19,780
Investment income	144	144	152	8	133
Total Revenues	<u>19,644</u>	<u>19,644</u>	<u>24,210</u>	<u>4,566</u>	<u>19,913</u>
Expenditures:					
Culture and recreation:					
Capital outlay	25,000	25,000	-	25,000	-
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balance	<u>(5,356)</u>	<u>(5,356)</u>	<u>24,210</u>	<u>29,566</u>	<u>19,913</u>
Fund Balance - Beginning			<u>183,902</u>		<u>163,989</u>
Fund Balance - Ending			<u>208,112</u>		<u>183,902</u>

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

Town of Basalt, Colorado
Schedule of Town's Proportionate Share of Net Pension Asset / Liability
Fire and Police Association of Colorado
Last 10 Fiscal Years *

Defined Benefit:	2018	2017	2016	2015
Town's portion of the net pension asset	0.122526%	0.124962%	0.136713%	0.125920%
Town's proportionate share of the net pension asset (liability)	(154,906)	\$ 179,725	\$ (49,400)	\$ 2,220
Town's covered payroll	924,413	\$ 1,358,470	\$ 1,153,907	\$ 574,530
Town's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	-16.76%	13.23%	-4.28%	0.39%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	95.20%	106.30%	98.21%	100.10%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2015.

** Includes both plan sponsor and State of Colorado Supplemental Discretionary Payment

Town of Basalt
Schedule of District Contributions
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years *

Defined Benefit:	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 65,660	\$ 58,458	\$ 76,513	\$ 48,835	\$ 42,802
Contributions in relation to the statutorily required contribution	<u>(65,660)</u>	<u>(58,458)</u>	<u>(76,513)</u>	<u>(48,835)</u>	<u>(42,802)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 820,750	\$ 974,836	\$ 878,335	\$ 839,587	\$ 741,301
Contributions as a percentage of covered payroll	8.0%	8.0%	8.0%	8.0%	8.0%

* Information is only available beginning in fiscal year 2015.

** Includes both plan sponsor and State of Colorado Supplemental Discretionary Payment

**Town of Basalt
Notes to the Required Supplementary Information
December 31, 2019**

**I. Schedule of Employer's Proportionate Share of the Net Pension Liability/(Asset)
Statewide Defined Benefit Plan and Hybrid Plan**

A. Changes to assumptions or other inputs

1. Changes Since the January 1, 2016 Actuarial Valuation are as Follows:

- No changes.

2. Changes Since the January 1, 2015 Actuarial Valuation are as Follows:

- Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

3. Changes Since the January 1, 2014 Actuarial Valuation are as Follows:

- For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.

**II. Schedule of Employer's Proportionate Share of the Net Pension Liability/(Asset) –
Volunteer Pension Fund**

A. Changes of assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

II. Schedule of Employer's Proportionate Share of the Net Pension Liability/(Asset) – Volunteer Pension Fund (continued)

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.

III. Notes to the Schedule of District Contributions – Statewide Defined Benefit Plan

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms.

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

D. Notes to the Schedule of District Contributions – Volunteer Pension Fund

D. Changes to assumptions or other inputs

No changes during the years presented.

E. Changes of benefit terms.

No changes during the years presented.

F. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

SUPPLEMENTARY INFORMATION

DEBT SERVICE FUND

The *Debt Service Fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Major Enterprise Funds:

The *Water Fund* accounts for the activities of the water utility owned by the Town for the delivery of water service to the residents of Basalt. The major sources of revenue are from water user fees, which are used for operations, and from tap fees, which are used for capital improvements and are charged to new or expanded water services in the Town.

Town of Basalt
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2019
(With Comparative Actual Amounts For the Year Ended 2018)

	2019			2018
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Revenues:				
Taxes:				
Property taxes	931,000	931,000	922,165	(8,835)
Investment income	-	-	1,280	1,280
Total Revenues	931,000	931,000	923,445	(7,555)
Expenditures:				
Debt Service:				
Interest	79,765	79,765	79,519	246
Principal	831,000	831,000	831,000	-
Other	7,600	7,600	7,846	(246)
Total Expenditures	918,365	918,365	918,365	-
Excess (Deficiency) of Revenues Over Expenditures	12,635	12,635	5,080	(7,555)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing (Uses)	12,635	12,635	5,080	(7,555)
Fund Balance - Beginning			23,633	6,941
Fund Balance - Ending			28,713	23,633

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

Town of Basalt
Schedule of Revenues and Expenditures Budget (Non-GAAP Basis)
and Actual With Reconciliation to GAAP Basis
Proprietary Funds
Water Fund
For the Year Ended December 31, 2019
(With Comparative Actual Amounts For the Year Ended 2018)

	2019			2018
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Operating Revenue:				
Sales	886,252	886,252	912,021	25,769
Other revenue	20,000	20,000	19,960	(40)
Operating Revenue	<u>906,252</u>	<u>906,252</u>	<u>931,981</u>	<u>25,729</u>
Operating Expenses:				
Water administration	258,443	258,443	229,124	29,319
Water supply	204,200	204,200	109,263	94,937
Water treatment and transmission	106,500	106,500	131,184	(24,684)
Operating Expenses	<u>569,143</u>	<u>569,143</u>	<u>469,571</u>	<u>99,572</u>
Operating income (loss)	337,109	337,109	462,410	125,301
Non-Operating Revenues (Expenses):				
Interest Revenue	4,500	4,500	8,241	3,741
Debt service - principal	(68,500)	(68,500)	(60,601)	7,899
Interest expense	(15,500)	(15,500)	(9,296)	6,204
Grants and contributions	-	-	5,000	5,000
Total Non-Operating Revenues (Expenses)	<u>(79,500)</u>	<u>(79,500)</u>	<u>(56,656)</u>	<u>22,844</u>
Income (Loss) Before Contributions and Transfers	257,609	257,609	405,754	148,145
Capital contributions	81,970	81,970	183,814	101,844
Transfers (out)	(225,910)	(225,910)	(225,910)	-
Change in Net Position - Budgetary Basis	<u>113,669</u>	<u>113,669</u>	<u>363,658</u>	<u>249,989</u>
Reconciliation to GAAP Basis:				
Adjustments:				
Depreciation			(268,858)	(289,007)
Capital outlay			78,454	370,445
Debt service - Principal			60,601	58,247
Total Adjustments			<u>(129,803)</u>	<u>139,685</u>
Total Net Position - Beginning			<u>4,222,797</u>	<u>3,927,857</u>
Total Net Position - Ending			<u><u>4,456,652</u></u>	<u><u>4,222,797</u></u>

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

**ANNUAL SCHEDULE OF REVENUES AND EXPENDITURES
FOR ROADS, BRIDGES, AND STREETS**

Steps for printing your content and returning to 'Edit Mode

1. Click Ctrl + A on a Windows machine or Command + A on a Mac to select all data.
2. Right-click your mouse and select Print.
3. Confirm that print settings are correct - make sure "selection only" isn't checked.
4. Print hard copy or to PDF.
5. Click "Edit Mode" to return to modifying your data.
6. Remember to click "Save" to save any changes.

ANNUAL HIGHWAY FINANCE REPORT - CY19

Email address: jenny.aragon@basalt.net

City/County: Basalt

II - RECEIPTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Receipts from local sources

2. General Fund Appropriations:	\$	2,319,877.11
3. Other local imposts: <i>from A.3. 'Total' below)</i>	\$	95,925.27
4. Miscellaneous local receipts: <i>from A.4. 'Total' below)</i>	\$	98,782.43
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00

SubTotal: \$ 2,514,584.81

B. Private Contributions

\$ 0.00

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input

A.3. Other local imposts

a. Property Taxes and Assessments	\$	0.00
b. Other Local Imposts		
1. Sales Taxes:	\$	0.00
2. Infrastructure and Impact Fees:	\$	0.00
3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	95,925.27
Total: (a + b) carried to 'Other local imposts' above		\$ 95,925.27

A.4. Miscellaneous local receipts

Please no commas or dollar signs for the input

a. Interest on Investments:	\$	0.00
b. Traffic fines & Penalties:	\$	14,595.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	0.00
f. Charges for Services:	\$	0.00
g. Other Misc. Receipts:	\$	84,187.43
h. Other:	\$	0.00
Total: (a through h) carried to 'Misc local receipts' above		\$ 98,782.43

C. Receipts from State Government

Please no commas or dollar signs for the input

1. Highway User Taxes:	\$	158,932.94
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	18,659.59
d. Other (Specify):		
Comments: undefined	\$	0.00
e. Other (Specify):		
Comments: undefined	\$	0.00
Total: (1+3c,d,e)		\$ 177,592.53

D. Receipts from Federal Government

Please no commas or dollar signs for the input

2. Other Federal Agencies

a. Forest Service:	\$	0.00
b. FEMA:	\$	0.00
c. HUD:	\$	0.00
d. Federal Transit Administration:	\$	0.00
e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00
Total: (2a-f)	\$	0.00

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Local highway disbursements

1. Capital outlay: (from A.1.d. 'Total Capital Outlay' below)	\$	1,090,586.81
2. Maintenance:	\$	344,655.43
3. Road and street services		
a. Traffic control operations:	\$	10,204.72
b. Snow and ice removal:	\$	72,034.84
c. Other:	\$	2,775.00
4. General administration & miscellaneous	\$	17,940.85
5. Highway law enforcement and safety	\$	1,153,979.69
Total: (A. 1-5)	\$	2,692,177.34

Please no commas or dollar signs for the input

B. Debt service on local obligations

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

Please no commas or dollar signs for the input

C. Payments to State for Highways:	\$	0.00
------------------------------------	----	------

D. Payments to Toll Facilities: \$ 0.00

Total Disbursements: $(A+B+C+D)$ \$ 2,692,177.34

Please no commas or dollar signs for the input

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

Please no commas or dollar signs for the input

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 18,097.13	\$ 18,097.13
b. Engineering Costs:	\$ 0.00	\$ 83,142.70	\$ 83,142.70
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 357,583.88	\$ 357,583.88
4. System Enhancement:	\$ 0.00	\$ 631,763.10	\$ 631,763.10
5. Total Construction:			\$ 989,346.98
d. Total Capital Outlay: <i>(Lines A.1.a. + 1.b. + 1.c.5)</i>			\$ 1,090,586.81

IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

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

V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C.Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 0.00	\$ 2,692,177.34	\$ 2,692,177.34	\$ 0.00	\$ 0.00

Notes & Comments:

undefined

Please enter your name: Jenny Aragon

Please provide a telephone number where you may be reached: 970-927-4701

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STATISTICAL SECTION

This section of the Town of Basalt's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial position.

Contents

Page

Financial Trends

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

G1 - G8

Revenue Capacity

These schedules contain information to help the reader assess the Town's most significant local revenue sources; property tax, sales tax and real estate transfer tax.

G9 - G19

Debt Capacity

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

G20 - G24

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

G25 - G26

Operating Information

These schedules contain service and capital asset data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

G27 - G29

Town of Basalt, Colorado
Net Position by Component
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 19,368,810	\$ 20,994,949	\$ 21,819,133	\$ 19,463,556	\$ 18,436,209	\$ 30,729,660	\$ 26,536,086	\$ 37,316,464	\$ 38,288,851	\$ 37,588,109
Restricted	908,627	2,590,994	2,840,041	3,088,704	3,696,394	2,153,843	2,258,330	2,910,758	4,383,049	6,702,676
Unrestricted	5,359,703	3,409,646	3,403,790	7,074,020	5,157,470	4,101,995	3,708,751	684,423	1,266,423	6,112,547
Total governmental activities net position	25,637,140	26,995,589	28,062,964	29,626,280	27,290,073	36,985,498	32,503,167	40,911,645	43,938,323	50,403,332
Business-type activities										
Net investment in capital assets	2,685,263	4,330,189	4,259,817	4,186,468	4,106,749	3,965,225	3,881,505	3,605,622	3,758,179	3,628,373
Restricted	65,500	-	-	-	-	-	-	-	-	-
Unrestricted	2,251,811	405,509	555,022	474,660	413,036	231,970	285,730	322,235	464,618	828,279
Total business-type activities net position	5,002,574	4,735,698	4,814,839	4,661,128	4,519,785	4,197,195	4,167,235	3,927,857	4,222,797	4,456,652
Primary government										
Net investment in capital assets	22,054,073	25,325,138	26,078,950	23,650,024	22,542,958	34,694,885	30,417,591	40,922,086	42,047,030	41,216,482
Restricted	974,127	2,590,994	2,840,041	3,088,704	3,696,394	2,153,843	2,258,330	2,910,758	4,383,049	6,702,676
Unrestricted	7,611,514	3,815,155	3,958,812	7,548,680	5,570,506	4,333,965	3,994,481	1,006,658	1,731,041	6,940,826
Total primary government net position	\$ 30,639,714	\$ 31,731,287	\$ 32,877,803	\$ 34,287,408	\$ 31,809,858	\$ 41,182,693	\$ 36,670,402	\$ 44,839,502	\$ 48,161,120	\$ 54,859,984

SOURCE: 2017, 2018, and 2019 audited financial statements for the Town of Basalt.

Town of Basalt, Colorado
Changes in Net Position
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018 (NOTE A)	2019
Expenses:										
Governmental Activities:										
General government	\$ 1,870,866	\$ 2,050,593	\$ 2,345,304	\$ 2,870,421	\$ 3,075,790	\$ 2,586,990	\$ 3,052,082	\$ 4,421,145	\$ 2,651,745	\$ 3,213,702
Public safety	1,300,935	1,405,174	1,200,108	1,375,878	1,630,753	1,893,125	2,005,598	2,406,660	2,033,117	2,184,285
Culture and recreation	639,315	614,361	792,321	853,533	973,478	896,584	803,778	791,106	1,020,129	1,038,123
Public works	856,179	673,729	785,963	748,985	4,184,009	973,619	1,456,788	1,413,368	1,617,148	2,749,438
Affordable housing	-	-	-	-	-	-	-	182,502	239,209	595,860
Health & welfare	-	-	-	-	-	-	-	-	19,206	31,773
Interest (Included before 2018 under programs)	-	-	-	-	-	-	-	-	96,507	84,962
Total Governmental Activities	4,667,295	4,743,857	5,123,696	5,848,817	9,864,030	6,350,318	7,318,246	9,214,781	7,677,061	9,898,143
Business-type Activities:										
Water	470,130	687,776	625,654	621,517	580,130	736,885	679,690	727,911	658,689	669,271
Total Business-type Activities	470,130	687,776	625,654	621,517	580,130	736,885	679,690	727,911	658,689	669,271
Total Primary Government Expenses	5,137,425	5,431,633	5,749,350	6,470,334	10,444,160	7,087,203	7,997,936	9,942,692	8,335,750	10,567,414
Program Revenues:										
Governmental Activities:										
Charges for services:										
General government	33,900	31,215	42,545	119,807	34,484	(3,024)	58,463	489,022	85,775	69,012
Public safety	23,132	27,165	19,967	38,311	80,696	72,817	48,610	27,367	651,560	541,509
Culture and recreation	117,238	120,918	120,890	129,101	110,058	103,589	204,296	87,866	328,928	269,136
Public works	123,191	315,221	257,388	527,065	842,516	312,155	1,412,932	621,200	215,125	166,909
Affordable housing (tracked separately starting in 2019)										57,385
Operating grants and contributions	567,203	292,863	247,105	252,187	248,582	252,631	282,115	256,710	1,715,355	1,965,639
Capital grants and contributions	-	-	-	-	-	-	-	4,656,011	-	830,066
Total Governmental Activities Program Revenues	864,664	787,382	687,895	1,066,471	1,316,336	738,168	2,006,416	6,138,176	2,996,743	3,899,656
Business-type Activities:										
Charges for services:										
Water	621,270	556,267	769,254	607,562	596,664	571,347	680,241	671,421	885,481	913,272
Operating & Capital grants	3,913	49,797	97,921	31,459	21,964	14,034	193,186	19,390	288,474	207,521
Total Business-Type Activities Program Revenues	625,183	606,064	867,175	639,021	618,628	585,381	873,427	690,811	1,173,955	1,120,793
Total Primary Government Program Revenues	1,489,847	1,393,446	1,555,070	1,705,492	1,934,964	1,323,549	2,879,843	6,828,987	4,170,698	5,020,449
Net (Expense)/Revenue										
Governmental activities	(3,802,631)	(3,956,475)	(4,435,801)	(4,782,346)	(8,547,694)	(5,612,150)	(5,311,830)	(3,076,605)	(4,680,318)	(5,998,487)
Business-type activities	155,053	(81,712)	241,521	17,504	38,498	(151,504)	193,737	(37,100)	515,266	451,522
Total Primary Government Net Expense	\$ (3,647,578)	\$ (4,038,187)	\$ (4,194,280)	\$ (4,764,842)	\$ (8,509,196)	\$ (5,763,654)	\$ (5,118,093)	\$ (3,113,705)	\$ (4,165,052)	\$ (5,546,965)

NOTE A: The 2017 audited financial statements were restated during the 2018 audit. That restatement is reflected in this page of data.

SOURCE: 2017, 2018, and 2019 audited financial statements for the Town of Basalt.

Town of Basalt, Colorado
General Revenues and Expenses
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property taxes	\$ 885,718	\$ 913,882	\$ 935,876	\$ 969,753	\$ 1,018,535	\$ 1,134,619	\$ 1,409,317	\$ 1,653,296	\$ 1,901,051	\$ 1,906,183
Specific ownership taxes	29,783	26,106	28,532	37,833	36,866	62,327	53,323	88,470	90,462	95,925
Sales and use and miscellaneous taxes	3,767,485	3,749,352	3,962,863	4,633,629	4,860,077	5,544,258	5,552,073	6,120,232	6,506,268	7,009,042
Franchise and business taxes	274,488	281,290	268,704	298,270	295,321	303,208	296,818	316,301	375,809	378,918
Miscellaneous	179,760	141,896	127,057	223,462	89,348	258,776	305,622	345,289	-	311,927
Unrestricted investment earnings	24,779	16,030	17,016	11,070	11,230	3,736	46,365	96,302	194,044	261,466
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	317,463	1,681,179
Sale of capital assets	2,107	-	-	-	-	630,395	-	-	(57,346)	592,946
Transfers	190,000	186,368	163,128	171,645	180,227	171,645	225,910	225,910	227,506	225,910
TABOR Refund, Special Item	-	-	-	-	-	-	-	-	(1,848,261)	-
2017 Audit Other restatements (NOTE A)	-	-	-	-	-	-	-	2,639,285	-	-
Total General Revenues and Transfers	<u>\$ 5,354,120</u>	<u>\$ 5,314,924</u>	<u>\$ 5,503,176</u>	<u>\$ 6,345,662</u>	<u>\$ 6,491,604</u>	<u>\$ 8,108,964</u>	<u>\$ 7,889,428</u>	<u>\$ 11,485,085</u>	<u>\$ 7,706,996</u>	<u>\$ 12,463,496</u>
Business-type Activities:										
Unrestricted investment earnings	3,501	1,204	748	430	386	589	2,183	3,802	7,180	8,243
Transfers	(190,000)	(186,368)	(163,128)	(171,645)	(180,227)	(171,645)	(225,910)	(225,910)	(227,506)	(225,910)
Total Business-type Activities	<u>(186,499)</u>	<u>(185,164)</u>	<u>(162,380)</u>	<u>(171,215)</u>	<u>(179,841)</u>	<u>(171,056)</u>	<u>(223,727)</u>	<u>(222,108)</u>	<u>(220,326)</u>	<u>(217,667)</u>
Total Primary Government Revenues	<u>5,167,621</u>	<u>5,129,760</u>	<u>5,340,796</u>	<u>6,174,447</u>	<u>6,311,763</u>	<u>7,937,908</u>	<u>7,665,701</u>	<u>11,262,977</u>	<u>7,486,670</u>	<u>12,245,829</u>
Change in Net Position										
Governmental activities	1,551,489	1,358,449	1,067,375	1,563,316	(2,056,090)	2,496,814	2,577,598	8,408,480	3,026,678	6,465,009
Business-type activities	(31,446)	(266,876)	79,141	(153,711)	(141,343)	(322,560)	(29,990)	(259,208)	294,940	233,855
Total Change in Net Position	<u>\$ 1,520,043</u>	<u>\$ 1,091,573</u>	<u>\$ 1,146,516</u>	<u>\$ 1,409,605</u>	<u>\$ (2,197,433)</u>	<u>\$ 2,174,254</u>	<u>\$ 2,547,608</u>	<u>\$ 8,149,272</u>	<u>\$ 3,321,618</u>	<u>\$ 6,698,864</u>

NOTE A: The 2017 audited financial statements were restated as a part of the 2018 audit. However, the Statement of Activities was not restated by line item for that year, which is why most of the restated amount is listed on one line.

SOURCE: 2017, 2018, and 2019 audited financial statements for the Town of Basalt.

Town of Basalt
Fund Balance of Governmental Funds
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017 (NOTE A)	2018	2019
General Fund										
Restricted:										
Emergency Reserves	148,429	148,429	148,429	397,092	247,100	324,000	324,000	461,500	250,000	310,000
Open space and trails	-	737,157	1,202,542	1,202,542	1,887,449	2,021,027	1,171,514	-	321,423	1,651,249
Parks	-	262,228	254,728	254,728	266,488	166,488	262,728	274,928	490,546	618,457
Transportation	-	108,778	108,778	108,778	21,433	23,238	135,224	150,484	245,568	201,784
Willits RETAs	-	744,576	567,114	567,114	666,995	713,640	1,130,973	1,204,253	1,240,575	1,902,274
Highway and streets	-	330,997	330,997	330,997	330,997	330,997	343,431	447,658	327,513	916,397
Traffic enforcement	-	112,672	112,672	112,672	-	-	-	-	-	-
Other Projects	-	146,157	114,781	114,781	275,932	(1,425,547)	(1,109,540)	371,935	1,299,889	865,691
Unspendable	760,198	-	-	-	-	-	-	-	6,138	73,117
Unreserved/ Unassigned	5,168,692	3,134,031	3,156,977	4,598,842	3,714,368	3,820,722	3,444,244	438,127	1,068,201	5,833,564
Total General Fund	<u>6,077,319</u>	<u>5,725,025</u>	<u>5,997,018</u>	<u>7,687,546</u>	<u>7,410,762</u>	<u>5,974,565</u>	<u>5,702,574</u>	<u>3,348,885</u>	<u>5,249,853</u>	<u>12,372,533</u>
Bond Fund										
Restricted for Debt service payments	-	290,218	259,072	2,471,956	1,428,914	60,121	(3,424)	6,941	23,633	28,713
Unassigned	266,807	-	-	-	-	-	-	-	-	-
Total Bond Fund	<u>266,807</u>	<u>290,218</u>	<u>259,072</u>	<u>2,471,956</u>	<u>1,428,914</u>	<u>60,121</u>	<u>(3,424)</u>	<u>6,941</u>	<u>23,633</u>	<u>28,713</u>
All other Governmental Funds										
Restricted for Parks and recreation	29,850	45,317	64,649	85,370	103,930	122,449	144,337	163,989	183,902	208,112
Total All other Governmental Funds	<u>29,850</u>	<u>45,317</u>	<u>64,649</u>	<u>85,370</u>	<u>103,930</u>	<u>122,449</u>	<u>144,337</u>	<u>163,989</u>	<u>183,902</u>	<u>208,112</u>
Total Governmental Funds										
Restricted	148,429	483,964	472,150	2,954,418	1,779,944	506,570	464,913	632,430	457,535	546,825
Committed	-	2,442,565	2,691,612	2,691,612	3,449,294	1,829,843	1,934,330	2,449,258	3,931,652	6,228,969
Assigned	760,198	-	-	-	-	-	-	-	-	-
Unassigned	5,465,349	3,134,031	3,156,977	4,598,842	3,714,368	3,820,722	3,444,244	438,127	1,068,201	5,833,564
Total Governmental Fund Balance	<u>6,373,976</u>	<u>6,060,560</u>	<u>6,320,739</u>	<u>10,244,872</u>	<u>8,943,606</u>	<u>6,157,135</u>	<u>5,843,487</u>	<u>3,519,815</u>	<u>5,457,388</u>	<u>12,609,358</u>

Beginning with Fiscal year 2011, the Town Implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions".

NOTE A: The 2017 audit was restated to record the lines of credit as short-term liabilities, which had an affect on the balances for 2017. Additionally, other restatements were made to various committed accounts for this year.

SOURCE: 2017, 2018, and 2019 audited financial statements for the Town of Basalt.

Town Of Basalt
Changes in Fund Balances, Governmental and Water Funds
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017 (NOTE A)	2018	2019
Governmental Funds										
Revenues by Source										
Taxes	\$ 4,957,474	\$ 4,970,630	\$ 5,195,975	\$ 5,939,485	\$ 6,210,799	\$ 6,569,424	\$ 7,311,531	\$ 8,178,299	\$ 8,873,590	\$ 9,701,995
Licenses and permits	170,514	365,893	302,729	630,175	895,861	493,146	1,670,294	918,045	2,557,021	1,864,921
Intergovernmental revenues	567,203	292,863	247,105	252,187	248,582	252,631	282,115	4,912,721	306,700	1,836,167
Charges for Services	142,579	142,282	159,932	251,590	130,071	98,337	250,170	546,430	351,124	354,316
Fines & forfeitures	23,132	27,165	19,967	38,311	80,696	72,817	48,610	27,367	53,946	22,173
Miscellaneous revenue	165,775	117,105	102,235	128,739	61,704	83,745	107,214	175,204	239,461	389,261
Total revenues	6,026,677	5,915,938	6,027,943	7,240,487	7,627,713	7,570,100	9,669,934	14,758,066	12,381,842	14,168,833
Expenditures by Function										
General government	2,120,610	1,698,894	2,018,205	2,736,883	2,912,037	5,363,659	3,057,908	3,596,204	2,565,678	3,275,991
Public Safety	1,364,724	1,329,082	1,136,145	1,330,287	1,782,516	1,985,952	1,914,639	2,306,109	2,065,646	2,121,334
Culture and recreation	624,747	659,287	687,756	836,798	942,847	808,732	772,061	752,753	664,395	740,186
Public works	743,386	1,085,327	1,150,286	1,469,874	4,023,144	1,403,356	1,186,992	1,076,748	926,655	2,122,629
Affordable housing (NOTE B)	-	-	-	-	-	-	-	182,502	209,209	519,726
Health and welfare	-	-	-	-	-	-	-	-	12,378	24,944
Capital outlay	918,240	1,222,916	588,537	31,388	555,582	888,265	2,159,802	8,348,287	1,480,061	1,505,288
Debt Service payments (NOTE C)										
Debt Service principal	385,247	352,980	293,969	231,969	564,393	676,053	939,196	808,418	818,000	831,000
Debt service interest	73,380	67,234	55,994	44,185	107,504	128,772	178,894	153,984	98,036	171,274
Debt service fees	-	-	-	-	-	-	-	-	20,057	21,500
Total expenditures	6,230,334	6,415,720	5,930,892	6,681,384	10,888,023	11,254,789	10,209,492	17,225,005	8,860,115	11,333,872
Excess (deficiency) of revenues over expenditures	(203,657)	(499,782)	97,051	559,103	(3,260,310)	(3,684,689)	(539,558)	(2,466,939)	3,521,727	2,834,961
Other financing sources (uses)										
Bond proceeds	-	-	-	-	1,888,000	(1,968,793)	-	-	-	2,200,000
Underwriter discount	-	-	-	-	(6,891)	-	-	-	-	-
Lease proceeds	-	-	-	-	177,825	-	-	-	-	265,000
Sale of Assets	2,107	-	-	-	-	640,276	-	-	36,601	1,626,100
Loan proceeds	-	-	-	3,193,386	-	1,500,000	-	3,892,936	-	-
TABOR Refund	-	-	-	-	-	-	-	-	(1,848,261)	-
Operating Transfers in (out)	190,000	186,368	163,128	171,645	180,227	171,645	225,910	225,910	227,506	225,910
Total other financing sources (uses)	192,107	186,368	163,128	3,365,031	2,239,161	343,128	225,910	4,118,846	(1,584,154)	4,317,010
Total Change in Fund Balance	(11,550)	(313,414)	260,179	3,924,134	(1,021,149)	(3,341,561)	(313,648)	1,651,907	1,937,573	7,151,971
Ratio of Total debt service expenditures to noncapital expenditures	9%	9%	7%	4%	7%	8%	16%	12%	15%	12%

Town Of Basalt
Changes in Fund Balances, Governmental and Water Funds
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017 (NOTE A)	2018	2019
Enterprise Funds - Water										
Revenue										
User Charges	590,374	554,198	624,979	584,749	575,891	542,502	660,189	669,309	885,481	912,020
Other Revenue	30,896	2,069	144,275	22,813	20,773	28,845	20,052	19,204	273,706	19,960
Total Revenues	<u>621,270</u>	<u>556,267</u>	<u>769,254</u>	<u>607,562</u>	<u>596,664</u>	<u>571,347</u>	<u>680,241</u>	<u>688,513</u>	<u>1,159,187</u>	<u>931,980</u>
Expenses										
Personnel Services	103,553	167,673	180,026	176,367	136,737	181,136	191,480	195,008	171,449	188,103
Contractual services	53,425	41,093	39,622	40,474	58,646	60,528	45,406	69,391	40,294	48,311
Utilities	23,455	22,115	26,709	28,882	25,445	34,462	29,344	29,552	25,291	27,416
Repairs and Maintenance	15,813	13,377	32,290	29,921	4,617	88,667	54,699	21,196	66,289	67,628
Other supplies and expenses	45,111	155,084	43,512	48,261	63,941	71,211	74,974	46,623	52,758	59,658
Depreciation	197,607	259,139	275,630	275,095	262,960	270,630	265,798	267,195	289,007	268,858
Total Expenses	<u>438,964</u>	<u>658,481</u>	<u>597,789</u>	<u>599,000</u>	<u>552,346</u>	<u>706,634</u>	<u>661,701</u>	<u>628,965</u>	<u>645,088</u>	<u>659,974</u>
Net income (loss) from operations	<u>182,306</u>	<u>(102,214)</u>	<u>171,465</u>	<u>8,562</u>	<u>44,318</u>	<u>(135,287)</u>	<u>18,540</u>	<u>59,548</u>	<u>514,099</u>	<u>272,006</u>
Non-operating revenue (expense)										
Interest revenue	3,501	1,204	748	430	386	589	2,183	3,802	7,180	8,241
Interest expense	(31,166)	(29,295)	(27,865)	(22,517)	(27,784)	(30,251)	(17,989)	(15,087)	(13,601)	(9,296)
Grants	-	48,180	70,845	-	-	-	-	-	-	5,000
Total non-operating revenue (expense)	<u>(27,665)</u>	<u>20,089</u>	<u>43,728</u>	<u>(22,087)</u>	<u>(27,398)</u>	<u>(29,662)</u>	<u>(15,806)</u>	<u>(11,285)</u>	<u>(6,421)</u>	<u>3,945</u>
General Fund	(190,000)	(186,368)	(163,128)	(171,645)	(180,227)	(171,645)	(225,910)	(225,910)	(227,506)	(225,910)
Capital Contributions Tap Fees	3,913	1,617	27,076	31,459	21,964	14,034	193,186	18,990	14,768	183,814
Change in Net Position	<u>\$ (31,446)</u>	<u>\$ (266,876)</u>	<u>\$ 79,141</u>	<u>\$ (153,711)</u>	<u>\$ (141,343)</u>	<u>\$ (322,560)</u>	<u>\$ (29,990)</u>	<u>\$ (158,657)</u>	<u>\$ 294,940</u>	<u>\$ 233,855</u>

NOTE A: The 2017 financial information has not been restated in this analysis.

NOTE B: Affordable housing was included in Public works prior to 2017, and not broken out separately.

NOTE C: The Town's beginning general fund balances for the year ended December 31, 2018, were amended to reflect prior period adjustments. Details on the prior period adjustments can be found in Note V. E. in the Notes to the 2018 Financial Statements.

SOURCE: 2017, 2018, and 2019 audited financial statements for the Town of Basalt.

Town of Basalt, Colorado
History of General Fund Revenues, Expenditures, and Changes in Fund Balance
Last Ten Years

	2010	2011 (NOTE A)	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Taxes	\$ 4,656,617	\$ 4,678,057	\$ 4,915,828	\$ 5,663,331	\$ 5,928,181	\$ 6,569,424	\$ 6,749,096	\$ 7,262,441	\$ 7,922,736	\$ 8,779,835
Licenses, permits, & fees	170,514	365,893	302,729	630,175	895,861	493,146	1,670,294	918,045	2,557,021	1,864,921
Intergovernmental	552,691	277,402	227,787	231,471	230,029	234,123	260,268	237,128	286,919	1,812,109
Charges for services	142,579	142,282	159,932	251,590	130,071	98,337	250,170	138,967	351,124	354,315
Fines & forfeitures	23,132	27,165	19,967	38,311	80,696	72,817	48,610	27,367	53,946	22,173
Miscellaneous	145,782	97,515	82,264	108,929	55,094	83,734	107,160	150,137	237,397	387,828
Total Revenues	5,691,315	5,588,314	5,708,507	6,923,807	7,319,932	7,551,581	9,085,598	8,734,085	11,409,143	13,221,181
Expenditures:										
General government	2,110,829	1,687,148	2,009,123	2,472,536	2,866,239	5,363,659	3,048,490	2,983,427	2,565,678	3,275,993
Public safety	1,364,724	1,329,082	1,136,145	1,330,287	1,782,516	1,985,952	1,914,639	2,302,419	2,065,646	2,121,330
Public works	743,386	1,085,327	1,108,265	733,915	1,122,417	1,403,356	1,188,992	1,018,637	926,655	2,122,630
Culture and recreation	624,747	659,287	687,756	836,798	942,847	808,732	772,061	698,310	664,395	740,187
Affordable Housing (NOTE B)	-	-	-	-	-	-	-	149,120	209,209	519,728
Health & welfare (NOTE C)	-	-	-	-	-	-	-	-	12,378	24,945
Debt service payments	166,852	143,215	69,816	-	405,050	249,735	499,515	-	-	105,409
Capital Outlay	918,240	1,222,916	588,537	31,388	555,582	888,265	2,159,802	4,479,592	1,480,061	1,505,289
Total Expenditures	5,928,778	6,126,975	5,599,642	5,404,924	7,674,651	10,699,699	9,583,499	11,631,505	7,924,022	10,415,511
Excess (Deficiency) of Revenues Over Expenditures	(237,463)	(538,661)	108,865	1,518,883	(354,719)	(3,148,118)	(497,901)	(2,897,420)	3,485,121	2,805,670
Other Financing Sources (Uses):										
Proceeds from sale of assets	2,107	-	-	-	-	-	-	24,975	36,602	1,626,100
Loan proceeds/lines of credit and trade-ins	-	-	-	-	177,825	1,540,276	-	3,892,937	-	2,465,000
Transfers in	177,476	186,367	163,128	171,645	180,227	171,645	225,910	633,374	227,506	225,910
Total Other Financing Sources (Uses)	179,583	186,367	163,128	171,645	358,052	1,711,921	225,910	4,551,286	264,108	4,317,010
Net Change in Fund Balances	(57,880)	(352,294)	271,993	1,690,528	3,333	(1,436,197)	(271,991)	1,653,866	3,749,229	7,122,680
Fund Balances - Beginning	6,135,199	6,077,319	5,725,025	5,997,018	7,687,546	7,410,762	5,974,565	5,702,574	3,348,885	5,249,853
TABOR refund (special item)	-	-	-	-	-	-	-	-	(1,848,261)	-
Residual transfer/Restatements	-	-	-	-	(280,117)	-	-	(4,007,555)	-	-
Fund Balances - Ending	\$ 6,077,319	\$ 5,725,025	\$ 5,997,018	\$ 7,687,546	\$ 7,410,762	\$ 5,974,565	\$ 5,702,574	\$ 3,348,885	\$ 5,249,853	\$ 12,372,533

NOTE A: The Town's beginning fund balance for the year ended December 31, 2011, was restated to reflect a change in accounting practice pursuant to GASB 54.

NOTE B: Affordable housing was added to this schedule for 2017. Prior to that, it was not broken out separately.

NOTE C: Health & welfare was added to this schedule for 2018, which is the year that the Town approved a tobacco tax restricted for health and welfare.

SOURCE: Town of Basalt Audited Financial Statements.

Town of Basalt, Colorado
History of Water Enterprise Fund Revenues, Expenses, and Changes in Fund Net Position
Last Ten Years

	2010	2011 (NOTE A)	2012	2013	2014	2015	2016	2017 (NOTE B)	2018	2019
Revenues:										
User charges	\$ 590,374	\$ 554,198	\$ 624,979	\$ 584,749	\$ 575,891	\$ 542,502	\$ 660,189	\$ 671,421	\$ 884,542	\$ 912,020
Grants	-	48,180	70,845	-	-	-	-	-	-	5,000
Other revenues	30,896	2,069	144,275	22,813	20,773	28,845	20,052	16,692	15,707	19,960
Investment earnings (losses)	3,501	1,204	748	430	386	589	2,183	3,802	7,180	8,241
Total Revenues	624,771	605,651	840,847	607,992	597,050	571,936	682,424	691,915	907,429	945,221
Expenses:										
Operating:										
Personnel services	103,553	167,673	180,026	176,367	136,737	181,136	191,480	195,008	171,449	188,103
General operations	59,385	39,225	50,550	51,974	67,620	72,933	60,800	76,429	51,182	41,021
Water line expenses	33,279	33,311	34,992	29,819	17,296	67,801	36,545	40,116	45,999	94,247
Water rights & utilities for source of water	22,647	12,716	9,437	10,036	12,165	10,081	40,272	23,213	36,674	30,808
Water treatment expenses	22,493	21,709	29,598	39,860	24,027	58,843	63,238	27,004	50,777	36,938
Capital expenses:										
Property, plant, and equipment	565,896	1,974,507	166,136	29,813	147,107	111,209	120,043	-	370,445	78,454
Debt service:										
Debt service	83,420	83,562	84,542	70,300	98,771	93,388	83,562	83,562	71,848	69,897
Total Expenses	890,673	2,332,703	555,281	408,169	503,723	595,391	595,940	445,332	798,374	539,468
Income (Loss) Before Contributions and Transfers	(265,902)	(1,727,052)	285,566	199,823	93,327	(23,455)	86,484	246,583	109,055	405,753
Capital contributions	3,913	1,617	27,076	31,459	21,964	14,034	193,186	19,390	273,706	183,814
Other per audit	-	(124,708)	(17,556)	(15,848)	(31,542)	(45,210)	(3,568)	(12,246)	-	-
Transfers out	(190,000)	(186,368)	(163,128)	(171,645)	(180,227)	(171,645)	(225,910)	(225,910)	(227,506)	(225,910)
Change in Net Position - Budget Basis	(451,989)	(2,036,511)	131,958	43,789	(96,478)	(226,276)	50,192	27,817	155,255	363,657
Reconciliation to GAAP Basis:										
Debt principal payments	52,254	54,267	56,677	47,783	70,987	63,137	65,573	-	58,247	60,601
Capitalized expenses	565,896	1,974,507	166,136	29,813	147,107	111,209	120,043	-	370,445	78,454
Depreciation	(197,607)	(259,139)	(275,630)	(275,095)	(262,960)	(270,630)	(265,798)	(267,195)	(289,007)	(268,858)
Change in Net Position - GAAP Basis	(31,446)	(266,876)	79,141	(153,710)	(141,344)	(322,560)	(29,990)	(239,378)	294,940	233,854
Net Position - Beginning	5,064,020	5,032,574	4,735,698	4,814,839	4,661,129	4,519,785	4,197,225	4,167,235	3,927,857	4,222,797
Residual transfer/Restatements (NOTE C)	-	(30,000)	-	-	-	-	-	-	-	-
Net Position - Ending	\$ 5,032,574	\$ 4,735,698	\$ 4,814,839	\$ 4,661,129	\$ 4,519,785	\$ 4,197,225	\$ 4,167,235	\$ 3,927,857	\$ 4,222,797	\$ 4,456,651

NOTE A: The Town's beginning fund balance for the year ended December 31, 2011, was restated to reflect a change in accounting practice pursuant to GASB 54.

NOTE B: The audit for 2017 was restated due to the start of new auditors hired by the Town. The "reconciliation GAAP basis" was also added to the financials at that time.

NOTE C: These numbers reflect the difference that was due to a change in reporting/inconsistencies in records. Starting in 2017, the financial information was put in a different format.

SOURCE: Town of Basalt Audited Financial Statements & Caselle Financial Records.

Town of Basalt, Colorado
Assessed Value and Actual Value of Taxable Property
Last Ten Years

Fiscal Year Ended December 31 (NOTE A)	Valuation Base Year (NOTE B)	Residential Property Assessment Rate (NOTE C)	Residential Property	Commercial/ Industrial Property	Vacant Land	Agricultural	State Assessed	Other Property	Tax-exempt Property	Assessed Value (Excludes Tax- exempt)	Estimated Actual Value	Taxable Assessed Value as a Percentage of Estimated Actual Taxable Value	Total Direct Tax Rate
2010	2008	7.96%	\$ 113,799,690	\$ 95,417,870	\$ 15,481,490	\$ 92,620	\$ 1,779,450	\$ -	\$ 18,257,900	\$ 226,571,120	\$ 1,882,818,310	12.03%	4.066
2011	2010	7.96%	72,833,230	70,749,190	7,182,740	94,210	1,538,190	-	10,740,810	152,397,560	\$ 1,227,551,110	12.41%	6.139
2012	2010	7.96%	72,277,310	71,278,910	7,301,950	94,120	1,556,480	-	11,116,240	152,508,770	\$ 1,224,740,220	12.45%	6.386
2013	2012	7.96%	61,782,250	64,328,130	6,198,720	113,390	1,684,080	745,950	14,338,261	134,852,520	\$ 1,028,004,644	13.12%	7.560
2014	2012	7.96%	62,197,330	66,818,810	5,383,450	113,390	1,771,530	-	19,713,900	136,284,510	\$ 1,106,676,890	12.31%	9.881
2015	2014	7.96%	72,899,025	70,669,065	5,831,035	118,865	1,658,740	1,823,990	20,065,329	153,000,720	\$ 1,244,044,067	12.30%	9.158
2016	2014	7.96%	79,138,270	70,567,820	5,965,380	105,820	1,839,290	-	20,994,530	157,616,580	\$ 1,341,841,550	11.75%	11.591
2017	2016	7.20%	84,015,800	77,010,000	5,463,350	124,340	1,633,400	680,920	23,167,430	168,927,810	\$ 1,460,083,490	11.57%	11.588
2018	2016	7.20%	85,023,040	77,440,710	5,919,370	124,310	1,350,450	-	23,231,970	169,857,880	\$ 1,567,398,220	10.84%	11.563
2019	2018	7.15%	93,855,510	86,432,930	10,333,120	99,440	1,425,810	-	27,509,400	192,146,810	\$ 1,767,734,020	10.87%	11.052

NOTE A: Property taxes levied on the valuation for the year indicated are collected in the following year.

NOTE B: Actual value is reappraised biennially from sales that occurred in the 24 month period ending June 30 of the indicated valuation base year.

NOTE C: Residential property is assessed based on the actual value as indicated. All other property is assessed at 29% of actual value, except oil and gas production, which is assessed at 87.5%.

For more information, visit <https://cdola.colorado.gov/residential-assessment-rate>

SOURCE: 2018 Audited Financial Statements and Eagle/Pitkin Counties.

Town of Basalt, Colorado
Direct and Overlapping Property Tax Rates
Last Ten Years
(rate per \$1,000 of assessed value)

Tax Year	General Fund	Bond Mill Levy	Refund / Abatements	Total Direct Tax Rate
2010	2.742	1.324	-	4.066
2011	4.301	1.838	-	6.139
2012	4.549	1.837	-	6.386
2013	5.464	2.096	-	7.560
2014	5.761	4.120	-	9.881
2015	5.480	3.678	-	9.158
2016	5.810	5.781	-	11.591
2017	5.792	5.796	-	11.588
2018	5.957	5.593	0.013	11.563
2019	5.957	4.885	0.210	11.052

Tax Year	Overlapping Rates												
	Eagle County	Colorado Mountain College	RE-1 School District	Basalt & Rural Fire	Basalt Regional Library	Basalt Sanitation	Basalt Water Cons. Distr.	Colo. River Water Cons.	Crown Mountain Park	Roaring Fork Transit Authority	Pitkin County	Basalt Fire Protection	Aspen Valley Hospital
2010	8.499	3.997	30.992	5.464	4.510	1.904	0.044	0.188	1.925	-	7.511	8.745	2.606
2011	8.499	3.997	39.589	5.772	4.520	2.706	0.044	0.228	2.380	-	7.511	8.745	2.606
2012	8.499	3.997	38.388	8.857	4.760	2.716	0.044	0.242	2.283	-	7.511	8.745	2.606
2013	8.499	3.997	42.445	8.981	5.000	3.041	0.044	0.254	2.494	-	7.511	8.745	2.606
2014	8.499	3.997	42.149	8.962	5.000	2.998	0.044	0.253	2.458	-	7.511	8.745	2.606
2015	8.499	3.997	46.300	9.102	5.000	3.125	0.039	0.243	2.283	-	7.511	8.745	2.606
2016	8.499	3.997	45.245	8.892	5.938	2.770	0.039	0.253	2.256	-	7.511	8.745	2.606
2017	8.499	3.997	44.038	8.852	5.910	2.767	0.039	0.254	2.212	-	7.511	8.745	2.606
2018	8.499	3.997	44.041	8.848	5.890	2.669	0.039	0.256	4.126	2.249	7.511	8.745	2.606
2019	8.499	4.013	42.903	8.981	5.882	2.598	0.036	0.235	4.011	2.650	7.511	8.745	2.606

Source: Pitkin County & Eagle County /website, Levy Matrix.

TOWN OF BASALT
Property Tax Levies and Collections
Last Ten Years

Fiscal Year Ended 12/31	Collected within the Fiscal Year following the Levy			Collections in Subsequent Years	Total Collections to Date	
	Taxes Levied for the Fiscal Year	Amount Collected	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 921,266	913,882	99.20%	\$ -	\$ 913,882	99.20%
2011	935,631	930,020	99.40%	-	930,020	99.40%
2012	969,972	969,753	99.98%	-	969,753	99.98%
2013	1,019,460	1,018,535	99.91%	2	1,018,537	99.91%
2014	1,344,380	1,323,152	98.42%	11,404	1,334,556	99.27%
2015	1,400,982	1,399,316	99.88%	-	1,399,316	99.88%
2016	1,832,973	1,653,296	90.20%	475	1,653,771	90.22%
2017	1,931,020	1,901,051	98.45%	1,109	1,902,160	98.51%
2018	1,963,720	1,904,980	97.01%	-	1,904,980	97.01%

**Town of Basalt, Colorado
Principal Property Taxpayers
Current Year and Ten Years Ago**

EAGLE COUNTY

Taxpayer	2019			2010		
	Assessed Value	Rank	% of Total Town Assessed Value	Assessed Value	Rank	% of Total Town Assessed Value
TKG WILLITS TOWN CENTER LLC	\$ 4,651,020	1	2.42%			
WILLITS BLOCK 12 LLC	4,510,700	2	2.35%			
WILLITS TOWN CENTER LLC	3,337,260	3	1.74%			
DILLON REALESTATE CO INC	3,204,730	4	1.67%	2,735,030	3	1.77%
TKG-STORAGEMART PTNRS PORTF. LLC	2,675,710	5	1.39%	1,934,880	4	1.25%
ASPEN SKIING COMPANY LLC	2,663,590	6	1.39%			
VALLEY VIEW HOSPITAL ASSOCIATION	1,888,720	7	0.98%			
BASALT TRADE ASSOCIATES LLC	1,871,060	8	0.97%			
DISCOVERY PLACE INVESTMENTS LTD	1,269,650	9	0.66%			
KEELTY DEV LLC	974,560	10	0.51%	1,429,530	7	0.93%
SPECIAL SERVICES ASSET MGT. CO.				3,183,540	1	2.06%
RIVERSIDE PLAZA LOT BC				2,905,080	2	1.88%
KNAPP, MICHAEL P., SR - IDEVCO INC				1,725,520	5	1.12%
SENIOR COMFORT CORP				1,474,940	6	0.96%
MECA HOLDINGS				1,361,220	8	0.88%
BOB & SUE PIETRZAK LLC				1,308,630	9	0.85%
GREEN DRAKE BASALT LLC				1,199,700	10	0.78%

SOURCE: Eagle County and Pitkin County Assessor's Office.

**Town of Basalt, Colorado
Principal Property Taxpayers
Current Year and Ten Years Ago**

PITKIN COUNTY

Taxpayer	2019			2010		
	Assessed Value	Rank	% of Total Town Assessed Value	Assessed Value	Rank	% of Total Town Assessed Value
ROARING FORK CLUB CABIN OPER.	\$ 4,035,220	1	7.0%	\$ 4,470,420	2	6.18%
ROARING FOR CLUB LLC	3,373,900	2	5.8%	6,062,050	1	8.39%
NORTHFORK LLC	2,563,720	3	4.4%			
MYERS REAL ESTATE HOLDINGS LLC	1,387,650	4	2.4%	1,508,580	5	2.09%
BASALT CENTER LLC	776,590	5	1.3%	1,634,700	4	2.26%
DD BUILDINGS LLC	772,760	6	1.3%			
DAVIDCO LLC	649,120	7	1.1%			
SOUTH SIDE DRIVE LLC	630,610	8	1.1%	916,780	8	1.27%
COOPER RICHARD W 2006 FAMILY TRUST	565,500	9	1.0%			
MOSS RFC LLC	565,500	10	1.0%			
BASALT MINI STORAGE LLC				1,914,000	3	2.65%
BASALT BUILDINGS LLC				1,437,050	6	1.99%
RIVER PARK LLC				1,273,240	7	1.76%
ISBERIAN STEPHAN G & HEATHER REV TRUST				716,530	9	0.99%
234 CODY LANE LLC				677,440	10	0.94%

SOURCE: Eagle County and Pitkin County Assessor's Office.

Town of Basalt, Colorado
Sales, Lodging, & Tobacco Tax Receipts
Last Ten Years

Year	1.0% Original Parks and Open Space Sales Tax Receipts	2.0% General Sales Tax Receipts	Other Sales Tax Receipts	Total Sales Tax Receipts	4% Lodging Tax (NOTE A)	Tobacco Tax (NOTE B) (tax question approved in 2018)	Total Sales, Lodging, & Tobacco Tax Receipts
2010	1,051,164	2,102,327	564,314	3,717,805	30,152	-	3,747,957
2011	1,061,548	2,123,096	518,660	3,703,304	28,320	-	3,731,624
2012	1,144,889	2,289,777	482,398	3,917,064	29,401	-	3,946,465
2013	1,362,415	2,724,830	501,884	4,589,129	28,677	-	4,617,806
2014	1,407,512	2,815,024	590,262	4,812,798	31,619	-	4,844,417
2015	1,548,634	3,097,269	810,026	5,455,929	72,036	-	5,527,965
2016	1,607,309	3,214,617	598,444	5,420,370	115,356	-	5,535,726
2017	1,707,118	3,414,235	803,690	5,925,043	178,982	-	6,104,025
2018	1,795,377	3,590,753	700,295	6,086,425	241,847	175,568	6,503,840
2019	1,992,323	3,984,646	743,300	6,720,269	282,765	29,162	7,032,196

Source: Town of Basalt Finance Department

NOTE A: Lodging tax was increased from 2% to 4% through an election in November 2014. Prior to 2018, there were expenses that were netted against revenue.

NOTE B: Tobacco Tax for 2019 was limited to \$29,162 by the Town's TABOR notice provided during the 2018 election. Additional funds collected were refunded through a suspension of the Tobacco Tax.

TOWN OF BASALT
Retail Sales Tax Receipts by Industry - Last Ten Years
2010 - 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (NOTE A)	% Change 2018 vs. 2019
Automotive	\$ 175,531	\$ 170,305	\$ 170,820	\$ 177,244	\$ 178,862	\$ 196,740	\$ 178,433	\$ 174,147	\$ 178,187	\$ 190,843	7.1%
Lodging	45,840	51,512	45,307	45,352	63,189	61,582	167,000	173,002	163,646	198,318	21.2%
Restaurant Without Bar	90,936	95,625	97,267	99,395	122,299	121,771	134,195	120,978	136,231	119,856	-12.0%
Restaurant With Bar	300,906	299,504	321,038	324,675	352,575	387,726	397,571	478,120	495,841	495,140	-0.1%
Retail Sales	510,405	466,984	526,138	641,153	643,204	812,344	783,500	946,895	986,545	1,359,204	37.8%
Sporting Retail	116,854	132,198	143,509	174,225	195,905	216,476	232,332	231,884	218,454	224,792	2.9%
Finance	6,659	8,119	7,028	7,541	8,692	5,545	5,863	6,529	25,174	33,985	35.0%
In-Home Sales	4,333	4,053	2,845	2,240	2,282	2,412	1,919	2,991	857	5,299	518.3%
Retail Liquor	170,302	175,506	180,354	205,495	225,686	236,381	247,515	250,229	256,373	261,574	2.0%
Telecommunications	117,812	128,922	115,108	102,842	95,332	94,082	89,036	89,059	99,947	93,042	-6.9%
Utilities	150,303	148,177	148,841	176,489	163,381	171,063	158,410	172,049	201,713	196,259	-2.7%
Building	174,806	182,624	195,004	208,413	239,048	276,876	271,799	284,627	361,543	458,204	26.7%
Retail Food	1,288,804	1,321,114	1,481,407	1,922,181	1,932,081	2,062,905	2,154,353	2,190,843	2,261,619	2,340,453	3.5%
TOTAL, Broken out	\$ 3,153,491	\$ 3,184,644	\$ 3,434,666	\$ 4,087,245	\$ 4,222,536	\$ 4,645,903	\$ 4,821,926	\$ 5,121,353	\$ 5,386,130	\$ 5,976,969	11.0%
Other sales tax	564,314	518,660	482,398	501,884	590,262	810,026	598,444	803,690	700,295	743,300	6.1%
Total, All Sales Tax	\$ 3,717,805	\$ 3,703,304	\$ 3,917,064	\$ 4,589,129	\$ 4,812,798	\$ 5,455,929	\$ 5,420,370	\$ 5,925,043	\$ 6,086,425	\$ 6,720,269	10.4%
% change vs. prior yr.	-0.5%	-0.4%	5.8%	17.2%	4.9%	13.4%	-0.7%	9.3%	2.7%	10.4%	

Source: Town of Basalt Finance Department

GENERAL NOTE: Sales tax rates are 2% for general operating sales tax and 1% for Parks, Open Space & Trails.

NOTE A: The year 2019 increased 10.4% mostly due to a change in State requirements to include online sales in sales tax remittances.

TOWN OF BASALT
Taxable Retail Sales by Industry - Last Ten Years
2010 - 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (NOTE A)	% Change 2018 vs. 2019
Automotive	\$ 5,851,033	\$ 5,676,833	\$ 5,694,000	\$ 5,908,133	\$ 5,962,067	\$ 6,558,000	\$ 5,947,767	\$ 5,804,900	\$ 5,939,581	\$ 6,361,433	7.1%
Lodging	1,528,000	1,717,067	1,510,233	1,511,733	2,106,300	2,052,733	5,566,667	5,766,733	5,454,871	6,610,600	21.2%
Restaurant Without Bar	3,031,200	3,187,500	3,242,233	3,313,167	4,076,633	4,059,033	4,473,167	4,032,600	4,541,021	3,995,200	-12.0%
Restaurant With Bar	10,030,200	9,983,467	10,701,267	10,822,500	11,752,500	12,924,200	13,252,367	15,937,333	16,528,031	16,504,667	-0.1%
Retail Sales	17,013,500	15,566,149	17,537,933	21,371,767	21,440,133	27,078,133	26,116,667	31,563,161	32,884,836	45,306,800	37.8%
Sporting Retail	3,895,133	4,406,600	4,783,633	5,807,500	6,530,167	7,215,867	7,744,400	7,729,467	7,281,800	7,493,067	2.9%
Finance	221,967	270,633	234,267	251,367	289,733	184,833	195,433	217,633	839,144	1,132,833	35.0%
In-Home Sales	144,433	135,100	94,833	74,667	76,067	80,400	63,967	99,700	28,569	176,633	518.3%
Retail Liquor	5,676,733	5,850,215	6,011,800	6,849,833	7,522,867	7,879,367	8,250,500	8,340,967	8,545,763	8,719,133	2.0%
Telecommunications	3,927,067	4,297,400	3,836,933	3,428,067	3,177,733	3,136,067	2,967,867	2,968,633	3,331,582	3,101,400	-6.9%
Utilities	5,010,100	4,939,233	4,961,367	5,882,967	5,446,033	5,702,100	5,280,333	5,734,967	6,723,754	6,541,967	-2.7%
Building	5,826,867	6,087,467	6,500,133	6,947,100	7,968,267	9,229,200	9,059,967	9,487,567	12,051,418	15,273,467	26.7%
Retail Food	42,960,133	44,037,133	49,380,233	64,072,700	64,402,700	68,763,500	71,811,767	73,028,100	75,387,297	78,015,100	3.5%
TOTAL, Broken out	\$ 105,116,367	\$ 106,154,798	\$ 114,488,867	\$ 136,241,500	\$ 140,751,200	\$ 154,863,433	\$ 160,730,867	\$ 170,711,761	\$ 179,537,668	\$ 199,232,300	11.0%
% change vs. prior yr.		1.0%	7.9%	19.0%	3.3%	10.0%	3.8%	6.2%	5.2%	11.0%	

Source: Town of Basalt Finance Department

GENERAL NOTE: This schedule calculates sales by industry using the sales tax remittances collected by the State of Colorado and dividing that by the tax rate of 3%.

This schedule excludes sales tax not collected through the State of Colorado, which is not broken out by industry.

NOTE A: The year 2019 increased substantially compared to 2018 mostly due to a change in State requirements to include online sales in sales tax remittances.

Town of Basalt, Colorado
Ten Largest Industries - Sales Tax Remitters
Current Year and Nine Years Ago

2019	
Industry Name	Amount
Retail Food	\$ 2,340,453
Retail Sales	1,359,204
Restaurants	614,996
Building	458,204
Retail Liquor	261,574
Sporting retail	224,792
Lodging	198,318
Utilities	196,259
Automotive	190,843
Telecommunications	93,042

2010	
Industry Name	Amount
Retail Food	\$ 1,288,804
Retail Sales	510,405
Restaurants	391,842
Building	174,806
Automotive	175,531
Retail Liquor	170,302
Utilities	150,303
Telecommunications	117,812
Sporting retail	116,854
Lodging	45,840

SOURCE: Town of Basalt Finance Department.

NOTE: This CAFR report suggests to use the top ten businesses for this analysis. However, according to Colorado Revised Statute 39-21-113, it is not allowed to provide sales tax receipts by business. Per C.R.S 39-21-113, "every tax return and all information therein contained"... "are secret and confidential and no information relating thereto can be disclosed". The Town believes that the top ten industries is useful and telling information to the reader of the financial statements, because it provides an economic summary of the Town based upon sales tax collections.

Town of Basalt, Colorado
Real Estate Transfer Assessment Receipts
Last Ten Years

Fiscal Year	Willits RETA 1	RFC RETA	Sopris Meadows RETA	RETA 2 Willits (implemented 2018)	Total Real Estate Transfer Assessments
2010	45,428	16,392	-	-	61,820
2011	66,635	12,395	-	-	79,030
2012	27,886	23,010	-	-	50,896
2013	7,278	9,065	-	-	16,343
2014	148,293	17,000	72,180	-	237,473
2015	104,041	11,864	25,614	-	141,519
2016	518,933	6,395	84,098	-	609,426
2017	207,238	12,015	76,747	-	296,000
2018	491,458	520,230	86,020	-	1,097,708
2019	505,153	11,700	156,666	81,025	673,519

"RETA" is a "real estate transfer assessment" charged as an assessment to certain developments.

SOURCE: Town of Basalt Finance Department

Town of Basalt, Colorado
Major Revenue Sources - Governmental Funds
Last Ten Years

	Taxes (NOTE A)	Licenses and Permits	Inter- governmental	Charges for Services (NOTE B)	Fines and Forfeits	Earnings on Investments	Other	Total
2010	4,957,474	170,514	567,203	142,579	23,132	24,586	141,189	6,026,677
2011	4,970,630	365,893	292,863	142,282	27,165	16,240	100,865	5,915,938
2012	5,195,975	302,729	247,105	159,932	19,967	16,845	85,390	6,027,943
2013	5,939,485	630,175	252,187	251,590	38,311	11,060	117,679	7,240,487
2014	6,210,799	895,861	248,582	130,071	80,696	11,220	50,484	7,627,713
2015	7,044,412	493,146	252,631	98,337	72,817	3,721	80,028	8,045,092
2016	7,311,531	1,670,294	282,115	250,170	48,610	46,311	60,903	9,669,934
2017	8,178,299	918,045	256,710	138,967	27,367	96,209	54,021	9,669,618
2018	8,873,590	2,557,021	306,700	351,124	53,946	194,044	45,417	12,381,842
2019	9,701,995	1,864,921	1,836,167	354,316	22,173	261,466	127,795	14,168,833

NOTE A: Includes, among other tax revenues, sales taxes, lodging taxes, property taxes, tobacco taxes & franchise fees.

NOTE B: Charges for Services are those revenues derived from services provided that are deemed to be mission-related for each fund. Examples include, but are not limited to, fees for the use of recreational facilities, building permits and sprinkler fees.

Source: Audited financial statements by year.

**Town of Basalt, Colorado
Outstanding Debt by Type
Last Ten Years**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	% of Estimated Personal Income	Per Capita
	General Obligation Bonds	Line of Credit (NOTE A)	Capital Leases	Certificates of Participation	Ruedi Loan	CCWR Loan			
2010	2,440,000	-	198,769	-	102,801	664,828	3,406,398	2.2%	\$ 886
2011	2,330,000	-	67,683	-	92,678	620,683	3,111,044	1.9%	811
2012	2,141,000	-	124,701	-	81,928	574,756	2,922,385	1.7%	758
2013	5,010,000	-	124,071	-	81,928	526,973	5,742,972	3.1%	1,480
2014	6,373,000	-	131,676	-	60,655	477,258	7,042,589	3.6%	1,805
2015	5,615,000	1,250,265	88,885	-	49,241	425,536	7,428,927	3.7%	1,905
2016	4,833,000	1,047,433	45,002	-	37,479	371,725	6,334,639	2.4%	1,611
2017	4,033,000	4,940,371	-	-	12,869	315,739	9,301,979	3.0%	2,226
2018	3,215,000	3,150,000	-	-	-	257,492	6,622,492	2.0%	1,590
2019	2,384,000	-	210,091	2,200,000	-	196,891	4,990,982	1.4%	1,131

SOURCES: Source of debt is the Finance Department of Basalt. Source of personal income is apps.bea.gov/itable/itable.cfm?reqID=70&step=1. Personal income rates were used for the State of Colorado for 2010 - 2015. No historical data was provided on this site. 2016 - 2018 uses Eagle County's data. 2019 uses 2018's data as an estimate, since that information has not yet been released. Source of population is worldpopulationreview.com/us-cities/basalt-co-population. Estimated personal Income calculated at population * average pers. Income.

NOTE A: The lines of credit had been restated in the 2017 audit, and recorded in the 2018 audit, as a short-term debt.

Town of Basalt, Colorado
Ratios of Bonded Debt Outstanding
Last Ten Years

Fiscal Year	General Obligation Bonds	Certificates of Participation	Capital Lease	Percentage of Actual Value of Taxable Property	Net General Bonded Debt Per Capita
2010	2,440,000	-	198,769	0.14%	686
2011	2,330,000	-	67,683	0.20%	625
2012	2,141,000	-	124,701	0.18%	588
2013	5,010,000	-	124,071	0.50%	1,323
2014	6,373,000	-	131,676	0.59%	1,667
2015	5,615,000	-	88,885	0.46%	1,463
2016	4,833,000	-	45,002	0.36%	1,240
2017	4,033,000	-	-	0.28%	965
2018	3,215,000	-	-	0.21%	772
2019	2,384,000	2,200,000	210,091	0.27%	1,087

Source: Town of Basalt Finance Department

Town of Basalt, Colorado
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019
(in thousands)

<u>Overlapping Debt</u>	<u>Total General Obligation Debt Outstanding</u>	<u>Estimated Percentage Applicable (NOTE A)</u>	<u>Estimated Share of Overlapping Debt</u>
Roaring Fork School District (June 30)	\$ 170,320	16.6%	\$ 28,311
Eagle County (Dec. 31)	20,515	5.0%	1,031
Pitkin County (Dec. 31)	44,365	5.6%	2,488
Total Overlapping Debt	<u>\$ 235,200</u>		<u>31,829</u>
Town of Basalt Direct Debt			4,794
Total Direct and Overlapping Debt			<u>\$ 36,623</u>

SOURCE: Assessed value data used to estimate applicable percentages provided by the County Assessors. Debt outstanding provided by each governmental unit.

NOTE A: debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Basalt. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and the businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Town of Basalt, Colorado
Legal Debt Margin Information
Last Ten Years
(in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Limit (3% of Actual Value)	\$ 56,485	\$ 36,827	\$ 36,742	\$ 30,840	\$ 33,200	\$ 37,321	\$ 40,255	\$ 43,803	\$ 47,022	\$ 53,032
Total net debt applicable to limit	2,440	2,330	2,141	5,010	6,373	5,615	4,833	4,033	3,215	2,384
Legal Debt Margin	<u>\$ 54,045</u>	<u>\$ 34,497</u>	<u>\$ 34,601</u>	<u>\$ 25,830</u>	<u>\$ 26,827</u>	<u>\$ 31,706</u>	<u>\$ 35,422</u>	<u>\$ 39,770</u>	<u>\$ 43,807</u>	<u>\$ 50,648</u>
Total net debt applicable to limit as a percentage of debt limit	4.5%	6.8%	6.2%	19.4%	23.8%	17.7%	13.6%	10.1%	7.3%	4.7%

Legal Debt Margin Calculation for Current Fiscal Year

Actual value (NOTE A)	\$ 1,767,734
Debt limit (3% of actual value)	53,032
Debt applicable to limit:	
General Obligation Bonds (No other debt applies to limit)	2,384
Legal debt margin	<u>\$ 50,648</u>

SOURCE: Pitkin/Eagle County Assessors.

NOTE A: Per Colorado Revised Statute 31-15-302, "The total amount of indebtedness for all such purposes shall not at any time exceed three percent of the actual value."

Town of Basalt, Colorado
Debt Service Requirements
Current Year through Final Maturity

Year	General Obligation Governmental Activities						Business-Type Activities			Total
	Debt			Certificates of Participation			Debt			
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2020	855,000	61,178	916,178	190,000	56,010	246,010	63,049	7,251	70,300	1,232,488
2021	874,000	39,223	913,223	205,000	44,823	249,823	65,596	4,704	70,300	1,233,346
2022	325,000	19,650	344,650	210,000	40,252	250,252	68,246	2,054	70,300	665,202
2023	330,000	9,900	339,900	215,000	35,569	250,569	-	-	-	590,469
2024	-	-	-	220,000	30,774	250,774	-	-	-	250,774
2025	-	-	-	220,000	25,868	245,868	-	-	-	245,868
2026	-	-	-	225,000	20,962	245,962	-	-	-	245,962
2027	-	-	-	230,000	15,945	245,945	-	-	-	245,945
2028	-	-	-	240,000	10,816	250,816	-	-	-	250,816
2029	-	-	-	245,000	5,464	250,464	-	-	-	250,464
Total	\$ 2,384,000	\$ 129,951	\$ 2,513,951	\$ 2,200,000	\$ 176,653	\$ 996,653	\$ 196,891	\$ 14,009	\$ 210,900	\$ 3,721,504

Assumes no optional redemptions prior to maturity.

SOURCE: Town of Basalt finance department.

Town of Basalt, Colorado
Demographic and Economic Statistics
Last Ten Years

Fiscal Year	Population (NOTE A)	Estimated Personal Income (in thousands)	Per Capita Personal Income (NOTE B)	Unemployment (NOTE C)
2010	3,845	\$ 156,414	\$ 40,680	8.5%
2011	3,836	167,140	43,572	7.9%
2012	3,856	176,037	45,653	7.2%
2013	3,880	183,512	47,297	6.1%
2014	3,902	197,737	50,676	4.2%
2015	3,900	203,402	52,154	3.2%
2016	3,933	267,338	67,973	2.8%
2017	4,179	305,543	73,114	2.3%
2018	4,166	325,581	78,152	2.6%
2019	4,412	344,807	78,152	2.2%

NOTE A: Source of population is worldpopulationreview.com/us-cities/basalt-co-population.

NOTE B: Eagle County Per Capita Income figures per U.S. Department of Commerce, Bureau of Economic Analysis (<http://www.bea.gov/data/income-saving>). Personal income rates were used for the State of Colorado for 2010 - 2015. No historical data was provided on this site. 2016 - 2018 uses Eagle County's data. 2019 uses 2018's data as an estimate, since that information has not yet been released.

NOTE C: Real Estate Center, Texas A&M University (<http://recenter.tamu.edu/data/employment>). The unemployment rate of Eagle County was used to estimate the Town's rate.

**Town of Basalt, Colorado
Principal Employers
2018 and 2008**

PITKIN COUNTY:

Employer	2018 Employees*	Rank	Percentage of Total County Employment	2019 Estimated Employees	Rank	Percentage of Total County Employment
Aspen Skiing Company	3,400	1	29.4%	3,600	1	30.1%
Aspen Skiing Company Hotels	650	2	5.6%			
Westin Hotel & Wildwood of Snowmass	405	3	3.5%	218	8	1.8%
Aspen Valley Hospital	381	4	3.3%	389	2	3.3%
Roaring Fork Transit	357	5	3.1%	250	6	2.1%
Pitkin County	354	6	3.1%	256	5	2.1%
St. Regis Aspen	350	7	3.0%	268	4	2.2%
City of Aspen	295	8	2.6%	354	3	3.0%
Hotel Jerome	270	9	2.3%			
Viceroy Snowmass Resort	268	10	2.3%	150	10	1.3%
Aspen School District				238	7	2.0%
Ritz Carlton				188	9	1.6%
TOTAL	6,730		58.3%	5,911		49.5%
TOTAL PITKIN COUNTY LABOR FORCE	11,545			11,950		

EAGLE COUNTY

Employer	2009 Employees	Rank	Percentage of Total County Employment	2010 Estimated Employees	Rank	Percentage of Total County Employment
Vail Resorts, Inc.	8,232	1	23.4%	10,760	1	36.9%
Eagle County School Dist. RE-50J	1,000	2	2.8%	1,230	2	4.2%
Vail Health	1,005	3	2.9%	659	3	2.3%
City Market	600	4	1.7%			
Eagle County Government	487	5	1.4%	504	4	1.7%
East West Resorts	502	6	1.4%			
Sonnenalp Resort	385	8	1.1%	322	9	1.1%
Westin Riverfront Resort	422	7	1.2%			
Town of Vail	348	10	1.0%	305	10	1.0%
Vail Marriot	375	9	1.1%			
Gallegos Corporation				495	5	1.7%
Ritz-Carlton-Bachelor Gulch				478	6	1.6%
Vail Cascade Resort				383	7	1.3%
Park Hyatt Beaver Creek Resort & Spa				350	8	1.2%
TOTAL	13,356		37.9%	15,486		53.1%
TOTAL EAGLE COUNTY LABOR FORCE	35,218			29,157		

SOURCE: Pitkin County and Eagle County Comprehensive Annual Financial Reports for 2018. The data is not available for the Town of Basalt specifically.

NOTE: The number of employees can vary based on season in this general ski resort area. As such, the largest number of employees at any point in the year has been presented for each employer.

* Most current information available

Town of Basalt, Colorado
Full-time Equivalent City Government Employees by Program
Last Ten Years

Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	6	4	4	4	4	4	5	5	5	5
Public Safety	13	13	13	13	13	13	13	13	13	13
Public Works	11	10	10	10	10	10	10	10	10	10
Building & Planning	6	5	5	5	5	5	5	5	5	5
Recreation	2	1	1	1	1	1	1	1	1	1
Water	2	2	2	2	2	2	2	2	2	2
Total:	40	35	35	35	35	35	36	36	36	36

Source: Town Finance Department

NOTE: The above analysis excludes seasonal 10 seasonal pool employees that work varying schedules from the end of May through Labor Day.

Town of Basalt, Colorado
Operating Indicators by Function and Program
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Building permits issued										
Multi Family Units	0	0	0	10	8	17	131	14	2	2
Single Family Units	1	1	4	10	2	2	1	7	21	17
Commercial Buildings	0	1	1	3	2	7	1	7	3	2
Police										
Number of calls (NOTE A)	5,235	7,170	6,585	9,063	10,415	9,745	12,416	11,859	9,659	7,830
Traffic Citations:										
Penalty Assessments	270	398	302	552	954	758	608	332	209	177
Parking	227	310	289	519	261	111	101	124	135	171
Summons	106	91	70	122	93	94	30	54	47	57
Total Traffing Citations	603	799	661	1193	1308	963	739	510	391	405
Traffic Accidents	199	178	191	203	119	144	133	196	194	186
Public Works (Started tracking in 2018)										
Square Foot of Street									2,973,641	2,973,641
Estimated Cost/Sq. Ft.									\$ 0.463	\$ 0.559
Utility										
New taps issued (Started collecting in 2019)										39

Source: Town of Basalt departmental data.

NOTE A: The number of calls show a decrease due to a change in the reporting of officer initiated activity. Prior to 2018, that activity was called in to dispatch, but now the officer initiated calls do not go through dispatch.

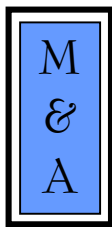
Town of Basalt, Colorado
Capital Asset Statistics by Program
Last Ten Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Parks										
Developed acres	538.0	538.0	539.7	540.0	542.0	543.8	545.0	548.3	550.0	550.7
Undeveloped acres	106.5	106.5	104.8	104.5	102.5	100.7	99.5	96.2	94.5	93.8
Parks & Open Space Acreage	538.0	538.0	539.7	540.0	542.0	543.8	545.0	548.3	550.0	550.7
Paved trails (linear miles)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Unpaved trails (linear miles)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Nordic trails (linear miles) ²	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Licensed vehicles	12	12	12	12	12	12	12	12	12	12
Public Services										
Streets (lane miles)	41.50	41.50	41.50	41.50	41.50	41.50	41.50	41.50	41.50	41.50
Street lights	155	155	160	175	182	182	187	187	187	187
Sq. ft. of buildings maintained	34,380	34,380	34,380	35,043	44,791	46,241	46,241	46,241	46,241	48,042
Utility										
Water Sources (NOTE A)	13	13	13	13	13	13	13	13	13	13
Water storage tanks	5	5	6	6	6	6	6	6	6	6

Source: Town of Basalt departmental data.

NOTE A: Includes two springs that include spring boxes and a filter plant, and one water source shared with the Roaring Fork School District.

SINGLE AUDIT SECTION



McMAHAN AND ASSOCIATES, L.L.C.

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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 *GOVERNMENTAL AUDITING STANDARDS*

**To the Town Council
Town of Basalt
Basalt, Colorado**

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Basalt (the "Town") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Town's internal control over financial reporting 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town'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.

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.

Member: American Institute of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT
To the Town Council
Town of Basalt
Basalt, Colorado

Compliance and Other Matters

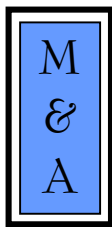
As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
June 26, 2020



McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

**To the Town Council
Town of Basalt
Basalt, Colorado**

Report on Compliance for Each Major Program

We have audited the compliance of Town of Basalt (the "Town") 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, 2019. 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 the requirements of laws, regulations, contracts, and grants 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* (the "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 on the Town's compliance with those requirements.

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, 2019.

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INDEPENDENT AUDITOR'S REPORT
To the Town Council
Town of Basalt
Basalt, Colorado

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, we considered the Town's internal control over compliance with 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 or on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 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 the 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.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
June 26, 2020

Town of Basalt
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

Part I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards:

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2, U.S. Code of Federal Regulations, Part 200	Yes
Major programs:	
Emergency Watershed Protection Program	CFDA #10.923
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	No

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by <i>Government Auditing Standards</i>	None noted
Auditor-assigned reference number	Not applicable

Part III – Findings Related to Federal Awards

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

Town of Basalt
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

The Town had no findings for the year ended December 31, 2018.

Town of Basalt
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Passed through Natural Resources Conservation Service			
Emergency Watershed Protection Program	10.923.	NR198B05XXXXC005	\$ 1,041,276
Total U.S. Department of Agriculture			<u>1,041,276</u>
Total Expenditures of Federal Awards			<u>\$ 1,041,276</u>

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2019.

Note 1. Basis of Presentation:

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Basalt (the "Town") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.

Note 2. Sub-recipients:

The Town had no sub recipients as of December 31, 2019.

Note 3. Indirect Facilities and Administration Costs

The Town has elected not to use the 10% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.414, Indirect (F & A) costs, of the Uniform Guidance.