

Town of Larkspur, Colorado

Financial Statements
with Independent Auditors' Report

December 31, 2019



Town of Larkspur, Colorado

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**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditors' Report

Honorable Mayor and Members of the Town Council
Town of Larkspur
Larkspur, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Larkspur, Colorado, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town of Larkspur, Colorado's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Larkspur, Colorado as of December 31, 2019, and the respective changes in financial position and the cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 11 to the financial statements, the governmental activities beginning net position was restated for correction of capital assets.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Larkspur, Colorado's basic financial statements. The budgetary comparison schedule for the water and sewer fund is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 basic financial statements as a whole.

Hick & Company, PC

Greenwood Village, Colorado
November 16, 2020



Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2019

The management of the Town of Larkspur (Town) offers readers of the Town's financial statements this narrative analysis of the Town's financial activities, for the year ended December 31, 2019. Please read this Management's Discussion and Analysis (MD&A) in conjunction with the Town's 2019 audited financial statements and notes to the financial statements.

Financial Highlights

- Total assets exceeded liabilities by \$4,380,731
- Total Net Position decreased by \$106,503
- Total cash decreased by \$1,201,588, due mainly to expenditures of cash from loan proceeds for the Water Treatment Plant construction.
- Governmental activities revenue increased by \$172,274, due mainly to an increase in Sales Tax, Admission Tax and Use Tax revenues and a smaller increase in Renaissance Festival Taxes
- Governmental activities expenditures increased by \$1,625, due mainly to increased spending in Parks and Recreation.
- Business-Type (Water & Sewer Fund) Operating Revenue decreased by \$7,483, due mainly to decreased water revenue collected. Business-Type expenses increased by \$92,167, mainly due to depreciation expense increasing by \$270,000 because of the water treatment facility being placed into service.
- The Business-Type Operating Loss increased by \$296,830, mainly due to the increase in depreciation with the water treatment plant being placed into service.
- Unassigned Fund Balance for the General Fund was \$1,369,439 or 158% of total General Fund expenditures
- Total Debt decreased by \$79,039 due to the normal pay down of long-term debt.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the basic financial statements, which consist of three components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to financial statements

This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government financial statements include information presented in different ways designed to meet multiple objectives of different users. This overview is intended to help readers of the financial statements understand how information is presented.

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2019

Financial reporting objectives for governments are much broader than those for business organizations. The primary users of governmental financial statements include taxpayers and citizens; oversight and legislative bodies; investors and creditors in addition to management.

Government financial statements include expanded information to meet a variety of financial reporting objectives and include different types of financial statements to meet these objectives.

The activities of government can broadly be grouped into two categories, each of which uses a different measurement focus and basis of accounting.

- **Governmental Funds.** Many of the services provided by government are not based on a fee to specific users, such as police services, recreation facilities or road maintenance. These types of activities are referred to as governmental activities. Accounting for these types of activities requires a different measurement focus and basis of accounting than fee-based services.
- **Proprietary Funds.** Some services of government are provided based on a fee to users that should cover the cost of providing the service. A common example is water and sewer services. These are referred to as business-type activities. Accounting for this category of activities is very similar to a business organization.

The MD&A serves as an introduction to the basic financial statements, which encompass four components:

- 1) Government-wide financial statements
- 2) Fund financial statements (a.) Governmental Funds (b.) Proprietary Funds
- 3) Notes to the financial statements
- 4) Supplementary information

The Town's basic financial statements are comprised of the following:

1. **Government-wide Financial Statements:** Provides a broad overview of the Town's entire finances, in a manner similar to a private sector business.
 - ***Statement of Net Position*** - Shows the Town's assets & liabilities, with the difference of the two reported as Net Position. Changes in Net Position, over time, may serve as an indicator of whether the financial position of the Town is improving or deteriorating.
 - ***Statement of Activities*** - Shows the Town's revenue & expenses, which results in changes to Net Position, for the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In the Government-wide Financial Statements, the Town is divided into two kinds of activities:

Governmental Activities, includes most of the Town's basic services and general administration. Sales and use taxes, fees and licensing and admission taxes finance most of these activities. The governmental activities of the Town include general government, public works, recreation, and community development.

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2019

Business-type Activities, includes charges for services provided to residents, which cover most of the cost of the services it provides. The business-type of activities include water and sewer services.

2. **Fund Financial Statements**: Groups related accounts to maintain control over resources, which 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. The Town uses Governmental and Proprietary funds.

- **Governmental Funds** – Used to account for essentially the same functions reported as *Governmental Activities (above)*, in the Governmental Fund 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, *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements. These financial statements show how general government services were paid for in the short term and what remains for future spending.

In particular, *Fund Balance, whether restricted, assigned, committed or unassigned*, may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The **required** financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance. Only assets expected to be used and liabilities that come due during the year (or soon thereafter) are included. Capital assets are not included as assets. The measurement focus is on current financial resources and modified accrual accounting is used to report revenues and expenses.

The focus of *Governmental Funds* is narrower than *Government-Wide Financial Statements*. Therefore, it is useful to compare the information presented for *Governmental Funds* with similar information presented for *governmental activities* in the *Government-Wide Financial Statements*. We provide a reconciliation to facilitate a comparison between *Governmental Funds* and *governmental activities*.

The Town maintains three Governmental Funds; General Fund, Road & Bridge Fund and CTF Fund. An annual appropriated budget is prepared for each fund.

- **Proprietary Funds** –Used to account for business-type activities.
The Town maintains one type of Proprietary Fund, which is an Enterprise Fund. Proprietary Funds provide the same type of information as the Government-Wide Financial Statements, but include more detail. The Proprietary Fund Financial Statements provide separate information for Water & Sewer services. A budgetary comparison schedule has been provided for this fund as supplemental information, to demonstrate compliance with the budget.

The **required** financial statements include Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. All assets and liabilities, both financial and capital, long and short-term are provided. All revenues and expense are included regardless of when cash is received or paid.

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2019

3. **Notes to Financial Statements:** Provides additional information that is essential to fully understand the data provided in all financial statements. The notes to the financial statements can be found immediately following the basic financial statements.
4. **Supplemental Information** that must be disclosed according to the *Governmental Accounting Standards Board* is included after the Notes to Financial Statements. This includes a budgetary comparison statement for all governmental funds, to demonstrate compliance with the budget.

Other Supplemental Information is included, but not required, which is useful for a better understanding of the Town's activities. This includes a budgetary comparison statement for the water and sewer fund to demonstrate compliance with the budget and a Local Highway Finance Report, which is prepared annually, to identify receipts and expenditures of local governments.

Government-wide Financial Analysis

Condensed Comparative Statements of Net Position
(000's omitted)

	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	744.9	469.4	1,097.6	2,575.4	1,842.5	3,044.8
Capital assets - net	1,208.6	1,533.9	7,062.0	6,905.4	8,270.6	8,439.3
Other noncurrent assets	1,214.4	1,494.1	(1,214.4)	(1,494.1)	-	-
Total assets	3,167.9	3,497.4	6,945.2	7,986.7	10,113.1	11,484.1
Liabilities						
Current liabilities	159.8	424.9	192.6	191.0	352.4	615.9
Noncurrent liabilities	499.9	514.2	4,635.4	5,394.7	5,135.3	5,908.9
Total Liabilities	659.7	939.1	4,828.0	5,585.7	5,487.7	6,424.8
Deferred Inflow of Resources	125.9	101.2	118.8	108.3	224.7	209.5
Net Position						
Investment in capital assets	656.4	897.4	2,052.9	2,052.9	2,709.3	2,950.3
Restricted	168.3	731.3	110.0	98.8	278.3	130.1
Unrestricted	1,557.6	1,528.4	(164.5)	239.4	1,393.1	1,567.8
Total Net Position	2,382.3	2,457.1	1,998.4	2,191.1	4,380.7	4,648.2

A review of the Statement of Net Position may serve as an indicator of trend changes in governments' financial position.

At December 31, 2019, Total Town assets exceeded liabilities and deferred inflows by approximately \$4,380.7 million as compared to approximately \$4,648.2 million at December 31, 2019.

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2019

The Town's total net position at December 31, 2019, included net investment in capital assets of approximately \$2.709.3 million. Of this amount, approximately 69.6% was invested in capital assets being utilized for water and wastewater activities. At December 31, 2018, the net investment in capital assets was approximately \$2,950.3 million. Of this amount, approximately 69.6% was invested in capital assets being utilized for water and wastewater activities.

Cash and cash equivalents at December 31, 2019, totaled approximated \$1.6 million, a decrease of approximately \$1.2 million over the cash and cash equivalent balances at December 31, 2018.

At December 31, 2019 and December 31, 2018, restricted net position was approximately \$168,295 and \$130,100, respectively, and, at December 31, 2019 and December 31, 2018, unrestricted net position was approximately \$1.393 million and \$1.568 million, respectively.

Government-wide Financial Analysis

Condensed Comparative Statements of Activities
(000's omitted)

	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2019	2018	2019	2018	2019	2018
Revenue						
Program Revenue						
Charges for services	10.8	10.8	130.0	137.5	140.8	148.3
Capital grants and contributions	14.9	7.0	140.0	241.1	154.9	248.1
General Revenue						
Taxes	976.8	829.7	108.2	105.3	1,085.0	935.0
Licenses and permits	56.0	34.4	-	-	56.0	34.4
Intergovernmental	90.2	87.4	-	-	90.2	87.4
Gain on sale of capital assets	-	6.8	-	-	-	6.8
Interest and miscellaneous	6.5	6.9	3.7	5.6	10.2	12.5
Total Revenue	1,155.2	983.0	381.9	489.5	1,537.1	1,472.5
Expenses						
General government	718.2	714.7	-	-	718.2	7134.7
Public safety	34.6	37.1	-	-	34.6	37.1
Public works	80.2	90.5	-	-	80.2	90.5
Parks & recreation	236.1	204.3	-	-	236.1	204.3
Water & sewer	-	-	574.5	482.3	574.5	482.3
Interest	-	20.9	-	-	-	20.7
Total Expenses	1,069.1	1,067.5	574.5	482.3	1,643.6	1,549.8
Change in Net Position	86.1	(84.5)	(192.6)	7.2	(106.5)	(77.3)
Net Position - Beginning of Year	2,296.2	2,541.6	2,191.1	2,183.9	4,487.2	4,725.5
Net Position - End of Year	2,382.3	2,457.1	1,988.4	2,191.1	4,380.7	4,648.2

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2019

The Town's net position decreased in 2019 by approximately \$106,500 or 2.4% to approximately \$4.381 million. The decrease resulted from governmental activities positive results of approximately \$86,100 plus the business-type activities negative results of approximately \$(192,600). The individual fund results included no transfers from governmental activities to business-type activities (the Water and Sewer Fund).

In 2019, total revenues increased by 4% compared to 2018, to approximately \$1.537 million. This \$64,600 increase was primarily attributable to an increase in sales and use tax.

In 2019, total expenses, exclusive of interfund transfers, increased 6% compared to 2018. This increase was primarily attributable to the wastewater treatment project being placed into service.

On the whole, the Water & Sewer Operating Revenue of \$130,028 was insufficient to cover the Water & Sewer Operating Expenditures of \$574,540 by \$444,512.

On a whole, the Property Tax Revenue of \$108,234 was sufficient to cover the Water & Sewer Debt Payments of \$76,417 by \$31,817.

Capital Assets

The Town's investment in capital assets, net of depreciation, at December 31, 2019, was approximately \$8.270 million, consisting of general government capital assets of approximately \$1.208 million and water and sewer fund (business-type activities) of approximately \$7.062 million. During 2019, there were general government capital asset additions of approximately \$494,841 primarily for land, equipment and construction in process. There was approximately \$0.490 million of capital expenditure during 2019 for water and sewer activities. For comparison, at December 31, 2018, the Town's investment in capital assets, net of depreciation, was approximately \$8.439 million, consisting of governmental capital assets of approximately \$1.534 million and business-type activities capital assets of approximately \$6.905 million.

Details of the Town's capital assets and capital asset activity for 2018 are found in Note 5 of the Notes to Financial Statements.

The Town's budgeted capital outlay expenditures for 2019 totaled approximately \$707,000. Of this amount \$620,000 was budgeted for Water and Sewer fund improvements; \$12,000 was budgeted for General Fund; \$75,000 was budgeted for the Road and Bridge Fund. The Water and Sewer budgeted infrastructure expenditures are intended to be funded with appropriations from cash reserves; the Road and Bridge Fund amount is intended to be funded with appropriations from the General Fund; and the budgeted capital outlay in the General Fund is intended to be financed general revenues. Additional details can be obtained by contacting the Town.

Long-term Obligations

As of December 31, 2019, the Town had long-term obligations totaling approximately \$5.2 million, which includes \$93,386 of principal due in 2020. This total obligation represents approximately \$4.7 million for the Water and Sewer Fund and approximately \$552,000 for the Town Hall lease and Fire Protection District land lease. Details of the 2019 financing activities and these obligations are included in Note 7 of the Notes to Financial Statements.

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2019

In January of 2020, the Town of Larkspur obtained a 2.4m loan from the United States Department of Agriculture (USDA) and used the proceeds from the loan and unused cash from the Water Treatment Plant Capital Lease to satisfy the lease obligation in full. The new USDA loan carries a 40-year term with interest at 1.75%. Payments will begin May 1, 2021.

Budgetary Discussion

Budgetary comparison schedules are included in the accompanying, audited, financial statements. The line item details of amendments to the adopted 2019 budgets are identified in the budgetary comparison schedules included.

Economic Factors and the 2020 Budget

As discussed in Note 10 of the Notes to Financial Statements, the Town has a dependency for revenues derived from the Colorado Renaissance Festival (CRF). The 2020 budget provides for revenues consistent with the prior year derived from the CRF.

The 2020 budgets provide for an approximate 19.5% decrease in revenue over the actual 2019 results, due mainly to budgeted reduction in sales and use tax. The 2020 budgets provide for an approximate 15% decrease in expenditures over the actual 2019 results, due mainly to reduction in staff.

Readers are encouraged to review the 2020 budgets for more detail. Copies of the Town's annual, adopted budgets are available upon request.

Requests for Information

This financial report of the Town of Larkspur, Colorado, is designed to provide a general overview of the Town's finances for those with an interest in the Town's financial activities and financial position. Questions concerning information provided in this report and the audit report or requests for additional information should be addressed to:

Mayor Marvin Cardenas at the Town Hall
8720 Spruce Mountain Road
P.O. Box 310
Larkspur, Colorado 80118.

Basic Financial Statements

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

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 603,768	\$ 339,529	\$ 943,297
Restricted Cash and Investments	2,500	624,096	626,596
Accounts Receivable	1,643	15,219	16,862
Property Taxes Receivable	132,649	118,759	251,408
Prepaid Expenses	4,325	-	4,325
Internal Balances	1,214,356	(1,214,356)	-
Capital Assets, Not being depreciated	494,841	112,000	606,841
Capital Assets, Net of accumulated depreciation	713,789	6,949,949	7,663,738
Total Assets	3,167,871	6,945,196	10,113,067
Liabilities			
Accounts Payable	97,213	101,712	198,925
Accrued Liabilities	10,275	-	10,275
Accrued Sludge Removal Cost	-	49,705	49,705
Tap Fee Deposits	-	138	138
Noncurrent Liabilities			
Due Within One Year	52,329	41,057	93,386
Due in More Than One Year	499,879	4,635,395	5,135,274
Total Liabilities	659,696	4,828,007	5,487,703
Deferred Inflows of Resources			
Property Taxes	-	118,759	118,759
Gain on Building Sale/Leaseback	94,500	-	94,500
Deferred Revenue	31,374	-	31,374
Total Deferred Inflows of Resources	125,874	118,759	244,633
Net Position			
Net Investment in Capital Assets	(1,186,986)	7,020,892	5,833,906
Restricted for: Emergencies	171,338	110,000	281,338
Unrestricted	3,397,949	(5,132,462)	(1,734,513)
Total Net Position	\$ 2,382,301	\$ 1,998,430	\$ 4,380,731

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Capital Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary Government						
Governmental Activities						
General Government	\$ 718,242	\$ -	\$ -	\$ (718,242)	\$ -	\$ (718,242)
Public Safety	34,633	-	-	(34,633)	-	(34,633)
Public Works	80,173	-	-	(80,173)	-	(80,173)
Parks and Recreation	238,068	10,807	14,877	(212,384)	-	(212,384)
Capital Outlay	(2,041)	-	-	2,041	-	2,041
Total Governmental Activities	1,069,075	10,807	14,877	(1,043,391)	-	(1,043,391)
Business-Type Activities						
Water, Sanitation and Recreation	574,540	130,018	140,010	-	(304,512)	(304,512)
Total Business-Type Activities	574,540	130,018	140,010	-	(304,512)	(304,512)
Total Primary Government	\$ 1,643,615	\$ 140,825	\$ 154,887	(1,043,391)	(304,512)	(1,347,903)
General Revenues						
Property Taxes				-	108,234	108,234
Festival Taxes				500,306	-	500,306
Sales and Other Taxes				476,507	-	476,507
Intergovernmental				90,177	-	90,177
Licenses and Permits				56,020	-	56,020
Investment Income				3,298	3,643	6,941
Miscellaneous				3,215	-	3,215
Total General Revenues				1,129,523	111,877	1,241,400
Change in Net Position				86,132	(192,635)	(106,503)
NET POSITION, Beginning of year				2,296,169	2,191,065	4,487,234
NET POSITION, End of year				\$ 2,382,301	\$ 1,998,430	\$ 4,380,731

Town of Larkspur, Colorado

Balance Sheet Governmental Funds December 31, 2019

	General	Road & Bridge Fund	Conservation Trust Fund	Total
Assets				
Cash and Investments	\$ 502,674	\$ 101,094	\$ -	\$ 603,768
Restricted Cash and Investments	-	-	2,500	2,500
Accounts Receivable	1,643	-	-	1,643
Property Taxes Receivable	128,522	4,127	-	132,649
Due from Other Funds	1,042,432	171,381	543	1,214,356
Prepaid Expenses	1,325	3,000	-	4,325
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 1,676,596	\$ 279,602	\$ 3,043	\$ 1,959,241
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
Accounts Payable	\$ 97,213	\$ -	\$ -	\$ 97,213
Accrued Liabilities	10,275	-	-	10,275
Deposits	31,374	-	-	31,374
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	138,862	-	-	138,862
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred Inflows of Resources				
Property Taxes	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance				
Nonspendable	-	3,000	-	3,000
Restricted	168,295	-	3,043	171,338
Committed	-	276,602	-	276,602
Unrestricted, Unassigned	1,369,439	-	-	1,369,439
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	1,537,734	279,602	3,043	1,820,379
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 1,676,596	\$ 279,602	\$ 3,043	\$ 1,959,241
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Town of Larkspur, Colorado
Reconciliation of Balance Sheet of the Governmental Funds
to the Statement of Net Position
For the Year Ended December 31, 2019

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balance of Governmental Funds	\$ 1,820,379
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	
Capital assets, not being depreciated	494,841
Capital assets, being depreciated	2,593,052
Accumulated depreciation	(1,879,263)
Deferred Inflows of Resources on Sale-Leaseback	
Deferred gain on sale-leaseback	(108,000)
Accumulated recognition gain on sale of leaseback	13,500
Long-term liabilities and related items, including the loss on debt refunding \$7,101, are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Long Term Debt	(530,564)
Accrued compensated absences	(21,644)
Total Net Position of Governmental Activities	\$ <u><u>2,382,301</u></u>

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

	General	Road & Bridge Fund	Conservation Trust Fund	Total
Revenues				
Taxes	\$ 976,813	\$ -	\$ -	\$ 976,813
Festival Taxes & Licenses	-	-	-	-
Intergovernmental Revenues	1,330	64,795	2,406	68,531
Licenses and Permits	56,020	-	-	56,020
Interest	10,807	-	-	10,807
Grants and In-Kind Revenues	3,044	251	3	3,298
Miscellaneous	18,092	-	-	18,092
Total Revenues	<u>1,066,106</u>	<u>65,046</u>	<u>2,409</u>	<u>1,133,561</u>
Expenditures				
Current				
General Government	697,616	4,538	-	702,154
Public Safety	34,633	-	-	34,633
Public Works	-	46,432	-	46,432
Parks and Recreation	121,128	-	1	121,129
Capital Outlay	11,611	207	-	11,818
Total Expenditures	<u>864,988</u>	<u>51,177</u>	<u>1</u>	<u>916,166</u>
Excess Revenues Over (Under) Expenditures	<u>201,118</u>	<u>13,869</u>	<u>2,408</u>	<u>217,395</u>
Other Financing Sources (Uses)				
Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	201,118	13,869	2,408	217,395
Fund Balance, Beginning of year	<u>1,336,616</u>	<u>265,733</u>	<u>635</u>	<u>1,602,984</u>
Fund Balance, End of year	<u>\$ 1,537,734</u>	<u>\$ 279,602</u>	<u>\$ 3,043</u>	<u>\$ 1,820,379</u>

Town of Larkspur, Colorado
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balance of Governmental Funds	\$ 217,395
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.	
Capital Outlays	13,859
Depreciation Expense	(178,167)
Recognition of deferred inflow of resources in the current year:	
Amortization of deferred inflow of resources on sale-leaseback	6,750
Repayments of long-term liabilities are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	
Principal Payments on Capital Leases	4,649
Accrued Tax Sharing Rebate	<u>21,646</u>
Change in Net Position of Governmental Activities	<u>\$ 86,132</u>

Town of Larkspur, Colorado
Statement of Net Position
Proprietary Fund
December 31, 2019

	Water & Sewer
Assets	
<i>Current Assets</i>	
Cash and Investments	\$ 339,529
Restricted Cash and Investments	624,096
Accounts Receivable	15,219
Property Tax Receivable	<u>118,759</u>
Total Current Assets	<u>1,097,603</u>
<i>Noncurrent Assets</i>	
Capital Assets, <i>Not being depreciated</i>	112,000
Capital Assets, <i>Net of accumulated depreciation</i>	<u>6,949,949</u>
Total Noncurrent Assets	<u>7,061,949</u>
Total Assets	<u>8,159,552</u>
Liabilities	
<i>Current Liabilities</i>	
Accounts Payable	101,712
Notes Payable, Current Portion	<u>41,057</u>
Total Current Liabilities	<u>142,769</u>
<i>Noncurrent Liabilities</i>	
Accured Sludge Removal Cost	49,705
Tap Fee Deposits	138
Due to Other Funds	1,214,356
Notes Payable	<u>4,635,395</u>
Total Noncurrent Liabilities	<u>5,899,594</u>
Total Liabilities	<u>6,042,363</u>
Deferred Inflows of Financial Resources	
Property Tax Revenues	<u>118,759</u>
Net Position	
Net Investment in Capital Assets	2,385,497
Restricted	110,000
Unrestricted	<u>(497,067)</u>
Total Net Position	<u>\$ 1,998,430</u>

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

	Water & Sewer
Operating Revenues	
Charges for Services	\$ 130,018
Miscellaneous	<u>10</u>
Total Operating Revenues	<u>130,028</u>
Operating Expenses	
Professional Services	97,151
Utilities	49,048
Maintenance and Repairs	78,253
Supplies	3,546
Personnel Services	1,248
Testing	8,753
Miscellaneous	2,919
Depreciation	<u>333,622</u>
Total Operating Expenses	<u>574,540</u>
Net Operating Income (Loss)	(444,512)
Nonoperating Revenues	
Property Taxes	108,234
Interest Income	<u>3,643</u>
Net Income (Loss) Before Contributed Capital	(332,635)
Contributed Capital	
Tap Fees	<u>140,000</u>
Change in Net Position	(192,635)
Net Position, <i>Beginning of year</i>	<u>2,191,065</u>
Net Position, <i>End of year</i>	<u><u>\$ 1,998,430</u></u>

Town of Larkspur, Colorado
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2019

	Water & Sewer
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 128,284
Cash Received from Others	61,724
Cash Paid to Suppliers	(239,435)
Cash Paid to Employees	(1,248)
Net Cash Provided by Operating Activities	<u>(50,675)</u>
Cash Flows From Non-Capital Financing Activities	
Cash Transferred on Interfund Loans	(279,772)
Cash Received from Taxes	108,234
Net Cash Used by Non-Capital Financing Activities	<u>(171,538)</u>
Cash Flows From Capital and Related Financing Activities	
Tap fees received	140,000
Acquisition and Construction of Capital Assets	(490,119)
Debt Principal Payments	(74,625)
Payment of Escrow Deposit	(784,682)
Net Cash Used by Capital and Related Financing Activities	<u>(1,209,426)</u>
Cash Flows From Investing Activities	
Interest received	3,643
Net Cash Used by Capital and Related Financing Activities	<u>3,643</u>
Net Change in Cash and Cash Equivalents	(1,427,996)
Cash and Cash Equivalents, <i>Beginning of year</i>	<u>2,391,621</u>
Cash and Cash Equivalents, <i>End of year</i>	<u>\$ 963,625</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income	\$ (444,512)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	333,622
Changes in Assets and Liabilities Related to Operations	
Utility Receivable	(1,434)
Other Receivable	61,714
Accounts Payable	235
Tap Fees Deposits	(300)
Net Cash Provided by Operating Activities	<u>\$ (50,675)</u>

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Town of Larkspur, Colorado (the Town), is incorporated under Colorado statutes to provide public safety, highways and streets, water service, health and social services, culture and recreation, public health improvements, planning and zoning and general administrative services. The Town is located in Douglas County and operates under Mayor-Council 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 state statutes. The Town's major operations include road maintenance, water and wastewater services, culture, and recreation.

Reporting Entity

The Government Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes.

In accordance with governmental accounting standards, the Town has considered the possibility of inclusion of additional entities in its general-purpose financial statements. The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it. The Town has determined that there are no includible entities for the year ended December 31, 2019.

The Town's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide and Fund Financial Statements

The Statement of Net Position presents the financial condition of the Town, as a whole, at year end. The Statement of Activities presents a comparison between program expenses and the program revenues for each program or function of the Town. Program expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of program expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The accounts of the Town are organized on the basis of funds. Each fund is considered an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other assets together with all related liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The categories of funds used by the Town are governmental and proprietary.

Governmental funds are those through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Town's governmental funds:

General Fund – The General Fund is the operating fund for the Town and is used to account for all financial resources except those required to be accounted for in another fund.

Road and Bridge Fund – This special revenue fund accounts for all proceeds that are restricted to expenditures for repairs and improvements to roads and bridges.

Conservation Trust Fund – This special revenue fund accounts for all lottery proceeds received by the Town that are restricted to expenditures for parks and recreation.

Proprietary Fund – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Town's proprietary funds are classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Water and Sewer Fund – This enterprise fund is used to account for the revenues generated from the charges for distribution of water service and sanitary sewer service provided to the residential and commercial users of the Town.

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

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Assets, Liabilities and Net Position/Fund Balance

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

The accounting policies of the Town conform to generally accepted accounting principles (GAAP) applicable to governmental units. The Town complies with GAAP and applies all relevant GASB pronouncements.

Revenues – Revenues resulting from exchange transactions, in which each party gives and receives essentially the same value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period, typically within 60 days of realization.

Deferred Inflow of Resources – In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. The Town has unearned property tax revenue and other revenue and a deferred gain on a sale-leaseback transaction. These items are reported as deferred inflows on the government-wide and proprietary fund statements of net position.

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

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

Cash and Cash Equivalents – For purposes of the Statement of Cash Flows, cash equivalents are defined as liquid investments with original maturity dates of one year or less.

Interfund Receivables and Payables – On fund financial statements, short-term amounts owed between funds are classified as due to/from other funds.

Capital Assets – General capital assets are those assets not specifically related to activities reported in other funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activity's column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All capital assets are capitalized at cost, or estimated historical cost, and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market value as of the date received. The Town maintains a capitalization policy of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	20-30 years
Equipment	7-20 years
Vehicles	7 years
Roads	10 years
Reservoir, plant, and lines	10-45 years
Park facilities	7-30 years

Compensated Absences – Vacation are accrued according to GAAP. Employees are allowed to accumulate vacation and sick pay. Up to 1 week (40 hours) of vacation may be earned in the first year of employment. After 1 year of employment, an employee may earn an additional week (40 hours) of vacation. Up to 30 days of vacation and sick pay may be accumulated. Sick pay will not be paid at termination. The Town's resolutions provide additional guidance.

Accrued Liabilities and Long-Term Obligations – All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Long-term leases are recognized as a liability on the governmental fund financial statements when due.

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

Accrued Liabilities and Long-Term Obligations – All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Long-term leases are recognized as a liability on the governmental fund financial statements when due.

Fund Equity/Fund Balance – In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.
- Restricted – This component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed through constitutional provisions or enabling legislation.
- Unrestricted – The component of net position that does not meet the definition above.

In the governmental funds, fund balances should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- *Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance that can only be used for specified purposes according to limitations imposed by the Town Council prior to the end of the current fiscal year. The constraint may be imposed, removed, or changed only by resolution of the Town Council.

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

- *Assigned fund balance* – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. The intended use may be expressed by the Town Council or other individuals authorized to assign funds to be used for a specific purpose. In governmental funds, assigned fund balance represents the amount that is not nonspendable, restricted or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purpose of that fund. The Town Council has designated the Mayor as the individual authorized to assign funds.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above. The Town will only report a positive unassigned balance in the General Fund.

Net Position – Net position represents the difference between assets and liabilities. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on its use, either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Property Taxes – Property taxes are not due and payable until after the assessment year has ended and are not included in the budget or statement of revenues, expenditures, and changes in fund balance of the assessment year. Property taxes are initially recorded as deferred inflows of resources in the year they are levied. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Property taxes are levied on or before December 15 of each year and attach as an enforceable lien on the property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. Douglas County bills and collects its own property taxes and the taxes for various other entities, including for the Town.

Operating Revenues and Expenses – Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are charges for water and sewer services. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund.

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balance (Continued)

Capital Contributions – Contributions of capital in the proprietary fund financial statements arise from outside contributions of capital assets, tap fees or from grants or outside contributions of resources restricted to capital acquisition and construction.

Estimates and Assumptions – Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks of loss.

Subsequent Events

The Town has evaluated subsequent events through November 16, 2020, the date the financial statements were available to be issued.

Note 2: Cash and Cash Equivalents

Deposits

The Colorado Public Deposit Protection Act (POPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDP A. PDP A allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. At June 30, 2019, the Town had bank deposits of \$2,132,269 collateralized with securities held by the financial institution's agent but not in the Town's name.

At December 31, 2019, the Town's cash and investment balances are allocated as follows:

Petty Cash	\$	80
Cash Deposits		1,468,510
Investments		<u>101,303</u>
Total	\$	<u><u>1,569,893</u></u>

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2019

Note 2: Cash and Cash Equivalents (Continued)

Deposits (Continued)

The balances are comprised of the following:

Cash and Investments	\$ 943,297
Restricted Cash and Investments	<u>626,596</u>
Total	<u>\$ 1,569,893</u>

Investments

The Town generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration risk disclosure requirements or to investment custodial credit risk for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Town Council. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

COLOTRUST

The Town invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+.

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2019

Note 2: Cash and Cash Equivalents (Continued)

COLOTRUST (Continued)

Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard & Poor's.

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2019 is as follows:

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Governmental Activities				
Capital Assets, <i>Not Being Depreciated</i>				
Land	\$ 441,532	\$ -	\$ -	\$ 441,532
Construction in Progress	52,587	722	-	53,309
Total Capital Assets, <i>Not Being Depreciated</i>	494,119	722	-	494,841
Capital Assets, <i>Being Depreciated</i>				
Buildings and Improvements	451,069	7,770	-	458,839
Roads	818,827	-	-	818,827
Vehicles and Equipment	146,572	-	-	146,572
Park Facilities and Equipment	1,113,937	5,367	-	1,119,304
Office Equipment	49,510	-	-	49,510
Total Capital Assets, <i>Being Depreciated</i>	2,579,915	13,137	-	2,593,052
Less Accumulated Depreciation				
Buildings and Improvements	(95,003)	(22,139)	-	(117,142)
Roads	(631,561)	(33,741)	-	(665,302)
Vehicles and Equipment	(87,362)	(17,745)	-	(105,107)
Park Facilities and Equipment	(837,660)	(104,542)	-	(942,202)
Office Equipment	(49,510)	-	-	(49,510)
Total Accumulated Depreciation	(1,701,096)	(178,167)	-	(1,879,263)
Total Capital Assets, <i>Being Depreciated, net</i>	878,819	(165,030)	-	713,789
Governmental Activities Capital Assets, <i>net</i>	\$ 1,372,938	\$ (164,308)	\$ -	\$ 1,208,630

Town of Larkspur, Colorado
Notes to Financial Statements
December 31, 2019

Note 3: Capital Assets (Continued)

Business-Type Activities	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 112,000	\$ -	\$ -	\$ 112,000
Construction in Progress	<u>6,290,611</u>	<u>-</u>	<u>(6,290,611)</u>	<u>-</u>
Total Capital Assets, <i>Not Being Depreciated</i>	<u>6,402,611</u>	<u>-</u>	<u>(6,290,611)</u>	<u>112,000</u>
<i>Capital Assets, Being Depreciated</i>				
Wastewater Collection	535,749	-	-	535,749
Wastewater Treatment	192,050	-	-	192,050
Water Treatment	815,795	6,780,730	-	7,596,525
Water Distribution	<u>831,131</u>	<u>-</u>	<u>-</u>	<u>831,131</u>
Total Capital Assets, <i>Being Depreciated</i>	<u>2,374,725</u>	<u>6,780,730</u>	<u>-</u>	<u>9,155,455</u>
Less Accumulated Depreciation				
Wastewater Collection	(313,045)	(19,132)	-	(332,177)
Wastewater Treatment	(185,361)	(1,865)	-	(187,226)
Water Treatment	(743,445)	(283,429)	-	(1,026,874)
Water Distribution	<u>(630,033)</u>	<u>(29,196)</u>	<u>-</u>	<u>(659,229)</u>
Total Accumulated Depreciation	<u>(1,871,884)</u>	<u>(333,622)</u>	<u>-</u>	<u>(2,205,506)</u>
Total Capital Assets, <i>Being Depreciated</i>	<u>502,841</u>	<u>6,447,108</u>	<u>-</u>	<u>6,949,949</u>
Business-Type Activities Capital Assets, <i>net</i>	<u>\$ 6,905,452</u>	<u>\$ 6,447,108</u>	<u>\$ (6,290,611)</u>	<u>\$ 7,061,949</u>

Depreciation expense was charged to programs of the Town as follows:

Governmental Activities	
General Government	\$ 39,884
Public Works	33,741
Parks and Recreation	<u>104,542</u>
Total	<u>\$ 178,167</u>

Note 4: Interfund Receivables and payables

At December 31, 2019, the Town's interfund receivables and payables consisted of the following:

Fund	Receivables	Payables
General	\$ 1,042,432	\$ -
Conservation Trust	171,381	-
Road and Bridge	543	-
Water and Sewer	<u>-</u>	<u>1,214,356</u>
	<u>\$ 1,214,356</u>	<u>\$ 1,214,356</u>

Town of Larkspur, Colorado
Notes to Financial Statements
December 31, 2019

Note 4: Interfund Receivables and payables (Continued)

The interfund balances resulted from current and prior transfers that were used to subsidize activities accounted for in other funds and to finance projects accounted for in other funds in accordance with budgetary authorizations. The interfund balances are not scheduled to be collected in the subsequent year.

Note 5: Long-Term Obligations

Governmental Activities

The following is a schedule of changes in long-term obligations of the Town during 2019:

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19	Due Within One Year
Governmental Activities					
New Town Hall Lease	\$ 430,397	\$ -	\$ (19,431)	\$ 410,966	\$ 20,885
Land Lease - FPD	104,816	24,397	(9,615)	119,598	9,800
Compensated Absences	21,644	-	-	21,644	21,644
Total	\$ 556,857	\$ 24,397	\$ (29,046)	\$ 552,208	\$ 52,329

The Town accrues a liability for compensated absences on the statement of net position only since the amount payable is not anticipated to be paid with available resources. The liability for compensated absences will be paid from the General Fund.

Town Hall Capital Lease Obligation

In 2014, the Town entered into a lease agreement as lessee for financing the acquisition of a new town hall. The initial lease is for a 1-year term renewable in 1-year increments for 20 years. The interest rate on the lease is 4.67% per annum through February 1, 2019, then adjusting annually on each February 2 thereafter to an interest rate equal to the 5-year Treasury rate plus 3.32% at a floor rate of 4% and at a maximum rate of 10%. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the fair value of the leased properties based upon real estate valuations obtained. The capital assets and related accumulated depreciation of the leased property is \$515,000 and \$46,187, respectively.

Town of Larkspur, Colorado
Notes to Financial Statements
December 31, 2019

Note 5: Long-Term Obligations (Continued)

Town Hall Capital Lease Obligation (Continued)

The Town's future minimum lease obligations related to the Town Hall lease will mature as follows (calculated at the current interest rate of 4.67%):

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 20,885	\$ 18,953	\$ 39,838
2021	21,893	17,945	39,838
2022	22,949	16,889	39,838
2023	24,056	15,782	39,838
2024	25,217	14,621	39,838
2025 - 2029	145,548	53,642	199,190
2030 - 2034	<u>150,418</u>	<u>15,573</u>	<u>165,991</u>
Present Value of Future Minimum Lease Payments	\$ <u>410,966</u>	\$ <u>153,405</u>	\$ <u>564,371</u>

Land lease - FPD

In 2014, the Town entered into a lease agreement as lessee for financing the acquisition of a new town hall. The initial lease is for a 1-year term renewable in 1-year increments for 20 years. The interest rate on the lease is 4.6% per annum through February 1, 2019, then adjusted annually on each February 2 thereafter to an interest rate equal to the 5-year U.S. Treasury rate plus 3.32% at a floor rate of 4% and at a maximum rate of 10%. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the fair value of the leased properties based upon real estate valuations obtained. The capital assets and the related accumulated depreciation of the leased property is \$515,000 and \$92,374, respectively.

The Town's future minimum lease obligations related to the Town Hall lease will mature as follows:

<u>Year Ended December 31,</u>	
2020	\$ 12,000
2021	12,000
2022	12,000
2023	12,000
2024	12,000
2025 - 2029	<u>70,900</u>
Total Minimum Lease Payments	130,900
Amount Representing Interest	<u>(11,302)</u>
Present Value of Minimum Lease Payments	\$ <u>119,598</u>

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2019

Note 5: Long-Term Obligations (Continued)

Business-Type Activities

The following is a schedule of changes in long-term obligations of the Town during 2019:

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19	Due Within One Year
Business-Type Activities					
Water Loan	\$ 51,509	\$ 235	\$ (7,958)	\$ 43,786	\$ 7,724
Colorado Water Resource Loan	1,733,333	-	(66,667)	1,666,666	33,333
Water Treatment Plant Lease	2,966,000	-	-	2,966,000	-
Total	\$ 4,750,842	\$ 235	\$ (74,625)	\$ 4,676,452	\$ 41,057

Water System Installment Contract Payments

By contract with the Colorado Water Conservation Board (the Board), the Town received \$219,000 of construction loan proceeds to build part of the water system. At completion of the project in 1984, the Town transferred title to 50% of the system to the Board, and the Town began payments to repurchase the 50% interest over a 40-year period. This transaction has been recorded as an installment loan of \$219,000, with interest added annually to equal the total payments to be made under the installment purchase contract.

The \$219,000 Colorado Water Conservation Board installment contract, dated September 15, 1983, is payable over 40 years in equal annual payments of \$9,517, with principal and interest calculated at 3.028%, due annually on December 15.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 8,198	\$ 1,319	\$ 9,517
2021	8,447	1,070	9,517
2022	8,702	815	9,517
2023	8,966	551	9,517
2024	9,473	280	9,753
Total	\$ 43,786	\$ 4,035	\$ 47,821

Drinking Water Revolving Fund Direct Loan

By contract with the Colorado Water Resources and Power Development Authority, the Town received \$2,000,000 of loan proceeds and \$847,920 in principal forgiveness to drill a new well, construct a new water storage tank, expand a pump station and replace an existing pump, iron and manganese removal system and pressure reducing valve.

The Drinking Water Revolving Fund Direct Loan contract was executed on January 17, 2014 and is payable over 30 years in equal interest-free semiannual payments of \$33,333 due May 1st and November 1st.

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2019

Note 5: Long Term Obligations (Continued)

Drinking Water Revolving Fund Direct Loan (Continued)

The Town's long-term obligations related to the water loan and the Colorado water resource loan will mature as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 33,333	\$ -	\$ 33,333
2021	34,751	-	34,751
2022	69,503	-	69,503
2023	69,503	-	69,503
2024	69,504	-	69,504
2025 - 2029	347,518	-	347,518
2030 - 2034	347,518	-	347,518
2035 - 2039	347,518	-	347,518
2040 - 2044	347,518	-	347,518
Total	\$ 1,666,666	\$ -	\$ 1,666,666

Water Treatment Plant Capital Lease Obligation

As noted above, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority (the "Authority") in 2014 to drill a new well, construct a new water storage tank, expand a pump station and replace an existing pump, iron and manganese removal system and pressure reducing valve. Under the terms of the agreement, the Authority has a lien on the revenues of the system. The agreement also stipulates that the Town may not sell, lease, abandon, or otherwise dispose of the system or any other system that provides revenue for payment of the loan agreement, unless the Authority shall determine that such activity will not adversely affect the Town's ability to meet its various duties and covenants as described in the loan agreement.

In May 2017, the Town, with the approval of the Authority, entered into a lease purchase agreement as lessee for financing the construction of a new water treatment plant. The initial lease is for a 1-year term renewable in 1-year increments for 20 years. The interest rate on the lease for the first five years of the lease is computed as 63% of the sum of the 5-year Constant Maturity Treasury Index (CMT) + 3.75%. As of the date of the lease closing the 5-year CMT is 1.78% and the initial rate is 3.48%. The interest rate shall be readjusted to reflect changes in the 5-year CMT on each fifth anniversary of the lease closing.

Repayment of the lease for the first 18 months is interest only. Beginning November 2019, the outstanding lease balance will convert to amortized equal annual payments of principal and interest over an 18.5-year term, subject to interest rate adjustments.

This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the fair value of the leased properties based upon real estate valuations obtained. The leased property is currently reflected as a portion of the \$6,502,181 in the Business-Type Activities Construction in Progress (See Note 6).

Town of Larkspur, Colorado
Notes to Financial Statements
December 31, 2019

Note 5: Long-Term Obligations (Continued)

Water Treatment Plant Capital Lease Obligation (Continued)

The Town's future minimum lease obligations related to the Water Treatment Plant lease will mature as follows (calculated at the current interest rate of 3.48%):

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 116,368	\$ 104,650	\$ 221,018
2021	120,473	100,545	221,018
2022	124,724	96,294	221,018
2023	129,125	91,893	221,018
2024	92,454	200,775	293,229
2025 - 2029	587,685	878,461	1,466,146
2030 - 2034	867,956	598,194	1,466,150
2035 - 2039	<u>927,215</u>	<u>188,871</u>	<u>1,116,086</u>
Total	\$ <u>2,966,000</u>	\$ <u>2,259,683</u>	\$ <u>5,225,683</u>

Authorized Debt

On November 6, 2012, a majority of the qualified electors of the Town authorized the issuance of indebtedness in an amount not to exceed \$2,970,000, for the construction of a new water supply system.

Subsequent to year end, the Town obtained a \$2,367,000 loan from the United States Department of Agriculture (USDA) and used the proceeds from that loan and the unused cash from the Water Treatment Plant Capital Lease to satisfy the lease obligation in full. The new USDA loan carries a 40-year term with interest at 1.75%. Payments will begin on May 1, 2021.

Note 6: Interfund Transactions

Interfund transfers during the year ended December 31, 2019, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Conservation Trust Fund	\$ 45,000
Capital Improvement Fund	General Fund	600,000
Art in Public Places Fund	General Fund	<u>5,500</u>
Total		\$ <u>650,500</u>

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2019

Note 7: Tax, Spending, Revenue and Debt Limitations

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2018, the Town has reserved \$41,677 for emergencies.

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

Note 8: Commitments, Contingencies and Economic Dependency

For 2018, the Town approximately 53% of its gross tax revenues from sales taxes admissions taxes and business licenses and permits from the Colorado Renaissance Festival (CRF). These taxes and licenses are used to provide the Town with general services and may be used to support the Town's utility funds. On July 16, 2015, the Town Council approved an amendment to the agreement with the CRF extending the agreement through 2025 with three three-year renewal options.

The Town has an obligation to perform sludge removal from its waste treatment facilities. Management believes it is less efficient and, therefore, more costly to perform this activity on an annual basis; therefore, the sludge removal process is performed at extended intervals ranging from three to as many as twelve years. Because this process results from the annual sludge build-up and its removal is a mandatory service for the general population of the Town, an annual charge to income is recognized for the prorated portion of the total estimated liability at the time of removal. The liability could change due to price increases, changes in technology, or other factors. The total estimated accrued sludge removal cost at December 31, 2018 is \$49,705.

The Town has entered into an agreement for services to be performed on the Town's water treatment plants, sewage treatment plants, water distribution and wastewater collection systems including wells, chlorinators, tanks, and facilities. The Town has agreed to pay \$95,400 at a rate of \$7,950 per month for services provided to the Town starting January 1, 2019 through December 31, 2019.

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2019

Note 8: Commitments, Contingencies and Economic Dependency (Continued)

On April 22, 2015, the Town entered into an agreement to purchase land owned by the American Federation of Human Rights (AFHR) for \$45,000. The Town will construct a water line on this easement. In addition, the Town entered into a five-year lease agreement with AFHR for land to use as an equipment and storage location. The lease calls for annual payments of \$6,000 on the last day of April.

Note 9: Risk Management

The Town is exposed to various risks of loss related to torts; damage to and destruction of assets; errors and omissions and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past three years.

Note 10: Subsequent Event

Subsequent to year-end, the United States of America and the State of Colorado have declared an emergency associated with the Coronavirus pandemic. The Town has been economically impacted by the event, however the full economic effect has yet to be determined.

Note 11: Prior Period Adjustments

In the Statement of Net Position, Governmental Activities – tap fees was overstated by \$160,935. The beginning net position has been restated as follows:

	Governmental Activities
Net Position, as previously stated	\$ 2,457,104
Correction for overstatement of capital assets	<u>(160,935)</u>
Net Position, as restated	<u>\$ 2,296,169</u>

Required Supplementary Information

Town of Larkspur, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 756,300	\$ 976,813	\$ 220,513
Intergovernmental Revenue	5,900	1,330	(4,570)
Licenses and Permits	28,450	56,020	27,570
Interest	3,100	3,044	(56)
Parks and Recreation Revenue	9,700	10,807	1,107
Other	150	18,092	17,942
	<u>803,600</u>	<u>1,066,106</u>	<u>262,506</u>
Expenditures			
Current			
General Government	797,950	697,616	100,334
Public Safety	-	34,633	(34,633)
Parks and Recreation	111,300	121,128	(9,828)
Capital Outlay	12,800	11,611	1,189
Debt Service	51,900	-	51,900
	<u>973,950</u>	<u>864,988</u>	<u>108,962</u>
Total Expenditures			
	<u>973,950</u>	<u>864,988</u>	<u>108,962</u>
Excess Revenues Over (Under) Expenditures	(170,350)	201,118	371,468
Other Financing Sources (Uses)			
Transfers Out	(82,500)	-	82,500
Net Change in Fund Balance	(252,850)	201,118	453,968
Fund Balance, <i>Beginning of year</i>	4,595,982	1,336,616	(3,259,366)
Fund Balance, <i>End of year</i>	<u>\$ 4,343,132</u>	<u>\$ 1,537,734</u>	<u>\$ (2,805,398)</u>

Town of Larkspur, Colorado
 Budgetary Comparison Schedule
 Road and Bridge Fund
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Intergovernmental	\$ 65,550	\$ 64,795	\$ (755)
Donations	6,350	-	(6,350)
Investment Income	50	251	201
	<u>71,950</u>	<u>65,046</u>	<u>(6,904)</u>
Total Revenues			
Expenditures			
General Government		4,538	(4,538)
Public Works	65,800	46,432	19,368
Capital Outlay	75,000	207	74,793
	<u>140,800</u>	<u>51,177</u>	<u>89,623</u>
Total Expenditures			
Excess Revenues Over (Under) Expenditures	(68,850)	13,869	82,719
Other Financing Sources (Uses)			
Transfers In	75,000	-	(75,000)
	<u>6,150</u>	<u>13,869</u>	<u>7,719</u>
Net Change in Fund Balance			
Fund Balance, Beginning of year	265,733	265,733	-
	<u>271,883</u>	<u>279,602</u>	<u>7,719</u>
Fund Balance, End of year	\$	\$	\$

Town of Larkspur, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Intergovernmental	\$ 1,900	\$ 2,406	\$ 506
Investment Income	<u>-</u>	<u>3</u>	<u>3</u>
Total Revenues	<u>1,900</u>	<u>2,409</u>	<u>509</u>
Expenditures			
Parks and Recreation	<u>2,000</u>	<u>1</u>	<u>1,999</u>
Total Expenditures	<u>2,000</u>	<u>1</u>	<u>1,999</u>
Excess Revenues Over (Under) Expenditures	(100)	2,408	2,508
Other Financing Sources (Uses)			
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(100)	2,408	2,508
Fund Balance, Beginning of year	<u>635</u>	<u>635</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 535</u>	<u>\$ 3,043</u>	<u>\$ 2,508</u>

Town of Larkspur, Colorado
Notes to Required Supplementary Information
December 31, 2019

Note 1: Budgets and Budgetary Accounting

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

- a. Prior to September 1, the Town obtains budget requests from department heads.
- b. Prior to October 15, the proposed budget is submitted to Town Council by the Mayor.
- c. By December 15, the Town must certify the levy to the County Commissioners.
- d. A Public Hearing is held to obtain taxpayer comments.
- e. By December 15, the Town Council enacts a resolution appropriating the budget.
- f. Department heads are required to submit budget change requests to the Town Council after initial approval.
- g. Supplemental requests are gathered by the Town Council. The Town Council will hold formal public hearings prior to approving the increased budget and appropriations.

Note 2: Basis of Accounting

The budget is prepared using generally accepted accounting principles.

Note 3: Expenditures in Excess of Appropriations

Budgeted expenditures exceed appropriations in all funds in the current year, which may be a violation of State statute.

Supplementary Information

Town of Larkspur, Colorado
 Budgetary Comparison Schedule
 Water and Sewer Fund
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Utility Charges	\$ 139,600	\$ 130,018	\$ (9,582)
Miscellaneous	-	10	10
Total Revenue	<u>139,600</u>	<u>130,028</u>	<u>(9,572)</u>
Expenses			
Professional Services	112,100	97,151	14,949
Supplies	32,600	3,546	29,054
Personnel Services	4,200	1,248	2,952
Maintenance and Repairs	43,500	22,084	21,416
Utilities	51,800	49,048	2,752
Testing	-	8,753	(8,753)
Miscellaneous	2,300	2,919	(619)
Capital Outlay	619,600	546,288	73,312
Total Expenses	<u>866,100</u>	<u>731,037</u>	<u>135,063</u>
Net Operating Income	<u>(726,500)</u>	<u>(601,009)</u>	<u>125,491</u>
Nonoperating Revenues (Expenses)			
Property Taxes	108,900	108,234	(666)
Grant Proceeds	500,000	-	(500,000)
Interest Income	1,750	3,643	1,893
Loan Proceeds	2,466,000	-	(2,466,000)
Debt Service	(3,078,550)	(74,625)	3,003,925
Total Nonoperating Revenues (Expenses)	<u>(1,900)</u>	<u>37,252</u>	<u>39,152</u>
Net Income (Loss) Before Contributed Capital	<u>(728,400)</u>	<u>(563,757)</u>	<u>164,643</u>
Contributed Capital and Transfers			
Tap Revenue Fees	3,418,800	140,000	(3,278,800)
Transfers	7,500	-	7,500
Change in Net Position, Budgetary Basis	<u>\$ 2,697,900</u>	<u>(423,757)</u>	<u>\$ (3,106,657)</u>
Reconciliation to GAAP Basis			
Capital Outlay		490,119	
Debt Service Principal		74,625	
Depreciation		<u>(333,622)</u>	
Change in Net Position, GAAP Basis		<u>\$ (192,635)</u>	

Compliance Section

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

LOCAL HIGHWAY FINANCE REPORT	City or County:
	YEAR ENDING : December 2019
This Information From The Records Of (example - City of _ or County of _)	Prepared By: Phone:

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	40,715	c. Other	
4. Miscellaneous local receipts (from page 2)	251	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	0
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	40,966	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	13,219	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	54,185	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	0

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		54,185	0		54,185

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2019	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	15,657	a. Interest on investments	251
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	23,134	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	1,923	f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	25,058	h. Other	
c. Total (a. + b.)	40,715	i. Total (a. through h.)	251
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	13,219	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	13,219	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)
Notes and Comments:			