

TOWN OF PALMER LAKE, COLORADO

FINANCIAL STATEMENTS

December 31, 2019

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Town of Palmer Lake, Colorado

We have audited the accompanying financial statements of the governmental activities, business activities, each major fund and the aggregate remaining fund information of the Town of Palmer Lake, Colorado as of and for the year ended December 31, 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, business activities, each major fund and aggregate remaining fund information of the Town of Palmer Lake, Colorado, as of December 31, 2019, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other-Matters

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

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



Longmont, Colorado
September 30, 2020

Management's Discussion and Analysis

Town of Palmer Lake, Colorado

Management's Discussion and Analysis

Introduction:

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

The Town of Palmer Lake was founded in 1871 by General William Jackson Palmer and was incorporated in 1889 as a political subdivision of the State of Colorado. The Town operates under a Mayor-Council form of government. Under the guidance of the central administration which includes financial and technical support, the Town provides a range of services. The services include public safety (police and volunteer fire), public utilities (water), infrastructure (drainage, streets and public buildings) and cultural and recreational activities (parks, trails, recreation programs and library). The Town is nestled at the base of the pike National Forest in the northwest corner of El Paso County, Colorado. The population of Palmer Lake, Colorado is estimated at approximately 2,420 people.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (Net Position) by \$7,881,092 at December 31, 2019. Of this amount \$2,407,103 was unrestricted and available to fund future obligations of the Town.
- Net position of governmental activities increased by \$1,220,548 and net position of business-type activities increased by \$297,880.
- As of December 31, 2019, the General Fund had a fund balance of \$1,884,080. Of this amount \$1,571,125 was unassigned and available for use to meet the Town's current obligations.
- As of December 31, 2019, the Water Enterprise Fund had a fund balance of \$3,651,314 which is an increase of \$297,880 from December 31, 2018.

Overview of the Financial Statements of the Town:

The audited financial statements of the Town are:

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

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

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

Condensed Comparative Financial Information:

Statement of Net Position

	Governmental Activities		Business-type Activities		Primary Government	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 3,246,076	\$ 3,458,300	\$ 1,136,896	\$ 578,950	\$ 4,382,972	\$ 4,037,250
Capital Assets	2,529,110	568,237	5,434,439	5,316,724	7,963,549	5,884,961
Total Assets	<u>5,775,186</u>	<u>4,026,537</u>	<u>6,571,335</u>	<u>5,895,674</u>	<u>12,346,521</u>	<u>9,922,211</u>
Deferred Outflows	148,319	96,954	-	-	148,319	96,954
Long-Term Debt	184,644	134,820	2,580,208	2,198,814	2,764,852	2,333,634
Other Liabilities	642,502	172,413	339,813	343,426	982,315	515,839
Total Liabilities	<u>827,146</u>	<u>307,233</u>	<u>2,920,021</u>	<u>2,542,240</u>	<u>3,747,167</u>	<u>2,849,473</u>
Deferred Inflows	856,581	807,028	-	-	856,581	807,028
Net Position						
Net investment in capital assets	2,029,110	568,237	2,871,593	3,143,090	4,900,703	3,711,327
Restricted	358,286	147,705	215,000	-	573,286	147,705
Unrestricted	1,842,382	2,293,288	564,721	210,344	2,407,103	2,503,632
Total Net Position	<u>\$ 4,229,778</u>	<u>\$ 3,009,230</u>	<u>\$ 3,651,314</u>	<u>\$ 3,353,434</u>	<u>\$ 7,881,092</u>	<u>\$ 6,362,664</u>

Statement of Activities

Statement of Activities	Governmental Activities		Business-type Activities		Primary Government	
	2019	2018	2019	2018	2019	2018
Program Expenses	\$ 1,658,698	\$ 1,539,485	\$ 957,073	\$ 936,550	\$ 2,615,771	\$ 2,476,035
Program Revenues	840,024	221,329	1,118,973	910,225	1,958,997	1,131,554
Net Program Expense	<u>818,674</u>	<u>1,318,156</u>	<u>(161,900)</u>	<u>26,325</u>	<u>656,774</u>	<u>1,344,481</u>
General Revenues	2,039,222	2,038,135	135,980	9,530	2,175,202	2,047,665
Change in Net Position	<u>1,220,548</u>	<u>719,979</u>	<u>297,880</u>	<u>(16,795)</u>	<u>1,518,428</u>	<u>703,184</u>
Net Position, Beginning of Year -	3,009,230	2,289,251	3,353,434	3,370,229	6,362,664	5,659,480
Net Position, End of Year	<u>\$ 4,229,778</u>	<u>\$ 3,009,230</u>	<u>\$ 3,651,314</u>	<u>\$ 3,353,434</u>	<u>\$ 7,881,092</u>	<u>\$ 6,362,664</u>

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

Discussion of Financial Position and Operating Activities

The Town restricted three percent (3%) of its general revenues for emergencies in accordance with TABOR requirements. The Town had a TABOR reserve of \$87,000 at December 31, 2019.

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

In 2019, program expense exceeded program revenues by \$656,774 for the primary government. This was offset by net general revenues of \$2,175,202, which resulted in an overall increase in net position. See page 8 of the accompanying Financial Statements for details of these revenues and expenses.

Fund Discussion

Governmental Funds

The Governmental Fund – General Fund balance decreased to \$1,884,080 in 2019, primarily due to capital outlay. The fund balance includes \$87,000 for emergencies in accordance with TABOR requirements. The assets and liabilities are comprised primarily of cash and property tax revenues to be realized in 2019. As of December 31, 2019, the Town's combined fund balance for all governmental funds was \$1,929,411.

General Fund Budgetary Discussion

Actual revenues for 2019 were \$716,818 less than the final budget. Actual expenditures for 2019 were \$106,879 lower than the final budget primarily for a variety of reasons. See page 33 of the accompanying financial statements for more detail. The budget was not amended in 2019.

Proprietary Fund

The Water Enterprise Fund balance was \$3,651,314 at December 31, 2019. The assets and liabilities are comprised primarily of cash, water accounts receivable and capital assets. Actual revenues for 2019 were \$168,703 higher than the final budget. Actual expenditures for 2019 were \$108,591 more than the final budget. See the accompanying financial statements for more detail. The budget was not amended in 2019.

Capital Assets and Long-term Obligations

Capital Assets.

At the end of 2019 the Town had \$7,463,549 invested in a broad range of capital assets including major infrastructure such as buildings, roads, bridges, storm water drainage, parks and recreation facilities and water lines and distribution systems. More detailed information on the Town's capital assets is presented in the accompanying notes to the financial statements.

Long-term Debt.

During the year the General Fund loaned the Water Enterprise Fund \$500,000. The proceeds of the loan were to be used to complete the Water Tank project. The loan is secured by a twenty year note that bears interest at 2% per annum. The remaining activity relating to long-term debt was the scheduled payment of debt.

Economic Factors and Next Year's Budget

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

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

Basic Financial Statements

TOWN OF PALMER LAKE
STATEMENT OF NET POSITION
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,749,664	\$ 1,017,490	\$ 2,767,154
Cash and cash equivalents, restricted	225,955	-	225,955
Accounts receivable - County Treasurer	30,624	-	30,624
Accounts receivable	423,535	109,406	532,941
Interest receivable	1,646	-	1,646
Loan proceeds receivable	-	10,000	10,000
Property taxes receivable	814,652	-	814,652
Total Current Assets	<u>3,246,076</u>	<u>1,136,896</u>	<u>4,382,972</u>
Noncurrent Assets			
Loan receivable	500,000	-	500,000
Capital assets, not being depreciated	1,218,604	2,115,991	3,334,595
Capital assets, net of accumulated depreciation	810,506	3,318,448	4,128,954
Total Noncurrent Assets	<u>2,529,110</u>	<u>5,434,439</u>	<u>7,963,549</u>
Total Assets	<u>5,775,186</u>	<u>6,571,335</u>	<u>12,346,521</u>
DEFERRED OUTFLOWS OF RESOURCES			
Volunteer fireman's pension	10,752	-	10,752
SWDB pension	137,567	-	137,567
Total Deferred Outflows of Resources	<u>148,319</u>	<u>-</u>	<u>148,319</u>
LIABILITIES			
Current Liabilities			
Accounts payable	585,550	300,558	886,108
Other accrued liabilities	34,662	12,811	47,473
Compensated absences	22,290	17,922	40,212
Accrued interest	-	8,522	8,522
Lease purchase - current portion	11,784	2,946	14,730
Loans payable - current portion	-	132,517	132,517
Total Current Liabilities	<u>654,286</u>	<u>475,276</u>	<u>1,129,562</u>
Noncurrent Liabilities			
Loans payable	-	2,430,329	2,430,329
Lease purchase agreement	91,763	14,416	106,179
Net pension liability - SDWB	37,941	-	37,941
Net pension liability - volunteer	43,156	-	43,156
Total Noncurrent Liabilities	<u>172,860</u>	<u>2,444,745</u>	<u>2,617,605</u>
Total Liabilities	<u>827,146</u>	<u>2,920,021</u>	<u>3,747,167</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	814,652	-	814,652
Volunteer fireman's pension	21,889	-	21,889
SWDB pension	30,040	-	30,040
Total deferred inflows of resources	<u>866,581</u>	<u>-</u>	<u>866,581</u>
NET POSITION			
Net investment in capital assets	2,029,110	2,871,593	4,900,703
Restricted			
Loan operating reserve requirement	-	215,000	215,000
Emergency reserve (TABOR)	87,000	-	87,000
Donation - Pedestrian bridge	225,955	-	225,955
Conservation Trust	45,331	-	45,331
Unrestricted	1,842,382	564,721	2,407,103
Total net position	<u>\$ 4,229,778</u>	<u>\$ 3,651,314</u>	<u>\$ 7,881,092</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF PALMER LAKE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total		
Functions/Programs	Expenses	Charges for Services	Contributions	Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 461,570	209,654	\$ -	\$ 239,074	\$ (12,842)	\$ -	\$ (12,842)
Public safety	814,020	9,495	-	-	(804,525)	-	(804,525)
Highways and streets	319,964	-	-	381,801	61,837	-	61,837
Culture and recreation	58,196	-	-	-	(58,196)	-	(58,196)
Interest on long-term debt and related costs	4,948	-	-	-	(4,948)	-	(4,948)
Total General government	1,658,698	219,149	-	620,875	(818,674)	-	(818,674)
Business-type activities:							
Water operations	913,261	1,068,973	-	50,000	-	205,712	205,712
Interest on long-term debt and related costs	43,812	-	-	-	-	(43,812)	(43,812)
Total Business-Type Activities	957,073	1,068,973	-	50,000	-	161,900	161,900
TOTAL PRIMARY GOVERNMENT	2,615,771	1,288,122	-	670,875	(818,674)	161,900	(656,774)
		General revenues:					
		Property taxes			736,562	-	736,562
		Specific ownership taxes			103,543	-	103,543
		Sales and use taxes			861,259	-	861,259
		Highway user tax			127,440	-	127,440
		Franchise fees and other taxes			155,585	-	155,585
		Intergovernmental			37,293	-	37,293
		Net investment income			17,540	8,580	26,120
		Tap fees and development charges			-	127,400	127,400
		Total General Revenue			2,039,222	135,980	2,175,202
		Change in net position			1,220,548	297,880	1,518,428
		Net position - Beginning			3,009,230	3,353,434	6,362,664
		Net position - Ending			\$ 4,229,778	\$ 3,651,314	\$ 7,881,092

These financial statements should be read only in connection with the accompanying notes to financial statements.

Fund Financial Statements

TOWN OF PALMER LAKE
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2019

	Major Fund General	Non-Major Fund Conservation Trust	Total
ASSETS			
Cash and investments	\$ 1,704,333	\$ 45,331	\$ 1,749,664
Restricted cash and cash investments	225,955	-	225,955
Accounts receivable - County Treasurer	30,624	-	30,624
Accounts receivable - Other entities	423,535	-	423,535
Interest receivable	1,646	-	1,646
Loan receivable - Enterprise Fund	500,000	-	500,000
Property taxes receivable	814,652	-	814,652
Total Assets	<u>\$ 3,700,745</u>	<u>\$ 45,331</u>	<u>\$ 3,746,076</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Accounts payable	\$ 585,550	\$ -	\$ 585,550
Other accrued liabilities	34,662	-	34,662
Total Liabilities	<u>620,212</u>	<u>-</u>	<u>620,212</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	814,652	-	814,652
Unavailable revenue	381,801	-	381,801
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,196,453</u>	<u>-</u>	<u>1,196,453</u>
FUND BALANCE			
Restricted:			
Emergency reserves	87,000	-	87,000
Donation - Pedestrian bridge	225,955	-	225,955
Conservation Trust	-	45,331	45,331
Unassigned	1,571,125	-	1,571,125
Total Fund Balance	<u>1,884,080</u>	<u>45,331</u>	<u>1,929,411</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 3,700,745</u>	<u>\$ 45,331</u>	<u>\$ 3,746,076</u>

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds	\$ 1,929,411
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	
Capital assets	3,547,251
Accumulated depreciation	(1,518,141)
Pension related assets, liabilities, deferred inflow and deferred outflows of resources are not current resources and are not reported in the governmental funds.	15,293
Intergovernmental revenues that do not provide current financial resources are included in deferred inflows of resources in the fund financial statements and are considered revenues in the statement of activities.	381,801
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.	(103,547)
Compensated absences	(22,290)
Net position of governmental activities	<u>\$ 4,229,778</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF PALMER LAKE
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
Year Ended December 31, 2019

	Major Fund General	Non-Major Fund Conservation Trust	Total
REVENUE			
Property taxes	\$ 736,562	\$ -	\$ 736,562
Specific ownership taxes	103,543	-	103,543
Sales and use tax	861,259	-	861,259
Highway user tax	127,440	-	127,440
Franchise fees and other taxes	155,585	-	155,585
Licenses and permits	84,058	-	84,058
Intergovernmental	5,594	31,699	37,293
Fines and forfeits	62,024	-	62,024
Interest income	17,540	-	17,540
Grants	239,074	-	239,074
Dispatch revenue - Fire	2,040	-	2,040
Miscellaneous revenue	71,027	-	71,027
Total revenues	2,465,746	31,699	2,497,445
EXPENDITURES			
Current			
General government	444,128	-	444,128
Public Safety	779,561	-	779,561
Highways and streets	282,532	-	282,532
Culture and recreation	25,005	28,981	53,986
County treasurer fees	7,386	-	7,386
Debt service	36,221	-	36,221
Capital outlay	1,500,340	44,840	1,545,180
Total expenditures	3,075,173	73,821	3,148,994
NET CHANGE IN FUND BALANCE	(609,427)	(42,122)	(651,549)
FUND BALANCE - BEGINNING OF YEAR	2,493,507	87,453	2,580,960
FUND BALANCE - END OF YEAR	\$ 1,884,080	\$ 45,331	\$ 1,929,411

A reconciliation reflecting the differences between the governmental funds net change in fund balances position reported for governmental activities in the Statement of Activities as follows:

Net change in Fund Balances - total governmental funds	\$ (651,549)
Purchases of capital assets are expensed in governmental funds and depreciated on the statement	
Capital outlay	1,545,180
Depreciation	(84,307)
Changes in pension related assets, liabilities, deferred inflows and deferred outflows of resources not utilize current resources and are not reported in the governmental funds.	(1,304)
Deferred revenue not available within 60 days of end of year	381,801
Principal payments on debt are reported as expenditures in governmental funds	31,273
Accrued vacation is not considered a current economic resource and therefore is not included in governmental funds. Change in compensated absences for the year ended:	(546)
Change in net position - governmental activities	\$ 1,220,548

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF PALMER LAKE
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2019

	<u>Water Enterprise Fund</u>
ASSETS	
Current Assets	
Cash and investments	\$ 1,017,490
Accounts receivable	109,406
Loan proceeds receivable	10,000
Total Current Assets	<u>1,136,896</u>
Capital Assets	
Capital assets, not being depreciated	2,115,991
Capital assets, net of accumulated depreciation	3,318,448
Total Capital Assets	<u>5,434,439</u>
Total Assets	<u>6,571,335</u>
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable	300,558
Other accrued liabilities	12,811
Compensated absences	17,922
Accrued interest payable	8,522
Lease purchase agreement - current portion	2,946
Loans payable - current portion	132,517
Total Current Liabilities	<u>475,276</u>
Long Term Liabilities	
Lease purchase agreement	14,416
Loans payable, net of current portion	2,430,329
Total Long Term Liabilities	<u>2,444,745</u>
Total Liabilities	2,920,021
NET POSITION	
Net investment in capital assets	2,871,593
Restricted	
Loan operating reserve requirement - CWR&PDA	215,000
Unrestricted	564,721
Total Net Position	<u>\$ 3,651,314</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF PALMER LAKE
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2019

	<u>Water Enterprise Fund</u>
OPERATING REVENUE	
Water sales and fees	\$ 1,068,973
Total operating revenue	<u>1,068,973</u>
OPERATING EXPENSES	
General and Administrative	230,439
Operations	453,861
Depreciation expense	228,961
Total operating expenses	<u>913,261</u>
OPERATING INCOME (LOSS)	<u>155,712</u>
NONOPERATING REVENUE (EXPENSE)	
Water tap fees and development charges	127,400
Grant income	50,000
Interest income	8,580
Interest expense	<u>(43,812)</u>
Total nonoperating revenue (expense), net	<u>142,168</u>
CHANGE IN NET POSITION	<u>297,880</u>
NET POSITION - BEGINNING OF YEAR	<u>3,353,434</u>
NET POSITION - END OF YEAR	<u><u>\$ 3,651,314</u></u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF PALMER LAKE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2019

	Water Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,054,101
Cash payments to suppliers for goods and services	(447,031)
Cash payments to employees for services	(245,214)
Net cash provided by operating activities	361,856
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Tap fees received	127,400
Proceeds from General Fund loan	500,000
Proceeds from CWR&PDA loan	116,823
Purchases of capital assets	(346,676)
Principal paid on debt	(118,606)
Grant income	50,000
Interest and fiscal charges paid on debt	(39,480)
Net cash provided by capital and related financing activities	289,461
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	8,580
Net cash provided by investing activities	8,580
NET DECREASE IN CASH AND CASH EQUIVALENTS	659,897
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	357,593
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,017,490
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 155,712
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	228,961
Effects of changes in operating assets and liabilities:	
Accounts receivable	(14,872)
Accounts payable	(11,613)
Other accrued liabilities	3,668
Total adjustments	206,144
Net cash provided by operating activities	\$ 361,856

These financial statements should be read only in connection with the accompanying notes to financial statements.

Town of Palmer Lake, Colorado
Notes to Financial Statements
December 31, 2019

Note 1 Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Accounting

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

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

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

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

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

Measurement Focus and Basis of Accounting

Government-wide Financial Statement

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

Fund Financial Statements

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

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

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

Revenue

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

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 1 Summary of Significant Accounting Policies (Continued)

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

Expenses/Expenditures

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

Property Taxes

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

Assets and Liabilities

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

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

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

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

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

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 1 Summary of Significant Accounting Policies (Continued)

Assets and Liabilities (Continued)

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

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

Long-Term Obligations

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

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

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

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

Net Position

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

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

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 1 Summary of Significant Accounting Policies (Continued)

Assets and Liabilities (Continued)

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

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

Fund Balance

Nonspendable- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was \$0 as of December 31, 2019.

Restricted - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the Town to establish Emergency reserves (see Note 4). A reservation of \$87,000 of the General Fund balance has been made in compliance with this requirement. The Town has \$45,331 restricted for conservation trust programs. In 2019, the Town received a donation in the amount of \$225,955 from the Awake the Lake Foundation to be used towards the purchase and installation of a pedestrian bridge across the railroad tracks.

Committed- General Fund - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees formally removes or changes the specified uses. The Town had a committed fund balance of \$0 as of December 31, 2019.

Assigned – Includes all amounts that are constrained by the Town’s intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Trustees. As of December 31, 2019, the assigned fund balance was \$0.

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

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

Interfund Transactions

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

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Interfund balances represent amounts paid or received by the General Fund on behalf of the Water Fund as of December 31, 2019 and total \$0. The balances result from the time lag between the dates of the transactions and the dates of the reimbursements.

In 2019, the General Fund loaned \$500,000 to the Water Enterprise Fund (see Note 4).

Budgets and Budgetary Accounting

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

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

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

The Water Enterprise Fund and the Conservation Trust Fund had expenditures in excess of budgeted appropriations for the year ended December 31, 2019, which may be a violation of State budget law.

Use of Estimates in the Preparation of Financial Statements

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

Note 2 Cash and Investments

Cash Deposits

The Town maintains a cash pool that is available for use by all funds. Each fund's portion of the pool is displayed on their respective balance sheet as "Cash and Cash equivalents". As of December 31, 2019, the Town's cash deposits had a carrying balance of \$1,973,457 with corresponding bank balance of \$1,987,794 of which \$250,000 is federally insured.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 2 Cash and Investments (Continued)

another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Town had \$1,737,794 collateralized under PDPA.

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2019, none of the Town's bank deposits were exposed to custodial credit risk.

Investments

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

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

At December 31, 2019 the Town had \$1,019,652 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement.

The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 2 Cash and Investments (Continued)

A summary of cash and cash equivalents at December 31, 2019 is as follows:

	<u>Deposits</u>	<u>Colotrust</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,973,457	\$ 793,697	\$ 2,767,154
Restricted cash and cash equivalents	-	225,955	225,955
Total	<u>\$ 1,973,457</u>	<u>\$ 1,019,652</u>	<u>\$ 2,993,109</u>
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,749,664	\$ 1,017,490	\$ 2,767,154
Restricted cash and cash equivalents	225,955	-	225,955
Total	<u>\$ 1,975,619</u>	<u>\$ 1,017,490</u>	<u>\$ 2,993,109</u>

Note 3 Capital Assets

A summary of changes to capital assets for 2019 is as follows:

	<u>Balance at December 31, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at December 31, 2019</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 6,772	\$ 1,211,832	\$ -	\$ 1,218,604
Total capital assets, not being depreciated	<u>6,772</u>	<u>1,211,832</u>	<u>-</u>	<u>1,218,604</u>
Capital assets, being depreciated:				
Buildings	175,830	-	-	175,830
Roads and drainage	523,033	226,806	-	749,839
Equipment	1,296,436	106,542	-	1,402,978
Total capital assets being depreciated	<u>1,995,299</u>	<u>333,348</u>	<u>-</u>	<u>2,328,647</u>
Less accumulated depreciation for:				
Buildings	(72,307)	(13,914)	-	(86,221)
Roads and drainage	(455,844)	(25,345)	-	(481,189)
Equipment	(905,683)	(45,048)	-	(950,731)
Total accumulated depreciation	<u>(1,433,834)</u>	<u>(84,307)</u>	<u>-</u>	<u>(1,518,141)</u>
Total capital assets being depreciated, net	<u>561,465</u>	<u>249,041</u>	<u>-</u>	<u>810,506</u>
Total capital assets, net	<u>\$ 568,237</u>	<u>\$ 1,460,873</u>	<u>\$ -</u>	<u>\$ 2,029,110</u>

Depreciation Expense by Function

General Government	\$ 9,510
Public Safety	33,155
Highways and Streets	37,432
Culture and Recreation	4,210
Total Depreciation Expense	<u>\$ 84,307</u>

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 3 Capital Assets (Continued)

	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Business-type activities:				
Capital assets, not being depreciated:				
Land/water rights	\$ 560,000	\$ -	\$ -	\$ 560,000
Construction in progress	1,222,313	333,678	-	1,555,991
Total capital assets, not being depreciated	1,782,313	333,678	-	2,115,991
Capital assets, being depreciated:				
Reservoirs, lakes	150,233	-	-	150,233
Water facility	3,948,083	-	-	3,948,083
Shop building	121,825	-	-	121,825
Collection/transmission/distribution	2,032,874	-	-	2,032,874
Wells	846,767	-	-	846,767
General equipment	280,028	12,998	-	293,026
Total capital assets being depreciated	7,379,810	12,998	-	7,392,808
Less accumulated depreciation for:				
Reservoirs, lakes	(99,770)	-	-	(99,770)
Water facility	(2,202,629)	(139,471)	-	(2,342,100)
Shop building	(107,208)	(4,873)	-	(112,081)
Collection/transmission/distribution	(960,297)	(37,089)	-	(997,386)
Wells	(270,102)	(20,699)	-	(290,801)
General equipment	(205,393)	(26,829)	-	(232,222)
Total accumulated depreciation	(3,845,399)	(228,961)	-	(4,074,360)
Total capital assets being depreciated, net	3,534,411	(215,963)	-	3,318,448
Total capital assets, net	\$ 5,316,724	\$ 117,715	\$ -	\$ 5,434,439

Note 4 Long-Term Liabilities

Changes in Long-term Debt for the year ended December 31, 2019 were:

	Balance at December 31, 2018	Additions	Reductions	Balance at December 31, 2019	Amount Due Within One Year
Governmental activities					
Lease purchase	\$ 134,820		\$ 31,273	\$ 103,547	\$ 11,784
Total Long-term Debt	\$ 134,820	\$ -	\$ 31,273	\$ 103,547	\$ 11,784
Business-type activities					
CWRPDA Bond - 2009	\$ 1,073,634	\$ -	\$ 83,916	\$ 989,718	\$ 85,578
CWRPDA Bond - 2018	1,100,000	-	26,872	1,073,128	46,939
Loan - General Fund	-	500,000	-	500,000	-
Lease purchase	25,180	-	7,818	17,362	2,946
Total Long-term Debt	\$ 2,198,814	\$ 500,000	\$ 118,606	\$ 2,580,208	\$ 135,463

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 4 Long-Term Liabilities (Continued)

Drinking Water Revolving Fund Direct Loan

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 85,578	\$ 19,393	\$ 104,971
2021	87,288	17,683	104,971
2022	89,053	15,918	104,971
2023	90,844	14,127	104,971
2024	92,695	12,276	104,971
2025 - 2029	492,294	32,656	524,950
2030	51,966	520	52,486
Total	<u>\$ 989,718</u>	<u>\$ 112,573</u>	<u>\$ 1,102,291</u>

Drinking Water Revolving Fund Direct Loan

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 46,939	\$ 21,229	\$ 68,168
2021	47,883	20,285	68,168
2022	48,845	19,323	68,168
2023	49,827	18,341	68,168
2024	50,828	17,340	68,168
2025 - 2029	269,884	70,957	340,841
2030 - 2034	298,120	42,721	340,841
2035 - 2038	260,802	11,872	272,674
Total	<u>\$ 1,073,128</u>	<u>\$ 222,068</u>	<u>\$ 1,295,196</u>

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 4 Long-Term Liabilities (Continued)

Vehicle Lease Purchase Agreement

On July 13, 2018, the Town borrowed \$160,000 through NBH Bank, with an interest rate of 4.03% to fund the lease purchase of vehicles. The loan is collateralized by the vehicles purchased. Payments on the lease are due on January and July of each year commencing on January 15, 2019 in the amount of \$9,801. The carrying value of the collateral was \$108,665 as of December 31, 2019. The Town had unspent funds of \$25,674 that were applied to the loan balance. Future maturities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 14,730	\$ 4,872	\$ 19,602
2021	15,323	4,279	19,602
2022	15,941	3,661	19,602
2023	16,583	3,019	19,602
2024	17,251	2,351	19,602
2025 - 2028	41,081	2,768	43,849
Total	<u>\$ 120,909</u>	<u>\$ 20,950</u>	<u>\$ 141,859</u>

General Fund Loan to Water Enterprise Fund

On May 23, 2019, the Town's Board of Trustees approved a loan of \$500,000 from the General Fund to the Water Enterprise Fund. The loan is a twenty year term and bears interest at a rate of 2%. The loan proceeds were utilized to assist in the funding of the Town's Water Tank project. Interest payment are due semi-annually on May 1st and November 1st. Semi-annual Principal payments commence November 1, 2024. Future maturities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 10,000	\$ 10,000
2021	-	10,000	10,000
2022	-	10,000	10,000
2023	-	10,000	10,000
2024	14,374	10,000	24,374
2025 - 2029	151,890	41,852	193,742
2030 - 2034	167,779	25,961	193,740
2035 - 2039	165,957	8,409	174,366
Total	<u>\$ 500,000</u>	<u>\$ 126,222</u>	<u>\$ 626,222</u>

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 5 Pension Plans

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

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

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

Description of Benefits

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

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

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

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

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Members of the SWDB plan and their

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 5 Defined Benefit Pension Plan (Continued)

employers contributing at the rate of 9 percent and 8 percent, respectively, of base salary for a total contribution rate of 17 percent in 2017. In 2015, the members elected to increase the member contribution rate to the SWDB plan beginning in 2016. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022. Contributions to the SWDB plan from the Town were \$16,082 for the year ended December 31, 2019.

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

At December 31, 2019, the Town reported a liability of \$37,941 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2018, the Town's proportion was .0300101242 percent, which was a decrease of .0084416613 percent from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Town recognized pension expense of \$4,156. At December 31, 2018, 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
Differences between actual and expected experience	\$ 48,751	\$ 405
Changes in assumptions	36,744	0
Net difference between actual and projected earnings on pension plan investments	29,846	0
Net impact in change in proportionate share	0	29,635
Contributions subsequent to the measurement date	22,225	0
Total	\$ 137,567	\$ 30,040

\$22,225 in total reported as deferred outflows of resources related to pension resulting from Town's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 5 Defined Benefit Pension Plan (Continued)

outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	Net Deferred Outflows/ (Inflows) of Resources
2020	\$ 18,284
2021	12,012
2022	9,650
2023	18,330
2024	7,071
Thereafter	19,955
Total	\$ 85,302

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 5 Defined Benefit Pension Plan (Continued)

major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are summarized in the following table:

<u>Asset Class</u>	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.00 %	8.03 %
Equity Long/Short	9.00 %	6.45 %
Illiquid Alternatives	24.00 %	10.00 %
Fixed Income	15.00 %	2.90 %
Absolute Return	9.00 %	5.08 %
Managed Futures	4.00 %	5.35 %
Cash	2.00 %	2.52 %
Total	100.00 %	

Discount Rate

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

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

The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

<u>Discount Rate:</u>	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Proportionate share of the net pension liability (asset)	<u>\$147,131</u>	<u>\$ 37,941</u>	<u>\$ (52,630)</u>

Pension Plan Fiduciary Net Position

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

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 5 Pension Plans (Continued)

Volunteer Fire Department Pension Fund

At December 31, 2018, the Department reported a liability of \$43,156 for its net pension liability / (asset). The net pension liability / (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The plan membership consists of 9 retirees and beneficiaries and 5 active members.

For the year ended December 31, 2018, the Department recognized pension expense of \$311. At December 31, 2018, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	of	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 53		\$12,585
Changes in assumptions	8,308		7,853
Net difference between actual and projected earnings on pension plan investments	2,391		1,451
Department contributions subsequent to the measurement date	0		0
Total	\$10,752		\$21,889

\$0 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. *Actuarial assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. Future pension expense from the amortization of deferred outflows and inflows of resources are:

Fiscal Year Ending December 31,	Net Deferred Outflows/ (Inflows) of Resources
2020	\$ (4,310)
2021	(1,136)
2022	(2,430)
2023	(1,945)
2024	(1,316)
Thereafter	-
Total	\$ (11,137)

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 5 Pension Plans (Continued)

Investment rate of return	7.5 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	N/A
Cost of Living Adjustment	0.0 percent
Inflation	2.5 percent

On-duty related mortality is assumed to be 0.00020 per year for all members. The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study in 2018. The Fund's target allocation is as follows:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Private Markets	24%	10.00%
Cash	2%	2.52 %
Total	100%	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2018, are summarized in the above table.

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

Sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate. The following presents the Department's net pension liability/(asset) calculated using the discount rate of 7.00 percent, as well as what the Department's net pension

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2019

Note 5 Pension Plans (Continued)

liability/(Asset) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
Department's net pension liability/(asset)	\$49,106	\$43,156	\$38,088

* The long-term rate of return used was 7.00 percent. The municipal bond rate used was 3.68 percent. The single discount rate for the plans was 7.00 percent.

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

Note 6 Tax, Spending, and Debt Limitation

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

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

TABOR requires local governments to establish emergency reserves, which must be at least 3% of fiscal year spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. This Town had an emergency reserve of \$87,000 as of December 31, 2019.

Note 7 Risk Management

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

Note 8: Subsequent Event

COVID-19

On March 11, 2020 the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact operations of the Town. Other financial impacts could occur, though such potential impact is unknown at this time

Required Supplemental Information

TOWN OF PALMER LAKE
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
	<u>Original and Final</u>		
REVENUE			
Property taxes	\$ 733,964	\$ 736,562	\$ 2,598
Specific ownership taxes	350,000	103,543	(246,457)
Sales and use tax	395,000	861,259	466,259
Highway user tax	94,500	127,440	32,940
Franchise fees and other taxes	165,000	155,585	(9,415)
Licenses, fees and permits	38,400	84,058	45,658
Intergovernmental	19,300	5,594	(13,706)
Fines and forfeits	30,500	62,024	31,524
Interest income	1,000	17,540	16,540
Grants	1,050,000	239,074	(810,926)
Proceeds from sales of assets	223,000	-	(223,000)
Dispatch revenue - Fire	15,000	2,040	(12,960)
Miscellaneous revenue	66,900	71,027	4,127
Total Revenues	<u>3,182,564</u>	<u>2,465,746</u>	<u>(716,818)</u>
EXPENDITURES			
General wages and benefits	214,889	170,810	44,079
Training and travel	4,700	4,305	395
Professional fees	130,000	127,411	2,589
Contract services	20,000	14,324	5,676
Operating supplies	15,000	18,198	(3,198)
Repairs and maintenance	25,700	9,339	16,361
Office expense	19,800	13,267	6,533
Utilities	19,000	18,405	595
Insurance	10,334	12,362	(2,028)
Grants expense	-	29,430	(29,430)
Police	363,113	425,552	(62,439)
Fire	327,274	354,009	(26,735)
Roads	283,671	282,532	1,139
Parks	40,491	25,005	15,486
County Treasurer fees	-	7,386	(7,386)
Other expenses	5,000	26,277	(21,277)
Capital outlay	1,674,000	1,500,340	173,660
Debt service	13,080	36,221	(23,141)
Contingency	16,000	-	16,000
Total Expenditures	<u>3,182,052</u>	<u>3,075,173</u>	<u>106,879</u>
NET CHANGE IN FUND BALANCE	512	(609,427)	(609,939)
FUND BALANCE - BEGINNING OF YEAR	2,493,507	2,493,507	-
FUND BALANCE - END OF YEAR	<u>\$ 2,494,019</u>	<u>\$ 1,884,080</u>	<u>\$ (609,939)</u>

See the accompanying Independent Auditor's report.

TOWN OF PALMER LAKE
SCHEDULE OF CONTRIBUTIONS MULTI-YEAR

FY Ending December 31, (a)	Actuarially Determined Contribution (b)	Actual Contribution (c)	Contribution Deficiency (Excess) (d) = (b) - (c)	Covered Payroll (e)	Actual Contribution as a % of Covered Payroll (f)
2014	\$ 8,844	\$ 8,406	\$ 438	N/A	N/A
2015	\$ 8,844	\$ 18,168	\$ (9,324)	N/A	N/A
2016	\$ 8,925	\$ 8,925	-	N/A	N/A
2017	\$ 8,925	\$ 13,662	\$ (4,737)	N/A	N/A
2018	\$ 7,691	\$ 24,649	\$ (16,958)	N/A	N/A

*Includes both employer and State of Colorado Supplemental Discretionary Payment

Notes to the Schedule of Contributions

Valuation Date

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a 0 lag, so the actuarial valuation as of January 1, 2017, determines the contribution amounts for 2018 and 2019.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year smoothed fair value
Inflation	3.00%
Salary Increases	N/A
Rate of Return	7.50%
Retirement Age	'50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 55 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64 a blend of the previous tables. All tables are projected with Scale BB.

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

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

See the accompanying Independent Auditor's report.

TOWN OF PALMER LAKE
Required Supplementary Information
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS MULTIYEAR
Last 10 Fiscal Years

<u>Measurement Period Ending December 31,</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service Cost	\$ 1,265	\$ 1,265	\$ 853	\$ 2,571	\$ 1,292
Interest Cost	6,662	6,891	6,750	4,928	7,310
Experience Loss/(Gain)/(Deferred Inflow)					-
Difference Between Expected and Actual Experiences	(15,268)	-	134		(617)
Assumption Changes	2,012	-	5,504	(39,273)	39,622
Benefit Payments	<u>(10,400)</u>	<u>(12,000)</u>	<u>(11,143)</u>	<u>(11,500)</u>	<u>(12,000)</u>
Net Change in Total Pension Liability	(15,729)	(3,844)	2,098	(43,274)	35,607
Total Pension Liability - Beginning	<u>93,311</u>	<u>97,155</u>	<u>95,057</u>	<u>138,331</u>	<u>102,724</u>
Total Pension Liability - Ending	<u>\$ 77,582</u>	<u>\$ 93,311</u>	<u>\$ 97,155</u>	<u>\$ 95,057</u>	<u>\$ 138,331</u>
Plan Fiduciary Net Position					
Employer Contribution	\$ 16,616	\$ -	\$ 8,925	\$ 8,560	\$ -
Net Investment Income	(12)	4,128	1,074	331	\$ 1,138
Actual Return on Assets					-
Benefit Payments	(10,400)	(12,000)	(11,143)	(11,500)	(12,000)
Pension Plan Administrative Expenses	(4,303)	(6,464)	(314)	(1,173)	(413)
State of Colorado Supplemental Discretionary Payme	<u>8,033</u>	<u>13,662</u>	<u>-</u>	<u>9,608</u>	<u>8,406</u>
Net Change in Plan Fiduciary Net Position	9,934	(674)	(1,458)	5,826	(2,869)
Plan Fiduciary Net Position - Beginning	<u>24,492</u>	<u>25,166</u>	<u>26,624</u>	<u>20,798</u>	<u>23,667</u>
Plan Fiduciary Net Position - Ending	<u>34,426</u>	<u>24,492</u>	<u>25,166</u>	<u>26,624</u>	<u>20,798</u>
Net Pension Liability/(Asset)	\$ 43,156	\$ 68,819	\$ 71,989	\$ 68,433	\$ 117,533
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	44.37%	26.25%	25.90%	28.01%	15.03%
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A

This schedule will report ten years of data when it is available.

See the accompanying Independent Auditor's report.

TOWN OF PALMER LAKE
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - FPPA
Last 10 Fiscal Years
Years Ended December 31,

	2018	2017	2016	2014	2014	2013
Town's proportion of the Net Pension Liability (Asset)	0.0300101242%	0.0384426613%	0.0219331444%	0.0098164611%	0.0105819994%	1.0829630600%
Town's proportionate share of the Net Pension Liability (Asset) \$	37,941	(55,306)	7,925	(173)	(11,943)	(12,222)
Town's covered payroll	\$ 208,036	\$ 115,692	\$ 107,003	\$ 47,590	\$ 47,590	\$ 45,084
Total pension liability	2,653,120,261	2,021,526,883	2,021,526,883	1,846,961,999	1,652,901,084	1,533,631,141
Plan fiduciary net position	2,526,692,808	1,985,393,043	1,985,393,043	1,848,724,853	1,765,758,630	1,623,049,809
Net pension liability (asset)	<u>126,427,453</u>	<u>36,133,840</u>	<u>36,133,840</u>	<u>(1,762,854)</u>	<u>(112,857,546)</u>	<u>(89,418,668)</u>
Plan fiduciary net position as a percentage of the total pension	0.95	0.98	0.98	1.00	1.07	1.06
Net pension liability as a percentage of covered payroll	39%	-48%	7%	0%	-25%	-27%

**This schedule will report ten years of data when it is available.

See the accompanying Independent Auditor's report.

TOWN OF PALMER LAKE
SCHEDULE OF PENSION CONTRIBUTIONS - FPPA
 Last 10 Fiscal Years
 Years Ended December 31,

	2019	2018	2017	2016	2015	2014	2013
Statutorily Required Contribution	\$ 22,225	\$ 16,082	\$ 8,560	\$ 8,560	\$ 3,807	\$ 3,807	\$ 3,607
Contributions in Relation to the Statutorily Required Contrib	\$ 22,225	\$ 16,082	\$ 8,560	\$ 8,560	\$ 3,807	\$ 3,807	\$ 3,607
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 277,813	\$ 208,036	\$ 115,692	\$ 107,003	\$ 47,590	\$ 47,590	\$ 45,084
Contributions as a Percentage of Covered Payroll	8.00%	7.73%	7.40%	8.00%	8.00%	8.00%	8.00%

**This schedule will report ten years of data when it is available.

See the accompanying Independent Auditor's report.

Other Supplemental Information

TOWN OF PALMER LAKE
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Year Ended December 31, 2019

	Budgeted Amounts		Variance with Budget Positive (Negative)
	<u>Original and Final</u>	<u>Actual</u>	
REVENUE			
Intergovernmental	\$ 20,000	\$ 31,699	\$ 11,699
Carryover	15,000	-	(15,000)
Total Revenues	<u>35,000</u>	<u>31,699</u>	<u>(3,301)</u>
EXPENDITURES			
Wages and benefits	13,694	13,100	594
Contract services	2,500	10,222	(7,722)
Operating supplies	1,000	3,772	(2,772)
Repairs and maintenance	1,500	664	836
Utilities	500	1,223	(723)
Capital outlay	15,000	44,840	(29,840)
Contingency/Miscellaneous	750	-	750
Total Expenditures	<u>34,944</u>	<u>73,821</u>	<u>(38,877)</u>
NET CHANGE IN FUND BALANCE	56	(42,122)	(42,178)
FUND BALANCE - BEGINNING OF YEAR	87,453	87,453	-
FUND BALANCE - END OF YEAR	<u>\$ 87,509</u>	<u>\$ 45,331</u>	<u>\$ (42,178)</u>

See the accompanying Independent Auditor's report.

TOWN OF PALMER LAKE
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN
NET POSITION (NON-GAAP BUDGETARY BASIS)
WATER ENTERPRISE FUND
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original & Final</u>	<u>Actual</u>	
REVENUE			
Water sales and improvement fees	\$ 1,070,750	\$ 1,050,451	\$ (20,299)
Late fees	15,500	18,522	3,022
Water tap fees	-	127,400	127,400
Grant income	-	50,000	50,000
Interest income	-	8,580	8,580
Total Revenue	<u>1,086,250</u>	<u>1,254,953</u>	<u>168,703</u>
EXPENSES			
Wages and benefits	359,760	299,603	60,157
Memberships and registrations	10,000	8,255	1,745
Contract services	5,000	10,280	(5,280)
Professional fees	62,000	81,157	(19,157)
Payment processing	18,000	-	18,000
Utilities	93,000	105,527	(12,527)
Operating supplies	50,000	45,961	4,039
Repairs and maintenance	52,200	73,355	(21,155)
Office expense	10,700	12,907	(2,207)
Insurance	17,000	9,862	7,138
Reservoir/Dam maintenance	40,000	9,781	30,219
Water quality tests	35,000	25,161	9,839
Miscellaneous	33,000	2,451	30,549
Debt Service	179,140	162,415	16,725
Capital outlay	120,000	346,676	(226,676)
Total Expenses	<u>1,084,800</u>	<u>1,193,391</u>	<u>(108,591)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENSES	<u>1,450</u>	<u>61,562</u>	<u>60,112</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Loan	-	500,000	500,000
Total other financing sources	<u>-</u>	<u>500,000</u>	<u>500,000</u>
NET CHANGE IN FUND BALANCE - BUDGETARY BASIS	<u>1,450</u>	<u>561,562</u>	<u>560,112</u>
RECONCILIATION TO NET INCOME			
Add Capital Outlay		\$ 346,676	
Add Principal paid on bonds/loan		118,606	
Less Depreciation expense		(228,961)	
Less Loan proceeds		(500,000)	
Net Income (Loss) - GAAP Basis		<u>\$ 297,880</u>	

See accompanying independent auditor's report.

Special Reports

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

LOCAL HIGHWAY FINANCE REPORT

STATE:
COLORADO
YEAR ENDING (mm/yy):
12/19

This Information From The Records Of:

Prepared By:
BOB RADOSEVICH

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. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	593,007
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	7,491
2. General fund appropriations		b. Snow and ice removal	6,410
3. Other local imposts (from page 2)	242,146	c. Other	
4. Miscellaneous local receipts (from page 2)	67,556	d. Total (a. through c.)	13,901
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)	606,908
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)		a. Interest	
7. Total (1 through 6)	309,702	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	
C. Receipts from State government (from page 2)	189,012	2. Notes:	
D. Receipts from Federal Government (from page 2)	108,194	a. Interest	
E. Total receipts (A.7 + B + C + D)	606,908	b. Redemption	
		c. Total (a. + b.)	
		3. Total (1.c + 2.c)	
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	606,908

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE
COLORADO
 YEAR ENDING (mm/yy):
 12/19

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	66,291	a. Interest on investments	
b. Other local imposts:		b. (Specify)	
1. Sales Taxes	124,083	Traffic Fines	67,556
2. (Specify)		d. (Specify)	
3. (Specify)		e. (Specify)	
4. (Specify)		f. (Specify)	
Specific Ownership/for Other	51,772	g. (Specify)	
6. Total (1. through 5.)	175,855	h. (Specify)	
c. Total (a. + b.)	242,146	i. Total (a. through h.)	67,556
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)		1. FHWA (from Item I.D.5.)	
2. State general funds	137,240	2. Other Federal agencies:	
3. Other State funds		a. Forest Service	
a. State bond proceeds		b. FEMA	
Motor Vehicle Registration	51,772	c. HUD	
c. (Specify)		Grant	108,194
d. (Specify)		e. (Specify)	
e. (Specify)		f. (Specify)	
f. Total (a. through e.)	51,772	g. Total (a. through f.)	108,194
4. Total (1. + 2. + 3.f)	189,012	3. Total (1. + 2.g)	108,194
(Carry forward to page 1)	0	(Carry forward to page 1)	

III. EXPENDITURES 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		493,007	493,007
b. Engineering Costs		100,000	100,000
c. Construction:			
(1). New Facilities			
(2). Capacity Improvements			
(3). System Preservation			
(4). System Enhancement And Operation			
(5). Total Construction (1)+(2)+(3)+(4)			
d. Total Capital Outlay (Lines 1.a + 1.b. + 1.c.4)		593,007	593,007
		(Carry forward to page 1)	

Notes and Comments: