



The attached 2017 Audited Financial Statements were accepted by the Town of Grand Lake Board of Trustees on April 23, 2018.

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TOWN OF GRAND LAKE, COLORADO

Financial Statements

December 31, 2017

TOWN OF GRAND LAKE COLORADO

Board of Trustees

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Kathy Lewis	Mayor Pro-Tem
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TOWN OF GRAND LAKE COLORADO

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Dazzo & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Grand Lake, Colorado as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Grand Lake, Colorado, as of December 31, 2017, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Grand Lake, Colorado's financial statements as a whole. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information 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 Supplementary 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.

Dussio & Associates, P.C.

March 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF GRAND LAKE, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended December 31, 2017. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The Town's assets exceeded its liabilities by \$8,506,885 (net position) for the fiscal year reported.
- Total net position is comprised of the following:

Net investment in capital assets in the amount of \$3,653,532 including property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.

Net position of \$89,294 is restricted for parks and open space and emergency reserves.

Net position of \$4,764,059, which includes committed funds for attainable housing, capital projects (bond money) and the cemetery, represents the portion available to maintain the Town's continuing obligations to citizens.

- The Town's governmental funds (the General and Capital Improvement Funds) report a total ending fund balance of \$3,503,452 this year. The General Fund ending fund balance of \$1,757,886 compares to the prior year ending fund balance of \$1,454,841, an increase of \$303,045 during the current year. In 2017, \$337,972 of the remaining unassigned General Fund balance was assigned to the 2018 budget. The Capital Improvement Fund was created in 2017, by voter approval of the sale of bonds to fund streetscape improvements primarily along Grand Avenue. The ending fund balance for this fund was \$1,745,566 in 2017.

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

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data for fiscal year 2017 versus fiscal year 2016.

Government-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

The Town has two types of funds:

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

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

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

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

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

Notes to the Basic Financial Statements

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

Supplementary Information

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

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

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

The Town's *combined* net position at fiscal year-end is \$8,506,885. The following table provides a summary of the Town's net position for 2017, compared to the 2016 net position of \$7,475,415.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets:						
Current Assets	\$ 4,081,388	\$ 1,925,546	\$ 1,636,975	\$ 1,546,285	\$ 5,718,363	\$ 3,471,831
Capital Assets	<u>6,795,192</u>	<u>3,688,625</u>	<u>1,580,074</u>	<u>1,304,326</u>	<u>8,375,266</u>	<u>4,992,951</u>
Total Assets	<u>10,876,580</u>	<u>5,614,171</u>	<u>3,217,049</u>	<u>2,850,611</u>	<u>14,093,629</u>	<u>8,464,782</u>
Liabilities:						
Current Liabilities	301,004	202,383	26,209	39,831	327,213	242,214
Noncurrent Liabilities	<u>4,788,000</u>	<u>413,339</u>	<u>38,254</u>	<u>33,413</u>	<u>4,826,254</u>	<u>446,752</u>
Total Liabilities	<u>5,089,004</u>	<u>615,722</u>	<u>64,463</u>	<u>73,244</u>	<u>5,153,467</u>	<u>688,966</u>
Deferred Inflows of Resources						
	<u>433,277</u>	<u>300,401</u>	<u>-</u>	<u>-</u>	<u>433,277</u>	<u>300,401</u>
Net Position:						
Net Investment in						
Capital Assets	2,073,458	3,296,253	1,580,074	1,304,326	3,653,532	4,600,579
Restricted	1,820,397	81,551	-	-	1,820,397	81,551
Unrestricted	<u>1,460,444</u>	<u>1,320,244</u>	<u>1,572,512</u>	<u>1,473,041</u>	<u>3,032,956</u>	<u>2,793,285</u>
Total Net Position	<u>\$ 5,354,299</u>	<u>\$ 4,698,048</u>	<u>\$ 3,152,586</u>	<u>\$ 2,777,367</u>	<u>\$ 8,506,885</u>	<u>\$ 7,475,415</u>

The largest portion of the Town's net position (43%) reflects its net investment of \$3,653,532 in capital assets less the related debt used to acquire some of those assets that is still outstanding. The Town's total net position has increased about 14% since 2016.

The Town continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The Town's current ratio of 17:1 is an indicator of a strong financial position. In 2017, the Town secured an additional \$464,056 for the rehabilitation of our West Portal Bridge Project. We contracted with Alfred Benesch Engineering and worked with CDOT to revise our IGA while concurrently working to meet all the regulatory requirements. As construction costs have continued to escalate, we are seeking the remaining funding for the bridge project and plan to complete construction in 2018.

The Town reported a net position increase of \$656,251 for governmental activities. The Water Enterprise net position increased \$231,734 reflecting increased water usage, plant investment

fees paid for a larger project and a capital contribution of water line installations in Park Avenue. The net position increase of \$130,978 for the Marina Enterprise evidences budget management in expenditures. The PAYT Enterprise saw a net position increase of \$12,507 from increased bag sales. Depreciation was \$91,491 for the Water Enterprise, a noticeable decrease from 2016 due to the reevaluation of Town-owned water meters in 2016. Marina Enterprise depreciation was \$30,092, a slight increase from 2016 evidencing the old boats that were replaced in 2017. The PAYT Enterprise does not have any depreciable assets.

The following table provides a summary of the Town's changes in net position for 2017, with a comparison to 2016.

	Changes in Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Charges for Services	\$ 188,645	\$ 189,326	\$ 886,770	\$ 878,455	\$1,075,415	\$1,067,781
Grants	517,002	133,092	-	2,500	517,002	135,592
Tap Fees	-	-	91,000	16,467	91,000	16,467
Taxes	2,106,684	1,620,374	-	-	2,106,684	1,620,374
Interest	32,596	6,679	5,958	4,046	38,554	10,725
Gain on Disposal of Assets	-	-	-	17,000	-	17,000
Transfers	(90,329)	-	90,329	-	-	-
Other	<u>25,987</u>	<u>34,878</u>	<u>-</u>	<u>-</u>	<u>25,987</u>	<u>34,878</u>
Total Revenues	<u>2,780,585</u>	<u>1,984,349</u>	<u>1,074,057</u>	<u>918,468</u>	<u>3,854,642</u>	<u>2,902,817</u>
Expenses:						
General Government	639,535	666,175	-	-	639,535	666,175
Public Safety	257,959	180,495	-	-	257,959	180,495
Public Works	662,569	554,325	-	-	662,569	554,325
Grand Lake Center	166,869	146,848	-	-	166,869	146,848
Parks	145,165	118,642	-	-	145,165	118,642
Interest	<u>252,237</u>	<u>20,058</u>	<u>-</u>	<u>-</u>	<u>252,237</u>	<u>20,058</u>
Total General Gov't	<u>2,124,334</u>	<u>1,686,543</u>	<u>-</u>	<u>-</u>	<u>2,124,334</u>	<u>1,686,543</u>
Water	-	-	502,878	541,308	502,878	541,308
Marina	-	-	161,318	165,781	161,318	165,781
PAYT	<u>-</u>	<u>-</u>	<u>34,642</u>	<u>25,026</u>	<u>34,642</u>	<u>25,026</u>
Total Business-type	<u>-</u>	<u>-</u>	<u>698,838</u>	<u>732,115</u>	<u>698,838</u>	<u>732,115</u>
Total Expenses	<u>2,124,334</u>	<u>1,686,543</u>	<u>698,838</u>	<u>732,115</u>	<u>2,823,172</u>	<u>2,418,658</u>
Change in Net Position	656,251	297,806	375,219	186,353	1,031,470	484,159
Beginning Net Position	<u>4,698,048</u>	<u>4,400,242</u>	<u>2,777,367</u>	<u>2,591,014</u>	<u>7,475,415</u>	<u>6,991,256</u>
Ending Net Position	<u>\$5,354,299</u>	<u>\$4,698,048</u>	<u>\$3,152,586</u>	<u>\$2,777,367</u>	<u>\$8,506,885</u>	<u>\$7,475,415</u>

GOVERNMENTAL REVENUES

The Town relies heavily on sales and use taxes to support governmental operations. In 2017, sales and use taxes were 61% of total governmental revenues for the Town, down 4% from the 2016 calculation of 65%. Overall, general government revenues are up 45% when compared with 2016.

GOVERNMENTAL EXPENSES

Overall operating costs are up 26% when compared to 2016, primarily due to preliminary expenditures in preparation for large 2018 projects and Phase I of the Streetscape project. Public Safety accounts for approximately 12% of the Town's total governmental expenses and Grand Lake Center accounts for 8%, while General Government (30%) and Public Works/Parks (38%) expenses together comprise 68% of the total governmental activity costs. The remaining 12% of costs are attributed to interest on the Town's long-term obligations as well as bond issuance costs related to the 2017 Bonds.

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

Water Enterprise Fund: Operating revenues were up 1%, or \$6,900 from 2016, due to increased water usage. Operating costs decreased 7% in 2017, evidencing lower depreciation as earlier explained. This business-type activity reported an operating income of \$45,305 in 2017, compared to an operating income of \$(25) in 2016 and an operating income of \$38,435 in 2015.

Marina Enterprise Fund: The Marina Enterprise Fund was established in 2007. Pontoon and pedal boat rentals, lake tours, and the continuation of the Sunset Cruise generated operating revenue in the amount of \$291,570, down 1% from 2016. Operating costs were \$161,318, down \$4,463 from 2016, resulting in operating income of \$130,252.

PAYT Enterprise Fund: The Pay-As-You-Throw Enterprise Fund was established in August 2010. PAYT is a self-service trash disposal system. Revenues are derived from trash bags sold wholesale to various vendors for resale and from bags purchased retail by individuals directly from the Town. The PAYT Enterprise reported operating revenue of \$47,017 up 10% from 2016 and expenses increased \$9,616, with a resulting operating income of \$12,375 for the year. Dumpster services were the sole cause of increased operating costs.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

Currently the Town has two governmental funds: the General Fund and the Capital Improvement Fund, these are reported in the fund statement with short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The General Fund reported a total ending fund balance of \$1,757,886, of which \$337,972 is intended for fiscal year 2018 expenditures. The Capital Improvement Fund reported an ending fund balance of \$1,745,566, of which \$1,682,491 is restricted for the remaining Streetscape improvements; the \$63,075 excess tax collected, after paying debt service, has been applied toward the Surplus Fund requirement set forth in the bond documents.

The total ending fund balance of the General Fund shows an increase of \$303,045 in 2017 when compared with the fiscal year 2016 fund balance increase of \$140,644. The Town invested in critical capital projects in 2017, focusing on preparation for the West Portal Bridge Project construction in 2018, and most notably, by completing Phase 1 of the Streetscape Project in 2017. The construction of Phase 1 continued all spring, summer and fall, and the overwhelming opinion was that the project was done well. Costs for the project did exceed the original estimates due to a number of unforeseen expenditures, and by maintaining high quality construction standards.

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. Total revenues increased \$85,658, 4% over 2016 total revenues. General Fund expenditures of \$1,901,162 were \$57,457, 3% more than 2016.

Proprietary Funds

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

Net position of the enterprise operations at December 31, 2017 follow:

	<u>Net Position</u>	<u>Change in Net Position</u>
Water	\$ 2,423,042	\$ 231,734
Marina	636,167	130,978
PAYT	93,377	12,507

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

Budgetary Highlights

General Fund — General Fund revenue of \$2,070,007 was \$1,284,724 under the budgeted amount of \$3,354,731. This shortfall is mainly attributable to funding for construction of the W. Portal Bridge rehabilitation (which will occur in 2018) as opposed to over budgeting.

Higher than estimated revenues were realized in a number of categories, significant and encouraging unbudgeted revenues (in the range of \$10,000 or more) were received in: Property Tax due to a change in values on the Final Assessor's certification and for prepaid collections (\$19,137), Sales Tax (\$169,111), Motor Vehicle Use Tax (\$20,179) and Attainable Housing Fees (\$14,895). Unrealized budgeted revenues were associated primarily with building use tax (based upon the amount of building permits which close each year) and contingency items such as known future year projects. For example, the 2017 budget again included a placeholder of awarded grant funds in connection with the West Portal Bridge project in the amount of \$1,100,536. However, in 2016 and 2017 only design services were expended and reimbursed (\$115,583); the remainder of this project is scheduled to be completed in 2018.

The total General Fund expenditures of \$1,901,162 were under budget by \$2,037,250 of which \$1,332,087 were unexpended for the W. Portal Bridge rehabilitation. Additional savings were realized due to budget management in general government, public works, public safety and parks. As is almost always the practice, budgeted amounts for projects that did not receive grant funding or correspond with future year revenues were not expended either. Overall, General Fund expenditures came in at 48% of budget.

Capital Improvement Fund — The Capital Improvement Fund was created in January, 2017 to collect, account for and service debt in relation to a bond initiative (inception of this fund is discussed later in the Long-term Debt portion of this analysis). Total funding for streetscape improvements was projected to be around \$6,000,000 so the Town has pursued grant funding from the Colorado Department of Local Affairs ("DOLA") to help abate the shortfall of funding between bond financing and projected costs. So far, the Town has been awarded \$500,000 from DOLA to help install underground utility improvements. Unrealized budgeted revenue was DOLA funding in the amount of \$76,875, and \$43,514 for uncollected sales and use taxes. Phase I was the most extensive portion of streetscape improvements and the Town will continue to pursue grant funding as we continue this project into 2018.

Water Enterprise Fund — The Water Enterprise Fund water sales revenue exceeded projections by \$26,472. Unrealized budgeted revenue was primarily the anticipated loan for the replacement water storage tank project which was not fully undertaken in 2017, but instead will be installed in 2018. Excluding the water storage tank project and related debt service, expenses came in nearly 16% lower than budgeted, with the Town spending only \$411,387 of the \$487,879 budgeted, a \$76,492 savings.

Marina Enterprise Fund — The Marina Enterprise Fund had rental revenues of \$289,796, exceeding the budget by \$19,746. Expenses were \$178,961 compared to a budget of \$253,898. The \$41,818 increase in expenses from 2016 was budgeted capital outlay for the replacement of aging boats.

PAYT Enterprise Fund — The PAYT Enterprise Fund increased its sales revenue to \$47,017, which was \$5,017 more than the budgeted figure of \$42,000. Expenses came in at \$34,642, \$183 less than the budget of \$34,825.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town’s net investment in capital assets as of December 31, 2017, was \$6,795,192 for governmental activities and \$1,580,074 for business-type activities. The governmental activities capital assets include infrastructure that was first reported in 2004.

The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Non-depreciable assets:						
Land	\$ 660,419	\$ 660,419	\$ 2,270	\$ 2,270	\$ 662,689	\$ 662,689
Construction In Progress	<u>115,583</u>	<u>240,539</u>	<u>223,286</u>	<u>43,800</u>	<u>338,869</u>	<u>284,339</u>
Total non-depreciable	<u>776,002</u>	<u>900,958</u>	<u>225,556</u>	<u>46,070</u>	<u>1,001,558</u>	<u>947,028</u>
Depreciable assets:						
Buildings	1,468,112	1,387,842	26,935	26,935	1,495,047	1,414,777
Improvements	1,035,236	957,481	-	-	1,035,236	957,481
Equipment	980,085	929,419	309,603	309,603	1,289,688	1,239,022
Infrastructure	6,075,422	2,853,541	3,346,150	3,176,040	9,421,572	6,029,581
Marina Equipment	<u>-</u>	<u>-</u>	<u>230,329</u>	<u>182,594</u>	<u>230,329</u>	<u>182,594</u>
Total depreciable assets	9,558,855	6,128,283	3,913,017	3,695,172	13,471,872	9,823,455
Accumulated depreciation	<u>(3,539,665)</u>	<u>(3,340,616)</u>	<u>(2,558,499)</u>	<u>(2,436,916)</u>	<u>(6,098,164)</u>	<u>(5,777,532)</u>
Total depreciable assets, net	<u>6,019,190</u>	<u>2,787,667</u>	<u>1,354,518</u>	<u>1,258,256</u>	<u>7,373,708</u>	<u>4,045,923</u>
Percentage depreciated	37%	55%	65%	66%	45%	59%
Total Capital Assets	<u>\$ 6,795,192</u>	<u>\$ 3,688,625</u>	<u>\$ 1,580,074</u>	<u>\$ 1,304,326</u>	<u>\$ 8,375,266</u>	<u>\$ 4,992,951</u>

At December 31, 2017, the depreciable capital assets for governmental activities were 37% depreciated. As for the Town’s business-type activities, 65% of the asset values were depreciated at December 31, 2017. Governmental activities reflect the new infrastructure installed along Grand and a portion of Park Avenues as well as the replacement of aging vehicles and equipment. While business-type activities numbers reflect continued aging of the infrastructure in comparison to 2016.

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

Long-term Debt

On November 8, 2016 the citizens of Grand Lake passed a ballot question to increase sales and use tax from 4% to 5%, effective January 1, 2017 and to incur debt for the purpose of financing improvements to streets, boardwalks, sidewalks, multi-use pathways, streetscapes, signage and drainage. These bonds were sold in May 2017 and generated an additional premium of \$385,090. Debt service began in December 2017. These funds are used first to pay debt service on the bonds in, then to fund the Surplus Fund requirement of \$280,500 and finally to operate and maintain the infrastructure installed. At the end of this year, the Town had total governmental activities bonded debt outstanding of \$4,489,978, which is being retired with the pledged revenues.

The Town also has \$367,879 in governmental capital leases outstanding for the acquisition of Thomasson Park and the 2015 John Deere 624K loader used by Public Works. Lease payments and obligations for the leases are funded entirely by the General Fund.

During 2017, the Town retired \$219,605 of governmental activities long-term debt.

ECONOMIC CONDITIONS AFFECTING THE TOWN

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

Taking these drivers in reverse order, local spending resulted in increased sales tax collections for 11 out of 12 months, when compared with 2016; with all 11 of these being record months since 2000. Exclusive of the 1% increase in sales tax, the year ended 11.22% (\$136,303) up over 2016 collections and was a record fiscal year of sales tax revenue since 2000, with the next highest fiscal year being 2016. Tax generated by the additional 1% totaled \$343,486 in the first year of collections, including sales tax of \$333,312, motor vehicle use tax of \$9,624 and building use tax of \$550.

Fifty-nine individual building permits were issued in 2017 compared to 67 issued in 2016; nine of the 2017 building permits issued were for new construction. The Town continues to enjoy the boost to summer tourism engendered by local businesses, especially the Grand Lake Lodge and Rocky Mountain Repertory Theatre being open for the season.

Looking to the future, the Town of Grand Lake will continue to carefully study state and national economic indicators. In addition, Grand Lake is essentially a tourist town with a focus on outdoor activities and is subject to the uncontrollable vagaries of nature. However, the area's climate, variety of terrain and outdoor recreational opportunities, proximity to Rocky Mountain National Park, and the "small town" appeal of Grand Lake remain dependable assets. The Town has embarked on several economic development initiatives, engaging the community and proactively pursuing tasks and projects that will contribute positively to the health of our local economy. As in prior years, the Town will continue to take the most conservative approach as is practicable in its financial activities, with an eye to continually improve assets and amenities held by the Town.

Contacting the Town's Financial Management

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

BASIC FINANCIAL STATEMENTS

TOWN OF GRAND LAKE, COLORADO

**STATEMENT OF NET POSITION
December 31, 2017**

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 1,857,647	\$ 1,618,138	\$ 3,475,785
Cash and Investments - Restricted	1,302,373	-	1,302,373
Property Taxes Receivable	265,330	-	265,330
Sales Taxes Receivable	138,309	-	138,309
Accounts Receivable	85,886	13,017	98,903
Intergovernmental Receivables	423,125	-	423,125
Prepaid Expense	3,106	-	3,106
Inventory	5,612	5,820	11,432
Capital Assets Not Being Depreciated	776,002	225,556	1,001,558
Capital Assets, Net of Accumulated Depreciation	6,019,190	1,354,518	7,373,708
Total Assets	10,876,580	3,217,049	14,093,629
Liabilities			
Accounts Payable	72,496	12,295	84,791
Accrued Interest Payable	15,547	-	15,547
Prepaid Fees	21,633	10,500	32,133
Park Avenue Boardwalk Funds	20,130	-	20,130
Unearned Revenue - Nightly Rental Licenses	26,400	-	26,400
Parking Fee-In-Lieu	4,000	-	4,000
Noncurrent Liabilities:			
Due Within One Year	140,798	3,414	144,212
Due In More Than One Year	4,788,000	38,254	4,826,254
Total Liabilities	5,089,004	64,463	5,153,467
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	265,330	-	265,330
Unearned Revenue - Use Tax	167,947	-	167,947
Total Deferred Inflows of Resources	433,277	-	433,277
Net Position			
Net Investment in Capital Assets	2,073,458	1,580,074	3,653,532
Restricted			
Parks and Open Space	27,094	-	27,094
Debt Service	48,612	-	48,612
Capital Projects	1,682,491	-	1,682,491
Emergency Reserves	62,200	-	62,200
Unrestricted	1,460,444	1,572,512	3,032,956
Total Net Position	\$ 5,354,299	\$ 3,152,586	\$ 8,506,885

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

TOWN OF GRAND LAKE, COLORADO

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Permits, Fees, Fines, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities				
Administration	\$ 639,535	\$ 130,581	\$ -	\$ -
Public Safety	257,959	-	-	12,710
Public Works	662,569	-	42,863	423,125
Grand Lake Center	166,869	58,064	35,000	-
Parks	145,165	-	2,304	1,000
Interest and Related Costs on Long-term Debt	252,237	-	-	-
Total Governmental Activities	2,124,334	188,645	80,167	436,835
Business-type Activities				
Water	502,878	548,183	5,100	91,000
Marina	161,318	291,570	726	-
Pay As You Throw	34,642	47,017	132	-
Total Business-type Activities	698,838	886,770	5,958	91,000
Total	\$ 2,823,172	\$ 1,075,415	\$ 86,125	\$ 527,835

General Revenues:

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

Transfers, Net

Total General Revenues and Transfers

Changes In Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (508,954)	\$ -	\$ (508,954)
(245,249)	-	(245,249)
(196,581)	-	(196,581)
(73,805)	-	(73,805)
(141,861)	-	(141,861)
(252,237)	-	(252,237)
<u>(1,418,687)</u>	<u>-</u>	<u>(1,418,687)</u>
-	141,405	141,405
-	130,978	130,978
-	12,507	12,507
-	<u>284,890</u>	<u>284,890</u>
<u>(1,418,687)</u>	<u>284,890</u>	<u>(1,133,797)</u>
268,925	-	268,925
18,204	-	18,204
1,745,001	-	1,745,001
74,554	-	74,554
32,596	-	32,596
25,987	-	25,987
(90,329)	90,329	-
<u>2,074,938</u>	<u>90,329</u>	<u>2,165,267</u>
656,251	375,219	1,031,470
4,698,048	2,777,367	7,475,415
<u>\$ 5,354,299</u>	<u>\$ 3,152,586</u>	<u>\$ 8,506,885</u>

TOWN OF GRAND LAKE, COLORADO

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and Investments	\$ 1,857,647	\$ -	\$ 1,857,647
Cash and Investments - Restricted	-	1,302,373	1,302,373
Property Taxes Receivable	265,330	-	265,330
Sales Taxes Receivable	110,741	27,568	138,309
Accounts Receivable	85,886	-	85,886
Intergovernmental Receivables	-	423,125	423,125
Prepaid Expense	3,106	-	3,106
Inventory	5,612	-	5,612
Total Assets	<u>\$ 2,328,322</u>	<u>\$ 1,753,066</u>	<u>\$ 4,081,388</u>
Liabilities			
Accounts Payable	\$ 64,996	\$ 7,500	\$ 72,496
Prepaid Fees	21,633	-	21,633
Park Avenue Boardwalk Funds	20,130	-	20,130
Unearned Revenue - Nightly Rental Licenses	26,400	-	26,400
Parking Fee-In-Lieu	4,000	-	4,000
Total Liabilities	<u>137,159</u>	<u>7,500</u>	<u>144,659</u>
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	265,330	-	265,330
Unearned Revenue - Use Tax	167,947	-	167,947
Total Deferred Inflows of Resources	<u>433,277</u>	<u>-</u>	<u>433,277</u>
Fund Balances			
Nonspendable	8,718	-	8,718
Restricted for:			
Emergency Reserves	62,200	-	62,200
Parks and Open Space	27,094	-	27,094
Capital Projects	-	1,682,491	1,682,491
Debt Service	-	63,075	63,075
Committed to:			
Affordable Housing	419,358	-	419,358
Cemetery Operations	67,272	-	67,272
Assigned to:			
Subsequent Year's Budget	337,972	-	337,972
Unassigned	835,272	-	835,272
Total Fund Balances	<u>1,757,886</u>	<u>1,745,566</u>	<u>3,503,452</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,328,322</u>	<u>\$ 1,753,066</u>	<u>\$ 4,081,388</u>

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

TOWN OF GRAND LAKE, COLORADO

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2017**

Total Fund Balance - Governmental Funds		\$ 3,503,452
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital Assets	\$10,334,857	
Less Accumulated Depreciation	<u>(3,539,665)</u>	6,795,192
Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. However, all liabilities - both current and long-term - are reported in the statement of net position.		
Balances at year-end are:		
Sales Tax Bonds	(4,120,000)	
Premium on Sales Tax Bonds	(369,978)	
Capital Lease Obligations	(367,879)	
Compensated Absences	<u>(70,941)</u>	(4,928,798)
Interest on long-term debt is not accrued in the funds, but rather is recognized as an expenditure when due		<u>(15,547)</u>
Net Position - Governmental Activities		<u><u>\$ 5,354,299</u></u>

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

TOWN OF GRAND LAKE, COLORADO

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

For the Year Ended December 31, 2017

	General Fund	Capital Improvement Fund	Total Governmental Funds
Revenues			
Taxes	\$ 1,763,198	\$ 343,486	\$ 2,106,684
Licenses and Permits	97,781	-	97,781
Intergovernmental	77,407	423,125	500,532
Charges for Services	88,364	-	88,364
Fees and Leases	2,500	-	2,500
Net Investment Income	11,010	21,586	32,596
Other Revenue	25,987	-	25,987
Capital Contribution	3,760	-	3,760
Total Revenues	2,070,007	788,197	2,858,204
Expenditures			
Current			
Boards and Committees	138,759	-	138,759
Administration	476,477	-	476,477
Public Safety	246,474	-	246,474
Public Works	487,848	-	487,848
Grand Lake Center	166,869	-	166,869
Parks	119,966	-	119,966
Capital Outlay	222,849	3,178,010	3,400,859
Debt service			
Principal	24,493	180,000	204,493
Interest	17,427	100,411	117,838
Bond Issuance Costs	-	135,100	135,100
Total Expenditures	1,901,162	3,593,521	5,494,683
Excess Revenues Over (Under) Expenditures	168,845	(2,805,324)	(2,636,479)
Other Financing Sources (Uses)			
Bond Proceeds	-	4,300,000	4,300,000
Premium on Bond Proceeds	-	385,090	385,090
Transfers In	134,200	-	134,200
Transfers Out	-	(134,200)	(134,200)
Total Other Financing Sources (Uses)	134,200	4,550,890	4,685,090
Net Change in Fund Balances	303,045	1,745,566	2,048,611
Fund Balances - Beginning	1,454,841	-	1,454,841
Fund Balances - Ending	\$ 1,757,886	\$ 1,745,566	\$ 3,503,452

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

TOWN OF GRAND LAKE, COLORADO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017**

Net Change in Fund Balances - Governmental Funds		\$ 2,048,611
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. In the statement of activities capital outlay is not reported as an expenditure. However, the statement of activities will report as depreciation expense the allocation of the cost of any depreciable asset over the estimated useful life of the asset.</p>		
Capital Outlay	\$3,395,507	
Depreciation	<u>(211,321)</u>	3,184,186
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. sales, contributions and transfers) is to increase net position. In the statement of activities, only the gain on the disposition of capital assets is reported. However, in the governmental funds, the proceeds from the disposition, if any, increases financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the asset disposed.</p>		
Contributed assets		12,710
Transfer of assets to other fund		(90,329)
<p>Long-term debt (e.g., issuance of bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Proceeds from 2017 Sales Tax Bonds	(4,300,000)	
Premium on 2017 Sales Tax Bonds	(385,090)	
Principal Payment - Sales Tax Bonds	180,000	
Principal Payment - Capital Lease Obligations	<u>24,493</u>	(4,480,597)
<p>Interest expense in the statement of activities differs from the amount reported in governmental funds because of additional accrued and accreted interest, amortization of bond premiums, issue costs and refunding losses.</p>		
Decrease in accrued interest on long-term debt	(14,411)	
Amortization of premium on bonds	<u>15,112</u>	701
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Adjustment to compensated absences liability		<u>(19,031)</u>
Change in Net Position - Governmental Activities		<u><u>\$ 656,251</u></u>

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

TOWN OF GRAND LAKE, COLORADO

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(With Comparative Totals for December 31, 2016)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual
Revenues					
Taxes					
Property Tax	\$ 249,788	\$ 249,788	\$ 268,925	\$ 19,137	\$ 241,629
Specific Ownership Tax	14,000	14,000	18,204	4,204	14,754
General Sales Tax	1,182,454	1,182,454	1,351,565	169,111	1,215,262
Building Use Tax	30,000	30,000	6,771	(23,229)	31,781
Motor Vehicle Use Tax	23,000	23,000	43,179	20,179	45,092
Cigarette Tax	3,000	3,000	3,359	359	3,599
Franchise Tax	64,399	64,399	71,195	6,796	68,257
Subtotal Taxes	<u>1,566,641</u>	<u>1,566,641</u>	<u>1,763,198</u>	<u>196,557</u>	<u>1,620,374</u>
Licenses & Permits					
Business Licenses	29,000	29,000	35,143	6,143	31,315
Rental Licenses	50,400	50,400	53,600	3,200	51,300
Liquor License	2,900	2,900	4,508	1,608	6,808
Other Licenses	3,400	3,400	4,530	1,130	4,134
Subtotal Licenses & Permits	<u>85,700</u>	<u>85,700</u>	<u>97,781</u>	<u>12,081</u>	<u>93,557</u>
Intergovernmental					
County Road and Bridge	6,360	6,360	6,352	(8)	6,336
Grants	40,000	40,000	35,600	(4,400)	30,000
Highway Users Tax	31,606	31,606	31,593	(13)	31,123
Conservation Trust Fund	2,000	2,000	2,304	304	2,581
Other Intergovernmental	4,000	4,000	1,558	(2,442)	3,938
Subtotal Intergovernmental	<u>83,966</u>	<u>83,966</u>	<u>77,407</u>	<u>(6,559)</u>	<u>73,978</u>
Charges for Services					
Attainable Housing Fee	2,000	2,000	16,895	14,895	4,771
Zoning and Subdivision Review	4,000	4,000	1,985	(2,015)	10,173
Cemetery	6,600	6,600	8,500	1,900	12,150
Grand Lake Center	57,526	57,526	58,064	538	33,550
Other Charges for Services	1,700	1,700	2,920	1,220	2,425
Subtotal Charges for Services	<u>71,826</u>	<u>71,826</u>	<u>88,364</u>	<u>16,538</u>	<u>63,069</u>
Fines and Forfeitures	100	100	-	(100)	200
Fees and Leases	2,500	2,500	2,500	-	2,500
Net Investment Income	5,000	5,000	11,010	6,010	6,679
Other Revenue	12,802	16,102	25,987	9,885	34,878
Capital Specific Revenue	1,015,416	1,522,896	3,760	(1,519,136)	89,114
Total Revenues	<u>\$ 2,843,951</u>	<u>\$ 3,354,731</u>	<u>\$ 2,070,007</u>	<u>\$ (1,284,724)</u>	<u>\$ 1,984,349</u>

(Continued)

TOWN OF GRAND LAKE, COLORADO

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(With Comparative Totals for December 31, 2016)**

(Continued)

Expenditures	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual
Current:					
Boards and Committees					
Board of Trustees	\$ 88,781	\$ 88,781	\$ 86,737	\$ 2,044	\$ 82,630
Cemetery Committee	10,700	10,700	1,000	9,700	2,879
Planning Commission & Board of Adjustment	4,500	4,500	10,748	(6,248)	3,895
Greenways Committee	41,228	41,228	40,274	954	39,063
Subtotal Boards and Committees	<u>145,209</u>	<u>145,209</u>	<u>138,759</u>	<u>6,450</u>	<u>128,467</u>
Administration					
Personnel	272,753	283,355	251,594	31,761	283,339
Supplies	15,500	15,500	12,974	2,526	9,789
Repairs and Maintenance	5,950	5,950	6,101	(151)	9,707
Purchased Services	23,655	23,655	22,551	1,104	23,934
Utility Services	15,000	15,000	14,706	294	14,077
Professional Services	35,420	35,420	41,257	(5,837)	44,680
Marketing	109,719	96,719	97,228	(509)	96,581
Other	32,945	32,945	30,066	2,879	30,185
Subtotal Administration	<u>510,942</u>	<u>508,544</u>	<u>476,477</u>	<u>32,067</u>	<u>512,292</u>
Public Safety					
Personnel	54,257	55,507	51,565	3,942	42,034
Purchased Services	200,533	200,533	194,909	5,624	138,461
Subtotal Public Safety	<u>254,790</u>	<u>256,040</u>	<u>246,474</u>	<u>9,566</u>	<u>180,495</u>
Public Works					
Personnel	310,491	310,491	299,236	11,255	255,289
Supplies	7,000	7,000	3,881	3,119	4,306
Repairs and Maintenance	176,550	176,550	137,179	39,371	75,351
Purchased Services	11,387	11,387	10,641	746	9,639
Utility Services	36,800	36,800	35,381	1,419	34,728
Professional Services	5,000	5,000	-	5,000	134,200
Other	4,500	4,500	1,530	2,970	1,629
Subtotal Public Works	<u>\$ 551,728</u>	<u>\$ 551,728</u>	<u>\$ 487,848</u>	<u>\$ 63,880</u>	<u>\$ 515,142</u>

(Continued)

TOWN OF GRAND LAKE, COLORADO

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017
(With Comparative Totals for December 31, 2016)**

(Continued)

Expenditures	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual
Grand Lake Center					
Personnel	\$ 60,553	\$ 60,553	\$ 58,014	\$ 2,539	\$ 12,990
Supplies	12,700	12,700	12,181	519	16,051
Repairs and Maintenance	27,000	27,000	21,045	5,955	37,526
Utility Services	21,000	21,000	21,882	(882)	18,113
Professional Services	49,945	49,945	43,027	6,918	43,289
Other	22,744	22,744	10,720	12,024	18,879
Subtotal Grand Lake Center	<u>193,942</u>	<u>193,942</u>	<u>166,869</u>	<u>27,073</u>	<u>146,848</u>
Parks					
Personnel	\$ 56,427	\$ 56,427	54,113	2,314	39,747
Supplies	14,900	14,900	13,282	1,618	12,270
Repairs and Maintenance	46,950	46,950	19,310	27,640	22,620
Utility Services	18,250	18,250	18,781	(531)	19,298
Other	25,100	25,100	14,480	10,620	2,292
Subtotal Parks	<u>161,627</u>	<u>161,627</u>	<u>119,966</u>	<u>41,661</u>	<u>96,227</u>
Capital Outlay	<u>1,359,247</u>	<u>2,012,596</u>	<u>222,849</u>	<u>1,789,747</u>	<u>134,702</u>
Debt service					
Bond Principal	-	-	-	-	85,000
Bond Interest	-	-	-	-	2,611
Lease Principal	23,020	23,020	24,493	(1,473)	21,982
Lease Interest	19,026	19,026	17,427	1,599	19,939
Subtotal Debt Service	<u>42,046</u>	<u>42,046</u>	<u>41,920</u>	<u>126</u>	<u>129,532</u>
Reserves	<u>66,680</u>	<u>66,680</u>	<u>-</u>	<u>66,680</u>	<u>-</u>
Total Expenditures	<u>3,286,211</u>	<u>3,938,412</u>	<u>1,901,162</u>	<u>2,037,250</u>	<u>1,843,705</u>
Excess Revenues Over (Under)					
Expenditures	(442,260)	(583,681)	168,845	752,526	140,644
Other Financing Sources					
Transfers In	-	-	134,200	134,200	-
Net Change in Fund Balance	(442,260)	(583,681)	303,045	886,726	140,644
Fund Balance - Beginning	1,315,613	1,454,841	1,454,841	-	1,314,197
Fund Balance - Ending	<u>\$ 873,353</u>	<u>\$ 871,160</u>	<u>\$ 1,757,886</u>	<u>\$ 886,726</u>	<u>\$ 1,454,841</u>

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

TOWN OF GRAND LAKE, COLORADO

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2017**

	Business-type Activities - Enterprise Funds			Total
	Water	Marina	Pay As You Throw	
Assets				
Current Assets				
Cash and Investments	\$ 984,170	\$ 541,426	\$ 92,542	\$ 1,618,138
Accounts Receivable	13,017	-	-	13,017
Inventory	-	-	5,820	5,820
Total Current Assets	<u>997,187</u>	<u>541,426</u>	<u>98,362</u>	<u>1,636,975</u>
Noncurrent Assets				
Capital Assets Not Being Depreciated	225,556	-	-	225,556
Capital Assets, Net of Accumulated Depreciation	<u>1,257,729</u>	<u>96,789</u>	<u>-</u>	<u>1,354,518</u>
Total Noncurrent Assets	<u>1,483,285</u>	<u>96,789</u>	<u>-</u>	<u>1,580,074</u>
Total Assets	<u>2,480,472</u>	<u>638,215</u>	<u>98,362</u>	<u>3,217,049</u>
Liabilities				
Current Liabilities				
Accounts Payable	7,161	149	4,985	12,295
Compensated Absences	2,731	683	-	3,414
Prepaid Fees	<u>10,500</u>	<u>-</u>	<u>-</u>	<u>10,500</u>
Total Current Liabilities	<u>20,392</u>	<u>832</u>	<u>4,985</u>	<u>26,209</u>
Noncurrent Liabilities				
Compensated Absences	<u>37,038</u>	<u>1,216</u>	<u>-</u>	<u>38,254</u>
Net Position				
Net Investment in Capital Assets	1,483,285	96,789	-	1,580,074
Unrestricted	<u>939,757</u>	<u>539,378</u>	<u>93,377</u>	<u>1,572,512</u>
Total Net Position	<u>\$ 2,423,042</u>	<u>\$ 636,167</u>	<u>\$ 93,377</u>	<u>\$ 3,152,586</u>

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

TOWN OF GRAND LAKE, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2017**

	Business-type Activities - Enterprise Funds			Total
	Water	Marina	Pay As You Throw	
Operating Revenues				
Charges for Sales and Services				
Water Sales	\$ 544,446	\$ -	\$ -	\$ 544,446
Marina Rentals	-	289,796	-	289,796
PAYT Bag Sales	-	-	47,017	47,017
Other	3,737	1,774	-	5,511
Total Operating Revenues	<u>548,183</u>	<u>291,570</u>	<u>47,017</u>	<u>886,770</u>
Operating Expenses				
Personnel	284,480	96,036	-	380,516
Operations	126,907	35,190	34,642	196,739
Depreciation	91,491	30,092	-	121,583
Total Operating Expenses	<u>502,878</u>	<u>161,318</u>	<u>34,642</u>	<u>698,838</u>
Operating Income	<u>45,305</u>	<u>130,252</u>	<u>12,375</u>	<u>187,932</u>
Nonoperating Revenues (Expenses)				
Net Investment Income	5,100	726	132	5,958
Income Before Contributions	50,405	130,978	12,507	193,890
Capital Contributions - Tap Fees	91,000	-	-	91,000
Capital Contributions	90,329	-	-	90,329
Change In Net Position	231,734	130,978	12,507	375,219
Net Position - Beginning	<u>2,191,308</u>	<u>505,189</u>	<u>80,870</u>	<u>2,777,367</u>
Net Position - Ending	<u><u>\$ 2,423,042</u></u>	<u><u>\$ 636,167</u></u>	<u><u>\$ 93,377</u></u>	<u><u>\$ 3,152,586</u></u>

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

TOWN OF GRAND LAKE, COLORADO

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2017**

	Business-type Activities - Enterprise Funds			
	Water	Marina	Pay As You Throw	Total
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 551,992	\$ 291,570	\$ 49,281	\$ 892,843
Cash Payments to Suppliers for Goods and Services	(125,376)	(35,178)	(29,150)	(189,704)
Cash Payments to Employees for Services	(278,962)	(95,449)	-	(374,411)
Net Cash Provided by Operating Activities	<u>147,654</u>	<u>160,943</u>	<u>20,131</u>	<u>328,728</u>
Cash Flows from Capital and Related Financing Activities				
Capital Contributions	91,000	-	-	91,000
Acquisition and Construction of Capital Assets	(281,537)	(47,735)	-	(329,272)
Net Cash (Used) by Capital and Related Financing Activities	<u>(190,537)</u>	<u>(47,735)</u>	<u>-</u>	<u>(238,272)</u>
Cash Flows from Investing Activities				
Net Investment Income	<u>5,100</u>	<u>726</u>	<u>132</u>	<u>5,958</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(37,783)	113,934	20,263	96,414
Cash and Cash Equivalents - Beginning	<u>1,021,953</u>	<u>427,492</u>	<u>72,279</u>	<u>1,521,724</u>
Cash and Cash Equivalents - Ending	<u>\$ 984,170</u>	<u>\$ 541,426</u>	<u>\$ 92,542</u>	<u>\$ 1,618,138</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ 45,305	\$ 130,252	\$ 12,375	\$ 187,932
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	91,491	30,092	-	121,583
Effect of Changes In Operating Assets and Liabilities				
Accounts Receivable	296	-	2,264	2,560
Inventory	2,657	-	240	2,897
Prepaid Expense	-	-	267	267
Accounts Payable	(1,126)	12	4,985	3,871
Compensated Absences	5,518	587	-	6,105
Deferred Revenue	3,513	-	-	3,513
Total Adjustments	<u>102,349</u>	<u>30,691</u>	<u>7,756</u>	<u>140,796</u>
Net Cash Provided by Operating Activities	<u>\$ 147,654</u>	<u>\$ 160,943</u>	<u>\$ 20,131</u>	<u>\$ 328,728</u>
Noncash Investing, Capital and Financing Activities				
Contribution of capital assets	<u>\$ 90,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,329</u>

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

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

NOTE 1 REPORTING ENTITY

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

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Government-wide and Fund Financial Statements

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

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

The Town reports the following major governmental fund:

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

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

The Town reports the following major enterprise funds:

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

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

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

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

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

TOWN OF GRAND LAKE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

Pooled Cash and Investments

The Town follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash and investments.

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

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

Restricted Assets

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

Property Taxes

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

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

Inventories

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

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Capital Assets

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

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capital assets because their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities. Generally accepted accounting principles requires the Town to report general infrastructure assets obtained subsequent to January 1, 2004 but allows the Town to retroactively capitalize general infrastructure assets obtained prior to that date. The Town elected to not report general infrastructure assets retroactively.

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

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

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

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

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

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

Long-term Obligations

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

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

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

Net Position and Fund Equity

Net Position

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

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

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

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

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

Fund Balances

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

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

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

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

The Town reports the following Restricted Fund Balances:

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

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

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

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

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

The following fund balances are committed:

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

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

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

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

The following fund balances are assigned:

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

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

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

Use of Estimates

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

NOTE 3 BUDGETARY INFORMATION

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

The Town amended its annual budget for the General Fund for the year ended December 31, 2017.

TOWN OF GRAND LAKE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 4 CASH AND INVESTMENTS

Cash and investments as of December 31, 2017, are classified in the accompanying financial statements as follows:

	Governmental Activities	Business- type Activities	Total
Cash and Investments	\$ 1,857,647	\$ 1,618,138	\$ 3,475,785
Cash and Investments - Restricted	1,302,373	-	1,302,373
Total	<u>\$ 3,160,020</u>	<u>\$ 1,618,138</u>	<u>\$ 4,778,158</u>

Cash and investments as of December 31, 2017, consist of the following:

	Governmental Activities	Business- type Activities	Total
On-hand	\$ 350	\$ 50	\$ 400
Deposits with Financial Institutions	953,848	1,247,353	2,201,201
Investments	2,205,822	370,735	2,576,557
Total	<u>\$ 3,160,020</u>	<u>\$ 1,618,138</u>	<u>\$ 4,778,158</u>

Cash Deposits

Custodial credit risk

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

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

TOWN OF GRAND LAKE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

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

At December 31, 2017, the Town's deposits amounting to \$2,267,533 were both insured by federal depository insurance and collateralized with securities held by third parties not in the Town's name, and consequently were not exposed to custodial credit risk.

Investments

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

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

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

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

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

TOWN OF GRAND LAKE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

At December 31, 2017, the Town had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Government Liquid Asset Trust (Colotrust)	Weighted Average under 60 Days	\$ 2,325,089
Colorado Surplus Asset Fund Trust (CSAFE)	Weighted Average under 60 Days	<u>251,468</u>
		<u>\$ 2,576,557</u>

COLOTRUST

The Town invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

CSAFE

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

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 for the Town's governmental activities was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 660,419	\$ -	\$ -	\$ 660,419
Construction in Progress	240,539	24,082	149,038	115,583
Total Capital Assets Not Being Depreciated	<u>900,958</u>	<u>24,082</u>	<u>149,038</u>	<u>776,002</u>
Depreciable Capital Assets:				
Buildings	1,387,842	80,270	-	1,468,112
Improvements	957,481	77,755	-	1,035,236
Equipment	942,182	62,938	25,035	980,085
Infrastructure	2,853,541	3,221,881	-	6,075,422
Total Depreciable Capital Assets	<u>6,141,046</u>	<u>3,442,844</u>	<u>25,035</u>	<u>9,558,855</u>
Accumulated Depreciation:				
Buildings	(375,045)	(22,122)	-	(397,167)
Improvements	(533,788)	(28,236)	-	(562,024)
Equipment	(750,609)	(35,072)	(25,035)	(760,646)
Infrastructure	(1,693,937)	(125,891)	-	(1,819,828)
Total Accumulated Depreciation	<u>(3,353,379)</u>	<u>(211,321)</u>	<u>(25,035)</u>	<u>(3,539,665)</u>
Net Depreciable Capital Assets	<u>2,787,667</u>	<u>3,231,523</u>	<u>-</u>	<u>6,019,190</u>
Total Net Governmental Activities	<u><u>\$ 3,688,625</u></u>	<u><u>\$ 3,255,605</u></u>	<u><u>\$ 149,038</u></u>	<u><u>\$ 6,795,192</u></u>

Depreciation expense is allocated to specific departments as follows.

General Government	\$ 20,718
Public Works	165,404
Parks	<u>25,199</u>
Total Depreciation Expense	<u><u>\$ 211,321</u></u>

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Capital asset activity for the year ended December 31, 2017 for the Town's business-type activities was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2,270	\$ -	\$ -	\$ 2,270
Construction in Progress	43,800	179,486	-	223,286
Total Capital Assets Not Being Depreciated	46,070	179,486	-	225,556
Depreciable Capital Assets:				
Water Utility System	3,176,040	170,110	-	3,346,150
Water Equipment	309,603	-	-	309,603
Water Buildings	26,935	-	-	26,935
Marina Equipment	182,594	47,735	-	230,329
Total Depreciable Capital Assets	3,695,172	217,845	-	3,913,017
Accumulated Depreciation:				
Water Utility System	(2,106,179)	(72,720)	-	(2,178,899)
Water Equipment	(200,354)	(18,771)	-	(219,125)
Water Buildings	(26,935)	-	-	(26,935)
Marina Equipment	(103,448)	(30,092)	-	(133,540)
Total Accumulated Depreciation	(2,436,916)	(121,583)	-	(2,558,499)
Net Depreciable Capital Assets	1,258,256	96,262	-	1,354,518
Total Business-Type Activities	\$ 1,304,326	\$ 275,748	\$ -	\$ 1,580,074

Depreciation was charged to functions/programs as follows:

Water Fund	\$ 91,491
Marina Fund	30,092
Total Depreciation Expense	\$ 121,583

TOWN OF GRAND LAKE, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017**

NOTE 6 LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term debt for the year ended December 31, 2017:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
2017 Sales Tax Bonds	\$ -	\$ 4,300,000	\$ 180,000	\$ 4,120,000	\$ 105,000
2017 Sales Tax Bonds Premium	-	385,090	15,112	369,978	-
Capital Lease - Thomasson Park	271,535	-	12,474	259,061	13,112
Capital Lease - Loader	120,837	-	12,019	108,818	12,446
Compensated Absences	51,910	79,954	60,923	70,941	10,240
Total	<u>\$ 444,282</u>	<u>\$ 4,765,044</u>	<u>\$ 280,528</u>	<u>\$ 4,928,798</u>	<u>\$ 140,798</u>
Business-type Activities					
Compensated Absences	<u>\$ 35,563</u>	<u>\$ 33,355</u>	<u>\$ 27,250</u>	<u>\$ 41,668</u>	<u>\$ 3,414</u>

Sales Tax Revenue Bonds

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

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

The Bonds are revenue obligations of the Town payable solely from the pledged revenue, consisting of an additional 1% sales tax approved at an election held on November 8, 2016, an additional 1% sales tax which was being imposed and collected prior to the 2016 election, if necessary, and amounts on deposit in a Surplus Account, if any. Pursuant to the Bond

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Ordinance, the Town is required to establish a Surplus Fund for the Bonds that will be built up over time from excess pledged revenues to a maximum of \$280,500 in reserve. Monies in the Surplus Fund will be used solely for the purpose of paying the principal or interest on the Series 2017 bonds. Repayment of both principal and interest on the Certificates are insured by Municipal Assurance Corp. The bonds are rated “AA” by Standard & Poor’s.

The Bonds mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 105,000	\$ 173,550	\$ 278,550
2019	105,000	170,400	275,400
2020	110,000	167,250	277,250
2021	115,000	163,950	278,950
2022	115,000	160,500	275,500
2023-2027	640,000	746,600	1,386,600
2028-2032	775,000	616,000	1,391,000
2033-2037	950,000	442,400	1,392,400
2038-2042	1,205,000	186,250	1,391,250
	<u>\$ 4,120,000</u>	<u>\$ 2,826,900</u>	<u>\$ 6,946,900</u>

Capital Lease Obligations

Thomasson Park

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

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

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

At the end of the initial five-year term, the Town did not obtain funding to purchase the property and exercised the automatic renewal option for an additional five-year term. The second five-year term expired in December 2011. On December 12, 2011, the Town entered into an Extension of Lease Purchase Agreement with the property owner extending the Lease Purchase agreement under the same terms and conditions as the original agreement, for an additional five years through December 31, 2016, with an additional five-year extension if the Town is unable to obtain funding to complete the purchase. On November 3, 2016, the Town extended the lease agreement for an additional 5-year term. This lease is paid from the General Fund. Principal and interest on the lease in 2017 was \$12,474 and \$13,401, respectively.

Principal and interest remaining on the lease follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 13,112	\$ 12,763	\$ 25,875
2019	13,783	12,092	25,875
2020	14,488	11,387	25,875
2021	15,229	10,646	25,875
2022	16,009	9,866	25,875
2023-2027	93,199	36,176	129,375
2028-2031	93,241	10,259	103,500
	<u>\$ 259,061</u>	<u>\$ 103,189</u>	<u>\$ 362,250</u>

2015 Equipment Lease

On September 25, 2015, The Town entered into a capital lease agreement for a 2015 John Deere 624K Loader in the original principal amount of \$135,285. Lease payments of \$1,337 are due monthly beginning in October 2015 and ending in September 2025, with interest at 3.49%. Lease payments are made by the General Fund. Principal and interest on the lease in 2017 was \$12,019 and \$4,026, respectively.

At December 31, 2017, the Loader is included in capital assets of governmental activities in the amount of \$91,800, net of accumulated depreciation of \$43,485.

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

The net present value of the minimum lease payments as of December 31, 2017 follow:

Year Ending December 31,	Payment Amount
2018	\$ 16,046
2019	16,046
2020	16,046
2021	16,046
2022	16,046
2023-2025	44,126
Minimum Lease Payments	124,356
Less: Amount representing interest	(15,538)
Present Value of Minimum Lease Payments	<u>\$ 108,818</u>

NOTE 7 RISK MANAGEMENT

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

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

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

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

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

NOTE 8 DEFERRED COMPENSATION PLAN

The Town has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the International City/County Management Association Retirement Corporation (ICMA-RC). Full time employees are eligible to participate in the plan. The Town will contribute 4% of the employee's salary if the employee contributes at least 1%. For every percentage increase thereafter up to 8%, the Town will match each employee dollar for dollar as long as the employee contributes an equal or greater amount. The Town contributed \$40,601 in matching contributions and participating employees contributed \$51,906 for the year ending December 31, 2017.

NOTE 9 TAX SPENDING AND DEBT LIMITATIONS

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

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases.

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

TOWN OF GRAND LAKE, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

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

SUPPLEMENTARY INFORMATION

TOWN OF GRAND LAKE, COLORADO

**CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2017**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes			
General Sales Tax	\$ 387,000	\$ 343,486	\$ (43,514)
Intergovernmental			
Grants	500,000	423,125	(76,875)
Net Investment Income	6,000	21,586	15,586
Total Revenues	893,000	788,197	(104,803)
Expenditures			
Capital Outlay	4,703,710	3,178,010	1,525,700
Debt service			
Bond Principal	-	180,000	(180,000)
Bond Interest	85,000	100,411	(15,411)
Bond Issuance Costs	200,000	135,100	64,900
Subtotal Debt Service	285,000	415,511	(130,511)
Reserves	154,290	-	154,290
Total Expenditures	5,143,000	3,593,521	1,549,479
Excess Revenues Over (Under) Expenditures	(4,250,000)	(2,805,324)	1,444,676
Other Financing Sources (Uses)			
Bond Proceeds	4,250,000	4,300,000	50,000
Premium on Bond Proceeds		385,090	385,090
Transfers Out	-	(134,200)	(134,200)
Total Other Financing Sources (Uses)	4,250,000	4,550,890	300,890
Net Change in Fund Balance	-	1,745,566	1,745,566
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	\$ -	\$ 1,745,566	\$ 1,745,566

See the Independent Auditor's Report

TOWN OF GRAND LAKE, COLORADO

WATER FUND

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

For the Year Ended December 31, 2017

(With Comparative Totals for December 31, 2016)

	Original & Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual
Revenues				
Water Sales	\$ 517,974	\$ 544,446	\$ 26,472	\$ 537,064
Tap Fees	13,000	91,000	78,000	16,467
Resale Meters	900	2,695	1,795	2,246
Bulk Water Permits	930	813	(117)	989
Miscellaneous	-	229	229	984
Interest Income	1,500	5,100	3,600	3,387
Capital Lease Proceeds	850,000	-	(850,000)	-
Grant Income	-	-	-	2,500
Total Revenues	<u>1,384,304</u>	<u>644,283</u>	<u>(740,021)</u>	<u>563,637</u>
Expenditures				
Personnel	284,915	284,480	435	272,875
Office Supplies	22,400	5,323	17,077	3,449
Operations Supplies	17,550	10,045	7,505	13,208
Repairs and Maintenance	35,100	36,855	(1,755)	21,348
Resale Supplies	7,400	3,370	4,030	2,488
Purchased Services	21,162	24,228	(3,066)	16,163
Utilities	36,780	33,027	3,753	36,112
Professional Services	50,020	2,830	47,190	3,304
Other Expenses	12,552	11,229	1,323	8,836
Capital Outlay	879,200	259,267	619,933	119,549
Debt Service-Principal	35,000	-	35,000	-
Debt Service-Interest	17,000	-	17,000	-
Total Expenditures	<u>1,419,079</u>	<u>670,654</u>	<u>748,425</u>	<u>497,332</u>
Excess Revenues Over (Under)				
Expenditures	(34,775)	(26,371)	8,404	66,305
Funds Available - Beginning	945,656	966,128	20,472	899,823
Funds Available - Ending	<u>\$ 910,881</u>	<u>\$ 939,757</u>	<u>\$ 28,876</u>	<u>\$ 966,128</u>
Funds Available is Computed as Follows:				
Current Assets		\$ 997,187		\$ 1,037,923
Liabilities		(57,430)		(71,795)
		<u>\$ 939,757</u>		<u>\$ 966,128</u>

See the Independent Auditor's Report

TOWN OF GRAND LAKE, COLORADO

MARINA FUND

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

For the Year Ended December 31, 2017

(With Comparative Totals for December 31, 2016)

	Original & Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual
Revenues				
Marina Rentals	\$ 190,000	\$ 203,236	\$ 13,236	\$ 202,650
Tours	60,000	66,510	6,510	70,441
Rentals	20,050	20,050	-	18,850
Miscellaneous	2,820	1,774	(1,046)	2,534
Interest Income	450	726	276	546
Sale of Assets	-	-	-	17,000
Total Revenues	<u>273,320</u>	<u>292,296</u>	<u>18,976</u>	<u>312,021</u>
Expenditures				
Personnel	123,016	96,036	26,980	108,098
Office Supplies	1,250	596	654	1,407
Operations Supplies	10,500	6,191	4,309	4,412
Repairs and Maintenance	32,500	11,858	20,642	5,340
Permits and Fees	565	512	53	4,294
Purchased Services	12,200	8,835	3,365	9,128
Utilities	2,820	3,589	(769)	2,995
Professional Services	5,303	1,445	3,858	1,103
Other Expenses	5,744	2,164	3,580	366
Capital Outlay	60,000	47,735	12,265	-
Total Expenditures	<u>253,898</u>	<u>178,961</u>	<u>74,937</u>	<u>137,143</u>
Excess Revenues Over (Under)				
Expenditures	19,422	113,335	93,913	174,878
Funds Available - Beginning	<u>424,447</u>	<u>426,043</u>	<u>1,596</u>	<u>251,165</u>
Funds Available - Ending	<u>\$ 443,869</u>	<u>\$ 539,378</u>	<u>\$ 95,509</u>	<u>\$ 426,043</u>
Funds Available is Computed as Follows:				
Current Assets		\$ 541,426		\$ 427,492
Liabilities		<u>(2,048)</u>		<u>(1,449)</u>
		<u>\$ 539,378</u>		<u>\$ 426,043</u>

See the Independent Auditor's Report

TOWN OF GRAND LAKE, COLORADO

PAY AS YOU THROW FUND

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

For the Year Ended December 31, 2017

(With Comparative Totals for December 31, 2016)

	Original & Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)	2016 Actual
Revenues				
Bag Sales	\$ 42,000	\$ 47,017	\$ 5,017	\$ 42,697
Interest Income	100	132	32	113
Total Revenues	<u>42,100</u>	<u>47,149</u>	<u>5,049</u>	<u>42,810</u>
Expenditures				
Operations Supplies	10,200	4,248	5,952	3,694
Repairs and Maintenance	2,000	1,342	658	1,142
Purchased Services	21,693	28,421	(6,728)	19,670
Professional Services	157	157	-	157
Other Expenses	775	474	301	363
Total Expenditures	<u>34,825</u>	<u>34,642</u>	<u>183</u>	<u>25,026</u>
Excess Revenues Over Expenditures	7,275	12,507	5,232	17,784
Funds Available - Beginning	<u>73,920</u>	<u>80,870</u>	<u>6,950</u>	<u>63,086</u>
Funds Available - Ending	<u>\$ 81,195</u>	<u>\$ 93,377</u>	<u>\$ 12,182</u>	<u>\$ 80,870</u>
Funds Available is Computed as Follows:				
Current Assets		\$ 98,362		\$ 80,870
Liabilities		<u>(4,985)</u>		<u>-</u>
		<u>\$ 93,377</u>		<u>\$ 80,870</u>

See the Independent Auditor's Report

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
Town of Grand Lake
YEAR ENDING :
December 2017

This Information From The Records Of Town of Grand Lake:

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

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	3,202,092
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	266,274
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	25,741
2. General fund appropriations	339,674	b. Snow and ice removal	159,250
3. Other local imposts (from page 2)	368,872	c. Other	29,596
4. Miscellaneous local receipts (from page 2)	21,688	d. Total (a. through c.)	214,587
5. Transfers from toll facilities	0	4. General administration & miscellaneous	12,434
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	19,491
a. Bonds - Original Issues	4,685,090	6. Total (1 through 5)	3,714,878
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	4,685,090	a. Interest	235,511
7. Total (1 through 6)	5,415,324	b. Redemption	180,000
B. Private Contributions	0	c. Total (a. + b.)	415,511
C. Receipts from State government (from page 2)	37,506	2. Notes:	
D. Receipts from Federal Government (from page 2)	423,125	a. Interest	0
E. Total receipts (A.7 + B + C + D)	5,875,955	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	415,511
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	4,130,389

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	0	4,300,000	180,000	4,120,000
1. Bonds (Refunding Portion)		0	0	
B. Notes (Total)	0	0	0	0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	5,875,955	4,130,389	1,745,566	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2017

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	0	a. Interest on investments	21,586
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	343,486	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	830	f. Charges for Services	102
5. Specific Ownership &/or Other	24,556	g. Other Misc. Receipts	0
6. Total (1. through 5.)	368,872	h. Other	0
c. Total (a. + b.)	368,872	i. Total (a. through h.)	21,688
	(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	31,593	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	2,554	d. Federal Transit Admin	0
d. Other (Specify) - Cigarette Select	3,359	e. U.S. Corps of Engineers	0
e. Other (Specify) - DOLA Grant	0	f. Other Federal	423,125
f. Total (a. through e.)	5,913	g. Total (a. through f.)	423,125
4. Total (1. + 2. + 3.f)	37,506	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	0	225,562	225,562
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	2,976,530	2,976,530
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	2,976,530	2,976,530
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,202,092	3,202,092
			(Carry forward to page 1)

Notes and Comments: