

Town of Larkspur, Colorado

**Financial Statements and Report
of
Independent Certified Public Accountants**

December 31, 2018

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Certified Public Accountants (a professional corporation)

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Independent Auditor's Report

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

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

Management's Responsibility for the Financial Statements

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

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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



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Opinions

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

Correction of Error

As described in Note 12 to the financial statements, the proprietary fund beginning net position was restated for overstated Capital contributions – tap fees in a prior period.

Other-Matters

Required Supplementary Information

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

Other Information

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

The other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.



Littleton, Colorado
September 30, 2019

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2018

Introduction

The management of the Town of Larkspur (Town) offers readers of the Town's financial statements this narrative analysis of the Town's financial activities, for the year ended December 31, 2018. Please read this Management's Discussion and Analysis (MD&A) in conjunction with the Town's 2018 audited financial statements and notes to the financial statements.

Financial Highlights

- Total assets exceeded liabilities by \$4,648,169
- Total Net Position decreased by \$77,370
- Total cash decreased by \$1,397,978, due mainly to expenditures of cash from loan proceeds for the Water Treatment Plant construction.
- Governmental activities revenue increased by \$99,898, due mainly to an increase in Sales Tax, Admission Tax and Use Tax revenues
- Governmental activities expenditures increased by \$83,948, due mainly to increased wages.
- Business-Type (Water & Sewer Fund) Operating Revenue decreased by \$231,267, due mainly to decreased capital contributions. Business-Type expenses increased by \$117,762, mainly due to increased contract services for maintenance & monitoring and loss on abandonment of wastewater treatment plant.
- The Business-Type Operating Loss increased by \$20,518, due to the increased expenditures describe above.
- Unassigned Fund Balance for the General Fund was \$1,205,295 or 90% of total General Fund expenditures
- Total Debt increased by \$80,802 due to the capital lease of land from the Larkspur Fire Protection District.

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2018

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2018

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

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

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

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

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

2. **Fund Financial Statements:** Groups related accounts to maintain control over resources, which have been segregated, for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town uses Governmental and Proprietary funds.
 - **Governmental Funds** – Used to account for essentially the same functions reported as *Governmental Activities (above)*, in the Governmental Fund Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on *near-term inflows and outflows of spendable resources*, as well as, *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements. These financial

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2018

statements show how general government services were paid for in the short term and what remains for future spending.

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

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

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

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

- **Proprietary Funds** –Used to account for business-type activities.

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

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

3. **Notes to Financial Statements:** Provides additional information that is essential to fully understand the data provided in all financial statements. The notes to the financial statements can be found immediately following the basic financial statements.
4. **Supplemental Information** that must be disclosed according to the *Governmental Accounting Standards Board* is included after the Notes to Financial Statements. This

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2018

includes a budgetary comparison statement for all governmental funds, to demonstrate compliance with the budget.

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

Government-wide Financial Analysis

Condensed Comparative Statements of Net Position

(000's omitted)

	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2018	2017	2018	2017	2018	2017
Assets						
Current assets	469.4	605.8	2,575.4	4,223.5	3,044.8	4,829.3
Capital assets - net	1,533.9	1,550.0	6,905.4	5,038.6	8,439.3	6,588.6
Other noncurrent assets	1,494.1	1,312.7	(1,494.1)	(1,312.7)	-	-
Total assets	3,497.4	3,468.5	7,986.7	7,949.4	11,484.1	11,417.9
Liabilities						
Current liabilities	424.9	378.7	191.0	74.4	615.9	453.1
Noncurrent liabilities	514.2	440.2	5,394.7	4,801.1	5,908.9	5,241.3
Total Liabilities	939.1	818.9	5,585.7	4,875.5	6,524.8	5,694.4
Deferred Inflow of Resources	101.2	108.0	108.3	105.4	209.5	213.4
Net Position						
Investment in capital assets	897.4	992.6	2,052.9	213.4	2,950.3	1,206.0
Restricted	31.3	74.6	98.8	114.7	130.1	189.3
Unrestricted	1,528.4	1,474.4	39.4	2,640.5	1,567.8	4,114.9
Total Net Position	2,457.1	2,541.6	2,191.1	2,968.6	4,648.2	5,510.2

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

At December 31, 2018, Total Town assets exceeded liabilities and deferred inflows by approximately \$4.648 million as compared to approximately \$5.510 million at December 31, 2017.

The Town's total net position at December 31, 2018, included net investment in capital assets of approximately \$2.950 million. Of this amount, approximately 69.6% was invested in capital assets being utilized for water and wastewater activities. At December 31, 2017, the net investment in capital assets was approximately \$1.206 million. Of this amount, approximately 17.7% was invested in capital assets being utilized for water and wastewater activities.

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2018

Cash and cash equivalents at December 31, 2018, totaled approximated \$2.8 million, a decrease of approximately \$1.4 million over the cash and cash equivalent balances at December 31, 2017.

At December 31, 2018 and December 31, 2017, restricted net position was approximately \$130,100 and \$189,300, respectively, and, at December 31, 2018 and December 31, 2017, unrestricted net position was approximately \$1.568 million and \$4.115 million, respectively.

Government-wide Financial Analysis

Condensed Comparative Statements of Activities

(000's omitted)

	Governmental Activities		Business-Type Activities		Total Government-Wide	
	2018	2017	2018	2017	2018	2017
Revenue						
Program Revenue						
Charges for services	10.8	8.8	137.5	158.8	148.3	167.6
Capital grants and contributions	7.0	6.5	241.1	469.5	248.1	476.0
General Revenue						
Taxes	829.7	768.4	105.3	93.1	935.0	861.5
Licenses and permits	34.4	26.4	-	-	34.4	26.4
Intergovernmental	87.4	66.0	-	-	87.4	66.0
Gain on sale of capital assets	6.8	6.8	-	-	6.8	6.8
Interest and miscellaneous	6.9	7.6	5.6	2.4	12.5	10.0
Transfer in	-	-	-	7.5	-	7.5
Total Revenue	983.0	890.5	489.5	731.3	1,472.5	1,621.8
Expenses						
General government	714.7	675.7	-	-	714.7	675.7
Public safety	37.1	34.2	-	-	37.1	34.2
Public works	90.5	64.2	-	-	90.5	64.2
Parks & recreation	204.3	187.7	-	-	204.3	187.7
Water & sewer	-	-	482.3	364.6	482.3	364.6
Interest	20.9	21.7	-	-	20.9	21.7
Transfer out	-	7.5	-	-	-	7.5
Total Expenses	1,067.5	991.0	482.3	364.6	1,549.8	1,355.6
Change in Net Position	(84.5)	(100.5)	7.2	366.7	(77.3)	266.2
Net Position - Beginning of Year	2,541.6	2,642.1	2,183.9	1,817.2	4,725.5	4,459.3
Net Position - End of Year	2,457.1	2,541.6	2,191.1	2,183.9	4,648.2	4,725.6

The Town's net position decreased in 2018 by approximately \$77,300 or 1.6% to approximately \$4.648 million. The decrease resulted from governmental activities negative results of

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2018

approximately \$84.5 plus the business-type activities positive results of approximately \$7,200. The individual fund results included no transfers from governmental activities to business-type activities (the Water and Sewer Fund).

In 2018, total revenues decreased by 9% compared to 2017, to approximately \$1.473 million. This \$149,300 decrease was primarily attributable to a decrease in grant/loan revenue of \$227,900 offset by increases in taxes and license and permit revenue .

In 2018, total expenses, exclusive of interfund transfers, increased 13% compared to 2017. This increase was primarily attributable to increased wages and loss on abandonment of the wastewater treatment project.

On the whole, the Water & Sewer Operating Revenue of \$137,511 was insufficient to cover the Water & Sewer Operating Expenditures of \$285,193 by \$147,682.

On a whole, the Property Tax Revenue of \$105,316 was sufficient to cover the Water & Sewer Debt Payments of \$74,390 by \$30,926.

Capital Assets

The Town's investment in capital assets, net of depreciation, at December 31, 2018, was approximately \$8.439 million, consisting of general government capital assets of approximately \$1.534 million and water and sewer fund (business-type activities) of approximately \$6.905 million. During 2018, there were general government capital asset additions of approximately \$161,536 primarily for land, equipment and construction in process. (See Note 5 of the Notes to Financial Statements). There was approximately \$1.993 million of capital expenditure during 2018 for water and sewer activities. For comparison, at December 31, 2017, the Town's investment in capital assets, net of depreciation, was approximately \$6.589 million, consisting of governmental capital assets of approximately \$1.550 million and business-type activities capital assets of approximately \$5.039 million.

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

The Town's budgeted capital outlay expenditures for 2018 totaled approximately \$1.779 million. Of this amount \$1.711 million was budgeted for Water and Sewer fund improvements; \$35,000 was budgeted for General Fund; \$34,000 was budgeted for the Road and Bridge Fund. The Water and Sewer budgeted infrastructure expenditures are intended to be funded with grants and borrowings; the Road and Bridge Fund amount is intended to be funded with appropriations from the General Fund; and the budgeted capital outlay in the General Fund is intended to be financed with grants. Additional details can be obtained by contacting the Town.

Town of Larkspur, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2018

Long-term Obligations

As of December 31, 2018, the Town had long-term obligations totaling approximately \$5.3 million, which includes \$233,704 of principal due in 2019. This total obligation represents approximately \$4.8 million for the Water and Sewer Fund and approximately \$535,000 for the Town Hall lease and Fire Protection District land lease. Details of the 2018 financing activities and these obligations are included in Note 7 of the Notes to Financial Statements.

Budgetary Discussion

Budgetary comparison schedules are included in the accompanying, audited, financial statements. The line item details of amendments to the adopted 2018 budgets are identified in the budgetary comparison schedules included.

Economic Factors and the 2019 Budget

As discussed in Note 10 of the Notes to Financial Statements, the Town has a dependency for revenues derived from the Colorado Renaissance Festival (CRF). The 2019 budget provides for revenues consistent with the prior year derived from the CRF.

The 2019 budgets provide for an approximate 410% increase in revenue over the actual 2018 results, due mainly to tap revenue, loan proceeds related to construction and investment infrastructure revenue. The 2019 budgets provide for an approximate 263% increase in expenditures over the actual 2018 results, due mainly to operating expenses, increased contract maintenance costs, capital outlay, engineering fees, and repair costs related to new facilities.

Readers are encouraged to review the 2019 budgets for more detail. Copies of the Town's annual, adopted budgets are available upon request.

Requests for Information

This financial report of the Town of Larkspur, Colorado, is designed to provide a general overview of the Town's finances for those with an interest in the Town's financial activities and financial position. Questions concerning information provided in this report and the audit report or requests for additional information should be addressed to Mayor Gerry Been at the Town Hall, 8720 Spruce Mountain Road, P.O. Box 310, Larkspur, Colorado 80118.

Government-Wide Financial Statements

Town of Larkspur, Colorado
Statement of Net Position
December 31, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents - restricted	\$ 92	\$ 1,335,731	\$ 1,335,823
Cash and cash equivalents - unrestricted	379,768	1,055,890	1,435,658
Taxes receivable	84,753	108,287	193,040
Prepaid expenses	4,800	-	4,800
Accounts receivable	-	13,785	13,785
Other receivables	-	61,714	61,714
Total Current Assets	<u>469,413</u>	<u>2,575,407</u>	<u>3,044,820</u>
Non-Current Assets:			
Internal balances	1,494,128	(1,494,128)	-
Capital assets			
Nondepreciable	649,659	6,402,611	7,052,270
Depreciable	2,585,910	2,374,725	4,960,635
Accumulated depreciation	<u>(1,701,696)</u>	<u>(1,871,884)</u>	<u>(3,573,580)</u>
Total Capital Assets	<u>1,533,873</u>	<u>6,905,452</u>	<u>8,439,325</u>
Total Non-Current Assets	<u>3,028,001</u>	<u>5,411,324</u>	<u>8,439,325</u>
TOTAL ASSETS	<u>3,497,414</u>	<u>7,986,731</u>	<u>11,484,145</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	329,074	-	329,074
Accrued expenses	34,836	-	34,836
Current portion of accrued compensated absences	10,822	-	10,822
Current portion of long-term debt	31,889	190,993	222,882
Customer deposits	18,293	-	18,293
Retainage payable	-	101,712	101,712
Total Current Liabilities	<u>424,914</u>	<u>292,705</u>	<u>717,619</u>
Non-Current Liabilities:			
Accrued sludge removal cost	-	49,705	49,705
Customer deposits	-	438	438
Tap fee deposits	-	784,682	784,682
Long-term portion of accrued compensated absences	10,822	-	10,822
Long-term debt, net	<u>503,324</u>	<u>4,559,849</u>	<u>5,063,173</u>
Total Non-Current Liabilities	<u>514,146</u>	<u>5,394,674</u>	<u>5,908,820</u>
TOTAL LIABILITIES	<u>939,060</u>	<u>5,687,379</u>	<u>6,626,439</u>
DEFERRED INFLOW OF RESOURCES			
Deferred inflow of resources - gain on building sale/leaseback	101,250	-	101,250
Deferred revenue - property taxes	<u>-</u>	<u>108,287</u>	<u>108,287</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u>101,250</u>	<u>108,287</u>	<u>209,537</u>
NET POSITION			
Net Investment in Capital Assets	897,410	2,052,898	2,950,308
Restricted			
Emergencies	29,223	12,454	41,677
Parks and recreation	1,409	-	1,409
Conservation trust fund	635	-	635
Water well construction grants	-	86,323	86,323
Unrestricted	<u>1,528,427</u>	<u>39,390</u>	<u>1,567,817</u>
TOTAL NET POSITION	<u>\$ 2,457,104</u>	<u>\$ 2,191,065</u>	<u>\$ 4,648,169</u>

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

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

PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES		NET REVENUE (EXPENSE) AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
				GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT:						
Governmental activities:						
General government	\$ 714,654	\$ -	\$ -	\$ (714,654)	\$ -	\$ (714,654)
Public safety	37,110	-	-	(37,110)	-	(37,110)
Public works	90,513	-	6,350	(84,163)	-	(84,163)
Parks and recreation	204,305	10,851	635	(192,819)	-	(192,819)
Interest expense	20,868	-	-	(20,868)	-	(20,868)
Total Governmental Activities	1,067,450	10,851	6,985	(1,049,614)	-	(1,049,614)
Business-Type Activities:						
Water and sewer	482,373	137,511	241,091	-	(103,771)	(103,771)
Total Business-Type Activities	482,373	137,511	241,091	-	(103,771)	(103,771)
Total Primary Government	\$ 1,549,823	\$ 148,362	\$ 248,076	\$ (1,049,614)	\$ (103,771)	\$ (1,153,385)
General Revenues						
Taxes						
Property taxes				\$ -	\$ 105,316	\$ 105,316
General sales and use taxes				631,132	-	631,132
Admissions & miscellaneous taxes				198,615	-	198,615
Licenses and permits				34,354	-	34,354
Intergovernmental				87,363	-	87,363
Interest income				4,436	5,542	9,978
Gain on sale of capital assets				6,750	-	6,750
Miscellaneous				2,447	60	2,507
Total General Revenues				965,097	110,918	1,076,015
Change in Net Position				(84,517)	7,147	(77,370)
Net Position Beginning, as restated				2,541,621	2,183,918	4,725,539
Net Position Ending				\$ 2,457,104	\$ 2,191,065	\$ 4,648,169

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

Fund Financial Statements

Town of Larkspur, Colorado

Governmental Funds

Balance Sheet

December 31, 2018

	GENERAL	ROAD	CONSERVATION	TOTAL
	FUND	& BRIDGE	TRUST	GOVERNMENTAL
ASSETS		FUND	FUND	FUNDS
Assets:				
Cash and cash equivalents - restricted	\$ -	\$ -	\$ 92	\$ 92
Cash and cash equivalents - unrestricted	279,430	100,338	-	379,768
Taxes receivable	77,235	7,518	-	84,753
Prepaid expenses	1,800	3,000	-	4,800
Due from other funds	1,338,708	154,877	543	1,494,128
Total Assets	<u>1,697,173</u>	<u>265,733</u>	<u>635</u>	<u>1,963,541</u>
LIABILITIES				
Accounts payable	329,074	-	-	329,074
Accrued expenses	13,190	-	-	13,190
Customer deposits	18,293	-	-	18,293
Total Liabilities	<u>360,557</u>	<u>-</u>	<u>-</u>	<u>360,557</u>
Fund Balances				
Nonspendable	1,800	3,000	-	4,800
Restricted for				
Parks and recreation	1,409	-	-	1,409
Conservation trust fund	-	-	635	635
Emergencies	26,520	2,703	-	29,223
Committed	31,592	100,338	-	131,930
Assigned	70,000	159,692	-	229,692
Unassigned	1,205,295	-	-	1,205,295
Total Fund Balances	<u>1,336,616</u>	<u>265,733</u>	<u>635</u>	<u>1,602,984</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,697,173</u>	<u>\$ 265,733</u>	<u>\$ 635</u>	<u>\$ 1,963,541</u>

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

Town of Larkspur, Colorado
Reconciliation of Total Governmental Fund Balances
to the Statement of Net Position
December 31, 2018

Total Governmental Fund Balances	\$ 1,602,984
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	
Total capital assets	3,235,569
Accumulated depreciation	(1,701,696)
The gain on a sale leaseback transaction is recorded as a deferred inflow of resources and recognized in a systematic and rational manner over the lease term.	
Deferred gain on sale leaseback transaction	(108,000)
Current-year recognition of gain on sale leaseback	6,750
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds	
Long-term debt	(535,213)
Accrued compensated absences	(21,644)
Accrued tax sharing rebate	(21,646)
Net Position of Governmental Activities	<u>\$ 2,457,104</u>

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

Town of Larkspur, Colorado

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances For the Year Ended December 31, 2018

	General Fund	Road and Bridge Fund	Conservation Trust Fund	Total Governmental Funds
REVENUES:				
Taxes	\$ 370,687	\$ -	\$ -	\$ 370,687
Festival Taxes & Licenses	459,060	-	-	459,060
Licenses, permits and fees	34,354	-	-	34,354
Intergovernmental revenues	1,772	83,504	2,087	87,363
Interest	4,201	233	2	4,436
Parks and recreation revenues	11,486	-	-	11,486
Grant and in-kind revenues	-	6,350	-	6,350
Miscellaneous revenues	2,447	-	-	2,447
TOTAL REVENUES	<u>884,007</u>	<u>90,087</u>	<u>2,089</u>	<u>976,183</u>
EXPENDITURES:				
Current:				
General government	679,775	-	-	679,775
Public safety	37,110	-	-	37,110
Public works	-	56,772	-	56,772
Capital expenditures	146,130	15,406	-	161,536
Parks and recreation expenses	99,562	-	2,090	101,652
Debt Service				
Principal repayment	18,970	-	-	18,970
Interest expense	20,868	-	-	20,868
TOTAL EXPENDITURES	<u>1,002,415</u>	<u>72,178</u>	<u>2,090</u>	<u>1,076,683</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(118,408)	17,909	(1)	(100,500)
OTHER FINANCING SOURCES (USES)	<u>107,160</u>	<u>-</u>	<u>-</u>	<u>107,160</u>
NET CHANGE IN FUND BALANCE	(11,248)	17,909	(1)	6,660
FUND BALANCES, BEGINNING OF YEAR	<u>1,347,864</u>	<u>247,824</u>	<u>636</u>	<u>1,596,324</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,336,616</u>	<u>\$ 265,733</u>	<u>\$ 635</u>	<u>\$ 1,602,984</u>

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

Town of Larkspur, Colorado
Reconciliation of the Statements of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2018

Net Change In Fund Balance - Governmental Funds	\$ 6,660
Governmental funds reported capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	161,536
Depreciation expense	(177,668)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position.	21,314
Proceeds from capital lease financing is revenue in the governmental governmental funds, but increases long-term liabilities in the government-wide statement of net position	<u>(107,160)</u>
Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported in the fund financials.	
Increase in compensated absences	(2,041)
Change in accrued expenses related to 2017 tax sharing rebate	6,092
Recognition of deferred inflow of resources in the current year: Amortization of deferred inflow of resources on sale-leaseback	<u>6,750</u>
Change in net position of governmental activities	<u><u>\$ (84,517)</u></u>

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

Town of Larkspur, Colorado

Proprietary Fund Statement of Net Position December 31, 2018

ASSETS

Current Assets:

Cash and cash equivalents - restricted	\$ 1,335,731
Cash and cash equivalents - unrestricted	1,055,890
Accounts receivable, net of allowance of \$764	13,785
Grant receivables	61,714
Property taxes receivable	108,287

Total Current Assets

2,575,407

Non-Current Assets:

Capital Assets:

Nondepreciable	6,402,611
Depreciable	2,374,725
Accumulated depreciation	(1,871,884)

Total Non-Current Assets

6,905,452

TOTAL ASSETS

9,480,859

LIABILITIES

Current Liabilities:

Customer deposits	438
Retainage payable	101,712
Notes payable - due in one year	190,993

Total Current Liabilities

293,143

Non-Current Liabilities:

Due to other funds	1,494,128
Installment loans payable	4,559,849
Tap Fee Deposits	784,682
Accrued sludge removal cost	49,705

Total Non-Current Liabilities

6,888,364

TOTAL LIABILITIES

7,181,507

Deferred Inflows of Resources

Unearned property tax revenue	108,287
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NET POSITION

Net investment in capital assets	2,052,898
Restricted	98,777
Unrestricted	39,390

TOTAL NET POSITION

\$ 2,191,065

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

Town of Larkspur, Colorado
Proprietary Fund
Statement of Revenues, Expenditures and Changes in Fund Net Position
For the Year Ended December 31, 2018

	<u>Water And Sewer</u>
OPERATING REVENUES	
Charges for services	\$ 137,511
Total Operating Revenues	<u>137,511</u>
OPERATING EXPENSES	
Professional services	123,545
Depreciation and amortization	63,309
Utilities	43,694
Maintenance and repairs	37,712
Supplies	2,145
Personnel services	2,941
Miscellaneous	1,096
Testing	<u>10,751</u>
Total Operating Expenses	<u>285,193</u>
Income (Loss) From Operations	<u>(147,682)</u>
NON-OPERATING REVENUES (EXPENSES)	
Property taxes	105,316
Capital grants	211,091
Interest income	5,542
Loss on abandonment of wastewater treatment plant	(99,458)
Interest expense	(97,722)
Other revenue	<u>60</u>
Total Non-Operating Revenues (Expenses)	<u>124,829</u>
Net Income Before Contributions and Transfers	<u>(22,853)</u>
Capital contributions - tap fees	<u>30,000</u>
CHANGE IN NET POSITION	<u>7,147</u>
NET POSITION, BEGINNING OF YEAR, as restated	<u>2,183,918</u>
NET POSITION, END OF YEAR	<u><u>\$ 2,191,065</u></u>

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

Town of Larkspur, Colorado

Proprietary Fund Statement of Cash Flows For the Year Ended December 31, 2018

	Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 136,644
Cash payment for salaries and benefits	(2,941)
Cash payment for goods and services	<u>(117,335)</u>
Net Cash From Operating Activities	<u>16,368</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Cash transferred on interfund loans	181,393
Cash received from taxes	<u>105,316</u>
Net Cash From Non-Capital Financing Activities	<u>286,709</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:	
Interest paid on capital lease	(97,722)
Payments of installment loan payable	(74,390)
Purchases of capital assets	(2,029,565)
Proceeds from capital grants and other contributions	<u>606,734</u>
Net Cash From Capital and Financing Activities	<u>(1,594,943)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	<u>5,542</u>
Net Cash From Investing Activities	<u>5,542</u>
Net Change in Cash and Cash Equivalents	(1,286,324)
CASH AND CASH EQUIVALENTS	
Beginning of Year	<u>3,677,945</u>
End of Year	<u><u>\$ 2,391,621</u></u>
Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities	
Net Operating Income (Loss)	\$ (147,682)
Adjustments to reconcile loss from operations to net cash used in operating activities	
Depreciation and amortization	63,309
Changes in assets and liabilities	
Change in accounts receivable	(867)
Change in retainage payable	101,712
Change in tap fee deposits	<u>(104)</u>
Net Cash From Operating Activities	<u><u>\$ 16,368</u></u>

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

Town of Larkspur, Colorado

Notes to Financial Statements

December 31, 2018

1. Definition of Reporting Entity

The Town of Larkspur, Colorado (the Town), is incorporated under Colorado statutes to provide public safety, highways and streets, water service, health and social services, culture and recreation, public health improvements, planning and zoning and general administrative services. The Town is located in Douglas County and operates under a Mayor-Council form of government.

An elected Mayor and Town Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The Town's major operations include road maintenance, water and wastewater services, culture and recreation.

Financial Reporting Entity

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

In accordance with governmental accounting standards, the Town has considered the possibility of inclusion of additional entities in its general purpose financial statements. The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it. The Town has determined that there are no includible entities for the year ended December 31, 2018.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

Government-wide and Fund Financial Statements

The Statement of Net Position presents the financial condition of the Town, as a whole, at year end. The Statement of Activities presents a comparison between program expenses and the program revenues for each program or function of the Town. Program expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

2. Summary of Significant Accounting Policies (continued)

to a particular program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of program expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements

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

Fund Accounting

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

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

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

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

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

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

2. Summary of Significant Accounting Policies (continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

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

Basis Of Accounting

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

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

2. Summary of Significant Accounting Policies (continued)

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

Revenues

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

Nonexchange transactions, in which the Town receives value without directly giving value in return, include property taxes, annexation fees, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from nonexchange transactions must also be available, typically within 60 days, before it can be recognized.

Deferred Inflows Of Resources

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

2. Summary of Significant Accounting Policies (continued)

Cash And Cash Equivalents

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

Interfund Receivables And Payables

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

Capital Assets

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

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

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

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

Bond Discounts And Issuance Costs

In governmental funds, bond discounts are recognized in the current period. Bond discounts for proprietary fund types and for all activities on the government-wide financial statements are amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond issuance costs are recognized in the current period in the government-wide and fund financial statements.

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

2. Summary of Significant Accounting Policies (continued)

Compensated Absences

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

Accrued Liabilities And Long-Term Obligations

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

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

Fund Equity/Fund Balance

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

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

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

2. Summary of Significant Accounting Policies (continued)

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

- ***Nonspendable fund balance*** – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- ***Restricted fund balance*** – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- ***Committed fund balance*** – The portion of fund balance that can only be used for specified purposes according to limitations imposed by the Town Council prior to the end of the current fiscal year. The constraint may be imposed, removed or changed only by resolution of the Town Council.
- ***Assigned fund balance*** – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. The intended use may be expressed by the Town Council or other individuals authorized to assign funds to be used for a specific purpose. In governmental funds, assigned fund balance represents the amount that is not nonspendable, restricted or committed. This indicates that resources in these funds are, at a minimum, intended to be used for the purpose of that fund. The Town Council has designated the Mayor as the individual authorized to assign funds.
- ***Unassigned fund balance*** – The residual portion of fund balance that does not meet any of the criteria described above. The Town will only report a positive unassigned balance in the General Fund.

In the Town's fund balance policy, it is not specifically identified in which order the spending should occur. Therefore, the Town takes the position that the order of spending defaults to restricted, committed, assigned and unassigned fund balance.

Net Position

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

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

2. Summary of Significant Accounting Policies (continued)

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

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

Property Taxes

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

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

Operating Revenues And Expenses

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

Capital Contributions

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

Estimates And Assumptions

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

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

3. Cash and Cash Equivalents

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels 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 102% of the aggregate uninsured deposits.

The State Commissioners 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.

The Town does not have a formal deposit policy but does follow state statutes. The Federal Depository Insurance Corporation (FDIC) insures balances up to \$250,000 per depositor. At December 31, 2018, the Town had \$2,375,566 in excess of the FDIC coverage level.

At December 31, 2018, the Town's cash deposits had the following book and bank balances:

<u>Type</u>	<u>Rating</u>	<u>Book Balance</u>	<u>Bank Balance</u>
Deposits			
Petty cash	Not rated	\$ 250	\$ -
Checking accounts	Not rated	1,394,819	1,490,244
Savings	Not rated	1,135,322	1,135,322
Investment pools	AAAm	241,090	354,341
Total Cash and Cash Equivalents		<u>\$ 2,771,481</u>	<u>\$ 2,979,907</u>

Investments

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

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

Town of Larkspur, Colorado

Notes to Financial Statements (continued)

December 31, 2018

3. Cash and Cash Equivalents (continued)

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

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

Designated Cash

As of December 31, 2018, the following cash balances have been designated for the following purposes:

Community Banks Restricted for CTF	\$ 92
Community Banks Reserved for Technology (1)	1,513
Community Banks Reserved for Equipment (1)	10,030
Community Banks Reserved for Legal (1)	20,049
COLOTRUST Reserved for Sludge Removal (1)	33,242
Community Banks Restricted for Water Well Construction Grants (1)	98,777
COLOTRUST Reserved for sidewalks (partial)	165,362
Community Banks Reserved for Road & Bridge Repairs (1)	100,338
Community Banks Restricted for WTP Lease Payments	104,963
Community Banks for Water System & Tap Repairs (1)	114,603
Community Banks Escrow for Sun Jelly Tap Fee Deposits (1)	783,734
Community Banks Restricted for WTP Construction	1,230,768
Total Designated Cash	<u>\$ 2,663,471</u>

COLOTRUST

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

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

3. Cash and Cash Equivalents (continued)

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 repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAm by Standard & Poor's.

4. Fair Value Measurement and Application

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments not measured at fair value and not categorized include governmental money market funds (PFM Funds Governmental Select series) and money market funds (generally held by Bank Trust Departments in their role as paying agent or trustee).

The Town has invested in COLOTRUST, an external investment pool that records its investments at fair value and measures fair value using Level 2 inputs.

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

5. Capital Assets

Capital asset activity for the year ended December 31, 2018 is as follows:

	Balance December 31, 2017	Transfers/ Additions	Transfers/ Retirements	Balance December 31, 2018
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 441,532	\$ 107,160	\$ -	\$ 548,692
Construction in progress	52,586	48,381	-	100,967
Total capital assets, not being depreciated	494,118	155,541	-	649,659
Capital assets, being depreciated:				
Building and improvements	451,069	-	-	451,069
Roads	818,827	-	-	818,827
Vehicles and equipment	146,572	5,995	-	152,567
Park facilities and equipment	1,113,937	-	-	1,113,937
Office equipment	49,510	-	-	49,510
Total capital assets, being depreciated	2,579,915	5,995	-	2,585,910
Less accumulated depreciation for:				
Buildings and improvements	(74,418)	(20,585)	-	(95,003)
Roads	(597,820)	(33,741)	-	(631,561)
Vehicles and equipment	(69,617)	(17,745)	-	(87,362)
Park facilities and equipment	(732,663)	(104,997)	-	(837,660)
Office equipment	(49,510)	(600)	-	(50,110)
Total accumulated depreciation	(1,524,028)	(177,668)	-	(1,701,696)
Total capital assets, being depreciated, net	1,055,887	(171,673)	-	884,214
Capital assets, net	\$ 1,550,005	\$ (16,132)	\$ -	\$ 1,533,873

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

5. Capital Assets (continued)

	Balance December 31, 2017	Transfers/ Additions	Transfers/ Retirements	Balance December 31, 2018
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 4,596,109	\$ 1,846,011	\$ (151,509)	\$ 6,290,611
Land	75,000	37,000	-	112,000
Total capital assets, not being depreciated	4,671,109	1,883,011	(151,509)	6,402,611
Capital assets, being depreciated:				
Wastewater collection	337,144	198,605	-	535,749
Wastewater treatment	192,050	-	-	192,050
Water treatment	815,795	-	-	815,795
Water distribution	831,131	-	-	831,131
Total capital assets, being depreciated	2,176,120	198,605	-	2,374,725
Less accumulated depreciation for:				
Wastewater collection	(293,912)	(2,779)	-	(296,691)
Wastewater treatment	(182,582)	(19,133)	-	(201,715)
Water treatment	(731,244)	(12,201)	-	(743,445)
Water distribution	(600,837)	(29,196)	-	(630,033)
Total accumulated depreciation	(1,808,575)	(63,309)	-	(1,871,884)
Total capital assets, being depreciated, net	367,545	135,296	-	502,841
Capital assets, net	\$ 5,038,654	\$ 2,018,307	\$ -	\$ 6,905,452

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

5. Capital Assets (continued)

Governmental activities depreciation expense by function:

General government	\$ 38,930
Public works	33,741
Parks and recreation	<u>104,997</u>
	<u>\$ 177,668</u>

Business-type activities depreciation expense by function:

Water and Sewer	<u>\$ 63,309</u>
-----------------	------------------

The town has incurred expenditures of \$99,458 to date for construction in progress on a wastewater treatment plant project. This project has been abandoned subsequent to year end, but prior to the issuance of these financial statements. Therefore \$99,458 has been recognized as a loss on abandonment of wastewater treatment plant.

6. Interfund Receivables and Payables

At December 31, 2018, the Town's interfund receivables and payables consisted of the following:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,338,708	\$ -
Conservation Trust	543	-
Road and Bridge Fund	154,877	-
Water and Sewer Fund	<u>-</u>	<u>1,494,128</u>
	<u>\$ 1,494,128</u>	<u>\$ 1,494,128</u>

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

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

7. Long-Term Obligations

The following is a schedule of changes in long-term obligations of the Town during 2018:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018	Amounts Due Within One Year
Governmental Activities					
New Town Hall lease	\$ 449,367	\$ -	\$ (18,970)	\$ 430,397	\$ 19,889
Land lease - FPD	-	107,160	(2,344)	104,816	\$ 12,000
Compensated absences	19,603	10,990	(8,949)	21,644	10,822
Business-Type Activities					
Water loan	59,232	-	(7,723)	51,509	-
Colorado water resource loan	1,800,000	-	(66,667)	1,733,333	74,625
Water treatment plant lease	<u>2,966,000</u>	<u>-</u>	<u>-</u>	<u>2,966,000</u>	<u>116,368</u>
Total	<u>\$ 5,294,202</u>	<u>\$ 118,150</u>	<u>\$ (104,653)</u>	<u>\$ 5,307,699</u>	<u>\$ 233,704</u>

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

Town Hall Capital Lease Obligation

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

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

7. Long-Term Obligations (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	19,889	19,949	39,838
2020	20,796	19,042	39,838
2021	21,503	18,334	39,837
2022	22,564	17,273	39,837
2023	23,678	16,160	39,838
2024-2028	137,108	62,081	199,189
2029-2033	174,438	24,751	199,189
2034	<u>10,421</u>	<u>88</u>	<u>10,509</u>
	<u>430,397</u>	<u>177,678</u>	<u>608,075</u>

Water System Installment Contract Payments

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

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

Drinking Water Revolving Fund Direct Loan

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

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

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

7. Long-Term Obligations (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	74,625	1,560	76,185
2020	74,866	1,319	76,185
2021	75,113	1,070	76,183
2022	75,370	815	76,185
2023	75,633	551	76,184
2024-2028	342,569	280	342,849
2029-2033	333,333	-	333,333
2034-2038	333,333	-	333,333
2039-2043	333,333	-	333,333
2044	<u>66,667</u>	<u>-</u>	<u>66,667</u>
	<u>\$1,784,842</u>	<u>\$ 5,595</u>	<u>\$1,790,437</u>

Water Treatment Plant Capital Lease Obligation

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

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

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

7. Long-Term Obligations (continued)

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

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

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	116,368	104,650	221,018
2020	120,473	100,545	221,018
2021	124,724	96,294	221,018
2022	129,125	91,893	221,018
2023	92,454	200,775	293,229
2024-2028	587,685	878,461	1,466,146
2029-2033	867,956	598,194	1,466,150
2034-2037	<u>927,215</u>	<u>188,871</u>	<u>1,116,086</u>
	<u>2,966,000</u>	<u>2,259,683</u>	<u>5,225,683</u>

Authorized Debt

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

8. Capital Leases

The Town has acquired use of land under the provisions of a long-term lease. For financial reporting purposes, minimum lease payments relating to the land of \$107,160 have been capitalized. The lease expires on December 31, 2026.

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

8. Capital Leases (continued)

Maturities of the capital lease obligation are as follows:

Fiscal Year Ending	
2019	12,000
2020	12,000
2021	12,000
2022	12,000
2023	12,000
2024-2026	<u>82,900</u>
Total minimum lease payments	142,900
Amount representing interest	<u>(37,308)</u>
Present value of net minimum lease payments	104,816
Less current portion	<u>(12,000)</u>
Long-term capital lease obligation	<u><u>92,816</u></u>

9. Tax, Spending, Revenue and Debt Limitations

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

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

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

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

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

10. Commitments, Contingencies and Economic Dependency

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

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

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

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

11. Risk Management

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

Town of Larkspur, Colorado
Notes to Financial Statements (continued)
December 31, 2018

12. Prior Period Adjustments

1. In the Proprietary Fund statements, Capital contributions – tap fees was overstated by \$784,682. The beginning net position has been restated as follows:

Net Position as previously reported at December 31, 2017:	\$ 2,968,600
Change in assets recorded in prior period	<u>(784,682)</u>
Net position as restated, January 1, 2018	<u>\$ 2,183,918</u>

Town of Larkspur, Colorado

Required Supplementary Information

Town of Larkspur, Colorado

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 827,400	\$ 827,400	\$ 829,747	\$ 2,347
Intergovernmental revenue	-	-	1,772	1,772
Licenses and permits	33,900	33,900	34,354	454
Interest	5,000	5,000	4,201	(799)
Parks and recreation revenue	12,700	12,700	11,486	(1,214)
Grant proceeds	2,500	2,500	2,447	(53)
TOTAL REVENUES	<u>881,500</u>	<u>881,500</u>	<u>884,007</u>	<u>2,507</u>
EXPENDITURES				
General government	772,146	623,646	679,775	(56,129)
Capital expenditures	35,000	35,000	146,130	(111,130)
Public safety	37,110	37,110	37,110	-
Parks and recreation expenses	97,404	97,404	99,562	(2,158)
Debt service	-	-	39,838	(39,838)
TOTAL EXPENDITURES	<u>941,660</u>	<u>793,160</u>	<u>1,002,415</u>	<u>(209,255)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In (Out)	(205,500)	(223,500)	-	223,500
Capital Lease Proceeds	-	-	107,160	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(265,660)</u>	<u>(135,160)</u>	<u>(11,248)</u>	
FUND BALANCES, BEGINNING OF YEAR			<u>1,347,864</u>	
FUND BALANCES, END OF YEAR			<u>\$ 1,336,616</u>	

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

Town of Larkspur, Colorado

Road and Bridge Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Intergovernmental revenue	\$ 44,056	\$ 44,056	\$ 83,504	\$ 39,448
Grant revenue	32,000	23,000	6,350	(16,650)
Interest	45	45	233	188
Total Revenues	<u>76,101</u>	<u>67,101</u>	<u>90,087</u>	<u>22,986</u>
EXPENDITURES:				
Public works	30,706	30,706	56,772	(26,066)
Capital expenditures	<u>117,250</u>	<u>34,000</u>	<u>15,406</u>	<u>18,594</u>
Total Expenditures	<u>147,956</u>	<u>64,706</u>	<u>72,178</u>	<u>(7,472)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(71,855)	2,395	17,909	15,514
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	<u>72,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 145</u>	<u>\$ 2,395</u>	<u>17,909</u>	<u>\$ 15,514</u>
FUND BALANCE, BEGINNING OF YEAR			<u>247,824</u>	
FUND BALANCE, END OF YEAR			<u>\$ 265,733</u>	

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

Town of Larkspur, Colorado

Conservation Trust Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Intergovernmental - State	\$ 2,000	\$ 2,000	\$ 2,087	\$ 87
Interest	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,089</u>	<u>89</u>
EXPENDITURES:				
General Government	<u>2,000</u>	<u>2,000</u>	<u>2,090</u>	<u>(90)</u>
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>2,090</u>	<u>(90)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	(1)	<u>\$ (1)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>733</u>	
FUND BALANCE, END OF YEAR			<u>\$ 732</u>	

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

Town of Larkspur, Colorado

Notes to Budgetary Comparison Schedules

December 31, 2018

1. Budgets and Budgetary Accounting

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

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

2. Basis of Accounting

The budget is prepared using generally accepted accounting principles

3. Expenditures in Excess of Appropriations

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

Town of Larkspur, Colorado

Other Supplementary Information

Town of Larkspur, Colorado

WATER AND SEWER FUND

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for services	\$ 139,400	\$ 139,400	\$ 137,511	\$ (1,889)
TOTAL REVENUES	<u>139,400</u>	<u>139,400</u>	<u>137,511</u>	<u>(1,889)</u>
EXPENDITURES				
Professional services	101,747	101,747	123,545	(21,798)
Supplies	11,700	11,700	2,145	9,555
Personnel services	2,017	2,017	2,941	(924)
Maintenance and repairs	35,400	35,400	37,712	(2,312)
Utilities	56,900	56,900	43,694	13,206
Capital outlay	3,843,267	1,710,391	2,104,677	(394,286)
Miscellaneous	129,297	129,297	1,096	128,201
Testing	20,800	20,800	10,751	10,049
TOTAL EXPENDITURES	<u>4,201,128</u>	<u>2,068,252</u>	<u>2,326,561</u>	<u>(258,309)</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES BEFORE OTHER FINANCING SOURCES	(4,061,728)	(1,928,852)	(2,189,050)	(260,198)
NON-OPERATING REVENUES (EXPENSES)				
Property taxes	106,078	106,078	105,316	(762)
Capital grants and contributions	3,597,780	246,800	211,091	(35,709)
Tap fee revenue	240,000	240,000	30,000	(210,000)
Loss on abandonment of wastewater treatment plant	-	-		
Interest income	1,150	1,150	5,542	4,392
Other income	-	-	60	60
Operating transfers in (out)	133,500	133,500	-	(133,500)
Debt service		-	(99,458)	(99,458)
Principal	(74,391)	(74,391)	(74,390)	1
Interest	(1,793)	(1,793)	(97,722)	(95,929)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>4,002,324</u>	<u>651,344</u>	<u>80,439</u>	<u>(570,905)</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES UNDER EXPENDITURES (BUDGET BASIS)	<u>(59,404)</u>	<u>(1,277,508)</u>	<u>(2,108,611)</u>	<u>(831,103)</u>
RECONCILIATION FROM BUDGETARY BASIS TO GAAP BASIS				
Debt principal payments			74,390	
Capital outlay			2,104,677	
Depreciation and amortization			(63,309)	
NET POSITION, BEGINNING OF YEAR, as restated			<u>2,183,918</u>	
NET POSITION, END OF YEAR			<u><u>\$ 2,191,065</u></u>	

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

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

LOCAL HIGHWAY FINANCE REPORTCity or County:
Town of Larkspur
YEAR ENDING :
December 2018

This Information From The Records Of Town of Larkspur.

Prepared By: Heather McCumiskey
Phone: 303-681-2324**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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	0
3. Other local imposts (from page 2)	72,022
4. Miscellaneous local receipts (from page 2)	233
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	72,255
B. Private Contributions	
C. Receipts from State government (from page 2)	11,482
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	83,737

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	15,406
2. Maintenance:	43,880
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	6,542
c. Other	
d. Total (a. through c.)	6,542
4. General administration & miscellaneous	
5. Highway law enforcement and safety	
6. Total (1 through 5)	65,827
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	65,827

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		83,737	65,827		17,909

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2018	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	15,372	a. Interest on investments	233
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	44,413	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	1,055	f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	
6. Total (1. through 5.)	45,468	h. Other	
c. Total (a. + b.)	60,840	i. Total (a. through h.)	233
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	11,482	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	11,482	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation		15,406	15,406
(5). Total Construction (1) + (2) + (3) + (4)	0	15,406	15,406
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	15,406	15,406
			(Carry forward to page 1)
Notes and Comments:			