

Town of Minturn, Colorado

Financial Statements
with Independent Auditors' Report

December 31, 2018

Town of Minturn, Colorado

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December 31, 2018

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Independent Auditors' Report

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

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information 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 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 Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Minturn's basic financial statements. The supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hick & Company, PC

Greenwood Village, Colorado
April 23, 2019



Town of Minturn

Management's Discussion and Analysis

Fiscal Year Ending December 31, 2018

As management for The Town of Minturn, we offer readers this narrative of the Town's basic financial statements and analysis of the financial activities of the Town of Minturn for the year ended December 31, 2018. The following discussion is intended to assist in understanding the results of operations and our current financial condition. Our financial statements and the accompanying notes included elsewhere in this document contain additional information that should be referred to when reviewing this material.

Overview

The Town was incorporated in 1904, became a home rule municipality in 1982, and is a duly organized and existing political subdivision under the Constitution and laws of the State of Colorado. The Town is located in the central portion of Colorado approximately one hundred miles west of Denver, two miles south of Interstate 70 on State Highway 24 and four miles west of the Town of Vail and the Vail Ski Resort and four miles east of the Town of Avon and the Beaver Creek Ski Resort.

Financial Highlights

In 2018, we continue to see the positive although tentative economic strides. The economy is showing signs of economic growth in revenues in both the real estate markets and retail sales. This growth is representative of improving growth in local sectors and on overall economic conditions and customer and consumer confidence. The Town's 2018 assessed valuation (for collection of taxes in 2019) was \$28,510,270 up from the prior years \$27,731,500 representing a slight increase of 2.8%. It is noted that 2018 was not an assessment year and as such it should be anticipated that we would have little change from the prior year, which was an assessment year. By state law passed in 1982, residential assessments are restricted to 45% of the total state-wide assessed value. Consequently, as residential property values increase, periodically they are adjusted to remain compliant. The last adjustment was in 2003 and the value was reduced from 9.15% to 7.96%. With this current assessment the assessed value decreased and the calculation was reduced from 7.96% to 7.2% and it is anticipated to decrease yet again in the 2019 reassessment year to possibly as low as 6.11%. Property values are reassessed statewide in each county during odd years. As such, it is during that assessment year which we see larger fluctuations in the assessed value as the property values increase and decrease mirroring the economic growth or regression. It is anticipated that property values will increase slightly in 2019 when consideration is given to the residential property value readjustment.

In light of various and differentiating economic programs, the Town has seen relatively stable and even increasing sales tax revenues in the General Fund over recent years. During 2018 sales tax receipts totaled \$620,368 and in 2017 totaled \$637,035; a 2.6% year over previous year decrease. The decrease in sales tax is attributable to a year over year adjustment allowed by the state for sales tax erroneously paid by Xcel Energy in December of 2017 and downwardly adjusted in February 2018. Without this adjustment sales tax collections would represent a strong increase in overall sales tax fueled by growth in the retail and lodging sectors.

In November of 2018 the Town passed a Construction Use Tax of 4% which collection will begin January 1, 2019. This tax only affects construction projects that exceed \$10,000. All proceeds of this tax will be recognized in the Capital Fund and any proceeds will be limited to capital outlay and capital projects.

The Town has been able to complete several projects and move others along resulting in fund equity changes as indicated in the table below. We acted to address the continuing uncertain economic environment by implementing several strategic initiatives aimed at permitting us to take advantage of even slightly improved economic conditions and be able to emerge stronger in the future. These strategic initiatives included:

- Maintained a reasonable and conservative budget again in 2018. Efforts in this initiative include a focus on cash flows and the maintenance of our reserves, and associated cost controls by the utilization of specific consulting contracts. Through these measures, the Town was able to utilize strong cash flow measures to best achieve our determined goals.
- Continued consistent and ongoing monitoring of the budget and our monthly and year to date review of expenses on a department level. This monitoring allowed the Town's management team the opportunity to forecast and adjust for the economy in real-time. Because we have avoided the point of spending our restricted cash, we are able to maintain a strict and consistent conservative budget and financial picture without the need for drastic measures that would adversely affect our residents or our cash flow while still allowing the Town the ability to complete deferred maintenance and budgeted projects.
- Worked diligently through the invigorated Events Department to enlarge our community marketing options through Town wide events and county wide involvement in regional events. These events included expanded family friendly programming, a strong association with the Minturn Concert Series, and increased community involvement with the annual Minturn Summer Market. This increased engagement was developed to strengthen our financial position through a more rigorous tourist marketing campaign. Indicators, such as participation counts and sales tax collections, show this invigoration to have been very positive.
- Worked closely with the Minturn businesses through the Economic Development Committee on how the economy was affecting our business community and how the Town could improve our involvement and participation. This action allowed the Town to better understand the needs of our commercial businesses and help them to be successful during difficult times. As a result, it allowed us a finger on the pulse of what the Town could anticipate in revenue collections.
- The Town has made significant strides in the way we monitor short term rentals through programs such as AirBnB and similar home rentals. This effort is reflected in the increased revenue seen in our Lodging Tax collections.
- Strived to maintain or improve our customer service levels for the community to include snow removal, water treatment and water delivery service, trash removal, roads, and administrative services.

Throughout the recent years, Minturn has endeavored to support our residents and to maintain our community service levels predominantly without increasing costs to the Town. We are happy to report that, to a large extent, our efforts toward fiscal responsibility were well founded and successful.

FUND	BEGINNING EQUITY	ENDING EQUITY	VARIANCE
General Fund	\$1,456,603	1,536,535	79,932
Enterprise Fund	\$2,974,162	3,002,448	28,286
Conservation Trust	\$33,879	20,330	(13,549)
Debt Service Fund*	\$204,066	204,565	499
Market Fund	\$3,328	(3,063)	(6,391)
Capital Projects Fund	\$239,446	244,739	5,293
General Improvement Dist	\$2,959	2,959	-
Battle Mtn Resort Fund	\$281,195	162,796	(118,399)

In 2017, the Town was able to begin a major street project which will extend through 2018 and into 2019 involving several matching grant proceeds and coordinated work with the Colorado Dept. of Transportation. This project will culminate with Hwy 24/Main St being completely rebuilt and paved between the I-70 interchange and Maloit Park and will include on-street parking, sidewalks and gutters between the 500 block and approximately the 1000 block. In preparation of this project the Town's General Fund increased by \$79,932 as some expenses were not completed in 2018 and others require additional savings for expenditure in 2019. The Enterprise Fund balance increased by \$28,286 as a result of adjustments to water rates and in anticipation of a water needs study being performed in 2018 extending in to 2019. The Conservation Trust Fund was reduced to account for costs associated with an open space dedication at the Boneyard park. This Fund accumulates funds year to year which will be used to fund larger improvement projects as allowed by State law. The Minturn Market is designed to match its costs with its income; however, it should be anticipated that the Town will contribute financially to this program annually if and as needed.

In 2016, the Enterprise Fund secured a grant to assist efforts to secure engineered plans to install a water line from the main section of town to the Dowd Jct area of the Town. The intent is to use this line to provide water to the area thereby spurring commercial growth. This grant originally extended in to 2017 and was modified to extend into 2018. Negotiations are in play with the Eagle River Water and Sanitation District to bring this connection to fruition.

In July of 2014 the Town signed an Intergovernmental Agreement with the Eagle County Sheriffs Office for police services. The IGA was originally contracted at four years and was extended in 2017 for another four-year cycle. This agreement disbanded the vacant and unstaffed Minturn Police Department shifting all police responsibilities to the Sheriff. Minturn retained the Municipal Court function and the Court Clerk position. This agreement has proven very cost effective for the Town as it provides a more sustainable police presence on a daily basis in Town. This contract has proven to be a success for the Town and its citizens by providing a trained and sustainable police force for our community. The Municipal Court has been maintained to handle traffic related and code enforcement related concerns. Any major concern is designated to the County Courts. Additionally, the Planning Department does not have the expertise or staffing for conventional code enforcement. Although the building inspections are professionally overseen by an outside contract, the conditional uses of the Municipal Code are not easily

enforced. In light of this ongoing concern, the Town now provides a full time Code Enforcement Officer and has made significant strides to manage the daily enforcement needs.

The Town continued its conservative budget practices, efficient and moderate spending and upkeep, and monitoring of the budget on a monthly basis. Town management has reviewed our labor needs and currently feels the existing eight employees, although limiting, is sufficient to maintain our service needs for the near term. In an effort to improve our customer service levels, Town management utilizes contract services for certain engineering needs, water system management, Building Inspection, Town Planner, police and animal control, and some limited part time snow removal. The Battle Mountain Resort development has submitted a Preliminary Planned Unit Development and began actively working with the Town to formulate development options on their site. As a result of this influx in requirements the Town is working on continuing funding agreements to ensure the growth impacts are sufficiently managed for the future demands of the community.

The Enterprise Fund continues to hold its own and make some forward gains on an annual basis. Although the Enterprise Fund is able to maintain a solid reserve balance, it is not financially prepared for any significant system breach or upgrade. During 2017 and extending in to 2018, the existing System Improvement Fees (Taps) and water rates were examined by a subcommittee. Municipal Code changes have been enacted to monitor the various System Improvement Fees, Use Fees, and Cash in Lieu of Water fees. The intent is to set the rate structure to allow appropriate funding for future needs in an effort to allow development to pay its way. The Enterprise Fund is comprised of three basic revenue streams: water fees, which pay for the day to day water purification and distribution; debt service fees, which are assessed only to the extent of the annual debt service due during the current year; and trash fees, which pay for the Town wide citizen trash pickup service. The Town anticipates a number of potential multi-home applications in the Union Pacific Rail Yard Area, the Maloit Park area, the Dowd Jct. area, and redevelopment of existing real estate lots. System Improvement revenue needs to consider new construction in addition to development and demand based on improvements to existing structures. Consideration of this and other funding sources for the ongoing infrastructure repair and maintenance was considered during the 2019 annual budget process.

The Market Fund revenues and expenses have been significantly strengthened over the past several years. Much of this has been due to a more concerted effort. This program continues to be a success and improve its guest appeal. The Market continues to reinvest money back in to the program in an attempt to maintain a quality experience. It is anticipated that the Town will need to fund transfers through the General Fund based on budgetary need in some years.

The operations of the Town are funded primarily by tax revenue generated by a 17.934 mill levy on the assessed value of property and a 4% sales tax generated by sales within the Town. The revenues produced by the mill levy and sales taxes are not affected by the TABOR law, therefore the Town is allowed to collect, save, and spend all tax revenues annually generated. As previously stated, the Town's property tax revenues are continuing to recover after seeing a significant decline as a result of an assessed valuation

decrease over several years perpetrated by failing economic conditions. It is important to note that, by all outward appearances, the property tax assessed valuation is anticipated to continue a sustainable upward trend over the next few years. It is equally important to note that, however promising this trend appears to be, the Town should endeavor to husband our resources for budget purposes in light of the fact that our property and sales tax revenues combined constitute over 66% of our General Fund Revenues, not including grants. This percentage is a continuing reminder of the need for true diversification in our revenue stream.

The Town collects a lodging tax of 1.5% which is in addition to a 4% sales tax on all short-term rental nights. Short-term lodging is defined as a single stay less than 30 day. The Treasurer has endeavored compliance on all short-term rentals and has made noticeable strides on registration, compliance, and collections. The lodging tax is collected and allocated in the General Fund and continues to grow annually.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

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

The **statement of net position** presents information on all the Town's assets and liabilities, and deferred inflows and outflows, with the difference being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. A review of this statement over several years indicates the Town's net position is improving.

The **statement of activities** presents information showing how the Town of Minturn's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused employee paid time off).

The government-wide financial statements distinguish functions of the Town of Minturn that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town of Minturn include General Government, Planning and Zoning, Municipal Court, Police, Public Works, Parks and Recreation, Economic Development, and Interest on Long Term Debt. The Business-type Activities of the Town of Minturn include Water, Trash, and Recreation, which are reported in an Enterprise Fund.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and bond covenants; however, the Town Council establishes other funds to help control and manage money for particular purposes. All of the Town's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

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

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

The Town of Minturn maintains seven individual governmental funds: General, Conservation Trust, Debt Service, Minturn Market, Capital Projects, Battle Mountain Resort, and a General Improvement District. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the major funds. The nonmajor funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds - The Town of Minturn maintains one type of proprietary fund: the Enterprise Fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its Water, Trash, and Recreation activities. This fund is considered to be a major fund of the Town of Minturn.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the year ended December 31, 2018, the Town's combined assets and deferred outflows exceeded liabilities and deferred inflows by \$13,212,217. This

represents an increase in net position of \$392,299. Of this amount \$3,216,201 is unrestricted and is available to meet the Town's ongoing financial obligations.

NET POSITION

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL 2018	TOTAL 2017
ASSETS				
Cash and Investments	2,108,943	1,235,751	3,344,694	3,155,591
Restricted Cash	201,500		201,500	201,500
Accounts Receivable	120,952	152,213	273,165	250,987
Grants Receivable				112,859
Property Taxes Receivable	511,303		511,303	497,336
Capital Assets, Not Being Depreciated	4,411,011	101,303	4,512,314	4,125,413
Capital Assets, Net of Accumulated Depreciation	4,112,581	1,717,863	5,830,444	6,050,469
TOTAL ASSETS	11,466,290	3,207,130	14,673,420	14,281,296
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Debt Refunding, Net of Accumulated Amortization	4,734		4,734	7,101
LIABILITIES				
Accounts Payable	59,134	21,263	80,397	74,347
Deposits	1,900		1,900	4,080
Noncurrent Liabilities				
Due Within One Year	234,479	9,299	243,778	228,085
Due in More Than One Year	252,939	174,120	427,059	664,641
TOTAL LIABILITIES	548,452	204,682	753,134	971,153
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	511,303		511,303	497,336
NET POSITION				
Invested in Capital Assets	8,062,417	1,641,704	9,704,121	9,318,975
Restricted for Parks	20,330		20,330	33,879
Restricted for Debt Service	204,565		204,565	204,066
Restricted for Emergencies	67,000		67,000	67,000
Unrestricted	1,855,457	1,360,744	3,216,201	3,195,998
Total Net Position	10,209,769	3,002,448	13,212,217	12,819,918

Change in Net Position

FUNCTIONS/PROGRAMS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS 2018	2017
PRIMARY GOVERNMENT				
PROGRAM REVENUES				
Charges for Services	613,534	942,779	1,556,313	1,478,367
Operating Grants and Contributions	113,535		113,535	101,456
Capital Grants and Contributions		28,105	28,105	61,151
GENERAL REVENUES				
Property Taxes	497,487		497,487	475,159
Specific Ownership Taxes	25,249		25,249	24,543
Sales and Use Taxes	620,368		620,368	637,035
Franchise Taxes	60,171		60,171	61,654
Other Taxes	248,559		248,559	194,811
Intergovernmental Revenues not Restricted	1,968		1,968	2,239
Investment Income	68,293		68,293	34,112
Other Revenues	27,883		27,883	50,469
TOTAL REVENUES	2,277,047	970,884	3,247,931	3,120,996
EXPENSES				
General Government	924,333		924,333	858,548
Planning and Zoning	156,592		156,592	133,333
Municipal Court	15,304		15,304	12,958
Police	422,128		422,128	406,120
Public Works	337,553		337,553	387,522
Parks and Recreation				66,950
Economic Development	53,141		53,141	77,965
Interest on Long-Term Debt	26,780		26,780	34,992
Water, Sanitation and Recreation		919,801	919,801	822,967
TOTAL EXPENSES	1,935,831	919,801	2,855,632	2,801,355
Transfers	22,797	-22,797	0	0
CHANGE IN NET POSITION				
	364,013	28,286	392,299	319,641
NET POSITION, Beginning	9,845,756	2,974,162	12,819,918	12,500,277
NET POSITION, Ending	10,209,769	3,002,448	13,212,217	12,819,918

During the fiscal year 2012 the Town of Minturn confirmed an agreement for services rendered in the annexation request for Battle Mountain thereby freeing up some of the original escrow funds. This agreement included \$250,000 for Little Beach Park improvements, \$350,000 to be used as a scholarship endowment for the community, and \$3,162,000 to be used for specific expenses sustained as a result of land purchases,

recreational amenities, and expenses that will be incurred as a result of the annexation process still in progress. The agreement covered 36 months starting March 2012 and freed up \$4.3 million dollars in escrow funds to the Town of Minturn. The agreement was extended with the funds in place until such time as a new agreement is proposed.

In 2018, the Town realized \$234,948 in Real Estate Transfer Taxes (RETT) revenues. This amount far exceeded the original budget expectation of \$85,000. It should be noted this revenue stream is extremely fickle and very driven by the economy. The Town continues to watch all revenue streams and budget conservatively.

The Town was previously awarded grants in 2015 where work and grant funds will affect future years. Although the grants were awarded in previous years the funds will be spent in 2018 and 2019 in conjunction with a major Colorado Dept of Transportation street improvement project from Dowd Junction to Maloit Park Rd. this will include curb, gutter, and sidewalks from approximately the 500 block to approximately the 1000 block. This project does alternate sides of the street in some areas and will better identify on-street parking. The town's cost portion will primarily utilize a Transportation Alternative Program (TAP) grant.

Eagle County (in accordance with State Statute) assesses property bi-annually in odd years. By way of example, 2019 is an assessment year based on values as of June 2018. Property assessments and the corresponding property tax collections were up in 2018 over 2017. Property Tax revenues are expected to increase again in 2020 with the 2019 reassessment.

The Town currently carries two debt instruments; one on a long-term water system debt which retires in 2037, and one on the Minturn Town Hall which retires in 2020.

Financial Analysis of the Town's Funds

Governmental Funds The focus of the Town of Minturn governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available at the end of the fiscal year.

It is the direction of the Town Council for the Town to hold an amount equal to 50% of our annual non-developer expenses in a cash reserve. This optimistic reserve target has been met annually for the past fifteen plus years and is designed to better allow the Town to operate during uncertain economic conditions and to begin to address deferred maintenance projects. This ending fund balance and strong reserve policy makes Minturn a leader in fiscal responsibility and the current reserve practice is recommended to be continued.

General Fund Budgetary Highlights

It should be a goal of the Town to make every effort to anticipate projects in advance to allow for budgeting and budget controls in order to maintain our financial stability.

Although attempts have been made to adjust for market growth variances and building cycles in order to smooth out the annual budget, the resort and real estate market in the valley are very changeable and adjustments need to be made as change occurs.

There were budget amendments during the year which reflected additional realized revenues and corresponding expenses. Our General Fund fund balance will continue to ebb and flow as our long list of projects turn into accomplishments. The Town makes efforts to plan for major projects and save for such expenses when it can.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets as of December 31, 2018, amounts to \$10,342,758. The detail of capital assets is in Note 4 to the financial statements.

Long-term Debt. As of December 31, 2018, the Town had long-term debt that was being paid by the Water, Sanitation, and Recreation Fund and the Debt Service Fund as follows:

	FY2018 Beginning Balance	FY2018 Principal Additions	FY2018 Principal Reduction	FY2018 Ending Balance
Water Fund	190,642	12,501	19,724	183,419
Debt Service Fund	670,000		215,000	455,000

The detail of long-term debt is presented in Note 4 to the financial statements.

Economic Factors and Next Year's Budget

- The largest single event since Minturn's inception, the Battle Mountain Resort Annexation was completed in May of 2008. It was anticipated Battle Mountain Resort would submit a petition for the annexation of the remaining 1,000 acres and a development agreement and then proceed with approvals and development in the future. This project is still in the legal stages rather than the construction stages; however, after some discussion with the Town appear to place this project in motion and could begin construction in the foreseeable future.
- Sales tax revenues are a major source of revenue to the Town and are an important source for providing funds for the general operations and maintenance of the Town of Minturn. With the improvements in the local economy our community has seen an increase in tourist traffic and store front occupancy which has greatly enhanced our sales tax growth. Currently, the Minturn Market taken as a whole continues to rank as one of the largest sales tax contributors. This market, run by the Town, continues to provide foot traffic for the retail shops and restaurants in Town during the summer weekends. With the construction on Hwy 24 throughout town during the summer of 2019 there is concern this will affect monthly sales tax receipts. The town will be implementing a "Minturn is Open" marketing campaign to help alleviate or mitigate this potential.
- In November 2018 the town passed a Construction Use Tax. The tax will collect 4% on all construction materials beginning January 2019 with all proceeds being

directed to Capital Improvements and is budgeted to generate up to \$250,000 in its first year. This new funding source is anticipated to realize significant funds in the future for the citizens of Minturn.

- Although annually the Town's commercial and residential sectors continue to grow, the budget history and philosophy remains to budget revenues based on the prior year and factor in current patterns. This conservative approach has allowed the Town to accurately estimate our budget to actual revenues and expenditures while keeping a close watch on expenses. This conservative demeanor also has allowed us to recognize positive growth in our cash reserves making funds available for current projects. It was projected that property tax revenues will increase during the reassessment years for the foreseeable future. However, this growth has been curbed due to the effects of the state wide law referred to as the "Gallagher Amendment". This law restricts residential assessments to 45% of the entire assessment. In 2017 for 2018 this law reduced the residential tax assessment from 7.96% to 7.15%. It is anticipated this law will again restrict the tax assessment in 2019 for 2020. These fluxions are considered closely as the budget process proceeds.
- Minturn's economy is primarily based on tourism. National and international markets continue to see improvements as well as the local and state economies. With the volatility in property values and in the resort industry it is difficult to predict the full implication of the current resort economy on the local economy. Property taxes are anticipated to increase only marginally in 2019 and Sales tax revenue projections are flat in the first quarter of 2019. The 2019 budget is once again conservatively reflective of that trend.
- The town is optimistic that it will see development in the Dowd Junction area and redevelopment in the 100 Block of Main St. Additional expenses are reflected in the 2019 budget to accommodate costs that may be associated with such efforts to include a water line from the town core to Dowd Junction, the Main Street work with CDOT to rebuild and pave, and potential water plant expansion efforts in 2019 and the near term growth necessary in future years beyond 2019 and 2020.
- As stated in this document the Town of Minturn currently awaits further submittals including a development plan from Battle Mountain. With the downturn in the economy Battle Mountain Resort has understandably taken a "wait and see" stance on immediate development. In view of this slowdown of the development, the Town of Minturn has also taken a "wait and see" approach to future staffing needs and revenue expectations. As of the end of 2018, the Town employed 8 full time employees. Interestingly, although we have had minor short-term fluctuations, this staffing level is below the norm of about ten employees. Again, this is representative of management's stringent efforts to control our municipal costs while still allowing us to meet our historical customer service levels throughout the town.
- In an attempt to secure our Enterprise Fund on a more solid footing needs were assessed to put us on that path. With that a new process of evaluating the needs of each remodel or new construction is reviewed to assess potential needs of water taps, System Improvement Fees, and even the need for development to bring water or cash in lieu.
- Our primary sources of liquidity are: cash generated from property and sales tax, leases of Town owned land, and water fees. Our underlying goal has been to control our expenditures and maintain our fund balances while at the same time

not reducing our established service levels to our residents. Given the uncertain economic environment, the Town Council and Town management have undertaken additional internal actions which include:

- o Insurance Review: Annually, the Town management reviews and modifies our employee medical insurance program. In 2018, the Town recognized a slight 2% increase in our medical insurance plan; our insurance expenses were flat in 2016, and 2017.
- o The Town management has maintained a conservative workforce allowance and, reduced the staff count to 8 full time employees due to the resignation of the Town Planner in May of 2018. Management was unsuccessful in hiring a full-time experienced planner so opted instead to contract this position out with a local firm.
- o Existing staff positions have been filled as they become vacant but no new positions have been created. Further, the Town has contracted for services outside of Staff expertise such as engineering, water system management, public safety, and Town Planner needs. This practice allows us to budget conservatively, maintain or even improve service levels, and recognize savings from contracted services over the expense of hiring a full-time employee.

The Town of Minturn is in a relatively good financial position because of our ongoing conservative budgeting, our stable cash reserves, and our realistic spending practices. Our General and Enterprise Fund reserves are at a sufficient level to cover the Town's financial policy set by Town Council (General Fund: equal to six months of operations expenditures and Enterprise Fund: \$1,197,000). Although we continue to watch all revenue and expense numbers very closely, it is comforting to recognize the diverse service industry tax base we have as well as the growth in our store front businesses. With these factors in mind it remains a guiding touchstone that annual operational expenditures are paid from revenues earned during this same period and generally not paid from reserves. The recent yet infrequent exception to this practice has been made for long term infrastructure and special project needs, such as road maintenance, using our reserves sparingly and determined on a case by case basis.

All these factors were considered in preparing the Town of Minturn's budget for the 2019 fiscal year and as we look beyond 2019 to future years.

Requests for Information

The financial report is designed to provide a general overview of the Town of Minturn's finances for those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Town of Minturn
Attn.: Jay Brunvand, Town Treasurer
P.O. Box 309
Minturn, CO 81645

Basic Financial Statements

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

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Education Fund
Assets				
Cash and Investments	\$ 1,907,443	\$ 1,235,751	\$ 3,143,194	\$ 286,891
Restricted Cash and Investments	201,500	-	201,500	-
Accounts Receivable	120,952	152,213	273,165	-
Property Taxes Receivable	511,303	-	511,303	-
Capital Assets, <i>Not being depreciated</i>	4,411,011	101,303	4,512,314	-
Capital Assets, <i>Net of accumulated depreciation</i>	4,112,581	1,717,863	5,830,444	-
Total Assets	11,264,790	3,207,130	14,471,920	286,891
Deferred Outflows of Resources				
Loss on Debt Refunding, <i>Net of accumulated amortization</i>	4,734	-	4,734	-
Liabilities				
Accounts Payable	59,134	21,263	80,397	-
Deposits	1,900	-	1,900	-
Noncurrent Liabilities				
Due Within One Year	234,479	9,299	243,778	-
Due in More Than One Year	252,939	174,120	427,059	-
Total Liabilities	548,452	204,682	753,134	-
Deferred Inflows of Resources				
Property Taxes	511,303	-	511,303	-
Net Position				
Net Investment in Capital Assets	8,062,417	1,641,704	9,704,121	-
Restricted for:				
Parks	20,330	-	20,330	-
Debt Service	204,565	-	204,565	-
Emergencies	70,600	-	70,600	-
Scholarships	-	-	-	286,891
Unrestricted	1,851,857	1,360,744	3,212,601	-
Total Net Position	\$ 10,209,769	\$ 3,002,448	\$ 13,212,217	\$ 286,891

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 924,333	\$ 494,186	\$ -	\$ -
Planning and Zoning	156,592	49,422	-	-
Municipal Court	15,304	-	-	-
Police	422,128	11,677	-	-
Public Works	337,553	-	102,934	-
Parks and Recreation		58,249	10,601	-
Economic Development	53,141	-	-	-
Interest on Long-Term Debt	26,780	-	-	-
Total Governmental Activities	1,935,831	613,534	113,535	-
Business-Type Activities				
Water, Sanitation and Recreation	919,801	942,779	-	28,105
Total Business-Type Activities	919,801	942,779	-	28,105
Total Primary Government	<u>\$ 2,855,632</u>	<u>\$ 1,556,313</u>	<u>\$ 113,535</u>	<u>\$ 28,105</u>
Component Unit				
Education Fund	<u>\$ 6,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues

Property Taxes
Specific Ownership Taxes
Sales and Use Taxes
Franchise Taxes
Other Taxes
Intergovernmental Revenues not Restricted to Specific Programs
Investment Income
Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

NET POSITION, Beginning of year

NET POSITION, End of year

Net (Expense) Revenue and Change in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Education Fund
\$ (430,147)	\$ -	\$ (430,147)	\$ -
(107,170)	-	(107,170)	-
(15,304)	-	(15,304)	-
(410,451)	-	(410,451)	-
(234,619)	-	(234,619)	-
68,850	-	68,850	-
(53,141)	-	(53,141)	-
(26,780)	-	(26,780)	-
<u>(1,208,762)</u>	<u>-</u>	<u>(1,208,762)</u>	<u>-</u>
<u>-</u>	<u>51,083</u>	<u>51,083</u>	<u>-</u>
<u>-</u>	<u>51,083</u>	<u>51,083</u>	<u>-</u>
<u>(1,208,762)</u>	<u>51,083</u>	<u>(1,157,679)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,965)</u>
497,487	-	497,487	-
25,249	-	25,249	-
620,368	-	620,368	-
60,171	-	60,171	-
248,559	-	248,559	-
1,968	-	1,968	-
68,293	-	68,293	(26,851)
27,883	-	27,883	-
22,797	(22,797)	-	-
<u>1,572,775</u>	<u>(22,797)</u>	<u>1,549,978</u>	<u>(26,851)</u>
364,013	28,286	392,299	(33,816)
<u>9,845,756</u>	<u>2,974,162</u>	<u>12,819,918</u>	<u>320,707</u>
<u>\$ 10,209,769</u>	<u>\$ 3,002,448</u>	<u>\$ 13,212,217</u>	<u>\$ 286,891</u>

Town of Minturn, Colorado
Balance Sheet
Governmental Funds
December 31, 2018

	General	Battle Mountain Resort	Debt Service	Nonmajor Governmental Funds	Total
Assets					
Cash and Investments	\$ 1,458,741	\$ 178,051	\$ 3,065	\$ 267,586	\$ 1,907,443
Restricted Cash and Investments	-	-	201,500	-	201,500
Accounts Receivable	120,952	-	-	-	120,952
Property Taxes Receivable	<u>511,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>511,303</u>
Total Assets	<u>\$ 2,090,996</u>	<u>\$ 178,051</u>	<u>\$ 204,565</u>	<u>\$ 267,586</u>	<u>\$ 2,741,198</u>
Liabilities					
Accounts Payable	\$ 41,258	\$ 15,255	\$ -	\$ 2,621	\$ 59,134
Deposits	<u>1,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,900</u>
Total Liabilities	<u>43,158</u>	<u>15,255</u>	<u>-</u>	<u>2,621</u>	<u>61,034</u>
Deferred Inflows of Resources					
Property Taxes	<u>511,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>511,303</u>
Fund Balance					
Restricted for:					
Parks	-	-	-	20,330	20,330
Debt Service	-	-	204,565	-	204,565
Emergencies	70,600	-	-	-	70,600
Committed to:					
Battle Mountain Resort	-	162,796	-	-	162,796
Capital Projects	-	-	-	244,739	244,739
Assigned to:					
Minturn Market	-	-	-	(3,063)	(3,063)
GID Activities	-	-	-	2,959	2,959
Unrestricted, Unassigned	<u>1,465,935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,465,935</u>
Total Fund Balance	<u>1,536,535</u>	<u>162,796</u>	<u>204,565</u>	<u>264,965</u>	<u>2,168,861</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,090,996</u>	<u>\$ 178,051</u>	<u>\$ 204,565</u>	<u>\$ 267,586</u>	<u>\$ 2,741,198</u>

Town of Minturn, Colorado
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2018

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

Total Fund Balance of Governmental Funds	\$ 2,168,861
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	8,523,592
Long-term liabilities and related items, are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Loss on Debt Refunding	4,734
Note Payable	(462,050)
Accrued Compensated Absences	<u>(25,368)</u>
Total Net Position of Governmental Activities	<u>\$ 10,209,769</u>

Town of Minturn, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2018

	General	Battle Mountain Resort	Debt Service	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 1,451,834	\$ -	\$ -	\$ -	\$ 1,451,834
Licenses and Permits	72,421	-	-	-	72,421
Fines and Forfeitures	11,677	-	-	-	11,677
Intergovernmental	104,902	-	-	10,601	115,503
Investment Income	54,573	5,162	2,447	6,111	68,293
Developer Fees	165,000	-	-	-	165,000
Miscellaneous	169,070	-	165,000	58,249	392,319
Total Revenues	2,029,477	5,162	167,447	74,961	2,277,047
Expenditures					
Current					
General Government	667,134	123,561	-	64,641	855,336
Planning and Zoning	156,592	-	-	-	156,592
Municipal Court	15,304	-	-	-	15,304
Police	397,161	-	-	-	397,161
Public Works	270,747	-	-	-	270,747
Parks and Recreation	-	-	-	24,967	24,967
Economic Development	53,141	-	-	-	53,141
Capital Outlay	336,273	-	-	-	336,273
Debt Service					
Principal	-	-	215,000	-	215,000
Interest and Fiscal Charges	-	-	27,938	-	27,938
Total Expenditures	1,896,352	123,561	242,938	89,608	2,352,459
Excess Revenues Over (Under) Expenditures	133,125	(118,399)	(75,491)	(14,647)	(75,412)
Other Financing Sources (Uses)					
Transfers In	-	-	75,990	-	75,990
Transfers Out	(53,193)	-	-	-	(53,193)
Other Financing Sources (Uses)	(53,193)	-	75,990	-	22,797
Net Change in Fund Balance	79,932	(118,399)	499	(14,647)	(52,615)
Fund Balance, Beginning of year	1,456,603	281,195	204,066	279,612	2,221,476
Fund Balance, End of year	\$ 1,536,535	\$ 162,796	\$ 204,565	\$ 264,965	\$ 2,168,861

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

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

Net Change in Fund Balance of Governmental Funds	\$ (52,615)
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.	
Capital Outlays	333,273
Depreciation Expense	(128,944)
Repayments of debt principal are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	
	215,000
Debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:	
Amortization of Debt Premium	3,525
Amortization of Loss on Refunding	(2,367)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued paid time off	<u>(3,859)</u>
Change in Net Position of Governmental Activities	\$ <u><u>364,013</u></u>

Town of Minturn, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2018

	Water, Sanitation and Recreation
Assets	
<i>Current Assets</i>	
Cash and Investments	\$ 1,235,751
Accounts Receivable	<u>152,213</u>
Total Current Assets	<u>1,387,964</u>
<i>Noncurrent Assets</i>	
Capital Assets,	
<i>Not being depreciated</i>	101,303
Capital Assets,	
<i>Net of accumulated depreciation</i>	<u>1,717,863</u>
Total Noncurrent Assets	<u>1,819,166</u>
Total Assets	<u>3,207,130</u>
Liabilities	
<i>Current Liabilities</i>	
Accounts Payable	21,263
Accrued Paid Time Off, Current Portion	3,125.00
Notes Payable, Current Portion	<u>6,174.00</u>
Total Current Liabilities	<u>30,562</u>
<i>Noncurrent Liabilities</i>	
Accrued Paid Time Off	2,832
Notes Payable	<u>171,288</u>
Total Noncurrent Liabilities	<u>174,120</u>
Total Liabilities	<u>204,682</u>
Net Position	
Net Investment in Capital Assets	1,641,704
Unrestricted	<u>1,360,744</u>
Total Net Position	<u>\$ 3,002,448</u>

Town of Minturn, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Water, Sanitation and Recreation
Operating Revenues	
Charges for Services	\$ 931,779
Miscellaneous	<u>11,000</u>
Total Operating Revenues	<u>942,779</u>
Operating Expenses	
Operations	773,500
Maintenance	46,350
Depreciation	<u>91,081</u>
Total Operating Expenses	<u>910,931</u>
Net Operating Income	31,848
Nonoperating Expenses	
Interest Expense	<u>(8,870)</u>
Net Income Before Capital Contributions and Transfers	22,978
Grants	28,105
Transfers Out	<u>(22,797)</u>
Change in Net Position	28,286
Net Position, Beginning of year	<u>2,974,162</u>
Net Position, End of year	<u><u>\$ 3,002,448</u></u>

Town of Minturn, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Water, Sanitation and Recreation
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 848,705
Cash Received from Others	11,000
Cash Paid to Suppliers	1,325
Cash Paid to Employees	<u>(816,356)</u>
Net Cash Provided by Operating Activities	<u>44,674</u>
Cash Flows From Capital and Related Financing Activities	
Grants Received	28,105
Acquisition and Construction of Capital Assets	(53,628)
Debt Principal Payments	(5,971)
Debt Interest Payments	(8,870)
Transfers to Other Funds	<u>(22,797)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(63,161)</u>
Net Change in Cash and Cash Equivalents	(18,487)
Cash and Cash Equivalents, <i>Beginning of year</i>	<u>1,254,238</u>
Cash and Cash Equivalents, <i>End of year</i>	<u><u>\$ 1,235,751</u></u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income	\$ 31,848
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	91,081
Changes in Assets and Liabilities Related to Operations	
Accounts Receivable	(83,074)
Accounts Payable	6,071
Accrued Paid Time Off	<u>(1,252)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 44,674</u></u>

Town of Minturn, Colorado
Notes to Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Town of Minturn (the Town) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Town. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Town. Legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the Town.

Based on the application of these criteria, the Town includes the Minturn General Improvement District (the District) within its reporting entity. The District was formed to finance the construction of infrastructure in the Battle Mountain development using a dedicated property tax on property within the development. The Town Council serves as the governing board of the District and the Town's management has operational responsibility for the District. The District is blended into the Town's financial statements as a special revenue fund. The District does not issue separate financial statements.

The Minturn Education Fund (the Education Fund), a non-profit organization, was formed in November, 2012, to create a scholarship program for qualified Minturn students who meet merit and financial need criteria. The Education Fund has a separate governing board with members appointed by the Town Council. The Education Fund does not issue separate financial statements and is discretely presented in the Town's financial statements.

Jointly Governed Organization

In March, 2013, the Town entered into a memorandum of understanding with the Ski and Snowboard Club Vail, a non-profit organization, to construct the Minturn Fitness Center, a jointly owned and operated facility. The parties formed a separate non-profit entity to own and operate the facility. This entity is governed by a board of directors that jointly and equally represents the parties. Each party contributed \$1.25 million for initial construction of the facility.

Town of Minturn, Colorado

Notes to Financial Statements

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Town and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The *primary government* is reported separately from the legally separate *component unit* for which the Town is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Town of Minturn, Colorado

Notes to Financial Statements

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the Town reports the following major governmental funds:

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

The *Battle Mountain Resort Fund* accounts for revenues received under an agreement between the Town and the developer of the Battle Mountain Resort. The agreement requires the Town to use the revenues for legal and consulting costs directly related to the development of the Battle Mountain Resort and for general administrative costs of the Town.

The *Debt Service Fund* accounts for Town Hall rental income collected for payment of the Certificates of Participation.

Additionally, the Town reports the following major proprietary fund:

The *Water, Sanitation and Recreation Fund* is an enterprise fund that accounts for the financial activities associated with the provision of water and garbage services.

Assets, Liabilities and Net Position/Fund Balance

Cash Equivalents – For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less.

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

Town of Minturn, Colorado

Notes to Financial Statements

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

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

Capital Assets – Capital assets, which include land, buildings, plant, infrastructure, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Infrastructure assets, including streets, sidewalks and curbs and gutters, purchased or donated prior to January 1, 2004, are not reported in the financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Water and Sanitation Systems	20 – 50 years
Recreation Systems	35 years
Streets	50 years
Buildings and Improvements	10 – 50 years
Machinery and Equipment	5 – 10 years

Deferred Inflows of Resources – Deferred inflows of resources include property taxes earned but levied for a subsequent year.

Compensated Absences – Employees of the Town are allowed to accumulate unused paid time off (PTO) for up to two years. Upon termination of employment from the Town, an employee will be compensated for all accrued PTO at 30% to 50% of their pay rate, depending on years of service. Accumulated, unpaid PTO is accrued when earned in the government-wide and proprietary fund financial statements. A liability is reported in the governmental fund financial statements only when payment is due.

Long-Term Obligations – In the government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and refunding losses are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financial uses.

Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Town of Minturn, Colorado

Notes to Financial Statements

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

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

Net Position/Fund Balance – In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed.

In the fund financial statements, governmental funds report committed fund balances when the Town Council formally commits resources for a specific purpose through passage of a resolution or approval of contractual agreements with third parties.

The Town Council is authorized to informally assign amounts to a specific purpose, and has assigned this authority to the Town Manager or his designee. Such fund balance assignments are reported in the governmental fund financial statements.

The Town has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the Town uses restricted fund balance first, followed by committed, assigned and unassigned balances.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis.

Note 2: Cash and Investments

At December 31, 2018, cash and investments consisted of the following:

Deposits	\$ 126,046
Investments	<u>3,218,648</u>
Total	<u>\$ 3,344,694</u>

Cash and investments were reported in the financial statements as follows:

Cash and Investments	\$ 3,143,194
Restricted Cash and Investments	<u>201,500</u>
Total	<u>\$ 3,344,694</u>

Town of Minturn, Colorado

Notes to Financial Statements

December 31, 2018

Note 2: Cash and Investments (Continued)

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Investments

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Fair Value Measurements – At December 31, 2018, the Town's investments in the local government investment pools and a money market were reported at the net asset value per share.

Interest Rate Risk – State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk – State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations. At December 31, 2018, the Town's investment of \$203,946 in the Morgan Stanley Institutional Liquidity Funds Treasury Portfolio was rated AAAM by Standard and Poor's.

Concentration of Credit Risk – State statutes do not limit the amount the Town may invest in a single issuer of investment securities, except for corporate securities.

Town of Minturn, Colorado
Notes to Financial Statements
December 31, 2018

Note 2: Cash and Investments (Continued)

Investments (Continued)

Local Government Investment Pools – At December 31, 2018, the Town had \$2,989,884 and \$24,818 invested in the Colorado Local Government Liquid Asset Trust (Colotrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively.

Colotrust – Colotrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables and payables. This investment is valued using the NAV per share (or its equivalent) of the investments.

Colotrust is an investment vehicle established by state statute for local entities in Colorado to pool surplus funds for investment purposes and are registered with the State Securities Commissioner. The pools operate similarly to money market funds and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the participating governments. Investments of the pools consist of US Treasury bills, notes, and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by US Treasury securities and or US Instrumentalities. Colotrust is rated AAAM by Standard and Poor's. Information regarding Colotrust's financial statements is available at their website www.colotrust.com.

CSAFE – CSAFE is considered to be a 2a7-like investment and is valued at amortized cost. The 2a7-like investments do not have any unfunded commitments, redemption restrictions or redemption notice periods. The 2a7-like investments conform to Colorado Statutes CRS 24-75-601 et. Seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado Depositories collateralized at 102% of market value investments will conform to its Permitted Investments and will meet Standard & Poor's investment guidelines to achieve a AAAM rating, the highest attainable rating for a Local Government Investment Pool. Information regarding CSAFE's financial statements is available at the website www.csafe.org.

Restricted Cash and Investments

In accordance with the agreement related to the Certificates of Participation (See Note 4), cash and investments of \$201,500 reported in the Debt Service Fund are restricted to meet future debt service requirements.

Town of Minturn, Colorado
Notes to Financial Statements
December 31, 2018

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2018, is summarized below.

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Governmental Activities				
Capital Assets, <i>Not Being Depreciated</i>				
Land and Sites	\$ 3,579,470	\$ -	\$ -	\$ 3,579,470
Construction in Progress	498,268	333,273	-	831,541
Total Capital Assets, <i>Not Being Depreciated</i>	<u>4,077,738</u>	<u>333,273</u>	<u>-</u>	<u>4,411,011</u>
Capital Assets, <i>Being Depreciated</i>				
Streets	1,829,027	-	-	1,829,027
Land Improvements	3,926,324	-	-	3,926,324
Machinery and Equipment	536,729	-	-	536,729
Total Capital Assets, <i>Being Depreciated</i>	<u>6,292,080</u>	<u>-</u>	<u>-</u>	<u>6,292,080</u>
Less Accumulated Depreciation				
Streets	(96,845)	(36,587)	-	(133,432)
Building and Improvements	(1,450,279)	(75,251)	-	(1,525,530)
Machinery and Equipment	(503,431)	(17,106)	-	(520,537)
Total Accumulated Depreciation	<u>(2,050,555)</u>	<u>(128,944)</u>	<u>-</u>	<u>(2,179,499)</u>
Capital Assets, <i>Being Depreciated, net</i>	<u>4,241,525</u>	<u>(128,944)</u>	<u>-</u>	<u>4,112,581</u>
Governmental Activities Capital Assets, <i>net</i>	<u>\$ 8,319,263</u>	<u>\$ 204,329</u>	<u>\$ -</u>	<u>\$ 8,523,592</u>
Governmental Activities				
Capital Assets, <i>Not Being Depreciated</i>				
Construction in Progress	\$ 47,675	\$ 53,628	\$ -	\$ 101,303
Capital Assets, <i>Being Depreciated</i>				
Water and Sanitation Systems	3,523,330	-	-	3,523,330
Recreation Systems	203,520	-	-	203,520
Equipment	223,275	-	-	223,275
Total Capital Assets, <i>Being Depreciated</i>	<u>3,950,125</u>	<u>-</u>	<u>-</u>	<u>3,950,125</u>
Less Accumulated Depreciation				
Water and Sanitation Systems	(1,899,579)	(69,218)	-	(1,968,797)
Recreation Systems	(54,887)	(4,757)	-	(59,644)
Equipment	(186,715)	(17,106)	-	(203,821)
Total Accumulated Depreciation	<u>(2,141,181)</u>	<u>(91,081)</u>	<u>-</u>	<u>(2,232,262)</u>
Capital Assets, <i>Being Depreciated, net</i>	<u>1,808,944</u>	<u>(91,081)</u>	<u>-</u>	<u>1,717,863</u>
Business-Type Activities Capital Assets, <i>net</i>	<u>\$ 1,856,619</u>	<u>\$ (37,453)</u>	<u>\$ -</u>	<u>\$ 1,819,166</u>

Town of Minturn, Colorado
Notes to Financial Statements
December 31, 2018

Note 3: Capital Assets (Continued)

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

Governmental Activities	\$ 68,997
General Government	59,947
Public Works	<u> </u>
	\$ <u>128,944</u>
Total	

Note 4: Long-Term Debt

Governmental Activities

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2018:

	<u>Balance 12/31/17</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/18</u>	<u>Due Within One Year</u>
Governmental Activities					
Accrued Paid Time Off	\$ 21,509	\$ 37,915	\$ (34,056)	\$ 25,368	\$ 9,479
2010 Certificate Of Participation	670,000	-	(215,000)	455,000	225,000
Debt Premium	10,575	-	(3,525)	7,050	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ <u>702,084</u>	\$ <u>37,915</u>	\$ <u>(252,581)</u>	\$ <u>487,418</u>	\$ <u>234,479</u>

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

Certificates of Participation – Certificates of Participation (COPs), Series 2010A, in the original amount of \$1,860,000, and Series 2010B, in the amount of \$155,000, were issued to refund the Certificates of Participation, Series 2000A and Series 2000B, which were originally issued to construct a building for use as a town hall, employee housing, and a post office. The Town subleases the employee housing portion of the building to individuals and another portion of the building to the U.S. Postal Service.

The Series 2010A COPs accrue interest at rates ranging from 2% to 4% per annum, with payments due semi-annually on June 1 and December 1. Principal payments are due annually on December 1, from 2011 through 2020. The Series 2010B COPs were paid in full during the year ended December 31, 2012.

Town of Minturn, Colorado
Notes to Financial Statements
December 31, 2018

Note 4: Long-Term Debt (Continued)

Governmental Activities (Continued)

Future debt service requirements are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 225,000	\$ 17,350	\$ 242,350
2020	230,000	8,912	238,912
Total	<u>\$ 455,000</u>	<u>\$ 26,262</u>	<u>\$ 481,262</u>

Business-Type Activities

Following are the changes to long-term debt of the business-type activities for the year ended December 31, 2018:

	<u>Balance 12/31/17</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/18</u>	<u>Due Within One Year</u>
Business- Type Activities					
Accrued Paid Time Off	\$ 7,209	\$ 12,501	\$ (13,753)	\$ 5,957	\$ 3,125
1997B Rural Development Note	183,433	-	(5,971)	177,462	6,174
Total	<u>\$ 190,642</u>	<u>\$ 12,501</u>	<u>\$ (19,724)</u>	<u>\$ 183,419</u>	<u>\$ 9,299</u>

Rural Development Notes – 1997B Water Revenue Notes were issued to finance improvements to the Town's water system. Principal and interest payments are due semi-annually, through April 1, 2037. Interest accrues at 4.875% per annum.

Future debt service requirements are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 6,174	\$ 8,667	\$ 14,841
2020	6,480	8,361	14,841
2021	6,799	8,042	14,841
2022	7,134	7,707	14,841
2023	7,486	7,353	14,839
2024 - 2028	43,351	30,850	74,201
2029 - 2033	55,157	19,046	74,203
2034 - 2037	44,881	5,680	50,561
Total	<u>\$ 177,462</u>	<u>\$ 95,706</u>	<u>\$ 273,168</u>

Town of Minturn, Colorado
Notes to Financial Statements
December 31, 2018

Note 5: Interfund Transactions

Interfund transfers during the year ended December 31, 2018, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Debt Service	General	\$ 53,193
Debt Service	Water, Sanitation and Recreation	<u>22,797</u>
Total		<u>\$ 75,990</u>

The General and Water, Sanitation and Recreation Funds make annual payments to the Debt Service Fund for debt service on the COPs (See Note 4).

Note 6: Retirement Commitments

All employees are eligible to participate in an Internal Revenue Code Section 401(a) pension plan beginning six months from date of hire. The contribution requirements of Plan participants and the Town are established and may be amended by the Town Council. Employees may contribute up to 4% of base salary to the Plan. The Town is required to match each employee's contributions up to 4% of base salary. In addition, employees may make voluntary contributions to the Plan within certain limits. The Town's contributions vest immediately, except for employees hired after February 1, 2009, for which contributions vest at 25% each year. During the year ended December 31, 2018, the Town and employee contributions to the Plan were \$17,698 and \$27,874 respectively, equal to the required contributions.

Note 7: Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for its workers compensation claims.

Public Entity Risk Pool

For other risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability and property coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

Town of Minturn, Colorado
Notes to Financial Statements
December 31, 2018

Note 7: Risk Management (Continued)

Public Entity Risk Pool (Continued)

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA.

Note 8: Commitments and Contingencies

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. On April 5, 1994, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town in 1994 and subsequent years, notwithstanding the provisions of the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2018, the emergency reserve of \$70,600 was reported as restricted fund balance in the General Fund.

Required Supplementary Information

Town of Minturn, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	\$ 1,294,936	\$ 1,386,936	\$ 1,451,834	\$ 64,898
Licenses and Permits	49,300	66,550	72,421	5,871
Fines and Forfeitures	12,000	12,000	11,677	(323)
Intergovernmental	92,900	98,150	104,902	6,752
Investment Income	27,500	50,000	54,573	4,573
Developer Fees	180,000	180,000	165,000	(15,000)
Miscellaneous	199,150	200,821	169,070	(31,751)
Total Revenues	<u>1,855,786</u>	<u>1,994,457</u>	<u>2,029,477</u>	<u>35,020</u>
Expenditures				
Current				
General Government	665,536	760,659	667,134	93,525
Planning and Zoning	205,732	135,780	156,592	(20,812)
Municipal Court	22,095	22,095	15,304	6,791
Police	399,860	405,565	397,161	8,404
Public Works	288,471	312,298	270,747	41,551
Economic Development	65,000	78,398	53,141	25,257
Capital Outlay	154,625	421,878	336,273	85,605
Total Expenditures	<u>1,801,319</u>	<u>2,136,673</u>	<u>1,896,352</u>	<u>240,321</u>
Excess Revenues Over (Under) Expenditures	54,467	(142,216)	133,125	275,341
Other Financing Sources (Uses)				
Transfers Out	<u>(55,073)</u>	<u>(55,073)</u>	<u>(53,193)</u>	<u>1,880</u>
Net Change in Fund Balance	(606)	(197,289)	79,932	277,221
Fund Balance, Beginning of year	<u>1,134,262</u>	<u>1,134,262</u>	<u>1,456,603</u>	<u>322,341</u>
Fund Balance, End of year	<u>\$ 1,133,656</u>	<u>\$ 936,973</u>	<u>\$ 1,536,535</u>	<u>\$ 599,562</u>

Town of Minturn, Colorado
Budget Comparison Schedule
Battle Mountain Resort Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Battle Mountain Revenue	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Investment Income	2,500	5,250	5,162	(88)
Total Revenues	102,500	105,250	5,162	(100,088)
Expenditures				
General Government	100,000	125,000	123,561	1,439
Total Expenditures	100,000	125,000	123,561	1,439
Net Change in Fund Balance	2,500	(19,750)	(118,399)	(98,649)
Fund Balance, Beginning of year	33,224	-	281,195	281,195
Fund Balance, End of year	<u>\$ 35,724</u>	<u>\$ (19,750)</u>	<u>\$ 162,796</u>	<u>\$ 182,546</u>

Town of Minturn, Colorado
Notes to Required Supplementary Information
December 31, 2018

Note 1: Stewardship, Compliance, and Accountability

Budgets

Budgets are legally adopted for all funds of the Town. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures.

The Town follows these procedures to establish the budgetary information reflected in the financial statements:

- Management submits to the Town Council a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
- All appropriations lapse at year end.

Supplementary Information

Town of Minturn, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Conservation Trust	Minturn Market	Minturn GID	Battle Mountain Capital Projects	Total
Assets					
Cash and Investments	\$ 20,330	\$ (441)	\$ 2,959	\$ 244,738	\$ 267,586
Restricted Cash and Investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 20,330</u>	<u>\$ (441)</u>	<u>\$ 2,959</u>	<u>\$ 244,738</u>	<u>\$ 267,586</u>
Liabilities					
Accounts Payable	\$ <u>-</u>	\$ <u>2,622</u>	\$ <u>-</u>	\$ <u>(1)</u>	\$ <u>2,621</u>
Fund Balance					
Restricted for Parks	20,330	-	-	-	20,330
Committed to Capital Projects	-	-	-	244,739	244,739
Assigned to:					
Minturn Market	-	(3,063)	-	-	(3,063)
GID Activities	<u>-</u>	<u>-</u>	<u>2,959</u>	<u>-</u>	<u>2,959</u>
Total Fund Balance	<u>20,330</u>	<u>(3,063)</u>	<u>2,959</u>	<u>244,739</u>	<u>264,965</u>
Total Liabilities and Fund Balance	<u>\$ 20,330</u>	<u>\$ (441)</u>	<u>\$ 2,959</u>	<u>\$ 244,738</u>	<u>\$ 267,586</u>

Town of Minturn, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	Conservation Trust	Minturn Market	Minturn GID	Battle Mountain Capital Projects	Total
Revenues					
Intergovernmental	\$ 10,601	\$ -	\$ -	\$ -	\$ 10,601
Investment Income	817	1	-	5,293	6,111
Miscellaneous	-	58,249	-	-	58,249
	<u>11,418</u>	<u>58,250</u>	<u>-</u>	<u>5,293</u>	<u>74,961</u>
Expenditures					
Current					
General Government	-	64,641	-	-	64,641
Parks and Recreation	24,967	-	-	-	24,967
	<u>24,967</u>	<u>64,641</u>	<u>-</u>	<u>-</u>	<u>89,608</u>
Net Change in Fund Balance	(13,549)	(6,391)	-	5,293	(14,647)
Fund Balance, Beginning of year	<u>33,879</u>	<u>3,328</u>	<u>2,959</u>	<u>239,446</u>	<u>279,612</u>
Fund Balance, End of year	<u>\$ 20,330</u>	<u>\$ (3,063)</u>	<u>\$ 2,959</u>	<u>\$ 244,739</u>	<u>\$ 264,965</u>

Town of Minturn, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,601	\$ 601
Investment Income	<u>300</u>	<u>700</u>	<u>817</u>	<u>117</u>
Total Revenues	<u>10,300</u>	<u>10,700</u>	<u>11,418</u>	<u>718</u>
Expenditures				
Parks and Recreation	<u>10,000</u>	<u>10,000</u>	<u>24,967</u>	<u>(14,967)</u>
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>24,967</u>	<u>(14,967)</u>
Net Change in Fund Balance	300	700	(13,549)	(14,249)
Fund Balance, Beginning of year	<u>28,832</u>	<u>11,888</u>	<u>33,879</u>	<u>21,991</u>
Fund Balance, End of year	<u>\$ 29,132</u>	<u>\$ 12,588</u>	<u>\$ 20,330</u>	<u>\$ 7,742</u>

Town of Minturn, Colorado
 Budgetary Comparison Schedule
 Minturn Market Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Minturn Market	\$ 65,100	\$ 58,249	\$ (6,851)
Investment Income	-	1	
Total Revenues	65,100	58,250	(6,851)
Expenditures			
Minturn Market	71,500	64,641	6,859
Total Expenditures	71,500	64,641	6,859
Net Change in Fund Balance	(6,400)	(6,391)	8
Fund Balance, Beginning of year	11,372	3,328	(8,044)
Fund Balance, End of year	<u>\$ 4,972</u>	<u>\$ (3,063)</u>	<u>\$ (8,036)</u>

Town of Minturn, Colorado
 Budget Comparison Schedule
 Minturn GID
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Expenditures			
General Government	\$ 250	\$ -	\$ 250
Total Expenditures	<u>250</u>	<u>-</u>	<u>250</u>
Net Change in Fund Balance	(250)	-	250
Fund Balance, Beginning of year	<u>2,820</u>	<u>2,959</u>	<u>139</u>
Fund Balance, End of year	<u><u>\$ 2,570</u></u>	<u><u>\$ 2,959</u></u>	<u><u>\$ 389</u></u>

Town of Minturn, Colorado
 Budgetary Comparison Schedule
 Battle Mountain Capital Projects Fund
 For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Investment Income	\$ 2,800	\$ 5,300	\$ 5,293	\$ (7)
Total Revenues	2,800	5,300	5,293	(7)
Expenditures				
Parks and Recreation	260,000	260,000	-	260,000
Total Expenditures	260,000	260,000	-	260,000
Net Change in Fund Balance	(257,200)	(254,700)	5,293	259,993
Fund Balance, Beginning of year	248,266	249,202	239,446	(9,756)
Fund Balance, End of year	\$ (8,934)	\$ (5,498)	\$ 244,739	\$ 250,237

Town of Minturn, Colorado
 Budgetary Comparison Schedule
 Debt Service Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Investment Income	\$ 1,700	\$ 2,447	\$ 747
Rental Income	<u>165,000</u>	<u>165,000</u>	<u>-</u>
Total Revenues	<u>166,700</u>	<u>167,447</u>	<u>747</u>
Expenditures			
Debt Service			
Principal	215,000	215,000	-
Interest and Fiscal Charges	<u>25,950</u>	<u>27,938</u>	<u>(1,988)</u>
Total Expenditures	<u>240,950</u>	<u>242,938</u>	<u>(1,988)</u>
Excess Revenues Over (Under) Expenditures	(74,250)	(75,491)	(1,241)
Other Financing Sources			
Transfers In	<u>76,875</u>	<u>75,990</u>	<u>(885)</u>
Net Change in Fund Balance	2,625	499	(2,126)
Fund Balance, Beginning of year	<u>203,807</u>	<u>204,066</u>	<u>259</u>
Fund Balance, End of year	\$ <u><u>206,432</u></u>	\$ <u><u>204,565</u></u>	\$ <u><u>(1,867)</u></u>

Town of Minturn, Colorado
Budgetary Comparison Schedule
Water, Sanitation and Recreation Fund
For the Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water Charges	\$ 811,035	\$ 816,035	\$ 806,173	\$ (9,862)
Water Tap Fees	9,500	9,500	16,102	6,602
Garbage Charges	109,000	109,000	109,504	504
Grants	66,650	66,650	28,105	(38,545)
Miscellaneous	19,000	19,000	11,000	(8,000)
Total Revenues	1,015,185	1,020,185	970,884	(49,301)
Expenses				
Operations	764,536	837,536	773,500	64,036
Maintenance	13,500	13,550	46,350	(32,800)
Depreciation	79,000	79,000	91,081	(12,081)
Capital Outlay	119,650	123,280	-	123,280
Debt Service				
Principal	5,608	5,608	5,608	-
Interest	9,233	9,233	8,870	363
Transfers Out	23,603	23,603	22,797	806
Total Expenses	1,015,130	1,091,810	948,206	143,604
Change in Net Position, Budgetary Basis	\$ <u>55</u>	\$ <u>(71,625)</u>	22,678	\$ <u>94,303</u>
Reconciliation to GAAP Basis				
Capital Outlay			-	
Debt Service Principal			5,608	
Change in Net Position, GAAP Basis			\$ <u>28,286</u>	

Compliance Section

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

LOCAL HIGHWAY FINANCE REPORT		City or County:
		YEAR ENDING : December 2018
This Information From The Records Of (example - City of _ or County of _) Town of Minturn County of Eagle	Prepared By: Phone:	Jay Brunvand 970/827-5645

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	286,602
3. Other local imposts (from page 2)	44,055
4. Miscellaneous local receipts (from page 2)	11,397
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)	342,054
B. Private Contributions	
C. Receipts from State government (from page 2)	57,128
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	399,182

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	35,848
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	224,328
c. Other	
d. Total (a. through c.)	224,328
4. General administration & miscellaneous	
5. Highway law enforcement and safety	139,006
6. Total (1 through 5)	399,182
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)	399,182

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
	0	399,182	399,182	0	0

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		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	11,397
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership & Road/Bridge	44,055	g. Other Misc. Receipts	
6. Total (1. through 5.)	44,055	h. Other	
c. Total (a. + b.)	44,055	i. Total (a. through h.)	11,397
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	50,674	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	6,454	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Road and Bridge)		f. Other Federal	
f. Total (a. through e.)	6,454	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	57,128	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	0	0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: