TOWN OF PITKIN

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2019

INTRODUCTORY SECTION

TOWN OF PITKIN
ROSTER OF TOWN OFFICIALS

YEAR ENDED DECEMBER 31, 2019

TOWN OF PITKIN

TABLE of CONTENTS

Year Ended December 31, 2019

FINANCIAL SECTION

TOWN OF PITKIN

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
December 31, 2019

The discussion and analysis of the Town of Pitkin financial performance provides an overall review of the Town's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the Town's financial performance.

Financial Highlights

The Town's assets exceeded its liabilities at the close of 2019 by $503,111*(net position)*. Of this amount $253,953 *(unrestricted net position)* may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town had total revenues of $91,793 in 2019 and expenses of $85,139.

Overview of the Basic Financial Statements

The Basic Financial Statements consists of Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Town as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the Town's overall financial status.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-Wide Financial Statements

<u>Governmental-Type Activities:</u>
The Town's governmental-type activity consists of the Town operations. The Town provides general government, public works (road and streets), and parks and recreation for the geographical organized as the Town of Pitkin, Colorado.

Financial Analysis of the Town as a Whole

Net Position increased in 2019 by $26,054 to $503,111. This was caused by the net effect of revenues coming in over budget and expenses coming in under budget.

Cash, cash equivalents and investments of the Town at December 31, 2019 totaled $325,699, which represents 61% of the Town's total assets.

Capital assets, net of accumulated depreciation, of the Town at December 31, 2019 totaled $208,181, which represents 39% of the Town's total assets.

Net position

A summary of Town's net position at December 31, 2019 is as follows:

Condensed Statement of Net Position

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	12/31/2019	**12/30/2018**
ASSETS		
Current and Other Assets	$ 325,699	$ 329,086
Capital Assets	208,181	148,408
Total Assets	533,880	477,494
LIABILITIES		
Current Liabilities	8,009	437
DEFERRED INFLOWS	22,760	-
NET POSITION		
Net Investment in Capital Assets	208,181	148,408
Restricted	40,977	39,734
Unrestricted	253,953	288,915
Total Net Position	**$ 503,111**	**$ 477,057**

A summary of Town's change in net position at December 31, 2019 is as follows:

Condensed Statement of Activities

CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities	
	12/31/2019	**12/31/2018**
PROGRAM REVENUES		
Charges for Services	$ 4,165	$ 5,211
Operating Grants	20,602	71,582
Total Program Revenues	24,767	76,793
GENERAL REVENUES		
Property Taxes	22,099	21,080
Specific Ownership Taxes	1,772	1,000
Sales Taxes	57,254	37,582
Franchise Taxes	1,836	675
Interest Income	5,612	3,541
Other Revenues	3,220	2,559
Total General Revenues	91,793	66,437
Total Revenues	116,560	143,230
PROGRAM EXPENSES		
General Government	54,843	57,078
Public Safety	1,500	3,000
Public Works	33,833	16,869
Culture and Recreation	330	340
Total Program Expenses	90,506	77,287
CHANGE IN NET POSITION	26,054	65,943
Net Position, Beginning	477,057	411,114
NET POSITION, ENDING	**$ 503,111**	**$ 477,057**

Budget and Actual Comparisons

Actual revenues exceeded budgeted revenues by $41,089 in 2019. The most significant difference was related to the collection of sales taxes which exceeded budget by $26,455.

Actual expenditures were approximately $8,717 less than budgeted in 2019 with the largest difference related to repairs and maintenance which were $5,200 under budget.

Capital Assets

The follow table shows a summary of the Town's capital assets at December 31, 2019.

	Balance January 1 2019	Additions	Deletions	Balance December 31 2019
Capital Assets not being depreciated:				
Land	$ 19,400	$ -	$ -	$ 19,400
Capital Assets being depreciated:				
Buildings and Improvements	244,190	-	-	244,190
Equipment and Vehicles	24,208	-	-	24,208
Total Capital Assets	287,798	-	-	287,798
Less Accumulated Depreciation	(71,990)	(7,627)	-	(79,617)
Net Property Plant and Equipment	**$ 215,808**	**$ (7,627)**	**$ -**	**$ 208,181**

The Future of the Town

For 2020, the Town plans to continue the current financial path. The Town is planning for a Board size reduction ballot question at the Town of Pitkin Regular Election in April 2020. The Town is planning for a mill levy increase ballot issue at the Town of Pitkin Regular Election in April 2020.

Request for Information

The financial report is designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the Town's finances. Questions concerning this or any additional information should be addressed to Sara Gibb, Town Clerk, Town of Pitkin, P.O. Box 9, Pitkin, CO 81241.

Mayberry & Company, LLC
Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Trustees
Town of Pitkin
Pitkin, Colorado

Independent Auditors' Report

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities and major fund of the Town of Pitkin, Colorado, as of and for the year ended December 31, 2019, and the related notes to the financial statements which collectively comprise the basic financial statements of the Town, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 and major fund, of the Town of Pitkin, Colorado, as of December 31, 2019, and the respective changes in financial position and the budgetary comparison statement of the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

8310 South Valley Highway – Suite 300
Englewood, Colorado 80112
Voice (303) 993 – 2199
Fax (720) 633 – 9763

Other Matters

Required Supplementary Information – Management Discussion and Analysis

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 - M4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Local Highway Finance Report* on pages 18 - 23 is presented for purposes of legal compliance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

Mayberry + Company, LLC

Englewood, CO
May 27, 2020

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Basic Financial Statements

TOWN OF PITKIN, COLORADO

STATEMENT OF NET POSITION
DECEMBER 31, 2019

		GOVERNMENTAL ACTIVITIES
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Current Assets		
Cash and Investments		
Cash	$	45,159
Investments		232,588
Restricted Cash and Investments		14,900
Receivables		
Property Tax Receivable		22,760
Cash with Fiscal Agent		223
Accounts Receivable		10,069
Total Current Assets		325,699
Noncurrent Assets		
Capital Assets not being Depreciated		19,400
Capital Assets being Depreciated		268,398
Accumulated Depreciation		(79,617)
Total Noncurrent Assets		208,181
TOTAL ASSETS AND DEFERRED OUTFLOWS	$	533,880
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	$	7,887
Accrued Liabilities		122
TOTAL LIABILITIES		8,009
DEFERRED INFLOWS OF FINANCIAL RESOURCES		
Deferred Property Taxes		22,760
NET POSITION		
Net Investment in Capital Assets		208,181
Restricted Net Position		40,977
Unrestricted Net Position		253,953
TOTAL NET POSITION		503,111
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$	533,880

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

TOWN OF PITKIN, COLORADO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

		PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENT ACTIVITIES
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	$ 54,843	$ 3,765	$ 5,862	$ (45,216)
Public Safety	1,500	-	-	(1,500)
Public Works	33,833	400	14,133	(19,300)
Culture and Recreation	330	-	607	277
TOTAL GOVERNMENT	$ 90,506	$ 4,165	$ 20,602	(65,739)
GENERAL REVENUES				
Property Taxes				22,099
Specific Ownership Taxes				1,772
Sales Taxes				57,254
Franchise Taxes				1,836
Interest Income				5,612
Other Revenues				3,220
TOTAL GENERAL REVENUES				91,793
CHANGE IN NET POSITION				26,054
NET POSITION - Beginning				477,057
NET POSITION - Ending				$ 503,111

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

TOWN OF PITKIN, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

		General Fund
ASSETS AND DEFERRED OUTFLOWS		
ASSETS		
Current Assets		
Cash and Investments		
Cash	$	45,159
Investments		232,588
Restricted Cash and Investments		14,900
Receivables		
Property Tax Receivable		22,760
Cash with Fiscal Agent		223
Accounts Receivable		10,069
TOTAL ASSETS AND DEFERRED OUTFLOWS	$	325,699
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	$	7,887
Accrued Liabilities		122
TOTAL LIABILITIES		8,009
DEFERRED INFLOWS OF FINANCIAL RESOURCES		
Deferred Property Taxes		22,760
FUND BALANCE		
Restricted Fund Balance		40,977
Committed Fund Balance		4,300
Unassigned Fund Balance		249,653
TOTAL FUND BALANCE		294,930
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	$	325,699

RECONCILIATION OF GOVERNMENTAL FUND BALANCE TO GOVERNMENTAL ACTIVITIES NET POSITION:		
Fund Balance - Governmental Funds	$	294,930
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated		19,400
Capital assets, being depreciated		268,398
Accumulated depreciation		(79,617)
Total Net Position - Governmental Activities	$	503,111

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

TOWN OF PITKIN, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund
REVENUES	
Taxes	$ 82,963
Intergovernmental Revenues	19,776
Licenses and Permits	3,815
Charges for Services	350
Investment Earnings	5,612
Other Revenues	4,044
TOTAL REVENUES	116,560
EXPENDITURES	
General Government	48,874
Public Works	33,833
Parks, Recreation and Other	172
TOTAL EXPENDITURES	82,879
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	33,681
FUND BALANCE, BEGINNING	261,249
FUND BALANCE, ENDING	$ 294,930

RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION:

Change in Fund Balance - Governmental Funds	$ 33,681
Depreciation Expense	(7,627)
Change in Net Position - Governmental Activities	$ 26,054

TOWN OF PITKIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
General Fund
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019		
	Original & Final Budget	Actual	Variance With Final Budget
REVENUES			
Taxes			
Property Taxes	$ 22,140	$ 22,100	$ (40)
Specific Ownership Taxes	1,000	1,772	772
Sales Taxes	30,800	57,255	26,455
Franchise Taxes	600	1,836	1,236
Total Tax Revenue	54,540	82,963	28,423
Intergovernmental Revenues			
Cigarette Taxes	50	138	88
Cons Trust Fund Revenue	475	607	132
Highway Users	10,000	14,133	4,133
Mineral Lease	2,500	4,897	2,397
Total Intergovernmental Revenue	13,025	19,775	6,750
Licenses and Permits			
Building Permits	2,000	400	(1,600)
Other Licenses and Permits	800	3,415	2,615
Total Licenses and Permits	2,800	3,815	1,015
Charges for Services			
Other Charges for Services	200	350	150
Investment Earnings	3,755	5,612	1,857
Other Revenues			
Donations	800	826	26
Other Miscellaneous Revenue	350	3,218	2,868
Total Other Revenue	1,150	4,044	2,894
TOTAL REVENUES	75,470	116,559	41,089

See accompanying Independent Auditors' Report.

(Continued)

TOWN OF PITKIN, COLORADO

BUDGETARY COMPARISON SCHEDULE
General Fund
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019		
	Original & Final Budget	**Actual**	**Variance With Final Budget**
(Continued)			
EXPENDITURES			
General Government			
Personnel Services	12,931	13,596	665
Insurance	2,810	2,803	7
Professional Fees	1,122	780	342
Repairs and Maintenance	300	71	229
Supplies	800	701	99
Telephone and Utilities	1,000	475	525
Other Expenses	31,777	30,448	1,329
Total General Government	50,740	48,874	3,196
Public Works			
Contract Labor	20,635	25,834	(5,199)
Repairs and Maintenance	9,202	4,002	5,200
Other Expenses	3,839	3,997	(158)
Total Public Works/Comm Devel	33,676	33,833	(157)
Parks, Recreation and Other			
Repairs and Maintenance	2,000	172	1,828
Capital Outlay			
General Government Capital Outlay	3,350	-	3,350
Other Capital Outlay	500	-	500
Total Capital Outlay	3,850	-	3,850
TOTAL EXPENDITURES	90,266	82,879	8,717
OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCE - BUDGET BASIS	$ (14,796)	33,680	$ 49,806
FUND BALANCE, BEGINNING		261,249	
FUND BALANCE, ENDING		$ 294,929	

See accompanying Independent Auditors' Report.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Pitkin, Colorado (the Town) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies consistently applied in the preparation of the financial statements.

Reporting Entity

The Town of Pitkin, Colorado is organized under the statutes of the State of Colorado and operates under a seven member elected Board of Trustees. As required by generally accepted accounting principles, these financial statements present the activities of the Town, which is legally separate and financially independent of other state and local governments.

The Town provides general government, public works (road and streets), and parks and recreation for the geographical area organized as the Town of Pitkin, Colorado. The Town maintains all Town property and also provides subsidies to the Pitkin Historical and Community Association and the Pitkin Volunteer Fire Department, although it exercises no control over either of those entities. In accordance with Governmental Accounting Standards, the Town has considered the possibility of inclusion of additional entities in its basic financial statements. The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization's governing body and either: (1) it is able to impose its will on that organization; or (2) there is a potential for benefits to, or to impose specific financial burdens on the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it. Based on the application of these criteria, no other organizations are considered part of the Town's reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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. Items not properly included among program revenues are reported instead as general revenues.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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

All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of “available expendable resources”. Governmental fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available expendable resources” during a period.

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property, sales and franchise taxes; and interest revenue. Specific ownership and other types of taxes collected and held by other governmental entities at year-end on behalf of the Town also are recognized as revenue. Other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

The Town reports the following major governmental fund:

General Fund - The General Fund is the Town’s primary operating fund. It accounts for all financial resources of the general government.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

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

- Prior to October 15, the secretary submits to the Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted at the Town Hall to obtain citizen comments.
- Prior to December 15, the budget is legally enacted through passage of a resolution.
- The Town certifies the mill levies to the Board of County Commissioners by December 15th.
- Prior to December 31, the budget is legally enacted through passage of an ordinance. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.
- Budget amounts in the financial statements are as originally adopted or amended by the Board of Trustees. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Grant revenues are recognized as revenue for budget purposes. Capital outlay is budgeted as an expenditure.
- The Town does not utilize encumbrance accounting.
- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations by fund.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

Cash and Equivalents

Cash equivalents include investments with original maturities of twelve months or less. Investments are recorded at fair value.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (Continued)

Capital Assets

Property and equipment acquisitions made by the governmental funds are accounted for as expenditures of the fund, and are then capitalized in the government-wide financial statements. All purchased property and equipment are valued at cost, while donated assets are valued at their estimated fair market value as of the date received as a donation. The Town capitalizes all assets with a value in excess of at least $500 and a useful life of one year or greater. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land Improvements	15 years
Furniture and Equipment	5 years

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. 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.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance

In the government-wide financial statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Amounts are reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Trustees, reported and at their highest level of action are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining governmental balances are presented as unassigned.

Net Position/Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 2: CASH AND INVESTMENTS

At December 31, 2019, the Town held the following cash and investments:

	Bank Balance	Book Balance
Cash		
Demand deposits - FDIC Insured	$ 53,874	$ 45,159
Certificates of Deposit - FDIC Insured	103,989	103,989
Total Cash	$ 157,863	$ 149,148
Investments:		
CSAFE - Daily maturity		143,499
Total cash and investments		**$ 292,647**

Cash Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned. The Town's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2019, all of the Town's deposits were insured by federal depository insurance and are therefore not deemed to be exposed to custodial credit risk."

Investments

Credit Risk

Colorado statutes specify which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. government agency's securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- 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

The Town had $101,265 directly invested in CSAFE. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pool invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to $1.00 and a maximum weighted average maturity of 60 days. The pool is rated AAAm by the Standard and Poor's Corporation. The Investment pools are valued at the amortized cost (CSAFE) pursuant to Rule 2A-7 under the Investment Company Act of 1940, which approximates the fair value.

Interest Rate Risk

The Town manages its interest rate risk by setting a maximum maturity date no more than five years from the date of purchase unless otherwise authorized by the Board of Trustees.

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2019, the Town did not have any securities requiring safekeeping.

NOTE 3: CAPITAL CREDITS

The Town has been purchasing power from the Gunnison County Rural Electric Association (GCEA), a co-op, for street lights. According to GCEA, certain capital credits were to be allowed to purchasers of power and were to be paid out after 15 years. GCEA must hold such credits pursuant to mortgage requirements.

Due to outside circumstances beyond the control of GCEA, the uncertainty of electric rates and the fact that payment of the credits is at the discretion of the GCEA Board of Directors, there is no assurance that these credits will be paid out in the future. Therefore, no provision has been made for this asset in the financial statements. Credits will be included in income in the year that they are received.

NOTE 4: **PROPERTY AND EQUIPMENT**

Changes in capital assets during 2019 are summarized below.

	Balance January 1 2019	Additions	Deletions	Balance December 31 2019
Capital Assets not being depreciated:				
Land	$ 19,400	$ -	$ -	$ 19,400
Capital Assets being depreciated:				
Buildings and Improvements	244,190	-	-	244,190
Equipment and Vehicles	24,208	-	-	24,208
Total Capital Assets	287,798	-	-	287,798
Less Accumulated Depreciation	(71,990)	(7,627)	-	(79,617)
Net Property Plant and Equipment	**$ 215,808**	**$ (7,627)**	**$ -**	**$ 208,181**

Depreciation expense has not been allocated as the underlying assets are utilized by multiple functions.

NOTE 5: **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; workers compensation; and general liability. The Town carries commercial insurance to cover these risks. Losses have not exceeded coverage during the past three years and coverage has not substantially changed from one year to the next.

NOTE 6: **LEGAL COMPLIANCE AND FUND EQUITY**

Tabor Amendment -- In November 1992, Colorado voters passed the TABOR Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. The Town is subject to the TABOR Amendment. Fiscal year 1992 provides the basis for limits in future years to which may be applied allowable increases for inflation and assessed valuation. Revenue received in excess of the limitations may be required to be refunded unless the Town's electorate vote to retain the revenue. The TABOR Amendment is subject to many interpretations, but the Town feels it is in substantial compliance with the Amendment. In 1996, the Town exempted by election out of certain provisions of the Amendment. The Town reserved $4,000 of its fund balance for its required emergency reserve at December 31, 2019.

NOTE 6: **LEGAL COMPLIANCE AND FUND EQUITY** (Continued)

The Town has restricted equity related to external legal restrictions (TABOR and Conservation Trust) and restricted mill levies (Streets and Town Hall). The Town Board has also committed carryover funds through the 2020 budget adoption. A summary of restricted and committed fund equity is as follows:

Restricted:		
For TABOR Emergency Reserve	$	4,000
For Conservation Trust Programs		14,887
By Street Mill Levy		18,190
By Town Hall Mill Levy		3,900
Total Restricted	**$**	**40,977**
Committed:		
For Parks and Recreation per budget	$	2,000
For Cemetery per budget		1,800
For Capital Improvement per budget		500
Total Committed	**$**	**4,300**

NOTE 7: **CONSERVATION TRUST FUND**

For the year ended December 31, 2019, the Town reported $406.69 of receipts from the State of Colorado, $323.77 of interest earned and $200.52 of lottery receipts shared by the Gunnison County Metropolitan Recreation District. The Town did not have any Conservation Trust Fund expenditures. The year-end balance of remaining Conservation Trust Funds was $14,887, which is reported as restricted fund balance in the General Fund.

COMPLIANCE SECTION
State Required Report Section

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ANNUAL HIGHWAY FINANCE REPORT - CY19

Email address: thetownofpitkin@gmail.com
City/County: Pitkin

II - RECEIPTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Receipts from local sources

2. General Fund Appropriations:	$	0.00
3. Other local imposts: *from A.3. 'Total' below)*	$	6,710.01
4. Miscellaneous local receipts: *from A.4. 'Total' below)*	$	2,995.41
5. Transfers from toll facilities	$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	$	0.00
b. Bonds - Refunding Issues:	$	0.00
c. Notes:	$	0.00
SubTotal:	$	9,705.42
B. Private Contributions	$	0.00

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input

A.3. Other local imposts

a. Property Taxes and Assessments	$	3,995.00
b. Other Local Imposts		
1. Sales Taxes:	$	1,801.71
2. Infrastructure and Impact Fees:	$	0.00
3. Liens:	$	0.00
4. Licenses:	$	913.30
5. Specific Ownership and/or Other:	$	0.00
Total: *(a + b) carried to 'Other local imposts' above)*	$	6,710.01

A.4. Miscellaneous local receipts

See accompanying Independent Auditors' Report.

IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	$ 0.00	$ 0.00	$ 0.00	$ 0.00
1. Bonds (Refunding Portion)		$ 0.00	$ 0.00	$ 0.00
B. Notes (Total):	$ 0.00	$ 0.00	$ 0.00	$ 0.00

V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C.Total Disbursements	D. Ending Balance	E. Reconciliation
$ 23,322.25	$ 23,090.74	$ 26,872.27	$ 19,540.72	$ 0.00

Notes & Comments:

Please enter your name: Sara Gibb

Please provide a telephone number where you may be reached: 970-787-0031

Save Print Mode Edit Mode

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FORM FHWA-536e(Version 6.0) - CY19

1. New Facilities:	$ 0.00	$ 0.00	$ 0.00
2. Capacity Improvements:	$ 0.00	$ 0.00	$ 0.00
3. System Preservation:	$ 0.00	$ 0.00	$ 0.00
4. System Enhancement:	$ 0.00	$ 0.00	$ 0.00
5. Total Construction:			$ 0.00
d. Total Capital Outlay: *(Lines A.1.a. + 1.b. + 1.c.5)*			$ 0.00

See accompanying Independent Auditors' Report.

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Local highway disbursements

1. Capital outlay: *(from A.1.d. 'Total Capital Outlay' below)*	$	0.00
2. Maintenance:	$	2,775.00
3. Road and street services		
a. Traffic control operations:	$	362.46
b. Snow and ice removal:	$	20,745.40
c. Other:	$	2,989.41
4. General administration & miscellaneous	$	0.00
5. Highway law enforcement and safety	$	0.00
Total: *(A.1-5)*	$	26,872.27

Please no commas or dollar signs for the input

B. Debt service on local obligations

1. Bonds		
a. Interest	$	0.00
b. Redemption	$	0.00
2. Notes		
a. Interest	$	0.00
b. Redemption	$	0.00
SubTotal: *(1+2)*	$	0.00

Please no commas or dollar signs for the input

C. Payments to State for Highways:	$	0.00
D. Payments to Toll Facilities:	$	0.00
Total Disbursements: *(A+B+C+D)*	$	26,872.27

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III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES - (Detail)

Please no commas or dollar signs for the input

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	$ 0.00	$ 0.00	$ 0.00
b. Engineering Costs:	$ 0.00	$ 0.00	$ 0.00
c. Construction			

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input

A.3. Other local imposts

a. Property Taxes and Assessments	$	3,995.00
b. Other Local Imposts		
1. Sales Taxes:	$	1,801.71
2. Infrastructure and Impact Fees:	$	0.00
3. Liens:	$	0.00
4. Licenses:	$	913.30
5. Specific Ownership and/or Other:	$	0.00
Total: *(a + b) carried to 'Other local imposts' above)*	$	6,710.01

A.4. Miscellaneous local receipts

Please no commas or dollar signs for the input

a. Interest on Investments:	$	0.00
b. Traffic fines & Penalities:	$	0.00
c. Parking Garage Fees:	$	0.00
d. Parking Meter Fees:	$	0.00
e. Sale of Surplus Property:	$	0.00
f. Charges for Services:	$	0.00
g. Other Misc. Receipts:	$	2,995.41
h. Other:	$	0.00
Total: *(a through h) carried to 'Misc local receipts' above)*	$	2,995.41

C. Receipts from State Government

Please no commas or dollar signs for the input

1. Highway User Taxes:	$	13,385.32
3. Other State funds:		
c. Motor Vehicle Registrations:	$	0.00
d. Other (Specify): Comments: undefined	$	0.00
e. Other (Specify): Comments: undefined	$	0.00
Total: *(1+3c,d,e)*	$	13,385.32

D. Receipts from Federal Government

Please no commas or dollar signs for the input

2. Other Federal Agencies		
a. Forest Service:	$	0.00
b. FEMA:	$	0.00
c. HUD:	$	0.00
d. Federal Transit Administration:	$	0.00
e. U.S. Corp of Engineers	$	0.00
f. Other Federal:	$	0.00
Total: *(2a-f)*	$	0.00

See accompanying Independent Auditors' Report.

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ANNUAL HIGHWAY FINANCE REPORT - CY19

Email address: thetownofpitkin@gmail.com
City/County: Pitkin

II - RECEIPTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Receipts from local sources

2. General Fund Appropriations:	$	0.00
3. Other local imposts: *from A.3. 'Total' below)*	$	6,710.01
4. Miscellaneous local receipts: *from A.4. 'Total' below)*	$	2,995.41
5. Transfers from toll facilities	$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	$	0.00
b. Bonds - Refunding Issues:	$	0.00
c. Notes:	$	0.00
SubTotal:	$	9,705.42

B. Private Contributions	$	0.00