TOWN OF RYE, COLORADO

FINANCIAL STATEMENTS

December 31, 2019

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

6140 S. Gun Club Rd, Suite K6-132
Aurora, Colorado 80016
303.835.6815
Fax: 303.997.1056

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the Board of Trustees
Town of Rye
Rye, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Rye (the "Town") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Rye as of December 31, 2019, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the Town adopted the standard of the Governmental Accounting Standards Board (GASB) No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule, the schedule of proportionate share of the net pension liability, the schedule of town contributions, schedule of proportionate share of the net OPEB liability, and schedule of town OPEB contributions on pages 37 – 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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.

Management has omitted the management's discussion and analysis that GASB requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The accompanying supplementary information and other information 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements.

The supplementary information and other information have been subjected to the auditing procedures applied in the audit of the basic 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 supplementary information and other information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
September 9, 2020

BASIC FINANCIAL STATEMENTS

TOWN OF RYE, COLORADO

STATEMENT OF NET POSITION
December 31, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	$ 28,950	$ 118,109	$ 147,059
Cash and Cash Equivalents - Restricted	-	32,904	32,904
Receivables			
Property Taxes	10,863	-	10,863
Accounts	2,275	19,714	21,989
Internal Balances	27,341	(27,341)	-
Inventory	-	4,075	4,075
Capital Assets, Not Depreciated	-	4,786	4,786
Capital Assets, Depreciated Net of Accumulated Depreciation	-	2,789,953	2,789,953
TOTAL ASSETS	69,429	2,942,200	3,011,629
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pensions	6,584	-	6,584
Deferred Outflows of Resources Related to OPEB	400	-	400
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,984	-	6,984
LIABILITIES			
Accounts Payable	25,267	-	25,267
Accrued Salaries and Benefits	534	-	534
Noncurrent Liabilities			
Due in One Year	-	16,330	16,330
Due in More Than One Year	-	371,010	371,010
Net Pension Liability	24,883	-	24,883
Net OPEB Liability	2,088	-	2,088
TOTAL LIABILITIES	52,772	387,340	440,112
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	10,863	-	10,863
Deferred Inflows of Resources Related to Pensions	1,407	-	1,407
Deferred Inflows of Resources Related to OPEB	146	-	146
TOTAL DEFERRED INFLOWS OF RESOURCES	12,416	-	12,416
NET POSITION			
Net Investment in Capital Assets	-	2,407,399	2,407,399
Restricted for Debt Service	-	16,330	16,330
Restricted for Emergencies	1,000	-	1,000
Restricted for Parks and Recreation	17,931	-	17,931
Restricted for Street Improvements	6,318	-	6,318
Unrestricted, Unreserved	(14,024)	131,131	117,107
TOTAL NET POSITION	$ 11,225	$ 2,554,860	$ 2,566,085

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

TOWN OF RYE, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 38,760	$ -	$ -	$ -
Public Safety	2,685	-	-	-
Public Works	2,774	-	-	-
Parks and Recreation	1,343	-	-	1,787
Inerest on Long-Term Debt	-	-	-	-
Total Governmental Activities	45,562	-	-	1,787
Business-Type Activities				
Water	223,971	133,143	-	-
Sewer	187,471	69,282	-	-
Interest on Long-Term Debt	6,990	-	-	-
Total Business-Type Activities	418,432	202,425	-	-
Total Primary Government	$ 463,994	$ 202,425	$ -	$ 1,787

GENERAL REVENUES
Property Taxes
Franchise Taxes
Other Taxes
Grant Revenue
Interest
Miscellanous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning, As Restated

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
$ (38,760)	$ -	$ (38,760)
(2,685)	-	(2,685)
(2,774)	-	(2,774)
444	-	444
-	-	-
(43,775)	-	(43,775)
-	(90,828)	(90,828)
-	(118,189)	(118,189)
-	(6,990)	(6,990)
-	(216,007)	(216,007)
(43,775)	(216,007)	(259,782)
11,668	-	11,668
8,701	-	8,701
8,768	-	8,768
-	24,576	24,576
707	34	741
974	1,336	2,310
30,818	25,946	56,764
(12,957)	(190,061)	(203,018)
24,182	2,744,921	2,769,103
$ 11,225	$ 2,554,860	$ 2,566,085

TOWN OF RYE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2019

	GENERAL FUND
ASSETS	
Cash and Cash Equivalents	$ 28,950
Property Taxes Receivable	10,863
Due from Other Funds	27,341
Accounts Receivable	2,275
TOTAL ASSETS	69,429
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	
LIABILITIES	
Accounts Payable	25,267
Accrued Expenses	534
TOTAL LIABILITIES	25,801
DEFERRED INFLOW OF RESOURCES	
Deferred Property Tax Revenue	10,863
FUND EQUITY	
Fund Balance	
Restricted for Emergencies	1,000
Restricted for Parks and Recreation	17,931
Restricted for Street Improvements	6,318
Unassigned	7,516
TOTAL FUND EQUITY	32,765
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	$ 69,429

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances of Governmental Funds	$ 32,765
Deferred outflows and inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the fund:	
Deferred outflows of resources - difference in expected vs actual experience - pension	597
Deferred outflows of resources - difference in projected vs actual earnings - pension	2,593
Deferred outflows of resources - change in proportionate share of pension liability	92
Deferred outflows of resources - pension contributions from the measurement date	3,302
Deferred outflows of resources - difference in expected vs actual experience - OPEB	7
Deferred outflows of resources - difference in projected vs actual earnings - OPEB	8
Deferred outflows of resources - change in proportionate share of OPEB liability	128
Deferred outflows of resources - changes of assumptions	13
Deferred outflows of resources - OPEB contributions from the measurement date	244
Deferred inflows of resources - change in proportionate share of pension liability	(1,407)
Deferred inflows of resources - change in proportionate share of OPEB liability	(144)
Deferred inflows of resources - difference in expected vs actual experience - OPEB	(2)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These amounts include:	
Net pension liability	(24,883)
Net OPEB liability	(2,088)
Net position of governmental activities	$ 11,225

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

TOWN OF RYE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND
Year Ended December 31, 2019

	GENERAL FUND
REVENUES	
Taxes	$ 20,710
Intergovernmental	10,214
Interest	707
Miscellaneous	974
TOTAL REVENUES	32,605
EXPENDITURES	
Current	
General Government	46,459
Public Safety	2,685
Public Works	2,774
Parks and Recreation	1,343
TOTAL EXPENDITURES	53,261
NET CHANGE IN FUND BALANCE	(20,656)
FUND BALANCE, Beginning, As Restated	53,421
FUND BALANCE, Ending	$ 32,765

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

Net Changes in Fund Balances - Total Governmental Funds	$ (20,656)
In the statement of activities, certain operating expenses, pension expense, are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these itemsare measured by the amount of financial resources used or due (the amounts actually paid). This amount represents the net effect of pension and OPEB related amounts, including amortization of deferred outflows and deferred inflows of resources related to pensions and OPEB, in the statement of activities.	7,699
Change in Net Position of Governmental Activities	$ (12,957)

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

TOWN OF RYE, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
December 31, 2019

	WATER FUND	SEWER FUND	TOTALS
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 107,256	$ 10,853	$ 118,109
Cash and Cash Equivalents - Restricted	32,904	-	32,904
Accounts Receivable, Net	12,403	7,311	19,714
Due from Other Funds		26,003	26,003
Inventory	4,075	-	4,075
Total Current Assets	156,638	44,167	200,805
Noncurrent Assets			
Capital Assets, Not Being Depreciated	4,786	-	4,786
Capital Assets, Net of Accumulated Depreciation	1,398,319	1,391,634	2,789,953
Total Noncurrent Assets	1,403,105	1,391,634	2,794,739
TOTAL ASSETS	1,559,743	1,435,801	2,995,544
LIABILITIES			
Current Liabilities			
Due to Other Funds	53,344	-	53,344
Loan Payable - Current Portion	16,330	-	16,330
Total Current Liabilities	69,674	-	69,674
Noncurrent Liabilities			
Loan Payable	371,010	-	371,010
Total Noncurrent Liabilities	371,010	-	371,010
TOTAL LIABILITIES	440,684	-	440,684
NET POSITION			
Net Investment in Capital Assets	1,015,765	1,391,634	2,407,399
Restricted for Debt Service	16,330	-	16,330
Unreserved	86,964	44,167	131,131
TOTAL NET POSITION	$ 1,119,059	$ 1,435,801	$ 2,554,860

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

TOWN OF RYE, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPES
Year Ended December 31, 2019

	WATER FUND	SEWER FUND	TOTALS
OPERATING REVENUES			
Charges for Services	$ 130,922	$ 69,282	$ 200,204
Connection and Late Fees	2,221	-	2,221
Miscellaneous	1,336	-	1,336
TOTAL OPERATING REVENUES	134,479	69,282	203,761
OPERATING EXPENSES			
Operations and Maintenance	90,789	98,026	188,815
Administrative and General	16,983	23,177	40,160
Depreciation	116,199	66,268	182,467
TOTAL OPERATING EXPENSES	223,971	187,471	411,442
OPERATING INCOME (LOSS)	(89,492)	(118,189)	(207,681)
NON-OPERATING REVENUES (EXPENSES)			
Grant Revenue	24,576	-	24,576
Interest Income	25	9	34
Interest Expense	(6,990)	-	(6,990)
TOTAL NON-OPERATING REVENUES (EXPENSES)	17,611	9	17,620
NET INCOME (LOSS)	(71,881)	(118,180)	(190,061)
NET POSITION, Beginning, As Restated	1,190,940	1,553,981	2,744,921
NET POSITION, Ending	$ 1,119,059	$ 1,435,801	$ 2,554,860

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

TOWN OF RYE, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
Year Ended December 31, 2019
Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	SEWER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 137,457	$ 67,336	$ 204,793
Cash Received from Others	1,336	-	1,336
Cash Paid to Suppliers	(83,108)	(76,303)	(159,411)
Cash Paid to Employees	(24,253)	(46,354)	(70,607)
Net Cash Provided (Used) by Operating Activities	31,432	(55,321)	(23,889)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Loan Principal Payments	(16,048)	-	(16,048)
Interest Payments	(6,990)	-	(6,990)
Grant Revenue	24,576	-	24,576
Net Cash Provided by Capital and Related Financing Activities	1,538	-	1,538
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	25	9	34
Net Cash Provided by Investing Activities	25	9	34
Net Increase (Decrease) in Cash and Cash Equivalents	32,995	(55,312)	(22,317)
CASH AND CASH EQUIVALENTS, Beginning	103,782	69,548	173,330
CASH AND CASH EQUIVALENTS, Ending	$ 136,777	$ 14,236	$ 151,013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (89,492)	$ (118,189)	$ (207,681)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation and Amortization	116,199	66,268	182,467
Changes in Assets and Liabilities			
Accounts Receivable	4,314	(1,946)	2,368
Inventory	532	-	532
Accounts Payable	(121)	(1,454)	(1,575)
Total Adjustments	120,924	62,868	183,792
Net Cash Provided (Used) by Operating Activities	$ 31,432	$ (55,321)	$ (23,889)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Town of Rye (the "Town") is a Colorado statutory town (a municipal corporation), established in 1937, is governed by a Mayor and a Board of Trustees elected by the residents. The Town provides public safety, public works, municipal court, parks and recreation, water, sewer, and general administrative services to its residents.

The accounting policies of 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. The Town adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than* Pensions (Statement No. 75), for the year ended December 31, 2019. Adoption of this statement revised and established new reporting requirements for other post employment benefits provided by the Town to its employees. A summary of the Town's more significant accounting policies follows.

Reporting Entity

In accordance with governmental accounting standards, the Town has considered the possibility of including additional entities in its 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 the Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organipgzation or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, the Town does not include additional organizations in its report entity.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise 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 granting agency 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, except for expenditure driven grants as defined in the following paragraph.

Taxes, intergovernmental revenue and interest associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Grant and similar revenues are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues are considered to be measurable and available only when cash is received by the Town.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 proprietary 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 or capital contributions.

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

The Town reports the following major governmental fund in the fund financial statements:

General Fund – The General Fund is used to account for the general operations and specific programs of the Town.

The Town reports the following major proprietary funds:

Water Fund – The Water Fund accounts for the financial activities associated with providing water services.

Sewer Fund – The Sewer Fund accounts for the financial activities associated with providing sewer services.

Assets, Liabilities, Fund Balance/Net Assets

Cash and Cash Equivalents – For the purposes of reporting in the statement of cash flows, cash equivalents include certificates of deposit and investments with original maturities of three months or less. Investments are reported at fair value.

Receivables – Due from other governments and accounts receivable are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Inventory – Inventory is valued at cost using the first-in, first-out method in the proprietary funds. The cost of inventory is recorded as expense when consumed rather than when purchased.

Capital Assets – Capital assets, which include property, plant, buildings and related improvements, equipment, vehicles, and all infrastructure owned by the Town, are reported in the applicable government-wide or business-type activities columns of the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than $1,000 (as adopted in February 2019) 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 estimated fair market value at the date of donation.

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

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

Buildings, Systems and Improvements	7 – 40 years
Equipment, Machinery, and Vehicles	3 – 20 years

General infrastructure assets acquired prior to January 1, 2002 are not being reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure acquired subsequent to January 1, 2002.

Long-Term Debt - In the government-wide financial statements, and the proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the government-wide and proprietary funds, debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Net Position – In the government-wide and proprietary fund financial statements, net position is restricted when constraints placed on the net position are externally imposed.

- Net Investment in Capital Assets – this classification is intended to report the portion of net position which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.
- Restricted Net Position – this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position – this classification includes assets that do not have any third party limitation on their use.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact.

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, the Town Board of Trustees. The constraint may be removed or changed only through formal action of the Town Board of Trustees.

- Assigned – This classification includes amounts that are constrained by the Town's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Town Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are 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. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are reported at December 31.

Pensions

The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Colorado General Assembly passed significant pension reform though Senate Bill (SB) 18-200: *Concerning Modifications To The Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed by Governor Hickenlooper on June 4, 2018. A brief description of some of the major changes to plan provision required by SB 18-200 for the LGDTF that were in effect on the LGDTF's December 31, 2018 measurement date are listed below. A full copy of the bill can be found oneline at www.leg.colorado.gov.

- Increases employee contribution rates for the LGDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions (Continued)

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to members of the Local Government Division hired on or after January 1, 2019. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

OPEB

The Town participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

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

Subsequent Events

The Town has evaluated events subsequent to the year ended December 31, 2019 through September 9, 2020, the date of these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events (Continued)

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures of certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Town is located. It is unknown how long these conditions will last and what the complete financial effect will be to the Town.

NOTE 2: CASH AND CASH EQUIVALENTS

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

Cash Deposits	$ 179,963

Cash and cash equivalents are reported in the financial statements as follows:

Cash and Cash Equivalents	$ 147,059
Cash and Cash Equivalents – Restricted	32,904
Total	$ 179,963

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to $250,000 for each financial institution. 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. At December 31, 2019, the Town had bank deposits totaling $179,963 all of which were insured by FDIC.

Investments

The Town does not have a formal investment policy; however, the Town follows state statutes regarding investments. The Town generally limits its concentration risk of investments to Local Government Investment Pools, obligations of the

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

Investments (Continued)

United States and certain U. S. government agency securities, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration of risk for investments that are in the possession of another party.

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

State statutes specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following.

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

At December 31, 2019, the Town had no investments.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of amounts for operating and maintenance and debt service reserves as required by the loan agreement.

NOTE 3: INTERFUND PAYABLES

At December 31, 2019, the Town's General, Water and Sewer Funds had temporary amounts due between the funds related to cash collected or expenses paid that will be reimbursed in the following year.

Due from Other Funds	Due to Other Funds	Amount
General Fund	Water Fund	$ 27,341
Sewer Fund	Water Fund	26,003
Total		$ 53,344

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, is summarized below:

	Balances 12/31/2018	Additions	Deletions	Balances 12/31/2019
Government-wide Activities:				
Capital Assets, being depreciated				
Machinery and Equipment	$ 14,797	$ -	$ -	$ 14,797
Less accumulated depreciation				
Machinery and Equipment	(14,797)	-	-	(14,797)
	$ -	$ -	$ -	$ -

	Balances As Restated 12/31/2018	Additions	Deletions	Balances 12/31/2019
Business-type Activities:				
Capital Assets, not being depreciated				
Land	$ 2,177	$ -	$ -	$ 2,177
Water Rights	2,609	-	-	2,609
Total Capital Assets, not being depreciated	4,786	-	-	4,786
Capital Assets, being depreciated				
Water System	1,535,257	-		1,535,257
Wastewater System	1,988,049	-	-	1,988,049
Water Storage and Lines	179,435	-	-	179,435
Machinery and Equipment	244,909	-	-	244,909
Total Capital Assets, being depreciated	3,947,650	-	-	3,947,650
Less accumulated depreciation				
Water System	(286,231)	(90,216)	-	(376,447)
Wastewater System	(530,146)	(66,268)	-	(596,414)
Water Storage and Lines	(49,060)	(7,937)	-	(56,997)
Machinery and Equipment	(109,793)	(18,046)	-	(127,839)
Total accumulated depreciation	(975,230)	(182,467)	-	(1,157,697)
Total Capital Assets, being depreciated, net	4,922,880	(182,467)	-	2,789,953
Total Capital Assets, net	$ 4,927,666	$ (182,467)	$ -	$ 2,794,739

Depreciation expense for the Business-type Activities was charged to the functions/programs as follows:

Water Fund	$116,199
Sewer Fund	66,268
Total	$ 182,467

NOTE 5: LONG-TERM DEBT

Business-type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2019.

	Balance 12/31/2018	Borrowings	Repayments	Balance 12/31/2019	Due Within One Year
Business-type Activities					
CWRPDA Water Loan	$ 403,388	$ -	$ 16,048	$ 387,340	$ 16,330

Water Loan

On March 27, 2009, the Town entered into a loan agreement with the Colorado Water Resource and Power Development Authority (the "Authority") in the principal amount of $1,040,000 for the purpose of constructing water treatment plant and making water system improvements. In 2011, the Authority reduced the loan principal by $478,061. Principal and interest payments are due semi-annually on May 1 and November 1, through November 1, 2039. Interest accrues at 1.75% per annum.

Pledged Revenues – The loan is payable solely from revenues of the Town's water system after deducting operating and maintenance costs, excluding depreciation. During the year ended December 31, 2019, net revenues of $26,732 was available to pay the annual debt service of $23,038.

The payments under this loan agreement are summarized as follows:

Year Ended December 31	Principal	Interest	Total
2020	16,330	6,707	23,037
2021	16,617	6,420	23,037
2022	16,909	6,128	23,037
2023	17,207	5,830	23,037
2024	17,510	5,527	23,037
2025-2029	92,267	22,918	115,185
2030-2034	100,668	14,517	115,185
2035-2039	109,832	5,353	115,185
	$ 387,340	$ 73,400	$ 460,740

NOTE 6: PUBLIC ENTITY RISK POOL

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. For these 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 provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and directors and officers liability 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.

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 entity.

Worker's Compensation – The Town obtains workers' compensation insurance from a commercial insurance company, separate from CIRSA.

NOTE 7: RETIREMENT COMMITMENTS

Multiple-Employer Defined Benefit Pension Plan

Plan Description. Eligible employees of the Town are provided with pensions through the LGDTF—a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA". Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 7: RETIREMENT COMMITMENTS (Continued)

Benefits Provided as of December 31, 2017. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 1.5% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1% based on the parameters specified C.R.S. § 24-51-413.

NOTE 7: RETIREMENT COMMITMENTS (Continued)

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contribution provisions as of December 31, 2019. Eligible employees and the Town are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq*. and § 24-51-413. Eligible employees are required to contribute 8% of their PERA-includable salary during the period of January 1, 2019 through December 31, 2019. The employer contribution requirements during the period of January 1, 2019 through December 31, 2019 are summarized in the table below:

	(1)
Employer Contribution Rate	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%
Amount Apportioned to the SCHDTF	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. 24-51-1411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. 24-51-1411	1.50%
Total Employer Contribution Rate to the LGDTF	12.68%

(1) - Rates are expressed as a percentage of salary as defined in C.R.S. 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were $1,646 for the year ended December 31, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2019 the Town reported a liability of $24,883 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard updated procedures were used to roll forward the total pension liability to December 31, 2017. The Town's proportion of the net pension liability was based on Town contributions to the LGDTF for the calendar year 2017 relative to the total contributions of

NOTE 7: RETIREMENT COMMITMENTS (Continued)

participating employers to the LGDTF.

At December 31, 2018, the Town's proportion was .001979%, which was a decrease of .00016% from its proportion measured as of December 31, 2017. For the year ended December 31, 2019, the Town recognized pension income of $7,368. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 597	$ -
Net difference between projected and actual earnings on pension plan investments	2,593	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	92	(1,407)
Contributions subsequent to the measurement date	3,302	-
Total	$ 6,584	$ (1,407)

$3,302 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	
2020	$ 140
2021	439
2022	648
2023	648

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation:	2.40%
Real wage growth:	1.10%
Wage inflation:	3.50%
Salary increases, including wage inflation:	3.50% – 10.45%
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation:	7.25%

NOTE 7: RETIREMENT COMMITMENTS (Continued)

Discount rate:	7.25%
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07:	2.00%
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic):	Financed by the Annual Increase Reserve

These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate:	7.25%
Post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07:	0.00% through 2019 and 1.5% compounded annually, thereafter
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic):	Financed by the Annual Increase Reserve

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90% of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

NOTE 7: RETIREMENT COMMITMENTS (Continued)

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions as shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In

NOTE 7: RETIREMENT COMMITMENTS (Continued)

subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above actuarial cost method and assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

NOTE 7: RETIREMENT COMMITMENTS (Continued)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of Net Pension Liability	$ 38,066	$ 24,883	$ 13,854

Pension Plan Fiduciary Net Position Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Changes between the measurement date of the net pension liability and December 31, 2019. During the 2019 legislative session, the Colorado General Assembly passed significant pension reform through SB 19-1217: *PERA Public Employees' Retirement Association Local Government Division Member Contribution Rate.* The bill was signed into law by Governor Polis on May 20, 2019, and eliminates the 2% increase in the contribution rate for members in the Local Government Division mandated by SB 18-200.

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN

Plan Description. Eligible employees of the Town are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in one or more of the four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated to the. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure. The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Town were $132 for the year ended December 31, 2018.

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At December 31 2019, the Town reported a liability of $2,088 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Town's proportion of the net OPEB liability was based on Town contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the Town's proportion was 0.00015%, which was a decrease of 0.00013% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Town recognized OPEB income of $331. At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 7	$ (2)
Net difference between projected and actual earnings on pension plan investments	8	-
Changes of assumptions or other inputs	13	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	128	(144)
Contributions subsequent to the measurement date	244	-
Total	$ 400	$ (146)

$244 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,	
2020	$ 6
2021	6
2022	7
2023	7
2024	(21)
2025	5

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Actuarial Cost Method:	Entry age
Price inflation:	2.40%
Real wage growth:	1.10%
Wage inflation:	3.50%
Salary increases, including wage inflation:	3.50% in aggregate
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation:	7.25%
Discount rate:	7.25%
Health care cost trend rates	
PERA Benefit Structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.25% for 2018, gradually Rising to 5% in 2025

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$ 736	$ 367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A Premium is $422 per month.

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A	
Self-Funded Medicare Supplement Plans	$	289
Kaiser Permanente Medicare Advantage HMO		300
Rocky Mountain Health Plans Medicare HMO		270
UnitedHealthcare Medicare HMO		400

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Year	PERACare Medicare Plans	Medicare Part A Premium
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70% factor applied to male rates and a 55% factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73% factor applied to rates for ages less than 80, a 108% factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78% factor applied to rates for ages less than 80, a 109% factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the Town and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93% factor applied to rates for ages less than 80, a 113% factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68% factor applied to rates for ages less than 80, a 106%

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90% of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
PERACare Medicare Trend Rate	4.00%	5.00%	6.00%
Initial Mediare Part A Trend Rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A Trend Rate	3.25%	4.25%	5.25%
Net OPEB Liability	$ 2,337	$ 1,995	$ 1,876

Discount rate. The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

NOTE 8: DEFINED BENEFIT OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%.

Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of Net OPEB Liability	$ 2,243	$ 2,088	$ 1,783

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

expiring tax, or tax policy change directly causing a net tax revenue gain to the Town. Revenue in excess of the fiscal spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The Town's management believes it is in compliance with the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2019, the emergency reserve of $1,000 was reported as restricted fund balance in the General Fund.

Claims and Judgments

The Town participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2019, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Town.

NOTE 10: PRIOR PERIOD RESTATEMENTS

During the year ended December 31, 2019, the Town received additional information related to receivables, payables and capital assets in order to correct errors reported in prior years. As a result, beginning balances for the General, Water, and Sewer Funds, and the Governmental Activities and Business-type Activities were restated to correct the beginning balances as of January 1, 2019.

A recap is provided below:

Beginning Fund Balance – General Fund, as previously reported at January 1, 2019	$ 42,909
Property Taxes Receivable	10,512
Beginning Fund Balance – General Fund, January 1, 2019, as restated	$ 53,421

NOTE 10: PRIOR PERIOD RESTATEMENTS (Continued)

Beginning Net Position – Governmental Activities, as previously reported at January 1, 2019	$ 42,909
Property Taxes Receivable	10,512
Net Pension Liability and related Deferred Outflows and Inflows of Resources	(27,074)
Net OPEB Liability and related Deferred Outflows and Inflows of Resources	(2,165)
Beginning Net Position – Governmental Activities, January 1, 2019, as restated	$ 24,182

Beginning Net Position – Water Fund, as previously reported at January 1, 2019	$ 808,438
Accounts Receivable	14,630
Capital Assets, net of accumulated depreciation	367,872
Beginning Net Position – Water Fund, January 1, 2019, as restated	$ 1,190,940

Beginning Net Position – Sewer Fund, as previously reported at January 1, 2019	$ 1,524,171
Accounts Receivable	5,365
Capital Assets, net of accumulated depreciation	24,445
Beginning Net Position – Sewer Fund, January 1, 2019, as restated	$ 1,553,981

Beginning Net Position – Business-type Activities, as previously reported at January 1, 2019	$ 2,332,609
Accounts Receivable	19,995
Capital Assets, net of accumulated depreciation	392,317
Beginning Net Position – Water Fund, January 1, 2019, as restated	$ 2,744,921

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF RYE, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	$ 20,761	$ 20,710	$ (51)
Intergovernmental	9,220	10,214	994
Interest	10	707	697
Miscellaneous	-	974	974
TOTAL REVENUES	29,991	32,605	2,614
EXPENDITURES			
Current			
General Government	20,863	46,459	(25,596)
Public Safety	1,100	2,685	(1,585)
Public Works	10,500	2,774	7,726
Parks and Recreation	210	1,343	(1,133)
TOTAL EXPENDITURES	32,673	53,261	(20,588)
NET CHANGE IN FUND BALANCE	(2,682)	(20,656)	(20,656)
FUND BALANCE, Beginning As Restated	32,364	53,421	53,421
FUND BALANCE, Ending	$ 29,682	$ 32,765	$ 32,765

See the accompanying Independent Auditor's Report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2019

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the Town. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and long-term debt principal are budgeted as expenditures and depreciation is not budgeted.

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

- In September, Management submits to the Town Board of 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.
- Public hearings are conducted to obtain taxpayer and public 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 must be approved by the Town Board of Trustees.
- All budget appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

Legal Compliance

For the year ended December 31, 2019, the General and Sewer Funds actual expenditures exceeded budgeted expenditures by $20,588 and $11,890, respectively. These may be violations of State statutes.

TOWN OF RYE, COLORADO

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PERA Local Government Division Trust Fund Pension Plan
Last Ten Years*

	2018	2017	2016
Proportion of the Net Pension Liability	0.00198%	0.00214%	0.00198%
Proportionate Share of the Net Pension Liability	$ 24,883	$ 23,874	$ 27,845
Total Covered Payroll	$ 11,900	$ 12,574	$ 12,942
Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	209.10%	189.87%	215.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.96%	79.37%	73.65%
Total Pension Liability	$ 5,228,602,000	$ 5,396,516,000	$ 5,123,847,000
Plan Fiduciary Net Position	3,971,389,000	4,283,086,000	3,773,506,000
Net Pension Liability	$ 1,257,213,000	$ 1,113,430,000	$ 1,350,341,000

* - The amounts presented for each fiscal year were determined as of 12/31.

NOTE: Information for the prior seven years was not available to report.

See the accompanying Independent Auditor's Report.

TOWN OF RYE, COLORADO

SCHEDULE OF PENSION CONTRIBUTIONS
PERA Pension Plan
Last Ten Fiscal Years

	2019	2018	2017
Contractually Required Contribution	$ 1,509	$ 1,594	$ 1,522
Contributions in Relation to the Contractually Required Contribution	1,509	1,594	1,522
Contribution Deficiency (Excess)	$ -	$ -	$ -
Total Covered Payroll	$ 11,900	$ 12,574	$ 12,000
Contributions as a Percentage of Total Covered Payroll	12.68%	12.68%	12.68%

NOTE: Information for the prior seven years was not available to report.

See the accompanying Independent Auditor's Report.

TOWN OF RYE, COLORADO

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OTHER POST EMPLOYMNT BENEFIT LIABILITY
PERA HCTF OPEB Plan
Last Ten Years*

	2018	2017	2016
Proportion of the Net OPEB Liability (Asset)	0.00015%	0.00017%	0.00015%
Proportionate Share of the Net OPEB Liability (Asset)	$ 2,088	$ 2,165	$ 1,970
Total Covered Payroll	$ 11,900	$ 12,574	$ 12,942
Proportionate Share of Net OPEB Liability as a Percentage of its Covered Employee Payroll	17.55%	17.22%	15.22%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	17.03%	17.53%	16.72%
Total OPEB Liability	$ 1,639,734,000	$ 1,575,822,000	$ 1,556,762,000
Plan Fiduciary Net Position	279,192,000	276,222,000	260,228,000
Net OPEB Liability	1,360,542,000	1,299,600,000	1,296,534,000

* - The amounts presented for each fiscal year were determined as of 12/31.

NOTE: Information for the prior seven years was not available to report.

TOWN OF RYE, COLORADO

SCHEDULE OF OPEB CONTRIBUTIONS
PERA HCTF OPEB Plan
Last Ten Fiscal Years

	2019	2018	2017
Contractually Required Contribution	121	128	132
Contributions in Relation to the Contractually Required Contribution	121	128	132
Contribution Deficiency (Excess)	$ -	$ -	$ -
Total Covered Payroll	11,900	12,574	12,942
Contributions as a Percentage of Total Covered Payroll	1.02%	1.02%	1.02%

NOTE: Information for the prior seven years was not available to report.

See the accompanying Independent Auditors' Report.

SUPPLEMENTARY INFORMATION

TOWN OF RYE, COLORADO

WATER FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	$ 124,300	$ 130,922	$ 6,622
Connection and Late Fees	750	2,221	1,471
Investment Income	30	25	(5)
Grant Revenue	-	24,576	24,576
Miscellaneous	-	1,336	1,336
TOTAL REVENUES	125,080	159,080	34,000
EXPENDITURES			
Operations and Maintenance	87,613	90,789	(3,176)
Administration and General	11,100	16,983	(5,883)
Capital Outlay	14,800	-	14,800
Debt Service			
Principal	17,000	16,048	952
Interest	6,000	6,990	(990)
TOTAL EXPENDITURES	136,513	130,810	5,703
NET INCOME, Budget Basis	$ (11,433)	28,270	$ 28,270
GAAP BASIS ADJUSTMENTS			
Depreciation		(116,199)	
Principal Paid on Long-Term Debt		16,048	
NET INCOME, GAAP Basis		(71,881)	
NET POSITION, Beginning As Restated		1,190,940	
NET POSITION, Ending		$ 1,119,059	

See the accompanying Independent Auditor's Report.

TOWN OF RYE, COLORADO

SEWER FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2019

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	$ 68,400	$ 69,282	$ 882
Investment Income	25	9	(16)
TOTAL REVENUES	68,425	69,291	866
EXPENDITURES			
Operations and Maintenance	63,000	98,026	(35,026)
Administration and General	30,313	23,177	7,136
Capital Outlay	16,000	-	16,000
TOTAL EXPENDITURES	109,313	121,203	(11,890)
NET INCOME, Budget Basis	$ (40,888)	(51,912)	$ (11,024)
GAAP BASIS ADJUSTMENTS			
Depreciation		(66,268)	
NET INCOME, GAAP Basis		(118,180)	
NET POSITION, Beginning As Restated		1,553,981	
NET POSITION, Ending		$ 1,435,801	

See the accompanying Independent Auditor's Report.

OTHER INFORMATION

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Rye YEAR ENDING : December 2019
This Information From The Records Of Town of Rye	Prepared By: Sherri Beach Phone: 719-489-2011

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	
3. Other local imposts (from page 2)	0
4. Miscellaneous local receipts (from page 2)	61
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)	61
B. Private Contributions	
C. Receipts from State government (from page 2)	7,037
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	7,098

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	1,551
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	2,140
c. Other	6,982
d. Total (a. through c.)	9,122
4. General administration & miscellaneous	29
5. Highway law enforcement and safety	
6. Total (1 through 5)	10,702
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)	10,702

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
9,923	7,098	10,702	6,319	0

Notes and Comments:

See the accompanying Independent Auditor's Report.

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2019

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	4
b. Other local imposts:		b. Traffic Fines & Penalities	
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	0
5. Specific Ownership &/or Other	0	g. Other Misc. Receipts	5
6. Total (1. through 5.)	0	h. Other	52
c. Total (a. + b.)	0	i. Total (a. through h.)	61
	(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	7,037	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal - CDBG	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	7,037	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			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:

FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE

See the accompanying Independent Auditor's Report.