Town of Eckley, Colorado

Financial Statements

For the Year ended December 31, 2020

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Independent Auditors' Report

To the Honorable Mayor and Members of Town Council
Town of Eckley
Eckley, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Eckley (the Town) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

The Town has not adopted the provisions of GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, including disclosures and required supplementary information. An actuarial valuation has not been obtained. The effects on the financial statements of the failure to obtain this standard has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information, the local highway finance report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 other supplementary information, the local highway finance report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
September 24, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Town of Eckley, Colorado's annual financial report presents the discussion and analysis of the financial performance for the fiscal year that ended December 31, 2020.

FINANCIAL HIGHLIGHTS

- The Town of Eckley remains in good financial condition.
- The assets and deferred outflows of resources of the Town of Eckley exceeded its liabilities and deferred inflows of resources at the close of 2020 by $3,585,473 (net position). Of this amount $177,654 or 5% is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's revenue from taxes and other revenues for governmental programs were more than the expenditures by $1,587,228.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Eckley's basic financial statements. The Town of Eckley's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements.
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies.

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

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

The government-wide financial statements of the Town are divided into two categories:

- **Governmental activities**. Most of the Town' basic services are included here, such as the police , fire, public works, parks, recreation, and general administration. Property tax, franchise tax, severance tax, intergovernmental revenue and charges for services finance most of these activities.
- **Business-type activities**. The Town charges fees to customers to recover most of the costs of certain services provided. The Town's water and sewer systems are included here.

The government-wide financial statements can be found starting on page 12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law, however, Town Council has established other funds to help control and manage money for particular purposes (Community Center Fund) or to show that it is properly using certain revenue (the Conservation Trust Fund). All of the funds of the Town of Eckley can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides a detailed, short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found starting on page 16 of this report.

Proprietary funds. When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The basic proprietary fund financial statements can be found starting on page 20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

The basic fiduciary fund financial statements can be found starting on page 26 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 28 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Eckley, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by $3,585,473 at the close of 2020.

Net Position

Combined net position of the Town of Eckley as of December 31, 2020 are shown in Table 1 below.

Table 1
NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 130,363	$ 128,969	$ 345,451	$ 200,876	$ 475,814	$ 329,845
Capital assets	88,492	98,856	3,984,134	1,768,799	4,072,626	1,867,655
Total assets	218,855	227,825	4,329,585	1,969,675	4,548,440	2,197,500
Deferred outflows of resources	7,369	18,040	3,543	9,419	10,912	27,459
Total assets and deferred outflows of resources	$ 226,224	$ 245,865	$ 4,333,128	$ 1,979,094	$ 4,559,352	$ 2,224,959
Long-term debt outstanding	$ 55,119	$ 65,291	$ 701,251	$ 85,692	$ 756,370	$ 150,983
Other liabilities	4,109	5,372	162,101	26,011	166,210	31,386
Total liabilities	59,228	70,663	863,352	111,703	922,580	182,366
Deferred inflows of resources	42,991	43,429	8,308	919	51,299	44,348
Net position						
Net investment in capital assets	88,492	98,856	3,303,798	1,717,999	3,392,290	1,816,855
Restricted	11,712	13,569	3,817	-	15,529	13,569
Unrestricted	23,801	19,348	153,853	148,473	177,654	167,821
Total net position	124,005	131,773	3,461,468	1,866,472	3,585,473	1,998,245
Total liabilities, deferred inflows of resources and net position	$ 226,224	$ 245,865	$ 4,333,128	$ 1,979,094	$ 4,559,352	$ 2,224,959

The largest portion of the Town of Eckley's net position, 95%, reflects its investment in capital assets (land, buildings and equipment). The Town of Eckley uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. In addition, a portion of the Town of Eckley's net position, 1%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 4%, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2020, the Town of Eckley is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Changes in net position

The Town's total revenue of $2,005,454 was more than program expenses of $418,226 for an increase in net position of $1,587,228.

Table 2
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	$ 30,013	$ 26,886	$ 152,416	$ 146,115	$ 182,429	$ 173,001
Operating grants and contributions	32,824	40,789	1,226	8,774	34,050	49,563
Capital grants and contributions	-	-	1,738,825	62,940	1,738,825	62,940
General revenues						
Property taxes	27,443	23,389	-	-	27,443	23,389
Franchise taxes	6,946	6,758	-	-	6,946	6,758
Severance taxes	702	972	-	-	702	972
Other taxes	3,085	2,876	-	-	3,085	2,876
Mineral lease	381	489	-	-	381	489
Unrestricted interest	322	352	64	300	386	652
Sale of assets	3,583	-	-	-	3,583	-
Miscellaneous	7,591	12,207	33	10,150	7,624	22,357
Transfers	-	11,109	-	(11,109)	-	-
Total revenues	112,890	125,827	1,892,564	217,170	2,005,454	342,997
Program expenses						
General government	31,555	27,394	-	-	31,555	27,394
Public safety	26,104	21,575	-	-	26,104	21,575
Public works	41,797	39,696	-	-	41,797	39,696
Culture and recreation	21,202	26,973	-	-	21,202	26,973
Interest and fiscal charges	-	-	-	-	-	-
Water services	-	-	126,715	121,456	126,715	121,456
Sewer services	-	-	170,853	53,833	170,853	53,833
Total expenses	120,658	115,638	297,568	175,289	418,226	290,927
Change in net position	(7,768)	10,189	1,594,996	41,881	1,587,228	52,070
Net position at beginning of year	131,773	121,584	1,866,472	1,824,591	1,998,245	1,946,175
Net position at end of year	$ 124,005	$ 131,773	$ 3,461,468	$ 1,866,472	$ 3,585,473	$ 1,998,245

Governmental Activities

Revenue for the Town's governmental activities totaled $112,890 for 2020. Tax revenue produced 34% of these revenues. Tax revenue includes property taxes, severance taxes, franchise taxes and other taxes.

Table 3
GOVERNMENTAL ACTIVITIES

	Total cost of services		Net cost of services	
	2020	2019	2020	2019
General government	$ 31,555	$ 27,394	$ 31,268	$ 26,652
Public safety	26,104	21,575	26,104	21,575
Public works	41,797	39,696	(1,276)	(5,772)
Culture and recreation	21,202	26,973	1,725	5,508

Table 3, above, presents the cost and revenue of each of the Town's four largest programs – general government, public safety, public works, and culture recreation – as well as each program's *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Business-type Activities

Net position in business-type activities increased by $1,594,996 in 2020. Business-type activities include water and sewer services.

Table 4
BUSINESS-TYPE ACTIVITIES

	Total cost of services		Net cost of services	
	2020	2019	2020	2019
Water	$ 126,715	$ 121,456	$ 43,098	$ 25,713
Sewer	170,853	53,833	(1,637,997)	(68,253)

Table 4, above, presents the cost and revenue of each of the Town's business-type activities – water and sewer – as well as each program's *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented on pages 16 -19) reported a combined fund balance of $97,345. The community center and conservation trust funds reported fund balance increases of $9,093 and $2,043, respectively, while the general fund reported a fund balance decrease of $9,833.

GENERAL FUND BUDGET HIGHLIGHTS

Over the course of the year, the Town Council did not revise the Town budget.

The actual charges to appropriations (expenditures) were $18,667 more than the final budget amounts.

Additionally, resources available for appropriation (revenues) were $4,125 less than the final budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINSTRATION

Capital Assets. The Town of Eckley's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to $4,072,626 (net of accumulated depreciation). This amount includes a broad range of capital assets, including public works equipment, water and wastewater lines, storm drainage and other infrastructure.

Major asset purchases during 2020 included a mower and wastewater system improvements.

The Town remains committed to the upkeep and maintenance of the Town's largest assets. More detailed information about the Town's capital assets is presented in Table 5 and Note E to the financial statements.

Table 5
CAPITAL ASSETS ON DECEMBER 31, 2020
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$ 3,150	$ 3,150	$ 51,711	$ 51,711	$ 54,861	$ 54,861
Construction in progress	-	-	-	381,509	-	381,509
Buildings	55,686	59,192	-	-	55,686	59,192
Equipment	29,656	36,514	-	-	29,656	36,514
Water and sewer systems	-	-	3,932,423	1,335,579	3,932,423	1,335,579
Total	$ 88,492	$ 98,856	$ 3,984,134	$ 1,768,799	$ 4,072,626	$ 1,867,655

Long-term debt. The Town had $150,983 in debt outstanding at year-end. More detailed information about the Town's long-term debt is presented in Table 6 and Note F to the financial statements.

Table 6
LONG-TERM DEBT

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Note payable	$ -	$ -	$ 680,336	$ 42,500	$ 680,336	$ 42,500
Bonds payable	-	-	-	8,300	-	8,300
Total	$ -	$ -	$ 680,336	$ 50,800	$ 680,336	$ 50,800

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town of Eckley is in a good financial position. In 2020, the Town completed improvements to bring the sewer system into compliance with state and federal regulations. The Town received USDA loan/grant assistance for this project. The Town also raised sewer rates to help with expenses. The Town is in the planning and design stage to update its water system with the work being tentatively planned for 2022. The project is expected to be funded with grants and loans. The remaining funds' revenues and expenditures should be consistent with prior years.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact Town of Eckley, 235 NW Morton, P.O. Box 217, Eckley, Colorado 80727.

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Basic Financial Statements

The basic financial statements of the Town include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and proprietary funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

TOWN OF ECKLEY, COLORADO
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	$ 112,536	$ 139,845	$ 252,381
Cash with county treasurer	318		318
Certificates of deposit	20,030		20,030
Investments	259	141	400
Internal balances	(41,582)	41,582	-
Receivables	38,777	160,066	198,843
Prepaid items	25		25
Capital assets, net of depreciation	88,492	3,984,134	4,072,626
Restricted cash		3,817	3,817
Total assets	218,855	4,329,585	4,548,440
Deferred outflows of resources			
Pension deferrals	7,262	3,352	10,614
Other post-employment benefit deferrals	107	191	298
Total deferred outflows of resources	7,369	3,543	10,912
Total assets and deferred outflows of resources	$ 226,224	$ 4,333,128	$ 4,559,352
Liabilities			
Accounts payable	$ 4,004	$ 144,488	$ 148,492
Accrued interest payable		726	726
Unearned revenues	105	16,887	16,992
Noncurrent liabilities			
Due within one year		17,419	17,419
Due in more than one year		662,917	662,917
Net pension liability	53,948	18,712	72,660
Net other post-employment benefit liability	1,171	2,203	3,374
Total liabilities	59,228	863,352	922,580
Deferred inflows of resources			
Deferred property tax revenues	28,909		28,909
Pension deferrals	13,519	7,516	21,035
Other post-employment benefit deferrals	563	792	1,355
Total deferred inflows of resources	42,991	8,308	51,299
Net position			
Net investment in capital assets	88,492	3,303,798	3,392,290
Restricted for emergencies	3,200		3,200
Restricted for culture and recreation	8,512		8,512
Restricted for debt service		1,817	1,817
Restricted for operations and maintenance		2,000	2,000
Unrestricted	23,801	153,853	177,654
Total net position	124,005	3,461,468	3,585,473
Total liabilities, deferred inflows of resources and net position	$ 226,224	$ 4,333,128	$ 4,559,352

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

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TOWN OF ECKLEY, COLORADO
Statement of Activities
For the Year Ended December 31, 2020

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities				
General government	$ 31,555	$ 287		
Public safety	26,104			
Public works	41,797	25,709	$ 17,364	
Culture and recreation	21,202	4,017	15,460	
Total governmental activities	120,658	30,013	32,824	$ -
Business-type activities				
Water services	126,715	82,391	1,226	
Sewer services	170,853	70,025		1,738,825
Total business-type activities	297,568	152,416	1,226	1,738,825
Total	$ 418,226	$ 182,429	$ 34,050	$ 1,738,825

General revenues
Taxes
Property taxes, levied for general purposes
Franchise taxes
Severance taxes
Other taxes
Mineral lease
Unrestricted interest on investments
Miscellaneous
Gain on sale of assets

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (31,268)		$ (31,268)
(26,104)		(26,104)
1,276		1,276
(1,725)		(1,725)
(57,821)	$ -	(57,821)
	(43,098)	(43,098)
	1,637,997	1,637,997
-	1,594,899	1,594,899
(57,821)	1,594,899	1,537,078
27,443		27,443
6,946		6,946
702		702
3,085		3,085
381		381
322	64	386
7,591	33	7,624
3,583		3,583
50,053	97	50,150
(7,768)	1,594,996	1,587,228
131,773	1,866,472	1,998,245
$ 124,005	$ 3,461,468	$ 3,585,473

TOWN OF ECKLEY, COLORADO
Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	Community Center Fund	Conservation Trust Fund	Total
Assets				
Cash	$ 69,133	$ 34,891	$ 8,512	$ 112,536
Cash with county treasurer	318			318
Certificates of deposit	20,030			20,030
Due from other funds	9,327			9,327
Investments	259			259
Property taxes receivable	28,909			28,909
Accounts receivable	3,611			3,611
Taxes receivable	6,257			6,257
Deposits	25			25
Total assets	$ 137,869	$ 34,891	$ 8,512	$ 181,272
Liabilities				
Accounts payable	$ 3,341	$ 663		$ 4,004
Due to other funds	50,909			50,909
Unearned revenues	105			105
Total liabilities	54,355	663	$ -	55,018
Deferred inflows of resources				
Deferred property tax revenues	28,909			28,909
Total deferred inflows of resources	28,909	-	-	28,909
Fund balance				
Restricted for emergencies	3,200			3,200
Restricted for culture and recreation			8,512	8,512
Committed to culture and recreation		34,228		34,228
Unassigned	51,405			51,405
Total fund balance	54,605	34,228	8,512	97,345
Total liabilities, deferred inflows of resources and fund balance	$ 137,869	$ 34,891	$ 8,512	$ 181,272

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

TOWN OF ECKLEY, COLORADO
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2020

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance - governmental funds	$	97,345
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		88,492
Net pension deferrals used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		(6,713)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		(55,119)
Net position of governmental activities	$	124,005

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

TOWN OF ECKLEY, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2020

	General Fund	Community Center Fund	Conservation Trust Fund	Total
Revenues				
Taxes	$ 38,176			$ 38,176
Licenses and permits	287			287
Intergovernmental	17,745	$ 5,000	$ 2,633	25,378
Fines and forfeitures	160			160
Charges for services	25,709	4,017		29,726
Miscellaneous	5,590	9,980	10	15,580
Total revenues	87,667	18,997	2,643	109,307
Expenditures				
Current				
General government	33,600			33,600
Public safety	24,570			24,570
Public works	40,591			40,591
Culture and recreation	2,322	9,904	600	12,826
Total expenditures	101,083	9,904	600	111,587
Excess of revenues over (under) expenditures	(13,416)	9,093	2,043	(2,280)
Other financing sources				
Proceeds from the sale of assets	3,583			3,583
Net change in fund balance	(9,833)	9,093	2,043	1,303
Fund balance at beginning of year	64,438	25,135	6,469	96,042
Fund balance at end of year	$ 54,605	$ 34,228	$ 8,512	$ 97,345

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

TOWN OF ECKLEY, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - governmental funds	$	1,303
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.		(10,364)
In the statement of activities, certain operating expenses are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		1,293
Change in net position of governmental activities	$	(7,768)

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

TOWN OF ECKLEY, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2020

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current assets			
Cash	$ 112,793	$ 27,052	$ 139,845
Investments	141		141
Due from other funds	92,925	50,909	143,834
Accounts receivable	8,999	8,708	17,707
Grants receivable		142,359	142,359
Total current assets	214,858	229,028	443,886
Noncurrent assets			
Capital assets, net of depreciation	1,133,697	2,850,437	3,984,134
Restricted cash		3,817	3,817
Total noncurrent assets	1,133,697	2,854,254	3,987,951
Total assets	1,348,555	3,083,282	4,431,837
Deferred outflows of resources			
Pension deferrals	2,394	958	3,352
Other post-employment benefit deferrals	137	54	191
Total deferred outflows of resources	2,531	1,012	3,543
Total assets and deferred outflows of resources	$ 1,351,086	$ 3,084,294	$ 4,435,380

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Liabilities			
Current liabilities			
Accounts payable	$ 2,129	$ 142,359	$ 144,488
Due to other funds	9,327	92,925	102,252
Accrued interest payable		726	726
Customer deposits	9,388	7,499	16,887
Current portion of long-term debt	5,000	12,419	17,419
Total current liabilities	25,844	255,928	281,772
Long-term liabilities			
Long-term debt	32,500	630,417	662,917
Net pension liability	13,363	5,349	18,712
Net other post-employment benefit liability	1,573	630	2,203
Total long-term liabilities	47,436	636,396	683,832
Total liabilities	73,280	892,324	965,604
Deferred inflows of resources			
Pension deferrals	5,557	1,959	7,516
Other post-employment benefit deferrals	581	211	792
Total deferred inflows of resources	6,138	2,170	8,308
Net position			
Net investment in capital assets	1,096,197	2,207,601	3,303,798
Restricted for debt service		1,817	1,817
Restricted for operations and maintenance		2,000	2,000
Unrestricted (deficit)	175,471	(21,618)	153,853
Total net position	1,271,668	2,189,800	3,461,468
Total liabilities, deferred inflows of resources and net position	$ 1,351,086	$ 3,084,294	$ 4,435,380

TOWN OF ECKLEY, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating revenues			
Charges for services	$ 82,391	$ 70,025	$ 152,416
Operating expenses			
Salaries	12,000	4,800	16,800
Supplies	1,559	6,289	7,848
Repairs and maintenance	15,693	8,708	24,401
Insurance	7,701	1,100	8,801
Utilities	6,180	2,853	9,033
Audit and legal	3,439	17,389	20,828
Contract services	5,445		5,445
Water testing	1,556		1,556
Miscellaneous	2,563	2,488	5,051
Pension expense	(650)	(62)	(712)
Engineering	3,759		3,759
Depreciation	67,470	27,191	94,661
Total operating expenses	126,715	70,756	197,471
Operating loss	(44,324)	(731)	(45,055)
Nonoperating revenues (expenses)			
Interest on investments	19	45	64
Miscellaneous revenue	33		33
Grant revenue	1,226	1,738,825	1,740,051
Loss on disposal of assets		(93,345)	(93,345)
Interest expense		(6,752)	(6,752)
Total nonoperating revenues (expenses)	1,278	1,638,773	1,640,051
Change in net position	(43,046)	1,638,042	1,594,996
Net position at beginning of year	1,314,714	551,758	1,866,472
Net position at end of year	$ 1,271,668	$ 2,189,800	$ 3,461,468

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

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TOWN OF ECKLEY, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash flows from operating activities			
Receipts from customers	$ 79,993	$ 69,405	$ 149,398
Internal activity - receipts from (payments to) other funds	13,042	(18,127)	(5,085)
Payments to suppliers	(48,077)	(45,294)	(93,371)
Payments to employees	(12,000)	(4,800)	(16,800)
Net cash provided by operating activities	32,958	1,184	34,142
Cash flows from noncapital financing activities			
Miscellaneous revenue	33		33
Net cash provided by noncapital financing activities	33	-	33
Cash flows from capital and related financing activities			
Purchase of capital assets	(13,500)	(2,247,482)	(2,260,982)
Receipt of grant revenues	1,226	1,601,689	1,602,915
Proceeds from notes		651,000	651,000
Principal paid on notes and bonds	(5,000)	(16,464)	(21,464)
Interest paid on notes and bonds		(6,372)	(6,372)
Net cash used by capital and related financing activities	(17,274)	(17,629)	(34,903)
Cash flows from investing activities			
Interest on investments	18	45	63
Redemption of certificate of deposit		13,520	13,520
Net cash provided by investing activities	18	13,565	13,583
Net increase (decrease) in cash	15,735	(2,880)	12,855
Cash at beginning of year	97,058	33,749	130,807
Cash at end of year	$ 112,793	$ 30,869	$ 143,662

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Reconciliation of operating loss to net cash provided by operating activities			
Operating loss	$ (44,324)	$ (731)	$ (45,055)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation	67,470	27,191	94,661
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources			
Due from other funds	3,715	(18,910)	(15,195)
Accounts receivable	(2,398)	(620)	(3,018)
Pension deferrals	9,014	3,759	12,773
Other post-employment benefit deferrals	347	145	492
Accounts payable	(182)	(6,467)	(6,649)
Due to other funds	9,327	783	10,110
Net pension liability	(9,653)	(3,826)	(13,479)
Net other post-employment benefit liability	(358)	(140)	(498)
Net cash provided by operating activities	$ 32,958	$ 1,184	$ 34,142
Cash and cash equivalents at end of year consist of:			
Cash	$ 112,793	$ 27,052	$ 139,845
Restricted cash		3,817	3,817
Total	$ 112,793	$ 30,869	$ 143,662
Supplemental cash flows information:			
Purchase of capital assets included in accounts payable	$ -	$ 142,359	$ 142,359

TOWN OF ECKLEY, COLORADO
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	Pension (and Other Employee Benefit) Trust Funds
Assets	
Cash	$ 2,606
Total assets	$ 2,606
Net position	
Restricted for pensions	$ 2,606
Total net position	$ 2,606

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

TOWN OF ECKLEY, COLORADO
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

	Pension (and Other Employee Benefit) Trust Funds
Additions	
Contributions	
Town	$ 2,000
State	1,000
Funds received from disaffiliation from FPPA	3,023
Total contributions	6,023
Total additions	6,023
Deductions	
Pension benefits	3,289
Office supplies	128
Total deductions	3,417
Change in net position	2,606
Net position at beginning of year	-
Net position at end of year	$ 2,606

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

Note A – Summary of significant accounting policies

This summary of the Town of Eckley's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Town's accounting policies are described below.

A.1 – Reporting entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The Town has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Town has included the Eckley Community Center in its financial statements using blended presentation. The Eckley Community Center is governed by a volunteer committee and is included as part of the primary government because its sole purpose is to maintain and operate the community center building that is owned by the Town.

A.2 – Fund accounting

The Town uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Note A – Summary of significant accounting policies (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), major capital projects (capital projects fund), and the servicing of general long-term debt (debt service fund). The following are the Town's major governmental funds:

General Fund – The General Fund is the operating fund of the Town. It is used to account for most of the day-to-day operations of the Town which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the Town, except for activities of the enterprise funds.

Community Center Fund – This fund was established to provide for an accounting of those funds received through fundraising and donations for the Eckley Community Center. These funds are to be expended on the maintenance and operations of the Center.

Conservation Trust Fund – This fund is a special revenue fund established to account for state lottery proceeds and allowable expenditures.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Town's major proprietary funds:

Water Fund – This fund was established to account for all operations of the water utility services provided by the Town.

Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the Town.

Fiduciary funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Town under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the Town's own programs. The Town has one pension (and other employee benefit) trust fund.

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

Note A – Summary of significant accounting policies (Continued)

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function or program of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund financial statements – Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

Note A – Summary of significant accounting policies (Continued)

Fiduciary funds focus on net position and are reported using accounting principles similar to proprietary funds. The Town's fiduciary funds are presented in the fiduciary fund financial statements by fund type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the Town, these funds are not incorporated into the government-wide financial statements.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues – exchange and nonexchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Note A – Summary of significant accounting policies (Continued)

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

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

A.5 – Encumbrances

The Town does not utilize encumbrance accounting.

A.6 – Cash and cash equivalents

For the purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

A.7 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.8 – Receivables

Monthly charges for water services are included with monthly utility billings. No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

A.9 – Inventories

Inventories in the proprietary funds consist of supplies and are recorded at the lower of cost or market using the first-in, first-out method.

Note A – Summary of significant accounting policies (Continued)

A.10 – Capital assets

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

All capital assets with a unit cost greater than $1,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) will be capitalized on a prospective basis beginning in 2004.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities	Business-type Activities
Buildings	50 years	50 years
Equipment	3-25 years	3-25 years
Improvements other than buildings	10-50 years	10-50 years
Infrastructure	50 years	n/a

Note A – Summary of significant accounting policies (Continued)

A.11 – Compensated absences

It is the policy of the Town to provide their regular employees with greater economic security by granting reasonable personal absences from work due to actual illness or personal reasons. All regular employees of the Town who regularly work a scheduled sixteen hour week may be eligible for these allowances after their first day of employment. Part-time, temporary, and seasonal employees are not eligible. All allowances must be approved by the mayor and/or board of trustees. Full-time employees eligible for these allowances receive sixty hours per year and can be accumulated up to a maximum of 528 hours. Each employee working sixteen hours per week or more shall receive one full week of vacation upon completing one full year of employment with the Town. These allowances are payable at the employee's standard rate of pay in effect at the time of usage. At year-end, the Town had no employees with unused vacation benefits.

A.12 – Accrued liabilities and long-term obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.13 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Note A – Summary of significant accounting policies (Continued)

A.14 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are service charges for water and sewer utility services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

A.15 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.16 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the town council and that are either unusual in nature or infrequent in occurrence. The Town had no transactions that qualify as extraordinary or special items during the year.

A.17 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

Note A – Summary of significant accounting policies (Continued)

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the Town's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the Town's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Town council through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the Town applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

Note B – Cash and investments

Cash and deposits – Colorado State statutes govern the Town's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of year-end, the Town had total deposits of $283,787, which were insured in their entirety.

Note B – Cash and investments (Continued)

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the Town's own investment policies and procedures. Investments of the Town may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

During the year, the Town invested in Colotrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of December 31, 2020, the Town had invested $400 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of $1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

At year-end, the Town had the following investments:

		Investment maturities (in years)		
Investment type	Fair value	Less than 1	1-5	6-10
Investment in Colotrust	$ 400	$ 400	$ -	$ -

Note B – Cash and investments (Continued)

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The Town has no investment policy that would further limit its investment choices. At year-end, the Town's investment in Colotrust was rated AAAm by Standard and Poor's.

Note C – Interfund transactions

The following is a summary of interfund borrowings and transfers for the year as presented in the fund financial statements:

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	$ 9,327
Sewer Fund	General Fund	50,909
Water Fund	Sewer Fund	92,925
Totals		$ 153,161

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note D – Receivables

Receivables at year-end consist of the following:

	Governmental Activities	Business-type Activities	Total Receivables
Property taxes	$ 28,909	$ -	$ 28,909
Accounts	3,611	17,707	21,318
Taxes	6,257	-	6,257
Grants	-	142,359	142,359
Total	$ 38,777	$ 160,066	$ 198,843

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Yuma County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the county are remitted to the Town in the subsequent month.

Note E – Capital assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 3,150	$ -	$ -	$ 3,150
Capital assets, being depreciated:				
Buildings	309,044	-	-	309,044
Equipment	175,741	4,730	(10,274)	170,197
Total capital assets, being depreciated	484,785	4,730	(10,274)	479,241
Total capital assets	487,935	4,730	(10,274)	482,391
Less accumulated depreciation for:				
Buildings	(249,852)	(3,506)	-	(253,358)
Equipment	(139,227)	(11,588)	10,274	(140,541)
Total accumulated depreciation	(389,079)	(15,094)	10,274	(393,899)
Governmental activities capital assets, net	$ 98,856	$ (10,364)	$ -	$ 88,492
Business-type activities				
Capital assets, not being depreciated:				
Land	$ 51,711	$ -	$ -	$ 51,711
Construction in progress	381,509	-	(381,509)	-
Total capital assets, not being depreciated	433,220	-	(381,509)	51,711
Capital assets, being depreciated				
Water and sewer system	2,709,523	2,403,341	(180,665)	4,932,199
Equipment	4,000	-	-	4,000
Total capital assets, being depreciated	2,713,523	2,403,341	(180,665)	4,936,199
Total capital assets	3,146,743	2,403,341	(562,174)	4,987,910

Note E – Capital assets (Continued)

	Beginning Balance	Additions	Deletions/ Adjustments	Ending Balance
Less accumulated depreciation for:				
Water and sewer system	(1,373,944)	(94,661)	468,829	(999,776)
Equipment	(4,000)	-	-	(4,000)
Total accumulated depreciation	(1,377,944)	(94,661)	468,829	(1,003,776)
Business-type activities capital assets, net	$ 1,768,799	$ 2,308,680	$ (93,345)	$ 3,984,134

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities	
General government	$ 782
Public works	5,936
Culture and recreation	8,376
Total governmental activities	15,094
Business-type activities	
Water	67,470
Sewer	27,191
Total business-type activities	94,661
Total depreciation expense	$ 109,755

Note F – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	Beginning Balances	Additions	Reductions	Ending Balances	Due within one year
Business-type activities					
Notes from direct borrowings	$ 42,500	$ 651,000	$ (13,164)	$ 680,336	$ 17,419
Bonds payable	8,300	-	(8,300)	-	-
Total	$ 50,800	$ 651,000	$ (21,464)	$ 680,336	$ 17,419

Note F – Long-term debt (Continued)

Notes payable

Long-term debt at year-end consists of the following individual issues:

CWRPDA Note payable – Water Fund – The Town has entered into a 100,000 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated July 30, 2008, due in semi-annual installments of $2,500 through 2028. The interest rate for the agreement is 0.0%.	$ 37,500
USDA Note payable – Sewer Fund – The Town has entered into a $651,000 note agreement with USDA Rural Development dated April 1, 2020, due in monthly installments of $1,765 through 2060. The interest rate for the agreement is 1.375%.	642,836
Total	$ 680,336

The Town's outstanding notes from direct borrowings related to business-type activities of $680,336 include two individual borrowings as noted above.

The Town's outstanding note with CWRPDA in the amount of $37,500 is secured with collateral from the net revenue from operations and use of the system as defined in the loan agreement. The outstanding note contains a provision that in an event of default as defined in the loan agreement, the Authority shall have the right to take any action permitted or required pursuant to the loan agreement and to take whatever other action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce the performance and observance of any duty, covenant, obligation or agreement of the Town hereunder, including, without limitation, to obtain ex parte the appointment of a receiver of the system.

The Town's outstanding note with USDA Rural Development in the amount of $642,836 is secured with collateral of the net revenue from operation and use of the system as defined in the loan agreement. This outstanding note contains a provision that in an event of default as defined in the loan agreement, the USDA may protect and enforce its rights by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, injunctive relief, or requiring the Board to act as if it were the trustee of an express trust, or any combination of such remedies.

Note F – Long-term debt (Continued)

The following schedule represents the Town's debt service requirements to maturity for the outstanding notes from direct borrowings related to business-type activities at year-end:

Year ended December 31,	Principal	Interest
2021	$ 17,419	$ 8,761
2022	17,591	8,589
2023	17,765	8,415
2024	17,919	8,261
2025	18,121	8,059
2026-2030	80,857	37,543
2031-2035	73,220	32,680
2036-2040	78,416	27,484
2041-2045	84,013	21,887
2046-2050	89,992	15,908
2051-2055	96,395	9,505
2056-2060	88,628	3,152
Totals	$ 680,336	$ 190,244

Note G – Segment Information

The Town maintains two enterprise funds that provide water and sewer services. Segment information for the year is as follows:

	Water Fund	Sewer Fund	Total
Operating revenue	$ 82,391	$ 70,025	$ 152,416
Depreciation	67,470	27,191	94,661
Operating loss	(44,324)	(731)	(45,055)
Change in net position	(43,046)	1,638,042	1,594,996
Net working capital	189,014	(23,083)	165,931
Total assets	1,348,555	3,083,282	4,431,837
Notes and other long-term liabilities payable from operating revenues	37,500	642,836	680,336
Total net position	1,271,668	2,189,800	3,461,468

Note H – Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased workman's compensation insurance through the Colorado Compensation Insurance Association to provide protection against losses from employees while on the job. The Town has affiliated with the Colorado Intergovernmental Risk Sharing Agency (CIRSA) to provide protection against losses incurred related to property, casualty, and general liability claims. CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of the Colorado Revised Statutes and the Colorado Constitution. The purposes of CIRSA are to provide members defined liability and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees, or officers. The Town makes an annual contribution to CIRSA for its insurance coverage. For the year, the Town's financial contribution to CIRSA was $13,241. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the Town. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note I – Pension Plans

The Town is covered under two separate pension plans. In addition, employees may also make voluntary contributions to the LFDTF's voluntary investment program in Note K.

Below is a summary of the deferred inflows/outflows, net pension assets and liabilities, and pension expense for the defined benefit plans.

	Deferred Outflows	Deferred Inflows	Net Pension Liability	Expense
PERA - LGDTF	$ 5,158	$ 12,796	$ 28,664	$ (2,152)
Volunteer Fire	5,456	8,239	43,996	3,534
Total	$ 10,614	$ 21,035	$ 72,660	$ 1,382

The Town's two retirement plans and related disclosures are as follows:

Note I – Pension Plans (Continued)

PERA – Local Government Division Trust Fund

Summary of significant accounting policies

Pensions. The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan 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 through 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 into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of December 31, 2020.

General information about the 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 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.

Benefits provided as of December 31, 2019. 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. Section 24-51-602, 604, 1713, and 1714.

Note I – Pension Plans (Continued)

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 percent and then multiplied by years of service credit.

- The value of the retiring employee's member contribution account plus a 100 percent 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.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.

- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent 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 percent or 100 percent 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, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. 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 will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. Section 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. Section 24-51.413.

Note I – Pension Plans (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 lifetime retirement benefit formula(s) 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.

Effective January 1, 2020, the State Trooper employee classification became effective for the LDGTF. For new members, State Trooper includes a county sheriff, undersheriff, deputy sheriff, noncertified deputy sheriff, or detention officer hired by a Local Government Division employer on or after January 1, 2020.

Contributions as of December 31, 2020. 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. Section 24-51-401, *et seq.* and Section 24-51-413. Employee contribution rates for the year are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employee contribution (all employees except State Troopers)	8.00%	8.50%
State Troopers only	10.00%	10.50%

Contribution Rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42).

The employer contribution requirements for all employees, except State Troopers, are summarized in the table below:

Note I – Pension Plans (Continued)

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	10.00%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	8.98%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	1.50%	1.50%
Total employer contribution rate to the LGDTF	12.68%	13.18%

Contribution Rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42).

The employer contribution rates for State Troopers are summarized in the table below:

	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	12.00%	12.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	10.98%	11.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	1.50%	1.50%
Total employer contribution rate to the LGDTF	14.68%	15.18%

Contribution Rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42).

Note I – Pension Plans (Continued)

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 $3,259 for the year ended December 31, 2020.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At year-end, the Town reported a liability of $28,664 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The Town's proportion of the net pension liability was based on the Town's contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2019, the Town's proportion was 0.0039 percent, which was a decrease of .0002 percent from its proportion measured as of December 31, 2018.

For the year, the Town recognized pension expense of ($2,152). At year-end, 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	$ 1,899	$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	11,549
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	1,247
Contributions subsequent to the measurement date	3,259	-
Total	$ 5,158	$ 12,796

Note I – Pension Plans (Continued)

$3,259 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 subsequent year. 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,	Amount
2021	$ (2,972)
2022	(3,608)
2023	(316)
2024	(4,001)
Totals	$ (10,897)

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (automatic)[1]	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06; (ad hoc, substantively automatic)[1]	Financed by the Annual Increase Reserve

[1] For 2019, the annual increase was 0.00 percent.

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 percent factor applied to male rates and a 55 percent factor applied to female rates.

Note I – Pension Plans (Continued)

Post-retirement non-disabled assumptions 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 percent factor applied to rates for ages less than 80, a 108 percent 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 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

The actuarial assumptions used in the December 31, 2018, 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.

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 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 I – Pension Plans (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%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. 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 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 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 member contribution rates in effect for each year, including the additional 0.20 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

Note I – Pension Plans (Continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the additional 0.50 percent, resulting from the 2019 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect 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 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 payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, 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 percent 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 percent. 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 percent, 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

Note I – Pension Plans (Continued)

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	$ 52,653	$ 28,664	$ 8,489

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Payables to the pension plan

The Town did not report any payables to the pension plan at year-end.

Eckley Volunteer Fire Department Pension Plan

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Eckley Volunteer Fire Department Pension Plan and additions to/deductions from Eckley Volunteer Fire Department Pension Plan's net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

General information about the pension plan

Plan administration. The Town's defined benefit pension plan, Eckley Volunteer Fire Department Pension Plan, provides retirement and death benefits to plan members and beneficiaries for volunteer firefighters. The plan is a single-employer pension plan administered by the Pension Board. The Pension Board has the authority to establish and amend the benefit provisions of the plan.

Management of the Eckley Volunteer Fire Department Pension Plan is vested in the local Pension Board, which consists of the Town Mayor, Clerk, two persons appointed by the governing body of the Town, and three representatives of the local fire department serving the Town.

Note I – Defined Benefit Pension Plans (Continued)

Plan membership. At year-end, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	22
Total	34

Benefits provided. The plan provides retirement and death benefits. Any firefighter who has both reached the age of 50 and completed 20 years of active service shall be eligible for a monthly pension (currently $26 per month). Vesting for reduced monthly pension benefits begins at 10 years of service, with full pension after 20 years. The plan also provides for a lump-sum burial benefit of $100 upon the death of an active or retired firefighter, as well as a monthly survivor benefit (currently $13 per month). The plan does not provide for disability benefits.

Contributions. Contribution requirements of the plan are established the local Pension Board. The plan is noncontributory regarding participants. Contributions to the plan for the year ended December 31, 2020 included $2,000 from the Town and $1,000 from the State of Colorado matching funds.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Town reported a net pension liability of $43,996. 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 January 1, 2019.

For the year ended December 31, 2020, the Town recognized pension expense of $3,534. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note I – Defined Benefit Pension Plans (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 714
Changes of assumptions or other inputs	3,254	7,525
Net difference between projected and actual earnings on pension plan investments	202	-
Contributions subsequent to the measurement date	2,000	-
Total	$ 5,456	$ 8,239

$2,000 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2021	$ (3,987)
2022	(1,055)
2023	259
Totals	$ (4,783)

Actuarial assumptions. The Town has not had an actuarial study done following its disaffiliation from FPPA on February 1, 2020.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is not currently available.

Payables to the pension plan

The Town did not report any payables to the pension plan at year-end.

Note J – Defined benefit other post-employment benefit (OPEB) plan

Summary of significant accounting policies

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, benefits paid 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.

General information about the 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 (CAFR) 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 the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). 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 J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

C.R.S. Section 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 and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

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 percent 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. Section 24-51-1206(4) provides an additional subsidy. According to the statue, 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.

DPS Benefit Structure

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

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

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 percent 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 $257 for the year ended.

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB

At year-end, the Town reported a liability of $3,374 for its proportionate share of the net OPEB liability. The net pension OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The Town's proportion of the net OPEB liability was based on the Town's contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the Town's proportion was 0.0003 percent, which was the same as its proportion measured as of December 31, 2018.

For the year, the Town recognized OPEB expense of ($166). At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 12	$ 567
Changes of assumptions or other inputs	29	-
Net difference between projected and actual earnings on OPEB plan investments	-	56
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	732
Contributions subsequent to the measurement date	257	-
Total	$ 298	$ 1,355

$257 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 subsequent year. 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,	Amount
2021	$ (326)
2022	(326)
2023	(309)
2024	(190)
2025	(154)
2026	(9)
Total	$ (1,314)

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

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 costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2018, valuation 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 2019 for the PERA Benefit Structure:

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	$601	$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is $437 per month.

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
Medicare Advantage/Self-Insured Prescription	$562
Kaiser Permanente Medicare Advantage HMO	571

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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.

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

Year	PERACare Medicare Plans	Medicare Part A Premiums
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as show 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 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled 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 percent factor applied to rates for ages less than 80, a 108 percent 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 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

For disabled retirees, the mortality assumption was based on 90 percent 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 2019 plan year.

- The morbidity assumptions were updated to reflect the assumed standard aging factors.

- 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.

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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 percent.

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 Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	$ 3,294	$ 3,374	$ 3,466

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. 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, 2019 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 percent.
- 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 to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- 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 percent 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 percent.

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 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 the net OPEB liability	$ 3,815	$ 3,374	$ 2,997

Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)

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

Payables to the OPEB plan

The Town did not report any payables to the OPEB plan at year-end.

Note K – Defined contribution pension plan

Voluntary Investment Program

Plan description. Employees of the Town that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding policy. The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The Town does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. There were no 401(k) plan member contributions from the Town for the year ended December 31, 2020.

Note L – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate. On November 4, 1997, the voters of the Town approved a ballot initiative permitting the Town to retain, appropriate, and utilize, by retention for reserve, carryover

Note L – Commitments and contingencies (Continued)

fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR. However, the Town has made certain interpretations of TABOR's language in order to determine its compliance. The Town has reserved funds in the General Fund in the amount of $3,200 for the emergency reserve.

CWRPDA loan covenants

Rate covenant – during the loan term, the Town shall establish and collect such rates, fees and other charges for the use or the sale of the products and services of the system, which shall be at least sufficient, together with other amounts available therefore, and after meeting the operation and maintenance expenses of the system, to pay 110% of the debt service coming due in such calendar year. The net operating revenues of the Water Fund were 488% of the current year's debt service.

Operations and maintenance fund – the Town shall maintain an operations and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation, of the system as set forth in the annual budget for the current fiscal year. Said reserve may be in the form of unobligated fund balances or other unobligated cash or securities or may be in a separate segregated fund. Based on the current year annual budget, three months of operations and maintenance expenses totaled $15,075, which the Town has funded with unobligated fund balances.

USDA loan covenants

Short-lived asset reserve account – the Town shall establish a fund, into which the Town shall deposit from net revenue or other sources the sum of at least $2,000 annually through the maturity date to pay for repairs and/or replacement of major system assets. The Town has reported restricted cash and restricted net position in the amount of $2,000 in accordance with the terms of the loan agreement.

Debt reserve account – the Town shall establish a fund, into which the Town shall deposit monthly, commencing April 1, 2020, from the net revenue or other sources the sum of $202 until the amount of the debt reserve account is equal to the debt required reserve ($24,228). The Town has reported restricted cash and restricted net position in the amount of $1,817 in accordance with the terms of the loan agreement.

Local Government Budget Law

Expenditures/expenses in the General, Water and Sewer Funds exceeded appropriations by $18,667, $19,915 and $900,717, respectively, and may be in violation of Colorado Local Government Budget Laws.

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Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Schedule of the Town's Proportionate Share of the Net Pension Liability – PERA's Local Government Division Trust Fund
- Schedule of Town Contributions – PERA's Local Government Division Trust Fund
- Schedule of the Town's Proportionate Share of the Net OPEB Liability – PERA's Health Care Trust Fund
- Schedule of Town Contributions – PERA's Health Care Trust Fund
- Schedule of Changes in the Town's Net Pension Liability/(Asset) and Related Ratios – Eckley Volunteer Fire Department Pension Plan
- Schedule of Town Contributions – Eckley Volunteer Fire Department Pension Plan
- Schedule of Investment Return – Eckley Volunteer Fire Department Pension Plan
- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Community Center Fund
- Budgetary Comparison Schedule – Conservation Trust Fund

TOWN OF ECKLEY, COLORADO
Schedule of the Town's Proportionate Share of the Net Pension Liability [1]
PERA's Local Government Division Trust Fund
December 31, 2020

	2020	2019	2018	2017
Town's proportion of the net pension liability	0.0039%	0.0041%	0.0042%	0.0052%
Town's proportionate share of the net pension liability	$ 28,664	$ 51,837	$ 46,334	$ 69,739
Town's covered payroll	$ 26,988	$ 27,042	$ 26,252	$ 31,304
Town's proportionate share of the net pension liability as a percentage of its covered payroll	106.21%	191.69%	176.50%	222.78%
Plan fiduciary net position as a percentage of the total pension liability	86.26%	75.96%	79.37%	73.60%

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

1 Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

2016	2015	2014
0.0067%	0.0060%	0.0054%
$ 73,720	$ 53,613	$ 44,631
$ 38,007	$ 32,776	$ 28,935
193.96%	163.57%	154.25%
76.90%	80.70%	77.66%

TOWN OF ECKLEY, COLORADO
Schedule of Town Contributions [1]
PERA's Local Government Division Trust Fund
December 31, 2020

	2020	2019	2018	2017
Contractually required contribution	$ 3,259	$ 3,422	$ 3,429	$ 3,329
Contributions in relation to the contractually required contribution	(3,259)	(3,422)	(3,429)	(3,329)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Town's covered payroll	$ 25,197	$ 26,988	$ 27,042	$ 26,252
Contributions as a percentage of covered payroll	12.93%	12.68%	12.68%	12.68%

1 Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

2016	2015	2014	2013
$ 3,969	$ 4,819	$ 4,156	$ 3,669
(3,969)	(4,819)	(4,156)	(3,669)
$ -	$ -	$ -	$ -
$ 31,304	$ 38,007	$ 32,776	$ 28,935
12.68%	12.68%	12.68%	12.68%

TOWN OF ECKLEY, COLORADO
Schedule of the Town's Proportionate Share of the Net OPEB Liability 1
PERA's Health Care Trust Fund
December 31, 2020

	2020	2019	2018	2017
Town's proportion of the net OPEB liability	0.0003%	0.0003%	0.0003%	0.0004%
Town's proportionate share of the net OPEB liability	$ 3,374	$ 4,350	$ 4,201	$ 5,138
Town's covered payroll	$ 26,988	$ 27,042	$ 26,252	$ 31,304
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.50%	16.09%	16.00%	16.41%
Plan fiduciary net position as a percentage of the total OPEB liability	24.41%	17.03%	17.53%	16.72%

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

1 Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

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TOWN OF ECKLEY, COLORADO
Schedule of Town Contributions [1]
PERA's Health Care Trust Fund
December 31, 2020

	2020	2019	2018	2017
Contractually required contribution	$ 257	$ 275	$ 276	$ 268
Contributions in relation to the contractually required contribution	(257)	(275)	(276)	(268)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Town's covered payroll	$ 25,197	$ 26,988	$ 27,042	$ 26,252
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

1 Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

2016
$ 319
(319)
$ -
$ 31,304
1.02%

TOWN OF ECKLEY, COLORADO
Schedule of Changes in the Town's Net Pension Liability/(Asset) and Related Ratios 1
Eckley Volunteer Fire Department Pension Plan
Last 10 Fiscal Years

	2020	2019	2018	2017
Total pension liability				
Service cost	$ -	$ 789	$ 789	$ 294
Interest on the total pension liability	-	3,834	3,111	3,633
Differences between expected and actual experience of the total pension liability	-	(1,285)	-	(579)
Changes of assumptions	-	2,356	(26,338)	28,284
Benefit payments	-	(3,406)	(3,490)	(3,120)
Net change in total pension liability	-	2,288	(25,928)	28,512
Total pension liability - beginning	54,694	52,406	78,334	49,822
Total pension liability - ending (a)	$ 54,694	$ 54,694	$ 52,406	$ 78,334
Plan fiduciary net position				
Contributions - employer	$ -	$ 3,800	$ 2,509	$ -
Net investment income	-	53	2,750	1,157
Benefit payments	-	(3,406)	(3,490)	(3,120)
Pension plan administrative expenses	-	(8,159)	(5,712)	(312)
State of Colorado supplemental discretionary payment	-	-	-	1,000
Net change in plan fiduciary net position	-	(7,712)	(3,943)	(1,275)
Plan fiduciary net position - beginning	10,698	18,410	22,353	23,628
Plan fiduciary net position - ending (b)	$ 10,698	$ 10,698	$ 18,410	$ 22,353
Town's net pension liability/(asset) - ending (a) - (b)	$ 43,996	$ 43,996	$ 33,996	$ 55,981
Plan fiduciary net position as a percentage of the total pension liability	19.56%	19.56%	35.13%	28.54%
Covered payroll	N/A	N/A	N/A	N/A
Town's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

1 Until a full 10-year trend is compiled, the Town will present information for those years for which information is available. Information was not available to present certain current year information.

2016	2015
$ 294	$ 315
3,575	3,639
-	(1,705)
-	-
(3,094)	(3,090)
775	(841)
49,047	49,888
$ 49,822	$ 49,047
$ 2,209	$ 2,209
434	1,448
(3,094)	(3,090)
(1,183)	(419)
1,000	1,000
(634)	1,148
24,262	23,114
$ 23,628	$ 24,262
$ 26,194	$ 24,785
47.42%	49.47%
N/A	N/A
N/A	N/A

TOWN OF ECKLEY, COLORADO
Schedule of Town Contributions [1]
Eckley Volunteer Fire Department Pension Plan
Last 10 Fiscal Years

	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2020	$ -	$ 3,000	$ (3,000)	N/A	N/A
2019	3,800	3,800	-	N/A	N/A
2018	3,800	3,800	-	N/A	N/A
2017	2,509	2,509	-	N/A	N/A
2016	2,509	1,000	1,509	N/A	N/A
2015	2,872	3,209	(337)	N/A	N/A
2014	2,872	3,209	(337)	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment.

1 Until a full 10-year trend is compiled, the Town will present information for those years for which information is available. Information was not available to present certain current year information.

TOWN OF ECKLEY, COLORADO
Schedule of Investment Returns [1]
Eckley Volunteer Fire Department Pension Plan
Last 10 Fiscal Years

	2020
Annual money-weighted rate of return, net of investment expense	0.00%

1 Until a full 10-year trend is compiled, the Town will present information for those years for which information is available.

TOWN OF ECKLEY, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	$ 28,100	$ 28,100	$ 38,176	$ 10,076
Licenses and permits	900	900	287	(613)
Intergovernmental	20,627	20,627	17,745	(2,882)
Fines and forfeitures			160	160
Charges for services	20,148	20,148	25,709	5,561
Miscellaneous	25,600	25,600	5,590	(20,010)
Total revenues	95,375	95,375	87,667	(7,708)
Expenditures				
Current				
General government	32,876	32,876	33,600	(724)
Public safety	3,000	3,000	24,570	(21,570)
Public works	44,000	44,000	40,591	3,409
Culture and recreation	2,540	2,540	2,322	218
Total expenditures	82,416	82,416	101,083	(18,667)
Excess of revenues over (under) expenditures	12,959	12,959	(13,416)	10,959
Other financing sources				
Proceeds from the sale of assets			3,583	3,583
Total other financing sources	-	-	3,583	3,583
Net change in fund balance	$ 12,959	$ 12,959	(9,833)	$ (22,792)
Fund balance at beginning of year			64,438	
Fund balance at end of year			$ 54,605	

TOWN OF ECKLEY, COLORADO
Community Center Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Contributions	$ 1,000	$ 1,000	$ 100	$ (900)
Fundraising	13,500	13,500	7,727	(5,773)
Interest on investments	30	30	28	(2)
Gym rental	2,000	2,000	4,017	2,017
Grants			5,000	5,000
Miscellaneous	850	850	2,125	1,275
Total revenues	17,380	17,380	18,997	1,617
Expenditures				
Current				
Culture and recreation				
Advertising	450	450	130	320
Utilities	4,500	4,500	3,995	505
Repairs and maintenance	1,500	1,500	901	599
Fundraising	9,500	9,500	4,499	5,001
Supplies	304	304		304
Miscellaneous	600	600	379	221
Capital outlay	2,000	2,000		2,000
Total expenditures	18,854	18,854	9,904	8,950
Net change in fund balance	$ (1,474)	$ (1,474)	9,093	$ 10,567
Fund balance at beginning of year			25,135	
Fund balance at end of year			$ 34,228	

TOWN OF ECKLEY, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Intergovernmental	$ 2,000	$ 2,000	$ 2,633	$ 633
Interest on investments	10	10	10	-
Total revenues	2,010	2,010	2,643	633
Expenditures				
Current				
Culture and recreation	650	650	600	50
Net change in fund balance	$ 1,360	$ 1,360	2,043	$ 683
Fund balance at beginning of year			6,469	
Fund balance at end of year			$ 8,512	

Note A – Budgetary data

Annual budgets are established for all funds of the Town, except for the pension trust funds, as required by its local charter. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the enterprise funds (water and sewer) in which capital and principal retirement expenses are treated as operating expenses and depreciation expense is not budgeted.

An appropriated budget for the entity as a whole is prepared on a detailed basis. Revenues are budgeted by source. Expenditures are budgeted by department and the major divisions thereof and by each independent office and agency and by the principal objects of expenditure. The legal level of control is considered to be the entity as a whole and expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by Town council. Within these control levels, management may transfer appropriations without Town council approval.

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

- On or before September 20th of each year, or in conformity with the general state law, the Town clerk submits to the Town council a budget which shall be a complete financial plan for the ensuing fiscal year.
- At the same time the budget is submitted, the Town manager shall also prepare an appropriation ordinance making a levy in mills upon all taxable property within the Town for the ensuing fiscal year.
- A public hearing on the budget shall be held by Town council two weeks after its submission. Notice of the time and place of said hearing shall be published within three days after the submission of the budget.
- Prior to December 15th, or in conformity with the general state law, the Town council shall adopt the budget and the tax levy ordinance.
- Any portion of any annual appropriation remaining unexpended and unencumbered at the close of the budget year shall be declared surplus and included in the budget for the ensuing year as those appropriations lapse at year-end.

Note B – Factors affecting trends in amounts reported in the pension and OPEB schedules

Information about factors that significantly affect trends in the amounts reported in the Schedules of the Town's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of Town Contributions is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Budgetary Comparison Schedules – General Fund
- Budgetary Comparison Schedules – Proprietary Funds
- Budgetary Comparison Schedule – Fiduciary Fund

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Budgetary Comparison Schedules – General Fund

The General Fund accounts for all transactions of the Town not required to be accounted for in other funds. This fund represents an accounting of the Town's ordinary operations financed primarily from tax dollars and intergovernmental aid. It is the most significant fund in relation to the Town's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

TOWN OF ECKLEY, COLORADO
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Taxes				
Property taxes	$ 23,000	$ 23,000	$ 27,443	$ 4,443
Specific ownership taxes	600	600	2,931	2,331
Delinquent taxes and interest			154	154
Franchise taxes	4,000	4,000	6,946	2,946
Severance taxes	500	500	702	202
Total taxes	28,100	28,100	38,176	10,076
Licenses and permits	900	900	287	(613)
Intergovernmental				
Motor vehicle assessments	2,000	2,000	1,361	(639)
Road and bridge taxes	1,000	1,000		(1,000)
Cigarette taxes	50	50	273	223
Highway users tax	17,077	17,077	15,730	(1,347)
Mineral lease	500	500	381	(119)
Total intergovernmental	20,627	20,627	17,745	(2,882)
Fines and forfeitures			160	160
Charges for services	20,148	20,148	25,709	5,561
Miscellaneous				
Interest on investments	200	200	284	84
Reimbursements	16,800	16,800		(16,800)
Contributions	100	100		(100)
Miscellaneous	8,500	8,500	5,306	(3,194)
Total miscellaneous	25,600	25,600	5,590	(20,010)
Total revenues	$ 95,375	$ 95,375	$ 87,667	$ (7,708)

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TOWN OF ECKLEY, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
General government				
Salaries	$ 14,000	$ 14,000	$ 3,357	$ 10,643
Employee benefits	6,000	6,000	2,444	3,556
Supplies	2,500	2,500	1,594	906
Maintenance	500	500	388	112
Utilities	6,000	6,000	6,656	(656)
Travel	300	300		300
Insurance	8,000	8,000	6,065	1,935
Reporting and publishing	250	250		250
Audit and legal	8,500	8,500	2,967	5,533
Dues	1,700	1,700	269	1,431
County treasurer fees	700	700	719	(19)
Contract services	350	350	1,346	(996)
Miscellaneous	1,400	1,400	7,795	(6,395)
Adjustment	(17,324)	(17,324)		(17,324)
Total general government	32,876	32,876	33,600	(724)
Public safety				
Police				
Contract services	2,400	2,400	3,850	(1,450)
Legal	600	600	7,613	(7,013)
Total police	3,000	3,000	11,463	(8,463)
Fire				
Pension contribution	3,800	3,800		3,800
Repairs	1,500	1,500	9,888	(8,388)
Utilities	3,500	3,500	3,200	300
Miscellaneous	400	400	19	381
Adjustment	(9,200)	(9,200)		(9,200)
Total fire	-	-	13,107	(13,107)
Total public safety	3,000	3,000	24,570	(21,570)

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Public works				
Highways and streets				
Salaries	5,500	5,500	4,153	1,347
Utilities	3,500	3,500	5,332	(1,832)
Maintenance and supplies	4,000	4,000	7,031	(3,031)
Gas and oil	2,500	2,500	653	1,847
Vehicle	6,000	6,000		6,000
Contract labor	2,300	2,300		2,300
Adjustment	(5,000)	(5,000)		(5,000)
Total highways and streets	18,800	18,800	17,169	1,631
Sanitation				
Landfill costs	3,600	3,600	3,266	334
Trash removal	21,600	21,600	20,156	1,444
Total sanitation	25,200	25,200	23,422	1,778
Total public works	44,000	44,000	40,591	3,409
Culture and recreation				
Community center				
Telephone and utilities	800	800	872	(72)
Repairs and maintenance	400	400		400
Adjustment	(200)	(200)		(200)
Total community center	1,000	1,000	872	128
Parks				
Salaries	840	840	1,428	(588)
Maintenance and supplies	600	600		600
Miscellaneous	100	100	22	78
Total parks	1,540	1,540	1,450	90
Total culture and recreation	2,540	2,540	2,322	218
Total expenditures	$ 82,416	$ 82,416	$ 101,083	$ (18,667)

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Budgetary Comparison Schedules – Proprietary Funds

The Town reports the following major proprietary funds:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Water Fund – This fund was established to account for all operations of the water utility service provided by the Town.

- Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the Town.

TOWN OF ECKLEY, COLORADO
Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operating revenues				
Charges for services	$ 70,405	$ 70,405	$ 82,391	$ 11,986
Operating expenses				
Salaries	12,000	12,000	12,000	-
Supplies	2,000	2,000	1,559	441
Repairs and maintenance	5,000	5,000	15,693	(10,693)
Insurance	5,000	5,000	7,701	(2,701)
Utilities	7,000	7,000	6,180	820
Audit and legal	3,000	3,000	3,439	(439)
Contract services	5,000	5,000	5,445	(445)
Water testing	2,500	2,500	1,556	944
Chlorinator	3,000	3,000		3,000
Miscellaneous	5,000	5,000	2,563	2,437
Pension expense	1,800	1,800	(650)	2,450
Depreciation	65,000	65,000	67,470	(2,470)
Engineering			3,759	(3,759)
Capital outlay			13,500	(13,500)
Appropriated reserves	4,000	4,000		4,000
Total operating expenses	120,300	120,300	140,215	(19,915)
Operating loss	(49,895)	(49,895)	(57,824)	(7,929)
Nonoperating revenues (expenses)				
Interest on investments	100	100	19	(81)
Miscellaneous	2,000	2,000	33	(1,967)
Loan and grant revenues	81,660	81,660	1,226	(80,434)
Principal paid on debt	(5,000)	(5,000)	(5,000)	-
Total nonoperating revenues (expenses)	78,760	78,760	(3,722)	(82,482)
Change in net position	$ 28,865	$ 28,865	(61,546)	$ (90,411)
Adjustments to GAAP Basis				
Add note principal			5,000	
Add capital outlay			13,500	
Change in net position - GAAP Basis			(43,046)	
Net position at beginning of year			1,314,714	
Net position at end of year			$ 1,271,668	

TOWN OF ECKLEY, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	$ 86,000	$ 86,000	$ 70,025	$ (15,975)
Operating expenses				
Salaries	3,500	3,500	4,800	(1,300)
Supplies	3,500	3,500	6,289	(2,789)
Repairs and maintenance	13,000	13,000	8,708	4,292
Insurance	4,000	4,000	1,100	2,900
Utilities	3,000	3,000	2,853	147
Audit and legal	15,000	15,000	17,389	(2,389)
Pension expense	8,000	8,000	(62)	8,062
Right-of-way	4,000	4,000		4,000
Engineering fees	314,096	314,096	174,753	139,343
Miscellaneous	5,000	5,000	2,488	2,512
Depreciation	10,000	10,000	27,191	(17,191)
Capital outlay	1,200,000	1,200,000	2,215,088	(1,015,088)
Total operating expenses	1,583,096	1,583,096	2,460,597	(877,501)
Operating loss	(1,497,096)	(1,497,096)	(2,390,572)	(893,476)
Nonoperating revenues (expenses)				
Interest on investments	200	200	45	(155)
Loan and grant revenues	1,621,000	1,621,000	2,389,825	768,825
Principal paid on bond and note			(16,464)	(16,464)
Interest paid on debt			(6,752)	(6,752)
Total nonoperating revenues (expenses)	1,621,200	1,621,200	2,366,654	745,454
Change in net position	$ 124,104	$ 124,104	(23,918)	$ (148,022)
Adjustments to GAAP Basis				
Deduct loan proceeds			(651,000)	
Deduct loss on disposal of assets			(93,345)	
Add bond and note principal			16,464	
Add capital outlay			2,389,841	
Change in net position - GAAP Basis			1,638,042	
Net position at beginning of year			551,758	
Net position at end of year			$ 2,189,800	

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Budgetary Comparison Schedule – Fiduciary Fund

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds.

The Town reports the following fiduciary fund:

Pension (and other employee benefit) trust funds – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

- Firemen's Pension Fund – This fund was established to account for contributions made to a single-employer defined benefit plan on behalf of the Town's volunteer fire fighters.

TOWN OF ECKLEY, COLORADO
Firemen's Pension Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Additions				
Contributions				
Town	$ 3,800	$ 3,800	$ 2,000	$ (1,800)
State	1,000	1,000	1,000	-
Funds received from disaffiliation from FPPA			3,023	3,023
Total contributions	4,800	4,800	6,023	1,223
Investment income				
Interest on investments	2,380	2,380		(2,380)
Total investment income	2,380	2,380	-	(2,380)
Total additions	7,180	7,180	6,023	(1,157)
Deductions				
Pension benefits	3,500	3,500	3,289	211
Office supplies			128	(128)
Administrative fees	3,000	3,000		3,000
Total deductions	6,500	6,500	3,417	3,083
Change in net position	$ 680	$ 680	2,606	$ 1,926
Net position restricted for pensions				
Beginning of year			-	
End of year			$ 2,606	

Colorado Department of Highways
Local Highway Finance Report

This calendar-year report of receipts and expenditures is required by the Colorado Department of Highways to maintain Statewide accountability for moneys used for highway and street purposes. To ensure data accuracy, House Bill 1008 mandates that this report be included in the Town's financial statements.

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

LOCAL HIGHWAY FINANCE REPORT

City or County: Eckley Yuma

YEAR ENDING : December 2020

This Information From The Records Of (example - City of _ or County of _) Town of Eckley

Prepared By: A Vance

Phone: 970 359 2222

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)	2,278
4. Miscellaneous local receipts (from page 2)	0
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)	2,278
B. Private Contributions	
C. Receipts from State government (from page 2)	17,091
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	19,369

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	41
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other street lights	4,870
d. Total (a. through c.)	4,870
4. General administration & miscellaneous	2,063
5. Highway law enforcement and safety	
6. Total (1 through 5)	6,974
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)	6,974

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
38,461	19,369	6,974	50,856	(0)

Notes and Comments:

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

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2020

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & 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	
5. Specific Ownership &/or Other	2,278	g. Other Misc. Receipts	
6. Total (1. through 5.)		h. Other	
c. Total (a. + b.)	2,278	i. Total (a. through h.)	0
	(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	15,730	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	1,361	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,361	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	17,091	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

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Single Audit Section

The Single Audit Section contains the following:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

TOWN OF ECKLEY, COLORADO
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Pass through program from Rural Development			
Water and Waste Disposal Systems for Rural Communities	10.760	*	$ 1,786,233
Total U.S. Department of Agriculture			1,786,233
Total expenditures of federal awards			$ 1,786,233

* Number not readily available

See accompanying Notes to Schedule of Expenditures of Federal Awards

TOWN OF ECKLEY, COLORADO
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Eckley, Colorado under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for *Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Town of Eckley, Colorado, it is not intended to and does not present the financial position, changes in net position, or cash flows of Town of Eckley, Colorado.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statement(s) of the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Town of Eckley, Colorado has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D – Subrecipients

Town of Eckley, Colorado did not pass through any federal grants to subrecipients.

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LAUER, SZABO & ASSOCIATES, PC
Certified Public Accountants
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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Mayor and Members of Town Council
Town of Eckley
Eckley, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Eckley, Colorado (the Town), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
September 24, 2021

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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Honorable Mayor and Members of Town Council
Town of Eckley
Eckley, Colorado

Report on Compliance of Each Major Federal Program

We have audited Town of Eckley, Colorado's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2020. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
September 24, 2021

TOWN OF ECKLEY, COLORADO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Summary of auditors' results

1. The auditors' report expresses a qualified opinion on the financial statements of Town of Eckley, Colorado (the Town).

2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

3. No instances of noncompliance material to the financial statements of the Town were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

5. The auditors' report on compliance for the major federal award programs of the Town expresses an unmodified opinion on all major federal award programs.

6. The audit did not disclose any findings relative to the major federal award programs of the Town.

7. The program tested as a major program:

   Water and Waste Disposal Systems for Rural Communities CFDA No. 10.760

8. The threshold for distinguishing Types A and B programs was $750,000.

9. The Town did not qualify as a low-risk auditee.

Findings – financial statement audit

We noted no findings that are required to be reported under *Government Auditing Standards*.

Findings and questioned costs – major federal award programs audit

We noted no findings or questioned costs that are required to be reported in accordance with the Uniform Guidance.