

Town of Kremmling, Colorado

Financial Report

December 31, 2020



**Town of Kremmling, Colorado
Financial Report
December 31, 2020**

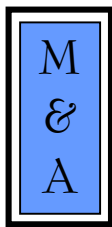
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Trustees Town of Kremmling, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Kremmling, Colorado 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.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
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INDEPENDENT AUDITOR'S REPORT
To the Mayor and Board of Trustees
Town of Kremmling, Colorado

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in section B, and the Schedule of Town's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of Town Contributions in section E, 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The combining non-major fund financial statements, individual fund budgetary comparison information in section F, and the *Local Highway Finance Report* in section G, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining non-major fund financial statements, individual fund budgetary comparison information, and the *Local Highway Finance Report* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in blue ink that reads "McMahan and Associates, L.L.C.".

McMahan and Associates, L.L.C.
September 29, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS



Town of Kremmling, Colorado

Management's Discussion and Analysis

December 31, 2020

As management of the Town of Kremmling, Colorado (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2020.

Financial Highlights:

- The assets of the Town exceeded its liabilities at the close of the 2020 fiscal year by \$10,554,982 (net position). Of this amount, the unrestricted net position of \$3,451,373 may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased in the 2020 fiscal year by \$326,405 as governmental activities and business-type activities realized increases of \$305,700 and \$20,705, respectively, in the past year.
- At December 31, 2020, the unassigned fund balance of the General Fund was \$1,716,212, or approximately 98% of budgeted fiscal year 2021 General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other required supplementary information and supplementary information in addition to the basic financial statements themselves.

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

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

The Statement of Activities presents information showing how the government'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 are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, and culture and recreation. The business-type activities of the Town include water and solid waste operations.

The government-wide financial statements can be found on pages C1 and C2 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. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Overview of the Financial Statements (continued)

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances both provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The Town's major governmental fund is the General Fund. The Conservation Trust Fund, the Recreation Fund, and the Grant Fund are considered non-major funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

As required by Colorado statutes, the Town is required to adopt an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided for the General Fund and all other funds to demonstrate compliance.

The basic governmental fund financial statements can be found on pages C3 through C5.

Proprietary Funds: The Town maintains proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water system and trash collection.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the Town, each of which is considered to be a major fund of the Town.

The basic proprietary fund financial statements can be found on pages C6 through C8 of this report.

Notes to the Financial Statements: The notes provide additional information (e.g., background of entity, accounting policies used by Town, etc.) 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 in Section D of this report.

Other Information: As previously discussed, the Town adopts annual appropriated budgets for all its funds in accordance with Colorado statutes. The budgetary comparison schedules have been provided for all its funds to demonstrate compliance or noncompliance with the budget law and are found on pages E1 through E4 and F3 through F8.

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages F1 and F2. In addition, the Local Highway Finance Report – other supplementary information required by Colorado Statutes – is presented in Section G.

Government-wide Financial Analysis

Town of Kremmling's Net Position:

	Governmental Activities		Business-type Activities		Total	
	(Restated)				(Restated)	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$2,315,155	1,711,248	1,624,588	1,446,875	3,939,743	3,158,123
Capital assets, net	2,356,825	2,522,440	5,986,753	6,227,165	8,343,578	8,749,605
Total Assets	4,671,980	4,233,688	7,611,341	7,674,040	12,283,321	11,907,728
Deferred Outflows of Resources:						
Pension related deferred outflows	80,356	109,049	-	-	80,356	109,049
Liabilities:						
Long-term liabilities	21,394	17,336	1,231,394	1,391,939	1,252,788	1,409,275
Other liabilities	240,243	157,176	132,276	55,135	372,519	212,311
Total Liabilities	261,637	174,512	1,363,670	1,447,074	1,625,307	1,621,586
Deferred Inflows of Resources:						
Unavailable property tax revenue	167,103	164,613	-	-	167,103	164,613
Pension related deferred inflows	16,285	2,001	-	-	16,285	2,001
Total Deferred Inflow of Resources	183,388	166,614	-	-	183,388	166,614
Net Position:						
Net investment in capital assets	2,356,825	2,522,440	4,685,472	4,729,235	7,042,297	7,251,675
Restricted for emergencies	52,000	45,000	-	-	52,000	45,000
Restricted for pensions	9,312	27,707	-	-	9,312	27,707
Unrestricted	1,889,174	1,406,464	1,562,199	1,497,731	3,451,373	2,904,195
Total Net Position	\$4,307,311	4,001,611	6,247,671	6,226,966	10,554,982	10,228,577

Traditionally, the largest portion of any municipality's investments is in its capital assets used to deliver and provide services to its residents and visitors. The Town's investment in capital assets accounted for 67% of its total net position at the end of 2020; which represents a decrease of 4% from the previous year-end. Net investment in capital assets is not an available source of payment for future spending. Of the remaining \$3,512,685 in net position, \$52,000 is restricted for use in the event of an emergency as required by the Taxpayers' Bill of Rights ("TABOR"), \$9,312 is restricted for employee pension disbursements, and \$3,451,373 may be used to meet the Town's ongoing operating obligations. The Town's unrestricted net position increased by \$547,178 during 2020; this change is subsequently explained.

At the end of the 2020 fiscal year, the Town is able to report positive balances in all four categories of net position; first for the government as a whole, and then as separate governmental and business-type activities. This same report can also be made for the prior fiscal year.

Government-wide Financial Analysis (continued)

The following table summarizes information relating to the Town's Statement of Activities:

	Governmental Activities		Business-type Activities		Total	
	(Restated)				(Restated)	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 71,706	65,865	927,572	914,859	999,278	980,724
Grants and contributions	112,240	96,025	28,950	28,800	141,190	124,825
General revenues:						
Sales and use taxes	1,303,850	1,056,300	-	-	1,303,850	1,056,300
Property taxes	164,649	146,178	-	-	164,649	146,178
Other taxes	81,813	84,831	-	-	81,813	84,831
Miscellaneous	5,039	37,871	-	-	5,039	37,871
Interest	15,006	15,755	1,688	5,527	16,694	21,282
Total Revenues	1,754,303	1,502,825	958,210	949,186	2,712,513	2,452,011
Expenses:						
General government	412,930	280,484	-	-	412,930	280,484
Public safety	476,692	595,158	-	-	476,692	595,158
Public works	441,766	373,516	-	-	441,766	373,516
Culture and recreation	117,215	131,514	-	-	117,215	131,514
Interest on long-term debt	-	-	-	-	-	-
Water	-	-	673,053	641,038	673,053	641,038
Solid waste	-	-	264,452	239,720	264,452	239,720
Total Expenses	1,448,603	1,380,672	937,505	880,758	2,386,108	2,261,430
Change in Net Position	305,700	122,153	20,705	68,428	326,405	190,581
Net Position - Beginning of Year	4,001,611	3,879,458	6,226,966	6,158,538	10,228,577	10,037,996
Net Position - End of Year	\$4,307,311	4,001,611	6,247,671	6,226,966	10,554,982	10,228,577

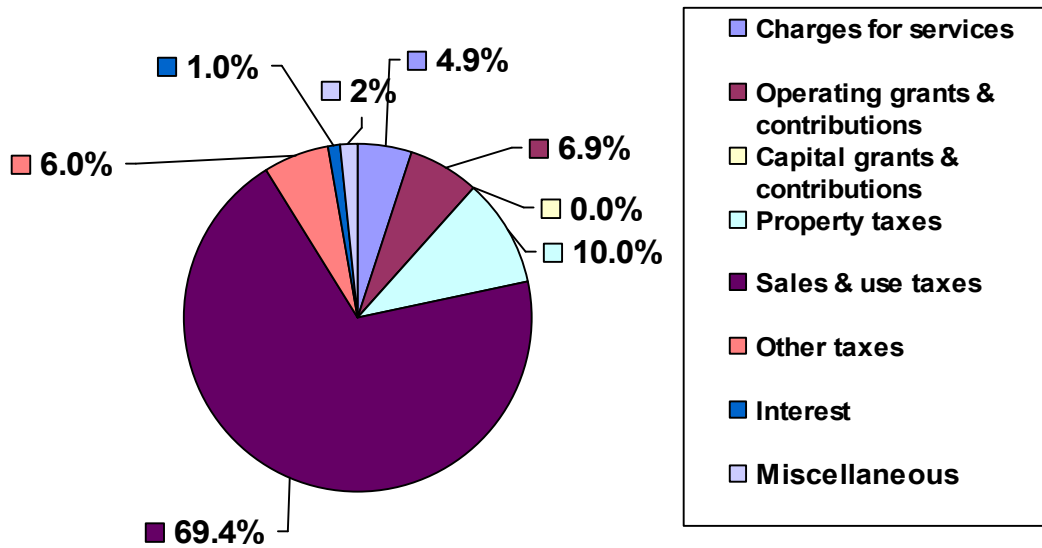
Both 2020 and 2019 saw an increase in net position, primarily due to higher revenues from property taxes and sales and use taxes.

Revenues increased by \$260,502 or 11% between 2019 and 2020. Sales and use tax revenue increased by \$247,550 from the previous year primarily due to new businesses opening within the Town and a rebound in the economy nationwide.

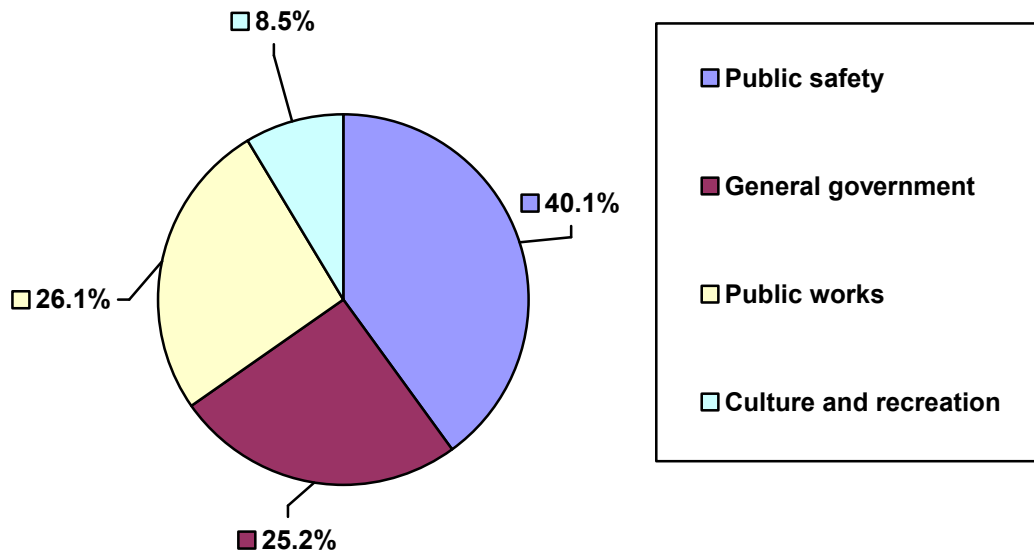
Total 2020 expenses of the Town increased by \$124,678, or approximately 6% over total expenses in the prior year.

Government-wide Financial Analysis (continued)

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

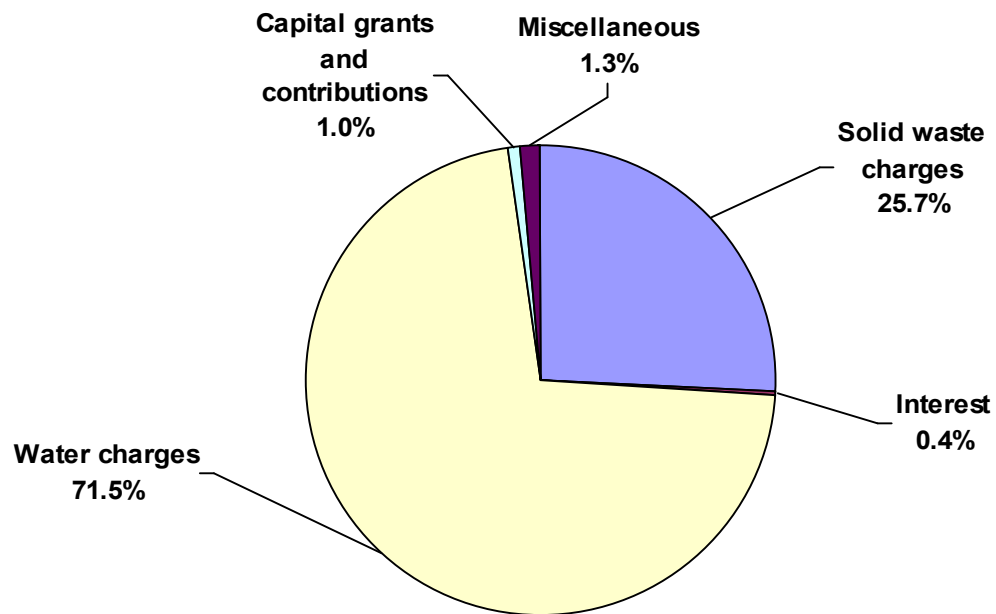


EXPENSES BY FUNCTIONS – GOVERNMENTAL ACTIVITIES

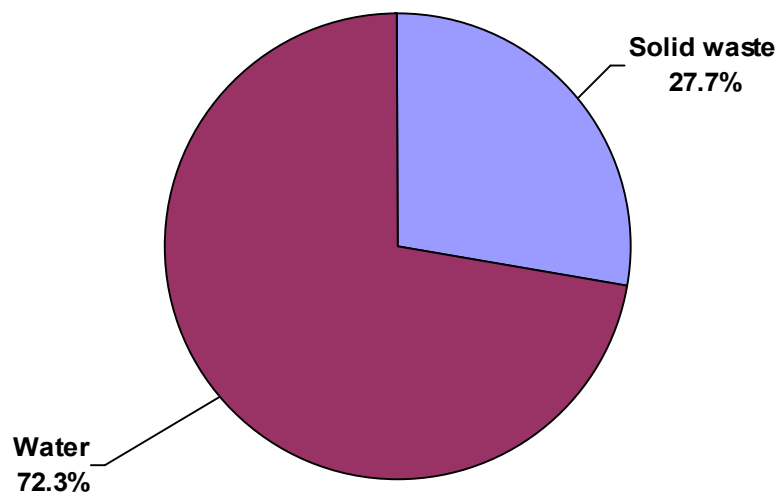


Government-wide Financial Analysis (continued)

REVENUE BY SOURCE - BUSINESS-TYPE ACTIVITIES



EXPENSES BY FUNCTION – BUSINESS-TYPE ACTIVITIES



Budget Amendments: The Town passed budget amendments for the Solid Waste Fund and the Grant Fund during 2020.

Government-wide Financial Analysis (continued)

Budget Variances in the General Fund: In total, the Town's General Fund ended 2020 \$617,787 ahead of budget, as revenues were \$425,045 higher than anticipated while expenditures were \$192,742 lower than budgeted. The General Fund budgetary comparison schedules can be found on pages E1 through E4 in the financial report.

Significant Variances in the General Fund:

Resources	Final Budget	Actual Amounts	Variance Positive (Negative)	Reason
Revenues:				
General sales and use taxes	\$ 900,000	1,303,850	403,850	Economic conditions have improved for the Town, and collections of sales tax from prior years improved.
Expenditures:				
<i>Public Safety:</i>				
Police - Salaries and wages	\$ 310,620	256,878	53,742	Less overtime incurred than anticipated at the time of budget.
<i>Public Works:</i>				
Public Works - Salaries and wages	89,218	73,264	15,954	Some positions were vacant for part of the year.

Capital Assets: During 2020, capital assets decreased by \$406,027 on a net basis. This change in capital assets is comprised of \$100,191 in vehicle and equipment asset additions, less aggregate depreciation expense of \$506,218. Additional information, as well as a detailed classification of the Town's net capital assets can be found in Note IV.D., in section D of this report.

Long-term Liabilities: As of the end of the current fiscal year, the Town's long-term liabilities had decreased by \$101,991 from 2019, primarily due to scheduled principal payments of \$80,074 during 2020. Additional information as well as a detailed classification of the Town's long-term liabilities can be found in Note IV.E in section D of this report.

Next Year's Budget and Rates: The Town's General Fund balance at the end of the fiscal year 2020 totaled \$1,780,462, an increase of \$462,546 from 2019. The 2021 budget appropriations anticipates a net decrease of \$366,564 in the General Fund balance, with budgeted revenues of \$1,379,300 and expenditures of \$1,745,864.

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Kremmling, P.O. Box 538, Kremmling, Colorado 80459-0538.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



Town of Kremmling, Colorado
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments - Unrestricted	1,698,341	1,352,317	3,050,658
Cash and investments - Restricted	-	116,706	116,706
Accounts receivable, net of allowance for doubtful accounts:			
Sales taxes	231,447	-	231,447
Property taxes	167,103	-	167,103
Grants	16,797	-	16,797
Sewer	75,986	-	75,986
Other	103,919	155,565	259,484
Prepaid expenses	12,250	-	12,250
Net pension asset	9,312	-	9,312
Capital assets, not being depreciated	120,070	432,528	552,598
Capital assets, net of accumulated depreciation	<u>2,236,755</u>	<u>5,554,225</u>	<u>7,790,980</u>
Total Assets	<u>4,671,980</u>	<u>7,611,341</u>	<u>12,283,321</u>
Deferred Outflows of Resources:			
Pension related deferred outflows	<u>80,356</u>	<u>-</u>	<u>80,356</u>
Liabilities:			
Accounts payable	204,965	7,440	212,405
Accrued salaries and benefits	35,278	5,513	40,791
Retainage payable	-	-	-
Accrued interest payable	-	37,121	37,121
Accrued compensated absences:			
Due in more than one year	21,394	12,315	33,709
Notes payable:			
Due in one year	-	52,202	52,202
Due in more than one year	-	1,089,079	1,089,079
Bonds payable:			
Due in one year	-	30,000	30,000
Due in more than one year	<u>-</u>	<u>130,000</u>	<u>130,000</u>
Total Liabilities	<u>261,637</u>	<u>1,363,670</u>	<u>1,625,307</u>
Deferred Inflows of Resources:			
Property taxes	167,103	-	167,103
Pension related deferred inflows	<u>16,285</u>	<u>-</u>	<u>16,285</u>
Total Deferred Inflows of Resources	<u>183,388</u>	<u>-</u>	<u>183,388</u>
Net Position:			
Net investment in capital assets	2,356,825	4,685,472	7,042,297
Restricted for emergencies	52,000	-	52,000
Restricted for pensions	9,312	-	9,312
Unrestricted	<u>1,889,174</u>	<u>1,562,199</u>	<u>3,451,373</u>
Total Net Position	<u><u>4,307,311</u></u>	<u><u>6,247,671</u></u>	<u><u>10,554,982</u></u>

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

Town of Kremmling, Colorado
Statement of Activities
For the Year Ended December 31, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs:							
Governmental activities:							
General government	412,930	26,748	38,836	-	(347,346)		(347,346)
Public safety	476,692	43,171	-	-	(433,521)		(433,521)
Public works	441,766	-	58,574	-	(383,192)		(383,192)
Culture and recreation	117,215	1,787	14,830	-	(100,598)		(100,598)
Total - Governmental activities	<u>1,448,603</u>	<u>71,706</u>	<u>112,240</u>	<u>-</u>	<u>(1,264,657)</u>		<u>(1,264,657)</u>
Business-type activities:							
Water	673,053	663,935	-	28,950		19,832	19,832
Solid waste	264,452	263,637	-	-		(815)	(815)
Total - Business-type activities	<u>937,505</u>	<u>927,572</u>	<u>-</u>	<u>28,950</u>		<u>19,017</u>	<u>19,017</u>
Total	<u>2,386,108</u>	<u>999,278</u>	<u>112,240</u>	<u>28,950</u>	<u>(1,264,657)</u>	<u>19,017</u>	<u>(1,245,640)</u>
General revenues:							
Taxes:							
Sales and use taxes					1,303,850	-	1,303,850
Property taxes, levied for general purposes					164,649	-	164,649
Specific ownership taxes					12,364	-	12,364
Franchise taxes					47,567	-	47,567
Cigarette taxes					2,316	-	2,316
Motor vehicle taxes					10,552	-	10,552
Other taxes					9,014	-	9,014
Investment earnings					15,006	1,688	16,694
Miscellaneous revenues					5,039	-	5,039
Total - General revenues and transfers					<u>1,570,357</u>	<u>1,688</u>	<u>1,572,045</u>
Change in Net Position					305,700	20,705	326,405
Net Position - Beginning of Year (Restated)					<u>4,001,611</u>	<u>6,226,966</u>	<u>10,228,577</u>
Net Position - End of Year					<u>4,307,311</u>	<u>6,247,671</u>	<u>10,554,982</u>

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

FUND FINANCIAL STATEMENTS



Town of Kremmling, Colorado
Balance Sheet
Governmental Funds
December 31, 2020

	General Fund	Non-major Governmental Funds	Total
Assets:			
Cash and investments - Unrestricted	1,585,896	112,447	1,698,343
Accounts receivable, net of allowance for doubtful accounts:			
Sales taxes	231,447	-	231,447
Property taxes	167,103	-	167,103
Sewer	75,986	-	75,986
Other	103,919	16,797	120,716
Prepaid expenses	12,250	-	12,250
Total Assets	<u>2,176,601</u>	<u>129,244</u>	<u>2,305,845</u>
Liabilities:			
Accounts payable	193,758	-	193,758
Accrued salaries and benefits	35,278	-	35,278
Due to other funds	-	11,209	11,209
Total Liabilities	<u>229,036</u>	<u>11,209</u>	<u>240,245</u>
Deferred Inflows of Resources:			
Unavailable property tax revenue	167,103	-	167,103
Fund Balances:			
Non-spendable	12,250	-	12,250
Restricted for:			
Emergencies	52,000	-	52,000
Conservation Trust Fund	-	96,659	96,659
Recreation Fund	-	15,788	15,788
Grant Fund	-	5,588	5,588
Unassigned:			
General Fund	1,716,212	-	1,716,212
Total Fund Balances	<u>1,780,462</u>	<u>118,035</u>	<u>1,898,497</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>2,176,601</u>	<u>129,244</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,356,825
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(21,394)
The net pension asset / (liability) and related deferrals are not due and payable in the current period and, therefore, are not reported in the funds.	73,383

Net Position of Governmental Activities	<u><u>4,307,311</u></u>
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The accompanying notes are an integral part of these financial statements.

Town of Kremmling, Colorado
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General Fund	Non-major Governmental Funds	Total
Revenues:			
Taxes	1,537,232	-	1,537,232
Licenses and permits	3,748	-	3,748
Intergovernmental	86,293	53,666	139,959
Charges for services	23,000	1,787	24,787
Fines and forfeitures	43,171	-	43,171
Interest	14,862	144	15,006
Other	5,039	-	5,039
Total Revenues	<u>1,713,345</u>	<u>55,597</u>	<u>1,768,942</u>
Expenditures:			
General government	380,154	36,248	416,402
Public safety	542,190	-	542,190
Public works	254,668	-	254,668
Culture and recreation	73,787	563	74,350
Total Expenditures	<u>1,250,799</u>	<u>36,811</u>	<u>1,287,610</u>
Net Change in Fund Balances	462,546	18,786	481,332
Fund Balances - Beginning of Year	<u>1,317,916</u>	<u>99,249</u>	<u>1,417,165</u>
Fund Balances - End of Year	<u><u>1,780,462</u></u>	<u><u>118,035</u></u>	<u><u>1,898,497</u></u>

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

Town of Kremmling, 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

Net Change in Fund Balances of Governmental Funds	481,332
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay during the year.	(165,615)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in the funds.	<u>(10,017)</u>
Change in Net Position of Governmental Activities	<u><u>305,700</u></u>

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

Town of Kremmling, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2020

	Water Fund	Solid Waste Fund	Total
Assets:			
Current Assets:			
Cash and investments - Unrestricted	1,349,777	2,540	1,352,317
Cash and investments - Restricted	116,706	-	116,706
Receivables, net of allowance for doubtful accounts	126,807	28,758	155,565
Total Current Assets	<u>1,593,290</u>	<u>31,298</u>	<u>1,624,588</u>
Non-current Assets:			
Capital assets, not being depreciated	432,528	-	432,528
Capital assets, net of accumulated depreciation	5,554,225	-	5,554,225
Total Non-current Assets	<u>5,986,753</u>	<u>-</u>	<u>5,986,753</u>
Total Assets	<u>7,580,043</u>	<u>31,298</u>	<u>7,611,341</u>
Liabilities:			
Current Liabilities:			
Accounts payable	7,440	-	7,440
Accrued salaries and benefits	5,327	186	5,513
Accrued interest payable	37,121	-	37,121
Current portion of long-term debt	82,202	-	82,202
Total Current Liabilities	<u>132,090</u>	<u>186</u>	<u>132,276</u>
Non-current Liabilities:			
Accrued compensated absences	12,200	115	12,315
Water revenue bonds payable	130,000	-	130,000
Note payable	1,089,079	-	1,089,079
Total Non-current Liabilities	<u>1,231,279</u>	<u>115</u>	<u>1,231,394</u>
Total Liabilities	<u>1,363,369</u>	<u>301</u>	<u>1,363,670</u>
Net Position:			
Net investment in capital assets	4,685,472	-	4,685,472
Unrestricted	1,531,202	30,997	1,562,199
Total Net Position	<u>6,216,674</u>	<u>30,997</u>	<u>6,247,671</u>

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

Town of Kremmling, Colorado
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Water Fund	Solid Waste Fund	Total
Operating Revenues:			
Water sales	659,861	-	659,861
Solid waste charges	-	263,637	263,637
Miscellaneous income	4,075	-	4,075
Total Operating Revenues	663,936	263,637	927,573
Operating Expenses:			
Solid waste	-	264,449	264,449
Administration	208,817	-	208,817
Water plant	111,144	-	111,144
Distribution	16,036	-	16,036
Water supply	4,775	-	4,775
Depreciation	272,883	-	272,883
Total Operating Expenses	613,655	264,449	878,104
Operating Income (Loss)	50,281	(812)	49,469
Non-operating Revenues (Expenses):			
Interest income	1,688	-	1,688
Interest expense	(59,402)	-	(59,402)
Total Non-operating (Expenses)	(57,714)	-	(57,714)
Net Income (Loss) Before Capital Contributions	(7,433)	(812)	(8,245)
Capital contribution - Tap fees	28,950	-	28,950
Change in Net Position	21,517	(812)	20,705
Net Position - Beginning of Year	6,195,157	31,809	6,226,966
Net Position - End of Year	6,216,674	30,997	6,247,671

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

Town of Kremmling, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Water Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers and users	610,014	263,098	873,112
Cash paid for goods and services	(175,090)	(259,387)	(434,477)
Cash paid for salaries and benefits	(167,023)	(5,323)	(172,346)
Net Cash Provided (Used) by Operating Activities	<u>267,901</u>	<u>(1,612)</u>	<u>266,289</u>
Cash Flows From Capital Financing Activities:			
Tap fees received	28,950	-	28,950
Purchase of fixed assets	(32,471)	-	(32,471)
Principal payments	(80,074)	-	(80,074)
Interest payments	(61,129)	-	(61,129)
Net Cash Provided (Used) by Capital Financing Activities	<u>(144,724)</u>	<u>-</u>	<u>(144,724)</u>
Cash Flows From Investing Activities:			
Interest received	1,688	-	1,688
Net Cash Provided (Used) by Investing Activities	<u>1,688</u>	<u>-</u>	<u>1,688</u>
Net Increase (Decrease) in Cash and Cash Equivalents	124,865	(1,612)	123,253
Cash and Cash Equivalents - Beginning of Year	<u>1,341,618</u>	<u>4,152</u>	<u>1,345,770</u>
Cash and Cash Equivalents - End of Year	<u><u>1,466,483</u></u>	<u><u>2,540</u></u>	<u><u>1,469,023</u></u>
Cash and Cash Equivalents - Ending is comprised of:			
Cash and cash equivalents - Unrestricted	1,349,777	2,540	1,352,317
Cash and cash equivalents - Restricted	116,706	-	116,706
Total - Cash and Cash Equivalents	<u><u>1,466,483</u></u>	<u><u>2,540</u></u>	<u><u>1,469,023</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	<u>50,281</u>	<u>(812)</u>	<u>49,469</u>
Adjustments:			
Depreciation	272,883	-	272,883
(Increase) decrease in accounts receivable	(53,927)	(542)	(54,469)
Increase (decrease) in accounts payable	(4,681)	(4)	(4,685)
Increase (decrease) in accrued salaries and benefits	1,308	52	1,360
Increase (decrease) in accrued compensated absences	2,037	(306)	1,731
Total Adjustments	<u>217,620</u>	<u>(800)</u>	<u>216,820</u>
Net Cash Provided (Used) by Operating Activities	<u><u>267,901</u></u>	<u><u>(1,612)</u></u>	<u><u>266,289</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS



Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020

I. Summary of Significant Accounting Policies

The Town of Kremmling, Colorado (the "Town"), was incorporated in 1904 and operates under a Mayor/Council form of government. The Town provides the following services: public safety (police), highways and streets, parks and recreation, water and sanitation, public improvements, and general administrative services. The Town is located in Grand County, Colorado.

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the Town are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the Town is not financially accountable for any other entity nor is the Town a component unit of any other government.

B. Government-wide Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's governmental functions include general government (administration), public safety (police department and mosquito control), public works (street maintenance), and culture and recreation. The Town's water utilities and solid waste service are classified as business-type activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are primarily supported by general government revenues (property and sales taxes, intergovernmental revenue, investment earnings, etc.) while business-type activities rely to a significant extent on fees and charges for support. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, and operating and capital grants. Program revenues must be directly associated with the function (public safety, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The Town reports the following major governmental fund(s):

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

The Town reports the following non-major governmental funds:

The *Grant Fund* is used to account for grants received from State and Federal sources and other contributions for capital projects.

The *Conservation Trust Fund* accounts for State lottery proceeds and the related expenditures.

The *Recreation Fund* is used to account for providing recreation to the Town's citizens and visitors.

The Town reports the following major proprietary or business-type funds:

The *Water Fund* accounts for the delivery of water to the citizens of the Town.

The *Solid Waste Fund* accounts for the provision of solid waste removal services to the citizens of the Town.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

E. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the Town.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

1. Cash and Cash Equivalents (continued)

The Town's follows Colorado state statutes as an investment policy, which permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury obligations (maximum maturity of 60 months)
- Federal instrumentality securities (maximum maturity of 60 months)
- FDIC-insured certificates of deposit (maximum maturity of 18 months)
- Corporate bonds (maximum maturity of 36 months)
- Prime commercial paper (maximum maturity of 9 months)
- Eligible banker's acceptances
- Repurchase agreements
- General obligations and revenue obligations
- Local government investment pools
- Money market mutual funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental unit until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflows of resources.

4. Capital Assets

Capital assets, which include land, water rights, water distribution systems, buildings and improvements, equipment, vehicles, and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

4. Capital Assets (continued)

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

<u>Capital Assets</u>	<u>Years</u>
Infrastructure	15
Buildings and improvements	40
Vehicles and equipment	7 - 10
Water distribution system	20 - 40

5. Compensated Absences

Earned but unused vacation and sick leave benefits are recorded as expenses and liabilities when incurred in the government-wide and proprietary fund financial statements.

Vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure of the governmental fund that will pay it. The Town's policy limits the total hours accrued to no more than 200 hours of paid time off.

6. Long-term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

7. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Town's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

8. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

8. Interfund Transactions (continued)

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds". Any residual balances outstanding between governmental and business-type activities are reported in the government-wide financial statements as "internal balances".

9. Pensions

The Town's police department participates in the Statewide Defined Benefit Plan (the "SWDB Plan") administered by the Fire and Police Pension Association of Colorado ("FPPA"). The SWDB Plan is a cost-sharing multiple-employer defined benefit plan. The net pension asset (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 SWDB Plan 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.

10. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town has one item that qualifies for reporting under this category on the government-wide Statement of Net Position: pension-related deferred outflows.

Pension-related deferred outflows comprise pension contributions made after the measurement date, and the difference between projected and actual earnings, which will be recognized as a reduction of the net pension liability in future periods. For further details, see Note IV.G.1.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in the category. Property taxes, reported in the governmental Balance Sheet and on the Statement of Net Position, are deferred and recognized as an inflow from resources in the period that the amounts become available. Collective deferred inflows related to the Town's net pension obligation are reported on the Statement of Net Position and are amortized over the average remaining service life of all active and inactive SWDB Plan members. For further details, see Note IV.G.1.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

11. Fund Equity

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity as to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The Town classifies governmental fund balances as follows:

- *Non-spendable* - includes fund balance amounts that inherently cannot be spent because they are not in spendable form; such as inventories, prepaid items, or long-term receivables.
- *Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Town's Board of Trustees (the "Board").
- *Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board or its management designees.
- *Unassigned* - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Town uses restricted amounts first when both restricted and unrestricted fund balance is available, unless there are legal documents or contracts that prohibit this, such as in grant agreements requiring dollar-for-dollar spending. Additionally, the Town first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

12. Restricted Assets

Certain proceeds of the Town's Water Fund debt are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. As subsequently explained in the notes, restricted assets also include amounts set aside for an operations and maintenance reserve.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund Balance Sheet includes a reconciliation between *Fund balance – Total governmental funds* and *Net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds". This \$2,356,825 difference is related to capital assets of \$5,447,619 less accumulated depreciation of \$3,090,794.

Additionally, the reconciliation states that "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." This item includes accrued compensated absences of \$21,394.

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The reconciliation between the net change in fund balances of governmental funds per the Statement of Revenues, Expenditures and Changes in Fund Balances and the change in net position of governmental activities as reported in the government-wide Statement of Activities includes an element that explains "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense." The \$165,615 is made up of depreciation expense of \$233,335 less capital outlay of \$67,720.

Another element of that reconciliation explains "Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in the funds." The \$10,017 of expense includes \$5,959 for changes in pension deferrals plus a \$4,058 increase in compensated absences.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with GAAP, except for the Water Fund. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

As required by Colorado Statutes, the Town followed the required timetable noted below in preparing, approving, and enacting its budget for 2020.

1. For the 2020 budget year, prior to August 25, 2019, the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries. The County Assessor may change the assessed valuation on or before December 15, 2019, only once by a single notification to the Town.
2. The Town Manager submitted to the Board, on or before October 15, 2019, a recommended budget, which detailed the necessary property taxes needed, along with other available revenues to meet the Town's operating requirements.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

3. Prior to December 15, 2019, a public hearing was held for the budget, the Board certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Board adopted the proposed budget and an appropriating resolution that legally appropriated - expenditures for the upcoming year.
4. After adoption of the budget resolution, the Town may make the following changes: a) transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2019 were collected in 2020 and taxes certified in 2020 will be collected in 2021. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than May 1) or two equal installments (not later than March 1 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month or fraction thereof until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary and fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved \$52,000, which is the approximate required reserve at December 31, 2020, for this purpose.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

On November 8, 1994, the Town's voters passed a measure to allow the Town, without any increase in the property tax mill levy and sales tax rates, to collect, retain and expend all revenues and other funds collected, from any source, during 1994 and each subsequent year; and to spend such revenues for (a) law enforcement and crime prevention, education, (b) snow removal and street sweeping, (c) street construction, repair and maintenance, (d) Town lawns, trees, parks and recreation, (e) plan in reserve for future capital projects, and (f) for other basic Town services and lawful municipal purposes; notwithstanding any state restriction on fiscal spending, including the restrictions of Article X, Section 20 of the Colorado Constitution.

The Town's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

IV. Detailed Notes on All Funds

A. Cash and Investments

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). Amounts on deposit in excess of \$250,000, the FDIC-insured limit at each participating institution, must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public as a group. The fair value of the collateral must equal or exceed 102% of the uninsured deposits. The carrying amount of the Town's demand deposits was \$2,619,819 at year end.

At December 31, 2020, the Town held deposits and investments with the following maturities:

	Standard & Poors rating	Carrying amounts	Maturities	
			Less than one year	More than one year
Deposits:				
Petty cash	Not rated	\$ 250	250	-
Checking - Interest-bearing	Not rated	2,542,480	2,542,480	-
Savings and money market	Not rated	77,339	77,339	-
Total deposits		<u>2,620,069</u>	<u>2,620,069</u>	<u>-</u>
Investments:				
Certificates of deposit	Not rated	129,727	129,727	-
Investment pools	AAAm	417,568	417,568	-
Total investments		<u>547,295</u>	<u>547,295</u>	<u>-</u>
Total cash and investments		<u>\$ 3,167,364</u>	<u>3,167,364</u>	<u>-</u>

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Cash and Investments (continued)

The Town's cash and investments are reported in the following financial statement captions:

	Governmental Activities	Business-type Activities	Total
Cash and investments - Unrestricted	\$ 1,698,341	1,352,317	3,050,658
Cash and investments - Restricted	-	116,706	116,706
Total cash and investments	\$ 1,698,341	1,469,023	3,167,364

Fair Value of Investments: The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At December 31, 2020, the Town's investments had the following recurring fair value measurements:

	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments Measured at Fair Value				
Certificates of deposit	\$ 129,727	-	129,727	-
Investments Measured at Net Asset Value				
<i>Local government investment pools:</i>				
COLOTRUST	\$ 333,417			
Investments Measured at Amortized Cost				
<i>Local government investment pools:</i>				
C-SAFE	\$ 84,151			

Investments classified in Level 1 are valued using prices quoted in active markets for those securities. Certificates of deposit classified in Level 2 are valued using matrix pricing based on the securities' relationship to benchmark quoted prices.

Pools: The Town's holdings in investment pools are comprised of balances with COLOTRUST and C-SAFE, which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to \$1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The Town has no regulatory oversight for the pools. The fair value of the pool is determined by the pool's share price. The Town has no regulatory oversight for the pool. At December 31, 2020, the Town's investments in COLOTRUST and C-SAFE represented 61% and 15%, respectively, of the Town's investment portfolio

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Cash and Investments (continued)

Interest Rate Risk: As a means of limiting its exposure to interest rate risk, the Town coordinates its investment maturities to closely match cash flow needs and restricts the maximum investments term to less than five years from the purchase date. As a result of the limited length on maturities, the Town has limited its interest rate risk.

Credit Risk. The Town's investment policy limits investments to those authorized by State statutes as listed in Note I.E.1. The Town's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The Town diversifies its investments by security type and institution. Financial institutions holding Town funds must provide the Town a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. At December 31, 2020, the Town's investments in certificates of deposit and investment pools were 24% and 76% of the Town's investment portfolio, respectively.

B. Restricted Cash and Cash Equivalents

At December 31, 2020, the Town had restricted cash in the amount of \$116,706 to satisfy bond and loan covenants. Cash in the Water Fund has been restricted for the following purposes:

Reserve fund - 2004 Water Revenue Bonds	\$ 16,000
Debt service reserve account - CWCB loan	100,706
Total restricted cash	\$ 116,706

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

C. Receivables

Receivables as of December 31, 2020 for the Town's funds, including applicable allowances for uncollectible accounts, were as follows:

	General Fund	Non-major Governmental Fund	Water Fund	Solid Waste Fund	Total
Sales taxes	\$ 231,447	-	-	-	231,447
Property taxes	167,103	-	-	-	167,103
Sewer	75,986	-	-	-	75,986
Other	103,919	16,797	151,214	32,251	304,181
Gross Receivables	\$ 578,455	16,797	151,214	32,251	778,717
Less: Allowance for uncollectibles	-	-	(24,407)	(3,493)	(27,900)
Net Receivables	\$ 578,455	16,797	126,807	28,758	750,817

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Capital Assets

Capital asset activity for the Town's governmental activities for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 120,070	-	-	120,070
Total capital assets, not being depreciated	120,070	-	-	120,070
Capital assets, being depreciated:				
Infrastructure	2,311,880	-	-	2,311,880
Buildings and improvements	2,081,829	-	-	2,081,829
Vehicles and equipment	915,428	67,720	(49,306)	933,842
Total capital assets, being depreciated	5,309,137	67,720	(49,306)	5,327,551
Less accumulated depreciation for:				
Infrastructure	(1,076,966)	(141,531)	-	(1,218,497)
Buildings and improvements	(1,026,648)	(65,331)	-	(1,091,979)
Vehicles and equipment	(803,153)	(26,473)	49,306	(780,320)
Total accumulated depreciation	(2,906,767)	(233,335)	49,306	(3,090,796)
Total capital assets, being depreciated, net	2,402,370	(165,615)	-	2,236,755
Governmental activities capital assets, net	\$ 2,522,440	(165,615)	-	2,356,825

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Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Capital Assets (continued)

Capital asset activity for the Town's business-type activities for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Water rights	\$ 432,528	-	-	432,528
Total capital assets, not being depreciated	<u>432,528</u>	<u>-</u>	<u>-</u>	<u>432,528</u>
Capital assets, being depreciated:				
Distribution systems	10,867,040	-	-	10,867,040
Vehicles and equipment	151,496	32,471	-	183,967
Total capital assets, being depreciated	<u>11,018,536</u>	<u>32,471</u>	<u>-</u>	<u>11,051,007</u>
Less accumulated depreciation for:				
Distribution systems	(5,102,807)	(264,993)	-	(5,367,800)
Vehicles and equipment	(121,092)	(7,890)	-	(128,982)
Total accumulated depreciation	<u>(5,223,899)</u>	<u>(272,883)</u>	<u>-</u>	<u>(5,496,782)</u>
Total capital assets, being depreciated, net	<u>5,794,637</u>	<u>(240,412)</u>	<u>-</u>	<u>5,554,225</u>
Business-type activities capital assets, net	<u>\$ 6,227,165</u>	<u>(240,412)</u>	<u>-</u>	<u>5,986,753</u>

Depreciation expense for 2020 was charged to functions of the Town as follows:

Governmental activities:

General government	\$ 12,557
Public safety	17,769
Public works, including infrastructure	151,574
Culture and recreation	51,435
Total depreciation expense - Governmental activities	<u>\$ 233,335</u>

Business-type activities:

Water	<u>\$ 272,883</u>
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Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt

1. Business-type Activities

a. Colorado Water Conservation Board ("CWCB") Note Payable

The Town entered into a loan agreement with the CWCB on September 15, 2004. The maximum loan amount was \$1,689,750 and was used for the construction of an alternative water supply system. Actual amounts drawn on the loan as of March 19, 2007 (the final draw) were \$1,636,693. Since the Town did not use the full amount of the loan, a service fee of 1% was added to the amount drawn by the Town, resulting in a total loan balance of \$1,653,059.

Starting in 2008, combined principal and interest payments of \$100,706 are due annually on April 1 with a final payment of \$79,632 due in 2036. The interest rate on the loan is 4.25%.

The loan is equitably and ratably secured by a lien on the net income and revenue of the water system, but does not necessarily constitute an exclusive first lien.

The Town is required to maintain water system rates at a level sufficient to cover operation, maintenance, and emergency services, as defined by the loan agreement.

The Town is also required to fund a reserve amount equal to 10% of its annual debt service payment (i.e., \$10,071) on the due date of its first annual payment and annually thereafter for the first ten years of this loan. This reserve, which was fully funded at December 31, 2020, must be maintained until the loan is repaid.

b. Water Revenue Refunding Bonds, Series 2004

The Town issued \$480,000 of revenue refunding bonds dated August 6, 2004, with annual interest rates ranging from 2.50% to 5.70%. Interest is payable June 1 and December 1, through 2025. The principal is payable on December 1 and matures in various increments through 2025.

The bonds of this issue are equitably and ratably secured by a lien on the net income and revenue of the water system, but do not necessarily constitute an exclusive first lien. The bonds are subject to redemption prior to maturity beginning on December 1, 2014, at par.

Bond covenants require the Town to maintain water rates sufficient to cover operating and maintenance expenses, 120% of principal and interest due on the bonds, and make up any deficiency in the reserve fund explained below.

The Town is required to fund a reserve as stipulated by the bond agreement. This reserve fund is equal to the least of: 1) 100% of the maximum annual debt service in any calendar year on outstanding bonds, 2) 10% of the principal amount of outstanding bonds, or 3) 125% of the average annual debt service on outstanding bonds.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

2. Summary of Long-term Liabilities

Long-term liability activity during the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Accrued compensated absences	\$ 17,336	4,058	-	21,394	-
Total governmental activities long-term liabilities	<u>\$ 17,336</u>	<u>4,058</u>	<u>-</u>	<u>21,394</u>	<u>-</u>
Business-type Activities:					
Water Revenue Bonds, Series 2004	\$ 190,000	-	(30,000)	160,000	30,000
Note payable - CWCB	1,191,355	-	(50,074)	1,141,281	52,202
Accrued compensated absences	10,584	3,715	(1,984)	12,315	-
Total business-type activities long-term liabilities	<u>\$ 1,391,939</u>	<u>3,715</u>	<u>(82,058)</u>	<u>1,313,596</u>	<u>82,202</u>

Compensated absences for governmental activities are liquidated by the General Fund.

3. Debt Service Requirements

Aggregate debt service requirements at December 31, 2020 were as follows:

	Revenue Bonds		Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 30,000	8,908	52,202	48,504	82,202	57,412
2022	30,000	7,287	54,420	46,286	84,420	53,573
2023	30,000	5,638	56,733	43,973	86,733	49,611
2024	35,000	3,972	59,144	41,561	94,144	45,533
2025	35,000	1,995	61,658	39,048	96,658	41,043
2026 - 2030	-	-	349,896	153,635	349,896	153,635
2031 - 2035	-	-	430,842	72,688	430,842	72,688
2036	-	-	76,386	3,246	76,386	3,246
Total business-type activities	<u>\$ 160,000</u>	<u>27,800</u>	<u>1,141,281</u>	<u>448,941</u>	<u>1,301,281</u>	<u>476,741</u>

F. Interfund Transfers

During 2020, the Town did not make any interfund transfers.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Defined Benefit Plan

Plan Description: The Statewide Defined Benefit Plan ("SWDB") is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SWDB may include clerical and other personnel from fire districts whose services are auxiliary to fire protection.

Contributions: Determined by state statute or by election of the members, contributions are set at a level that enables all benefits to be fully funded at the retirement date of all members. Effective January 1, 2021, contribution rates may be increased by the FPPA Board of Directors upon approval through an election by both the employers and members. In 2014, the members elected to increase the member contribution rate 0.5% annually from 2015 through 2022 to a total of 12% of base salary. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13%. In 2019, employees and employers are contributing at a rate of 10.5% and 8%, respectively, of base salary for a total contribution rate of 18.5%. Contributions from members and employers of plans reentering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 22.5% of base salary in 2019. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member and employer contribution rates increase 0.5% annually. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4% contribution to the plan for reentry contributions. The contribution rate for members and employers of affiliated social security employers is 5.25% and 4% of base salary for a total contribution rate of 9.25% in 2019. Per the 2014 member election, the affiliated social security group will also have their required member contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will increase 0.25% annually beginning in 2021 through 2030 to a total of 6.5% of base salary.

Benefits: On May 23, 1983, the Colorado Revised Statutes were amended to allow the Trustees of the SWDB to change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The amended statutes state that retirement age should not be less than age 55 or more than age 60. The Trustees subsequently elected to amend the retirement provisions, effective July 1, 1983, such that any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Benefits (continued): The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3% or the Consumer Price Index.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

Net Pension (Asset) Liability: At December 31, 2020, the SWDB's fiduciary net position exceeded the total pension liability; consequently, the Town reported an asset of \$9,312 for its proportionate share of the SWDB's net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2020. The Town's proportion of the net pension asset was based on Town contributions to the SWDB for calendar year 2019, relative to the total contributions to the SWDB by participating employers.

At the December 31, 2019 measurement, the Town's proportionate share was 0.016464%, as compared to 0.021915% at the December 31, 2018 measurement.

For the year ended December 31, 2020, the Town recognized pension expense of \$5,958.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Net Pension (Asset) Liability (continued): At December 31, 2020, 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
Net differences between projected and actual earnings on pension plan investments	\$ -	14,638
Changes in pension assumptions	17,681	-
Changes in pension actual and reported contributions	-	435
Changes in pension experience difference	31,512	183
Changes in proportionate share of contributions	25,922	1,029
Contributions subsequent to measurement date	5,241	-
	<u>\$ 80,356</u>	<u>16,285</u>

Contributions subsequent to the measurement date of December 31, 2019 – which are reported as deferred outflows of resources related to pensions – 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:

Years ending December 31,	Amortization
2021	\$ 6,350
2022	5,083
2023	9,845
2024	3,668
2025	9,914
Thereafter	23,970
	<u>\$ 58,830</u>

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Actuarial Assumptions: The collective total pension liability and actuarially-determined contributions in the December 31, 2019 actuarial valuation were determined using the following actuarial assumptions and other inputs:

Actuarial Assumptions	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date - January 1	2020	2019
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, open
Amortization Period	N/A	30 years
Long-term Investment Rate of Return *	7.0%	7.0%
Projected Salary Increases *	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.0%	0.0%
* Includes inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

Actuarial Assumptions (continued): The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global equity	38%	7.00%
Equity long / short	8%	6.00%
Illiquid alternatives	25%	9.20%
Fixed income	15%	5.20%
Absolute return	8%	5.50%
Managed futures	4%	5.00%
Cash	2%	2.52%
	<u>100%</u>	

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate: Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7%; the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15); and the resulting Single Discount Rate is 7%.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Defined Benefit Plan (continued)

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%, 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%) or 1-percentage-point higher (8%) than the current rate:

	1% Decrease ▼ (6.0%)	Current Discount Rate (7.0%)	1 % Increase ▼ (8.0%)
Proportionate share of net pension liability (asset)	\$ 56,457	\$ (9,311)	\$ (63,858)

Pension Plan Fiduciary Net Position: Detailed information about the SWDB's fiduciary net position currently is available in FPPA's comprehensive annual financial report, which can be obtained at:
http://www.fppaco.org/annual_reports.htm.

2. General Employees Deferred Compensation Plan – Section 457

All permanent, full-time (budgeted for 40 hours per week) Town employees, other than police officers, participate in a deferred compensation plan created in accordance with Internal Revenue Code ("IRC") section 457 (the "457 Plan"). The 457 Plan, which is administered by International City Management Association ("ICMA"), is a defined contribution pension plan and permits participants to defer a portion of the salary until future years. The deferred compensation is not available to employees until termination, retirement, or death.

All amounts of compensation deferred under the 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the 457 Plan participants and their beneficiaries.

The accrual basis of accounting is used for the 457 Plan. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value.

The Town has no liability for losses under the 457 Plan but does have the duty of due care that would be required of an ordinary prudent investor.

In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since the Town is not a trustee of the 457 Plan, it does not report the 457 Plan as a fund in the financial statements.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. General Employees Deferred Compensation Plan – Section 457 (continued)

In addition to Social Security, the Town matched a 4.14% payroll deduction which totaled \$10,600 in 2020. Employees may contribute additional amounts to the 457 Plan, up to maximum allowable limits as established under IRC section 457, but these amounts are not matched by the Town.

3. Police Deferred Compensation Plan – Section 457

All permanent, full-time Town police officers participate in a deferred compensation plan created in accordance with IRC section 457 (the "Police 457 Plan"). The Police 457 Plan, which is administered by Colorado Retirement Association ("CRA"; formerly known as County Officials and Employees Retirement Association or "CCOERA"), permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, or death.

All amounts of compensation deferred under the Police 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the Police 457 Plan participants and their beneficiaries.

The accrual basis of accounting is used for the Police 457 Plan. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value.

The Town has no liability for losses under the Police 457 Plan but does have the duty of due care that would be required of an ordinary prudent investor.

In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since the Town is not a trustee of the Police 457 Plan, it does not report the Police 457 Plan as a fund in the financial statements.

In 1997, the Town passed a resolution that required Town contributions for all employees to be equal (police and non-police). As such, the annual contribution to the Police 457 Plan may vary from year to year, and is equal to the difference between the Town's contribution to ICMA (non-police) and FPPA (police). In 2020, the Town was required to match 0.14% of participating police officers' compensation in the Police 457 Plan. Police officer contributions to the Police 457 Plan are subject to maximum allowable limits as established under the IRC.

The Police 457 Plan vests at a rate of 1.67% per month and is fully vested after five years. As of December 31, 2020, the Police 457 Plan had 1 employee fully-vested and 3 non-vested employees. Unvested Town contributions for employees who leave employment before five years are used to reduce the Town's current period contribution requirement. There were no forfeitures and the Town's pension expense was \$328 during the year ended December 31, 2020.

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to workers' compensation and general liability. The Town has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage. The Town is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. To address such risks, the Town is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency ("CIRSA").

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of \$250,000 per claim or occurrence for property, \$1,000,000 per claim or occurrence for liability, and \$150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the Town may be liable for any losses in excess of this coverage, the Town does not anticipate such losses at December 31, 2020. Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

The Town's share of CIRSA's fund equity as of December 31, 2020 is:

Property and Casualty Pool:	Equity Ratio
Operating Fund	0.190%
Loss Fund	-0.199%
Excess Fund	-0.005%
Reserve Fund	0.110%
 Workers' Compensation Pool:	
Operating Fund	0.509%
Loss Fund	-0.164%
Excess Fund	0.274%
Reserve Fund	0.242%

CIRSA's combined financial information for the year ended December 31, 2020, is summarized as follows:

Assets:	
Cash and investments	\$ 85,369,471
Other assets	8,804,259
Total Assets	<u><u>\$ 94,173,730</u></u>
 Total liabilities	<u><u>\$ 35,750,846</u></u>
 Net position	<u><u>\$ 58,422,884</u></u>
Total Revenues	\$ 33,496,772
Total Expenses	(25,048,576)
Change in Net Position	<u><u>\$ 8,448,196</u></u>

Town of Kremmling, Colorado
Notes to the Financial Statements
December 31, 2020
(Continued)

V. Other Information

B. Intergovernmental Agreement – Kremmling Sanitation District (the “District”)

On January 13, 2003, the Town entered into an intergovernmental agreement with the District for mutually beneficial cooperative use of personnel and equipment. The agreement has an initial term of one year with an automatic annual renewal unless otherwise agreed by the parties. The agreement calls for each entity to prepare monthly invoices to the other for hours worked and equipment used.

C. Contingencies

1. Federal and State Grants and Financial Sources

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

2. Legal Claims

During the normal course of business, the Town incurs claims and other assertions against it from various agencies and individuals. The Town and legal counsel intend to vigorously defend such claims. In the opinion of the Town's management, such claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Town at December 31, 2020.

D. Restatement

Beginning net position for governmental activities has been reduced by \$55,413 to correct the Town's opening net pension liability.

REQUIRED SUPPLEMENTAL INFORMATION



Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020			2019
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Taxes:				
General property taxes	155,000	164,196	9,196	144,263
Specific ownership taxes	6,000	12,364	6,364	12,111
General sales and use taxes	900,000	1,303,850	403,850	1,056,300
Selective use taxes:				
Cigarette taxes	1,000	2,316	1,316	2,367
Franchise taxes	47,000	47,567	567	49,110
Other taxes	7,000	6,486	(514)	7,219
Interest on delinquent taxes	400	453	53	1,915
Total - Taxes	1,116,400	1,537,232	420,832	1,273,285
Licenses and Permits:				
Business	5,000	3,437	(1,563)	4,063
Non-business	600	311	(289)	937
Total - Licenses and Permits	5,600	3,748	(1,852)	5,000
Intergovernmental:				
Road and bridge mill levy	2,500	2,058	(442)	2,347
Motor vehicle taxes	9,500	10,552	1,052	11,923
Highway users taxes	60,000	56,516	(3,484)	76,196
Severance taxes	3,500	2,528	(972)	2,100
Sanitation District reimbursement	15,000	14,639	(361)	15,147
Total - Intergovernmental	90,500	86,293	(4,207)	107,713
Charges for Services:				
Street cut	100	-	(100)	-
Cemetery	2,500	1,950	(550)	3,750
Planning and zoning	1,000	7,063	6,063	1,140
Hangar rent	13,000	12,983	(17)	14,767
Other - Public Works	200	1,004	804	(106)
Total - Charges for Services	16,800	23,000	6,200	19,551
Fines and Forfeitures:				
Court	30,000	43,171	13,171	33,362
Interest:				
Interest	8,000	14,862	6,862	15,613
Miscellaneous Revenues:				
Other	21,000	5,039	(15,961)	37,812
Total Revenues	1,288,300	1,713,345	425,045	1,492,336

(continued)

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

Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)
(Continued)

	2020			2019
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures:				
General Government:				
Judicial:				
Salaries and wages	5,314	5,727	(413)	6,314
Retirement and benefits	1,798	1,803	(5)	1,796
Professional services	9,895	5,100	4,795	4,752
Other	330	155	175	300
Total - Judicial	17,337	12,785	4,552	13,162
Mayor:				
Salaries and wages	600	695	(95)	1,100
Retirement and benefits	110	55	55	93
Other	600	-	600	275
Total - Mayor	1,310	750	560	1,468
Town Manager:				
Salaries and wages	54,075	55,886	(1,811)	38,608
Retirement and benefits	13,460	13,359	101	9,038
Professional services	-	-	-	75
Other	3,800	2,338	1,462	1,262
Capital outlay	1,000	599	401	-
Repairs and maintenance	500	-	500	90
Vehicle expense	800	-	800	39
Total - Town Manager	73,635	72,182	1,453	49,112
Election:				
Salaries and wages	1,000	575	425	-
Other	2,000	2,353	(353)	7,128
Total - Election	3,000	2,928	72	7,128
Administration:				
Salaries and wages	75,846	80,993	(5,147)	83,137
Retirement and benefits	16,861	20,054	(3,193)	17,865
Professional services	42,000	52,787	(10,787)	52,768
Other	29,500	33,907	(4,407)	25,134
Utilities	7,000	6,956	44	7,218
Insurance	31,000	31,904	(904)	30,259
Capital outlay	23,000	6,731	16,269	10,023
Donations	49,000	50,000	(1,000)	43,000
Repairs and maintenance	1,200	234	966	302
Total - Administration	275,407	283,566	(8,159)	269,706

(continued)

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

Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)
(Continued)

	2020			2019
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures (continued)				
General Government (continued)				
Cemetery:				
Salaries and wages	6,700	2,878	3,822	5,505
Retirement and benefits	1,220	803	417	949
Other	3,100	1,306	1,794	1,177
Utilities	400	360	40	389
Repairs and maintenance	1,000	-	1,000	-
Total - Cemetery	12,420	5,347	7,073	8,020
Airport:				
Other	100	-	100	-
Utilities	3,500	2,596	904	2,866
Total - Airport	3,600	2,596	1,004	2,866
Total - General Government	386,709	380,154	6,555	351,462
Public Safety:				
Police:				
Salaries and wages	310,620	256,878	53,742	305,077
Retirement and benefits	134,750	54,704	80,046	96,918
Professional services	4,500	58,038	(53,538)	4,143
Other	38,189	30,621	7,568	33,484
Capital outlay	61,939	50,826	11,113	27,148
Utilities	8,609	6,514	2,095	7,842
Dispatch fees	30,000	29,837	163	27,157
Repairs and maintenance	4,700	2,543	2,157	7,559
Vehicle expense	21,800	10,874	10,926	12,370
Total - Police	615,107	500,835	114,272	521,698
Mosquito Control:				
Other	55,000	41,355	13,645	55,000
Total Public Safety	670,107	542,190	127,917	576,698
Public Works:				
Salaries and wages	89,218	73,264	15,954	81,456
Retirement and benefits	25,207	22,591	2,616	19,916
Professional services	2,000	170	1,830	-
Other	31,000	3,946	27,054	5,826
Capital outlay	86,000	116,853	(30,853)	750
Utilities	26,200	25,687	513	28,125
Repairs and maintenance	22,500	8,222	14,278	25,379
Vehicle expense	7,500	3,935	3,565	6,154
Total - Public Works	289,625	254,668	34,957	167,606

(continued)

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

Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)
(Continued)

	2020			2019
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures (continued):				
Culture and Recreation - Parks:				
Salaries and wages	45,000	40,194	4,806	28,550
Retirement and benefits	5,700	5,399	301	4,584
Other	10,400	9,447	953	10,170
Utilities	7,500	7,039	461	8,217
Repairs and maintenance	11,500	954	10,546	2,646
Capital outlay - Water	17,000	10,754	6,246	2,322
Total - Culture and Recreation	97,100	73,787	23,313	56,489
Total Expenditures	1,443,541	1,250,799	192,742	1,152,255
Excess (Deficiency) of Revenues Over Expenditures	(155,241)	462,546	617,787	340,081
Other Financing Sources (Uses):				
Insurance recoveries	-	-	-	59
Net Change in Fund Balance	(155,241)	462,546	617,787	340,140
Fund Balance - Beginning of Year	1,000,000	1,317,916	317,916	977,776
Fund Balance - End of Year	844,759	1,780,462	935,703	1,317,916

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

Town of Kremmling, Colorado
Schedule of the Town's Proportionate Share of Net Pension Asset/Liability
Fire and Police Pension Association of Colorado - Statewide Defined Benefit Plan
Last 10 Fiscal Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town's portion of the net pension asset/liability	0.016464%	0.021915%	0.026300%	0.025054%	0.026365%	0.027258%	0.028420%
Town's proportionate share of the net pension (asset)/liability	(9,312)	27,707	(37,837)	9,053	(465)	(30,763)	(25,413)
Town's covered payroll	242,700	293,600	269,200	256,450	255,625	245,150	246,875
Town's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	-4%	9%	-14%	4%	0%	-13%	-10%
Plan fiduciary net position as a percentage of the total pension asset/liability	101.90%	95.20%	106.30%	98.21%	100.10%	106.80%	105.80%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in calendar year 2013.

Town of Kremmling, Colorado
Schedule of Town Contributions
Fire and Police Pension Association of Colorado - Statewide Defined Benefit Plan
Last 10 Fiscal Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	5,241	9,708	11,744	10,768	10,258	10,225	9,806	9,875
Contributions in relation to the contractually required contribution	<u>(5,241)</u>	<u>(9,708)</u>	<u>(11,744)</u>	<u>(10,768)</u>	<u>(10,258)</u>	<u>(10,225)</u>	<u>(9,806)</u>	<u>(9,875)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Town's covered payroll	131,025	242,700	293,600	269,200	256,450	255,625	245,150	246,875
Contributions as a percentage of covered payroll	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in calendar year 2013.

Town of Kremmling, Colorado
Notes to the Required Supplementary Information
December 31, 2020

I. Notes to the Schedule of Town's Proportionate Share of the Net Pension Liability

A. Changes to Assumptions or Other Inputs

1. Changes Since the January 1, 2018 Actuarial Valuation

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rate from the RP-2014 annuitant mortality tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

2. Changes Since the January 1, 2015 Actuarial Valuation

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

3. Changes Since the January 1, 2014 Actuarial Valuation

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used.

B. Changes of Benefit Terms

No changes during the years presented.

C. Changes of Size or Composition of Population Covered by Benefit Terms

No changes during the years presented.

II. Notes to the Schedule of Town Contributions

A. Changes to Assumptions or Other Inputs

No changes during the years presented.

B. Changes of Benefit Terms

No changes during the years presented.

Town of Kremmling, Colorado
Notes to the Required Supplementary Information
December 31, 2020
(Continued)

II. Notes to the Schedule of Town Contributions (continued)

C. Changes of Size or Composition of Population Covered by Benefit Terms

No changes during the years presented.

SUPPLEMENTARY INFORMATION



Town of Kremmling, Colorado
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2020

	Special Revenue Funds			
	Conservation Trust Fund	Recreation Fund	Grant Fund	Total
Assets:				
Cash and investments - Unrestricted	96,659	15,788	-	112,447
Accounts receivable	-	-	16,797	16,797
Total Assets	<u>96,659</u>	<u>15,788</u>	<u>16,797</u>	<u>129,244</u>
Liabilities and Fund Balances:				
Liabilities:				
Due to other funds	-	-	11,209	11,209
Total Liabilities	<u>-</u>	<u>-</u>	<u>11,209</u>	<u>11,209</u>
Fund Balances:				
Restricted	96,659	15,788	5,588	118,035
Total Fund Balances	<u>96,659</u>	<u>15,788</u>	<u>5,588</u>	<u>118,035</u>
Total Liabilities and Fund Balances	<u>96,659</u>	<u>15,788</u>	<u>16,797</u>	<u>129,244</u>

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

Town of Kremmling, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2020

	Special Revenue Funds			
	Conservation Trust Fund	Recreation Fund	Grant Fund	Total
Revenues:				
Intergovernmental	14,830	-	38,836	53,666
Charges for services	-	1,787	-	1,787
Interest	144	-	-	144
Total Revenues	14,974	1,787	38,836	55,597
Expenditures:				
General government	-	-	36,248	36,248
Culture and recreation	-	563	-	563
Total Expenditures	-	563	36,248	36,811
Net Change in Fund Balances	14,974	1,224	2,588	18,786
Fund Balances - Beginning of Year	81,685	14,564	3,000	99,249
Fund Balances - End of Year	96,659	15,788	5,588	118,035

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

Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Revenue Funds - Conservation Trust Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	<u>2020</u>			<u>2019</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Intergovernmental - Colorado Lottery proceeds	12,000	14,830	2,830	17,482
Interest	100	144	44	142
Total Revenues	<u>12,100</u>	<u>14,974</u>	<u>2,874</u>	<u>17,624</u>
Expenditures:				
Culture and recreation:				
Conservation Trust expenditures	<u>33,500</u>	<u>-</u>	<u>33,500</u>	<u>-</u>
Total Expenditures	<u>33,500</u>	<u>-</u>	<u>33,500</u>	<u>-</u>
Net Change in Fund Balance	(21,400)	14,974	36,374	17,624
Fund Balance - Beginning of Year	<u>78,046</u>	<u>81,685</u>	<u>3,639</u>	<u>64,061</u>
Fund Balance - End of Year	<u><u>56,646</u></u>	<u><u>96,659</u></u>	<u><u>40,013</u></u>	<u><u>81,685</u></u>

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

Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Revenue Funds - Recreation Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020			2019
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Charges for services - Activity fees	1,500	1,787	287	7,951
Total Revenues	<u>1,500</u>	<u>1,787</u>	<u>287</u>	<u>7,951</u>
Expenditures:				
Culture and recreation:				
Activities	1,000	563	437	19,366
Repairs and maintenance	-	-	-	800
Total Expenditures	<u>1,000</u>	<u>563</u>	<u>437</u>	<u>20,166</u>
Net Change in Fund Balance	500	1,224	724	(12,215)
Fund Balance - Beginning of Year	<u>28,380</u>	<u>14,564</u>	<u>(13,816)</u>	<u>26,779</u>
Fund Balance - End of Year	<u><u>28,880</u></u>	<u><u>15,788</u></u>	<u><u>(13,092)</u></u>	<u><u>14,564</u></u>

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

Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Revenue Funds - Grant Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020				2019
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Intergovernmental - Federal grants	-	38,837	38,836	(1)	-
Total Revenues	-	38,837	38,836	(1)	-
Expenditures:					
Capital outlay - Administration	-	38,837	36,248	2,589	-
Total Expenditures	-	38,837	36,248	2,589	-
Net Change in Fund Balance	-	-	2,588	2,588	-
Fund Balance - Beginning of Year	-	-	3,000	3,000	3,000
Fund Balance - End of Year	-	-	5,588	5,588	3,000

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

Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Transfers
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Proprietary Funds - Water Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020			2019
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Water sales	601,000	659,861	58,861	649,739
Miscellaneous income	8,700	4,075	(4,625)	13,075
Interest	2,830	1,688	(1,142)	5,527
Tap fees	-	28,950	28,950	28,800
Total Revenues	612,530	694,574	82,044	697,141
Expenditures:				
Administration:				
Salaries and wages	137,786	138,353	(567)	130,355
Retirement and benefits	32,180	32,013	167	29,250
Professional services	25,000	6,125	18,875	10,036
Other	10,250	24,573	(14,323)	9,716
Insurance	6,000	5,996	4	6,000
Repairs and maintenance	1,000	-	1,000	627
Vehicle expense	1,800	1,757	43	1,638
Total - Administration	214,016	208,817	5,199	187,622
Water Plant:				
Professional services	8,000	8,105	(105)	7,974
Other	4,650	2,764	1,886	3,389
Utilities	29,050	34,264	(5,214)	35,107
Capital outlay	227,500	34,200	193,300	-
Repairs and maintenance	7,500	7,830	(330)	8,091
Chemicals	24,000	23,981	19	18,851
Total - Water Plant	300,700	111,144	189,556	73,412
Distribution System:				
Professional services	5,000	2,476	2,524	1,333
Other	500	906	(406)	351
Utilities	750	343	407	404
Capital outlay	50,000	43,805	6,195	341,893
Repairs and maintenance	10,000	977	9,023	11,446
Total - Distribution System	66,250	48,507	17,743	355,427

(continued)

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

Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Transfers
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Proprietary Funds - Water Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)
(Continued)

	2020			2019
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures (continued):				
Water Meters:				
Other	500	-	500	234
Capital outlay	15,000	-	15,000	-
Repairs and maintenance	4,000	-	4,000	1,017
Total - Water Meters	19,500	-	19,500	1,251
Water Supply:				
Other	4,800	1,200	3,600	1,200
Utilities	3,000	3,575	(575)	2,686
Capital outlay	5,000	-	5,000	-
Repairs and maintenance	2,500	-	2,500	-
Total - Water Supply	15,300	4,775	10,525	3,886
Debt Service:				
Water revenue bonds - Principal	30,000	30,000	-	25,000
Water revenue bonds - Interest	10,500	10,498	2	11,948
Notes payable - Principal	50,074	50,633	(559)	48,032
Notes payable - Interest	50,633	50,633	-	52,674
Total - Debt Service	141,207	141,764	(557)	137,654
Total Expenditures	756,973	515,007	241,966	759,252
Excess (Deficiency) of Revenues Over Expenditures and Transfers - Budget (Non-GAAP) Basis	(144,443)	179,567	324,010	(62,111)
Reconciliation to GAAP Basis:				
Depreciation		(272,883)		(298,351)
Amortization		-		-
Capitalized assets		32,471		341,893
Debt principal payments		80,633		73,032
Accrued interest change		1,729		1,640
Change in Net Position - GAAP Basis		21,517		56,103

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

Town of Kremmling, Colorado
Schedule of Revenues, Expenses, and Transfers
Budget and Actual
Proprietary Funds - Solid Waste Fund
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for 2019)

	2020				2019
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Solid waste charges	264,598	264,598	263,637	(961)	252,045
Total Revenues	264,598	264,598	263,637	(961)	252,045
Expenses:					
Salaries and wages	4,700	4,700	4,178	522	4,591
Retirement and benefits	875	875	888	(13)	788
Professional services	252,144	253,425	253,609	(184)	233,489
Other	6,000	6,000	5,774	226	852
Total Expenses	263,719	265,000	264,449	551	239,720
Change in Net Position	879	(402)	(812)	(410)	12,325

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

LOCAL HIGHWAY FINANCE REPORT



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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Kremmling
		YEAR ENDING : December 2020
This Information From The Records Of: Town of Kremmling	Prepared By: Phone:	Dan Stoltman (970) 724-3249

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	190,608
3. Other local imposts (from page 2)	12,364
4. Miscellaneous local receipts (from page 2)	43,171
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.)	-
7. Total (1 through 6)	246,143
B. Private Contributions	
C. Receipts from State government (from page 2)	67,068
D. Receipts from Federal Government (from page 2)	-
E. Total receipts (A.7 + B + C + D)	313,211

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	119,194
2. Maintenance:	85,000
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	15,000
c. Other	
d. Total (a. through c.)	15,000
4. General administration & miscellaneous	80,000
5. Highway law enforcement and safety	14,017
6. Total (1 through 5)	313,211
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	-
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	-
3. Total (1.c + 2.c)	-
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	313,211

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	-	313,211	313,211	-	-

Notes and Comments:

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 & Penalties	43,171
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	12,364	g. Other Misc. Receipts	
6. Total (1. through 5.)	12,364	h. Other	
c. Total (a. + b.)	12,364	i. Total (a. through h.)	43,171
(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	56,516	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	10,552	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.)	10,552	g. Total (a. through f.)	-
4. Total (1. + 2. + 3.f)	67,068	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			-
b. Engineering Costs			-
c. Construction:			
(1). New Facilities			-
(2). Capacity Improvements	-	119,194	119,194
(3). System Preservation	-		-
(4). System Enhancement & Operation			-
(5). Total Construction (1) + (2) + (3) + (4)	-	119,194	119,194
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	-	119,194	119,194
			(Carry forward to page 1)
Notes and Comments:			