

TOWN OF STRATTON, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2020

TOWN OF STRATTON, COLORADO

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HANCOCK FROESE & COMPANY LLC

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Council
Town of Stratton, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Stratton, Colorado's basic financial statements. The combining and individual fund financial statements, budget schedules and the local highway finance report, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget schedules 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget schedules and the local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hancock Froese & Company LLC

HANCOCK FROESE & COMPANY LLC

August 10, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF STRATTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of The Town of Stratton's (the "Town") financial performance provides an overview of the Town's financial activities for the fiscal years ended December 31, 2020 and 2019. Readers are encouraged to consider the information presented here in conjunction with the financial statement information.

FINANCIAL HIGHLIGHTS

1. Assets of the Town exceed its liabilities by \$5,207,278 of which \$3,529,361 is from the Town's Business-type Activities. Unrestricted net position totaled \$1,247,265 and may be used to meet the Town's on-going obligations.
2. Net investment in capital assets is the largest portion of the Town's net position. \$2,598,956 is in the Town's Business-type Activities and \$1,268,247 is in the Town's Governmental Activities.
3. Restricted net assets include \$11,100 required by TABOR, the emergency contingency required by Article X, Section 20 of the Colorado Constitution, \$35,710 for parks and recreation using conservation trust funding and \$46,000 for debt services on the loans in the Water Proprietary Fund and Sanitation Proprietary Fund.
4. The Town's debt is for improvements to the water and sewer infrastructure projects for a total of \$1,199,756.
5. The Town's Governmental Funds reported a combined ending fund balance of \$396,281 including the General Fund with \$350,132, the Conservation Trust Fund with \$35,710 and the Lodgers Tax Fund with \$10,439.
6. The Governmental Funds reported total unassigned fund balance of \$339,032. The unassigned fund balance is all made up of from the General Fund.
7. The Town's Proprietary Funds reported combined Total Net Position of \$3,529,361 of which \$884,405 is unrestricted, \$2,598,956 is net investment in capital assets and \$46,000 is restricted for debt services.
8. The Town's Proprietary Funds reported \$936,970 in cash.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management discussion and analysis (this section), the basic financial statements, required supplementary information and a section that presents budget statements, combining and individual fund financial statements and the local highway finance report (other supplementary information). This discussion and analysis serves as an introduction to Stratton's basic financial statements. The Town's basic financial statements consist of three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains required and other additional information in addition to the basic financial statements.

Government-wide Financial Statements

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

1. The **Statement of Net Position** presents information on all of the Town's assets and liabilities, with the difference between the two reported as **net position**. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
2. The **Statement of Activities** presents information reporting how the Town'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 the statements for some items that will result in cash flows in future fiscal periods. Earned but unused vacation leave and accrued interest expense are examples of these types of items.

Both 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 Governmental, Public Works, Public Safety (as applicable), Economic Development, Health and Welfare, and Culture and Recreation. The business-type activities of the Town include Water, Sanitation and Community Building Funds.

Fund Financial Statements

A Fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All Town funds can be divided into two categories:

- Governmental funds
- Proprietary funds

Governmental funds: Governmental funds account for essentially the same functions reported as governmental activities in the Town-wide financial statements. Unlike the Town-wide financial statements, however, governmental fund financial statements focus on how money flows into and out of those funds and the balances at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information provides a detailed short-term view of the Town's general government operations and may be useful in evaluating the Town's near-term financing requirements.

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

The Town maintains two individual governmental funds. Information is presented separately in the governmental fund Balance sheet and the Statement of Revenue, Expenditures, and Changes in Fund Balance for each fund. Data from other governmental funds are combined into a single aggregated presentation.

Proprietary funds: The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions as business-type activities in the Town-wide financial statements. The Town uses Enterprise Funds to account for the Water, Sanitation and Community Building activities.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the Town-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town. The Town adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for all major funds to demonstrate compliance with the budget requirement. The Town also provides pension schedules that relate to the Statewide Defined Benefit Plan.

Other Information

The Individual and Combining Financial Statements are presented immediately following the required supplementary information.

Financial Analysis of the Town as a Whole

Net Position

Net position may serve as useful indicator of a government's financial position. In the case of the Town of Stratton, assets exceeded liabilities by \$5,207,278 at the close of the most recent fiscal year.

The largest portion of the Town's net position 74% reflects the investment in capital assets (e.g. land, buildings, machinery and equipment) less any accumulated depreciation and related debt to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Restricted net position is designed to reflect the net position that is subject to restrictions beyond the Town's control; restricted net position is 2% of total net position.

Unrestricted net position may be used to meet the government's ongoing obligations to the citizens and creditors; unrestricted net position makes up the remaining 24% of total net position. The Town is able to report positive balances in all three categories of net position for the government as a whole, as well as for its separate business-type activities.

The following table reflects the condensed Statement of Net Position.

Town of Stratton Combined Net Position as of December 31, 2020 and 2019

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2020	2019	2020	2019	2020	2019
Assets						
Current Assets	\$ 496,614	\$ 456,054	\$ 942,797	\$ 695,935	\$ 1,439,411	\$ 1,151,989
Capital Assets	<u>1,268,247</u>	<u>1,340,876</u>	<u>3,798,712</u>	<u>3,897,580</u>	<u>5,066,959</u>	<u>5,238,456</u>
Total Assets	<u>1,764,861</u>	<u>1,796,930</u>	<u>4,741,509</u>	<u>4,593,515</u>	<u>6,506,370</u>	<u>6,390,445</u>
Deferred Outflows of Resources						
Deferred Pension Expense	<u>13,389</u>	<u>27,716</u>	<u>-</u>	<u>-</u>	<u>13,389</u>	<u>27,716</u>
Liabilities						
Current Liabilities	15,333	31,714	82,255	78,257	97,588	109,971
Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>1,129,893</u>	<u>1,199,756</u>	<u>1,129,893</u>	<u>1,199,756</u>
Total Liabilities	<u>15,333</u>	<u>31,714</u>	<u>1,212,148</u>	<u>1,278,013</u>	<u>1,227,481</u>	<u>1,309,727</u>
Deferred Inflows of Resources						
Deferred Rev.—Property Taxes	85,000	87,100	-	-	85,000	87,100
Deferred Pension Expense	<u>-</u>	<u>1,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,172</u>
Total Deferred Inflows	<u>85,000</u>	<u>88,272</u>	<u>-</u>	<u>-</u>	<u>85,000</u>	<u>88,272</u>
Net Position						
Net Investment in						
Capital Assets	1,268,247	1,340,876	2,598,956	2,628,686	3,867,203	3,969,562
Restricted	46,810	47,564	46,000	64,300	92,810	111,864
Unrestricted	<u>362,860</u>	<u>316,220</u>	<u>884,405</u>	<u>622,516</u>	<u>1,247,265</u>	<u>938,736</u>
Total Net Position	<u>\$1,677,917</u>	<u>\$1,704,660</u>	<u>\$ 3,529,361</u>	<u>\$3,315,502</u>	<u>\$ 5,207,278</u>	<u>\$ 5,020,162</u>

Restrictions in the governmental activities include \$11,100 for statutory reserves for emergencies required by TABOR and \$35,710 for restrictions on conservation trust funding and restrictions in the business-type activities include \$46,000 for debt services in the Water Proprietary Fund and Sanitation Proprietary Fund.

Changes in Net Position

The following table reflects a condensed summary of activities and changes in net position.

Town of Stratton Condensed Changes in Net Position

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues:						
Charges for Services	\$ 24,630	\$ 34,168	\$ 521,522	\$ 467,834	\$ 546,152	\$ 502,002
Operating Grants and Contributions	45,221	41,464	-	-	45,221	41,464
Capital Grants and Contributions	-	-	-	2,500	-	2,500
General Revenue:						
Property Taxes	89,802	96,361	-	-	89,802	96,361
Specific Ownership Taxes	9,878	9,673	-	-	9,878	9,673
Sales Taxes	158,020	132,704	-	-	158,020	132,704
Franchise Taxes	28,828	40,628	-	-	28,828	40,628
Other Taxes	12,839	16,385	-	-	12,839	16,385
Miscellaneous	50,798	6,025	-	-	50,798	6,025
Interest	<u>345</u>	<u>620</u>	<u>1,045</u>	<u>1,569</u>	<u>1,390</u>	<u>2,189</u>
Total Revenues	<u>420,361</u>	<u>378,028</u>	<u>522,567</u>	<u>471,903</u>	<u>942,928</u>	<u>849,931</u>

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2020	2019	2020	2019	2020	2019
Expenses						
General Government	136,506	109,298	-	-	136,506	109,298
Public Safety	4,312	13,188	-	-	4,312	13,188
Public Works	183,446	209,673	-	-	183,446	209,673
Economic Development	7,476	9,640	-	-	7,476	9,640
Health and Welfare	2,684	3,745	-	-	2,684	3,745
Culture and Recreation	112,680	132,253	-	-	112,680	132,253
Sanitation	-	-	83,340	96,024	83,340	96,024
Water	-	-	197,819	222,832	197,819	222,832
Community Building	-	-	27,549	27,340	27,549	27,340
Total Expenses	447,104	477,797	308,708	346,196	755,812	823,993
Revenues Over (Under) Expenditures	(26,743)	(99,769)	213,859	125,707	187,116	25,938
Transfer In (Out)	-	(31,092)	-	31,092	-	-
Change in Net Position	(26,743)	(130,861)	213,859	156,799	187,116	25,938
Net Position, Beginning	1,704,660	1,835,521	3,315,502	3,158,703	5,020,162	4,994,224
Net Position, Ending	<u>\$ 1,677,917</u>	<u>\$ 1,704,660</u>	<u>\$ 3,529,361</u>	<u>\$ 3,315,502</u>	<u>\$ 5,207,278</u>	<u>\$ 5,020,162</u>

Charges for services for the business-type activities for 2020 and 2019 are as follows:

	2020	2019
Sanitation	\$ 139,427	\$ 137,435
Water	353,541	319,066
Community Building	28,554	11,333
Total Charges for Services	<u>\$ 521,522</u>	<u>\$ 467,834</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The Town of Stratton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the Town of Stratton's governmental funds is to provide information on current year revenue, expenditures, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. As of the end of the year, the town's governmental funds reported a combined fund balance of \$396,281. Of that fund balance, \$339,032 constitutes unassigned fund balance, which is available for spending at the government's discretion and \$10,439 is assigned for a specific purpose. The remainder of fund balance reflects a state constitution mandated emergency reserve of \$11,100 and a restriction on conservation trust funds of \$35,710.

PROPRIETARY FUNDS

The Town's proprietary funds provide the same type of information found in the government-wide financial statements. All of the Town's proprietary funds are major funds. The funds include Water, Sanitation and Community Building Funds.

The net position balances and the change in net position of the Town's proprietary funds are reflected in the following table.

	Total Net Position		Change in Net Position for Year Ended	
	2020	2019	2020	2019
Sanitation	\$ 751,675	\$ 695,106	\$ 56,569	\$ 91,434
Water	2,469,789	2,313,504	156,285	81,372
Community Building	307,897	306,892	1,005	(16,007)
Total Enterprise Funds	<u>\$ 3,529,361</u>	<u>\$ 3,315,502</u>	<u>\$ 213,859</u>	<u>\$ 156,799</u>

BUDGETARY HIGHLIGHTS

The General Fund's final budget was \$406,412 in Revenues (including transfers in) and \$532,919 in Expenditures. The Actual amounts were \$413,009 in Revenues (includes transfers in, as applicable) and \$366,999 in Expenditures.

The Sanitation Proprietary Fund's final budget was \$143,980 in Revenues and \$100,806 in Expenditures. The Actual amounts were \$139,909 (includes transfers in, as applicable) in Revenues and \$106,660 in Expenditures (includes transfers out, debt service and capital outlay, as applicable).

The Water Proprietary Fund's final budget was \$369,775 in Revenues and \$303,659 in Expenditures (including transfers out). The Actual amounts were \$354,104 (includes capital contributions and transfers in, as applicable) in Revenues and \$243,637 in Expenditures (includes transfers out, capital outlay and debt service, as applicable).

The Community Building Proprietary Fund's final budget was \$18,550 in Revenues and \$24,700 in Expenditures. The Actual amounts were \$28,554 in Revenues and \$27,549 in Expenditures.

Current expenditures exceeded appropriations in the Lodgers Tax Special Revenue Fund, Sanitation Proprietary Fund and Community Building Proprietary Fund.

CAPITAL ASSETS

At the end of 2020, the Town reported \$5,066,959 in capital assets compared to \$5,238,456 in 2019. Capital assets reported includes land, equipment, buildings, water, and sewer lines. See Note-4 for additional information. The change is due to acquisitions and the increase in depreciation expense.

LONG-TERM LIABILITIES

Long Term Liabilities include three loans with Colorado Water Resources and Power Development Authority for upgrades to the water system and sewer system.

ECONOMIC FACTORS AFFECTING FUTURE FINANCIAL CONDITIONS

The Town's elected officials considered many factors when setting the fiscal year 2021 budget, tax rates, and fees that will be charged for business-type activities.

Factors that have a potential to significantly impact the Town's 2021 budget include: 1.) ongoing rising cost of health insurance, 2.) fluctuation in fuel and energy costs, 3.) increase in Colorado's minimum wage and pay increases for employees, and 4.) the decision on whether or not to raise rates in proprietary funds.

The Town budgeted and will spend funds for the paving of streets in fiscal year 2021.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions about this report and requests for additional information can be obtained by contacting the Town Clerk at 918 Colorado Avenue, Stratton, Colorado, 80836.

BASIC FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO

STATEMENT OF NET POSITION

DECEMBER 31, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 322,682	\$ 936,970	\$ 1,259,652
Receivables - net			
Accounts	11,308	44,491	55,799
Taxes	85,000	-	85,000
Notes	3,831	-	3,831
Intergovernmental	35,129	-	35,129
Due from (to) other funds	38,664	(38,664)	-
Capital assets - net of accumulated depreciation	1,268,247	3,798,712	5,066,959
TOTAL ASSETS	1,764,861	4,741,509	6,506,370
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	13,389	-	13,389
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 1,778,250	\$ 4,741,509	\$ 6,519,759
LIABILITIES			
Accounts payable	\$ 2,701	\$ 2,701	\$ 5,402
Accrued expenses	12,632	6,943	19,575
Customer deposits	-	2,748	2,748
Noncurrent liabilities			
Due within one year	-	69,863	69,863
Due in more than one year	-	1,129,893	1,129,893
TOTAL LIABILITIES	15,333	1,212,148	1,227,481
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	85,000	-	85,000
TOTAL DEFERRED INFLOWS OF RESOURCES	85,000	-	85,000
NET POSITION			
Net investment in capital assets	1,268,247	2,598,956	3,867,203
Restricted for:			
TABOR	11,100	-	11,100
Parks and recreation	35,710	-	35,710
Operations and maintenance	-	46,000	46,000
Unrestricted	362,860	884,405	1,247,265
TOTAL NET POSITION	1,677,917	3,529,361	5,207,278
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 1,778,250	\$ 4,741,509	\$ 6,519,759

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES:			
General government	\$ 136,506	\$ 12,276	\$ -
Public safety	4,312	-	-
Public works	183,446	-	40,721
Economic development	7,476	-	-
Health and welfare	2,684	-	-
Culture and recreation	112,680	12,354	4,500
TOTAL GOVERNMENTAL ACTIVITIES	447,104	24,630	45,221
BUSINESS-TYPE ACTIVITIES			
Sanitation	83,340	139,427	-
Water	197,819	353,541	-
Community Building	27,549	28,554	-
TOTAL BUSINESS-TYPE ACTIVITIES	308,708	521,522	-
TOTAL PRIMARY GOVERNMENT	\$ 755,812	\$ 546,152	\$ 45,221

GENERAL REVENUES

- Taxes
 - Property taxes
 - Specific ownership taxes
 - Sales taxes
 - Franchise taxes
 - Other
- Miscellaneous
- Interest

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION - BEGINNING

NET POSITION - ENDING

NET (EXPENSES) REVENUE
AND CHANGES IN NET POSITION

CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
\$ -	\$ (124,230)	\$ -	\$ (124,230)
-	(4,312)	-	(4,312)
-	(142,725)	-	(142,725)
-	(7,476)	-	(7,476)
-	(2,684)	-	(2,684)
-	(95,826)	-	(95,826)
-	(377,253)	-	(377,253)
-	-	56,087	56,087
-	-	155,722	155,722
-	-	1,005	1,005
-	-	212,814	212,814
<u>\$ -</u>	<u>(377,253)</u>	<u>212,814</u>	<u>(164,439)</u>
	89,802	-	89,802
	9,878	-	9,878
	158,020	-	158,020
	28,828	-	28,828
	12,839	-	12,839
	50,798	-	50,798
	345	1,045	1,390
	350,510	1,045	351,555
	(26,743)	213,859	187,116
	1,704,660	3,315,502	5,020,162
<u>\$ 1,677,917</u>	<u>\$ 3,529,361</u>	<u>\$ 5,207,278</u>	

TOWN OF STRATTON, COLORADO

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2020

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 282,529	\$ 40,153	\$ 322,682
Receivables			
Accounts	9,495	1,813	11,308
Taxes	85,000	-	85,000
Notes	3,831	-	3,831
Intergovernmental	35,129	-	35,129
Due from other funds	38,664	4,183	42,847
TOTAL ASSETS	\$ 454,648	\$ 46,149	\$ 500,797
LIABILITIES			
Accounts payable	\$ 2,701	\$ -	\$ 2,701
Accrued expenses	12,632	-	12,632
Due to other funds	4,183	-	4,183
TOTAL LIABILITIES	19,516	-	19,516
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	85,000	-	85,000
FUND BALANCE			
Restricted for:			
TABOR	11,100	-	11,100
Parks and recreation	-	35,710	35,710
Assigned for:			
Community and economic development	-	10,439	10,439
Unassigned	339,032	-	339,032
TOTAL FUND BALANCE	350,132	46,149	396,281
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 454,648	\$ 46,149	\$ 500,797

TOWN OF STRATTON, COLORADO

RECONCILIATION OF THE GOVERNMENT FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2020

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF
NET POSITION ARE DIFFERENT BECAUSE:

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$	396,281
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.			
The cost of capital assets is		\$	2,605,150
Accumulated depreciation is			<u>(1,336,903)</u>
			1,268,247
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:			
Net pension asset (liability)			-
Deferred outflows - pension related amounts			13,389
Deferred inflows - pension related amounts			<u>-</u>
			<u>13,389</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u><u>1,677,917</u></u>

TOWN OF STRATTON, COLORADO

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR YEAR ENDED DECEMBER 31, 2020

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes	\$ 287,798	\$ 11,570	\$ 299,368
Licenses and permits	1,126	-	1,126
Intergovernmental	40,721	-	40,721
Charges for services	24,630	-	24,630
Court and fines	-	-	-
Other	58,734	53	58,787
TOTAL REVENUES	413,009	11,623	424,632
EXPENDITURES			
General government	136,350	-	136,350
Public safety	2,424	-	2,424
Public works	159,538	-	159,538
Economic development	-	7,476	7,476
Health and welfare	2,684	-	2,684
Culture and recreation	66,003	-	66,003
TOTAL EXPENDITURES	366,999	7,476	374,475
REVENUES OVER (UNDER) EXPENDITURES	46,010	4,147	50,157
OTHER FINANCING SOURCES			
Transfers in	-	-	-
Transfers out	-	-	-
NET CHANGE IN FUND BALANCE	46,010	4,147	50,157
FUND BALANCE JANUARY 1	304,122	42,002	346,124
FUND BALANCE DECEMBER 31	\$ 350,132	\$ 46,149	\$ 396,281

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT
OF ACTIVITIES ARE DIFFERENT BECAUSE:

NET CHANGE IN FUND BALANCE \$ 50,157

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 and reported as depreciation expense. This is the amount by which capital outlays differ from depreciation in the current period.

Capital outlay	\$ -	
Depreciation expense	<u>(72,629)</u>	(72,629)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds

Pension related amounts		<u>(4,271)</u>
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CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (26,743)

TOWN OF STRATTON, COLORADO

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

DECEMBER 31, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	SANITATION	WATER	COMMUNITY BUILDING	TOTAL
CURRENT ASSETS				
Cash	\$ 118,565	\$ 803,389	\$ 15,016	\$ 936,970
Accounts receivable	-	44,491	-	44,491
TOTAL CURRENT ASSETS	118,565	847,880	15,016	981,461
PROPERTY AND EQUIPMENT - NET	797,059	2,705,817	295,836	3,798,712
TOTAL ASSETS	\$ 915,624	\$ 3,553,697	\$ 310,852	\$ 4,780,173
CURRENT LIABILITIES				
Accounts payable	\$ -	\$ 2,701	\$ -	\$ 2,701
Accrued expenses	1,285	5,658	-	6,943
Customer deposits	-	2,693	55	2,748
Due to other funds	-	35,764	2,900	38,664
Loans payable - current maturities	23,759	46,104	-	69,863
TOTAL CURRENT LIABILITIES	25,044	92,920	2,955	120,919
NONCURRENT LIABILITIES				
Loans payable - net of current maturities	138,905	990,988	-	1,129,893
TOTAL LIABILITIES	163,949	1,083,908	2,955	1,250,812
NET POSITION				
Net investment in capital assets	634,395	1,668,725	295,836	2,598,956
Restricted for:				
Operations and maintenance	14,200	31,800	-	46,000
Unrestricted	103,080	769,264	12,061	884,405
TOTAL NET POSITION	751,675	2,469,789	307,897	3,529,361
TOTAL LIABILITIES AND NET POSITION	\$ 915,624	\$ 3,553,697	\$ 310,852	\$ 4,780,173

TOWN OF STRATTON, COLORADO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	SANITATION	WATER	COMMUNITY BUILDING	TOTAL
OPERATING REVENUES				
Charges for services	\$ 139,427	\$ 353,541	\$ 28,554	\$ 521,522
OPERATING EXPENSES				
Salaries	17,396	46,647	-	64,043
Employee benefits	564	2,256	-	2,820
Payroll taxes	1,215	4,968	-	6,183
Utilities	16,706	16,379	6,123	39,208
Repairs and maintenance	7,489	41,971	10,182	59,642
Professional services	3,750	3,750	-	7,500
Supplies	6,922	3,480	8	10,410
Depreciation	23,428	64,754	10,686	98,868
Miscellaneous	2,564	7,500	550	10,614
TOTAL OPERATING EXPENSES	80,034	191,705	27,549	299,288
OPERATING INCOME (LOSS)	59,393	161,836	1,005	222,234
NONOPERATING REVENUES (EXPENSE)				
Interest income	482	563	-	1,045
Interest expense	(3,306)	(6,114)	-	(9,420)
TOTAL NONOPERATING REVENUES (EXPENSES)	(2,824)	(5,551)	-	(8,375)
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	56,569	156,285	1,005	213,859
TRANSFERS	-	-	-	-
CAPITAL CONTRIBUTIONS	-	-	-	-
CHANGE IN NET POSITION	56,569	156,285	1,005	213,859
NET POSITION JANUARY 1	695,106	2,313,504	306,892	3,315,502
NET POSITION DECEMBER 31	\$ 751,675	\$ 2,469,789	\$ 307,897	\$ 3,529,361

TOWN OF STRATTON, COLORADO

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	SANITATION	WATER	COMMUNITY BUILDING	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 139,427	\$ 353,541	\$ 28,554	\$ 521,522
Cash payments for supplies, goods, services	(37,431)	(70,379)	(16,863)	(124,673)
Cash payments to employees	(19,175)	(53,179)	-	(72,354)
NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES	82,821	229,983	11,691	324,495
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers	-	12,276	-	12,276
NET CHANGE IN CASH FLOWS FROM NON- CAPITAL FINANCING ACTIVITIES	-	12,276	-	12,276
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions of capital assets	-	-	-	-
Capital contributed	-	-	-	-
Principal paid on notes payable	(23,320)	(45,818)	-	(69,138)
Interest paid on debt	(3,378)	(6,162)	-	(9,540)
NET CHANGE IN CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(26,698)	(51,980)	-	(78,678)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	482	563	-	1,045
NET CHANGE IN CASH FLOWS FROM INVESTING ACTIVITIES	482	563	-	1,045
NET CHANGE IN CASH	56,605	190,842	11,691	259,138
CASH BEGINNING OF YEAR	61,960	612,547	3,325	677,832
CASH END OF YEAR	\$ 118,565	\$ 803,389	\$ 15,016	\$ 936,970
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 59,393	\$ 161,836	\$ 1,005	\$ 222,234
Adjustment to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	23,428	64,754	10,686	98,868
Change in assets and liabilities				
(Increase) decrease in accounts receivable	-	-	-	-
Increase (decrease) in accounts payable	-	2,701	-	2,701
Increase (decrease) in accrued expenses	-	692	-	692
NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES	\$ 82,821	\$ 229,983	\$ 11,691	\$ 324,495

SEE NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Stratton (the "Town") conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

THE FINANCIAL REPORTING ENTITY

The Town of Stratton is a political subdivision of the State of Colorado which is governed by an elected mayor and elected 6-member board of trustees. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Stratton (the primary government). Currently no component units have been included in the Town's reporting entity because of a lack of significant operational or financial relationship with the Town.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, interest revenues, and charges for services are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grant and entitlement awards are recorded as revenue when earned. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

General Fund - is the government's primary operating fund. It accounts for all financial resources of the general government, except those which are required to be accounted for in another fund.

TOWN OF STRATTON, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(Continued)

The Town reports the following major proprietary funds:

Water Proprietary Fund - accounts for the activities of water treatment and distribution to the residents and businesses of the Town.

Sanitation Proprietary Fund - accounts for the activities of the wastewater collection and treatment system of the Town.

Community Building Proprietary Fund - accounts for the activities related to the community building.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. 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 nonoperating revenues and expenses.

Cash and Cash Equivalents - The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less when purchased.

The Town pools cash from several funds for the purpose of increasing interest income. Interest is allocated to individual funds based on the average cash of the funds.

Accounts Receivable and Allowance for Uncollectible Accounts – Accounts receivable balances are recorded on the statement of net position, net of allowance for uncollectible accounts. At December 31, 2020, the Town reported \$44,491 in the Water Proprietary Fund, \$9,495 in the General Fund and \$1,813 in the Lodgers Tax Special Revenue Fund for accounts receivable, net of allowance for uncollectible accounts of \$0.

The Town uses a bad debt allowances that are not limited to a specific percent of receivables but are reviewed annually to determine their adequacy. Actual bad debts are low due to continued review.

Interfund Receivables and Payables – During the course of operations, numerous transactions occur between funds for goods provided or services rendered. Outstanding balances between funds are reported as "due to/from other funds" on the balance sheet for governmental funds and on the statement of position for the proprietary funds when they are expected to be liquidated within one year.

Through the budgetary process, the Town budgets transfers between funds. The amounts are for funding purposes per the budget.

Property Taxes Receivable - All trade and property tax receivables are shown net of an allowance for uncollectibles if required.

Property taxes are not due and payable until after the assessment year has ended, and are not included in the budgets or statements of revenues, expenditures and fund balance of the assessment year. Property taxes levied are recorded in the governmental funds as taxes receivable and deferred revenues as of December 31, 2020, since the amounts are measurable but not available until 2021. Property tax abatements are recorded as an offset to property tax revenues when they are paid. An allowance for uncollectible property taxes is not provided as the uncollectible amounts were determined to be negligible based on an analysis of historical trends. Property taxes are levied before December 22 each year and attach as an enforceable lien on the property as of January 1 of the following year. Taxes are payable in full on April 30 or in two installments due on February 28 and June 15.

Notes Receivable – Notes receivable are supported by contracts, which outline the repayment of borrowed funds.

TOWN OF STRATTON, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets - Capital assets, which include property, plant, equipment, and current infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets have been capitalized on a prospective basis from 2001. The government defines capital assets as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Town has not included its infrastructure at this time except for those constructed subsequent to January 1, 2001.

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

Building, improvements, utility systems, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Infrastructure	20-50
Improvements	20-30
Buildings	20-50
Equipment	5-20
Vehicles	7-10
Systems	50

Compensated Absences - It is the government's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if expected to be paid from current resources.

Deferred Outflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category which is for pension related amounts.

Pension related amounts reported as deferred outflows of resources include the following:

Difference Between Expected and Actual Experience	\$	-
Changes of Assumptions or Other Inputs		-
Net Difference Between Projected and Actual Investment		-
Earnings on Pension Plan Investments		-
Changes in Proportion		13,389
Contributions Made Subsequent to the Measurement Date		-
Total Pension Related Deferred Outflows	<u>\$</u>	<u>13,389</u>

More information on pension related items is included in Note 6.

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category.

The item, property taxes levied for subsequent years, arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected.

TOWN OF STRATTON, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources (Continued) - Pension related amounts reported as deferred inflows of resources include the following:

Difference Between Expected and Actual Experience	\$	-
Changes of Assumptions or Other Inputs		-
Net Difference Between Projected and Actual Investment		-
Earnings on Pension Plan Investments		-
Changes in Proportion		-
Total Pension Related Deferred Inflows	\$	-

More information on pension related items is included in Note 6.

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

Fund Balances / Net Position - In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position”

The Town implemented GASB Statement No. 54 “*Fund Balance Reporting and Governmental Fund Type Definitions*” which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

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

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

TOWN OF STRATTON, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Prior to October 15, the Town Finance Officer submits to the Town Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments.

Prior to December 15, the budget is legally enacted through passage of an ordinance.

The budgetary presentation of the proprietary funds varies from GAAP in that expenditures for capital outlay and debt retirement are recognized for budgetary reporting.

Revisions that alter the total expenditures of any fund generally must be approved by Town Trustees. Budget amounts in the accompanying financial statements include revisions to the original appropriation ordinance.

Appropriations lapse at year end and any open purchase items must be reappropriated in the following year. Expenditures may not legally exceed appropriations at the fund level.

Excess of Expenditures over Appropriations - For the year ended December 31, 2020, expenditures exceeded appropriations in the Lodgers Tax Special Revenue Fund, Sanitation Proprietary Fund and Community Building Proprietary Fund.

NOTE -2 DEPOSITS AND INVESTMENTS

Deposits

The Town's investment policies are approved by the Town Trustees and governed by Colorado statute. The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determined eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2020, \$765,553 of the Town's bank balance of \$1,265,553 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

At December 31, 2020, the Town's bank balance and corresponding carrying balance were as follows:

	Carrying Balance	Bank Balance
Insured (FDIC)	\$ 500,000	\$ 500,000
Uninsured, Collateralized under the Public Deposit Protection Act	759,533	765,553
Cash on Hand	119	-
	<u>\$ 1,259,652</u>	<u>\$ 1,265,553</u>

The carrying amount is reflected in the accompanying financial statements as follows:

Governmental Activities - Cash	\$ 322,682
Business-Type Activities – Cash	936,970
	<u>\$ 1,259,652</u>

TOWN OF STRATTON, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -3 PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUES

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, \$85,000 of property taxes was deemed unavailable.

NOTE -4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Transfers Increases</u>	<u>Transfers Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets not being depreciated				
Land	\$ 104,228	\$ -	\$ -	\$ 104,228
Construction in Process	-	-	-	-
	<u>104,228</u>	<u>-</u>	<u>-</u>	<u>104,228</u>
Capital assets being depreciated				
Infrastructure	810,469	-	-	810,469
Buildings	406,909	-	-	406,909
Improvements	951,293	-	-	951,293
Equipment & Vehicles	332,251	-	-	332,251
	<u>2,500,922</u>	<u>-</u>	<u>-</u>	<u>2,500,922</u>
Less accumulated depreciation for				
Infrastructure	(259,313)	(16,714)	-	(276,027)
Buildings	(133,923)	(8,515)	-	(142,438)
Improvements	(596,508)	(35,348)	-	(631,856)
Equipment & Vehicles	(274,530)	(12,052)	-	(286,582)
	<u>(1,264,274)</u>	<u>(72,629)</u>	<u>-</u>	<u>(1,336,903)</u>
Governmental Activities				
Net Capital Assets	<u>\$ 1,340,876</u>	<u>\$ (72,629)</u>	<u>\$ -</u>	<u>\$ 1,268,247</u>
<u>Business-Type Activities:</u>				
Capital assets not being depreciated				
Land	\$ 88,377	\$ -	\$ -	\$ 88,377
Construction in Process	-	-	-	-
	<u>88,377</u>	<u>-</u>	<u>-</u>	<u>88,377</u>
Capital assets being depreciated				
Site Improvements	28,358	-	-	28,358
Buildings	511,796	-	-	511,796
Equipment & Vehicles	109,595	-	-	109,595
System	4,334,763	-	-	4,334,763
	<u>4,984,512</u>	<u>-</u>	<u>-</u>	<u>4,984,512</u>
Less accumulated depreciation for				
Site Improvements	(18,381)	(1,418)	-	(19,799)
Buildings	(149,548)	(10,236)	-	(159,785)
Equipment & Vehicles	(89,083)	(2,759)	-	(91,841)
System	(918,297)	(84,455)	-	(1,002,752)
	<u>(1,175,309)</u>	<u>(98,868)</u>	<u>-</u>	<u>(1,274,177)</u>
Business-type Activities				
Net Capital Assets	<u>\$ 3,897,580</u>	<u>\$ (98,868)</u>	<u>\$ -</u>	<u>\$ 3,798,712</u>

TOWN OF STRATTON, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -4 CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:

General government	\$ 156
Cultural & recreation	46,677
Public safety	1,888
Public works	<u>23,908</u>
Total depreciation expense – governmental activities	<u>\$ 72,629</u>

Business-Type Activities:

Sanitation Proprietary Fund	\$ 23,428
Water Proprietary Fund	64,754
Community Building Proprietary Fund	<u>10,686</u>
Total depreciation expense – business-type activities	<u>\$ 98,868</u>

NOTE -5 LONG-TERM DEBT

The following is a summary of long-term obligation transactions of the Town for the year ended December 31, 2020:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>	<u>CURRENT PORTION</u>
<u>Business-Type Activities:</u>					
Loan Payable 1 - Water	\$ 332,394	\$ -	\$ (15,185)	\$ 317,209	\$ 15,471
Loan Payable 2 - Water	750,516	-	(30,633)	719,883	30,633
Loan Payable 1 - Sanitation	<u>185,984</u>	<u>-</u>	<u>(23,320)</u>	<u>162,664</u>	<u>23,759</u>
Totals	<u>\$1,268,894</u>	<u>\$ -</u>	<u>\$ (69,138)</u>	<u>\$1,199,756</u>	<u>\$ 69,863</u>

Annual debt service requirements to maturity are as follow for Business-Type Activities:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 69,863	\$ 8,814	\$ 78,677
2022	70,602	8,075	78,677
2023	71,355	7,322	78,677
2024	72,122	6,555	78,677
2025	72,904	5,773	78,677
2026-2030	280,655	19,290	299,945
2031-2035	249,973	9,926	259,899
2036-2040	205,065	1,469	206,534
2041-2044	<u>107,217</u>	<u>-</u>	<u>107,217</u>
	<u>\$1,199,756</u>	<u>\$ 67,224</u>	<u>\$1,266,980</u>

All outstanding notes from direct borrowings contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the Town is unable to make payment. The Town's outstanding notes from direct borrowings, as applicable, contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs.

TOWN OF STRATTON, COLORADO

NOTES TO FINANCIAL STATEMENTS

NOTE -5 LONG-TERM DEBT (Continued)

Loan Payable 1 - Water: The Town entered into a loan agreement with Colorado Water Resources and Power Development Authority on December 20, 2007 in the amount of \$483,000. The loan proceeds were used to finance construction of water system improvements. The loan carries an interest rate of 1.875%. The loan is payable in semi-annual installments of \$10,673 beginning November 1, 2008 and maturing May 1, 2038. The loan is payable from the revenues generated from the system.

Annual requirements of the loan as of December 31, 2020 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 15,471	\$ 5,875	\$ 21,346
2022	15,762	5,584	21,346
2023	16,059	5,287	21,346
2024	16,362	4,984	21,346
2025	16,670	4,676	21,346
2026-2030	88,181	18,551	106,732
2031-2035	96,806	9,926	106,732
2036-2038	<u>51,898</u>	<u>1,469</u>	<u>53,367</u>
	<u>\$ 317,209</u>	<u>\$ 56,352</u>	<u>\$ 373,561</u>

Loan Payable 2 - Water: The Town entered into a loan agreement with Colorado Water Resources and Power Development Authority on August 30, 2013 in the amount of \$919,000. The loan proceeds were used to finance construction of water system improvements. The loan carries an interest rate of 0.00%. The loan is payable in semi-annual installments of \$15,317 beginning November 1, 2014 and maturing May 1, 2044. The loan is payable from the revenues generated from the system.

Annual requirements of the loan as of December 31, 2020 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 30,633	\$ -	\$ 30,633
2022	30,633	-	30,633
2023	30,633	-	30,633
2024	30,633	-	30,633
2025	30,633	-	30,633
2026-2030	153,167	-	153,167
2031-2035	153,167	-	153,167
2036-2040	153,167	-	153,167
2041-2044	<u>107,217</u>	<u>-</u>	<u>107,217</u>
	<u>\$ 719,883</u>	<u>\$ -</u>	<u>\$ 719,883</u>

Loan Payable 1 - Sanitation: The Town entered into a loan agreement with Colorado Water Resources and Power Development Authority on November 20, 2006 in the amount of \$442,000. The loan proceeds were used for improvements to the lagoon system. The loan carries an interest rate of 1.875%. The loan is payable in semi-annual installments of \$13,349 beginning November 1, 2007 and maturing May 1, 2027. The loan is payable from the revenues generated from the system.

Annual requirements of the loan as of December 31, 2020 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 23,759	\$ 2,939	\$ 26,698
2022	24,207	2,491	26,698
2023	24,663	2,035	26,698
2024	25,127	1,571	26,698
2025	25,601	1,097	26,698
2026-2027	<u>39,307</u>	<u>739</u>	<u>40,046</u>
	<u>\$ 162,664</u>	<u>\$ 10,872</u>	<u>\$ 173,536</u>

TOWN OF STRATTON, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -5 LONG-TERM DEBT (Continued)

In connection with the above notes payable, the Town is subject to various covenants and is required to maintain an operation and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation. As of December 31, 2020, the Town was in compliance with all covenants and maintained the required reserve of \$14,200 in the Sanitation Proprietary Fund and \$31,800 in the Water Proprietary Fund.

NOTE -6 PENSION PLAN

FIRE & POLICE – 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 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

The Plan assets are included in the Fire & Police Member's Benefit Investment Fund and the Fire & Police Member's Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.FPPAco.org>.

Employers once had the option to elect to withdraw from the SWDB plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes, Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors.

Benefits Provided:

A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55. 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 (Rule of 80).

The annual normal retirement benefit is 2 percent 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 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the SWDB Plan. Benefits paid to retired members are evaluated and may be redetermined 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 percent 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 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the SWDB plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

TOWN OF STRATTON, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -6 PENSION PLAN (Continued)

Benefits Provided (Continued):

A member may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement, early retirement, or vested retirement at age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into DROP. The member's participating percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at the entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Effective January 1, 2003, the member shall self-direct investments of their DROP funds. This amount was not included in the SWDB Plan net position.

Contributions:

Through December 31, 2020, contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally 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 to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions are 8 percent in 2019 and 2020. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2019, members of the SWDB plan and their employers are contributing at the rate of 10.5 percent and 8 percent, respectively, of pensionable earnings for a total contribution rate of 18.5 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22.5 percent and 23.0 percent of pensionable earnings in 2019 and 2020, respectively. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry department may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.25 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.25 percent in 2019 and 9.50 percent in 2020. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent in 2019 and 2020. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

The member contribution rate as of December 31, 2020 for members hired prior to April 1, 2009 was 12.00% and the Town's contribution rate was 10.00%. For members hired after April 1, 2009 the member contribution rate as of December 31, 2020 was 10.50% and the Town's contribution rate was 8.00%. Contributions to the SWDB plan from the Town were \$0 for the year ended December 31, 2020.

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

At December 31, 2020, the Town reported a liability of \$0 for its proportionate share of the SWDB net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was based upon the January 1, 2020 actuarial valuation. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined at January 1, 2020. At December 31, 2019, the Town's proportion was 0.0000 percent, which was a decrease of 0.0070 from its proportion measured as of December 31, 2018.

TOWN OF STRATTON, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -6 PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued):

For the year ended December 31, 2020, the Town recognized pension expense of \$4,270. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes in Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion	13,389	-
Contributions subsequent to the measurement date	-	-
Total	\$ 13,389	\$ -

The \$0 reported as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year ended December 31,</i>	<i>Amortization</i>
2021	\$ 1,396
2022	1,396
2023	1,396
2024	1,396
2025	1,396
2026-2030	6,409
Total	\$ 13,389

Actuarial Assumptions:

The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2018. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2020	January 1, 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 *	7.00%	7.00%
Projected Salary Increases *	4.25% - 11.25%	4.00% - 11.25%
Cost of Living Adjustment COLA	0.00%	0.00%
* Includes Inflation at	2.50%	2.50%

For determining the total pension liability, the post-retirement mortality tables for non-disables 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.

TOWN OF STRATTON, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -6 PENSION PLAN (Continued)

Actuarial Assumptions (Continued):

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.

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 percent). 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:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Global Equity	38%	7.00%
Equity Long/Short	8%	6.00%
Private Markets	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Futures	4%	5.00%
Cash	2%	2.52%
Total	100%	

The discount rate used to measure the total pension liability was 7.00 percent. 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 FPPA's Board of Director's funding policy, which established the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan 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 7.00 percent; the municipal bond rate is 2.75 percent (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 7.00 percent.

The following presents the Town's proportionate share of the net pension liability/(asset), calculated using a discount rate of 7.00%, as well as what the Town's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability (Asset)	\$ -	\$ -	\$ -

TOWN OF STRATTON, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -6 PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial report.

Subsequent Event:

House Bill 20-1044 was signed into law on April 1, 2020. Included in the bill is provision to increase the benefits of the members of the Statewide Defined Benefit Plan through a Rule of 80 provision effective January 1, 2021. This provision provides for a normal retirement as early as age 50 if the member's age combined with years of service totals at least 80. The impact of this change was not included in the Total Pension Liability or the Collective Pension Expense as of December 31, 2019 measurement period. This will be reflected in the December 31, 2020 measurement period. The impact of the benefit adjustment is approximately \$53 million.

NOTE -7 INTERFUND RECEIVABLES AND PAYABLES

Interfund Receivables and Payables:

During the course of operations, numerous transactions occur between the Town's funds for the reimbursement of expenditures or to move special revenues collected in one fund to the special revenue fund (Conservation Trust Fund). Related interfund receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet and statement of net position and will be settled within a reasonable time period.

The composition of due to / from other funds as of December 31, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water	\$ 35,764
General	Community Building	2,900
		<u>\$ 38,664</u>
 Conservation Trust	 General	 <u>\$ 4,183</u>

NOTE -8 NET POSITION

Restricted net position represents net position whose users are subject to constraints that are either 1.) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or 2.) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2020 is as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Operations and Maintenance	\$ -	\$ 46,000	\$ 46,000
Parks and Recreation	35,710	-	35,710
Emergencies - TABOR	11,100	-	11,100
	<u>\$ 46,810</u>	<u>\$ 46,000</u>	<u>\$ 92,810</u>

Restricted for Operations and Maintenance – The Town is required to maintain an operation and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation as set forth by the creditor.

Restricted for Parks and Recreation (Conservation Trust) – This represents money received from the State of Colorado for parks and open space related projects.

Restricted for Emergencies - TABOR – This represents approximately 3% of the Town's 2020 fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, this portion of the Town's net position can be used for declared emergencies only and the Town must maintain 3% or more of its spending in this restricted account. The Town does not believe this restriction meets the definition of a stabilization arrangement under generally accepted accounting principles.

TOWN OF STRATTON, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -9 FUND BALANCES

At December 31, 2020, fund balances for governmental funds consist of the following:

	Restricted Fund Balance			Total
	Emergencies TABOR	Future Expenditures	Parks & Recreation	
General Fund	\$ 11,100	\$ -	\$ -	\$ 11,100
Conservation Trust Fund	-	-	35,710	35,710
Total	\$ 11,100	\$ -	\$ 35,710	\$ 46,810

	Assigned Fund Balance		
	Community and Economic Development	Future Expenditures	Total
Lodgers Tax Fund	\$ 10,439	\$ -	\$ 10,439

NOTE -10 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in a public entity risk pool to meet its insurance needs for workers' compensation. The Town utilizes the Colorado Intergovernmental Risk Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for over 100 Colorado governmental entities. The Town pays an annual premium to CIRSA for its workers compensation coverage.

It is the intent of the members of CIRSA to create a self-sustaining entity through member premiums and reinsurance through commercial companies for workers' compensation claims in excess of \$400,000 up to \$1 million for each insured event. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE -11 TAX SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Town's management believes a significant portion of its operations qualify for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Emergency reserves have been provided for as required by Article X, Section 20 of the constitution of the State of Colorado. Per TABOR, \$11,100 of the fund balance has been reserved in compliance with this requirement.

TOWN OF STRATTON, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE -11 TAX SPENDING AND DEBT LIMITATIONS (Continued)

The Town's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an enterprise will require judicial interpretation. Accordingly, the possibility exists that the Town's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statements.

Voters of the Town passed a referendum at an election held November, 1997, permitting the Town to collect, retain, and expend the full proceeds of the Town's property taxes, non-federal grants, and all other rates, fees, tolls and charges for capital projects and municipal services, for the year 1997 and each subsequent year, notwithstanding any state restriction on fiscal year spending including, without limitation, the restrictions of Article X, Section 20, of the Colorado Constitution.

NOTE -12 SUBSEQUENT EVENTS

The Town evaluated its December 31, 2020 financial statements for subsequent events through the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact tax revenues and charges for services. Other financial impact could occur though such potential impact is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF STRATTON COLORADO

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

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 proportion of the net pension liability (asset)	0.0000%	0.0070%	0.0090%	0.0094%	0.0087%	0.0091%	0.0093%
Town's proportionate share of the net pension liability (asset)	\$ -	\$ 8,884	\$ (12,946)	\$ 3,396	\$ (154)	\$ (10,305)	\$ (8,288)
Town's covered payroll	\$ -	\$ 49,961	\$ 52,640	\$ 50,534	\$ 42,534	\$ 41,096	\$ 40,290
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	17.78%	-24.59%	6.72%	-0.36%	-25.08%	-20.57%
Plan fiduciary net position as a percentage of the total pension liability (asset)	0.00%	95.20%	106.30%	98.21%	100.10%	106.80%	105.80%

* Information above is presented as of the measurement date (December 31 of the previous fiscal year.)

Note: Information presented since inception of GASB 68. As information becomes available, each subsequent year will be added until a full 10-year trend is compiled.

See the accompanying Independent Auditors' Report.

TOWN OF STRATTON COLORADO
SCHEDULE OF TOWN'S CONTRIBUTIONS
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>
Statutorily required contribution	\$ -	\$ -	\$ 4,336	\$ 4,211	\$ 4,700	\$ 3,956	\$ 3,822
Contributions in relation to the statutorily required contribution	<u>-</u>	<u>-</u>	<u>(4,336)</u>	<u>(4,211)</u>	<u>(4,700)</u>	<u>(3,956)</u>	<u>(3,822)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ -	\$ -	\$ 49,961	\$ 52,640	\$ 50,534	\$ 42,534	\$ 41,096
Contributions as a percentage of covered payroll	0.00%	0.00%	8.68%	8.00%	9.30%	9.30%	9.30%

* Information above is presented as of the Town's fiscal year-end.

Note: Information presented since inception of GASB 68. As information becomes available, each subsequent year will be added until a full 10-year trend is compiled.

See the accompanying Independent Auditors' Report.

TOWN OF STRATTON, COLORADO

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2020

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 246,650	\$ 246,650	\$ 287,798	\$ 41,148
Licenses and permits	1,150	1,150	1,126	(24)
Intergovernmental	51,500	51,500	40,721	(10,779)
Charges for services	29,000	29,000	24,630	(4,370)
Courts and fines	100	100	-	(100)
Other	3,120	3,120	58,734	55,614
TOTAL REVENUES	331,520	331,520	413,009	81,489
EXPENDITURES				
General government	143,587	143,587	136,350	7,237
Public safety	56,420	56,420	2,424	53,996
Public works	147,516	147,516	159,538	(12,022)
Health and welfare	3,750	3,750	2,684	1,066
Culture and recreation	96,646	96,646	66,003	30,643
Capital outlay	85,000	85,000	-	85,000
TOTAL EXPENDITURES	532,919	532,919	366,999	165,920
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(201,399)	(201,399)	46,010	247,409
OTHER FINANCING SOURCES				
TRANSFERS IN	74,892	74,892	-	(74,892)
TRANSFERS OUT	-	-	-	-
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(126,507)	(126,507)	46,010	172,517
FUND BALANCE JANUARY 1	304,122	304,122	304,122	-
FUND BALANCE DECEMBER 31	<u>\$ 177,615</u>	<u>\$ 177,615</u>	<u>\$ 350,132</u>	<u>\$ 172,517</u>

OTHER SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

MAJOR GOVERNMENTAL FUNDS

General Fund – The general fund is the general operating fund of the Town; used to account for all resources that are not legally or by sound financial management to be accounted for in another fund.

TOWN OF STRATTON, COLORADO

GENERAL FUND

BALANCE SHEET

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 282,529	\$ 257,805
Receivables		
Accounts	9,495	10,794
Taxes	85,000	87,100
Notes	3,831	5,822
Intergovernmental	35,129	30,326
Due from other funds	<u>38,664</u>	<u>26,388</u>
TOTAL ASSETS	<u>\$ 454,648</u>	<u>\$ 418,235</u>
LIABILITIES		
Accounts payable	\$ 2,701	\$ 1,547
Accrued expenses	12,632	21,283
Due to other funds	<u>4,183</u>	<u>4,183</u>
TOTAL LIABILITIES	<u>19,516</u>	<u>27,013</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - property taxes	<u>85,000</u>	<u>87,100</u>
FUND BALANCE		
Restricted for emergencies - TABOR	11,100	11,900
Unassigned	<u>339,032</u>	<u>292,222</u>
TOTAL FUND BALANCE	<u>350,132</u>	<u>304,122</u>
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 454,648</u>	<u>\$ 418,235</u>

TOWN OF STRATTON, COLORADO

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
REVENUES		
Taxes	\$ 287,798	\$ 281,492
Licenses and permits	1,126	845
Intergovernmental	40,721	39,064
Charges for services	24,630	34,168
Court and fines	-	705
Other	58,734	10,740
	<u>413,009</u>	<u>367,014</u>
TOTAL REVENUES		
EXPENDITURES		
General government	136,350	109,131
Public safety	2,424	11,013
Public works	159,538	184,902
Health and welfare	2,684	3,745
Culture and recreation	66,003	84,831
	<u>366,999</u>	<u>393,622</u>
TOTAL EXPENDITURES		
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	46,010	(26,608)
OTHER FINANCING SOURCES		
TRANSFERS IN	-	5,119
TRANSFERS OUT	-	(36,211)
	<u>-</u>	<u>(36,211)</u>
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	46,010	(57,700)
FUND BALANCE JANUARY 1	<u>304,122</u>	<u>361,822</u>
FUND BALANCE DECEMBER 31	<u>\$ 350,132</u>	<u>\$ 304,122</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Lodgers Tax Special Revenue Fund – This fund is used for the collection and disbursement of lodging tax revenues to be used for the promotion and advertising of the Town.

Conservation Trust Special Revenue Fund – This fund is used to account for the collection and disbursement of revenues received from the Colorado state lottery and are restricted for parks and open space related projects.

TOWN OF STRATTON, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2020

	<u>SPECIAL REVENUE FUNDS</u>		<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>CONSERVATION TRUST</u>	<u>LODGERS TAX</u>	
ASSETS			
Cash and cash equivalents	\$ 31,527	\$ 8,626	\$ 40,153
Accounts receivable	-	1,813	1,813
Due from other funds	4,183	-	4,183
TOTAL ASSETS	<u>\$ 35,710</u>	<u>\$ 10,439</u>	<u>\$ 46,149</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE			
Restricted for:			
Parks and recreation	35,710	-	35,710
Assigned for:			
Community and economic development	-	10,439	10,439
TOTAL FUND BALANCE	<u>35,710</u>	<u>10,439</u>	<u>46,149</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 35,710</u>	<u>\$ 10,439</u>	<u>\$ 46,149</u>

TOWN OF STRATTON, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS BALANCE

YEAR ENDED DECEMBER 31, 2020

	<u>SPECIAL REVENUE FUNDS</u>		<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>CONSERVATION TRUST</u>	<u>LODGERS TAX</u>	
REVENUES			
Taxes	\$ -	\$ 11,570	\$ 11,570
Intergovernmental	-	-	-
Interest Income	46	7	53
TOTAL REVENUES	<u>46</u>	<u>11,577</u>	<u>11,623</u>
EXPENDITURES			
General governmental	-	-	-
Economic development	-	7,476	7,476
TOTAL EXPENDITURES	<u>-</u>	<u>7,476</u>	<u>7,476</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	46	4,101	4,147
OTHER FINANCING SOURCES (USES)			
Transfers	-	-	-
REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	46	4,101	4,147
FUND BALANCE JANUARY 1	<u>35,664</u>	<u>6,338</u>	<u>42,002</u>
FUND BALANCE DECEMBER 31	<u>\$ 35,710</u>	<u>\$ 10,439</u>	<u>\$ 46,149</u>

TOWN OF STRATTON, COLORADO

BALANCE SHEET

CONSERVATION TRUST SPECIAL REVENUE FUND

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 31,527	\$ 31,481
Due from other funds	<u>4,183</u>	<u>4,183</u>
TOTAL ASSETS	<u>\$ 35,710</u>	<u>\$ 35,664</u>
LIABILITIES	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE		
Restricted for:		
Parks and recreation	<u>35,710</u>	<u>35,664</u>
TOTAL FUND BALANCE	<u>35,710</u>	<u>35,664</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 35,710</u>	<u>\$ 35,664</u>

TOWN OF STRATTON, COLORADO

CONSERVATION TRUST SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		VARIANCE FAVORABLE (UNFAVORABLE)	2019 ACTUAL
	ACTUAL	BUDGET		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ 2,400
Interest income	46	-	46	63
TOTAL REVENUES	46	-	46	2,463
EXPENDITURES				
Recreation	-	-	-	-
Miscellaneous	-	-	-	12
TOTAL REVENUES	-	-	-	12
REVENUES OVER EXPENDITURES	46	-	46	2,451
FUND BALANCE JANUARY 1	35,664	35,664	-	33,213
FUND BALANCE DECEMBER 31	\$ 35,710	\$ 35,664	\$ 46	\$ 35,664

TOWN OF STRATTON, COLORADO

BALANCE SHEET

LODGERS TAX SPECIAL REVENUE FUND

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 8,626	\$ 5,547
Accounts receivable	<u>1,813</u>	<u>791</u>
TOTAL ASSETS	<u>\$ 10,439</u>	<u>\$ 6,338</u>
LIABILITIES		
Accounts payable	<u>\$ -</u>	<u>\$ -</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCE		
Assigned for:		
Community and economic development	<u>10,439</u>	<u>6,338</u>
TOTAL FUND BALANCE	<u>10,439</u>	<u>6,338</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 10,439</u>	<u>\$ 6,338</u>

TOWN OF STRATTON, COLORADO

LODGERS TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		VARIANCE FAVORABLE (UNFAVORABLE)	2019 ACTUAL
	ACTUAL	BUDGET		
REVENUES				
Taxes	\$ 11,570	\$ 15,000	\$ (3,430)	\$ 14,258
Interest income	7	3	4	4
TOTAL REVENUES	<u>11,577</u>	<u>15,003</u>	<u>(3,426)</u>	<u>14,262</u>
EXPENDITURES				
Billboards	7,476	5,000	(2,476)	9,640
Other	-	-	-	-
TOTAL EXPENDITURES	<u>7,476</u>	<u>5,000</u>	<u>(2,476)</u>	<u>9,640</u>
REVENUES OVER EXPENDITURES	4,101	10,003	(5,902)	4,622
FUND BALANCE JANUARY 1	<u>6,338</u>	<u>6,338</u>	-	<u>1,716</u>
FUND BALANCE DECEMBER 31	<u>\$ 10,439</u>	<u>\$ 16,341</u>	<u>\$ (5,902)</u>	<u>\$ 6,338</u>

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Water Proprietary Fund - Accounts for the operations of the Town's water utility. Activities of the fund include administration, operation and maintenance, treatment, and distribution of the water system, along with accumulation of resources for the payment of principal and interest on long-term debt.

Sanitation Proprietary Fund - Accounts for the operations of the Town's sewer utility. Activities of the fund include administration, operation and maintenance, treatment, and collection of the waste water system, along with accumulation of resources for the payment of principal and interest on long-term debt.

Community Building Proprietary Fund - This fund is used to account for the collection and disbursement of specified rent revenues related to the use of the community building for economic and community development.

TOWN OF STRATTON, COLORADO

SANITATION PROPRIETARY FUND

BALANCE SHEET

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 118,565	\$ 61,960
TOTAL CURRENT ASSETS	118,565	61,960
NET PROPERTY AND EQUIPMENT	<u>797,059</u>	<u>820,487</u>
TOTAL ASSETS	<u>\$ 915,624</u>	<u>\$ 882,447</u>
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ -
Accrued expenses	1,285	1,357
Loans payable - current maturities	<u>23,759</u>	<u>23,320</u>
TOTAL CURRENT LIABILITIES	25,044	24,677
NONCURRENT LIABILITIES		
Loans payable - net of current maturities	<u>138,905</u>	<u>162,664</u>
TOTAL LIABILITIES	<u>163,949</u>	<u>187,341</u>
NET POSITION		
Net investment in capital assets	634,395	634,503
Restricted for:		
Operations and maintenance	14,200	27,300
Unrestricted	<u>103,080</u>	<u>33,303</u>
TOTAL NET POSITION	<u>751,675</u>	<u>695,106</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 915,624</u>	<u>\$ 882,447</u>

TOWN OF STRATTON, COLORADO

SANITATION PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	\$ 139,427	\$ 137,435
OPERATING EXPENSES		
Salaries	17,396	21,270
Employee benefits	564	4,984
Payroll Taxes	1,215	1,164
Utilities	16,706	19,417
Repairs and maintenance	7,489	13,367
Professional services	3,750	3,465
Supplies	6,922	2,840
Depreciation	23,428	22,495
Miscellaneous	2,564	550
TOTAL OPERATING EXPENSES	<u>80,034</u>	<u>89,552</u>
OPERATING INCOME (LOSS)	<u>59,393</u>	<u>47,883</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	482	520
Interest expense	(3,306)	(6,472)
Other	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(2,824)</u>	<u>(5,952)</u>
INCOME (LOSS) BEFORE TRANSFERS	56,569	41,931
TRANSFER IN	-	49,503
CHANGE IN NET POSITION	56,569	91,434
NET POSITION JANUARY 1	<u>695,106</u>	<u>603,672</u>
NET POSITION DECEMBER 31	<u>\$ 751,675</u>	<u>\$ 695,106</u>

TOWN OF STRATTON, COLORADO

SANITATION PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 139,427	\$ 137,435
Cash payments for supplies, goods, services	(37,431)	(42,100)
Cash payments to employees	(19,175)	(27,910)
NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES	82,821	67,425
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	-	56,533
Transfers out	-	(60,410)
NET CHANGE IN CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	-	(3,877)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	(10,987)
Principal paid on loan	(23,320)	(58,571)
Interest on debt	(3,378)	(5,891)
NET CHANGE IN CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(26,698)	(75,449)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on savings and other	482	520
NET CHANGE IN CASH FLOWS FROM INVESTING ACTIVITIES	482	520
NET CHANGE IN CASH	56,605	(11,381)
CASH - BEGINNING OF YEAR	61,960	73,341
CASH - END OF YEAR	\$ 118,565	\$ 61,960
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 59,393	\$ 47,883
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	23,428	22,495
Change in assets and liabilities		
Increase (decrease) in accounts payable	-	(2,460)
Increase (decrease) in accrued expenses	-	(493)
NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES	\$ 82,821	\$ 67,425

TOWN OF STRATTON, COLORADO

WATER PROPRIETARY FUND

BALANCE SHEET

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 803,389	\$ 612,547
Accounts receivable	44,491	44,491
	<u>847,880</u>	<u>657,038</u>
TOTAL CURRENT ASSETS	847,880	657,038
NET PROPERTY AND EQUIPMENT	<u>2,705,817</u>	<u>2,770,571</u>
	<u>\$ 3,553,697</u>	<u>\$ 3,427,609</u>
CURRENT LIABILITIES		
Accounts payable	\$ 2,701	\$ -
Accrued expenses	5,658	5,014
Customer deposits	2,693	2,693
Due to other funds	35,764	23,488
Loans payable - current maturities	46,104	45,818
	<u>92,920</u>	<u>77,013</u>
TOTAL CURRENT LIABILITIES	92,920	77,013
NONCURRENT LIABILITIES		
Loans payable - net of current maturities	<u>990,988</u>	<u>1,037,092</u>
	<u>1,083,908</u>	<u>1,114,105</u>
TOTAL LIABILITIES	1,083,908	1,114,105
NET POSITION		
Net investment in capital assets	1,668,725	1,687,661
Restricted for:		
Operations and maintenance	31,800	37,000
Unrestricted	769,264	588,843
	<u>2,469,789</u>	<u>2,313,504</u>
TOTAL NET POSITION	2,469,789	2,313,504
	<u>\$ 3,553,697</u>	<u>\$ 3,427,609</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,553,697</u>	<u>\$ 3,427,609</u>

TOWN OF STRATTON, COLORADO

WATER PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	<u>\$ 353,541</u>	<u>\$ 319,066</u>
OPERATING EXPENSES		
Salaries	46,647	51,828
Employee benefits	2,256	11,340
Payroll taxes	4,968	3,761
Utilities	16,379	13,245
Repairs and maintenance	41,971	50,639
Professional services	3,750	4,135
Supplies	3,480	3,312
Depreciation	64,754	64,637
Miscellaneous	<u>7,500</u>	<u>9,606</u>
TOTAL OPERATING EXPENSES	<u>191,705</u>	<u>212,503</u>
OPERATING INCOME	<u>161,836</u>	<u>106,563</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	563	1,049
Interest expense	<u>(6,114)</u>	<u>(10,329)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(5,551)</u>	<u>(9,280)</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	156,285	97,283
TRANSFER OUT	-	(18,411)
CAPITAL CONTRIBUTION	<u>-</u>	<u>2,500</u>
CHANGE IN NET POSITION	156,285	81,372
NET POSITION JANUARY 1	<u>2,313,504</u>	<u>2,232,132</u>
NET POSITION DECEMBER 31	<u><u>\$ 2,469,789</u></u>	<u><u>\$ 2,313,504</u></u>

TOWN OF STRATTON, COLORADO

WATER PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 353,541	\$ 314,578
Cash payments for supplies, goods, services	(70,379)	(86,256)
Cash payments to employees	(53,179)	(64,223)
NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES	<u>229,983</u>	<u>164,099</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	-	5,119
Transfers out	12,276	(1,631)
NET CHANGE IN CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	<u>12,276</u>	<u>3,488</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	(23,488)
Capital contributed	-	2,500
Principal paid on loan	(45,818)	(146,407)
Interest on debt	(6,162)	(9,290)
NET CHANGE IN CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(51,980)</u>	<u>(176,685)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on savings	563	1,049
NET CHANGE IN CASH FLOWS FROM INVESTING ACTIVITIES	<u>563</u>	<u>1,049</u>
NET CHANGE IN CASH	190,842	(8,049)
CASH - BEGINNING OF YEAR	<u>612,547</u>	<u>620,596</u>
CASH - END OF YEAR	<u><u>\$ 803,389</u></u>	<u><u>\$ 612,547</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 161,836	\$ 106,563
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	64,754	64,637
Change in assets and liabilities		
(Increase) decrease in accounts receivable	-	(4,488)
Increase (decrease) in accounts payable	2,701	(5,318)
Increase (decrease) in accrued expenses	692	2,705
NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 229,983</u></u>	<u><u>\$ 164,099</u></u>

TOWN OF STRATTON, COLORADO
COMMUNITY BUILDING PROPRIETARY FUND
BALANCE SHEET
DECEMBER 31, 2020 AND 2019

	2020	2019
CURRENT ASSETS		
Cash	\$ 15,016	\$ 3,325
TOTAL CURRENT ASSETS	15,016	3,325
NET PROPERTY AND EQUIPMENT	295,836	306,522
TOTAL ASSETS	\$ 310,852	\$ 309,847
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ -
Customer deposits	55	55
Due to other funds	2,900	2,900
TOTAL CURRENT LIABILITIES	2,955	2,955
NET POSITION		
Net investment in capital assets	295,836	306,522
Unrestricted	12,061	370
TOTAL NET POSITION	307,897	306,892
TOTAL LIABILITIES AND NET POSITION	\$ 310,852	\$ 309,847

TOWN OF STRATTON, COLORADO

COMMUNITY BUILDING PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Charges for services	<u>\$ 28,554</u>	<u>\$ 11,333</u>
OPERATING EXPENSES		
Utilities	6,123	5,526
Repairs and maintenance	10,182	9,918
Supplies	8	512
Insurance	-	258
Depreciation	10,686	10,684
Miscellaneous	<u>550</u>	<u>442</u>
TOTAL OPERATING EXPENSES	<u>27,549</u>	<u>27,340</u>
CHANGE IN NET POSITION	1,005	(16,007)
NET POSITION JANUARY 1	<u>306,892</u>	<u>322,899</u>
NET POSITION DECEMBER 31	<u><u>\$ 307,897</u></u>	<u><u>\$ 306,892</u></u>

TOWN OF STRATTON, COLORADO

COMMUNITY BUILDING PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 28,554	\$ 11,333
Cash payments for supplies, goods, services	(16,863)	(17,396)
Cash payments to employees	-	-
NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES	<u>11,691</u>	<u>(6,063)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers	-	1,506
NET CHANGE IN CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>1,506</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	-
NET CHANGE IN CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET CHANGE IN CASH	11,691	(4,557)
CASH - BEGINNING OF YEAR	<u>3,325</u>	<u>7,882</u>
CASH - END OF YEAR	<u>\$ 15,016</u>	<u>\$ 3,325</u>
RECONCILIATION OF OPERATING INCOME TO NET (LOSS) PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 1,005	\$ (16,007)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	10,686	10,684
Change in assets and liabilities		
Increase (decrease) in accounts payable	-	(740)
NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 11,691</u>	<u>\$ (6,063)</u>

TOWN OF STRATTON, COLORADO

SANITATION PROPRIETARY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2020

	BUDGET AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Charges for services	\$ 143,880	\$ 143,880	\$ 139,427	\$ (4,453)
Interest	-	-	482	482
Other	100	100	-	(100)
TOTAL REVENUES	143,980	143,980	139,909	(4,071)
EXPENDITURES				
Salaries	10,400	10,400	17,396	(6,996)
Employee benefits	863	863	564	299
Payroll taxes	800	800	1,215	(415)
Utilities	20,000	20,000	16,706	3,294
Repairs and maintenance	27,000	27,000	7,489	19,511
Professional services	-	-	3,750	(3,750)
Supplies	3,500	3,500	6,922	(3,422)
Depreciation	-	-	23,428	(23,428)
Miscellaneous	4,000	4,000	2,564	1,436
Capital outlay	7,500	7,500	-	7,500
Interest expense	3,595	3,595	3,306	289
Debt service	23,148	23,148	23,320	(172)
TOTAL EXPENDITURES	100,806	100,806	106,660	(5,854)
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	43,174	43,174	33,249	(9,925)
OTHER FINANCING SOURCES (USES) TRANSFERS IN	-	-	-	-
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	<u>\$ 43,174</u>	<u>\$ 43,174</u>	33,249	<u>\$ (9,925)</u>
ADJUSTMENT TO RECONCILE BUDGETARY BASIS TO GAAP BASIS - ADJUSTMENTS FOR:				
Principal paid on notes			<u>23,320</u>	
CHANGE IN NET POSITION			56,569	
NET POSITION JANUARY 1			<u>695,106</u>	
NET POSITION DECEMBER 31			<u>\$ 751,675</u>	

TOWN OF STRATTON, COLORADO

WATER PROPRIETARY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2020

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Charges for services	\$ 369,600	\$ 369,600	\$ 353,541	\$ (16,059)
Interest income	175	175	563	388
TOTAL REVENUES	<u>369,775</u>	<u>369,775</u>	<u>354,104</u>	<u>(15,671)</u>
EXPENDITURES				
Salaries	47,797	47,797	46,647	1,150
Employee benefits	11,374	11,374	2,256	9,118
Payroll Taxes	3,658	3,658	4,968	(1,310)
Utilities	15,500	15,500	16,379	(879)
Repairs and maintenance	82,500	82,500	41,971	40,529
Professional services	5,000	5,000	3,750	1,250
Supplies	2,200	2,200	3,480	(1,280)
Depreciation	-	-	64,754	(64,754)
Miscellaneous	13,550	13,550	7,500	6,050
Capital outlay	35,000	35,000	-	35,000
Interest expense	-	-	6,114	(6,114)
Debt service	52,080	52,080	45,818	6,262
Contingency Reserve	35,000	35,000	-	35,000
TOTAL EXPENDITURES	<u>303,659</u>	<u>303,659</u>	<u>243,637</u>	<u>60,022</u>
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	66,116	66,116	110,467	44,351
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	-	-	-	-
CONTRIBUTION	-	-	-	-
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	<u>\$ 66,116</u>	<u>\$ 66,116</u>	110,467	<u>\$ 44,351</u>
ADJUSTMENT TO RECONCILE BUDGETARY BASIS TO GAAP BASIS - ADJUSTMENTS FOR:				
Principal paid on notes			<u>45,818</u>	
CHANGE IN NET POSITION			156,285	
NET POSITION JANUARY 1			<u>2,313,504</u>	
NET POSITION DECEMBER 31			<u>\$ 2,469,789</u>	

TOWN OF STRATTON, COLORADO

COMMUNITY BUILDING PROPRIETARY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2020

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE (NEGATIVE)
REVENUES				
Charges for services	\$ 18,300	\$ 18,300	\$ 28,554	\$ 10,254
Other	250	250	-	(250)
TOTAL REVENUES	18,550	18,550	28,554	10,004
EXPENDITURES				
Utilities	6,000	6,000	6,123	(123)
Repairs and maintenance	600	600	10,182	(9,582)
Supplies	350	350	8	342
Insurance	3,250	3,250	-	3,250
Depreciation	-	-	10,686	(10,686)
Miscellaneous	7,000	7,000	550	6,450
Capital outlay	7,500	7,500	-	7,500
TOTAL EXPENDITURES	24,700	24,700	27,549	(2,849)
REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES	(6,150)	(6,150)	1,005	7,155
OTHER FINANCING SOURCES (USES) TRANSFER OUT	-	-	-	-
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	\$ (6,150)	\$ (6,150)	1,005	\$ 7,155
ADJUSTMENT TO RECONCILE BUDGETARY BASIS TO GAAP BASIS - ADJUSTMENTS FOR:				
Acquisition of capital assets			-	
CHANGE IN NET POSITION			1,005	
NET POSITION JANUARY 1			306,892	
NET POSITION DECEMBER 31			\$ 307,897	

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 Stratton YEAR ENDING : Dec-20
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This Information From The Records Of (example - City of _ or County of Town of Stratton, CO)	Prepared By: Melanee Johnson, Town Clerk Phone: 719-348-5612
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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	III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES
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ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	148,028
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	145,916	b. Snow and ice removal	
3. Other local imposts (from page 2)	9,878	c. Other	15,301
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	15,301
5. Transfers from toll facilities		4. General administration & miscellaneous	18,911
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	2,424
a. Bonds - Original Issues		6. Total (1 through 5)	184,664
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	155,794	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	28,870	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	184,664	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	184,664

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	184,664	184,664	0	-

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): Dec-20

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	
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. Other - Specific Ownership	9,878	g. Other Misc. Receipts	
6. Total (1. through 5.)	9,878	h. Other	
c. Total (a. + b.)	9,878	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	28,582	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	288	d. Federal Transit Admin	
d. Other (DOLA)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	288	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	28,870	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		0	0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: