

TOWN OF YAMPA, COLORADO

Financial Statements

December 31, 2020

TOWN OF YAMPA, COLORADO

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Independent Auditor's Report

The Honorable Mayor and Board of Trustees
Town of Yampa, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Yampa, Colorado (the Town), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Yampa, 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 U.S. generally accepted accounting principles.

Report on Summarized Comparative Financial Information

We have previously audited the Town's December 31, 2019 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated July 1, 2020. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 3-9 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 the 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual on page 30 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. This required supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Enterprise Fund Schedule of Revenues, Expenditures and Changes in Net Position – Budget and Actual on page 31 and the Local Highway Finance Report on pages 32-33 are presented for the purpose of additional analysis and are not a required part of the Town's basic financial statements. This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. 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 financial statements or the basic financial statement themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, this supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Catterson + Company, P.C.

Steamboat Springs, Colorado
September 29, 2021

**Town of Yampa, Colorado
Management's Discussion and Analysis
December 31, 2020**

Purpose

The Town of Yampa's Management's Discussion and Analysis (MD&A) is designed to:

1. Assist the reader in focusing on significant financial issues.
2. Provide an overview of the Town's financial activity.
3. Identify changes in the Town's financial position.
4. Identify any material deviation from the budget.
5. Identify individual fund issues or concerns.

The MD&A is designed to focus on the report year's activities, resulting changes and currently known facts. Please read it in conjunction with the Town's Financial Statements.

Introduction

The Town of Yampa is a Statutory Municipality that was incorporated in 1906. The type of government is Town Board-Mayor with five elected officials being responsible for all policy decisions that affect the Town's financial condition. The appointed Town Clerk/Treasurer is responsible for preparing the annual budget, which is adopted by the Board by December 15th. The Clerk/Treasurer is responsible for financial reporting to the Town Board and to the public-at-large. The Town maintains two separate funds, which are as follows:

1. Governmental Fund (General Fund)
2. Proprietary Fund (Enterprise Fund aka Water/Sewer Fund)

General Fund - The General fund is the chief operating fund of the Town of Yampa. It accounts for all general services provided by the Town, excluding utilities.

Proprietary (Enterprise) Fund - The Town's Water and Sewer fund is used to account for those operations that are financed and operated in a manner like private business, in that fees are charged to external users for goods and services.

The Town of Yampa uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Fund (General Fund) is accounted for using the modified accrual basis of accounting, and the balance of spendable resources (unreserved fund balance) is shown at year-end. The unreserved fund balance serves as a useful measure of a government's net resources available for spending at year-end. At year-end, the Town's Governmental fund reported a fund balance of \$795,081. Of that balance, \$15,861 is restricted for Tabor (emergencies) and \$132,344 is restricted for Conservation Trust (open space and parks), leaving \$646,876 available for spending at the Town's discretion. At year-end, the Town's Proprietary (Enterprise) fund reported a negative fund balance of \$298,611 net of investment in capital assets. \$58,277 is restricted for operations and maintenance reserve; therefore, there is no fund balance available for spending at the Town's discretion.

Financial Information

The Town's government-wide statements have been prepared using the economic resources measurement of focus and the accrual basis of accounting. The Town's financial statements for governmental funds have been prepared using the modified accrual basis of accounting. The Town's annual audit is prepared by an accounting firm (Catterson & Co., P.C.) with the contents of the audit meeting the requirements set forth by the Colorado State Auditor's Office. The financial system of the Town incorporates financial and administrative controls that ensure the safeguarding of assets and the reliability of financial reports. To ensure budgeting controls, the Town Board approves all major budgetary changes by a recorded vote documented in the minutes. A supplemental budget is prepared if necessary.

Financial Highlights

- The unrestricted general fund balance is \$646,876. This balance is considered to be a safe level of reserves, as it is approximately 3 times the annual operating budget. The unrestricted proprietary (enterprise) fund balance is (\$298,611), excluding net investment in capital assets. This balance will need to be brought positive, plus increased to once again have a safe level of reserves. In March 2018, user rates were increased to begin the process of bringing the fund balance positive. The Town Board has continued to raise rates to eventually have a positive fund balance plus reserves.
- The total net position of the Town increased in 2020 in governmental activities and decreased slightly in business-type activities funds. Total net position for the governmental activities is \$2,083,049 and business-type activities is \$3,961,149.
- In 2011, the Town received notification from the Colorado Department of Public Health and Environment that the Town's water system was reclassified from ground water to ground water under the direct influence of surface water. This change in classification required the installation of additional filtration and chlorination equipment. The project began as improvements to the Water Treatment Facility and installation of a water storage tank, but since then it was determined that a pre-treatment facility was also needed and the property owners requested that the access road to the Water Treatment Facility be relocated.
- In 2013, the Town was awarded an energy and mineral impact assistance fund grant in the amount of \$1,000,000. In 2014, the Town closed on a state revolving fund loan in the amount of \$1,370,241, \$847,920 of which was principal forgiveness to round out the funding for the project. The bids for the project came in higher than anticipated, plus the Town did not have funds on hand to pay for the relocation of the access road. Additional funding from the Department of Local Affairs in the amount of \$950,000 covered the additional cost of the Water Treatment Facility improvements and the new access road. The water treatment facility improvements and the water storage tank are completed. The improvements, which consists of a new filtration system, are working so well that it is likely that the town will be allowed to defer construction of the pretreatment building. In 2019 the Town received approval to transfer the unused funds for the pretreatment building be to replacement of the transmission line. With the funds available, approximately 75% of the transmission line was replaced. The remainder of the transmission line will be replaced when funds become available.

- In the fall of 2013, a compliance inspection was completed on the Town's wastewater facility. The Colorado Department of Public Health and Environment informed the Town that it was not in compliance with total ammonia limits. A Small Communities Grant in the amount of \$100,000 was obtained to evaluate the existing wastewater collection system and outline feasible improvements and then develop preliminary design documents and site application for the wastewater treatment facility improvements. This project is ongoing.

Using This Annual Report

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Yampa uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the Town can be divided into two categories: Governmental (General) Funds and Proprietary (Enterprise) Funds.

Governmental Funds

Most of the Town's basic services are reported in a governmental fund, which focuses on cash flows. The unrestricted balance left at year-end is available for spending in future years. The fund is reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view as to cash, operations, and basic services provided.

The Town of Yampa maintains one governmental fund: General Fund. Information is presented in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances. Annual budget appropriations are adopted for the fund. Budgetary comparison statements are provided to demonstrate compliance with the budget.

Proprietary (Enterprise) Funds

The Town's water and sewer services are reported in proprietary funds. They focus on overall economic position rather than year-end fund balances. Enterprise funds are the type of proprietary funds used to account for each of the Town's utilities. Enterprise funds are used to report the same functions presented in business-type activities in the governmental-wide financial statements, only in more detail.

Notes to the Financial Statement

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the Financial Statements can be found immediately after the basic financial statements.

Government-Wide Financial Analysis

Comparing the Basic Financial Statements from year-end 2019 to year-end 2020, net position has increased in the General Fund and decreased slightly in the Proprietary (Enterprise) Fund.

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The Town of Yampa’s assets exceeded liabilities by \$6,044,198 at the close of 2020.

Net Position				
	2020 Governmental Activities	2020 Business-type Activities	2020 Total	2019 Total
Assets				
Current and Other Assets	\$ 869,913	\$ (230,557)	\$ 639,356	\$ 546,699
Capital Assets	\$ 1,287,968	\$ 4,644,671	\$ 5,932,639	\$ 6,064,046
Total Assets	\$ 2,157,881	\$ 4,414,114	\$ 6,571,995	\$ 6,610,745
Liabilities				
Current Liabilities	\$ 4,870	\$ 9,777	\$ 14,647	\$ 22,817
Retainage liability	\$ -	\$ -	\$ -	\$ 29,728
Non-current Liabilities	\$ -	\$ 443,188	\$ 443,188	\$ 459,077
Deferred Inflows of Resources	\$ 69,962	\$ -	\$ 69,962	\$ 68,133
Total Liabilities and Deferred Inflows	\$ 74,832	\$ 452,965	\$ 527,797	\$ 579,755
Net position				
Net Investment in Capital Assets	\$ 1,287,968	\$ 4,201,483	\$ 5,489,451	\$ 5,604,969
Restricted for Tabor (Emergencies)	\$ 15,861	\$ -	\$ 15,861	\$ 15,401
Conservation Trust	\$ 132,344	\$ -	\$ 132,344	\$ 126,591
Restricted for O & M reserves	\$ -	\$ 58,277	\$ 58,277	\$ 56,047
Unrestricted	\$ 646,876	\$ (298,611)	\$ 348,265	\$ 227,982
Total Net Position	\$ 2,083,049	\$ 3,961,149	\$ 6,044,198	\$ 6,030,990

The largest of the Town’s net position (91%) reflects its investment in capital assets (land, buildings and systems, infrastructure, and equipment) less any related debt used to acquire those assets that is still

outstanding. The Town uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending. The remaining balance of net position is unrestricted and may be used to meet the Town's ongoing obligations to residents, businesses, and creditors.

Statement of Activities

For 2020, total revenues for Governmental Activities exceeded expenses by \$35,832. Total revenues for Business-type Activities (Enterprise Fund) were less than expenses by (\$22,624).

Changes in Net Position				
	2020 Governmental Activities	2020 Business-type Activities	2020 Total	2019 Total
Revenues				
Governmental Activities				
Taxes	\$ 183,997		\$ 183,997	\$ 164,676
Intergovernmental	\$ 39,601		\$ 39,601	\$ 55,235
Interest	\$ 1,240		\$ 1,240	\$ 3,751
Capital grants & contributions	\$ 15,000		\$ 15,000	\$ 32,181
Other	\$ 8,764		\$ 8,764	\$ 10,334
Business-type Activities				
Charges for service-water		\$ 165,699	\$ 165,699	\$ 159,725
Charges for service-sewer		\$ 123,470	\$ 123,470	\$ 117,086
Interest		\$ 914	\$ 914	\$ 2,552
Other-Grants		\$ 54,283	\$ 54,283	\$ 635,783
Total Revenues	\$ 248,602	\$ 344,366	\$ 592,968	\$ 1,181,323
Expenses				
Governmental Activities				
Legislative	\$ 72,269		\$ 72,269	\$ 69,919
Public Works	\$ 59,062		\$ 59,062	\$ 83,520
Administrative	\$ 44,648		\$ 44,648	\$ 45,191
Depreciation	\$ 36,791		\$ 36,791	\$ 40,425
Business-type Activities				
Water		\$ 258,227	\$ 258,227	\$ 256,189
Sewer		\$ 108,763	\$ 108,763	\$ 102,834
Total Expenses	\$ 212,770	\$ 366,990	\$ 579,760	\$ 598,078
Change in Net Position	\$ 35,832	\$ (22,624)	\$ 13,208	\$ 283,245
Net Position, Beginning of Year	\$ 2,047,217	\$ 3,983,773	\$ 6,030,990	\$ 5,447,745
Net Position, End of Year	\$ 2,083,049	\$ 3,961,149	\$ 6,044,198	\$ 6,030,990

BUDGETARY HIGHLIGHTS

In the General Fund, there were no changes from the Town's original to final budget. Actual revenues were higher than budgeted due to grant funds received not anticipated when the budget was prepared and a change in how sales tax is collected in Colorado. Overall, expenditures were less than anticipated. The Town was unable to complete some projects, specifically, street improvements because of being understaffed.

In the Proprietary (Enterprise) Fund (water/sewer) there were no changes from the Town's original to final budget. Actual revenues were lower than budgeted due to less grant funds received. Expenditures were less than anticipated due to less grant funds used on the water project.

CAPITAL ASSETS

At December 31, 2020, the Town had invested in a range of capital assets including land, buildings and improvements, vehicles, equipment, infrastructure, and water and wastewater plants.

DEBT ADMINISTRATION

Debt was incurred in 2014 through a loan agreement with the Colorado Water Resources and Power Development Authority. The loan amount was \$1,370,241 which includes \$847,920 in principal forgiveness, reducing the loan amount to \$552,321. Pay back of the loan began in 2015.

SUMMARY OF FINANCIAL CONDITION

Although the Town of Yampa continues to maintain a strong financial position overall, the enterprise fund has taken a huge hit to cash reserves. Both water and sewer charges were increased in 2018 to begin the process of bringing the enterprise fund back to a positive position and have continued to be increased.

For the General Fund, ongoing basic maintenance services were provided. Street improvements through gravel replacement on streets is an ongoing process when funding and staff time permit. No gravel replacement took place in 2020.

For the Water and Sewer Fund, since 2011, when the Town received notification from the Colorado Department of Public Health and Environment, that the Town's water system had been reclassified from ground water to ground water under the direct influence of surface water, the Town has continued to work on the required water treatment facility improvements to provide additional filtration and chlorination and on the installation of the additional water storage tank. Construction of the water treatment plant improvements and the additional water storage tank reached substantial completion by the end of 2016, except for some punch list items that were completed in 2017. A new access road into the water treatment facility was completed in 2018. Bids for the construction of the new pretreatment building at the water treatment facility came in higher than anticipated and due to a lack of funding to complete the project, the project was put on hold. The Town requested and Colorado Department of Public Health and Environment approved transferring the unused pretreatment facility funding to replacement of the transmission line. Although there was not enough funding to completely replace the transmission line, approximately 75% of the line was replaced. The remainder of the line will be replaced at a future date when funding becomes available.

In the fall of 2013, a compliance inspection at the wastewater treatment plant found that the plant was exceeding its ammonia levels and planning for the necessary improvements to bring the plant into compliance began. Planning continued in 2017 through 2019 and into 2020, but it was determined that construction funding would not be available due to the large outlay of cash for the water projects and lack of outside funding. Alternatives for improvements and funding continue to be explored.

REQUESTS FOR INFORMATION

This financial report is designed to provide residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report or need additional information, contact the Town Clerk/Treasurer, P.O. Box 224, Yampa, CO 80483 or call (970) 638-4511 or e-mail clerk@townofyampa.com.

TOWN OF YAMPA, COLORADO
Statement of Net Position
December 31, 2020
(with summarized financial information as of December 31, 2019)

	2020			2019 Total
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 761,136	\$ (235,947)	\$ 525,189	\$ 442,383
Accounts receivable	4,908	5,390	10,298	10,537
Due from other governments	33,907	-	33,907	25,646
Property taxes receivable	69,962	-	69,962	68,133
Capital assets, net of accumulated depreciation	<u>1,287,968</u>	<u>4,644,671</u>	<u>5,932,639</u>	<u>6,064,046</u>
Total assets	<u>2,157,881</u>	<u>4,414,114</u>	<u>6,571,995</u>	<u>6,610,745</u>
Liabilities:				
Accounts payable and other current liabilities	4,870	8,777	13,647	21,817
Retainage liability	-	-	-	29,728
Escrow deposit liability	-	1,000	1,000	1,000
Noncurrent liabilities:				
Due within one year	-	16,049	16,049	15,889
Due in more than one year	-	427,139	427,139	443,188
Total liabilities	<u>4,870</u>	<u>452,965</u>	<u>457,835</u>	<u>511,622</u>
Deferred inflows of resources:				
Deferred property taxes	<u>69,962</u>	<u>-</u>	<u>69,962</u>	<u>68,133</u>
Total deferred inflows of resources	<u>69,962</u>	<u>-</u>	<u>69,962</u>	<u>68,133</u>
Net position:				
Net investment in capital assets	1,287,968	4,201,483	5,489,451	5,604,969
Restricted for:				
Operations and maintenance reserve	-	58,277	58,277	56,047
Open space and parks	132,344	-	132,344	126,591
Emergencies	15,861	-	15,861	15,401
Unrestricted	<u>646,876</u>	<u>(298,611)</u>	<u>348,265</u>	<u>227,982</u>
Total net position	<u>\$ 2,083,049</u>	<u>\$ 3,961,149</u>	<u>\$ 6,044,198</u>	<u>\$ 6,030,990</u>

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Statement of Activities
For the Year Ended December 31, 2020
(with summarized financial information for the year ended December 31, 2019)

Functions/Programs	2020					2019		
	Expenses	Charges for Services	Program Revenue Capital Grants and Contributions	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Legislative	\$ 72,269	\$ -	\$ -	\$ -	\$ (72,269)	\$ -	\$ (72,269)	\$ (69,919)
Public works	59,062	-	15,000	-	(44,062)	-	(44,062)	(51,339)
Administrative	44,648	8,764	-	-	(35,884)	-	(35,884)	(34,857)
Unallocated depreciation	36,791	-	-	-	(36,791)	-	(36,791)	(40,425)
Total governmental activities	212,770	8,764	15,000	-	(189,006)	-	(189,006)	(196,540)
Business-type activities:								
Water	258,227	165,699	54,283	-	-	(38,245)	(38,245)	539,319
Sewer	108,763	123,470	-	-	-	14,707	14,707	14,252
Total business-type activities	366,990	289,169	54,283	-	-	(23,538)	(23,538)	553,571
Total primary government	\$ 579,760	\$ 297,933	\$ 69,283	\$ -	(189,006)	(23,538)	(212,544)	357,031
General revenues:								
Taxes:								
Property					67,454	-	67,454	65,865
Sales and use					112,153	-	112,153	94,382
Specific ownership					4,390	-	4,390	4,429
Intergovernmental					27,097	-	27,097	43,093
Franchise fees					12,504	-	12,504	12,142
Interest					1,240	914	2,154	6,303
Total general revenues					224,838	914	225,752	226,214
Change in net position					35,832	(22,624)	13,208	583,245
Net position, beginning of year					2,047,217	3,983,773	6,030,990	5,447,745
Net position, end of year					\$ 2,083,049	\$ 3,961,149	\$ 6,044,198	\$ 6,030,990

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
General Fund
Balance Sheet
December 31, 2020

(with summarized financial information for the year ended December 31, 2019)

	2020	2019
Assets:		
Cash and cash equivalents	\$ 761,136	\$ 724,632
Accounts receivable	4,908	4,104
Due from other governments	33,907	14,578
Property taxes receivable	69,962	68,133
Total assets	\$ 869,913	\$ 811,447
Liabilities, deferred inflows of resources and fund balance:		
Liabilities:		
Accounts payable	\$ 4,870	\$ 5,856
Total liabilities	4,870	5,856
Deferred inflows of resources:		
Deferred property taxes	69,962	68,133
Total deferred inflows of resources	69,962	68,133
Fund balance:		
Restricted for:		
Open space and parks	132,344	126,591
Emergencies	15,861	15,401
Unassigned	646,876	595,466
Total fund balance	795,081	737,458
Total liabilities, deferred inflows of resources, and fund balance	\$ 869,913	\$ 811,447

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Reconciliation of the General Fund Balance Sheet
to the Statement of Net Position
December 31, 2020

General fund balance	\$ 795,081
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	<u>1,287,968</u>
Governmental activities net position	<u><u>\$ 2,083,049</u></u>

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2020
(with summarized financial information for the year ended December 31, 2019)

	2020	2019
Revenues:		
Taxes:		
Property	\$ 67,454	\$ 65,865
Sales	112,153	94,382
Specific ownership	4,390	4,429
Intergovernmental	27,097	43,093
Franchise fees	12,504	12,142
Grants	15,000	32,181
Interest	1,240	3,751
Other	8,764	10,334
Total revenues	248,602	266,177
Expenditures:		
Legislative	72,269	69,919
Public works	59,062	83,520
Administrative	44,648	45,191
Capital outlay	15,000	-
Total expenditures	190,979	198,630
Net change in fund balance	57,623	67,547
Fund balance, beginning of year	737,458	669,911
Fund balance, end of year	\$ 795,081	\$ 737,458

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in
General Fund Balance to the Statement of Activities
For the Year Ended December 31, 2020

Change in fund balance - general fund	\$	57,623
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capitalized expenditures		15,000
Depreciation		<u>(36,791)</u>

Change in net position of governmental activities	\$	<u>35,832</u>
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See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Enterprise Fund
Statement of Net Position
December 31, 2020

(with summarized financial information for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable	5,390	6,433
Due from other governments	-	11,068
	<u>5,390</u>	<u>17,501</u>
Total current assets		
Noncurrent assets:		
Capital assets, net of accumulated depreciation	4,644,671	4,754,287
	<u>4,644,671</u>	<u>4,754,287</u>
Total noncurrent assets		
	<u>4,650,061</u>	<u>4,771,788</u>
Total assets		
Liabilities:		
Current liabilities:		
Cash overdraft	235,947	282,249
Accounts payable and accrued liabilities	8,777	15,961
Retainage liability	-	29,728
Escrow deposit liability	1,000	1,000
Note payable, current portion	16,049	15,889
	<u>261,773</u>	<u>344,827</u>
Total current liabilities		
Noncurrent liabilities:		
Note payable, net of current portion	427,139	443,188
	<u>427,139</u>	<u>443,188</u>
Total liabilities		
	<u>688,912</u>	<u>788,015</u>
Net position:		
Net investment in capital assets	4,201,483	4,295,210
Restricted for:		
Operations and maintenance reserve	58,277	56,047
Unrestricted (deficit)	(298,611)	(367,484)
	<u>3,961,149</u>	<u>3,983,773</u>
Total net position		
	<u>\$ 3,961,149</u>	<u>\$ 3,983,773</u>

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Enterprise Fund
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2020
(with summarized financial information for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Charges for services	\$ 280,852	\$ 270,600
Other income	8,317	6,211
	<u>289,169</u>	<u>276,811</u>
Operating expenses:		
Wages and benefits	99,334	120,677
Repairs and maintenance	22,308	16,912
Administrative	22,480	21,438
Utilities	26,833	18,645
Other operating	35,562	20,579
Water storage	26,589	25,938
Depreciation	129,333	130,125
	<u>362,439</u>	<u>354,314</u>
Total operating expenses		
	<u>362,439</u>	<u>354,314</u>
Operating income (loss)	<u>(73,270)</u>	<u>(77,503)</u>
Non-operating revenues (expenses):		
Capital grants	49,283	635,783
Interest income	914	2,552
Interest expense	<u>(4,551)</u>	<u>(4,709)</u>
Net non-operating revenues	<u>45,646</u>	<u>633,626</u>
Income (loss) before other revenues, expenses, gains and losses	<u>(27,624)</u>	<u>556,123</u>
Other revenues, expenses, gains and losses:		
Water tap fees	<u>5,000</u>	<u>-</u>
Other revenues, expenses, gains and losses	<u>5,000</u>	<u>-</u>
Change in net position	(22,624)	556,123
Net position, beginning of year	<u>3,983,773</u>	<u>3,427,650</u>
Net position, end of year	<u>\$ 3,961,149</u>	<u>\$ 3,983,773</u>

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Enterprise Fund
Statement of Cash Flows
For the Year Ended December 31, 2020
(with summarized financial information for the year ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from customers	\$ 281,895	\$ 274,773
Cash received from other sources	8,317	6,211
Cash payments to vendors for goods and services	(163,381)	(136,305)
Cash payments to employees for services	<u>(76,909)</u>	<u>(89,668)</u>
Net cash provided by operating activities	<u>49,922</u>	<u>55,011</u>
Cash flows from capital and related financing activities:		
Proceeds from capital grants	60,351	627,462
Cash paid for capital assets	(49,445)	(682,235)
Principal paid on note payable	(15,889)	(15,732)
Interest paid on note payable	(4,551)	(4,709)
Collection of tap fees	<u>5,000</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(4,534)</u>	<u>(75,214)</u>
Cash flows from investing activities:		
Interest received	<u>914</u>	<u>2,552</u>
Net cash provided by investing activities	<u>914</u>	<u>2,552</u>
Net change in cash and cash equivalents	46,302	(17,651)
Cash overdraft, beginning of year	<u>(282,249)</u>	<u>(264,598)</u>
Cash overdraft, end of year	<u>\$ (235,947)</u>	<u>\$ (282,249)</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ (73,270)	\$ (77,503)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	129,333	130,125
(Increase) decrease in:		
Accounts receivable	1,043	4,173
(Decrease) increase in:		
Accounts payable and accrued liabilities, net of capital portion	<u>(7,184)</u>	<u>(1,784)</u>
Net cash provided by operating activities	<u>\$ 49,922</u>	<u>\$ 55,011</u>

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Fiduciary Fund - Police Pension Trust Fund
Statement of Fiduciary Net Position
December 31, 2020
 (with summarized financial information as of December 31, 2019)

	2020	2019
Assets:		
Investments	\$ 22,522	\$ 22,359
Total assets	22,522	22,359
Net position:		
Held in trust for pension benefits	22,522	22,359
Total net position	\$ 22,522	\$ 22,359

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Fiduciary Fund - Police Pension Trust Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2020
 (with summarized financial information for the year ended December 31, 2019)

	2020	2019
Additions:		
Interest	\$ 163	\$ 516
Net position, beginning of year	22,359	21,843
Net position, end of year	\$ 22,522	\$ 22,359

See accompanying notes to financial statements.

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2020

(with summarized financial information as of and for the year ended December 31, 2019)

Note 1: Summary of Significant Accounting Policies

The Town of Yampa, Colorado (the Town) was incorporated on April 17, 1906 in Routt County and is governed by a publicly elected Board of Trustees. The Town provides general government, public works, water and sewer services for the Town's residents.

The Town's financial statements are prepared in accordance with U.S. generally accepted accounting principles (US GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of US GAAP in governmental entities. The following summary of the more significant accounting policies of the Town is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town does not have any component units for which it is financially accountable.

Measurement Focus and Basis of Accounting

The government-wide financial statements and proprietary (enterprise) fund financial statements use a flow of economic resources measurement focus to determine net income and financial position. The accounting principles used are similar to those applicable to businesses in the private sector and maintained on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Governmental fund financial statements use a current financial resources measurement focus and are maintained on the modified accrual basis of accounting. Revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers revenues collected within 60 days after year end to be available and thus recognizes them as revenues in the current year.

Property taxes are recognized as revenue 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.

Financial Statement Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities report information about the nonfiduciary activities of the Town. The Town's activities are categorized as either governmental activities or business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental functions and business-type activities. The governmental functions are supported by general revenues (e.g., taxes, interest). The statement of activities reduces gross expenses (including depreciation) by related program revenues. Direct expenses are those that are clearly identified with a specific program. Program revenues include (a) charges for services and (b) grants and contributions that are restricted for the operating or capital requirements of a specific program. All taxes and other revenues not meeting the criteria for classification as program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements report information about the Town's funds.

The Town reports the following major governmental fund:

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

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2020

(with summarized financial information as of and for the year ended December 31, 2019)

Note 1: Summary of Significant Accounting Policies (continued)

Financial Statement Presentation (continued)

Fund Financial Statements (continued)

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

The *Enterprise Fund* accounts for the activities of the water and sewer utilities of the Town that are provided to its residents. The major sources of revenue are from user fees, which are used for operations, and from tap fees, which are used for capital improvements.

Fund Balance Presentation

Fund balances of the governmental fund are classified as follows:

- Non-spendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
- Committed – includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the Town. Such formal action may be in form of an ordinance or resolution and may only be modified or rescinded by a subsequent formal action.
- Assigned – includes amounts that are intended by the Town to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the Board of Trustees.
- Unassigned – represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned.

Assets, Liabilities, Deferred Inflows of Resources, and Net Position

Cash and Investments

The Town's cash includes cash on hand and demand deposits. The Town's investment in the Colorado Local Government Liquid Asset Trust (COLOTRUST) PLUS+ fund is measured at net asset value, equal to \$1.00 per share.

Accounts Receivable

Receivables consist of amounts due from residents for water and sewer utilities and amounts due from other governments for taxes and reimbursable grants. Management reviews receivables periodically to establish an allowance for uncollectible accounts. The Town considers all receivables to be fully collectible as of December 31, 2020 and 2019. Therefore, no allowance for uncollectible accounts has been established.

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2020

(with summarized financial information as of and for the year ended December 31, 2019)

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

Capital Assets

Capital assets include property, water and sewer systems, vehicles, equipment and infrastructure assets. Capital assets are defined by the Town as assets with an initial cost of \$1,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or estimated fair value if donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

	<u>Years</u>
Infrastructure	50
Water and sewer systems	40-50
Buildings	40
Vehicles	5
Equipment	3-10

Deferred Inflows of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Town's deferred inflows of resources consist solely of unavailable revenues from property taxes.

Operating and Non-Operating Revenues and Expenses

The proprietary fund financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses are those that result from providing services associated with the principal activities of the Town's business-type activities. Operating expenses include the cost of ongoing operations, related administrative expenses, and depreciation expense. Non-operating revenues and expenses are all those that do not meet the criteria described previously.

Property Taxes

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The Routt County Treasurer's office collects property taxes and remits collections to the Town on a monthly basis. In accordance with US GAAP, the assessed but uncollected property taxes have been recorded as receivable and as deferred inflows of resources as property taxes are assessed in one year as a lien on the property but not collected by the Town until the subsequent year.

Use of Estimates

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

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Town's audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2020
(with summarized financial information as of and for the year ended December 31, 2019)

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

The annual budget is adopted on a basis consistent with US GAAP for the General Fund. The Enterprise Fund adopts a budget on a non-US GAAP basis wherein depreciation is not budgeted; capital expenditures and principal payments on debt are budgeted and recorded as expenditures. All annual appropriations lapse at year end.

The Town conforms to the following procedures, in compliance with CRS, Title 29, Article 1, in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the Town Clerk submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted by the Board of Trustees to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures must be approved by the Board of Trustees.
- All appropriations lapse at the end of each fiscal year.

The Town did not adopt any supplemental appropriations during the year.

Compliance

Expenditures did not exceed appropriations in any fund for the year ended December 31, 2020.

TABOR Amendment

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

Future 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.

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

TABOR 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. The Town has reserved \$15,861 of the December 31, 2020 fund balance in the General Fund for this purpose.

The Town's voters passed a ballot question in April 1998, permitting the Town to collect, retain and expend all revenues and other funds collected during 1997 and each subsequent year. The ballot question also stipulated that no property tax mill levy shall be increased at any time, nor shall any new tax be imposed without the prior approval of the Town's voters.

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

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2020

(with summarized financial information as of and for the year ended December 31, 2019)

Note 3: Detailed Notes on All Funds

Deposits

The carrying amount of the Town's deposits as of December 31, 2020 and 2019 was \$212,208 and \$158,105, respectively, and bank balances were \$233,306 and \$342,286, respectively. Of the bank balances, \$233,306 and \$268,666 as of December 31, 2020 and 2019, respectively, was covered by federal deposit insurance and \$0 and \$73,620, respectively, was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA).

The PDPA requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal or exceed 102% of the aggregate uninsured deposits.

Investments

As of December 31, 2020 and 2019, the Town had \$331,901 and \$306,711, respectively, invested in the COLOTRUST PLUS+ fund, including \$22,522 and \$22,359, respectively, of police pension trust fund assets. COLOTRUST PLUS+ is a short-term money market fund organized in conformity with Part 7 of Article 75 of Title 24, CRS. The portfolio offers Colorado governmental entities a convenient and efficient means to pool their funds to take advantage of short-term investments and maximize net interest earnings. COLOTRUST PLUS+'s investment objective is to obtain as high a level of current income as is consistent with the preservation of capital and liquidity. The investment adviser for COLOTRUST PLUS+ is Public Trust Advisors LLC, a Colorado-based investment adviser, registered with the SEC. The portfolio manager is responsible for making all of the investment decisions for the portfolio. Wells Fargo Bank, N.A. is custodian of the portfolio's securities and cash. COLOTRUST PLUS+ portfolio invests in U.S. Treasury securities, federal instrumentality securities, agency securities, repurchase agreements, tri-party repurchase agreements, collateralized bank deposits, the highest rated commercial paper, and highly-rated corporate bonds. The portfolio's weighted average maturity to reset is kept under 60 days, which helps to enhance liquidity and limits market price exposure. The COLOTRUST PLUS+ fund holds a 'AAAm' rating by Standard and Poor's.

The Town's investments are subject to interest rate, credit risk, and concentration of credit risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town currently invests only in highly liquid investment pools which may be redeemed at any time.

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2020

(with summarized financial information as of and for the year ended December 31, 2019)

Note 3: Detailed Notes on All Funds (continued)

Capital Assets

Capital asset activity for the year ended December 31, 2020 is summarized below:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Land	\$ 293,966	\$ -	\$ -	\$ 293,966
Other capital assets:				
Buildings	1,285,948	-	-	1,285,948
Equipment	115,827	15,000	-	130,827
Vehicles	17,840	-	-	17,840
Infrastructure	130,167	-	-	130,167
Total other capital assets at cost	<u>1,549,782</u>	<u>15,000</u>	<u>-</u>	<u>1,564,782</u>
Less accumulated depreciation for:				
Buildings	(321,331)	(32,334)	-	(353,665)
Equipment	(115,827)	(125)	-	(115,952)
Vehicles	(14,448)	(1,850)	-	(16,298)
Infrastructure	(82,383)	(2,482)	-	(84,865)
Total accumulated depreciation	<u>(533,989)</u>	<u>(36,791)</u>	<u>-</u>	<u>(570,780)</u>
Other capital assets, net	<u>1,015,793</u>	<u>(21,791)</u>	<u>-</u>	<u>994,002</u>
Governmental activities capital assets, net	<u><u>\$ 1,309,759</u></u>	<u><u>\$ (21,791)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,287,968</u></u>
Business-type activities:				
Land	\$ 54,956	\$ -	\$ -	\$ 54,956
Other capital assets:				
Buildings and systems	6,151,175	19,717	-	6,170,892
Equipment	47,389	-	-	47,389
Total other capital assets at cost	<u>6,198,564</u>	<u>19,717</u>	<u>-</u>	<u>6,218,281</u>
Less accumulated depreciation for:				
Buildings and systems	(1,455,087)	(128,612)	-	(1,583,699)
Equipment	(44,146)	(721)	-	(44,867)
Total accumulated depreciation	<u>(1,499,233)</u>	<u>(129,333)</u>	<u>-</u>	<u>(1,628,566)</u>
Business-type activities capital assets, net	<u><u>\$ 4,754,287</u></u>	<u><u>\$ (109,616)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,644,671</u></u>

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2020

(with summarized financial information as of and for the year ended December 31, 2019)

Note 3: Detailed Notes on All Funds (continued)

Capital Assets (continued)

Depreciation expense was charged to functions of the Town as follows during 2020 and 2019:

	2020	2019
Governmental activities:		
Unallocated	\$ 36,791	\$ 40,425
Total - governmental activities	\$ 36,791	\$ 40,425
Business-type activities:		
Water	\$ 124,316	\$ 124,715
Sewer	5,017	5,410
Total - business-type activities	\$ 129,333	\$ 130,125

Long-Term Liabilities

The Town entered into a \$1,370,241 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) on May 6, 2014. Terms of the loan agreement include principal forgiveness of \$847,920 by CWRPDA to a reduced principal amount of \$522,321 and the loan carries a 1.0% interest rate. Proceeds of the loan were used for water treatment plant improvements that included filtration and chlorination upgrades, an additional finished water storage tank, source protection of infiltration gallery, and replacement of transmission lines.

The first loan payment of \$1,683, including principal and interest, was paid on November 1, 2015. Remaining principal and interest payments of \$10,220 are due semi-annually on May 1 and November 1 until maturity on May 1, 2045

The loan agreement requires the Town to maintain an operations and maintenance reserve fund equal to three months of system operation and maintenance expenses. The Town has reserved \$58,277 of its Enterprise Fund net position for this purpose as of December 31, 2020. However, the Town is not in compliance with this requirement as it does not have sufficient current working capital to cover the required reserve as of December 31, 2020. Terms of the agreement require the shortfall to be made up in 24 months.

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type activities:					
CWRPDA note payable	\$ 459,077	\$ -	\$ (15,889)	\$ 443,188	\$ 16,049
	\$ 459,077	\$ -	\$ (15,889)	\$ 443,188	\$ 16,049

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2020

(with summarized financial information as of and for the year ended December 31, 2019)

Note 3: Detailed Notes on All Funds (continued)

Long-Term Liabilities (continued)

The CWRPDA loan agreement also includes a rate covenant whereby the Town's Enterprise Fund's water and sewer system net revenue, after meeting operation and maintenance expenses, is required to be sufficient to cover 110% of the debt service coming due. The following is the Town's calculation of the rate covenant for the year ended December 31, 2020:

System revenues:	
Charges for services:	
Water	\$ 157,382
Sewer	123,470
	280,852
Total system revenues	280,852
System operating expenses:	
Water	253,676
Sewer	108,763
Less depreciation	(129,333)
	233,106
Total system operating expenses	233,106
Net system revenues	\$ 47,746
Annual debt service payments	\$ 20,441
Net system revenues / annual debt service payments	234%

The Town's net system revenues were sufficient to meet the rate covenant requirements for the year ended December 31, 2020.

Debt service requirements as of December 31, 2020 were as follows:

Year	Principal	Interest	Total
2021	\$ 16,049	\$ 4,392	\$ 20,441
2022	16,210	4,231	20,441
2023	16,372	4,069	20,441
2024	16,536	3,904	20,440
2025	16,702	3,739	20,441
2026-2030	86,055	16,148	102,203
2031-2035	90,456	11,747	102,203
2036-2040	95,082	7,121	102,203
2041-2045	89,726	2,257	91,983
	\$ 443,188	\$ 57,608	\$ 500,796

TOWN OF YAMPA, COLORADO
Notes to Financial Statements
December 31, 2020

(with summarized financial information as of and for the year ended December 31, 2019)

Note 3: Detailed Notes on All Funds (continued)

Governmental Fund Balances

The Town has restricted fund balances as of December 31, 2020 for the following:

- Emergency reserve required by TABOR
- Accumulated conservation trust funds from net proceeds of the Colorado Lottery to be used for parks, recreation facilities, open space, environmental education, and wildlife habitat.

When expenditures are incurred and both restricted and unrestricted resources are available, it is the Town's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

Note 4: Other Information

Police Pension Trust Fund

The Town's police employees are covered by a defined contribution plan recorded as the police pension trust fund. Participants contribute 8% of their compensation and the Town matches. Participants are fully vested in the plan immediately. The Town had no qualifying police employees during the years ended December 31, 2020 and 2019.

Commitments

Yamcolo Reservoir Storage Agreement

The Town entered into an extension and amendment agreement with the Upper Yampa Water Conservancy District effective July 15, 2011 for 300-acre feet of storage water in the Yamcolo Reservoir for thirty years terminating July 15, 2041. The purchase price for the storage water is subject to an annual CPI increase. The Town paid \$85.83 per acre foot of storage water for the year ended December 31, 2020.

Water Tank Access Road

The Town purchased land for its water tank improvement project in 2015 and agreed to pay the seller an annual access road user fee over the life of the use of the access road. The annual fee, due January 1st, was \$1,639 in 2017 and increases 3% compounded annually until January 1, 2065 when the annual fee will remain at \$6,575.

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 maintains commercial insurance for these risks of loss, including workers compensation. Settled claims have not exceeded coverage in the past three fiscal years.

Subsequent Events

The Town has evaluated subsequent events through September 29, 2021, the date these financial statements were available to be issued.

TOWN OF YAMPA, COLORADO
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues:			
Taxes:			
Property	\$ 68,133	\$ 67,454	\$ (679)
Sales and use	83,000	112,153	29,153
Specific ownership	4,700	4,390	(310)
Intergovernmental	24,700	27,097	2,397
Franchise fees	11,000	12,504	1,504
Grants	-	15,000	15,000
Interest	400	1,240	840
Other	8,166	8,764	598
Total revenues	<u>200,099</u>	<u>248,602</u>	<u>48,503</u>
Expenditures:			
Legislative:			
Wages and benefits	62,630	63,462	(832)
Law enforcement	6,500	8,720	(2,220)
Other	2,000	87	1,913
Public works:			
Wages and benefits	55,069	38,463	16,606
Streets	22,690	14,598	8,092
Repairs and maintenance	4,430	590	3,840
Other	11,976	5,411	6,565
Administrative:			
Insurance	11,364	11,228	136
Building	19,912	13,562	6,350
Professional fees	5,000	4,406	594
Treasurer fees	1,500	1,347	153
Office	6,150	5,270	880
Other	12,176	8,835	3,341
Capital outlay	-	15,000	(15,000)
Total expenditures	<u>221,397</u>	<u>190,979</u>	<u>30,418</u>
Net change in fund balance	(21,298)	57,623	<u>\$ 78,921</u>
Fund balance, beginning of year	<u>737,458</u>	<u>737,458</u>	
Fund balance, end of year	<u>\$ 716,160</u>	<u>\$ 795,081</u>	

TOWN OF YAMPA, COLORADO
Enterprise Fund
Schedule of Revenues, Expenditures and Changes in Net Position
Budget (Non-US GAAP Basis) and Actual
For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance
Revenues:			
Charges for services:			
Water	\$ 159,500	\$ 157,382	\$ (2,118)
Sewer	117,200	123,470	6,270
Grants	181,000	49,283	(131,717)
Interest	1,000	914	(86)
Water tap fees	-	5,000	5,000
Other	5,300	8,317	3,017
Total revenues	464,000	344,366	(119,634)
Expenditures:			
Wages and benefits	114,930	99,334	15,596
Repairs and maintenance	20,840	22,308	(1,468)
Administrative	28,962	22,480	6,482
Utilities	21,920	26,833	(4,913)
Other operating	39,834	35,562	4,272
Water storage	27,672	26,589	1,083
Capital outlay	181,000	19,717	161,283
Debt service:			
Principal	15,889	15,889	-
Interest	4,551	4,551	-
Total expenditures	455,598	273,263	182,335
Excess of revenues over expenditures	\$ 8,402	71,103	\$ 62,701
Reconciliation to US GAAP basis:			
Debt service principal payments		15,889	
Capitalized expenditures		19,717	
Depreciation		(129,333)	
Change in net position - US GAAP basis		(22,624)	
Net position, beginning of year		3,983,773	
Net position, end of year		\$ 3,961,149	

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

LOCAL HIGHWAY FINANCE REPORT		City or County:	Town of Yampa
		YEAR ENDING:	December 2020
This Information From The Records Of: Town of Yampa		Prepared By:	Sheila Symons
		Phone:	970-638-4511

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

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	6,204
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	16,312
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations	0	b. Snow and ice removal	4,954
3. Other local imposts (from page 2)	56,561	c. Other	7,095
4. Miscellaneous local receipts (from page 2)	13	d. Total (a. through c.)	12,049
5. Transfers from toll facilities	0	4. General administration & miscellaneous	35,680
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	2,878
a. Bonds - Original Issues	0	6. Total (1 through 5)	73,123
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	56,574	b. Redemption	0
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	16,549	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	73,123	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	0
		D. Payments to toll facilities	0
		E. Total disbursements (A.6 + B.3 + C + D)	73,123

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	73,123	73,123	0	0

Notes and Comments:

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	0	a. Interest on investments	13
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	50,804	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	5,757	g. Other Misc. Receipts	0
6. Total (1. through 5.)	56,561	h. Other	0
c. Total (a. + b.)	56,561	i. Total (a. through h.)	13
(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	14,204	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	2,345	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	2,345	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	16,549	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	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	6,204	0	6,204
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	6,204	0	6,204
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	6,204	0	6,204
			(Carry forward to page 1)

Notes and Comments: