

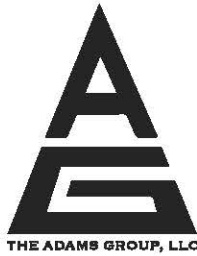
TOWN OF ELIZABETH
FINANCIAL STATEMENTS
DECEMBER 31, 2020

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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, each major fund, and the aggregate remaining fund information of the Town of Elizabeth 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 budgetary comparison schedules and GASB pension and OPEB schedules 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.

Management has omitted the Management Discussion & Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Elizabeth, Colorado's basic financial statements. The budgetary comparison 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 financial statements.

This budgetary comparison 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 the 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 budgetary comparison schedules and the local highway finance report are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Adams Group, LLC

May 11, 2021
Denver, Colorado

BASIC FINANCIAL STATEMENTS

TOWN OF ELIZABETH
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and investments	\$ 12,192,708	\$ 4,818,221	\$ 17,010,929
Cash and investments - restricted	634,207	302,693	936,900
Accounts receivable	1,057,015	109,560	1,166,575
Property taxes receivable	639,708	-	639,708
Prepaid items	17,146	-	17,146
Capital assets, not depreciated	1,093,856	1,258,517	2,352,373
Capital assets, net of depreciation	8,552,185	7,139,754	15,691,939
Net pension asset	29,097	-	29,097
Total Assets	<u>24,215,922</u>	<u>13,628,745</u>	<u>37,844,667</u>
<u>Deferred Outflows of Resources</u>			
Loss on refunding	83,244	-	83,244
Related to pension	198,621	-	198,621
Total Deferred Outflows of Resources	<u>281,865</u>	<u>-</u>	<u>281,865</u>
<u>Liabilities</u>			
Accounts payable and accrued liabilities	297,003	34,926	331,929
Accrued interest payable	7,312	34,000	41,312
Unearned revenue	11,500	-	11,500
Deposits	81,774	28,235	110,009
Noncurrent liabilities:			
Due within one year	409,945	309,581	719,526
Due in more than one year	2,779,501	2,661,520	5,441,021
Total Liabilities	<u>3,587,035</u>	<u>3,068,262</u>	<u>6,655,297</u>
<u>Deferred Inflows of Resources</u>			
Related to pension	54,352	-	54,352
Unavailable property taxes	631,273	-	631,273
Total Deferred Outflows of Resources	<u>685,625</u>	<u>-</u>	<u>685,625</u>
<u>Net Position</u>			
Net investment in capital assets	6,506,041	5,436,482	11,942,523
Restricted			
Net pension asset	29,097	-	29,097
Emergency reserves	207,635	-	207,635
Debt service	626,895	268,693	895,588
Unrestricted	12,855,459	4,855,308	17,710,767
Total Net Position	<u>\$ 20,225,127</u>	<u>\$ 10,560,483</u>	<u>\$ 30,785,610</u>

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

TOWN OF ELIZABETH
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 1,349,562	\$ 463,614	\$ 103,691	\$ -	\$ (782,257)	\$ -	\$ (782,257)
Public safety	1,211,990	101,701	-	-	(1,110,289)	-	(1,110,289)
Public works	964,451	10,917	-	1,004,579	51,045	-	51,045
Interest and fiscal charges	109,180	-	-	-	(109,180)	-	(109,180)
Total governmental activities	<u>3,635,183</u>	<u>576,232</u>	<u>103,691</u>	<u>1,004,579</u>	<u>(1,950,681)</u>	<u>-</u>	<u>(1,950,681)</u>
Business-Type Activities:							
Water and wastewater	<u>1,305,396</u>	<u>1,308,238</u>	<u>-</u>	<u>1,885,100</u>	<u>-</u>	<u>1,887,942</u>	<u>1,887,942</u>
Total business-type activities	<u>1,305,396</u>	<u>1,308,238</u>	<u>-</u>	<u>1,885,100</u>	<u>-</u>	<u>1,887,942</u>	<u>1,887,942</u>
Total primary government	<u>4,940,579</u>	<u>1,884,470</u>	<u>103,691</u>	<u>2,889,679</u>	<u>(1,950,681)</u>	<u>1,887,942</u>	<u>(62,739)</u>
GENERAL REVENUES:							
Sales and use taxes					3,796,803	-	3,796,803
Property taxes					564,302	-	564,302
Specific ownership taxes					101,450	-	101,450
Other taxes					72,948	-	72,948
Public improvement fees					740,712	-	740,712
Investment earnings					73,735	29,253	102,988
Miscellaneous					336,608	164,679	501,287
Internal balances					(22,573)	22,573	-
Total general revenues					<u>5,663,985</u>	<u>216,505</u>	<u>5,880,490</u>
Change in net position					3,713,304	2,104,447	5,817,751
Net position - beginning					<u>16,511,823</u>	<u>8,456,036</u>	<u>24,967,859</u>
Net position - ending					<u>\$ 20,225,127</u>	<u>\$ 10,560,483</u>	<u>\$ 30,785,610</u>

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

TOWN OF ELIZABETH
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>Special Revenue Funds</u>				Total Governmental Funds
	General	Street Capital Improvement	Capital Improvements	Street Maintenance	
<u>Assets</u>					
Cash and investments	\$ 1,398,166	\$ 4,789,365	\$ 5,237,700	\$ 767,477	\$ 12,192,708
Cash and investments - restricted	-	634,207	-	-	634,207
Accounts receivable	319,740	202,169	475,898	59,208	1,057,015
Property taxes receivable	639,708	-	-	-	639,708
Prepaid items	15,438	-	-	1,708	17,146
Total assets	<u>2,373,052</u>	<u>5,625,741</u>	<u>5,713,598</u>	<u>828,393</u>	<u>14,540,784</u>
<u>Liabilities, Deferred inflows of resources and fund balance</u>					
Liabilities:					
Accounts payable	183,641	9,748	5,643	805	199,837
Accrued liabilities	93,870	-	-	3,296	97,166
Unearned revenue	-	11,500	-	-	11,500
Escrow deposits	81,774	-	-	-	81,774
Total liabilities	<u>359,285</u>	<u>21,248</u>	<u>5,643</u>	<u>4,101</u>	<u>390,277</u>
<u>Deferred inflows of resources</u>					
Unavailable property taxes	631,273	-	-	-	631,273
Total deferred inflows of resources	<u>631,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>631,273</u>
Fund balance:					
Nonspendable					
Prepaid items	15,438	-	-	1,708	17,146
Restricted					
Emergencies	207,635	-	-	-	207,635
Debt service	-	634,207	-	-	634,207
Assigned for					
Street maintenance	-	-	-	822,584	822,584
Street improvements	-	4,970,286	-	-	4,970,286
Capital improvements	-	-	5,707,955	-	5,707,955
Unassigned					
Unassigned	1,159,421	-	-	-	1,159,421
Total fund balances	<u>1,382,494</u>	<u>5,604,493</u>	<u>5,707,955</u>	<u>824,292</u>	<u>13,519,234</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,373,052</u>	<u>\$ 5,625,741</u>	<u>\$ 5,713,598</u>	<u>\$ 828,393</u>	<u>\$ 14,540,784</u>

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

TOWN OF ELIZABETH
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total fund balance, governmental funds	\$	13,519,234
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.		9,646,041
Long-term liabilities, including loans payable are not due and payable in the current period, and therefore, are not reported in governmental funds.		
Bonds payable		(3,140,000)
Accrued interest		(7,312)
Compensated absences		(49,446)
Net pension asset is not available to pay for current expenditures and, therefore, is not reported in the funds		29,097
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		
Related to pension		198,621
Loss on refunding		83,244
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		
Related to pension		(54,352)
Total net position of governmental activities	<u>\$</u>	<u>20,225,127</u>

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

TOWN OF ELIZABETH
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020

	Special Revenue Funds				Total Governmental Funds
	General	Street Capital Improvement	Capital Improvements	Street Maintenance	
<u>Revenues</u>					
Taxes	\$ 1,448,948	\$ 1,356,123	\$ 1,506,804	\$ 150,680	\$ 4,462,555
Public improvement fees	719,231	-	-	21,481	740,712
Licenses and permits	463,614	-	-	10,917	474,531
Intergovernmental	103,691	-	874,613	129,966	1,108,270
Charges for services	101,701	-	-	-	101,701
Investment earnings	6,224	32,924	29,450	5,137	73,735
Miscellaneous	230,900	-	176,952	1,704	409,556
Total revenues	<u>3,074,309</u>	<u>1,389,047</u>	<u>2,587,819</u>	<u>319,885</u>	<u>7,371,060</u>
<u>Expenditures</u>					
Current:					
General government	1,359,371	-	-	-	1,359,371
Public safety	1,211,990	-	-	-	1,211,990
Public works	58,803	600	-	353,792	413,195
Capital outlay	92,316	153,715	1,323,392	-	1,569,423
Debt service:					
Principal	-	395,000	-	-	395,000
Interest and fiscal charges	-	98,156	-	-	98,156
Total expenditures	<u>2,722,480</u>	<u>647,471</u>	<u>1,323,392</u>	<u>353,792</u>	<u>5,047,135</u>
Excess of revenues Over (under) expenditures	351,829	741,576	1,264,427	(33,907)	2,323,925
Other financing Sources (Uses)					
Transfers in	150,000	-	-	-	150,000
Transfers out	-	-	(172,573)	-	(172,573)
Total other financing sources (uses)	<u>150,000</u>	<u>-</u>	<u>(172,573)</u>	<u>-</u>	<u>(22,573)</u>
Net change in fund balances	501,829	741,576	1,091,854	(33,907)	2,301,352
Fund balances - beginning	880,665	4,862,917	4,616,101	858,199	11,217,882
Fund balances - ending	<u>\$ 1,382,494</u>	<u>\$ 5,604,493</u>	<u>\$ 5,707,955</u>	<u>\$ 824,292</u>	<u>\$ 13,519,234</u>

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

TOWN OF ELIZABETH
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS –
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Net change in fund balance - total governmental funds:	\$	2,301,352
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay		1,498,891
Depreciation expense		(480,724)
<p>Governmental funds report principal payments as expenditures. However, in the statement of activities these payments are reflected as a reduction in long-term debt obligations.</p>		
		395,000
<p>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</p>		
Change in accrued interest payable		868
Change in accrued compensated absences		(5,221)
Amortization of loss on refunding		(11,892)
Pension income		15,030
Change in net position of governmental activities	\$	3,713,304

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

TOWN OF ELIZABETH
PROPRIETARY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	<u>Water and Wastewater</u>
<u>Assets</u>	
Current assets:	
Cash and investments	\$ 4,818,221
Cash and investments - restricted	302,693
Accounts receivable	109,560
Total current assets	<u>5,230,474</u>
Noncurrent assets:	
Capital assets, not being depreciated	1,258,517
Capital assets, net of depreciation	7,139,754
Total noncurrent assets	<u>8,398,271</u>
Total assets	<u>\$ 13,628,745</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable	28,270
Accrued liabilities	6,656
Accrued interest payable	34,000
Customer deposits	28,235
Compensated absences, current portion	931
Loans payable, current portion	308,650
Total current liabilities	<u>406,742</u>
Noncurrent liabilities:	
Compensated absences	8,381
Loans payable	2,653,139
Total noncurrent liabilities	<u>2,661,520</u>
Total liabilities	<u>3,068,262</u>
<u>Net Position</u>	
Net investment in capital assets	5,436,482
Restricted	
Debt service	268,693
Unrestricted	4,855,308
Total net position	<u>\$ 10,560,483</u>

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

TOWN OF ELIZABETH
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2020

	<u>Water and Wastewater</u>
Operating revenues	
Charges for services	\$ 1,308,238
Miscellaneous	164,679
Total operating revenues	1,472,917
Operating expenses	
Systems operations	752,824
Depreciation	428,735
Total operating expenses	1,181,559
Net operating income (loss)	291,358
Nonoperating revenues (expenses)	
Investment earnings	29,253
Interest expense	(123,837)
Total non-operating revenues (expenses)	(94,584)
Income before contributions	196,774
Capital contributions	1,885,100
Transfers in	172,573
Transfers out	(150,000)
Change in net position	2,104,447
Net position, beginning of year	8,456,036
Net position, end of year	\$ 10,560,483

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

TOWN OF ELIZABETH
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

	Water and Wastewater
Cash Flows From Operating Activities	
Cash received from customers	\$ 1,475,017
Cash paid to suppliers	(565,414)
Cash paid to employees	(187,410)
Net cash provided by operating activities	722,193
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	(1,334,039)
Tap fees received	1,885,100
Loan principal payments	(301,089)
Loan interest payment	(116,898)
Net cash provided by capital and related financing activities	133,074
Cash Flows From Noncapital Financing Activities	
Cash received from other funds	172,573
Cash paid to other funds	(150,000)
Net cash provided by capital and related financing activities	22,573
Cash Flows From Investing Activities	
Interest received	29,253
Net change in cash and cash equivalents	907,093
Cash and cash equivalents and restricted cash, beginning of year	4,213,821
Cash and cash equivalents and restricted cash, end of year	\$ 5,120,914
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities	
Net operating income	\$ 291,358
Adjustments to reconcile net operating income to cash provided by operating activities	
Depreciation expense	428,735
Changes in assets and liabilities related to operations	
Accounts receivable	(8,778)
Accounts payable	6,958
Customer Deposits	2,973
Compensated absences payable	947
Net cash provided by operating activities	\$ 722,193
Reconciliation of Cash and Cash Equivalents to Proprietary Funds Statement of Net Position	
Cash and cash equivalents	\$ 4,818,221
Restricted cash	302,693
Total cash and cash equivalents	\$ 5,120,914

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

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town of Elizabeth, Colorado (the Town), was incorporated in 1890, and is governed by a Mayor and seven-member Board of Trustees elected by the residents.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to government entities. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Town. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Town. Legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to or impose financial burdens on the Town. The Town includes no component units, nor is the Town a component of any other governmental entity.

Government-Wide and Fund Financial Statements

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

The statement of net position presents the financial position of the governmental and business-type activities of the Town at year-end.

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

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenues 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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

In the fund financial statements, the Town reports the following major governmental funds:

The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources except those accounted for in another fund.

The *Street Capital Improvement Fund* accounts primarily for the collection of ninety percent (90%) of a 1.5% sales and use tax restricted by election for the design, construction, and repayment of debt issued for streets and roads, improvements to street lights, storm water, drainage, pedestrian, landscaping, and modifications to utilities.

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Capital Improvement Fund* accounts for 1.5% sales and use tax collected beginning January 1, 2008, through December 31, 2033, restricted by election for the design, construction, and repayment of debt issued for general capital improvements, and land acquisition, and water and wastewater improvements.

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

The Town reports the following major proprietary fund:

The *Water and Wastewater Fund* accounts for the financial activities associated with the provision of water and sewer services.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions, and; 3) capital grants and contributions, including special assessments. General revenues include all taxes, interest and investment earnings, and miscellaneous revenues.

Interfund transactions are treated and classified as revenues, expenditures, or expenses. These include interfund transfers from one fund to another for the purchase of goods or services. In the government-wide statement of activities, interfund transactions are eliminated unless the transfer is between the governmental and business-type activities.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents – The Town's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Whenever possible the Town pools cash equivalents to enhance investment opportunities and to facilitate management of cash resources. Investments are made taking into consideration safety, liquidity, and income potential. The Town makes investments pursuant to relevant State of Colorado statutes.

Investments are reported in accordance with GASB Statement 72, as amended.

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (Continued)

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2020, the Town believes all amounts recorded are fully collectible.

By December 15 of each year, property taxes for the Town are levied by the Board and certified to Elbert County for collection in the subsequent year. These taxes attach as an enforceable lien on property as of January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. The taxes are collected by Elbert County on behalf of the Town.

Property taxes levied in the General Fund are included in receivables and deferred inflows at December 31, 2020. These taxes are classified as deferred inflows since they are not normally available to the Town until mid-2021 and are budgeted for in 2020.

Prepaid Items – Certain payments to vendors and other third parties reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Expenditures/expenses are recorded when the service underlying the prepaid item is provided (consumption method).

Capital Assets – Capital assets, which include land, construction in progress, water and wastewater systems, buildings, equipment, and streets constructed or contributed since January 1, 2004, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	15 - 25 years
Infrastructure	30 years
Buildings and improvements	25 - 100 years
Vehicles and equipment	3 - 30 years
Plant Equipment	5 - 60 years
Plant improvements	5-30 years

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (Continued)

Deposits – Developer deposits held in escrow and security deposits received from customers are reported as liabilities in the financial statements.

Compensated Absences – Employees of the Town are allowed to accumulate unused vacation and sick time. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time, based on years of service, up to a maximum of 200 hours, at their current rate of pay. These compensated absences are expended when earned in the proprietary fund. Compensated absences for governmental activities are paid for from the General Fund.

A long-term liability has been reported in the government-wide financial statements for the accrued vacation time. Employees are not paid for unused sick time. Therefore, no liability is reported for these compensated absences.

Long-Term Obligations – In government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and losses on debt refunding are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Deferred Outflows and Inflows of Resources – In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net position by the Town that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net position by the Town that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the statement of net position but are recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

The Town has certain items that relate to its pension plan that qualify for reporting as a deferred outflow of resources. See Note 8 for more information. In addition, a deferred change on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (Continued)

Deferred inflows of resources for the Town consist of property taxes receivable. 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.

The Town also reports a deferred inflow of resources for items related to its pension plan. See Note 8 for additional information.

Pensions – The Town participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire and Police Pension Association of Colorado (FPPA).

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the SWDB, administered by FPPA, and additions to/deductions from the SWDB's fiduciary net position have been determined on the same basis as they are reported by FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Fund Balance – The Town's governmental fund balances may consist of five classifications based on relative strength of the spending constraints:

Nonspendable fund balance – The amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance – The 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 the Town itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the Town takes the same highest-level action to remove or change the constraint. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned fund balance – Amounts are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (Continued)

In the general fund assigned amounts represent intended used established by the Board, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned fund balance – Is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Town's policy is to use restricted amounts first, followed by committed, assigned and unassigned amounts.

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

On or before October 15 of each year, the Town Administrator submits to the Town Board a proposed operating budget for the fiscal year commencing on the following January 1. Public hearings are conducted to obtain input from elected officials, residents and other interested parties. By December 31, the final budget is adopted.

The appropriated budget is adopted by fund. Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board. All appropriations lapse at fiscal year-end.

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 - CASH AND INVESTMENTS

Cash and investments at December 31, 2020, consisted of the following:

Petty cash	\$	400
Cash deposits		1,068,487
Investments		16,878,942
Total	\$	<u>17,947,829</u>

Cash and investments are classified in the financial statements as follows:

Cash and investments	\$	17,010,929
Cash and investments - restricted		936,900
Total cash and investments	\$	<u>17,947,829</u>

Custodial Credit Risk

For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Town bank accounts at year-end were entirely covered by federal depository insurance or by eligible collateral maintained by another financial institution or held by the Town's custodial banks in its name under provisions of the Colorado Public Deposit Protection Act (PDPA). The PDPA requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, the carrying amount of the Town's deposits was \$1,068,487 and the bank balance was \$1,186,357 of which \$250,000 was covered by FDIC insurance and the remainder covered by the PDPA.

Investments

The Town is required to comply with State statutes which specify the investments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk. The Town's investment policy does not further limit these investment choices.

- Obligations of the United States, certain U.S. agency securities and the World Bank
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town limits investments to maturities of less than five years and a weighted average maturity of less than three years.

Credit Risk – The Town has not adopted a formal investment policy; however, the Town follows state statutes regarding investments. Colorado Statutes specify the types of investments meeting defined rating and risk criteria in which local governments may invest.

Concentration of Credit Risk – Except for corporate securities, State statutes do not limit the amount the Town may invest in any single investment or issuer.

Local Government Investment Pools – At December 31, 2020, the Town had \$12,775,182 and \$4,103,760 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively, investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission’s Rule 2a-7. The pools operate similarly to money market funds and each share is valued at \$1.00. Both pools are rated AAAM by Standard and Poor’s. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians’ internal records identify the investments owned by the funds.

Fair Value Hierarchy – The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Town’s investment in ColoTrust is measured at net asset value, equal to \$1.00 per share. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period. The Town’s investment in CSAFE is valued at amortized cost. No additional disclosures for CSAFE are required.

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Restricted Cash and Investments – At December 31, 2020, the Street Capital Improvement Fund and the Water and Wastewater Fund reported \$634,207 and \$302,693 restricted for debt service reserves.

NOTE 4 - CAPITAL ASSETS

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

	Balances December 31, 2019	Additions	Deletions	Balances December 31, 2020
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 772,208	\$ -	\$ -	\$ 772,208
Construction in progress	671,617	1,292,868	1,642,837	321,648
Total capital assets, not depreciated	<u>1,443,825</u>	<u>1,292,868</u>	<u>1,642,837</u>	<u>1,093,856</u>
Capital Assets, Being Depreciated				
Land improvements	407,897	1,642,837	-	2,050,734
Infrastructure	9,954,291	109,091	-	10,063,382
Buildings and improvements	805,820	-	-	805,820
Vehicles and equipment	1,041,364	96,932	-	1,138,296
Total capital assets, depreciated	<u>12,209,372</u>	<u>1,848,860</u>	<u>-</u>	<u>14,058,232</u>
Accumulated depreciation				
Land improvements	(181,858)	(83,078)	-	(264,936)
Infrastructure	(3,731,967)	(335,445)	-	(4,067,412)
Buildings and improvements	(305,205)	(23,260)	-	(328,465)
Vehicles and equipment	(806,293)	(38,941)	-	(845,234)
Total accumulated depreciation	<u>(5,025,323)</u>	<u>(480,724)</u>	<u>-</u>	<u>(5,506,047)</u>
Net capital assets, depreciated	<u>7,184,049</u>	<u>1,368,136</u>	<u>-</u>	<u>8,552,185</u>
Governmental Activities				
Capital Assets, net	<u>\$ 8,627,874</u>	<u>\$ 2,661,004</u>	<u>\$ 1,642,837</u>	<u>\$ 9,646,041</u>

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 4 - CAPITAL ASSETS (CONTINUED)

	Balances December 31, 2019	Additions	Deletions	Balances December 31, 2020
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land and easements	\$ 358,630	\$ -	\$ -	\$ 358,630
Construction in Process	-	899,887	-	899,887
Total capital assets, not depreciated	<u>358,630</u>	<u>899,887</u>	<u>-</u>	<u>1,258,517</u>
Capital Assets, Being Depreciated				
Plant and equipment	8,256,108	-	-	8,256,108
Plant and improvements	4,582,020	434,152	-	5,016,172
Total capital assets, depreciated	<u>12,838,128</u>	<u>434,152</u>	<u>-</u>	<u>13,272,280</u>
Accumulated depreciation				
Plant and equipment	(3,900,162)	(264,540)	-	(4,164,702)
Plant and improvements	(1,803,629)	(164,195)	-	(1,967,824)
Total accumulated depreciation	<u>(5,703,791)</u>	<u>(428,735)</u>	<u>-</u>	<u>(6,132,526)</u>
Net capital assets, depreciated	<u>7,134,337</u>	<u>5,417</u>	<u>-</u>	<u>7,139,754</u>
Business-Type Activities				
Capital Assets, net	<u>\$ 7,492,967</u>	<u>\$ 905,304</u>	<u>\$ -</u>	<u>\$ 8,398,271</u>

Depreciation expense was charged to functions/program of the Town as follows:

Governmental Activities	
General government	\$ 23,871
Public safety	27,894
Public works	359,264
Parks and recreation	69,695
Total	<u>\$ 480,724</u>

NOTE 5 - LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2020.

	Balances December 31, 2019	Additions	Deletions	Balances December 31, 2020	Due In One Year
Governmental Activities:					
2015 Revenue refunding bonds	\$ 2,815,000	\$ -	\$ 160,000	\$ 2,655,000	\$ 165,000
2014 Revenue refunding bonds	720,000	-	235,000	485,000	240,000
Compensated absences	44,225	42,307	37,086	49,446	4,945
Total	<u>\$ 3,579,225</u>	<u>\$ 42,307</u>	<u>\$ 432,086</u>	<u>\$ 3,189,446</u>	<u>\$ 409,945</u>

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 - LONG-TERM DEBT (CONTINUED)

\$3,160,000 Sales and Use Tax Revenue Refunding Bonds, Series 2015 (the 2015 Bonds), were issued to refund a portion of the existing Sales and Use Tax Revenue Bonds, Series 2006, originally issued to finance street improvements. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at 2.85% per annum. Principal payments are due annually on December 1, through 2027. The 2015 Bonds are not subject to optional redemption prior to maturity.

\$1,995,000 Sales and Use Tax Revenue Refunding Bonds, Series 2014 (the 2014 Bonds), were issued to refund a portion of the existing Sales and Use Tax Revenue Bonds, Series 2003, originally issued to finance street improvements. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at 2.49% per annum. Principal payments are due annually on December 1, through 2022. The 2014 Bonds are not subject to optional redemption prior to maturity.

The 2015 and 2014 Bonds are payable from pledged revenues consisting of ninety percent (90%) of 1.5% sales and use tax which is reported in the Street Capital Improvement Fund, and if necessary, a 1% sales tax reported in the General Fund. The bonds are further secured by the bond reserve account in the amount of \$634,207.

Remaining debt service at December 31, 2020, was as follows:

<i>2014 Revenue Refunding Bonds</i>			
<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 240,000	\$ 12,077	\$ 252,077
2022	245,000	6,101	251,101
Total	<u>\$ 485,000</u>	<u>\$ 18,178</u>	<u>\$ 503,178</u>
<i>2015 Revenue Refunding Bonds</i>			
<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 165,000	\$ 75,668	\$ 240,668
2022	165,000	70,966	235,966
2023	440,000	66,262	506,262
2024	450,000	53,722	503,722
2025	465,000	40,898	505,898
2026-2027	970,000	41,612	1,011,612
Total	<u>\$ 2,655,000</u>	<u>\$ 349,128</u>	<u>\$ 3,004,128</u>

Compensated Absences – Compensated absences of the governmental activities are expected to be liquidated primarily with revenues of the General Fund.

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2020:

	Balances <u>December 31, 2019</u>	Additions	Deletions	Balances <u>December 31, 2020</u>	Due In <u>One Year</u>
Business-Type Activities:					
2008 CWRPDA loan	\$ 2,752,502	\$ -	\$ 245,273	\$ 2,507,229	\$ 250,722
2007 CWRPDA loan	510,376	-	55,816	454,560	57,928
Compensated absences	8,365	4,463	3,516	9,312	931
Total	<u>\$ 3,271,243</u>	<u>\$ 4,463</u>	<u>\$ 304,605</u>	<u>\$ 2,971,101</u>	<u>\$ 309,581</u>

During 2008, the Town obtained a loan from the Colorado Water Resources and Power Development Authority (CWRPDA) to finance the upgrade and expansion of the Gold Creek wastewater treatment plant (the 2008 Loan). Principal and interest payments are due semi-annually on February 1 and August 1, through August 1, 2029. Interest accrues at 3.42% per annum. The 2008 Loan is subject to optional redemption prior to maturity subject to the payment of administrative fees premiums as determined by CWRPDA.

The 2008 Loan is payable solely from pledged property consisting of 1.5% sales and use tax and other revenues recorded in the Capital Improvement Fund. The 2008 Loan is further secured by a reserve equal to three months of budgeted plant operations and maintenance expenses in the amount of \$302,693.

During 2007, the Town obtained a loan from the CWRPDA to finance the construction of a lift station at the Running Creek wastewater treatment plant and the installation of a transfer pipeline to the Gold Creek wastewater treatment plant (the 2007 Loan). Principal and interest payments are due semi-annually on May 1 and November 1, through November 1, 2027. Interest accrues at 3.75% per annum. The 2007 Loan is subject to optional redemption prior to maturity without premium.

The 2007 Loan is payable solely from pledged property consisting of revenues from the Town's water and wastewater system, after deducting operating and maintenance costs.

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Continued)

Annual debt service requirements for the outstanding loans at December 31, 2020, were as follows:

<u>Year ended December 31,</u>	<i>2007 CWPRDA Loan</i>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 57,928	\$ 16,508	\$ 74,436
2022	60,121	14,315	74,436
2023	62,397	12,039	74,436
2024	64,758	9,678	74,436
2025	67,210	7,226	74,436
2026-2027	142,146	6,726	148,872
Total	<u>\$ 454,560</u>	<u>\$ 66,492</u>	<u>\$ 521,052</u>

<u>Year ended December 31,</u>	<i>2008 CWPRDA Loan</i>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 250,722	\$ 93,476	\$ 344,198
2022	256,173	88,700	344,873
2023	261,624	83,642	345,266
2024	267,074	78,384	345,458
2025	272,526	72,950	345,476
2026-2029	1,199,110	181,342	1,380,452
Total	<u>\$ 2,507,229</u>	<u>\$ 598,494</u>	<u>\$ 3,105,723</u>

The Town is required to comply with certain covenants and reserve requirements related to long-term debt. As of December 31, 2020, management believes the Town is in compliance with all covenants and reserve requirements.

NOTE 6 - INTERFUND TRANSFERS

During the year ended December 31, 2020, the Capital Improvement Fund transferred \$172,573 to the Water and Wastewater Fund for debt service on the 2008 CWRPDA loan (see Note 5) and the Water and Wastewater Fund transferred \$150,000 to the General Fund.

NOTE 7 - 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 purchases commercial insurance for its workers compensation claims. For other risks of loss, the Town participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 7 - RISK MANAGEMENT (CONTINUED)

municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Construction, Article XIV, Section 18(2).

The purpose of CIRSA are to provide members defined liability and property coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. Settlements have not exceeded coverages for each of the past three fiscal years.

NOTE 8 - DEFINED BENEFIT PENSION PLAN

General Information

Plan Description – The Town contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Plan. All full-time, paid police officers of the Town are members of the Statewide Defined Benefit Plan.

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and requires supplementary information for both the SWDB and the Statewide Death and Disability Plan. FPPA issues a publicly available financial report that includes information on the plan. That report may be obtained at www.fppaco.org.

Benefits Provided – A plan member is eligible for a normal retirement pension once the member has completed twenty-five 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' pensionable earnings 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

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

by the amount of Social Security income payable to the member annually.

General Information (Continued)

Effective January 1, 2007, members covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

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 Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions – The Town and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contributions 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.

Members of the SWDB plan and their employers contributed at a rate of 11% and 8%, respectively, of base salary for a total contribution rate of 19% in 2020. 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% annually through 2022 to a total of 12% of pensionable earnings. Employer contributions are 8% in 2020. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of pensionable earnings. The Town's contributions to the plan of the year ended December 31, 2020, were \$39,428, equal to the required contributions.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2020, the Town reported a net pension asset of \$29,097, representing its proportionate share of the net pension asset of the plan. The net pension asset was measured at December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Town's proportion of the net pension asset was based on the

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Town's share of contributions to the pension plan relative to the contributions of all participating entities.

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

At December 31, 2019, the Town's proportion was 0.05145% which was an increase of 0.00082% from its proportion measured at December 31, 2018.

For the year ended December 31, 2020, the Town recognized pension income of \$5,937. 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	\$ 98,470	\$ 570
Changes of Assumptions or other Inputs	55,249	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	-	45,741
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
of Contributions	5,474	8,041
Contributions Subsequent to the Measurement Date	39,428	-
Total	<u>\$ 198,621</u>	<u>\$ 54,352</u>

\$39,428 reported as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date will be recognized as an increase in the net pension 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 as pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	\$ 9,981
2022	6,019
2023	20,900
2024	1,599
2025	21,305
Thereafter	45,037
Total	<u>\$ 104,841</u>

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The actuarial valuations as of January 1, 2020, determined the total pension liability using the following actuarial assumptions and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
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*	7.0%	7.0%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

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

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

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:

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

Discount Rate

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 Board's funding policy, which establishes 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.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as the Town's proportionate share of the net pension asset (liability) if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate, as follows:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Proportionate Share of the Net Pension Liability (Asset)	\$ 176,422	\$ (29,097)	\$ (199,547)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Subsequent Event

House Bill 20-1044 was signed into law on April 1, 2020. Included in the bill is a provision to increase the benefits 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 the December 31, 2019 measurement period. This will be reflected in the December 31, 2020 measurement period. The impact to the Statewide Defined Benefit Plan of the benefit adjustment is approximately \$53 million.

NOTE 9 - DEFERRED CONTRIBUTION PLANS

Deferred Compensation Plan

The Town offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is available to all employees and permits them to defer a portion of their salary until future years. The Board of Trustees determines the Town's contributions to the plan. The Town currently matches employee contributions to a maximum of 3% of each employee's salary. During the year ended December 31, 2020, the Town contributed \$26,240 to the plan. The plan is administered by ICMA Retirement Corporation, and all plan assets are held in trust for the exclusive benefit of the participants.

FPPA Money Purchase Plan

The Town contributes to the Statewide Money Purchase Plan, a multiple-employer defined contribution pension plan, on behalf of the Police Chief. The plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The contribution requirements of the plan are established by State statutes. Currently, plan participants contribute 8% of base salary, which is matched by the Town. Participants vest immediately in their contributions. Vesting in the Town's contributions and the related investment earnings occurs at 20% per year after the first year of service, with full vesting after five years of service. During the year ended December 31, 2020, the Town contributed \$4,551 to the plan, equal to the required contributions.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town contributes to the Statewide Death and Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire and Police Pension Association of Colorado (FPPA). All full-time police officers are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statute and generally

TOWN OF ELIZABETH
NOTE TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

allow for benefits upon the death or disability of a plan member prior to retirement.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by contacting FPPA as described previously.

Funding Policy

The contribution requirements are established by State statute. The Town's Board of Trustees determines the contribution split between members and the Town. No contributions are required for members hired prior to January 1, 1997, the Town contributed 2.8% of base salaries for the year ended December 31, 2020. The Town's contributions to the plan for years ended December 31, 2020, 2019, 2018, were \$13,789, \$10,617, and \$9,291, and respectively, equal to the required contributions.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Claims and Judgements

The Town participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government.

At December 31, 2020, certain grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Town.

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. On November 5, 1996, voters allowed the Town to collect, retain and expend the full proceeds of any revenue source of the Town without imposing any new taxes or increases in tax rates, notwithstanding the provisions of the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2020, the emergency reserve of \$207,635 was reported as restricted fund balance in the governmental funds, and as restricted net position in the enterprise fund.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ELIZABETH
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ASSET)
LAST 10 YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Town's proportion of the net pension liability	0.0514%	0.0506%	0.0496%	0.0465%	0.0495%	0.0547%	0.0498%
Town's proportionate share of the net pension liability (asset)	\$ (29,097)	\$ 64,008	\$ (71,308)	\$ 16,814	\$ (873)	\$ (61,743)	\$ (44,540)
Town's covered payroll	379,188	339,938	289,928	238,144	240,138	241,660	220,716
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(7.7%)	18.8%	(24.6%)	7.1%	(0.4%)	(25.5%)	(20.2%)
Plan fiduciary net pension as a percentage of the total pension liability	101.9%	95.2%	106.3%	98.2%	100.1%	106.8%	105.8%

*The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the plan. The Town implemented GASB Statement No. 68 in 2015; therefore, 10 years of data is not available.

TOWN OF ELIZABETH
SCHEDULE OF TOWN CONTRIBUTIONS AND RELATED RATIOS
LAST 10 YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily required contributions	\$ 39,428	\$ 30,335	\$ 27,195	\$ 23,194	\$ 19,052	\$ 19,211	\$ 19,333
Contributions in relation to the statutorily required contributions	<u>39,428</u>	<u>30,335</u>	<u>27,195</u>	<u>23,194</u>	<u>19,052</u>	<u>19,211</u>	<u>19,333</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 492,850	\$ 379,188	\$ 339,938	\$ 289,928	\$ 238,144	\$ 240,138	\$ 241,660
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

*The amounts presented for each fiscal year were determined as of December 31. The Town implemented GASB Statement No. 68 in 2015; therefore, 10 years of data is not available.

TOWN OF ELIZABETH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>				
Taxes				
Property taxes	\$ 574,701	\$ 574,701	\$ 564,302	\$ (10,399)
Specific ownership taxes	96,000	96,000	101,450	5,450
Sales and use tax	567,500	567,500	783,196	215,696
Public improvement fees	626,450	626,450	719,231	92,781
Licenses and permits	390,272	390,272	463,614	73,342
Intergovernmental	143,179	184,589	103,691	(80,898)
Fines and forfeitures	67,500	67,500	101,701	34,201
Investment earnings	18,000	18,000	6,224	(11,776)
Miscellaneous	53,150	53,150	230,900	177,750
Total revenues	<u>2,536,752</u>	<u>2,578,162</u>	<u>3,074,309</u>	<u>496,147</u>
<u>Expenditures</u>				
General government	1,360,653	1,374,601	1,359,371	15,230
Public safety	1,138,935	1,138,935	1,211,990	(73,055)
Public works	90,986	90,986	58,803	32,183
Capital outlay	117,958	117,958	92,316	25,642
Total expenditures	<u>2,708,532</u>	<u>2,722,480</u>	<u>2,722,480</u>	<u>-</u>
Excess of revenues				
Over (under) expenditures	(171,780)	(144,318)	351,829	496,147
<u>Other financing Sources</u>				
Transfers in	150,000	150,000	150,000	-
Total other financing sources	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (21,780)</u>	<u>\$ 5,682</u>	501,829	<u>\$ 496,147</u>
Fund balance - beginning of year			<u>880,665</u>	
Fund balance - end of year			<u>\$ 1,382,494</u>	

TOWN OF ELIZABETH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
STREET CAPITAL IMPROVEMENTS FUND
YEAR ENDED DECEMBER 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
Taxes			
Sales and use tax	\$ 990,000	\$ 1,356,123	\$ 366,123
Investment earnings	75,000	32,924	(42,076)
Total revenues	<u>1,065,000</u>	<u>1,389,047</u>	<u>324,047</u>
<u>Expenditures</u>			
Public works	900	600	300
Capital outlay	3,680,000	153,715	3,526,285
Debt service			
Principal	385,000	395,000	(10,000)
Interest and fiscal charges	106,500	98,156	8,344
Total expenditures	<u>4,172,400</u>	<u>647,471</u>	<u>3,524,929</u>
Net change in fund balance	<u>\$ (3,107,400)</u>	741,576	<u>\$ 3,848,976</u>
Fund balance - beginning of year		<u>4,862,917</u>	
Fund balance - end of year		<u>\$ 5,604,493</u>	

TOWN OF ELIZABETH
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
CAPITAL IMPROVEMENTS FUND
YEAR ENDED DECEMBER 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
Taxes			
Sales and use tax	\$ 805,000	\$ 1,506,804	\$ 701,804
Intergovernmental	-	874,613	874,613
Investment earnings	25,000	29,450	4,450
Miscellaneous	110,000	176,952	66,952
Total revenues	<u>940,000</u>	<u>2,587,819</u>	<u>1,647,819</u>
<u>Expenditures</u>			
Capital outlay	2,929,560	1,323,392	1,606,168
Total expenditures	<u>2,929,560</u>	<u>1,323,392</u>	<u>1,606,168</u>
Excess of revenues			
Over (under) expenditures	(1,989,560)	1,264,427	3,253,987
Other financing Sources (Uses)			
Transfers out	(172,573)	(172,573)	-
Total other financing sources (uses)	<u>(172,573)</u>	<u>(172,573)</u>	<u>-</u>
Net change in fund balance	<u>\$ (2,162,133)</u>	1,091,854	<u>\$ 3,253,987</u>
Fund balance - beginning of year		<u>4,616,101</u>	
Fund balance - end of year		<u>\$ 5,707,955</u>	

OTHER SUPPLEMENTARY INFORMATION

TOWN OF ELIZABETH
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
STREET MAINTENANCE FUND
YEAR ENDED DECEMBER 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>				
Taxes				
Sales and use tax	\$ 127,000	\$ 127,000	\$ 150,680	\$ 23,680
Public improvement fees	18,500	18,500	21,481	2,981
Licenses and permits	-	-	10,917	10,917
Intergovernmental	108,350	108,350	129,966	21,616
Investment earnings	7,400	7,400	5,137	(2,263)
Miscellaneous	500	500	1,704	1,204
Total revenues	<u>261,750</u>	<u>261,750</u>	<u>319,885</u>	<u>58,135</u>
<u>Expenditures</u>				
Public works	<u>351,347</u>	<u>353,792</u>	<u>353,792</u>	<u>-</u>
Total expenditures	<u>351,347</u>	<u>353,792</u>	<u>353,792</u>	<u>-</u>
Net change in fund balance	<u>\$ (89,597)</u>	<u>\$ (92,042)</u>	(33,907)	<u>\$ 58,135</u>
Fund balance - beginning of year			<u>858,199</u>	
Fund balance - end of year			<u>\$ 824,292</u>	

See the accompanying independent auditors' report

TOWN OF ELIZABETH
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION – BUDGET AND ACTUAL –
NON – GAAP BUDGETARY BASIS
WATER AND WASTEWATER FUND
YEAR ENDED DECEMBER 31, 2020

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues</u>			
Charges for services	\$ 1,160,000	\$ 1,308,238	\$ 148,238
Tap fees	930,000	1,885,100	955,100
Miscellaneous	135,000	164,679	29,679
Investment earnings	48,500	29,253	(19,247)
Total revenues	<u>2,273,500</u>	<u>3,387,270</u>	<u>1,113,770</u>
<u>Expenditures</u>			
System operations	871,356	752,824	118,532
Capital outlay	2,480,000	1,334,039	1,145,961
Debt service			
Principal	301,218	301,089	129
Interest and fiscal charges	125,879	123,837	2,042
Total expenses	<u>3,778,453</u>	<u>2,511,789</u>	<u>1,266,664</u>
Excess of revenues			
Over (under) expenses	(1,504,953)	875,481	2,380,434
<u>Other financing Sources (Uses)</u>			
Transfers in	172,573	172,573	-
Transfers out	(150,000)	(150,000)	-
Total other financing sources (uses)	<u>22,573</u>	<u>22,573</u>	<u>-</u>
Change in net position, budgetary basis	<u>\$ (1,482,380)</u>	898,054	<u>\$ 2,380,434</u>
<u>Reconciliation to GAAP basis</u>			
Capital outlay		1,334,039	
Depreciation		(428,735)	
Debt principal payments		<u>301,089</u>	
Change in net position, GAAP basis		<u>\$ 2,104,447</u>	

See the accompanying independent auditors' report

COMPLIANCE SECTION

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Elizabeth
	YEAR ENDING : December 2020

This Information From The Records Of (example - City of _ or County of _) Town of Elizabeth	Prepared By: Brian Murray, Finance Officer Phone: 303-646-4166
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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	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	267,944
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	614
2. General fund appropriations		b. Snow and ice removal	5,074
3. Other local imposts (from page 2)	1,297,725	c. Other	
4. Miscellaneous local receipts (from page 2)	500,033	d. Total (a. through c.)	5,688
5. Transfers from toll facilities		4. General administration & miscellaneous	33,582
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	43,277
a. Bonds - Original Issues		6. Total (1 through 5)	350,491
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)		a. Interest	98,156
7. Total (1 through 6)	1,797,758	b. Redemption	395,000
B. Private Contributions		c. Total (a. + b.)	493,156
C. Receipts from State government (from page 2)	78,160	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,875,918	b. Redemption	
		c. Total (a. + b.)	
		3. Total (1.c + 2.c)	493,156
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	843,647

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

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	3,535,000		395,000	3,140,000
1. Bonds (Refunding Portion)				
B. Notes (Total)				

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	5,978,682	1,875,918	843,647	7,010,953	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		a. Interest on investments	38,058
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	1,174,795	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	21,481	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	101,450	g. Other Misc. Receipts	332,009
6. Total (1. through 5.)	1,297,725	h. Other County Road & Bridge	129,966
c. Total (a. + b.)	1,297,725	i. Total (a. through h.)	500,033
	(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	67,242	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	10,918	d. Federal Transit Admin	
d. Other (Specify) - CDOT Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	10,918	g. Total (a. through f.)	
4. Total (1. + 2. + 3.f)	78,160	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: