

TOWN OF PAONIA, COLORADO

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2020

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**INDEPENDENT AUDITOR'S REPORT**

July 22, 2021

To the Board of Trustees
Town of Paonia, 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 Paonia, 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.

Auditor's Responsibility

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

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

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

Opinions

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



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–15 and 50–55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Paonia, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements, the budget to actual schedules for the non-major governmental funds and the proprietary funds, and the Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the budget to actual schedules for the non-major governmental funds and the proprietary funds, and the Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Old Pension Plan information on page 68 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Chadwick, Steinkirchner, Davis & Co., P.C.

Chadwick, Steinkirchner, Davis & Co., P.C.

TOWN OF PAONIA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended December 31, 2020

As management of the Town of Paonia, we offer readers of the Town of Paonia Financial Statements this narrative overview and analysis of the financial activities and performance of the Town of Paonia for Fiscal Year ended December 31, 2020.

INTRODUCTION

The Town operates under a Mayor - Town Board form of government with a contract Town Administrator. The Town Board provides strategic leadership, goal setting and policy-making authority, and employs the Town Administrator who is responsible for the day-to-day management, financial and technical support to ensure equitable, efficient, and effective implementation of government services to our citizens. The board voted to continue the dual role of Town Administrator/Town Clerk from June 2020 to May 2021.

The Town provides a full range of public services, including a Police Department, Municipal Utilities (water, wastewater, and trash), Infrastructure (drainage, streets, public buildings, airport, and sidewalks), and Cultural and Recreational programs (parks and recreation activities).

Other governmental services are provided through various agencies and special districts that includes: fire protection through the Paonia Volunteer Fire Department (Delta County FPD#2); North Fork EMS; the North Fork Pool, Parks and Recreation District; the Paonia Public Library, a branch office of the Delta County Library District; and two Cemetery Districts.

HIGHLIGHTS AND NOTABLE FINANCIAL STATEMENT COMPARISONS OF 2019 TO 2020:

1. The country is in the midst of the COVID-19 pandemic, which has affected revenues in 2020. However, in spite of the pandemic, the Town's revenues increased over budget.
2. Change in cash position has increased from 2019 to 2020 for Governmental Activities and Business-Type Activities for a total of \$2,795,413, with a total increase of \$290,956.
3. Change in net capital fixed assets has decreased from 2019 to 2020 for Governmental Activities and Business-Type Activities for a total of \$15,734,291, with a total decrease of \$183,279 related to the addition of depreciation and the added capital assets for 2020.
4. Long-Term Liabilities for Governmental Activities and Business-Type Activities only decreased by \$17,460 from the previous year due to the refunding of the RUS Loan with Revenue bonds in 2020.
5. Governmental Funds Tax revenue increased from 2019 to 2020 totaling \$1,009,023, with a total increase of \$153,919.
 - Property Tax specifically increased \$30,978 from 2019 to 2020 due to the increases in valuations provided by the Delta County Assessor's Office.
 - Town Sales Tax increased \$112,473 from 2019 to 2020 in spite of the pandemic which is partially related to the addition of the delivery sales tax which took effect in 2019.
6. Governmental Funds Intergovernmental revenue decreased from 2019 to 2020 by \$1,136.
7. Governmental Funds Other revenue decreased from 2019 to 2020 by \$101,061.
8. Governmental Funds Expenditures increased by \$366,336.
9. Governmental Funds Fund Balance increased by \$15,432.
10. Enterprise Funds revenue increase from 2019 to 2020 by a total of \$30,117.
11. Enterprise Funds expenditures decreased from 2019 to 2020 by a total of \$31,032.
12. Enterprise Funds Net Position increased in 2020 by \$63,080.

For the Fiscal Year Adopted 2020 Budget, the Town Board for the Town of Paonia focused on several minor projects which are highlighted below including the status as of 12/31/2020:

Staffing Levels:

<u>Budget</u>	<u>Actual</u>	<u>Hire Date</u>	<u>Term Date</u>
Town Administrator/Town Clerk	Town Administrator/Clerk		
Finance Office	Finance Director		
Deputy Clerk	Deputy Clerk		
Assistant Clerk	Assistant Clerk	04/06/2020	
Assistant to Admin	Assistant to Admin	01/06/2020	07/08/2020
Town Treasurer	Town Treasurer		
Police Chief	Police Chief		
Police Sergeant	Police Sergeant	01/25/2020	
Police Officers (3 FTE)	Police Officers (4 FTE)		
Municipal Judge	Municipal Judge	06/18/2020	
Public Works Director	Public Works Director		
Public Works Supervisor	Public Works Supervisor	04/14/2020	
Utility Assistant	Utility Assistant	08/14/2020	
Laborer (2 FTE)	Laborer (1 FTE)		
	Temp Laborer (Specialty)	08/03/2020	
Trash Truck Driver/Laborer	Trash Truck Driver/Laborer		
Trash Laborer/Laborer	Trash Laborer/Laborer		

Administration

1. Update of the Master Plan.
An intern was put in place 6/10/19 and the master planning process started with two public meetings that were held in 2019 regarding Housing, Utilities, Economic Development, Transportation and Community Sustainability. A goal setting session was held in October of 2020. The process will continue throughout 2021.
2. Asset Inventory/GIS Mapping Grant
The Town was awarded a DOLA EIAF State Funded Grant. Grant Award Amount is \$48,629.00 with a Town Match of \$48,629. This grant has an expiration date of 5/31/2022. The project consists of the completion of an Asset Inventory Assessment and Capital Improvement Plan for the Town. An RFP process was conducted, and the contract was awarded to SGM with a total cost estimate of \$41,938 for GIS mapping and \$55,320 for the Asset Inventory/Capital Improvement Plan. The GIS Mapping portion of this grant was completed in October of 2020.
3. COVID Grant
Funds were received from DOLA totaling \$125,232.27 in compliance with CARES Act for reasonable, necessary and cost-effective expenditures a.) incurred due to the public health emergency with respect to the Coronavirus Disease 2019, b.) not accounted for in the budget approved as of 3/27/2020 or the most recently approved budget for the relevant fiscal period, c.) were incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.
4. CDOT Grant
Colorado Department of Transportation-Office of Innovative Mobility Program: Revitalizing Main Streets Grant with a Contract value (Grant + Match) of \$50,976.20 was received August 25, 2020. The purpose of the grant was for assisting with planned street closures of Paonia's main street (Grand Ave) and look to improve sales and offer an opportunity for the Town to try out some mobility alternatives for a long-term transformation of the downtown business district toward active

transportation. Improved wayfinding will inform and encourage visitors to spend time in the Town. This project end date is 12/31/2021.

Building

5. Building Code Update
Building Code update started and will be sent to the Planning Commission for review in 2020. In February 2020 the Planning Commission met and did their first review of Chapter 18 of the Building Code Update. Discussion was tabled until 2021 due to COVID-19. The intent is for the process to resume in 2021.
6. Building Permit Fees - has been postponed.

Law Enforcement

7. (POST) Training Grant Funds
Due to COVID training was minimal. The town collected a total of \$1,352.68 in grant funds in 2020.
8. Marijuana Enforcement Grant (DOLA) = \$8,747.00
The program provided the opportunity for the Town's officers additional funds to seek grow sites and evaluate those sites for compliance of the Town and State regulations. The Town spent 262.5 hours on 33 incidents, this covers detection, contact, paperwork, and court time. This enforcement resulted in fewer compliance violations. In addition, the Town spent 60 hours on 4 incidents related to Underage Possession and Public Smoking of Marijuana.
9. Victims Advocate
The town assumed the responsibility to ensure that the advocates are provided cell phones in 2019 @ \$70.00 per month. This program continued through 2020.
10. School Resource Officer (SRO)
The town assigned Officer T. Patterson to SRO for the 2019 school year. This has been a successful program and continued through 2020. The Delta County School District did contribute \$20,000.00 toward this program.
11. Body Camera Program
This program was established in 2020 through AXON. This five (5) year program includes warranty, updates and upgrade of equipment every two years and off-site storage was a \$3,654.00 investment in 2020.

Parks & Recreation

12. Arbor Day/Tree City USA
The Town of Paonia has celebrated Arbor Day the last several years, however, the 2020 event was held as a virtual event due to COVID-19. The town has maintained its status in 2020 as a designated Tree City USA.
13. Tree Board
The tree board has met regularly through 2020.
14. Poulos Park
The Town started the Poulos Park upgrade using the AARP Grant Funds for the first phase. In 2020 very little was done due to COVID.
15. Parks Recreation and Trails Master Plan
The town received a grant in 2020 to complete the Park portion of the Master Plan from GOCO. Western Slope Consulting was awarded the contract to complete this process. Virtual meetings were held throughout 2020. The process is slated for completion in September 2021.

16. EHS Center Roof replacement was engineered, and construction began.
\$43,440 was spent on the EHS Center Roof in 2019 and \$10,556 was spent in 2020 for a total cost of \$53,996. The project was completed in March 2020 and was funded through the EHS volunteer group of \$15,000, Delta County Conservation Funds of \$20,000, and Town funds of \$33,846.
17. EHS Center Interior Rehab Project
The Town began the RFP process in 2020 for the interior repairs. Construction is set to begin in early 2021.
18. Miner Statue Park Entrance revitalization started in 2018 spending \$37,357.68. This continued in 2019 with the memorial wall installation spending an additional \$22,408.00. Which continued in 2020 with spending an additional \$7,302.00.
19. Improvements to the Peony Beds and the Baseball field – has been postponed.
20. Hill stabilization in Apple Valley Park – has been postponed.
21. Completion of the walking path at Apple Valley Park – has been postponed.
22. Installation of Curbing at Lee’s Park – has been postponed.

Streets

23. Pan-American Avenue Bridge Engineering – has been postponed.
24. Pan-American Avenue Bridge Construction – has been postponed.
25. Sewer line replacement/Storm drain addition at 2nd and Clark Avenue.
Engineering was completed and construction began in 2019 totaling \$215,654.84. The project was completed in February 2020, except for the road work. The road work was completed including re-paved in 2020.
26. Street improvements:
 - Street paving of the 100 block of Clark and the 200 block of Dorris Avenue.
 - Street overlays were done on portions for Samuel Wade Road west of the bridge and on 2nd Street between Dorris Avenue and Lamborn Avenue. The total cost was \$35,955.97.
 - Alley patch on 2nd between Clark Avenue and Minnesota Avenue, 3rd between Clark Avenue and Minnesota Avenue, and 3rd between North Fork Avenue and Orchard Avenue.

Bridge

27. Bridge Resurfacing - has been postponed until 2021.

Street Capital Improvements

28. 3% Impact fee
The 3% impact fee was implemented in 2019 for water, sewer, and trash. This was continued through 2020.
29. 2nd & Grand Avenue Intersection
Intersection replacement and added a Storm Drain at 2nd Street and Grand Avenue was completed in 2020 totaling \$77,149.08
30. 3rd & Grand Avenue Intersection – was postponed until 2021.
31. 3rd Street Reconstruction – was postponed until 2021.

Sidewalk

32. Sidewalk Improvements

Sidewalk repairs took place in 2020 as scheduled as follows:

Box Elder Avenue = 1640 sq ft 4" sidewalk + 40 l.ft curb and gutter + 2 handicap ramps = \$18,342.

Box Elder Avenue = 1370 sq ft 4" sidewalk = \$12,398.50

4th Street & Box Elder = 170 sq ft 4" sidewalk = \$1,538.

4th Street & Onarga = 530 sq ft 4" sidewalk = \$4,796.

3rd Street & Onarga = 750 sq ft 4" sidewalk = \$6,787.

Pass Through Grants

33. Skate Park

A volunteer group started collecting donations and are applying for grant funds in 2019 to fund a new or updated skate park in Paonia. This effort continued throughout 2020. The Town received \$1,500 + \$6,000 in donations as of December 2020.

Space-to-Create

34. Space to Create continued planning phase.

The planning phase continued through 2019. However, in mid-2020 it was determined that the State no longer had funding to support this effort and the Boettcher Foundation agreed to let the town use the remaining funds in 2021 to support the Paonia Creative District. No funds were expended in 2020.

Conservation Trust Fund

35. Town Playground – this was postponed.

Capital Improvement

36. Capital Improvements for 2020. Total spent was \$216,847.73.

- a. Town Hall Improvements = \$11,789.44
- b. Reallocated from Town Hall to Building Code Update = \$2,812.50
- c. Computer Upgrades = \$12,070.58
- d. PD Equipment = \$21,511.53
- e. Generator = \$10,000.00
- f. Skid Steer = \$67,726.69
- g. Sprinkler Repairs = \$6,250.68
- h. Street Improvements = \$35,955.97
- i. Sign Upgrade = \$105.31
- j. Street Lighting Upgrade (DMEA) = \$31,237.45
- k. EHS Center Upgrade - postponed
- l. Tree Trimming = \$10,000.00
- m. Equipment = \$ 7,387.58

Water

37. Water repair & maintenance priorities:

- n. Water System Analysis Grant
The Town was awarded a DOLA EIAF State Funded Grant. Grant Award Amount is \$14,000. with a Town Match of \$14,000. This grant had an expiration date of 11/30/2020. The grant was allowed to continue till 3/15/2021. This project consists of the Town completing a water infrastructure analysis. The Town will utilize a hired engineering firm to complete a water infrastructure analysis to include an assessment of water system pressure, raw water availability, considering raw water piping to the treatment plants, treatment capacity, and the ability to deliver water throughout the system. The project will also include a water system model, a determination of the number of additional people/activities the current system can support and recommend for new water storage and system upgrades that could be completed to correct current deficiencies.
- o. Engineer Consultant – these funds were re-allocated.
The town continued to investigate contracting with an engineer.
- p. Water Company Agreement Updates - has been postponed.
- q. 1MG Tank
1MG Tank was placed online in 2019 for a short time but was then taken offline and remained offline throughout 2020.
- r. 2MG Tank lining
The 2MG tank liner was postponed for 2019 but was inspected in 2020.
The inspection found:
 - 1. Observed light surface rust on upper shell.
 - 2. Observed no bio-film.
 - 3. Observed corrosion on bay supports.
 - 4. Observed light surface rust on ceiling plates.
 - 5. Highly recommend the tank interior be reconditioned.
 - 6. Interior surfaces coated with wax.
- s. Floor drain - was postponed.
- t. 3rd Street Loop - was postponed.
- u. 300 Orchard Avenue - was postponed.
- v. Meter Installation Project - was postponed till 2021.
- w. Bulk Water System
The Bulk Fill Water Station was purchased from Flowpoint Environmental Systems Inc in December of 2020.

Sewer

38. Sewer repairs & maintenance priorities

- x. Auto trash cleaner - was postponed.
- y. Manhole lining - was postponed.
- z. Aerators
The purchase/replacement for new aerators was postponed. The Town repaired existing aerators.
- aa. Engineer Consultant – these funds were re-allocated.
The town continued to investigate contracting with an engineer.
- bb. Safety Equipment
Purchased Tripod, a tripod wench and gas detector
- cc. Complete Hwy 133 Engineering – was postponed.
- dd. Scada System Installation – was postponed until 2021.
- ee. W-Vane Improvements
This repair was completed with a total cost of \$33,634.15.

Other projects completed that were not in the original 2020 budget but became a priority during the year:

1. Additional Election
 - Special election was held in January 2020 regarding the water tap sale moratorium, which passed, coordinated by Delta County on our behalf totaled \$2,572.55.
 - April Regular Election, which included the Marijuana question, was held and coordinated by Delta County on behalf of the Town totaled \$1,264.21.
2. ClearGov Software

ClearGov Software was purchased for Transparency reporting and Budget Preparation, with a total cost of \$6,870.00. The Budget Book was utilized in 2020. The Transparency portion is pending.
3. Legal Fees

At the start of 2020 Bo James Nerlin, PC was with J. David Reed, PC. Then in August of 2020 Bo James Nerlin, PC transferred to Colorado West Law and was billing under his name directly. Total paid to Bo James Nerlin, PC under both firms was \$63,509.35. There was a small portion reimbursed by Riverbank totaling \$3,159.00.
4. Victims Advocate

The town also contributed \$2,500 toward the overall advocate program shared by three (Paonia, Hotchkiss, Cedaredge, and the Delta County Coroner)
5. Paonia Ditch Repair

Total cost to replace the culvert and repair the road was \$62,445.13
6. Minnesota Creek Sewer-line Engineering & Repair

This project was completed in 2020 totaling \$41,600.00.
7. Browns Hill Engineering & Controls

In March of 2020, the Scada System was designed for the Sewer Plant. The cost for 2020 was \$3,550.00
In November of 2020, the Scada System was upgraded for the IMG Plant. The cost for 2020 was \$1,710.00. This project continues into 2021.
8. Short sections of 3rd Street Sewer Line and two manholes were reconstructed in 2020 totaling \$25,310.77.

OVERVIEW OF THE FISCAL YEAR 2020 FINANCIAL STATEMENTS

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

1. Governmental-wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

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

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

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

The "*Statement of Activities*" presents information showing how the government's net assets changed during the most recent Fiscal Year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish functions of the Town of Paonia that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*enterprise business-type activities*).

The Governmental-wide Financial Statement include only the Town of Paonia itself (known as the primary government) as there are **no component units** of the Town.

The Governmental Funds of the Town of Paonia include the:

1. **General Fund:** The General Fund is the Town's major operating fund. All revenues, by law or administrative control, that are not in otherwise designated funds are deposited in the General Fund.

The General Fund is used to provide for Administration, Building Permits, Public Safety, Streets, and Parks and Recreation services. The primary sources of revenues for the General Fund are:

1. Sales taxes (Town and Delta County), a 14.88% increase from 2019 to 2020
 2. Property taxes, a 31.83% increase from 2019 to 2020
 3. Franchise Taxes, a 2.06% decrease from 2019 to 2020, and
 4. Intergovernmental revenues specifically Highway Users Tax.
2. **Conservation Trust Fund:** The Conservation Trust Fund is used to account for monies received by the Town from the State of Colorado lottery proceeds. These funds are restricted for use in the acquisition, development and maintenance of new park and conservation sites or for capital improvements and maintenance of any existing public site for recreational purposes. Revenue from this fund declined by 7.58% from 2019 to 2020.
 3. **Sales Tax Capital Improvement Fund:** The Sales Tax Capital Improvement Fund is funded by 1% of the 3% Town Sales Tax and used to account for capital projects and purchases. Revenue for this fund increased by 18.14% from 2019 to 2020.
 4. **Street Capital Improvement Fund:** The Street Capital Improvement fund was added in 2018 and is funded by 3% impact fees paid by the Water, Sewer and Trash Funds and is to be used for capital improvements (reconstruction and paving) to the roads. Transfer from the Enterprise Funds to this fund increased by 7.39%. No sales tax was added to this fund in 2020.
 5. **Bridge Fund:** The Bridge Fund is deferred revenue which was received from Delta County in January 2010 for the total of \$800,000 which by contract is amortized at \$40,000/year.

6. **Sidewalk Fund:** The Sidewalk Fund is funded through utility billing by a \$3.00 fee assessed monthly on in-Town properties only to be used to repair and replace existing sidewalks. Revenues for 2020 equal \$31,054.
7. **Space-to-Create Fund:** In 2017, the Town received a grant from the Boettcher Foundation of \$35,000 to begin Space-to-Create project. Space-to-Create has advance a feasibility analysis of creative sector workforce space in the Town of Paonia. The initiative began with a preliminary feasibility study and community engagement work, followed by an arts market survey. In addition, in 2018, the Town received a \$25,000 REDI Grant from DOLA for the feasibility study, a \$17,500 DOLA Grant for the Market Survey, a \$50,000 Grant from Colorado Creative Industries (CCI) for the ongoing development of the Space-to-Create project and a \$915.00 contribution from the public. In 2019, the Town was requested to return \$45,000 to the Colorado Creative Industries (CCI) as the Town was not going to be able to spend those funds on pre-development in 2019. In 2020, the Town was advised that the State was no longer going to be able to support this project. The Town withdrew by Resolution 2020-20 from the project. The Boettcher Foundation agreed to let the Town use the balance of their fund to support the Town of Paonia Creative District instead of returning the funds, as long as, they are spent by December 31, 2021.

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.

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

In particular, **Unassigned Fund Balance** may serve as a useful measure of a government's net resources available for spending at the end of the Fiscal Year. Governmental fund statements are presented separately for revenue, expenditures, and changes in fund balances for the General Fund, Sales Tax Capital Improvement Fund, Street Capital Improvement Fund, Conservation Trust Fund, Sidewalk Fund and the Space to Create Fund. The General Fund and Sales Tax Capital Improvement Fund are considered major funds of the Town. The remainder of the funds listed above are Non-Major Governmental Funds.

Individual fund data for each of these five major governmental funds are provided in the form of "**Combining Statements**" elsewhere in this report.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The Enterprise Funds (business-type activities) of the Town of Paonia include the:

Water Fund: The Town operates two water treatment facilities. The upper system, also known as the 2.0 Million Gallon (2MG) Water Treatment Plant (WTP) services primarily the out-of-town customers, water companies and the northeast end of Town. The lower system, also known as the 1.0 Million Gallon (1MG) Water Treatment Plant or commonly referred to as the "Clock Plant" services mostly Town proper when online. The 1MG plant though operational was taken offline in 2015 for numerous repairs then temporarily put back online in February of 2019 during the boil order then again taken offline in 2019 for additional repairs. This plant remain operational however is not distributing processed water into the Town’s water system for consumption. The primary sources of revenue are charges for service. This fund is used to account for the revenues and expenses associated with the operations and maintenance of the water treatment and delivery (distribution) system. Also, to be included in the charges for services or any rate consideration for this fund are the repayment of loans for the water treatment facilities and monies for capital re-investment to these systems.

	<u>2019</u>	<u>2020</u>
Operating Revenues	819,925	869,038
Operating Expenses	803,519	780,982
Non-Operating revenue (expenses)	(31,110)	(46,964)
Capital Contributions	57,000	45,500
Transfers	(16,128)	(32,605)
Change in Net Position	26,168	53,987

1. **Grant Project Fund:** The Grant Project Fund is funded by refundable grants designated to specific projects plus Town matching funds. This fund is a “pass through fund” specifically for the tracking of large grants awarded. This fund is combined with the water fund as a sub-fund in the current year.

Sewer Fund: The Town operates a Wastewater Treatment Plant (WWTP) and sanitary sewer collection system. The primary sources of revenue are charges for service. This fund is used to account for the revenues and expenses associated with the operations and maintenance of the wastewater treatment plant and collections system. Also, to be included in the charges for services or any rate consideration for this fund are the repayment of loans for the wastewater treatment plant facility and monies for capital re-investment to this system.

	<u>2019</u>	<u>2020</u>
Operating Revenues	470,802	531,364
Operating Expenses	507,940	471,903
Non-Operating revenue (expenses)	(2,930)	(70,231)
Capital Contributions	48,500	42,500
Transfers	(4,124)	(22,940)
Change in Net Position	4,308	8,790

1. **Grant Project Fund:** The Grant Project Fund is funded by refundable grants designated to specific projects plus Town matching funds. This fund is a “pass through fund” specifically for the tracking of grants awarded. This fund is combined with the sewer fund as a sub-fund in the current year.

Sanitation (Trash) Fund: The Trash Fund is used to account for revenues and expenses associated with the collection and disposal of trash for In-Town residents and businesses. Charges for the service are the only revenue source for this activity.

	<u>2019</u>	<u>2020</u>
Operating Revenues	217,726	221,323
Operating Expenses	186,873	214,415
Non-Operating revenue (expenses)	0	0
Capital Contributions	0	0
Transfers	3,507	(6,605)
Change in Net Position	34,360	303

The Enterprise Funds are used to report the same functions presented as **business-type activities** in the government-wide financial statements. The Town of Paonia uses Enterprise Funds to account for its Water, Sewer and Trash Funds, all of which are considered to be major funds of the Town of Paonia.

Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other information: is in addition to the basic financial statements and accompanying notes. This report also presents certain "Required Supplementary Information" concerning the Town of Paonia budgetary comparison schedules.

FINANCIAL ANALYSIS FOR THE TOWN OF PAONIA AS A WHOLE

As noted earlier, the Town of Paonia uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The 2020 Fund Balances are as follows:

FUND	2020	2019	2018	2017	2016
GENERAL	563,528	507,079	336,284	220,337	178,787
SALES TAX CAP IMP	343,907	338,150	296,990	354,942	338,969
STREET CAP IMP	53,877	90,775	19,416	0	0
CONSERVATION TRUST	8,311	1,317	0	18,905	14,941
GRANT PROJECT	0	0	0	0	0
SIDEWALK	2,852	19,763	3,659	18,498	888
SPACE TO CREATE	13,165	13,124	29,219	37,410	0
GOVERNMENTAL	985,640	970,208	685,568	650,092	533,585

The General Fund is the chief operating fund to the Town of Paonia. At the end of 2020, **Unassigned Fund Balance** of the General Fund is \$332,793.

The committed Bridge reserve is \$188,433 plus the Unearned revenue of \$400,000, totals \$588,433.

The restricted fund for the Airport Capital Improvement totals \$44,892 at the end of 2020.

Available Resources of the Enterprise Funds at the end of the Fiscal Year 2020 is as follows:

FUND	2020	2019	2018	2017	2016
Water	341,600	166,873	105,507	1,203,966	822,179
Sewer	587,520	374,079	555,190	1,056,096	302,498
Trash	130,368	112,419	348,637	208,538	256,376

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets are the Town of Paonia investments in capital assets for its governmental and business-type activities as of December 31, 2020, which for this fiscal year amounts to \$15,734,291 (Net of Accumulated Depreciation). This investment in capital assets includes land, buildings, construction in progress, improvements other than buildings, infrastructure, and equipment.

Major capital asset events during Fiscal Year 2020 included: Building \$12,654 + Improvements \$17,858 + Infrastructure 251,117 + Equipment \$85,727 + Distribution System \$81,343 + Treatment Plant \$5,163.

Long-Term Debt includes the Sewer Plant, the 1MG Water Plant and the 2MG Water Plant and the improvements to the Distribution System. The Town's total bond and other indebtedness as of December 31, 2020, was \$4,120,599. The Town of Paonia has no General Obligation debt.

ECONOMIC FACTORS AND RATES

The Town of Paonia and Delta County are primarily agriculturally based economies. Given the still uncertain economic environment, the Town of Paonia Fiscal Year 2020 Budget maintained operating expenditures in line (balanced, not exceeding) with sources of revenues by re-evaluating services, reducing costs, and performing modest capital improvements such as the sidewalk construction project by utilizing funds maintained in reserve.

The Town increased water rates in February 2017 by 2% per base unit and sewer rates in May 2017 \$3.00 per base unit in order for the funds to remain financially solvent. Solid Waste (Trash) rates were increased \$1.00 per base unit in 2018. In 2019, there were no rate increases to Water, Sewer or Trash. As of December 2020, the Town Board approved Resolution 2020-18 (water) and 2020-19 (trash) for rate increases. However, water rates encountered a system problem and did not increase until January 2021. Trash rates increased as follows:

Single	no change
Standard	\$3 increase
Heavy	\$3 increase
2yd Dumpster	\$15 increase
3yd Dumpster	\$23 increase

There are no other known facts, decisions or conditions that are expected to have an effect on the Town's financial position or results of operations such as rate increase, increases in service areas, etc.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Paonia finances for all those with an interest in the Town government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Finance Director, Cindy Jones, Town of Paonia, 214 Grand Avenue, PO Box 460, Paonia, CO 81428 and Telephone: (970) 527-4101.

Respectfully Presented by:

Corinne Ferguson, Town Administrator/Town Clerk
Ross King, Town Treasurer
Cindy Jones, Finance Director

Town of Paonia, Colorado

STATEMENT OF NET POSITION

December 31, 2020

	Governmental Activities	Business- Type Activities	Total
Assets			
Pooled cash and investments	\$ 710,281	\$ 859,620	\$ 1,569,901
Restricted cash and investments (Notes 5 and 10)	588,433	637,079	1,225,512
Property taxes receivable	134,107	-	134,107
Accounts receivable, net	130,056	143,142	273,198
Due from other governments	70,510	-	70,510
Inventories	-	115,634	115,634
FPPA net pension asset (Note 8)	13,092	-	13,092
Capital assets (Note 12)			
Nondepreciable	246,481	834,157	1,080,638
Depreciable, net of accumulated depreciation	3,067,980	11,585,673	14,653,653
Total Assets	<u>4,960,940</u>	<u>14,175,305</u>	<u>19,136,245</u>
Deferred outflows of resources			
FPPA pension (Note 8)	109,494	-	109,494
Liabilities			
Accounts payable	17,236	40,052	57,288
Accrued interest payable	-	18,856	18,856
Due to other funds	-	-	-
Unearned other revenue	400,000	-	400,000
Noncurrent liabilities:			
Due within one year (Note 6)	37,622	203,223	240,845
Due in more than one year (Note 6)	-	3,899,376	3,899,376
Total Liabilities	<u>454,858</u>	<u>4,161,507</u>	<u>4,616,365</u>
Deferred inflows of resources			
FPPA pension (Note 8)	21,636	-	21,636
Deferred property tax revenue	134,107	-	134,107
Total Deferred Inflows of Resources	<u>155,743</u>	<u>-</u>	<u>155,743</u>
Net position			
Net investment in capital assets	3,314,461	8,317,231	11,631,692
Restricted for:			
Emergencies (Note 3)	42,302	-	42,302
Airport capital improvements (Note 11)	44,892	-	44,892
Water utility maintenance (Note 6)	-	208,080	208,080
Debt service (Notes 6 and 10)	-	637,079	637,079
Unrestricted	1,058,178	851,408	1,909,586
Total Net Position	<u>\$ 4,459,833</u>	<u>\$ 10,013,798</u>	<u>\$ 14,473,631</u>

The accompanying notes are an integral part of this statement.

Town of Paonia, Colorado

STATEMENT OF ACTIVITIES

Year Ended December 31, 2020

Function/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
Government Activities							
General government	\$ 544,046	\$ 39,327	\$ 96,405	\$ 107,728	\$ (300,586)	\$ -	\$ (300,586)
Public safety	351,467	22,410	1,353	-	(327,704)	-	(327,704)
Public works	191,457	31,054	47,947	-	(112,456)	-	(112,456)
Culture and recreation	127,112	-	20,605	-	(106,507)	-	(106,507)
Total government activities	<u>1,214,082</u>	<u>92,791</u>	<u>166,310</u>	<u>107,728</u>	<u>(847,253)</u>	<u>-</u>	<u>(847,253)</u>
Business-type Activities							
Water operations	832,528	869,038	-	-	-	36,510	36,510
Sewer operations	602,483	531,364	-	57,415	-	(13,704)	(13,704)
Trash	214,415	221,323	-	-	-	6,908	6,908
Total business-type activities	<u>1,649,426</u>	<u>1,621,725</u>	<u>-</u>	<u>57,415</u>	<u>-</u>	<u>29,714</u>	<u>29,714</u>
Total primary government	<u>\$ 2,863,508</u>	<u>\$ 1,714,516</u>	<u>\$ 166,310</u>	<u>\$ 165,143</u>	<u>(847,253)</u>	<u>29,714</u>	<u>(817,539)</u>
General Revenues:							
Property taxes					133,879	-	133,879
Specific ownership taxes					22,291	-	22,291
Sales taxes					832,836	-	832,836
Franchise taxes					57,754	-	57,754
Miscellaneous					4,442	2,927	7,369
Severance tax					4,765	-	4,765
Mineral leasing					3,919	-	3,919
Investment earnings					14,001	4,589	18,590
Capital contributions - tap fee					-	88,000	88,000
Transfers					62,151	(62,150)	1
Total general revenues					<u>1,136,038</u>	<u>33,366</u>	<u>1,169,404</u>
Total change in net position					<u>288,785</u>	<u>63,080</u>	<u>351,865</u>
Beginning net position					<u>4,171,048</u>	<u>9,950,718</u>	<u>14,121,766</u>
					<u>\$ 4,459,833</u>	<u>\$ 10,013,798</u>	<u>\$ 14,473,631</u>

The accompanying notes are an integral part of this statement.

Town of Paonia, Colorado

BALANCE SHEET- GOVERNMENTAL FUNDS

December 31, 2020

	General Fund	Sales Tax Capital Improvement Fund	Total Nonmajor Funds	Total
Assets				
Pooled cash and investments	\$ 306,720	\$ 328,208	\$ 75,353	\$ 710,281
Restricted cash and investments	588,433	-	-	588,433
Taxes receivable	134,107	-	-	134,107
Due from other governments	52,062	18,448	-	70,510
Accounts receivable	127,204	-	2,852	130,056
Total assets	1,208,526	346,656	78,205	1,633,387
Liabilities				
Accounts payable	14,486	2,749	-	17,235
Unearned revenue bridge agreement	400,000	-	-	400,000
Total liabilities	414,486	2,749	-	417,235
Deferred Inflows of Resources				
Deferred grant revenue	96,405	-	-	96,405
Deferred property taxes	134,107	-	-	134,107
Total deferred inflows of resources	230,512	-	-	230,512
Fund Balance				
Restricted				
Reserve for emergencies	42,302	-	-	42,302
Conservation	-	-	8,311	8,311
Airport capital improvements	-	44,892	-	44,892
Committed				
Bridge reserve	188,433	-	-	188,433
Capital acquisition	-	299,015	-	299,015
Sidewalk improvement	-	-	2,852	2,852
Street improvement	-	-	53,877	53,877
Space to create	-	-	13,165	13,165
Unassigned	332,793	-	-	332,793
Total fund balance	\$ 563,528	\$ 343,907	\$ 78,205	\$ 985,640

The accompanying footnotes are an integral part of this statement.

Town of Paonia, Colorado

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

December 31, 2020

Amounts reported for governmental activities on the statement of net assets are different because:

Total fund balance - governmental funds	\$ 985,640
Capital assets used in governmental activities are no current financial resources and therefore, are not reported in the funds	
Governmental capital assets	\$ 5,475,318
Less: Accumulated depreciation	<u>(2,160,857)</u>
	3,314,461
Net pension assets are not current assets available to cover current year expenditures and, therefore, are not reported as assets in the governmental funds.	13,092
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. Deferred outflows of resources are related to the difference between expected and actual experience, changes of assumptions and the difference between contributions and proportionate share of contributions to the plan.	109,494
Revenues received out of the of period of availability are deferred inflows in the fund financial statements, but are recognized as revenues at the government-wide level.	96,405
Deferred inflows of resources related to pensions are applicable in future periods and, therefore, are not reported in the funds. Deferred inflows of resources are related to the difference between expected and actual experience, the difference between projected and actual earnings on pension plan investments and change in proportionate share of total contributions to the plan.	(21,636)
Long-term liabilities that pertain to governmental funds are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net position. Balance at year-end are:	
Compensated absences	<u>(37,623)</u>
	<u>(37,623)</u>
Total governmental activities net assets	<u><u>\$ 4,459,833</u></u>

The accompanying notes are an integral part of this statement.

Town of Paonia, Colorado

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended December 31, 2020

	General Fund	Sales Tax Capital Improvement Fund	Nonmajor Fund	Total
Revenues				
Taxes	\$ 786,978	\$ 214,455	\$ 7,590	\$ 1,009,023
Fees and fines	36,219	-	31,054	67,273
Licenses and permits	34,352	-	-	34,352
Intergovernmental	157,497	-	-	157,497
Interest income	13,956	-	-	13,956
Miscellaneous	54,018	8,150	45	62,213
Total revenues	1,083,020	222,605	38,689	1,344,314
Expenditures				
Current				
General government	396,988	-	-	396,988
Public safety	335,270	-	-	335,270
Public works	136,166	-	47,965	184,131
Culture and recreation	109,702	-	600	110,302
Capital outlay	62,445	216,848	85,049	364,342
Total expenditures	1,040,571	216,848	133,614	1,391,033
Revenues in excess (deficiency) of expenditures	42,449	5,757	(94,925)	(46,719)
Other financing sources (uses)				
Transfers in (out)	14,000	-	48,151	62,151
Total other financing sources (uses)	14,000	-	48,151	62,151
Revenues and other sources in excess (deficiency) of expenditures and other (uses)	56,449	5,757	(46,774)	15,432
Fund balance, beginning	507,079	338,150	124,979	970,208
Fund balance, ending	<u>\$ 563,528</u>	<u>\$ 343,907</u>	<u>\$ 78,205</u>	<u>\$ 985,640</u>

The accompanying notes are an integral part of this statement.

Town of Paonia

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

December 31, 2020

Amounts reported for governmental activities on the statement of net assets are different because:

Net change in fund balances - total governmental funds	\$	15,432
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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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital assets current additions	\$ 367,357	
Depreciation expense	<u>(185,521)</u>	
Excess of capital outlay over depreciation		181,836

Pension benefits reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds. This is the change in net pension liability.

14,764

Revenues received after the period of availability are recognized as deferred revenue in the funds, but as revenue in the statement of activities.

96,405

Payments of compensated absences are reported as expenditures in the governmental funds when actually paid. However, on the government-wide statement of activities compensated absences are expensed as they are accrued. Changes in the compensated absences liability are a reconciling item.

(19,652)

Changes in Net Position of Governmental Funds

\$ 288,785

The accompanying notes are an integral part of this statement.

Town of Paonia, Colorado

STATEMENT OF NET POSITION
ENTERPRISE FUNDS

December 31, 2020

	Water	Sewer	Trash	Total
Assets				
Current Assets				
Pooled cash and investments	\$ 202,118	\$ 546,570	\$ 110,932	\$ 859,620
Restricted cash and investments	-	637,079	-	637,079
Accounts receivable, net	72,059	47,780	23,303	143,142
Inventories	108,695	6,939	-	115,634
Total current assets	382,872	1,238,368	134,235	1,755,475
Capital Assets				
Land and improvements	269,777	564,380	-	834,157
Utility system	11,697,785	5,353,591	-	17,051,376
Equipment and furniture	199,465	99,060	289,018	587,543
Less accumulated depreciation	(4,164,187)	(1,752,973)	(136,086)	(6,053,246)
Net capital assets	8,002,840	4,264,058	152,932	12,419,830
Total Assets	8,385,712	5,502,426	287,167	14,175,305
Liabilities				
Current Liabilities				
Accounts payable	22,416	13,769	3,867	40,052
Accrued interest payable	18,856	-	-	18,856
Current portion of long-term debt	151,298	51,925	-	203,223
Total current liabilities	192,570	65,694	3,867	262,131
Long-term Liabilities				
Notes and bonds payable	2,255,121	1,644,255	-	3,899,376
Total long-term liabilities	2,255,121	1,644,255	-	3,899,376
Total liabilities	2,447,691	1,709,949	3,867	4,161,507
Net Position				
Net investment in capital assets	5,596,421	2,567,878	152,932	8,317,231
Restricted for debt service	-	637,079	-	637,079
Restricted for water maintenance	208,080	-	-	208,080
Unrestricted	133,520	587,520	130,368	851,408
Total net position	\$ 5,938,021	\$ 3,792,477	\$ 283,300	\$ 10,013,798

The accompanying notes are an integral part of this statement.

Town of Paonia, Colorado

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS

Year Ended December 31, 2020

	Water	Sewer	Trash	Total
Operating Revenues				
Charges for services	\$ 869,038	\$ 531,364	\$ 221,323	\$ 1,621,725
Total operating revenues	869,038	531,364	221,323	1,621,725
Operating Expenses				
Personnel expenses	230,311	116,085	135,575	481,971
Contractual services	-	-	33,054	33,054
Professional fees	15,297	32,176	3,600	51,073
Utilities	35,394	32,903	3,607	71,904
Repairs and maintenance	111,573	134,019	9,147	254,739
Other supplies and expense	42,359	39,866	5,450	87,675
Insurance claims and expense	20,980	7,948	6,336	35,264
Depreciation	325,068	108,906	17,646	451,620
Total operating expenses	780,982	471,903	214,415	1,467,300
Net income (loss) from operations	88,056	59,461	6,908	154,425
Nonoperating Revenues (Expenses)				
Grants	3,827	53,588	-	57,415
Interest income	-	4,589	-	4,589
Miscellaneous revenue	755	2,172	-	2,927
Bond issuance costs	-	(75,050)	-	(75,050)
Interest expense	(51,546)	(55,530)	-	(107,076)
Total non-operating revenues (expenses)	(46,964)	(70,231)	-	(117,195)
Net income (loss) before capital contributions and transfers	41,092	(10,770)	6,908	37,230
Capital contributions - tap fees	45,500	42,500	-	88,000
Transfers in (out)	(32,605)	(22,940)	(6,605)	(62,150)
Change in net position	53,987	8,790	303	63,080
Net position, beginning	5,884,034	3,783,687	282,997	9,950,718
Net position, ending	<u>\$ 5,938,021</u>	<u>\$ 3,792,477</u>	<u>\$ 283,300</u>	<u>\$ 10,013,798</u>

The accompanying notes are an integral part of this statement.

Town of Paonia, Colorado

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS

Year Ended December 31, 2020

	Water	Sewer	Trash	Total
Cash flows from operating activities:				
Charges for sales and services	\$ 858,765	\$ 513,579	\$ 216,223	\$ 1,588,567
Payments to employees	(230,311)	(116,085)	(135,575)	(481,971)
Payments to suppliers	(213,861)	(272,645)	(60,955)	(547,461)
Net cash provided by operating activities	414,593	124,849	19,693	559,135
Cash flows from non-capital financing activities:				
Transfers from (to) other funds	(32,605)	(22,940)	(6,605)	(62,150)
Net cash provided (used) by non-capital financing activities	(32,605)	(22,940)	(6,605)	(62,150)
Cash flows from capital and related financing activities				
Grant revenues	3,827	63,466	-	67,293
Miscellaneous revenues	755	2,172	-	2,927
Acquisition of capital assets	(54,409)	(32,096)	-	(86,505)
Principal paid on loans and leases	(142,893)	(1,563,721)	-	(1,706,614)
Proceeds from debt issuance	-	1,696,180	-	1,696,180
Bond issuance costs	-	(75,050)	-	(75,050)
Interest expense	(51,546)	(55,530)	-	(107,076)
Proceeds from tap fees	45,500	42,500	-	88,000
Net cash provided (used) by capital and related financing activities	(198,766)	77,921	-	(120,845)
Cash flows from investing activities				
Investment income	-	4,589	-	4,589
Net cash provided (used) by investing activities	-	4,589	-	4,589
Net increase (decrease) in cash and cash equivalents	183,222	184,419	13,088	380,729
Cash at beginning of year	18,896	999,230	97,844	1,115,970
Cash at end of year	\$ 202,118	\$ 1,183,649	\$ 110,932	\$ 1,496,699

The accompanying notes are an integral part of this statement.

Town of Paonia, Colorado

STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS

Year Ended December 31, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 88,056	\$ 59,461	\$ 6,908	\$ 154,425
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	325,068	108,906	17,646	451,620
(Increase) decrease in accounts receivable	(10,273)	(17,785)	(5,100)	(33,158)
Increase (decrease) in accounts payable	10,407	(25,078)	239	(14,432)
Increase (decrease) in inventory	1,335	(655)	-	680
Total adjustments	<u>326,537</u>	<u>65,388</u>	<u>12,785</u>	<u>404,710</u>
Net cash provided by operating activities	<u>\$ 414,593</u>	<u>\$ 124,849</u>	<u>\$ 19,693</u>	<u>\$ 559,135</u>
Reconciliation of cash flow statement to statement of net position				
Cash	\$ 202,118	\$ 546,570	\$ 110,932	\$ 859,620
Restricted cash and investments	-	637,079	-	637,079
	<u>\$ 202,118</u>	<u>\$ 1,183,649</u>	<u>\$ 110,932</u>	<u>\$ 1,496,699</u>

The accompanying notes are an integral part of this statement.

Town of Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Paonia, Colorado (the Town), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Town's significant accounting policies are described below:

Financial Reporting Entity

The Town is a statutory municipality with a mayor – council form of government with six trustees and one separately elected mayor serving as elected Town Board of Trustees (the Town Board) members. The Town administrator is an appointed positions of the Town. As required by GAAP, these financial statements present the Town's (the primary government) financial position. The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective government body.

Basis of Presentation

Government-wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a 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 those 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.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Town of Paonia, Colorado

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December 31, 2020

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

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

The Town reports the following major governmental funds:

- *The General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.
- *The Sales Tax Capital Improvement Fund*, which accounts for the Town's additional sales tax that is to be used for capital improvements

The following funds are considered nonmajor governmental funds:

- *The Conservation Trust Fund*, which accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.
- *The Street Capital Improvement Fund*, which accounts for funds committed by the Board of Trustees to be used or street construction from Highways Users tax and impact fees.
- *The Sidewalk Fund*, which accounts for the Town's sidewalk fees that are to be used for sidewalk repairs and maintenance.
- *The Space to Create Fund*, which accounts for the Town's revenues that are to be used to fund a feasibility analysis of creative sector workforce space in the Town.

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

The Town reports the following major enterprise fund business-type activities:

- *Water, Sewer and Trash Funds*, which account for all operations of the Town's water, sewer and refuse services. They are primarily financed by user charges.

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Measurement Focus & Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. Revenues are recorded when earned, and expenses are recorded when a 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 revenue as soon as all eligibility requirements imposed by the provider have been met.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For the Town, "available" means collected within 60 days of year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due, and compensated absences, which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are interest revenue and charges for services. Entitlement revenues are not susceptible to accrual because, generally, they are not measurable until received. Grant revenues are recognized as expenditures are made.

Cash and Cash Equivalents

For purposes of the statement of cash flows of the enterprise funds, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an initial maturity of three months or less.

Fair Value Measurement

The Town adopted GASB Statement No. 72, Fair Value Measurement and Application, which generally requires state and local governments to measure assets and liabilities at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosure to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The Town's investments consist of external investment pools and certificates of deposit.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market.

Town of Paonia, Colorado

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Capital Assets

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years and for which the initial individual value equals or exceeds \$5,000.

All purchased assets are valued at cost where historical records are available and at estimated historical costs where no historical records exist. Donated assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Building and other improvements	25 - 40 years
Water and sewer systems	15 - 40 years
Furniture and equipment	5 - 10 years
Infrastructure	15 - 40 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets as their useful lives often extend beyond most other capital assets, and they are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year end, outstanding balances between funds are reported as “due to/from other funds.” Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Deferred Outflows/Inflows of Resources

Deferred Outflows of Resources

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred property tax revenue, which arises under both the full accrual (government-wide financial statement) and the modified accrual (fund financial statement) bases of

Town of Paonia, Colorado

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accounting that qualified for reporting in this category. Accordingly, the deferred property taxes are reported in both the statement of net position and in the balance sheet of governmental funds. These future revenues are deferred and recognized as an inflow of resources in the period that the amounts become available (calendar year 2020).

Deferred Inflows of Resources

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

Long-Term Liabilities

In the government-wide financial statements and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or enterprise fund-type statement of net position. The long-term compensated absences are serviced from revenues of the General Fund from future appropriations.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Police Officers Pension Plan

Eligible police officers of the Town are provided with pensions through the Statewide Defined Benefit Plan (SWDBP), a cost-sharing multi-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the SWDBP plan and additions to/deductions from 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 the benefit terms. Investments are reported at fair value.

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Fund Balances

In the fund financial statements, governmental funds report the following classification of fund balance:

- **Nonspendable Fund Balance:** amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- **Restricted Fund Balance:** amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions or by enabling legislation;
- **Committed Fund Balance:** amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. The Town Council is the Town's highest decision making authority and commits fund balance through resolution during the budget process;
- **Assigned Fund Balance:** amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority (the Town Administrator has been given this authority by the governing body) and
- **Unassigned Fund Balance:** amounts that are available for any purpose; positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town Council has provided otherwise in its commitment or assignment actions.

Property Tax

Property taxes for the current year are levied and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as a receivable and as deferred inflows of resources at December 31.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and

Town of Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between the total fund balances of the governmental funds, and the net position of the governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the governmental fund statements during the consolidation of governmental activities.

NOTE 3 – TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the Amendment), which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments, excluding "enterprises." The Town's voters on November 8, 1994 approved a ballot measure to permit the Town to collect, retain and expend the full proceeds of the Town's sales tax and nonfederal grants.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the Amendment.

The Amendment requires that an emergency reserve be maintained at 3% of fiscal year spending. A portion of the General Fund's fund balance is classified as restricted for emergencies as required by the Amendment. The amount restricted at December 31, 2020 was \$42,302.

NOTE 4 - BUDGETS

The Town adheres to the following procedures in establishing budgetary data reflected in the financial statements:

- By mid-August of each year, the Town Administrator, as the Budget Officer, gives public notice of the budget calendar for the next fiscal year. The Town Administrator asks that all Town departments, boards, commissions or citizens submit, within 30 days from the notice, any request

Town of Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

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for funds under the budget being prepared. The Town Administrator, with assistance from the Town Finance Officer, then prepares a proposed budget for the ensuing fiscal year and submits it to the Town Board no later than 45 days prior to any date required by state law for the certification to Delta County (the County) of the tax levy.

- The budget provides a complete financial plan of all Town funds and activities for the ensuing fiscal year indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies and anticipated net surplus or deficit for the ensuing fiscal year.
- A public hearing on the proposed budget is held by the Town Board by no later than early December.
- The Town Board adopts the budget by resolution on or before the final day established by law for the certification of the ensuing year's tax levy to the County. Adoption of the budget by the Town Board shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.
- If, during the fiscal year, the Town Administrator and the Town Finance Officer determine that there are expenses in excess of those estimated in the budget, the Town Board by resolution may make supplemental appropriations for the year up to the amount of such excess. To meet an emergency affecting public property, health, peace or safety, the Town Board may make emergency appropriations. If, at any time during the fiscal year, it appears probable to the Town Administrator and Town Finance Officer that the revenues available will be insufficient to meet the amount appropriated, the Town Administrator reports to the Town Board, indicating the estimated amount of deficit, any remedial action already taken and a recommendation as to any other steps to be taken. At any time during the fiscal year, the Town Administrator, as Budget Officer, may transfer part or all of any unencumbered appropriation balance within a department.
- Budget appropriations lapse at the end of each year.
- Expenditures may not exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget.
- Budgets for governmental funds are adopted on a basis consistent with GAAP, except for long-term receivables and advances and capital lease financing, which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.

Town of Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 5 – DEPOSITS AND INVESTMENTS

Cash Deposits

The Town maintains a cash pool that is used by all of the Town's funds.

The composition of the Town's cash and investments is as follows:

Cash and investments	
Cash on hand	\$ 225
Cash held by County Treasurer	2,427
Bank deposits	577,822
Certificates of deposit	457,278
Colotrust	<u>1,757,661</u>
Total	<u>\$ 2,795,413</u>
Cash and investments in the statement of net position	
Pooled cash and investments	\$ 1,569,901
Restricted cash and investments	<u>1,225,512</u>
Total	<u>\$ 2,795,413</u>

The Colorado Public Deposit Protection Act (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 PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group.

The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40.

At December 31, 2020, the bank balance of the Town's deposits was \$1,093,342, of which \$250,000 was covered by federal depository insurance and \$843,342 was collateralized under PDPA.

Town of Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities, certain international agency securities, general obligation and revenue bonds of U.S. local government entities, bankers' acceptances of certain banks, commercial paper, local government investment pools, and written repurchase agreements collateralized by certain authorized securities, certain money market funds and guaranteed investment contracts. The Town's investment policy follows Colorado statutes.

Interest Rate Risk - The Town does not have a formal policy limiting investment maturities which would help manage its exposure to fair value losses from increasing interest rates other than the five-year policy established by state statute.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Town's policy to limit its investments to U.S. Treasury obligations, certain U.S. government agencies securities, commercial paper, local government investment pools, repurchase agreements and money market funds.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town follows Colorado State Statutes for investing. The Town's investment policy does not specifically address this risk.

The Town's investment maturities at December 31, 2020 are as follows:

Investment by Type	Rating	Investment maturities		Total
		Less than One Year	One to Five Year	
Certificates of Deposit	Unrated	\$ 457,279	\$ -	\$ 457,279
COLOTRUST		1,757,661	-	1,757,661
Total		\$ 2,214,940	\$ -	\$ 2,214,940

The Town invested \$1,757,661 in the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commission administers and enforces all state statutes governing public investment pools. The investment is an external investment pool that reports at the fair value per share of the pool's underlying portfolio. The unit of account is each share held, and the value of the position is the fair value of the pool's share price multiplied by the number of shares held. For pricing

Town of Paonia, Colorado

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and redeeming shares, COLOTRUST maintains a stable net asset value (NAV) of \$1 per share, which approximates fair value. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables and payables. All COLOTRUST investments are reported at NAV and do not have any unfunded commitments, redemption restrictions or redemption notice periods. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+, which are both rated AAAM by Standard & Poor's. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Financial statements and information about the pool for COLOTRUST may be obtained through its website at www.colotrust.com. COLOTRUST may, without the necessity of a formal meeting of their Board, temporarily suspend the right of redemption or postpone the date of payment for redeemed shares under certain specific conditions described in their trust indenture and during any financial emergency when it is not reasonably practicable because of substantial losses which might be incurred.

Certificates of deposits held by the Town are considered to have a Level 1 valuation within the fair value hierarchy required under GASB 72.

NOTE 6 – LONG-TERM LIABILITIES

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

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020	Due Within One Year
Government-wide Activities					
Compensated absences	\$ 17,973	\$ 19,649	\$ -	\$ 37,622	\$ 37,622
Total	\$ 17,973	\$ 19,649	\$ -	\$ 37,622	\$ 37,622
Business-type Activities					
RUS Loan	\$ 1,563,722	\$ -	\$ 1,563,722	\$ -	\$ -
Revenue refunding bonds	-	1,650,000	-	1,650,000	50,000
Premium -Revenue refunding bonds	-	46,180	-	46,180	1,925
Loan - WPA	2,334,277	-	128,839	2,205,438	129,869
Premium - WPA	18,569	-	1,211	17,358	1,211
Loan - CWRPDA	203,491	-	19,868	183,623	20,218
Total	\$ 4,120,059	\$ 1,696,180	\$ 1,713,640	\$ 4,102,599	\$ 203,223

Town of Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

CWRPDA Loan

The Town has a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA), which originally enabled the Town to borrow up to \$448,200 at 1.75% interest annually, with payments of \$23,343 per year. The purpose of the loan was for upgrades to the lower water treatment plant. The project was completed in 2011, and the Town is no longer able to draw on the loan agreement. The Town pledged its net revenue from the operation of the water utility for repayment of the loan in the amount of approximately \$338,000 through 2029. Pledged revenues received during 2019 were \$23,343. The proportion of the pledged revenue to total related revenues is not estimable because annual total fees collected fluctuate. The Town is required to provide rates and charges in order to maintain coverage of 110% of the debt service due on the governmental agency bond coming due in each calendar year.

As of December 31, 2020, the Town borrowed \$395,969, of which the Town has made principal payments of \$212,346. Principal and interest payments for the years following December 31, 2020 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 20,218	\$ 3,125	\$ 23,343
2022	20,573	2,770	23,343
2023	20,935	2,408	23,343
2024	21,303	2,040	23,343
2025	21,677	1,666	23,343
2026 - 2029	78,917	2,786	81,703
Total	<u>\$ 183,623</u>	<u>\$ 14,795</u>	<u>\$ 198,418</u>

WPA Loan

The Town has a Water Power Authority (WPA) loan agreement with CWRPDA for \$2,996,494 at 1.75% interest annually, with twice yearly payments ranging from about \$83,000 to \$91,000. The purpose of the loan is for improvements and the expansion of the existing water treatment facilities and distribution system. The Town pledged its net revenue from the operation of the water utility for repayment of the loan in the amount of approximately \$3,707,000 through 2035. Pledge revenues received during 2020 were \$138,138. The proportion of the pledged revenue to total related revenues is not estimable because annual total fees collected fluctuate. The Town is required to provide rates and charges in order to maintain coverage of 110% of the debt service due on the governmental agency bond coming due in each calendar year.

The loan balance includes a premium of \$25,431, which will be amortized over the life of the loan on a straight-line basis. Yearly amortization will be \$1,211. The remaining premium balance is \$17,358 as of December 31, 2020.

Town of Paonia, Colorado

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The agreement states that the Town must maintain an operation and maintenance reserve in an amount equal to three months of operating expense, excluding depreciation of the water utility system, as set forth in the annual budget. At no time should the budget reserve be greater than \$1,250,000. As of December 31, 2020, the Town's budgeted reserve was \$210,250.

Principal and interest payments for the years following December 31, 2020 are as follows:

WPA Loan

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 129,869	\$ 17,000	\$ 146,869
2022	130,900	15,950	146,850
2023	132,276	14,900	147,176
2024	133,651	13,850	147,501
2025	135,025	12,800	147,825
2026 - 2030	719,256	48,100	767,356
2031 - 2035	<u>824,461</u>	<u>18,850</u>	<u>843,311</u>
Total	<u>\$ 2,205,438</u>	<u>\$ 141,450</u>	<u>\$ 2,346,888</u>

2020 Revenue Refunding Bonds

The Town issued \$1,650,000 of Revenue Refunding Bonds, Series 2020A. The bonds were issued on September 28, 2020, with interest payments due June 1 and December 1 of each year through December 1, 2044, commencing June 1, 2021. Principal payments are due December 1 of each year commencing December 1, 2021. The bonds carry an interest rate of 3.0%. The bond refunding resulted in a decrease in required cash flow for debt service of \$401,412, which constitutes an economic gain on refunding of \$226,757. These bonds were used to refund the RUS Loan payable.

The bonds do not constitute a lien on any physical property of the Town, but constitute a lien only on the net revenues of the water and sewer enterprise funds and all moneys on deposit in the Reserve Account. The Reserve Account is required to be maintained at \$100,750.

The Bonds were issued with a premium of \$46,180 which will be amortized on a straight-line basis through the life of the bonds and recognized as interest expense. Annual amortization will be \$1,925.

Town of Paonia, Colorado
NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Principal and interest payments for the years following December 31, 2020 are as follows:

Revenue refunding bonds

	Principal	Interest	Total
2021	\$ 50,000	\$ 17,000	\$ 67,000
2022	50,000	15,950	65,950
2023	50,000	14,900	64,900
2024	55,000	13,850	68,850
2025	55,000	12,800	67,800
2026 - 2030	300,000	186,600	486,600
2031 - 2035	350,000	137,850	487,850
2036 - 2040	405,000	81,375	486,375
2041 - 2044	335,000	18,825	353,825
 Total	\$ 1,650,000	\$ 499,150	\$ 2,149,150

Line of Credit

The Town had a \$200,000 working-capital line of credit with an interest rate of 1.55% and a maturity date of September 2021. As of December 31, 2020, there was \$0.00 outstanding balance on the line of credit.

NOTE 7 – EMPLOYEE BENEFIT PLANS

Defined Contribution Pension Plan

The Town provides pension benefits for all its employees through a defined contribution plan through Mutual of Omaha. In May 2014, the Town changed its 401(b) plan through Dreyfus Company to a defined contribution 457(b) plan through Mutual of Omaha.

The Town contributes 5%, and there are no matching requirements for the employees. Total contributions in 2020, 2019 and 2018 were \$23,082, \$22,322, and \$17,778 respectively. The employees are 100% vested at all times and are eligible for the plan after the probation period. The Board of Trustees authorizes benefit terms and has the authority to amend those terms.

Town of Paonia, Colorado

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SWDBP for Police Officers

Plan Description

Eligible police officers of the Town are provided with pensions through the Statewide Defined Benefit Plan (SWDB plan), a cost-sharing multi-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

Benefits Provided

The Statewide Defined Benefit Plan (SWDB plan) provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member's highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to SWDB plan. Benefits paid to retired members are evaluated and may be predetermined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the highest of 3% or the Consumer Price Index (CPI).

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least 5 years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter.

Contributions

Contribution rates for the SWDB plan are established by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may increase equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of pensionable earnings. Employer contributions are 8% in 2019 and 2020. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of pensionable earnings. In 2019, members of the SWDB plan and their employers are contributing at the rate of 10.5% and 8%, respectively, of pensionable earnings for a total contribution rate of 18.5%.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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

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

Employer contributions are recognized by SWDB plan in the period in which the compensation becomes payable to the member, and the Town is statutorily committed to pay the contributions to SWDB plan. Employer contributions recognized by SWDB plan from the Town were \$15,527 for the year ended December 31, 2020.

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

At December 31, 2020, the Town reported an asset of \$13,092 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Town's proportion of the net pension liability was based on Town contributions to the SWDB plan for the calendar year 2019 relative to the total contributions of participating employers to the SWDB plan.

At December 31, 2019, the Town's proportionate share was 0.023%, which was an increase of 0.0044% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2020, the Town recognized a reduction of pension expense of \$(14,763).

Town of Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 44,306	\$ 256
Changes of assumptions	24,859	-
Net difference between projected and actual earning on pension plan investments	-	20,581
Change in proportion	24,801	799
Town contributions subsequent to the measurement date	15,528	-
Total	<u>\$ 109,494</u>	<u>\$ 21,636</u>

The SWDB plan reported \$24,801 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase in net pension asset in the year ended December 31, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Amounts Recognized in Pension Expense
2021	\$ 8,665
2022	6,883
2023	13,578
2024	4,894
2025	13,676
Thereafter	<u>24,634</u>
Total	<u>\$ 72,330</u>

Town of Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Actuarial Assumptions

The actuarial valuations for the SWDB were used to determine the total pension liability and the actuarially determined contributions for the fiscal year ending December 31, 2019. The valuations used the following actuarial assumptions and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2020	January 1, 2019
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.00%	7.00%
Projected Salary Increases	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.00%	0.00%

*Includes inflation at 2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and then 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 the expectation of the future. The assumption changes were effective 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 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 Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	38.00%	7.00%
Equity Long/Short	8.00%	6.00%
Private Markets	25.00%	9.20%
Fixed Income	15.00%	5.20%
Absolute Return	8.00%	5.50%
Managed Futures	4.00%	5.00%
Cash	2.00%	2.52%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 asset.

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

For the purpose of the valuation, the expected rate of return on pension plan investments is 7.00%, the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release ((H.15)); and the resulting single discount rate is 7.00%.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.

Regarding the sensitivity of the net pension liability (asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability (asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

Town of Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
\$ 79,380	\$ (13,092)	\$ (89,785)

Pension Plan Fiduciary Net Position

Detailed information about SWDB plan's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained at <http://www.fppaco.org>.

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

Other Post-Employment Benefit Plan - Statewide Death and Disability Defined Benefit Plan

Plan Description

The Town's full-time police officers participate in FPPA's Statewide Death and Disability Plan (the Plan), a cost-sharing multiple-employer defined benefit plan. The plan was established in 1980 pursuant to Colorado Revised Statutes and can only be amended through such statutes. Contributions to the Plan are used solely for the payment of death and disability benefits.

Benefits

If a member dies prior to retirement, the surviving spouse is entitled to a benefit equal to 40% of the member's monthly base salary. Dependent children are also entitled to benefits according to an established scale. Benefit entitlement continues until death or remarriage of the spouse and death, marriage or other termination of dependency of children.

A member who becomes disabled prior to retirement shall be eligible for disability benefits. The benefit is 70% of base salary for cases of total disability and 50% for cases of occupational disability, reduced by the amount of certain other benefits received.

Benefits paid to members are evaluated and may be re-determined on October 1 of each year. Any increase in the level of benefits cannot exceed the lesser of the increase in the CPI or 3%.

Contributions

Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. The state made a one-time contribution in 1997 of \$39,000,000 to fund the past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further state contributions

Town of Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

are anticipated. Members hired on or after January 1, 1997 contribute a percentage of the payroll based on actuarial experience. This percentage was 8% for 2020, 8% for 2019 and 8% for 2018. The Town contributed \$5,408, \$4,912, and \$3,460 to the Plan during 2020, 2019 and 2018, respectively.

NOTE 8 – 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 is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for property/casualty and workers' compensation coverage. CIRSA is to be self-sustaining through member premiums and reinsures through commercial companies for claims in excess of certain limits for each insured event. CIRSA members are subject to a supplemental assessment in the event of a deficiency. Claims have not exceeded coverage in the previous three years.

NOTE 9 – RESTRICTED CASH

The Town has restricted cash in the Sewer Fund of \$637,079. The Refunding Revenue Bond requires that \$106,000 be designated into restricted cash for debt service. At December 31, 2020 there is \$106,841, including earned interest. The remaining \$530,238 is land sale proceeds that can only be spent on sewer projects per a USDA grant agreement.

As of December 31, 2020, the Town has restricted cash in the governmental activities of \$588,433 related to the Samuel Wade Road and Bridge (the Bridge). In January 2010, the Town entered into an intergovernmental agreement with the County. The Town has agreed to accept ownership of the Bridge in "as is" condition in exchange for \$800,000 from the County to be used only for transportation-related expenditures. The Town, in exchange, shall be responsible to maintain this section of the Bridge. If at any point there is noncompliance with the agreement terms, the title of the Bridge will revert back to the County, and the Town will be responsible for return of the funds based on allocated use over the 20-year term of the agreement. The likelihood of noncompliance is considered remote.

NOTE 10 – COMMITMENTS

The Town has reserved monies received for out-of-town taps to be used for water storage facilities or studies.

In September 2009, the Town entered into an agreement with the County for the ownership, maintenance and management of the North Fork Valley Airport. Per the agreement, the Town owns 75% of the airport, and therefore, any future capital improvements will be 75% funded by the Town. The Town currently has one representative on the board and does not have control over the decisions of the board; accordingly, this

Town of Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

arrangement does not constitute a joint venture or qualify for component unit reporting. The County assumes responsibility for the operations and maintenance of the airport. The agreement was amended in February 2014 to include how the proceeds from the wireless communication facility at the airport are to be divided. Per the agreement, any proceeds will be divided 75% to the Town and 25% to the County. The Town must hold its 75% share as a reserve for the Town's contributions to future capital improvements. As of December 31, 2020, the Town has a reserve for airport capital improvements of \$44,892.

NOTE 11 – CAPITAL ASSETS

	Balance January 1, 2020	Additions	Disposals	Transfers	Balance December 31, 2020
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 246,481	\$ -	\$ -	\$ -	\$ 246,481
Total Capital Assets, Not Being Depreciated	<u>246,481</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,481</u>
Capital assets being depreciated					
Buildings	690,992	12,654	-	-	703,646
Improvements, other than buildings	506,227	17,858	-	-	524,085
Infrastructure	2,829,525	251,117	-	-	3,080,642
Equipment	834,737	85,727	-	-	920,464
Total Capital Assets Being Depreciated	<u>4,861,481</u>	<u>367,356</u>	<u>-</u>	<u>-</u>	<u>5,228,837</u>
Less accumulated depreciation;					
Buildings	(363,656)	(20,052)	-	-	(383,708)
Improvements	(281,890)	(14,874)	-	-	(296,764)
Infrastructure	(719,358)	(82,775)	-	-	(802,133)
Equipment	(610,432)	(67,820)	-	-	(678,252)
Total Accumulated Depreciation	<u>(1,975,336)</u>	<u>(185,521)</u>	<u>-</u>	<u>-</u>	<u>(2,160,857)</u>
Capital assets depreciated, net	<u>2,886,145</u>	<u>181,835</u>	<u>-</u>	<u>-</u>	<u>3,067,980</u>
Total Governmental Activities Capital Assets	<u>\$ 3,132,626</u>	<u>\$ 181,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,314,461</u>

Town of Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 11 – CAPITAL ASSETS – CONTINUED

	Balance January 1, 2020	Additions	Disposals	Transfers	Balance December 31, 2020
Business-type Activities					
Capital assets not being depreciated					
Land and water rights	\$ 834,157	\$ -	\$ -	\$ -	\$ 834,157
Total Capital Assets, Not Being Depreciated	834,157	-	-	-	834,157
Capital assets being depreciated					
Distributions system	4,080,915	81,343	-	-	4,162,258
Collection system	745,131	-	-	-	745,131
Vehicles and equipment	589,892	-	(2,349)	-	587,543
Treatment plant	12,138,824	5,163	-	-	12,143,987
Less: Accumulated depreciation	(5,603,975)	(451,620)	2,349	-	(6,053,246)
Total Capital Assets Being Depreciated, Net	11,950,787	(365,114)	-	-	11,585,673
Total Business-type Activities Capital Assets	\$ 12,784,944	\$ (365,114)	\$ -	\$ -	\$ 12,419,830

Deprecation charged to governmental activities by department is as follows:

General government	\$ 142,173
Public safety	16,197
Public works	16,810
Culture and recreation	10,341
Total	<u>\$ 185,521</u>

NOTE 12 – INTERFUND TRANSFERS

Interfund transfers are used to report revenues from the fund that is required to collect them to the fund that is required to expend them as unrestricted revenues collected to finance various programs and capital purchases accounted for in other funds in accordance with budgetary authorizations.

Town of Paonia, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 26,000	\$ 12,000
Street Capital Fund	48,150	-
Sales Tax Fund	-	-
Water Fund	-	32,605
Sewer Fund	-	22,940
Trash Fund	-	6,605
	<u>\$ 74,150</u>	<u>\$ 74,150</u>

NOTE 13 – CONTINGENT LIABILITIES

The Town is subject to various claims arising from events occurring in its ordinary operations. Town management believes that the disposition of these matters will not have a material adverse effect on the financial position of the Town.

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the Town believes such disallowances, if any, will be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Paonia, Colorado

SCHEDULE OF REVENUES
BUDGET AND ACTUAL - GENERAL FUND

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes				
General property taxes	\$ 133,063	\$ 133,063	\$ 133,475	\$ 412
Specific ownership taxes	18,000	18,000	22,291	4,291
Sales tax - town	370,805	370,805	428,910	58,105
Sales tax - county	115,000	115,000	142,649	27,649
Franchise taxes	58,800	58,800	57,754	(1,046)
Cigarette taxes	1,275	1,275	1,491	216
Delinquent taxes	50	50	-	(50)
Interest on delinquent taxes	300	300	408	108
Total taxes	<u>697,293</u>	<u>697,293</u>	<u>786,978</u>	<u>89,685</u>
Licenses and permits				
Liquor licenses	4,000	4,000	4,241	241
Building permits	47,900	47,900	26,095	(21,805)
Miscellaneous permits	1,800	1,800	1,155	(645)
Special reviews	2,000	2,000	1,666	(334)
VIN inspections	1,200	1,200	1,195	(5)
Total licenses and permits	<u>56,900</u>	<u>56,900</u>	<u>34,352</u>	<u>(22,548)</u>
Intergovernmental				
State				
Highway users tax	48,012	48,012	44,153	(3,859)
Motor vehicle fees	6,000	6,000	6,331	331
Severance tax	8,800	8,800	4,765	(4,035)
Mineral leasing	6,300	6,300	3,919	(2,381)
Culture and recreation	19,000	151,444	90,382	(61,062)
Other governments				
Road and bridge	6,500	6,500	7,947	1,447
Total intergovernmental revenue	<u>94,612</u>	<u>227,056</u>	<u>157,497</u>	<u>(69,559)</u>
Fines and forfeitures				
Court fines	500	500	717	217
Police fines	20,000	20,000	14,075	(5,925)
PD Grant	32,970	32,970	21,353	(11,617)
Miscellaneous	200	200	74	(126)
Total fines and forfeitures	<u>53,670</u>	<u>53,670</u>	<u>36,219</u>	<u>(17,451)</u>
Investment income	21,500	21,500	13,956	(7,544)
Miscellaneous	403,100	454,326	54,018	(400,308)
Total miscellaneous revenue	<u>424,600</u>	<u>475,826</u>	<u>67,974</u>	<u>(407,852)</u>
Total Revenues	<u>\$ 1,327,075</u>	<u>\$ 1,510,745</u>	<u>\$ 1,083,020</u>	<u>\$ (427,725)</u>

Town of Paonia, Colorado

SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures				
General Government				
Mayor and trustee	\$ -	\$ -	\$ 7,200	\$ (7,200)
Salaries and wages	63,064	63,064	36,421	26,643
Employee benefits	138	138	10,312	(10,174)
Contract labor	40,000	40,000	30,838	9,162
Supplies	4,900	4,900	57,105	(52,205)
Legal and professional fees	51,280	51,280	66,920	(15,640)
Telephone	1,950	1,950	1,157	793
Travel and meetings	10,700	10,700	909	9,791
Insurance and bonds	4,101	4,101	4,912	(811)
Utilities	4,800	4,800	4,473	327
Grant expenditures	-	132,444	127,629	4,815
Publishing ads	3,700	3,700	1,606	2,094
Dues and subscriptions	9,635	9,635	9,674	(39)
Audit fees	5,170	5,170	5,290	(120)
Postage	1,875	1,875	490	1,385
Human services	4,290	4,290	4,300	(10)
Town Hall expense	10,765	10,765	11,597	(832)
Data processing	11,825	11,825	12,814	(989)
Treasurer's fees	3,000	3,000	2,812	188
Total general government	231,193	363,637	396,988	(33,351)
Public Safety - Police Department				
Salaries and wages	302,094	302,094	209,353	92,741
Judge	-	-	4,950	(4,950)
Employee benefits	7,212	7,212	33,324	(26,112)
Supplies	2,600	2,600	6,127	(3,527)
Repairs and Maintenance	250	250	360	(110)
Legal services	975	975	4,588	(3,613)
Telephone	4,250	4,250	2,078	2,172
Travel and meetings	6,500	6,500	719	5,781
Insurance and bonds	20,313	20,313	20,613	(300)
Utilities	2,200	2,200	1,768	432
Vehicle expense	11,800	11,800	6,775	5,025
Dues and subscriptions	3,525	3,525	8,481	(4,956)
Miscellaneous	300	300	(1,418)	1,718
Publishing and ads	50	50	1,081	(1,031)
Data processing	16,300	16,300	15,535	765
FPPA	-	-	20,936	(20,936)
Total public safety	378,369	378,369	335,270	43,099

Town of Paonia, Colorado

SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (continued from previous page)				
Public Works				
Salaries and wages	71,692	71,692	41,262	30,430
Employee benefits	1,691	1,691	13,382	(11,691)
Supplies	950	950	882	68
Repairs and maintenance	24,350	24,350	30,381	(6,031)
Legal and engineering	1,950	1,950	946	1,004
Telephone	560	560	832	(272)
Insurance and bonds	8,548	8,548	8,745	(197)
Utilities	20,715	20,715	16,706	4,009
Snow removal	17,400	17,400	8,456	8,944
Vehicle expense	7,500	7,500	9,864	(2,364)
Miscellaneous	660	51,886	1,647	50,239
Shop expense	4,000	4,000	3,063	937
Total public works	<u>160,016</u>	<u>211,242</u>	<u>136,166</u>	<u>75,076</u>
Culture and Recreation				
Salaries and wages	66,252	66,252	38,996	27,256
Employee benefits	1,375	1,375	12,283	(10,908)
Supplies	4,550	4,550	4,235	315
Repairs and maintenance	100,325	100,325	3,699	96,626
Telephone	400	400	481	(81)
Miscellaneous	1,800	1,800	8,549	(6,749)
Insurance bonds	4,045	4,045	4,079	(34)
Utilities	7,500	7,500	7,177	323
Park improvements	335,000	335,000	-	335,000
Contract services	2,000	2,000	8,061	(6,061)
Capital outlay	20,000	20,000	20,858	(858)
Vehicle expense	1,250	1,250	1,284	(34)
Total culture and recreation	<u>544,497</u>	<u>544,497</u>	<u>109,702</u>	<u>434,795</u>
Other Expenditures				
Capital Outlay	-	-	62,445	(62,445)
Transfers (in) out	13,000	13,000	(14,000)	27,000
	<u>13,000</u>	<u>13,000</u>	<u>48,445</u>	<u>(35,445)</u>
Total Expenditures	<u>1,327,075</u>	<u>1,510,745</u>	<u>1,026,571</u>	<u>484,174</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,449</u>	<u>\$ 56,449</u>

Town of Paonia, Colorado

SCHEDULE OF TOWN'S PROPORTIONATE SHARE OF THE NET PENSION
ASSET (LIABILITY) - FPPA STATEWIDE DEFINED BENEFIT PLAN

Year Ended December 31, 2019 (Measurement Date)

	2019	2018	2017	2016	2015	2014
Town's portion of the net pension asset (liability)	0.0231%	0.0187%	0.0182%	0.0162%	0.0239%	0.0432%
Town's proportionate share of the net pension asset (liability)	\$ 13,092	\$ (23,649)	\$ 26,228	\$ (5,871)	\$ 421	\$ 48,715
Town's covered payroll	\$ 200,228	\$ 170,612	\$ 125,516	\$ 107,806	\$ 103,306	\$ 198,701
Town's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	6.54%	13.86%	20.90%	5.45%	0.41%	24.52%
Plan fiduciary net position as a percentage of the total pension asset	102.79%	95.20%	106.30%	98.21%	100.10%	106.80%

NOTES TO SCHEDULE

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town is presenting information for those years for which information is available.

Town of Paonia, Colorado

SCHEDULE OF TOWN'S CONTRIBUTIONS TO THE PENSION PLAN
FPPA STATEWIDE DEFINED BENEFIT PLAN

Year Ended December 31, 2020

	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 16,018	\$ 13,649	\$ 10,024	\$ 10,442	\$ 6,946	\$ 8,910
Contributions in relation to the contractually required contribution	16,018	13,649	10,024	10,442	6,946	8,910
Contribution (excess) deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	200,228	170,612	125,296	125,516	107,806	103,306
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.32%	6.44%	8.62%

NOTES TO SCHEDULE

1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town is presenting information for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2020

RSI NOTE A – BUDGETARY INFORMATION

Budgets for governmental funds are adopted on a basis consistent with GAAP, except for long-term receivables and advances and capital lease financing, which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.

SUPPLEMENTARY INFORMATION

Town of Paonia, Colorado

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2020

	Steet Capital Improvement Fund	Conservation Trust Fund	Sidewalk Fund	Space to Create Fund	Total Non-Major Governmental Funds
Asset					
Pooled cash	\$ 53,877	\$ 8,311	\$ -	\$ 13,165	\$ 75,353
Accounts receivable	-	-	2,852	-	2,852
Total assets	<u>53,877</u>	<u>8,311</u>	<u>2,852</u>	<u>13,165</u>	<u>78,205</u>
Fund Balance					
Committed					
Conservation	-	8,311	-	-	8,311
Sidewalk improvements	-	-	2,852	-	2,852
Street improvements	53,877	-	-	-	53,877
Space to create	-	-	-	13,165	13,165
Total fund balance	<u>\$ 53,877</u>	<u>\$ 8,311</u>	<u>\$ 2,852</u>	<u>\$ 13,165</u>	<u>\$ 78,205</u>

Town of Paonia, Colorado

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2020

	Street Capital Improvement Fund	Conservation Trust Fund	Sidewalk Fund	Space to Create Fund	Total Non-Major Governmental Funds
Revenues					
Taxes	\$ -	\$ 7,590	\$ -	\$ -	\$ 7,590
Fees and fines	-	-	31,054	-	31,054
Miscellaneous	-	4	-	41	45
Total revenues	-	7,594	31,054	41	38,689
Expenditures					
Current					
Public works	-	-	47,965	-	47,965
Culture and recreation	-	600	-	-	600
Capital projects	85,049	-	-	-	85,049
Total expenditures	85,049	600	47,965	-	133,614
Revenues in excess (deficiency) of expenditures	(85,049)	6,994	(16,911)	41	(94,925)
Other Financing Sources (Uses)					
Transfers in	48,151	-	-	-	48,151
Total other financing sources (uses)	48,151	-	-	-	48,151
Revenues and other sources in excess (deficiency) of expenditures and other sources (uses)	(36,898)	6,994	(16,911)	41	(46,774)
Fund balance, beginning	90,775	1,317	19,763	13,124	124,979
Fund balance, ending	\$ 53,877	\$ 8,311	\$ 2,852	\$ 13,165	\$ 78,205

Town of Paonia, Colorado

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SALES TAX CAPITAL IMPROVEMENT FUND

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Sales tax	\$ 187,500	\$ 214,955	\$ 214,455	\$ (500)
Miscellaneous	7,650	7,650	8,150	500
Total revenues	<u>195,150</u>	<u>222,605</u>	<u>222,605</u>	<u>-</u>
Expenditures				
Capital outlay	198,750	226,205	216,848	9,357
Total expenditures	<u>198,750</u>	<u>226,205</u>	<u>216,848</u>	<u>9,357</u>
Other financing uses				
Transfers (out)	-	-	-	-
Net change in fund balance	<u>\$ (3,600)</u>	<u>\$ (3,600)</u>	<u>\$ 5,757</u>	<u>\$ 9,357</u>

Town of Paonia, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Grants	\$ 150,000	\$ 150,000	\$ -	\$ (150,000)
Intergovernmental	45,000	45,000	-	(45,000)
Miscellaneous	200	200	41	(159)
Total revenues	<u>195,200</u>	<u>195,200</u>	<u>41</u>	<u>(195,159)</u>
Expenditures				
General government	<u>195,200</u>	<u>195,200</u>	<u>-</u>	<u>195,200</u>
Total expenditures	<u>195,200</u>	<u>195,200</u>	<u>-</u>	<u>195,200</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ 41</u>

Town of Paonia, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Sidewalk revenue	\$ 35,800	\$ 35,800	\$ 31,054	\$ (4,746)
Expenditures				
Legal services	500	500	-	(500)
Repairs and maintenance	35,200	35,200	47,965	(12,765)
Publishing and ads	100	100	-	100
Total expenditures	<u>35,800</u>	<u>35,800</u>	<u>47,965</u>	<u>(13,165)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,911)</u>	<u>\$ (17,911)</u>

Town of Paonia, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Lottery	\$ 9,000	\$ 9,000	\$ 7,590	\$ (1,410)
Interest income	8	8	4	(4)
Total revenues	<u>9,008</u>	<u>9,008</u>	<u>7,594</u>	<u>(1,414)</u>
Expenditures				
Parks	<u>9,008</u>	<u>9,008</u>	<u>600</u>	<u>8,408</u>
Revenues in excess (deficiency) of expenditures	<u>-</u>	<u>-</u>	<u>6,994</u>	<u>6,994</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,994</u>	<u>\$ 6,994</u>

Town of Paonia, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Highway users tax	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Total revenues	-	-	-	-
Expenditures				
Engineering	3,000	3,000	-	3,000
Repairs and maintenance	-	-	-	-
Capital outlay	129,867	129,867	85,049	44,818
Total expenditures	132,867	132,867	85,049	47,818
Revenues in excess (deficiency) of expenditures	(132,867)	(132,867)	(85,049)	47,818
Other Financing Sources (Uses)				
Transfers in	45,107	45,107	48,151	3,044
Net change to fund balance	<u>\$ (87,760)</u>	<u>\$ (87,760)</u>	<u>\$ (36,898)</u>	<u>\$ 50,862</u>

Town of Paonia, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Water charges	\$ 831,497	\$ 831,497	\$ 799,922	\$ (31,575)
Water taps	-	-	45,500	45,500
Sales and service	3,650	3,650	8,286	4,636
Water tank	4,550	4,550	5,850	1,300
Standby tap fees	44,115	44,115	53,584	9,469
Penalties	2,500	2,500	396	(2,104)
Rents	1,000	1,000	1,000	-
Grants	14,000	14,000	3,827	(10,173)
Miscellaneous revenue	-	-	755	755
Total revenues	<u>901,312</u>	<u>901,312</u>	<u>919,120</u>	<u>17,808</u>
Expenditures				
Salaries and wages	270,517	270,517	159,419	111,098
Employee benefits	3,736	3,736	50,732	(46,996)
John Norris retirement	20,160	20,160	20,160	-
Supplies	17,350	17,350	9,432	7,918
Legal and engineering	35,500	35,500	3,777	31,723
Repairs and maintenance	202,940	202,940	103,635	99,305
Professional fees	11,280	11,280	11,520	(240)
Telephone	4,175	4,175	4,468	(293)
Postage	4,900	4,900	4,244	656
Travel and meetings	3,500	3,500	32	3,468
Insurance and bonds	20,065	20,065	20,980	(915)
Utilities	25,000	25,000	30,926	(5,926)
Vehicle expense	10,000	10,000	7,938	2,062
Dues and subscriptions	1,850	1,850	1,849	1
Shop expense	4,250	4,250	3,617	633
Miscellaneous	11,465	11,465	11,904	(439)
Fees and permits	8,500	8,500	11,281	(2,781)
WPA loan	183,500	183,500	171,096	12,404
Drinking water revolving funds	23,350	23,350	23,343	7
Capital projects	15,000	15,000	-	15,000
Depreciation expense	-	-	325,068	(325,068)
Debt service, debt principal	-	-	(142,893)	142,893
Total expenditures	<u>877,038</u>	<u>877,038</u>	<u>832,528</u>	<u>44,510</u>
Other Financing Sources (Uses)				
Transfers (out)	<u>(24,274)</u>	<u>(24,274)</u>	<u>(32,605)</u>	<u>(8,331)</u>
Total other financing sources (uses)	<u>(24,274)</u>	<u>(24,274)</u>	<u>(32,605)</u>	<u>(8,331)</u>
Change in net position	-	-	53,987	53,987
Beginning net position, GAAP basis	<u>5,884,034</u>	<u>5,884,034</u>	<u>5,884,034</u>	<u>-</u>
Ending net position, GAAP basis	<u>\$ 5,884,034</u>	<u>\$ 5,884,034</u>	<u>5,938,021</u>	<u>\$ 53,987</u>
Adjustments for capital assets and debt			<u>(5,596,421)</u>	
Available working capital			<u>\$ 341,600</u>	

Town of Paonia, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Sewer charges	\$ 532,606	\$ 532,606	\$ 531,364	\$ (1,242)
Sewer taps	15,000	15,000	42,500	27,500
Grants	-	-	53,588	53,588
Interest	15,800	15,800	4,589	(11,211)
Miscellaneous revenue	-	-	2,172	2,172
Total revenues	<u>563,406</u>	<u>563,406</u>	<u>634,213</u>	<u>70,807</u>
Expenditures				
Salaries and wages	153,337	153,337	89,286	64,051
Employee benefits	961	961	26,799	(25,838)
Supplies	15,680	15,680	10,208	5,472
Repairs and maintenance	144,085	144,085	126,315	17,770
Professional fees	22,925	22,925	32,176	(9,251)
Telephone	1,600	1,600	1,578	22
Postage	2,100	2,100	2,125	(25)
Travel and meetings	2,000	2,000	32	1,968
Insurance and bonds	6,545	6,545	7,948	(1,403)
Utilities	34,000	34,000	31,325	2,675
Vehicle expense	6,500	6,500	7,704	(1,204)
Fees and permits	10,100	10,100	6,828	3,272
Bond issuance costs	-	-	75,050	(75,050)
Debt service payments	102,500	102,500	55,530	46,970
Gauging station	3,900	3,900	3,935	(35)
Depreciation	-	-	108,906	(108,906)
Capital outlay	15,000	15,000	-	15,000
Miscellaneous	27,820	27,820	16,738	11,082
Total expenditures	<u>549,053</u>	<u>549,053</u>	<u>602,483</u>	<u>(53,430)</u>
Other Financing Sources (Uses)				
Transfers (out)	(14,354)	(14,354)	(22,940)	(8,586)
Total other financing sources (uses)	<u>(14,354)</u>	<u>(14,354)</u>	<u>(22,940)</u>	<u>(8,586)</u>
Change in net position	14,353	14,353	8,790	17,377
Beginning net position, GAAP basis	3,783,687	3,783,687	3,783,687	-
Ending net position, GAAP basis	<u>\$ 3,798,040</u>	<u>\$ 3,798,040</u>	<u>3,792,477</u>	<u>\$ 17,377</u>
Adjustments for capital assets and debt			(3,204,957)	
Available working capital			<u>\$ 587,520</u>	

Town of Paonia, Colorado

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

Year Ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Garbage charges	\$ 216,000	\$ 216,000	\$ 221,323	\$ 5,323
Expenditures				
Salaries and wages	149,900	149,900	101,003	48,897
Employee benefits	3,561	3,561	34,572	(31,011)
Supplies	1,525	1,525	1,270	255
Repairs and maintenance	1,525	1,525	1,288	237
Legal and engineering	3,915	3,915	3,600	315
Telephone	500	500	570	(70)
Postage	1,000	1,000	1,029	(29)
Insurance and bonds	4,324	4,324	6,336	(2,012)
Utilities	1,900	1,900	3,037	(1,137)
Vehicle expense	13,550	13,550	7,859	5,691
Landfill fees	33,000	33,000	33,054	(54)
Miscellaneous	11,100	11,100	3,151	7,949
Depreciation	5,000	5,000	17,646	(12,646)
Capital outlay	6,500	6,500	-	6,500
Total expenditures	<u>237,300</u>	<u>237,300</u>	<u>214,415</u>	<u>22,885</u>
Other Financing Sources (Uses)				
Transfers (out)	(6,480)	(6,480)	(6,605)	(125)
Total other financing sources (uses)	<u>(6,480)</u>	<u>(6,480)</u>	<u>(6,605)</u>	<u>(125)</u>
Change in net position	(27,780)	(27,780)	303	28,083
Beginning net position, GAAP basis	282,997	282,997	282,997	-
Ending net position, GAAP basis	<u>\$ 255,217</u>	<u>\$ 255,217</u>	<u>283,300</u>	<u>\$ 28,083</u>
Adjustments for capital assets			<u>152,932</u>	
Available working capital			<u>\$ 130,368</u>	

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

LOCAL HIGHWAY FINANCE REPORT	City or County: PAONIA
	YEAR ENDING : December 2020
This Information From The Records Of (example - City of _ or County of TOWN OF PAONIA)	Prepared By: CINDY JONES Phone: 970-527-4101

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)	247,006
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	172,484
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	40,000	b. Snow and ice removal	8,456
3. Other local imposts (from page 2)	330,891	c. Other	
4. Miscellaneous local receipts (from page 2)	20,253	d. Total (a. through c.)	8,456
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	78,405
a. Bonds - Original Issues		6. Total (1 through 5)	506,351
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	391,144	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	59,611	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	450,754	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	506,351

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	749,515	450,754	506,351	693,919	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	4,266
b. Other local imposts:		b. Traffic Fines & Penalties	14,792
1. Sales Taxes	201,541	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	107,059	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	1,195
5. Specific Ownership &/or Other	22,291	g. Other Misc. Receipts	
6. Total (1. through 5.)	330,891	h. Other	
c. Total (a. + b.)	330,891	i. Total (a. through h.)	20,253
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	45,332	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	6,331	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)	7,947	f. Other Federal	
f. Total (a. through e.)	14,278	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	59,611	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		247,006	247,006
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	247,006	247,006
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	247,006	247,006
			(Carry forward to page 1)
Notes and Comments:			

OTHER SUPPLEMENTARY INFORMATION (UNAUDITED)

Town of Paonia, Colorado

OLD PENSION PLAN

For the Year Ended December 31, 2020

The Town has a closed pension plan with one former employee included in the estimated liability. The last actuarial valuation performed on the plan was December 31, 2012, using future projected cash flow discounted by a yield curve rate utilizing expected mortality rates. The actuarial assumptions included a 3.5% interest rate. The Town is contributing annually an amount equal to the required contribution determined by the actuarial valuation. The Town pays the required yearly contribution of \$20,160 out of the Water Fund. Based on the actuarial valuation and the yearly payments made, the estimated remaining liability due on the plan is \$140,331.