

TOWN OF EMPIRE, COLORADO

FINANCIAL STATEMENTS

December 31, 2020



Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

Independent Auditor's Report	a – b
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	4
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	6
Statement of Net Position – Proprietary Funds	7
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	8
Statement of Cash Flows – Proprietary Funds	9
Notes to Financial Statements	10 - 29
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	30 - 31
Schedule of Proportionate Share of the Net Pension Liability/(Asset)	32
Schedule of Town Contributions	33
Notes to Required Supplementary Information	34 - 35
Supplementary Information	
Combining and Individual Fund Financial Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds	36
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	37

TABLE OF CONTENTS
(Continued)

Budgetary Comparison Schedule – Conservation Trust Fund	38
Budgetary Comparison Schedule – Centennial Fund	39
Budgetary Comparison Schedule – Public Safety Fund	40
Budgetary Comparison Schedule – Traffic Calming Fund	41
Budgetary Comparison Schedule – Cemetery Fund	42
Budgetary Comparison Schedule – Utilities Improvement Fund	43
Enterprise Funds	
Budgetary Comparison Schedule – Water Fund	44
Budgetary Comparison Schedule – Wastewater Fund	45
Other Information	
Local Highway Finance Report	46 - 47



INDEPENDENT AUDITOR'S REPORT

Town Board of Trustees
Town of Empire
Empire, Colorado

Report on the Financial Statements

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 Empire (the "Town") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town'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 Town'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 reasonable 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 Empire as of December 31, 2020, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule – General Fund, schedule of proportionate share of the net pension liability, schedule of Town contributions and the notes to required supplementary information on pages 28 – 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management’s discussion and analysis that GASB requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The accompanying supplementary information and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The supplementary information and other information have 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 supplementary information and other information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
January 14, 2022

BASIC FINANCIAL STATEMENTS

TOWN OF EMPIRE, COLORADO

STATEMENT OF NET POSITION

December 31, 2020

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 277,799	\$ 273,816	\$ 551,615
Restricted Cash and Investments	-	6,783	6,783
Receivables			
Property Taxes	28,228	-	28,228
Other Governments	60,672	-	60,672
Accounts	-	23,855	23,855
Grants	7,762		7,762
Internal Balances	98	(98)	-
Net Pension Asset - FPPA	4,120	-	4,120
Capital Assets, Not Depreciated	163,607	155,835	319,442
Capital Assets, Net of Accumulated Depreciation	572,184	1,929,792	2,501,976
TOTAL ASSETS	1,114,470	2,389,983	3,504,453
DEFERRED OUTFLOWS OF RESOURCES			
Related to Defined Benefit Pension Plan - FPPA	34,477	-	34,477
LIABILITIES			
Accounts Payable	14,112	842	14,954
Accrued Liabilities	2,719	-	2,719
Accrued Interest	-	2,529	2,529
Noncurrent Liabilities			
Accrued Compensated Absences	2,596	-	2,596
Due within One Year	-	2,900	2,900
Due in More Than One Year	-	118,501	118,501
TOTAL LIABILITIES	19,427	124,772	144,199
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	28,228	-	28,228
Related to Defined Benefit Pension Plan - FPPA	6,483	-	6,483
TOTAL DEFERRED INFLOWS OF RESOURCES	34,711	-	34,711
NET POSITION			
Net Investment in Capital Assets	735,791	1,964,226	2,700,017
Restricted for Emergencies	15,700	-	15,700
Restricted for Parks	12,178	-	12,178
Restricted for Debt Service	-	6,783	6,783
Unrestricted	331,140	294,202	625,342
TOTAL NET POSITION	\$ 1,094,809	\$ 2,265,211	\$ 3,360,020

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

THIS PAGE INTENTIONALLY LEFT BLANK

TOWN OF EMPIRE, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
Administration and Facilities	\$ 157,081	\$ 6,123	\$ 2,767	\$ -
Public Safety	198,244	55,815	-	-
Road and Bridge	82,998	5,340	21,696	-
Parks and Recreation	15,740	-	-	1,559
Health and Welfare	720	3,000	-	-
Total Governmental Activities	454,783	70,278	24,463	1,559
Business-Type Activities				
Water	150,726	194,882	-	5,000
Wastewater	139,309	77,826	-	5,000
Interest on Long-Term Debt	3,047	-	-	-
Total Business-Type Activities	293,082	272,708	-	10,000
TOTAL PRIMARY GOVERNMENT	\$ 747,865	\$ 342,986	\$ 24,463	\$ 11,559

GENERAL REVENUES

Sales Taxes
Use Taxes
Property and SO Taxes
Franchise Taxes
Severance Taxes
Grants not Restricted to a
Specific Program/Function
Investment Income
Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUES
AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION, Beginning, As Restated

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (148,191)	\$ -	\$ (148,191)
(142,429)	-	(142,429)
(55,962)	-	(55,962)
(14,181)	-	(14,181)
2,280	-	2,280
<u>(358,483)</u>	<u>-</u>	<u>(358,483)</u>
-	49,156	49,156
-	(56,483)	(56,483)
-	(3,047)	(3,047)
<u>-</u>	<u>(10,374)</u>	<u>(10,374)</u>
<u>(358,483)</u>	<u>(10,374)</u>	<u>(368,857)</u>
335,567	-	335,567
22,753	-	22,753
33,907	-	33,907
14,780	-	14,780
15,805	-	15,805
7,762	-	7,762
218	7	225
2,756	-	2,756
<u>(17,121)</u>	<u>17,121</u>	<u>-</u>
<u>416,427</u>	<u>17,128</u>	<u>433,555</u>
57,944	6,754	64,698
<u>1,036,865</u>	<u>2,258,457</u>	<u>3,295,322</u>
<u>\$ 1,094,809</u>	<u>\$ 2,265,211</u>	<u>\$ 3,360,020</u>

TOWN OF EMPIRE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	GENERAL FUND	UTILITY IMPROVEMENTS FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
ASSETS				
Cash and Investments	\$ 214,215	\$ 17,489	\$ 46,095	\$ 277,799
Due from Other Funds	98	-	-	98
Property Taxes Receivable	28,228	-	-	28,228
Due From Other Governments	49,169	11,503	-	60,672
Grants Receivable	7,762	-	-	7,762
TOTAL ASSETS	\$ 299,472	\$ 28,992	\$ 46,095	\$ 374,559
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 14,112	\$ -	\$ -	\$ 14,112
Accrued Liabilities	2,719	-	-	2,719
TOTAL LIABILITIES	16,831	-	-	16,831
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	28,228	-	-	28,228
FUND EQUITY				
Fund Balance				
Restricted for Emergencies	15,700	-	-	15,700
Restricted for Parks	-	-	12,178	12,178
Committed for Capital Projects	-	28,992	-	28,992
Assigned for Cemetery Operations	-	-	16,514	16,514
Assigned for Public Safety	-	-	19,101	19,101
Unassigned	238,713	-	(1,698)	237,015
TOTAL FUND EQUITY	254,413	28,992	46,095	329,500
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY	\$ 299,472	\$ 28,992	\$ 46,095	\$ 374,559

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

TOWN OF EMPIRE, COLORADO

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances of Governmental Funds	\$	329,500
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		735,791
Some assets were not received in the current period and, therefore, are not reported in the funds. This is the amount of the net pension assets.		4,120
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows of resources - difference in expected vs actual experience		12,006
Deferred outflows of resources - change in proportionate share of net pension liability		9,726
Deferred outflows of resources - change in assumptions or other inputs		6,726
Deferred outflows of resources - pension contributions from the measurement date		6,019
Deferred inflows of resources - difference in expected vs actual experience		(63)
Deferred inflows of resources - difference in projected vs actual earnings		(6,420)
Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds. This represents the amount of accrued compensated absences for the current year.		(2,596)
Net position of governmental activities	\$	1,094,809

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

TOWN OF EMPIRE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	GENERAL FUND	UTILITY IMPROVEMENTS FUND	OTHER GOVERNMENTAL FUNDS	TOTALS
REVENUES				
Taxes				
Sales Taxes - General	\$ 134,227	\$ 67,113	\$ -	\$ 201,340
Sales Taxes - Public Safety	134,227	-	-	134,227
Use Taxes	22,753	-	-	22,753
Property Taxes	29,093	-	-	29,093
Specific Ownership Taxes	4,814	-	-	4,814
Franchise Taxes	14,780	-	-	14,780
Severance Taxes	15,805	-	-	15,805
Licenses and Permits	6,123	-	-	6,123
Charges for Services	23,760	-	13,890	37,650
Intergovernmental	31,285	-	1,559	32,844
Fines and Forfeitures	27,445	-	-	27,445
Investment Income	218	-	-	218
Miscellaneous	2,756	-	-	2,756
TOTAL REVENUES	447,286	67,113	15,449	529,848
EXPENDITURES				
Administration and Facilities	134,140	-	2,884	137,024
Public Safety	174,472	-	21,113	195,585
Road and Bridge	74,593	-	-	74,593
Parks and Recreation	1,072	-	-	1,072
Health and Welfare	-	-	720	720
Capital Outlay	-	38,121	-	38,121
TOTAL EXPENDITURES	384,277	38,121	24,717	447,115
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	63,009	28,992	(9,268)	82,733
OTHER FINANCING SOURCES (USES)				
Transfers In	25,895	-	-	25,895
Transfers Out	-	-	(4,895)	(4,895)
TOTAL OTHER FINANCING SOURCES (USES)	25,895	-	(4,895)	21,000
NET CHANGE IN FUND BALANCES	88,904	28,992	(14,163)	103,733
FUND BALANCE, Beginning, As Restated	165,509	-	60,258	225,767
FUND BALANCE, Ending	\$ 254,413	\$ 28,992	\$ 46,095	\$ 329,500

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

TOWN OF EMPIRE, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended December 31, 2020

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 103,733
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 of depreciations expense for the current year.	(46,530)
In the statement of activities, certain operating expenses and pension income/(expense), are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used or due (the amounts actually paid). This amount represents the net effect of pension related amounts, including amortization of deferred outflows and deferred inflows of resources related to pensions, in the statement of activities.	3,337
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes the change in accrued compensated absences.	<u>(2,596)</u>
Change in Net Position of Governmental Activities	<u>\$ 57,944</u>

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

TOWN OF EMPIRE, COLORADO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2020

	WATER FUND	WASTEWATER FUND	TOTALS
ASSETS			
Current Assets			
Cash and Investments	\$ 110,826	162,990	\$ 273,816
Restricted Cash and Investments	6,783	-	6,783
Accounts Receivable	17,813	6,042	23,855
Total Current Assets	<u>135,422</u>	<u>169,032</u>	<u>304,454</u>
Noncurrent Assets			
Capital Assets, Not Depreciated	150,835	5,000	155,835
Capital Assets, Net of Accumulated Depreciation	1,253,350	676,442	1,929,792
Total Noncurrent Assets	<u>1,404,185</u>	<u>681,442</u>	<u>2,085,627</u>
TOTAL ASSETS	<u>1,539,607</u>	<u>850,474</u>	<u>2,390,081</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	151	691	842
Due to General Fund	51	47	98
Accrued Interest Payable	2,529	-	2,529
Loans Payable, Current Portion	2,900	-	2,900
Total Current Liabilities	<u>5,631</u>	<u>738</u>	<u>6,369</u>
Noncurrent Liabilities			
Loans Payable	118,501	-	118,501
Total Noncurrent Liabilities	<u>118,501</u>	<u>-</u>	<u>118,501</u>
TOTAL LIABILITIES	<u>124,132</u>	<u>738</u>	<u>124,870</u>
NET POSITION			
Net Investment in Capital Assets	1,282,784	681,442	1,964,226
Restricted for Debt Service	6,783	-	6,783
Unrestricted	125,908	168,294	294,202
TOTAL NET POSITION	<u>\$ 1,415,475</u>	<u>\$ 849,736</u>	<u>\$ 2,265,211</u>

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

TOWN OF EMPIRE, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2020

	WATER FUND	WASTEWATER FUND	TOTALS
OPERATING REVENUES			
Charges for Services	\$ 194,882	\$ 77,826	\$ 272,708
TOTAL OPERATING REVENUES	<u>194,882</u>	<u>77,826</u>	<u>272,708</u>
OPERATING EXPENSES			
Operations and Maintenance	85,995	95,289	181,284
Depreciation	64,731	44,020	108,751
TOTAL OPERATING EXPENSES	<u>150,726</u>	<u>139,309</u>	<u>290,035</u>
OPERATING INCOME	<u>44,156</u>	<u>(61,483)</u>	<u>(17,327)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment Income	4	3	7
Interest Expenses	(3,047)	-	(3,047)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(3,043)</u>	<u>3</u>	<u>(3,040)</u>
INCOME BEFORE CAPITAL CONTRIBUTION AND TRANSFERS	<u>41,113</u>	<u>(61,480)</u>	<u>(20,367)</u>
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital Contributions			
Tap Fees	5,000	5,000	10,000
System Improvements	38,121	-	38,121
Transfers (Out)	(10,500)	(10,500)	(21,000)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>32,621</u>	<u>(5,500)</u>	<u>27,121</u>
CHANGE IN NET POSITION	73,734	(66,980)	6,754
NET POSITION, Beginning, As Restated	<u>1,341,741</u>	<u>916,716</u>	<u>2,258,457</u>
NET POSITION, Ending	<u>\$ 1,415,475</u>	<u>\$ 849,736</u>	<u>\$ 2,265,211</u>

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

TOWN OF EMPIRE, COLORADO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended December 31, 2020
 Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	WASTEWATER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 180,483	\$ 76,061	\$ 256,544
Cash Paid to Suppliers	(86,594)	(97,518)	(184,112)
Net Cash Provided (Used) by Operating Activities	<u>93,889</u>	<u>(21,457)</u>	<u>72,432</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments from Other Funds	51	47	98
Payments to Other Funds	(10,500)	(10,500)	(21,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(10,449)</u>	<u>(10,453)</u>	<u>(20,902)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase and Construction of Capital Assets	(26,719)	-	(26,719)
Long-term Debt Principal Paid	(2,829)	-	(2,829)
Interest Paid	(3,106)	-	(3,106)
Tap Fees Received	5,000	5,000	10,000
Net Cash Used by Capital and Related Financing Activities	<u>(27,654)</u>	<u>5,000</u>	<u>(22,654)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	4	3	7
Net Increase (Decrease) in Cash and Cash Equivalents	55,790	(26,907)	28,883
CASH AND CASH EQUIVALENTS, Beginning	61,819	189,897	251,716
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 117,609</u>	<u>\$ 162,990</u>	<u>\$ 280,599</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 44,156	\$ (61,483)	\$ (17,327)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation and Amortization	64,731	44,020	108,751
Changes in Assets and Liabilities			
Accounts Receivable	(14,399)	(1,765)	(16,164)
Accounts Payable	(599)	(2,229)	(2,828)
Total Adjustments	<u>49,733</u>	<u>40,026</u>	<u>89,759</u>
Net Cash Provided by Operating Activities	<u>\$ 93,889</u>	<u>\$ (21,457)</u>	<u>\$ 72,432</u>
NONCASH ACTIVITIES			
Capital Contributed - System Improvements	<u>\$ 38,121</u>	<u>\$ -</u>	<u>\$ 38,121</u>

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

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Town of Empire (the "Town") was incorporated in 1882, and is a political subdivision of the State of Colorado governed by a Mayor and six-member Board of Trustees elected by the residents. The Town is a full service local government entity providing public safety, public works, parks and recreation services, water services and wastewater services.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the Town's more significant accounting policies follows.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, no additional organizations were included within the Town's reporting entity.

Government-Wide and Fund Financial Statements

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

The statement of net position reports all financial, capital and debt resources of the Town. The difference between assets plus deferred outflows, and liabilities plus deferred inflows of the Town is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses and allocated indirect expenses of a given function or segment are offset by program revenues.

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both "measurable and available". Revenues are considered to be "available" when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year.

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

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

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Town reports the following major governmental fund in the fund financial statements:

General Fund – The General Fund is used to account for the general operations and specific programs of the Town.

Utilities Improvement Fund – The Utilities Improvement Fund is a capital projects fund that accounts for 20% of sales tax revenues received and spent on capital improvements to the Town's water and wastewater systems.

The Town reports the following major proprietary funds:

Water Fund – The Water Fund accounts for the financial activities associated with providing water services.

Wastewater Fund – The Wastewater Fund accounts for the financial activities associated with providing sewer services.

Assets, Liabilities, Fund Balance/Net Position

Cash and Investments – Cash equivalents include investments with original maturities of three months or less. Investments are reported at fair value.

Due to/from Other Funds/Internal Balances – During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified in the fund financial statements as due to/from other funds.

Other Governments Receivables, Grants and Accounts Receivable – Other governments receivables, grants and accounts receivable are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Fund Balance/Net Position (Continued)

Capital Assets – Capital assets, which include property, plant, buildings and related improvements, equipment, vehicles, and all infrastructure owned by the Town, are reported in the applicable government-wide or business-type activities columns of the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives.

Buildings	40 years
Infrastructure	10 – 40 years
Collection and Distribution Systems	20 – 50 years
Equipment and Vehicles	5 – 20 years

General infrastructure assets acquired prior to January 1, 2001 are not being reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure acquired subsequent to January 1, 2001.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position reports a separate section for *deferred outflows of resources*. This separate financial statement classification represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expenses) until then. The Town has an item related to pension actuarial activity and the change in proportion of pension participation in relation to the pension plan as a whole at December 31, 2020.

In addition to liabilities, the balance sheet – governmental funds and statement of financial position reports a separate section for *deferred inflows of resources*. This separate financial statement classification represents an acquisition of fund balance or net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until then. The Town has an item related to property taxes levied in the current year to be collected in the following year and an item related to pension actuarial activity and the change in proportion of pension participation in relation to the pension plan as a whole at December 31, 2020.

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Compensated Absences - Employees of the Town are allowed to accumulate unused vacation and sick time. Employees are allowed to accumulate up to 80 hours of unused vacation. Employees will be paid for all accrued vacation time upon separation of employment. There is no maximum limit on accumulated sick time. However, unused sick time is not paid upon separation of employment. Therefore, no liability for accumulated sick time is reported in the financial statements. Accrued vacation time is recognized as current salary costs when due in the governmental funds. The liability for accrued vacation time at December 31, 2020 is reported in the governmental activities of the government-wide financial statements.

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

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the government-wide and proprietary funds, debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Net Position - In the government-wide and proprietary fund financial statements, net position is restricted when constraints placed on the net position are externally imposed.

- Net Investment in Capital Assets - this classification is intended to report the portion of net position which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.
- Restricted Net Position - this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position - this classification includes assets that do not have any third party limitation on their use.

Fund Balance Classification - The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact. The Town had no nonspendable resources at December 31, 2020.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town classified emergency reserves as being restricted because State statute requires this restriction. The Town restricted an amount for unspent conservation trust fund monies at December 31, 2020. The Town restricted an amount for debt service reserve equal to or greater than the annual debt services payment on the CWCB loan in the Water Fund.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority, the Town Board of Trustees. The constraint may be removed or changed only through formal action of the Town Board of Trustees. The Town committed resources for future capital improvements of the water and wastewater systems at December 31, 2020.
- Assigned – This classification includes amounts that are constrained by the Town’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Town Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts. The Town assigned resources for cemetery operations and future public safety costs at December 31, 2020.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The Town has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both the restricted and unrestricted fund balances are available the Town uses restricted fund balance first, followed by committed, assigned and unassigned.

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Use of Estimates

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

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are reported at December 31.

Pensions

The Town participates in the Fire and Police Statewide Defined Benefit Plan ("FPSDBP") administered by the Fire and Police Pension Association of Colorado ("FPPA"). The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension income/expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the FPSDBP have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Subsequent events

The Town has evaluated events subsequent to the year ended December 31, 2020 through January 14, 2022, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Accountability

The Centennial Fund had a deficit fund balance of \$1,698 at December 31, 2020. Management expects this deficit will be eliminated in the future by transfers from the General Fund and reducing expenses in the Centennial Fund.

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 3: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2020, follows:

Cash Deposits	\$ 544,832
Investments	<u>13,566</u>
Total	<u>\$ 558,398</u>

Cash and Investments are reported in the financial statements as follows:

Cash and Investments	\$ 551,615
Restricted Cash and Investments	<u>6,783</u>
Total	<u>\$ 558,398</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2020, the Town had bank deposits totaling \$568,380 of which \$295,952 were FDIC insured and \$272,428 were collateralized with securities held by the financial institutions' agents but not in the Town's name.

Investments

The Town does not have a formal investment policy; however, the Town follows state statutes regarding investments. The Town generally limits its concentration risk of investments to Local Government Investment Pools, obligations of the United States and certain U. S. government agency securities, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration of risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. Such actions are generally associated with a debt service reserve or sinking fund requirements.

State statutes specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following:

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

- Obligations of the United States & certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At December 31, 2020, the Town had the following investments:

	Maturity	2020
Colorado Liquid Government Asset Trust (COLOTRUST)	Weighted Average under 60 days	\$ <u>13,566</u>

The Town invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS +. 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 rates commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. The Town does not have a policy for managing credit risk or interest rate risk.

Restricted Cash and Investments

Restricted cash and investments consist of debt service reserve of \$6,783 related to the outstanding CWCB loan in the Water Fund.

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4: INTERFUND BALANCES AND TRANSFERS

At December 31, 2020, the Water and Wastewater Funds owed the General Fund for timing of expenses paid by the General Fund totaling \$98.

During the year ended December 31, 2021, the Town closed the Brain Injury Fund and transferred the remaining fund balance of \$4,895 to the General Fund. In addition, the Water and Wastewater Funds each transferred \$10,500, as budgeted, to the General Fund for reimbursement of related administrative costs.

NOTE 5: CAPITAL ASSETS

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

	Balances 12/31/2019	Additions	Deletions	Balances 12/31/2020
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 163,607	\$ -	\$ -	\$ 163,607
Total Capital Assets, not being depreciated	<u>163,607</u>	<u>-</u>	<u>-</u>	<u>163,607</u>
Capital Assets, being depreciated				
Buildings	735,102	-	-	735,102
Infrastructure	320,193	-	-	320,193
Equipment	306,293	-	-	306,293
Total Capital Assets, being depreciated	<u>1,361,588</u>	<u>-</u>	<u>-</u>	<u>1,361,588</u>
Less accumulated depreciation				
Buildings	(342,544)	(18,378)	-	(360,922)
Infrastructure	(129,924)	(20,055)	-	(149,979)
Equipment	(270,406)	(8,097)	-	(278,503)
Total accumulated depreciation	<u>(742,874)</u>	<u>(46,530)</u>	<u>-</u>	<u>(789,404)</u>
Total Capital Assets, being depreciated, net	<u>618,714</u>	<u>(46,530)</u>	<u>-</u>	<u>572,184</u>
Governmental Activities Capital Assets, net	<u><u>\$ 782,321</u></u>	<u><u>\$ (46,530)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 735,791</u></u>

Depreciation expense was charged to the functions/programs as follows:

Administration and Facilities	\$ 19,368
Public Safety	4,089
Road and Bridge	8,406
Parks and Recreation	<u>14,667</u>
Total	<u><u>\$ 46,530</u></u>

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5: CAPITAL ASSETS (Continued)

	Balances As Restated 12/31/2019	Additions	Deletions	Balances 12/31/2020
Business-type Activities:				
Capital Assets, not being depreciated				
Land	\$ 22,399	\$ -	\$ -	\$ 22,399
Water Rights and Storage	133,436	-	-	133,436
Total Capital Assets, not being depreciated	<u>155,835</u>	<u>-</u>	<u>-</u>	<u>155,835</u>
Capital Assets, being depreciated				
Water System	2,691,400	64,840	-	2,756,240
Wastewater System	1,322,325	-	-	1,322,325
Equipment	218,405	-	-	218,405
Total Capital Assets, being depreciated	<u>4,232,130</u>	<u>64,840</u>	<u>-</u>	<u>4,296,970</u>
Less accumulated depreciation				
Water System	(1,446,827)	(61,977)	-	(1,508,804)
Wastewater System	(635,135)	(38,559)	-	(673,694)
Equipment	(176,465)	(8,215)	-	(184,680)
Total accumulated depreciation	<u>(2,258,427)</u>	<u>(108,751)</u>	<u>-</u>	<u>(2,367,178)</u>
Total Capital Assets, being depreciated, net	<u>1,973,703</u>	<u>(43,911)</u>	<u>-</u>	<u>1,929,792</u>
Business-type Activities Capital Assets, net	<u>\$ 2,129,538</u>	<u>\$ (43,911)</u>	<u>\$ -</u>	<u>\$ 2,085,627</u>

Depreciation expense was charged to the functions/programs as follows:

Water Fund	\$ 64,731
Sewer Fund	<u>44,020</u>
Total	<u>\$ 108,751</u>

The beginning balance of the water rights and storage was restated for acquisition of the right to use 10 acre-feet of storage in Guanella Reservoir in perpetuity during 2019.

The remainder of this page is intentionally left blank.

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 6: LONG-TERM DEBT

Business-type Activities

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

	Balance As Restated 12/31/2019		Additions	Deletions	Balance 12/31/2020	Due Within One Year
Business-type Activities						
2019 CWCB Loan	<u>\$ 124,230</u>	<u>\$ -</u>	<u>\$ 2,829</u>	<u>\$ 121,401</u>	<u>\$ 2,900</u>	

CWCB Loan

During 2019, the Town entered into a loan with the Colorado Water Conservation Board (CWCB) in the original amount of \$124,230, for the purpose of acquiring the right of use of 10 acre-feet of storage in Guanella Reservoir in perpetuity. Principal and interest payments are due annually on November 1 through 2049. Interest accrues at 2.50% per annum. The Town is required to establish a debt service reserve equal to an annual payment of its debt service of \$5,935, which the Town had \$6,783 in restricted cash and investments at December 31, 2020.

The CWCB loan is payable solely from revenues of the Town's water utility system, after deducting operation and maintenance costs. During the year ended December 31, 2020, net revenues of \$113,891 were available to pay annual debt service of \$5,935. Remaining debt service at December 31, 2020 was \$172,125.

Future Debt Service Requirements:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,900	\$ 3,035	\$ 5,935
2022	2,973	2,962	5,935
2023	3,047	2,888	5,935
2024	3,123	2,812	5,935
2025	3,202	2,733	5,935
2026 – 2030	17,249	12,428	29,677
2031 – 2035	19,516	10,161	29,677
2036 – 2040	22,080	7,597	29,677
2041 – 2045	24,982	4,695	29,677
2046 – 2049	<u>22,329</u>	<u>1,413</u>	<u>23,742</u>
Total	<u>\$ 121,401</u>	<u>\$ 50,724</u>	<u>\$ 172,125</u>

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 6: LONG-TERM DEBT (Continued)

CWRPDA Loan

Subsequent to the year ended December 31, 2020, on December 22, 2021 the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) through the Drinking Water Revolving Fund (DWRP) Disadvantaged Communities Loan Program, for the purpose of constructing a new alluvial well and replacing existing treatments with a new membrane filtration system. The principal amount of loan is \$1,824,000, of which amount includes \$1,000,000 of up-front principal forgiveness leaving a remaining loan obligation by the Town of \$824,000. Principal and interest are due semiannually May 1 and November 1, beginning May 1, 2023 for 30 years, maturing May 1, 2052. Interest accrues at 0.500% per annum.

Police Vehicles Leases

Subsequent to the year ended December 31, 2020, the Town entered into lease agreements for the purchase of three police vehicles, with lease payments totaling \$186,946 over a four year period, with interest of approximately 8.1% per annum. Lease payments are due annually through 2025.

NOTE 7: PUBLIC ENTITY RISK POOL

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. For these risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

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

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of entity.

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 8: PENSION PLAN

Police Officers Statewide Defined Benefit Pension Plan

Plan description. The Town contributes to the Statewide Defined Benefit Pension Plan (SWDB) (the "Plan"), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The SWDB provides retirement benefits for members and beneficiaries.

Colorado Revised Statutes Title 31, Article 31 assigns the authority to establish benefit provisions to the State legislature. FPPA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the SWDB. This report can be obtained at <http://www.fppaco.org>.

Benefits provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any

increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index.

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

The Plan includes a Deferred Retirement Option Plan (DROP). A member may elect to participate in the DROP after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into the DROP. The member's percentage of retirement benefits is determined at the time of entry into the DROP. The monthly payments that begin

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 8: PENSION PLAN (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in DROP, the member continues to make pension contributions, which are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds.

Contributions. The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for this Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership.

Members of this Plan and their employers are contributing at the rate of 8% of base salary for a total contribution rate of 16% through 2015. In 2015, the members elected to increase the member contribution rate to the Plan beginning in 2016. Member contribution rates increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022. Employees contributed 11% of base salary for the year ended December 31, 2020, and the Town contributed 8% or \$6,019.

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

At December 31, 2020, the Town reported a net pension asset of \$4,120 for its proportionate share of the net pension liability. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2020.

The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019, the Town's proportion was 0.007284%, which was a decrease of 0.001264% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Town recognized pension (income)/expense of (\$3,337). At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 8: PENSION PLAN (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 12,006	\$ (63)
Changes in assumptions or other inputs	6,726	-
Net difference between projected and actual earnings on pension plan investments	-	(6,420)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	9,726	-
Contributions subsequent to the measurement date	6,019	N/A
Total	\$ 34,477	\$ (6,483)

\$6,019 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability 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,

2021	\$ 3,085
2022	2,524
2023	4,631
2024	1,898
2025	4,662
Thereafter	5,176

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation, based on a date of January 1, 2020, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 years
Investment rate of return	7.0%, including 2.5% inflation
Projected salary increases	4.25% – 11.25%
Cost of living adjustment	0.0%

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 8: PENSION PLAN (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

The collective total pension liability as of December 31, 2019 is based upon the January 1, 2020 actuarial valuation.

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

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2019, are summarized in the following table:

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

Discount rate. The discount rate used to measure the total pension liability was 7.0%. 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 Fire & Police Pension Association Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 8: PENSION PLAN (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

Sensitivity of the Town’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Town’s proportionate share of the net pension asset calculated using the discount rate of 7.0%, as well as what the Town’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	<u>1% Decrease 6.0%</u>	<u>Current Discount Rate 7.0%</u>	<u>1% Increase 8.0%</u>
Proportionate share of net pension liability/(Asset)	<u>\$ 24,979</u>	<u>\$ (4,120)</u>	<u>\$ (28,253)</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report, which may be obtained at <http://www.fppaco.org>.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

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 government. The Amendment requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to the Town. Revenue in excess of the fiscal spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

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

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2020, the emergency reserve of \$15,700 was reported as restricted net position and fund balance in the Governmental Activities and General Fund, respectively.

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

Claims and Judgments

The Town participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2020, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Town.

Uncertainty – Coronavirus Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken by government and public health officials to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in many countries, including the geographical area in which the Town is located. It is unknown how long these conditions will last and what the complete financial impact will be to the Town.

The remainder of this page is intentionally left blank.

TOWN OF EMPIRE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 10: RESTATEMENT OF FUND BALANCE AND NET POSITION

During the year ended December 31, 2020, the Town determined that cash allocations to the General Fund was incorrect and therefore the Town corrected this amount as of January 1, 2020. The Town determined that receivables for sales tax revenues were underreported in prior years for the General Fund. The Town determined that utility receivables and revenues were understated in the Water and Wastewater Funds. The Town did not record the CWCB loan and related accrued interest that was obtained in 2019, nor did the Town record the acquisition of 10 acre-feet of water storage in the Guanella Reservoir as a capital asset in 2019. These have been corrected as of January 1, 2020. The schedule below shows the restatements of fund balance/net position corrections made as of January 1, 2020:

	Governmental Funds	
	General Fund	Governmental Activities
Beginning Fund Balance/Net Position, As Previously Reported, January 1, 2020	\$ 116,630	\$ 987,986
Cash allocation adjustment	27,685	27,685
Sales Tax receivable/revenue	21,194	21,194
Beginning Fund Balance/Net Position As Restated, January 1, 2020	<u>\$ 165,509</u>	<u>\$ 1,036,865</u>
<hr/>		
	Business-type Activities	
	Water Fund	Wastewater Fund
Beginning Fund Balance/Net Position, As Previously Reported, January 1, 2020	\$ 1,333,332	\$ 907,781
Utility receivable/revenue	11,520	8,935
Record CWCB Loan	(124,230)	-
Record Accrued Interest Payable - CWCB Loan	(2,588)	-
Acquisition of 10 acre-feet of water storage in Guanella Reservoir	123,707	-
Beginning Fund Balance/Net Position As Restated, January 1, 2020	<u>\$ 1,341,741</u>	<u>\$ 916,716</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EMPIRE, COLORADO

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended December 31, 2020

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes			
Sales Taxes - General	\$ 120,000	\$ 134,227	\$ 14,227
Sales Taxes - Public Safety	80,000	134,227	54,227
Use Taxes	25,000	22,753	(2,247)
Property Taxes	25,000	29,093	4,093
Specific Ownership Taxes	3,000	4,814	1,814
Franchise Taxes	15,000	14,780	(220)
Severance Taxes	40,000	15,805	(24,195)
Licenses and Permits	5,500	6,123	623
Charges for Services	-	23,760	23,760
Intergovernmental	26,650	31,285	4,635
Fines and Forfeitures	40,000	27,445	(12,555)
Interest	350	218	(132)
Miscellaneous	5,000	2,756	(2,244)
TOTAL REVENUES	385,500	447,286	61,786
EXPENDITURES			
Administration and Facilities			
Mayor and Town Board	3,600	3,900	(300)
City Clerk	40,000	34,973	5,027
Operating Supplies, Postage & Publishing	17,000	8,472	8,528
Elections	2,000	-	2,000
Professional Services	40,000	17,242	22,758
Dues, Fees & Training	8,000	12,488	(4,488)
Insurance	28,000	22,744	5,256
Communications	6,500	4,628	1,872
Utilities	6,500	5,507	993
Equipment Rent	4,000	2,784	1,216
Repairs and Maintenance	25,000	3,963	21,037
Facilities Repairs and Maintenance	9,000	3,073	5,927
Contract Services - Cleaning	500	9,350	(8,850)
Ball Placer Project	2,000	2,735	(735)
Miscellaneous	1,600	2,281	(681)
Total General Government	193,700	134,140	59,560
Public Safety			
Police - Salaries and Benefits	100,000	98,896	1,104
Police - Operations	37,850	49,576	(11,726)
Police - Non-Capital Equipment	-	9,000	(9,000)
Fire	17,000	17,000	-
Total Public Safety	154,850	174,472	(19,622)

(Continued)

See the accompanying Independent Auditor's Report.

TOWN OF EMPIRE, COLORADO

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended December 31, 2020

	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
Road and Bridge			
Salaries and Benefits	30,000	32,129	(2,129)
Repairs and Maintenance	20,000	29,682	(9,682)
Operations	13,000	12,782	218
Total Parks and Recreation	<u>63,000</u>	<u>74,593</u>	<u>(11,593)</u>
Parks and Recreation			
Parks and Recreation	<u>14,300</u>	<u>1,072</u>	<u>13,228</u>
Total Parks and Recreation	<u>14,300</u>	<u>1,072</u>	<u>13,228</u>
TOTAL EXPENDITURES	<u>425,850</u>	<u>384,277</u>	<u>41,573</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(40,350)	63,009	103,359
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>25,895</u>	<u>25,895</u>
NET CHANGE IN FUND BALANCE	(40,350)	88,904	129,254
FUND BALANCE, Beginning, As Restated	<u>176,625</u>	<u>165,509</u>	<u>(11,116)</u>
FUND BALANCE, Ending	<u>\$ 136,275</u>	<u>\$ 254,413</u>	<u>\$ 118,138</u>

See the accompanying Independent Auditor's Report.

TOWN OF EMPIRE, COLORADO

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
 FPPA - STATEWIDE DEFINED BENEFIT PLAN - POLICE
 Last Ten Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Proportion of the Net Pension Liability (Asset)	0.00728%	0.00746%	0.00855%	0.01016%	0.00000%	0.00128%	0.01063%
Proportionate Share of the Net Pension Liability (Asset)	\$ (4,120)	\$ 9,437	\$ (12,298)	\$ (3,672)	\$ -	\$ (1,449)	\$ (9,506)
Covered Employee Payroll	\$ 75,231	\$ 53,688	\$ 50,000	\$ 53,900	\$ -	\$ 5,774	\$ 46,191
Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	-5.48%	17.58%	-24.60%	-6.81%	-0.48%	-25.10%	-20.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.94%	95.23%	106.34%	98.21%	100.10%	106.83%	105.83%
Total Pension Liability	\$ 2,919,378,738	\$ 2,653,120,261	\$ 2,269,410,684	\$ 2,021,526,883	\$ 1,846,961,999	\$ 1,652,901,084	\$ 1,533,631,141
Plan Fiduciary Net Position	<u>2,975,935,079</u>	<u>2,526,692,808</u>	<u>2,413,276,447</u>	<u>1,985,383,043</u>	<u>1,848,724,853</u>	<u>1,765,758,630</u>	<u>1,623,049,809</u>
Net Pension Liability/(Asset)	<u>\$ (56,556,341)</u>	<u>\$ 126,427,453</u>	<u>\$ (143,865,763)</u>	<u>\$ 36,143,840</u>	<u>\$ (1,762,854)</u>	<u>\$ (112,857,546)</u>	<u>\$ (89,418,668)</u>

* - The amounts presented for each fiscal year were determined as of 12/31.

NOTE: Information for the prior three years was not available to report.

See the accompanying Independent Auditor's Report.

TOWN OF EMPIRE, COLORADO

SCHEDULE OF TOWN PENSION CONTRIBUTIONS
 FPPA - STATEWIDE DEFINED BENEFIT PLAN - POLICE
 Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 6,019	\$ 4,295	\$ 4,000	\$ 4,000	\$ 3,921	\$ -	\$ 462
Contributions in Relation to the Contractually Required Contribution	<u>6,019</u>	<u>4,295</u>	<u>4,000</u>	<u>4,000</u>	<u>3,921</u>	<u>-</u>	<u>462</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 75,238	\$ 53,688	\$ 50,000	\$ 50,000	\$ 18,690	\$ -	\$ 5,724
Contributions as a Percentage of Covered Employee Payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

NOTE: Information for the prior three years was not available to report.

See the accompanying Independent Auditor's Report.

TOWN OF EMPIRE, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2020

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

- In September, Management submits to the Town Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer and public comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Budgets amended by the Town Board of Trustees during the year have been presented in the budgetary comparison schedules for each fund amended.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures must be approved by the Town Board of Trustees.
- All budget appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

Legal Compliance

For the year ended December 31, 2020, the Water Fund actual expenditures exceeded budgeted expenditures by \$5,190. This may be a violation of State statutes.

TOWN OF EMPIRE, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2020

NOTE 2: DEFINED BENEFIT PENSION PLAN

FPPA POLICE AND FIRE STATEWIDE DEFINED BENEFIT PLAN

Basis of Presentation

The underlying financial information used to prepare the Schedule of Employer Contributions and Schedule of Collective Pension Amounts is based on FPPA's financial statements. FPPA follows the accounting principles and reporting guidelines as set forth by the GASB. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA. Employer contributions in FPPA's financial statements are recognized in the period in which they are due. Investments are reported at fair value.

SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES**

TOWN OF EMPIRE, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2020

	SPECIAL REVENUE FUNDS					TOTALS	
	CONSERVATION TRUST FUND	CENTENNIAL FUND	PUBLIC SAFETY FUND	TRAFFIC CALMING FUND	CEMETERY FUND		BRAIN INJURY FUND
ASSETS							
Cash and Investments	\$ 12,178	\$ (1,698)	\$ 9,501	\$ 9,600	\$ 16,514	\$ -	\$ 46,095
TOTAL ASSETS	<u>\$ 12,178</u>	<u>\$ (1,698)</u>	<u>\$ 9,501</u>	<u>\$ 9,600</u>	<u>\$ 16,514</u>	<u>\$ -</u>	<u>\$ 46,095</u>
FUND EQUITY							
Fund Balance							
Restricted for Parks	12,178	-	-	-	-	-	12,178
Assigned for Cemetery Operations	-	-	-	-	16,514	-	16,514
Assigned for Public Safety	-	-	9,501	9,600	-	-	19,101
Unassigned	-	(1,698)	-	-	-	-	(1,698)
TOTAL FUND EQUITY	<u>12,178</u>	<u>(1,698)</u>	<u>9,501</u>	<u>9,600</u>	<u>16,514</u>	<u>-</u>	<u>46,095</u>
TOTAL FUND EQUITY	<u>\$ 12,178</u>	<u>\$ (1,698)</u>	<u>\$ 9,501</u>	<u>\$ 9,600</u>	<u>\$ 16,514</u>	<u>\$ -</u>	<u>\$ 46,095</u>

See the accompanying Independent Auditor's Report.

TOWN OF EMPIRE, COLORADO

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	SPECIAL REVENUE FUNDS						TOTALS
	CONSERVATION TRUST FUND	CENTENNIAL FUND	PUBLIC SAFETY FUND	TRAFFIC CALMING FUND	CEMETERY FUND	BRAIN INJURY FUND	
REVENUES							
Charges of Services	\$ -	\$ 940	\$ 4,975	\$ 4,975	\$ 3,000	\$ -	\$ 13,890
Intergovernmental	1,559	-	-	-	-	-	1,559
TOTAL REVENUES	1,559	940	4,975	4,975	3,000	-	15,449
EXPENDITURES							
Administration and Facilities	-	2,884	-	-	-	-	2,884
Public Safety	-	-	9,613	11,500	-	-	21,113
Health and Welfare	-	-	-	-	720	-	720
TOTAL EXPENDITURES	-	2,884	9,613	11,500	720	-	24,717
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,559	(1,944)	(4,638)	(6,525)	2,280	-	(9,268)
OTHER FINANCING SOURCES (USES)							
Transfers Out	-	-	-	-	-	(4,895)	(4,895)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	(4,895)	(4,895)
CHANGE IN FUND BALANCES	1,559	(1,944)	(4,638)	(6,525)	2,280	(4,895)	(14,163)
FUND BALANCES, Beginning	10,619	246	14,139	16,125	14,234	4,895	60,258
FUND BALANCES (DEFICIT), Ending	\$ 12,178	\$ (1,698)	\$ 9,501	\$ 9,600	\$ 16,514	\$ -	\$ 46,095

See the accompanying Independent Auditor's Report.

TOWN OF EMPIRE, COLORADO

BUDGETARY COMPARISON SCHEDULE
 CONSERVATION TRUST FUND
 Year Ended December 31, 2020

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Lottery Revenues	\$ 2,000	\$ 1,559	\$ (441)
TOTAL REVENUES	<u>2,000</u>	<u>1,559</u>	<u>(441)</u>
EXPENDITURES			
Parks and Recreation	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	2,000	1,559	(441)
FUND BALANCE, Beginning	<u>9,985</u>	<u>10,619</u>	<u>634</u>
FUND BALANCE, Ending	<u>\$ 11,985</u>	<u>\$ 12,178</u>	<u>\$ 193</u>

See the accompanying Independent Auditor's Report.

TOWN OF EMPIRE, COLORADO

BUDGETARY COMPARISON SCHEDULE
CENTENNIAL FUND
Year Ended December 31, 2020

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services			
Town Event Revenues	\$ 500	\$ 940	\$ 440
TOTAL REVENUES	<u>500</u>	<u>940</u>	<u>440</u>
EXPENDITURES			
Town Events	<u>4,000</u>	<u>2,884</u>	<u>1,116</u>
TOTAL EXPENDITURES	<u>4,000</u>	<u>2,884</u>	<u>1,116</u>
NET CHANGE IN FUND BALANCE	(3,500)	(1,944)	(676)
FUND BALANCE, Beginning	<u>4,255</u>	<u>246</u>	<u>(4,009)</u>
FUND BALANCE, Ending	<u>\$ 755</u>	<u>\$ (1,698)</u>	<u>\$ (2,453)</u>

See the accompanying Independent Auditor's Report.

TOWN OF EMPIRE, COLORADO

BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY FUND
Year Ended December 31, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 10,000	\$ 10,000	\$ 4,975	\$ (5,025)
TOTAL REVENUES	<u>10,000</u>	<u>10,000</u>	<u>4,975</u>	<u>(5,025)</u>
EXPENDITURES				
Public Safety and Supplies	<u>10,000</u>	<u>10,325</u>	<u>9,613</u>	<u>712</u>
TOTAL EXPENDITURES	<u>10,000</u>	<u>10,325</u>	<u>9,613</u>	<u>712</u>
NET CHANGE IN FUND BALANCE	-	(325)	(4,638)	(4,313)
FUND BALANCE, Beginning	<u>10,480</u>	<u>10,480</u>	<u>14,139</u>	<u>3,659</u>
FUND BALANCE, Ending	<u>\$ 10,480</u>	<u>\$ 10,155</u>	<u>\$ 9,501</u>	<u>\$ (654)</u>

See the accompanying Independent Auditor's Report.

TOWN OF EMPIRE, COLORADO

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC CALMING FUND
 Year Ended December 31, 2020

	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 6,000	\$ 4,975	\$ (1,025)
TOTAL REVENUES	<u>6,000</u>	<u>4,975</u>	<u>(1,025)</u>
EXPENDITURES			
Public Safety	12,500	11,500	1,000
TOTAL EXPENDITURES	<u>12,500</u>	<u>11,500</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCE	(6,500)	(6,525)	(2,025)
FUND BALANCE, Beginning	<u>17,723</u>	<u>16,125</u>	<u>(1,598)</u>
FUND BALANCE, Ending	<u>\$ 11,223</u>	<u>\$ 9,600</u>	<u>\$ (1,623)</u>

See the accompanying Independent Auditor's Report.

TOWN OF EMPIRE, COLORADO

BUDGETARY COMPARISON SCHEDULE
 CEMETERY FUND
 Year Ended December 31, 2020

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services			
Lot Sales	\$ 500	\$ 3,000	\$ 2,500
TOTAL REVENUES	<u>500</u>	<u>3,000</u>	<u>2,500</u>
EXPENDITURES			
Health and Welfare			
Repairs, Maintenance and Supplies	<u>1,500</u>	<u>720</u>	<u>780</u>
TOTAL EXPENDITURES	<u>1,500</u>	<u>720</u>	<u>780</u>
NET CHANGE IN FUND BALANCE	(1,000)	2,280	1,720
FUND BALANCE, Beginning	<u>16,650</u>	<u>14,234</u>	<u>(2,416)</u>
FUND BALANCE, Ending	<u>\$ 15,650</u>	<u>\$ 16,514</u>	<u>\$ 864</u>

See the accompanying Independent Auditor's Report.

TOWN OF EMPIRE, COLORADO

BUDGETARY COMPARISON SCHEDULE
 UTILITIES IMPROVEMENT FUND
 Year Ended December 31, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes				
Sales Taxes	\$ -	\$ 38,121	\$ 67,113	\$ 28,992
TOTAL REVENUES	-	38,121	67,113	28,992
EXPENDITURES				
Capital Outlay	-	38,121	38,121	-
TOTAL EXPENDITURES	-	38,121	38,121	-
NET CHANGE IN FUND BALANCE	-	-	28,992	28,992
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ 28,992	\$ 28,992

See the accompanying Independent Auditor's Report.

TOWN OF EMPIRE, COLORADO

BUDGETARY COMPARISON SCHEDULE (Non-GAAP Budgetary Basis) WATER FUND Year Ended December 31, 2020

	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Charges for Services	\$ 132,000	\$ 194,882	\$ 62,882
Tap Fees	5,000	5,000	-
Investment Income	-	4	4
	137,000	199,886	62,886
TOTAL REVENUES	137,000	199,886	62,886
EXPENDITURES			
Operations and Maintenance	100,800	85,995	14,805
Capital Outlay	6,600	26,719	(20,119)
Debt Service			
Principal	-	2,829	(2,829)
Interest	6,000	3,047	2,953
Transfers Out	10,500	10,500	-
	123,900	129,090	(5,190)
TOTAL EXPENDITURES	123,900	129,090	(5,190)
NET INCOME, Budget Basis	\$ 13,100	70,796	\$ 57,696
GAAP BASIS ADJUSTMENTS			
Capital Contribution		38,121	
Capital Outlay		26,719	
Depreciation		(64,731)	
Principal Paid on Long-Term Debt		2,829	
		73,734	
NET INCOME, GAAP Basis		73,734	
NET POSITION, Beginning, As Restated		1,341,741	
NET POSITION, Ending		\$ 1,415,475	

See the accompanying Independent Auditor's Report.

TOWN OF EMPIRE, COLORADO

BUDGETARY COMPARISON SCHEDULE
 (Non-GAAP Budgetary Basis)
 WASTEWATER FUND
 Year Ended December 31, 2020

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Charges for Services	\$ 88,000	\$ 88,000	\$ 77,826	\$ (10,174)
Tap Fees	5,000	5,000	5,000	-
Investment Income	-	-	3	3
Miscellaneous	5,000	5,000	-	(5,000)
TOTAL REVENUES	98,000	98,000	82,829	(15,171)
EXPENDITURES				
Operations and Maintenance	86,500	101,500	95,289	6,211
Transfers Out	10,500	10,500	10,500	-
TOTAL EXPENDITURES	97,000	112,000	105,789	6,211
NET INCOME (LOSS), Budget Basis	<u>\$ 1,000</u>	<u>\$ (14,000)</u>	(22,960)	<u>\$ (8,960)</u>
GAAP BASIS ADJUSTMENTS				
Depreciation			(44,020)	
NET INCOME, GAAP Basis			(66,980)	
NET POSITION, Beginning, As Restated			916,716	
NET POSITION, Ending			<u>\$ 849,736</u>	

See the accompanying Independent Auditor's Report.

OTHER INFORMATION

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

LOCAL HIGHWAY FINANCE REPORT	City or County:
	Empire
	YEAR ENDING : December 2020

This Information From The Records Of Town of Calhan:	Prepared By: Jeanette Piel Phone: 303-569-5978
--	---

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)	29,682
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	12,103
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	6,410
2. General fund appropriations		b. Snow and ice removal	0
3. Other local imposts (from page 2)	180,315	c. Other	33,398
4. Miscellaneous local receipts (from page 2)	27,374	d. Total (a. through c.)	39,808
5. Transfers from toll facilities		4. General administration & miscellaneous	0
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	136,274
a. Bonds - Original Issues		6. Total (1 through 5)	217,867
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)	207,689	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	10,179	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	217,867	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)	217,867

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
		217,867	217,867		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	10,692	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	26,665
1. Sales Taxes	164,809	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	709
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	4,814	g. Other Misc. Receipts	
6. Total (1. through 5.)	169,623	h. Other	0
c. Total (a. + b.)	180,315	i. Total (a. through h.)	27,374
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	10,179	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	0	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	10,179	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	0
(3). System Preservation			0
(4). System Enhancement & Operation		29,682	29,682
(5). Total Construction (1) + (2) + (3) + (4)	0	29,682	29,682
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	29,682	29,682
			(Carry forward to page 1)

Notes and Comments: