

Town of Mead, Colorado

Financial Statements
with Independent Auditors' Report

December 31, 2019



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Town of Mead, Colorado

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December 31, 2019

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**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditors' Report

Honorable Mayor and Members of the Town Board
Town of Mead
Mead, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the Town of Mead as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Mead, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 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 discretely presented component unit and remaining fund information of the Town of Mead as of December 31, 2019, and the respective changes in financial position and the 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 management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 Mead's basic financial statements. The supplementary information and the local highway finance report listed in the table of contents 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hick & Company, PC

Greenwood Village, Colorado
September 30, 2020



Management's Discussion and Analysis

This discussion and analysis of the financial performance of the Town of Mead, Colorado (Town) provides an overview of the Town's financial activities for the fiscal year ended December 31, 2019. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The Net Position of the Town increased by \$2,401,500 (9.0%) during 2019.
- At December 31, 2019, the Town's governmental funds reported combined ending fund balances of \$12,464,408. This marked an increase of \$2,431,157 (24.2%) from the prior year's ending governmental fund balances due primarily to increases in the General Fund, Capital Improvement Fund, and Mead Urban Renewal Authority (MURA).
- The Town's General Fund increased its Fund Balance by \$361,182 (6.3%) during 2019 primarily due to the growing tax base for property taxes and fees from new development.
- The Town's Sewer Fund's net position increased by \$196,436 (4.4%) during 2019 primarily due to a State Grant for the North Creek Lift Station project.

USING THIS ANNUAL REPORT

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

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 the Town's assets and liabilities and deferred inflows and outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Town is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee leave).

Both of the government-wide financial statements distinguish functions of the Town of Mead that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety (police), public works, and parks and recreation. The business-type activities of the Town include sewage collection and treatment operations.

Fund financial statements

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

Governmental Funds -- Most of the Town's basic services are reported in governmental funds that focus on how money flows into and out of those funds. The unrestricted balances left at year-end are available for spending in future years. These funds are reported using the modified accrual accounting method that

measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide detailed short-term views of cash, operations, and basic services provided. Governmental fund statements show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, 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. Both the governmental fund *Balance Sheet* and the *Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities* provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The Town of Mead maintains ten individual governmental funds. Information for these funds is presented by fund name in the *Governmental Fund Balance Sheet* and the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for three of the ten governmental funds that meet the criteria to be designated as major funds (General Fund, Capital Improvement Fund, and MURA Fund). The other governmental funds (Conservation Trust Fund, Art in Public Places, and five Impact Fee Funds for Downtown Revitalization, Municipal Facilities, Transportation, Storm Drainage, and Parks & Open Space) are shown in a column titled "Nonmajor Governmental Funds." Individual fund data for these nonmajor governmental funds are provided in the back of this report following the "Notes to Financial Statements."

Proprietary Fund -- The Town's sewer utility is reported in a proprietary funds; it focuses on overall economic position rather than year-end fund balances. An enterprise fund is the type of proprietary fund used to account for the Town's Sewer Fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements, but in a bit more detail.

Notes to the Financial Statements

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

Other information

Budgetary comparison statements or schedules for all funds with budgeted expenditures/expenses are included following the "Notes to Financial Statements" to demonstrate each fund's compliance with adopted budgets and appropriations. For the year ended December 31, 2019, all funds had budgeted expenditures/expenses.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Mead, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,928,075 at the close of 2019. As shown below, the Town's financial position improved by \$2,401,500 (9.0%) during 2019.

Town of Mead's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$17,339,004	\$14,726,726	\$ 1,000,342	\$ 1,088,323	\$ 18,339,346	\$ 15,815,049
Capital assets, net	11,908,088	12,122,306	5,493,445	5,273,681	17,401,533	17,395,987
Noncurrent receivable	-	78,170				
Total assets	\$29,247,092	\$26,927,202	\$ 6,493,787	\$ 6,362,004	\$ 35,740,879	\$ 33,211,036
Deferred outflow s of resources	\$ 159,084	\$ 67,778	\$ -	\$ -	\$ 159,084	\$ 67,778
Current liabilities	\$ 631,343	\$ 443,455	\$ 71,916	\$ 61,866	\$ 703,259	\$ 505,321
Noncurrent Liabilities	216,691	272,386	1,698,775	1,769,715	1,915,466	2,042,101
Total liabilities	\$ 848,034	\$ 715,841	\$ 1,770,691	\$ 1,831,581	\$ 2,618,725	\$ 2,547,422
Deferred inflow s of resources	\$ 4,291,881	\$ 4,217,942	\$ 61,282	\$ 65,045	\$ 4,353,163	\$ 4,282,987
Net position:						
Net investment in capital assets	\$11,805,406	\$11,962,451	\$ 3,799,613	\$ 3,484,988	\$ 15,605,019	\$ 15,447,439
Restricted	2,766,947	2,529,693	125,574	110,000	2,892,521	2,639,693
Unrestricted	9,693,908	7,569,053	736,627	870,390	10,430,535	8,439,443
Total net position	\$24,266,261	\$22,061,197	\$ 4,661,814	\$ 4,465,378	\$ 28,928,075	\$ 26,526,575

A bit more than half (53.9%) of the Town's total net position at December 31, 2019 is represented by its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment). The Town uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending.

Approximately 10.0% (\$2,892,521) of the Town's total net position at the end of 2019 represents resources that are subject to external restrictions on how they may be used. They are fund balance restrictions of impact fees collected for future capital needs (\$2,534,431), an operations and maintenance reserve for the sewer fund (\$125,574), conservation trust fund revenues for parks and certain recreation purposes (\$17,516), and \$215,000 for emergencies.

The remaining amount of the Town's total net position at the end of 2019 (\$10,430,535) represents 36.1% of total net position and may be used to meet the Town's other ongoing obligations to residents and creditors.

The following chart displays the changes in net position experienced by the Town over the last two fiscal years. An analysis of these changes follows for both its Governmental and Business-type Activities.

Town of Mead's Changes in Net Position

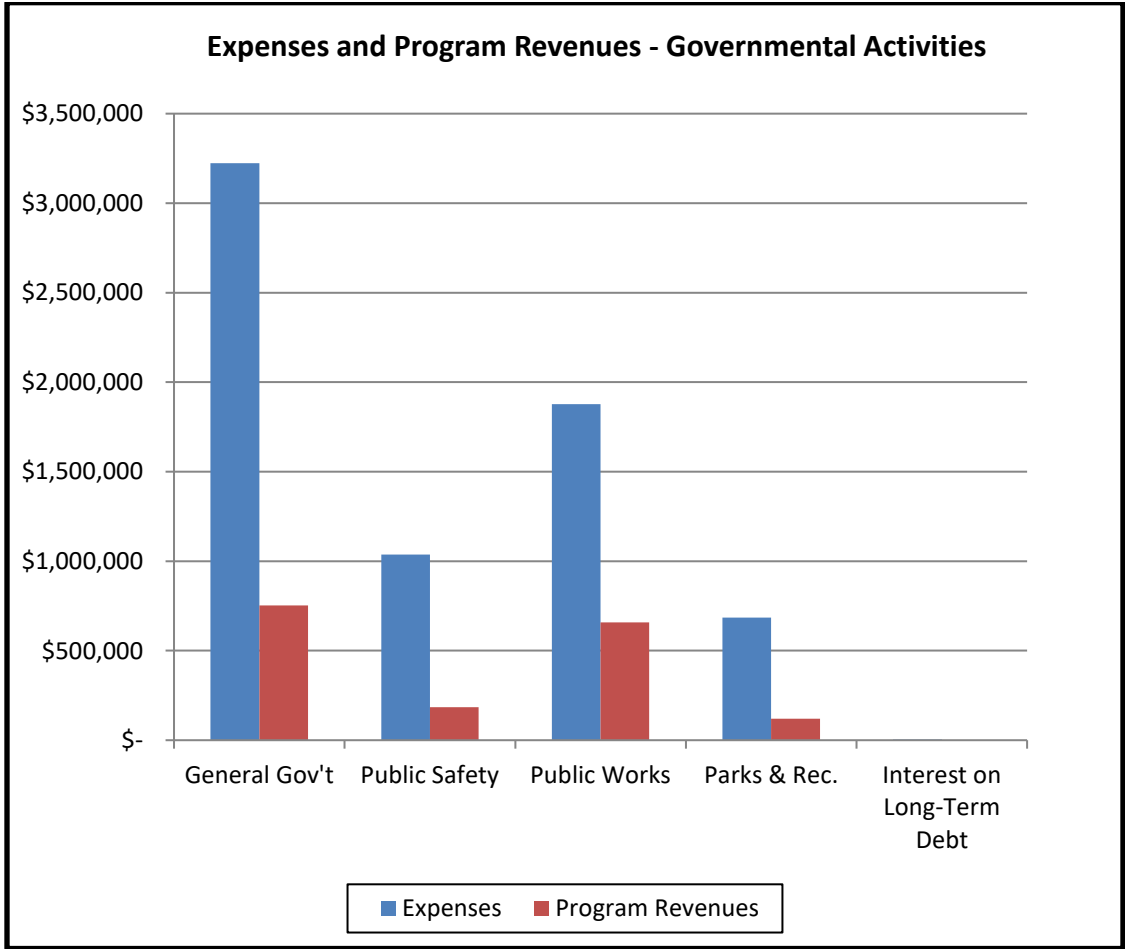
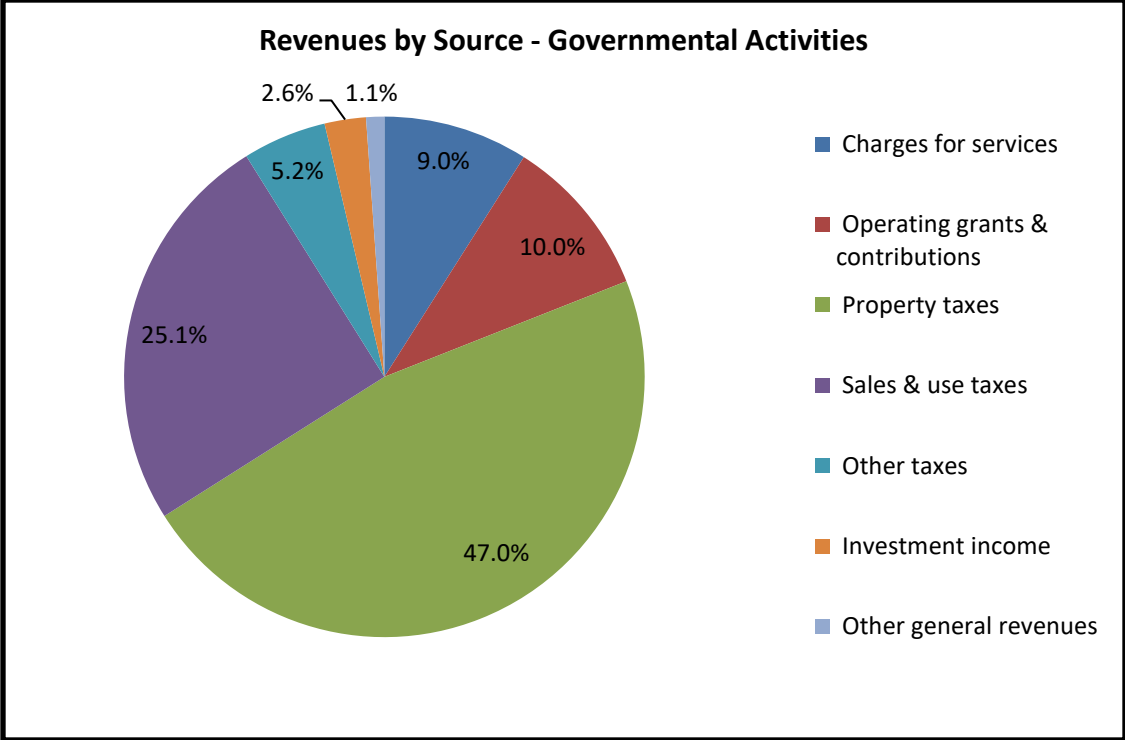
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 813,115	\$ 924,208	\$ 677,904	\$ 675,222	\$ 1,491,019	\$ 1,599,430
Operating grants & contributions	903,632	561,231	282,703	99,820	1,186,335	661,051
Capital grants & contributions	-	56,591	8,000	56,500	8,000	113,091
General revenues:						
Property taxes	4,244,670	3,110,237	-	-	4,244,670	3,110,237
Sales & use taxes	2,265,172	1,943,029	-	-	2,265,172	1,943,029
Other taxes	469,731	395,616	-	-	469,731	395,616
Investment income	231,880	123,219	16,634	13,015	248,514	136,234
Other general revenues	101,738	70,962	-	-	101,738	70,962
Total revenues	<u>\$ 9,029,938</u>	<u>\$ 7,185,093</u>	<u>\$ 985,241</u>	<u>\$ 844,557</u>	<u>\$ 10,015,179</u>	<u>\$ 8,029,650</u>
Program expenses:						
General government	\$ 3,223,640	\$ 3,130,083	\$ -	\$ -	\$ 3,223,640	\$ 3,130,083
Public safety	1,036,820	624,483	-	-	1,036,820	624,483
Public works	1,876,539	974,514	-	-	1,876,539	974,514
Parks and Recreation	684,430	562,506	-	-	684,430	562,506
Capital Outlay	-	166,549	-	-	-	166,549
Sewer utility	-	-	788,805	691,648	788,805	691,648
Interest on long-term debt	3,445	5,510	-	-	3,445	5,510
Total expenses	<u>\$ 6,824,874</u>	<u>\$ 5,463,645</u>	<u>\$ 788,805</u>	<u>\$ 691,648</u>	<u>\$ 7,613,679</u>	<u>\$ 6,155,293</u>
Increase/(decrease) in net position	\$ 2,205,064	\$ 1,721,448	\$ 196,436	\$ 152,909	\$ 2,401,500	\$ 1,874,357
Net Position, Beginning	22,061,197	20,339,749	4,465,378	4,312,469	26,526,575	24,652,218
Net Position, Ending	<u>\$ 24,266,261</u>	<u>\$ 22,061,197</u>	<u>\$ 4,661,814</u>	<u>\$ 4,465,378</u>	<u>\$ 28,928,075</u>	<u>\$ 26,526,575</u>

Governmental Activities

The Town's Governmental Activities increased in net position by \$2,205,064 (10.0%) in 2019. Key elements of this increase are as follows:

- Property taxes increased by \$1,134,433 due to a growth in assessed valuations of properties in the Town limits and the MURA boundaries.
- Sales and use taxes increased by \$322,143 due to a growth in the tax base; the tax rate (2.00%) stayed the same.
- Public safety expenses increased by \$412,337 as the Town developed its Police Department.
- Public Works expenses increased by \$902,025 as the Town reviewed and inspected plans and construction of significant development projects in the Town.

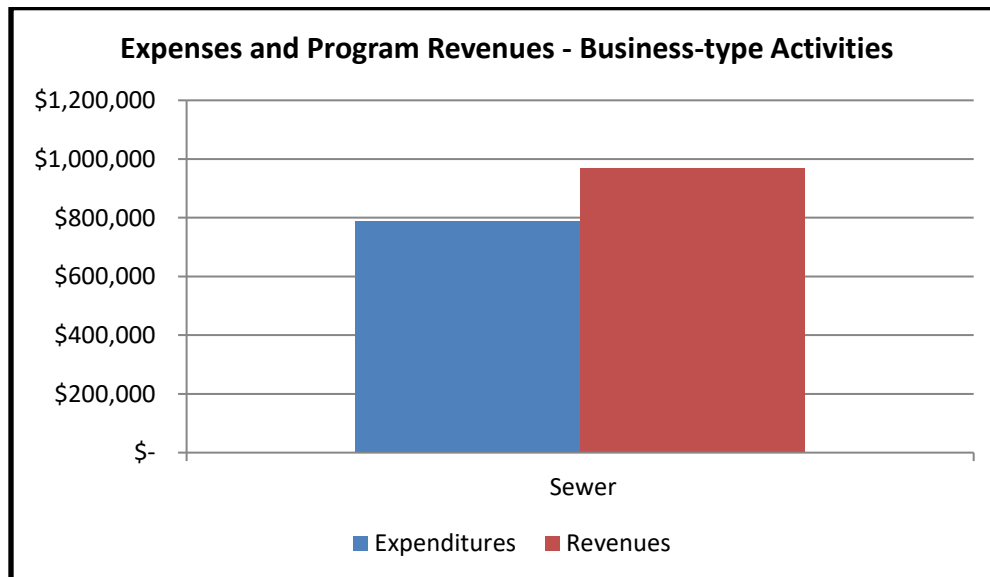
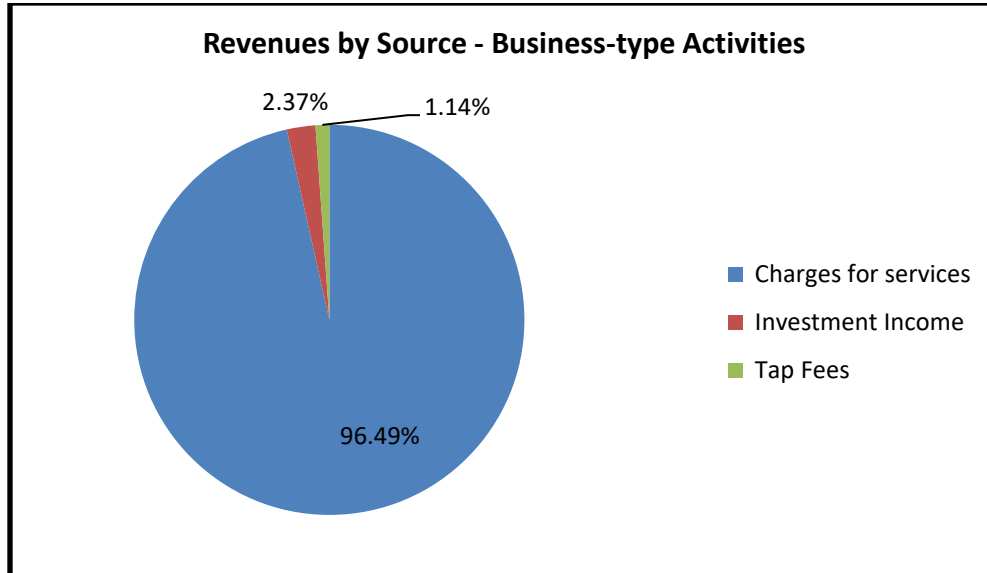
The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.



Business-type Activities

Business-type Activities increased in net position by \$196,436 (4.4%) during 2019. Charges for Services and Operating Grants and Contributions exceeded expenses in the Sewer Fund by \$171,802.

The following two charts illustrate the Business-type Activities revenues and expenses for 2019.

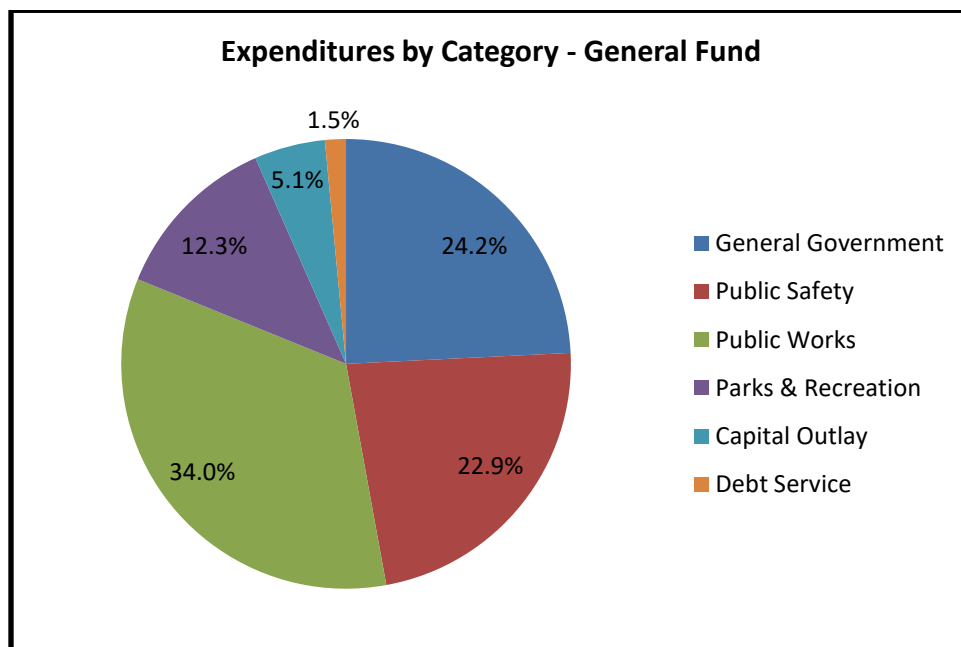
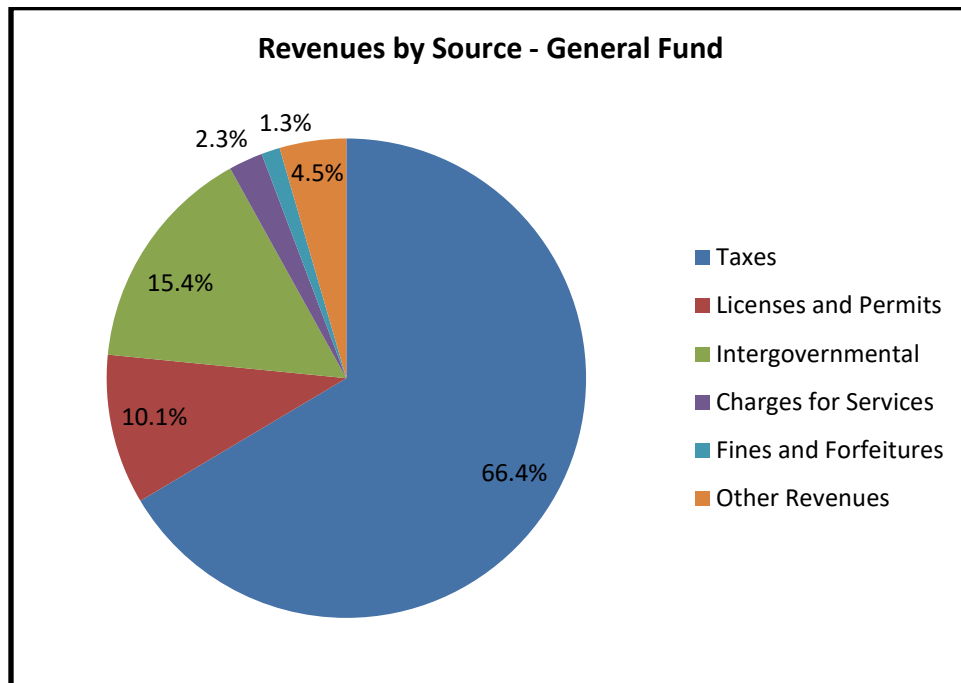


THE TOWN'S FUNDS

As noted earlier, the Town of Mead uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (unrestricted fund balance) in each fund are shown at year end. At December 31, 2019 the Town's three major Governmental funds reported combined ending fund balances of \$9,906,396. These funds are discussed below.

General Fund. The General Fund is the chief operating fund of the Town of Mead. It accounts for all the general services provided by the Town. At the end of 2019, the fund balance of the General Fund totaled

\$6,108,857. This was a \$361,182 (6.3%) increase from 2018 due to the Town's increasing property tax base, increased sales within the Town, and increased building activity. The following two tables illustrate General Fund revenues and expenditures during 2019.



Mead Urban Renewal Authority (MURA) Fund. This fund is utilized to account for the taxes levied by the Authority and the capital projects and/or development expenses it incurs to stimulate urban renewal. Much of its revenue is shared with overlapping jurisdictions. During 2019, MURA began a branding and marketing study to benefit properties within the district. Fund revenues exceeded fund expenditures by \$776,453 in 2019.

Capital Improvement Fund. The Capital Improvement Fund is utilized to accumulate and track funds to finance current and future capital equipment and capital projects for the Town. Fund resources generally include transfers from other Town funds and capital grants. During 2019 the General Fund transferred \$1,227,000 to the Capital Improvement Fund for street improvement projects.

Sewer Fund. At December 31, 2019 the net position of the Sewer Fund was \$4,661,814. This was an increase of \$196,436 (4.4%) over 2018. Net operating income was \$227,706, and debt service payments of \$130,155 were made during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At December 31, 2019 the Town had invested in a range of capital assets including land, buildings and improvements, vehicles, office equipment, sewer system lines and treatment plants, infrastructure, and park equipment. Note 3 of the financial statements provides a summary of changes in capital assets during the year. During 2019, the Town purchased Geographic Imaging System (GIS) software, a police car, an evidence container, 2 traffic message boards, a tractor and sand spreader, and a public works pick-up truck. The Town completed the Dillingham sewer line replacement, North Creek sewer flow improvements, and drainage improvements at Mead Ponds Dam. It also began work on a Police records management system, and designs of a public works facility and traffic underpass.

Debt Administration. The Town's long-term debt primarily consists of a loan and capital leases. Compensated absences are also recorded. At the end of 2019, the governmental activities had a balance of \$102,682 owed on a 2017 capital lease for a dump truck. During the year, the Town paid off a 2012 capital lease for a grader. See Note 4 on page 19 for more detailed information.

In business-type activities at December 31, 2019, the Town had a balance of \$1,693,832 owed on its 2007 loan from the Colorado Water Resources & Power Development Authority. This debt was incurred to finance a wastewater treatment system project. See Note 4 on page 20 for more detailed information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Some measurable growth in the residential and commercial sectors of Mead's economy is occurring. The 2020 Budget anticipates a continued improvement in the General Fund balance due to its revenues impacted by growth, such as sales taxes, property taxes, and building/development fees.

Beginning in March 2020, the State of Colorado imposed lengthy restrictions on businesses, recreation, and places of worship with the stated purpose of slowing the spread of the Coronavirus so that hospital facilities would not be overwhelmed with patients. Through the date of this report, the Town's 2020 Budget does not need to be modified due to these restrictions, but the full economic impact has yet to be determined and could possibly be of concern in future years. Management will continue to monitor the economic factors affecting the Town, to budget conservatively, and to amend adopted budgets if necessary.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Town of Mead's residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds it receives and assets it maintains. If you have questions about this report, or should you desire additional financial information, contact the Town's management at Town of Mead, 441 Third Street, P.O. Box 626, Mead, CO 80542 or call Town Hall at (970) 535-4477.

Basic Financial Statements

Town of Mead, Colorado
Statement of Net Position
December 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Investments	\$ 12,501,508	\$ 898,613	\$ 13,400,121
Accounts Receivable	528,922	82,462	611,384
Property Taxes Receivable	4,289,107	-	4,289,107
Grants Receivable	-	19,092	19,092
Deposits	1,500	-	1,500
Prepaid Expenses	17,967	175	18,142
Capital Assets, <i>Not being depreciated</i>	2,777,242	294,835	3,072,077
Capital Assets, <i>Net of accumulated depreciation</i>	9,130,846	5,198,610	14,329,456
Total Assets	29,247,092	6,493,787	35,740,879
Deferred Outflows of Resources			
Pension Related Outflows of Resources	159,084	-	159,084
Liabilities			
Accounts Payable	302,998	45,279	348,277
Accrued Interest Payable	-	24,373	24,373
Accrued Salaries	45,885	2,264	48,149
Warranty Liability	236,606	-	236,606
Net Pension Liability	45,854	-	45,854
Noncurrent Liabilities			
Due Within One Year	62,092	72,154	134,246
Due in More Than One Year	154,599	1,626,621	1,781,220
Total Liabilities	848,034	1,770,691	2,618,725
Deferred Inflows of Resources			
Property Taxes	4,289,107	-	4,289,107
Pensions, Net of Accumulated Amortization	2,774	-	2,774
Bond Premiums	-	61,282	61,282
Total Net Position	\$ 4,291,881	\$ 61,282	\$ 4,353,163
Net Position			
Net Investment in Capital Assets	11,805,406	3,799,613	15,605,019
Restricted for:			
Emergencies	215,000	-	215,000
Conservation Trust	17,516	-	17,516
Downtown Revitalization	56,534	-	56,534
Municipal	1,373,223	-	1,373,223
Transportation	301,440	-	301,440
Storm Drainage	16,136	-	16,136
Parks & Open Space	787,098	-	787,098
Sewer	-	125,574	125,574
Unrestricted	9,693,908	736,627	10,430,535
Total Net Position	\$ 24,266,261	\$ 4,661,814	\$ 28,928,075

See Notes to Financial Statements.

Town of Mead, Colorado
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 3,223,640	\$ 363,021	\$ 390,048	\$ -	\$ (2,470,571)	\$ -	\$ (2,470,571)
Public Safety	1,036,820	132,813	52,321	-	(851,686)	-	(851,686)
Public Works	1,876,539	275,191	382,588	-	(1,218,760)	-	(1,218,760)
Parks and Recreation	684,430	42,090	78,675	-	(563,665)	-	(563,665)
Interest on Long-Term Debt	3,445	-	-	-	(3,445)	-	(3,445)
Total Governmental Activities	<u>6,824,874</u>	<u>813,115</u>	<u>903,632</u>	<u>-</u>	<u>(5,108,127)</u>	<u>-</u>	<u>(5,108,127)</u>
Business-Type Activities							
Sewer	<u>788,805</u>	<u>677,904</u>	<u>282,703</u>	<u>8,000</u>	<u>-</u>	<u>179,802</u>	<u>179,802</u>
Total Business-Type Activities	<u>788,805</u>	<u>677,904</u>	<u>282,703</u>	<u>8,000</u>	<u>-</u>	<u>179,802</u>	<u>179,802</u>
Total Primary Government	<u>\$ 7,613,679</u>	<u>\$ 1,491,019</u>	<u>\$ 1,186,335</u>	<u>\$ 8,000</u>	<u>(5,108,127)</u>	<u>179,802</u>	<u>(4,928,325)</u>
General Revenues							
Property Taxes					4,134,503	-	4,134,503
Specific Ownership Taxes					110,167	-	110,167
Sales and Use Taxes					2,265,172	-	2,265,172
Franchise Fees					192,278	-	192,278
Special Assessments and Impact Fees					277,453	-	277,453
Investment Income					231,880	16,634	248,514
Miscellaneous					101,738	-	101,738
Total General Revenues and Transfers					<u>7,313,191</u>	<u>16,634</u>	<u>7,329,825</u>
Change in Net Position					2,205,064	196,436	2,401,500
Net Position, Beginning of year					<u>22,061,197</u>	<u>4,465,378</u>	<u>26,526,575</u>
Net Position, End of year					<u>\$ 24,266,261</u>	<u>\$ 4,661,814</u>	<u>\$ 28,928,075</u>

Town of Mead, Colorado
Balance Sheet
Governmental Funds
December 31, 2019

	General	Mead Urban Renewal Authority	Capital Improvement	Nonmajor Governmental Funds	Total
Assets					
Cash and Investments	\$ 6,120,296	\$ 1,720,516	\$ 2,075,633	\$ 2,585,063	\$ 12,501,508
Property Taxes Receivable	1,457,966	2,831,141	-	-	4,289,107
Prepaid Expenses	17,967	-	-	-	17,967
Accounts Receivable	525,142	3,780	-	-	528,922
Other assets	1,500	-	-	-	1,500
Total Assets	\$ 8,122,871	\$ 4,555,437	2,075,633	\$ 2,585,063	\$ 17,339,004
Liabilities					
Accounts Payable	\$ 275,162	\$ 785	\$ -	\$ 27,051	\$ 302,998
Accrued Salaries	44,280	1,605	-	-	45,885
Deposits	236,606	-	-	-	236,606
Total Liabilities	556,048	2,390	-	27,051	585,489
Deferred Inflows of Resources					
Property Taxes	1,457,966	2,831,141	-	-	4,289,107
Fund Balance					
Restricted	215,000	-	-	2,551,947	2,766,947
Committed	-	1,721,906	2,075,633	6,065	3,803,604
Unrestricted, Unassigned	5,893,857	-	-	-	5,893,857
Total Fund Balance	6,108,857	1,721,906	2,075,633	2,558,012	12,464,408
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 8,122,871	\$ 4,555,437	2,075,633	\$ 2,585,063	\$ 17,339,004

Town of Mead, Colorado
 Reconciliation of the Balance Sheet of the Governmental Funds
 to the Statement of Net Position
 For the Year Ended December 31, 2019

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

Total Fund Balance of Governmental Funds	\$ 12,464,408
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	
Capital assets, not being depreciated	2,777,242
Capital assets, being depreciated	13,549,402
Accumulated depreciation	<u>(4,418,556)</u>
	11,908,088
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds	
Net Pension Liability	(45,854)
Deferred Outflows Related to Pensions	159,084
Deferred Inflows Related to Pensions	<u>(2,774)</u>
	110,456
Long-term liabilities and related items, including the loss on debt are not reported in governmental funds.	
Capital leases payable	(102,682)
Accrued compensated absences	<u>(114,009)</u>
	<u>(216,691)</u>
Total Net Position of Governmental Activities	\$ <u>24,266,261</u>

Town of Mead, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General	Mead Urban Renewal Authority	Capital Improvement	Nonmajor Governmental Funds	Total
Revenues					
Taxes	\$ 3,888,504	\$ 2,813,616	\$ -	\$ -	\$ 6,702,120
Impact fees	-	-	-	277,453	277,453
Intergovernmental	899,943	-	-	51,850	951,793
Licenses and Permits	591,788	-	-	-	591,788
Fines and Forfeitures	73,373	-	-	-	73,373
Charges for Services	134,780	13,174	-	-	147,954
Investment Income	131,749	32,051	19,388	48,692	231,880
Miscellaneous	131,139	608	-	-	131,747
Total Revenues	<u>5,851,276</u>	<u>2,859,449</u>	<u>19,388</u>	<u>377,995</u>	<u>9,108,108</u>
Expenditures					
Current					
General Government	1,044,535	2,082,996	-	14,537	3,142,068
Public Safety	987,707	-	-	1,091	988,798
Public Works	1,466,617	-	25,000	23,896	1,515,513
Parks and Recreation	528,373	-	-	60,587	588,960
Capital Outlay	219,827	-	118,936	42,231	380,994
Debt Service					
Principal	57,173	-	-	-	57,173
Interest	3,445	-	-	-	3,445
Total Expenditures	<u>4,307,677</u>	<u>2,082,996</u>	<u>143,936</u>	<u>142,342</u>	<u>6,676,951</u>
Excess Revenues Over (Under) Expenditures	<u>1,543,599</u>	<u>776,453</u>	<u>(124,548)</u>	<u>235,653</u>	<u>2,431,157</u>
Other Financing Sources (Uses)					
Transfers In	45,000	-	1,227,000	417	1,272,417
Transfers Out	(1,227,417)	-	-	(45,000)	(1,272,417)
Other Financing Sources (Uses)	<u>(1,182,417)</u>	<u>-</u>	<u>1,227,000</u>	<u>(44,583)</u>	<u>-</u>
Net Change in Fund Balance	361,182	776,453	1,102,452	191,070	2,431,157
Fund Balance, Beginning of year	<u>5,747,675</u>	<u>945,453</u>	<u>973,181</u>	<u>2,366,942</u>	<u>10,033,251</u>
Fund Balance, End of year	<u>\$ 6,108,857</u>	<u>\$ 1,721,906</u>	<u>\$ 2,075,633</u>	<u>\$ 2,558,012</u>	<u>\$ 12,464,408</u>

See Notes to Financial Statements.

Town of Mead, Colorado
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balance of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2019

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

Net Change in Fund Balance of Governmental Funds	\$ 2,431,157
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>	
Capital Outlays	380,995
Depreciation Expense	(595,213)
	(214,218)
<p>Certain long-term assets are not available to pay for current year expenditures and are therefore deferred in the funds.</p>	
Change in Noncurrent Receivables	(78,170)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Change in Net Pension Liability	(96,066)
Change in Deferred Outflows Related to Pensions	91,306
Change in Deferred Inflows Related to Pensions	15,360
	10,600
<p>Repayments of long-term liabilities are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.</p>	
Principal payments on capital leases	57,173
Change in accrued compensated absences	(1,478)
	(1,478)
Change in Net Position of Governmental Activities	\$ 2,205,064

Town of Mead, Colorado
Statement of Net Position
Proprietary Fund
December 31, 2019

Assets	<u>Sewer</u>
<i>Current Assets</i>	
Cash and Investments	\$ 898,613
Receivables	
Utility Receivable	62,174
Grants Receivable	19,092
Other Receivables	20,288
Prepaid Expenses	<u>175</u>
Total Current Assets	<u>1,000,342</u>
<i>Noncurrent Assets</i>	
Capital Assets, <i>Not being depreciated</i>	294,835
Capital Assets, <i>Net of accumulated depreciation</i>	<u>5,198,610</u>
Total Noncurrent Assets	<u>5,493,445</u>
Total Assets	<u>6,493,787</u>
Liabilities	
<i>Current Liabilities</i>	
Accounts Payable	45,279
Accrued Salaries and Benefits	2,264
Accrued Interest Payable	24,373
Compensated Absences, Current Portion	494
Notes Payable, Current Portion	<u>71,660</u>
Total Current Liabilities	<u>144,070</u>
<i>Noncurrent Liabilities</i>	
Accrued Paid Time Off	4,449
Notes Payable	<u>1,622,172</u>
Total Noncurrent Liabilities	<u>1,626,621</u>
Total Liabilities	<u>1,770,691</u>
Deferred Inflows of Financial Resources	
Debt Premiums	<u>61,282</u>
Net Position	
Net Investment in Capital Assets	3,799,613
Restricted	125,574
Unrestricted	<u>736,627</u>
Total Net Position	<u>\$ 4,661,814</u>

See Notes to Financial Statements.

Town of Mead, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2019

	Sewer
Operating Revenues	
Charges for Services	\$ 660,639
Grant Revenue	282,703
Miscellaneous	17,265
Total Operating Revenues	960,607
Operating Expenses	
Operations	269,792
Administration	194,371
Depreciation	268,738
Total Operating Expenses	732,901
Net Operating Income	227,706
Nonoperating Revenues	
Investment Income	16,634
Interest Expense	(55,904)
Net Income (Loss) Before Contributed Capital	188,436
Contributed Capital	
Plant Investment Fees	8,000
Change in Net Position	196,436
Net Position, Beginning of year	4,465,378
Net Position, End of year	\$ 4,661,814

Town of Mead, Colorado
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2019

	Sewer
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 674,114
Cash Received from Others	263,611
Cash Paid to Suppliers	(367,816)
Cash Paid to Employees	(86,924)
	482,985
Cash Flows From Capital and Related Financing Activities	
Tap fees received	8,000
Acquisition and Construction of Capital Assets	(488,502)
Debt Principal Payments	(69,223)
Debt Interest Payments	(60,932)
	(610,657)
Cash Flows From Investing Activities	
Interest received	16,634
	16,634
Net Change in Cash and Cash Equivalents	(111,038)
Cash and Cash Equivalents, <i>Beginning of year</i>	1,009,651
Cash and Cash Equivalents, <i>End of year</i>	\$ 898,613
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income	\$ 227,706
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	268,738
Changes in Assets and Liabilities Related to Operations	
Utility Receivable	(3,790)
Grants Receivable	(19,092)
Other Receivables	-
Prepaid Expenses	(175)
Accounts Payable	10,735
Accrued Salaries and Benefits	580
Accrued Paid Time Off	(1,717)
	482,985
Net Cash Provided by Operating Activities	\$ 482,985

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Town of Mead (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. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Town. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Town. Legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the Town.

Based on the application of these criteria, there is one component unit over which the Town exercises significant influence which is the Town of Mead Urban Renewal Authority. Significant influence or accountability is based primarily on operational or financial relationships with the Town (as distinct from legal relationships). The component unit is reported as a fund of the Town.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Town and its component units. 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 *primary government* is reported separately from the legally separate *component unit* for which the Town is financially accountable.

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

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

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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 provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered 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.

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 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.

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

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 accounted for in another fund.

The *Mead Urban Renewal Authority Fund* accounts for operations of the Mead Urban Renewal Authority (MURA) component unit. The revenues are derived from specific taxes or other designated revenues that are legally restricted to expenditures for specific purposes.

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

The *Capital Improvement Fund* accounts for all other major capital improvements not accounted for in one of the impact fee funds and is primarily funded through General Fund transfer.

Additionally, the Town reports the following major proprietary fund:

The *Sewer Fund* was established to account for the acquisition, operation and maintenance of the Town's sewer facility and infrastructure.

Assets, Liabilities and Net Position/Fund Balance

Cash Equivalents – For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets – Capital assets, which include land, buildings, plant, infrastructure, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$2,500 or more 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 the acquisition value on the date of donation.

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

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

Buildings	30 – 40 years
Plant	40 years
Sewer Main	20 – 25 years
Machinery, Equipment and Vehicles	3 – 20 years
Infrastructure	25 years
Improvements	20 – 25 years

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deferred Inflows of Resources – Deferred inflows of resources include property taxes earned but levied for a subsequent year.

Compensated Absences – Employees of the Town are allowed to accumulate unused paid time off (PTO) for up to 1.5 times their annual rate of accrual. Upon termination or resignation of employment from the Town, an employee will be compensated for all accrued PTO. Accumulated, unpaid PTO is accrued when earned in the government-wide and proprietary fund financial statements. A liability is reported in the governmental fund financial statements only when payment is due.

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

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

Net Position/Fund Balance – In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed.

In the fund financial statements, governmental funds report committed fund balances when the Town Board formally commits resources for a specific purpose through passage of a resolution or approval of contractual agreements with third parties.

The Town Board is authorized to informally assign amounts to a specific purpose and has assigned this authority to the Town Manager or other designee. Such fund balance assignments are reported in the governmental fund financial statements.

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

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and 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.

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Town has evaluated subsequent events through September 30, 2020, the date the financial statements were available to be issued.

Note 2: Cash and Investments

At December 31, 2019, cash and investments consisted of the following:

Petty Cash	\$ 375
Cash Deposits	2,326,997
Investments	<u>11,072,749</u>
Total	<u>\$ 13,400,121</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. 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. As of December 31, 2019, balances in excess of federal insurance limits and covered by PDPA were \$1,819,888.

Investments

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. 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.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.
- Certificates of deposits.

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 2: Cash and Investments (Continued)

Investments (Continued)

The Town's investment policy limits its investments to those allowed by Colorado Revised Statute 24-75-601.1 as described above.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2019, using quoted market prices in active markets (Level 1), significant observable inputs for similar assets (Level 2) and significant unobservable inputs (Level 3):

	Level 1	Level 2	Level 3	Other Uncategorized	Total	Weighted Average Maturity	% of Total Investments	Rating
FNMA	\$ -	\$ 325,000	\$ -	\$ -	\$ 325,000	0.26	2.94%	AAA
FHLMC	-	75,000	-	-	75,000	0.74	0.68%	AAA
Certificates of deposit	-	500,000	-	-	500,000	0.18	4.52%	N/A
Local Government Investment Pools	-	-	-	10,172,749	10,172,749	N/A	91.87%	AAAm
Total Investments	\$ -	\$ 900,000	\$ -	\$ 10,172,749	\$ 11,072,749	1.18	100.00%	

Fair Value Measurements – The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

- U.S. Treasuries and Agencies – Valued at quoted market prices of the assets.
- Mutual Fund Investments – Valued at the proportionate share of ownership of the quoted market prices of the underlying assets.
- Commercial Paper – Valued at quoted market prices of the assets.

The Town recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2019, there were no changes in the methods or assumptions utilized to derive the fair value of the Town's assets and liabilities.

Interest Rate Risk – State statutes generally limit the maturity of investment securities to five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk – State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations. At December 31, 2019, the Town's investment of \$4,107,495 in the Colorado Local Government Liquid Asset Trust (Colotrust), \$3,034,256 in the Colorado Statewide Investment Pool (CSIP), and \$3,030,998 in the Colorado Surplus Asset Fund Trust (CSAFE) were all rated AAAM by Standard and Poor's.

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

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 2: Cash and Investments (Continued)

Investments (Continued)

Local Government Investment Pools – At December 31, 2019, the Town had \$10,172,749 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), the Colorado Surplus Asset Fund Trust (CSAFE) and the Colorado Statewide Investment Pool (CSIP). The pools are an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission’s Rule 2a-7, with each share valued at \$1. The pools are rated AAAM by Standard and Poor’s. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian’s internal records identify the investments owned by the participating governments.

Note 3: Capital Assets

Capital asset governmental activity for the year ended December 31, 2019, is summarized below.

Governmental Activities	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 2,658,885	\$ -	\$ -	\$ 2,658,885
Water Rights	73,095	-	-	73,095
Construction in Progress	16,780	45,262	(16,780)	45,262
Total Capital Assets, Not Being Depreciated	2,748,760	45,262	(16,780)	2,777,242
<i>Capital Assets, Being Depreciated</i>				
Buildings	2,493,277	-	-	2,493,277
Improvements	271,171	-	-	271,171
Equipment	732,573	94,645	-	827,218
Vehicles	714,022	138,932	-	852,954
Infrastructure	8,985,846	118,936	-	9,104,782
Total Capital Assets, Being Depreciated	13,196,889	352,513	-	13,549,402
<i>Less Accumulated Depreciation</i>				
Buildings	(459,394)	(70,454)	-	(529,848)
Improvements	(159,716)	(9,325)	-	(169,041)
Equipment	(610,967)	(53,154)	-	(664,121)
Vehicles	(281,580)	(108,304)	-	(389,884)
Infrastructure	(2,311,686)	(353,976)	-	(2,665,662)
Total Accumulated Depreciation	(3,823,343)	(595,213)	-	(4,418,556)
Total Capital Assets, Being Depreciated, net	9,373,546	(242,700)	-	9,130,846
Governmental Activities Capital Assets, net	\$ 12,122,306	\$ (197,438)	\$ (16,780)	\$ 11,908,088

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 3: Capital Assets (Continued)

Depreciation expense was charged to programs of the Town as follows:

Governmental Activities	
General Government	\$ 80,093
Public Safety	58,622
Public Works	361,028
Parks and Recreation	<u>95,470</u>
Total	<u>\$ 595,213</u>

Capital asset business-type activity for the year ended December 31, 2019, is summarized below.

	<u>Balance 12/31/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/19</u>
Business-Type Activities				
<i>Capital Assets, Not Being Depreciated</i>				
Land (Sewer)	\$ 294,835	\$ -	\$ -	\$ 294,835
Construction in Progress	<u>105,466</u>	<u>-</u>	<u>(105,466)</u>	<u>-</u>
Total Capital Assets, <i>Not Being Depreciated</i>	<u>400,301</u>	<u>-</u>	<u>(105,466)</u>	<u>294,835</u>
<i>Capital Assets, Being Depreciated</i>				
Buildings	276,966	4,785	-	281,751
Improvements	322,159	-	-	322,159
Sewer Mains	415,788	589,184	-	1,004,972
Treatment Plant	6,091,787	-	-	6,091,787
Equipment and Vehicles	<u>179,757</u>	<u>-</u>	<u>-</u>	<u>179,757</u>
Total Capital Assets, <i>Being Depreciated</i>	<u>7,286,457</u>	<u>593,969</u>	<u>-</u>	<u>7,880,426</u>
Total capital assets	7,686,758	593,969	(105,466)	8,175,261
Less: Accumulated depreciation	<u>(2,413,080)</u>	<u>(268,736)</u>	<u>-</u>	<u>(2,681,816)</u>
Business-Type Activities Capital Assets, <i>net</i>	<u>\$ 5,273,678</u>	<u>\$ 325,233</u>	<u>\$ (105,466)</u>	<u>\$ 5,493,445</u>

Note 4: Long-Term Debt

Governmental Activities

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2019.

	<u>Balance 12/31/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/19</u>	<u>Due Within One Year</u>
Governmental Activities					
2012 Capital Lease - Grader	\$ 7,750	\$ -	\$ (7,750)	\$ -	\$ -
2017 Capital Lease - Dump Truck	152,105	-	(49,423)	102,682	50,691
Compensated Absences	<u>112,531</u>	<u>1,478</u>	<u>-</u>	<u>114,009</u>	<u>11,401</u>
Total	<u>\$ 272,386</u>	<u>\$ 1,478</u>	<u>\$ (57,173)</u>	<u>\$ 216,691</u>	<u>\$ 62,092</u>

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 4: Long-Term Debt (Continued)

Governmental Activities (Continued)

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

In May 2012, the Town entered into a lease agreement for financing the acquisition of a motor grader valued at \$207,600. The lease had an interest rate of 2.50% and required quarterly payments of principal and interest through March, 2019 of \$7,799. The equipment had an estimated useful life of 7 years. During the year ended December 31, 2019, \$4,943 was included in depreciation expense. The net book value of the asset was \$0 as of December 31, 2019. It is the policy of the Town to make the lease payment from the General Fund. In 2019, the final lease payment was made, and the debt was extinguished.

In January 2017, the Town entered into a lease agreement for financing the acquisition of a dump truck valued at \$249,190. The lease has an interest rate of 2.54% and requires quarterly payments of principal and interest through December 2021 of \$13,205. The equipment has an estimated useful life of seven years. During the year ended December 31, 2019, \$35,599 was included in depreciation expense. The net book value of the asset is \$177,993 as of December 31, 2019. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. It is the policy of the Town to make the lease payments from the General Fund.

The future minimum lease payments of principal and interest as of December 31, 2019, are as follows:

<u>Year Ended December 31,</u>	2017
	Dump Truck
2020	52,819
2021	52,819
Total Future Minimum Lease Payments	105,638
Less: Interest	(2,956)
Present Value of Future Minimum Lease Payments	\$ <u>102,682</u>

Business-Type Activities

Following are the changes to long-term debt of the business-type activities for the year ended December 31, 2019:

Business-Type Activities	Balance		Balance	Due Within
	12/31/18	Additions	12/31/19	One Year
CWRPDA Note Payable	\$ 1,763,055	\$ -	\$ 1,693,832	\$ 71,660
Compensated Absences	6,660	-	4,943	494
Total	\$ <u>1,769,715</u>	\$ <u>-</u>	\$ <u>1,698,775</u>	\$ <u>72,154</u>

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 4: Long-Term Debt (Continued)

Business-Type Activities (Continued)

In May 2007, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority for financing a wastewater treatment system project. This loan was restructured in April 2017 to extend the term an additional ten years. The loan has an interest rate of 3.49% and requires semi-annual payments of principal and interest of \$65,077 through February 2037. The Town has recorded a premium associated with this loan that is being amortized over the loan period. This loan is repaid through the Sewer Fund. The loan requires an operations and maintenance reserve equal to three months of budgeted operations and maintenance expenses excluding depreciation not to exceed \$1,250,000. At December 31, 2019, this amount has been recorded as restricted net position in the Sewer Fund. The Town has pledged all sewer revenues to the repayment of this debt.

Future debt service requirements are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 71,660	58,495	130,155
2021	74,182	55,973	130,155
2022	76,794	53,361	130,155
2023	79,497	50,658	130,155
2024	82,296	47,859	130,155
2025-2029	457,033	193,740	650,773
2030-2034	543,348	107,425	650,773
2035-2037	309,022	16,364	325,386
Total	\$ <u>1,693,832</u>	\$ <u>583,875</u>	\$ <u>2,277,707</u>

The 2007 Colorado Water Resources and Power Development Authority sewer loan agreement includes a rate maintenance coverage covenant that requires the Town to maintain a coverage ratio of Net Revenues equal to 110% of the maximum annual debt service of the loan when due and any parity debt coming due.

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 4: Long-Term Debt (Continued)

Business-Type Activities (Continued)

The computation of both the Water and Wastewater rate maintenance is as follows:

Revenues		
Operating Revenues	\$	677,904
System Improvement Fees		8,000
Investment Earnings		<u>16,634</u>
Total Revenues		<u>702,538</u>
Expenses		
Operating Expenses		(732,901)
Less: Depreciation		<u>268,738</u>
Net Expenses		<u>(464,163)</u>
Net Revenues		<u>238,375</u>
Debt Services Requirements (Parity and Subordinate)		
2007 CWRPDA Note Payable		130,155
Required Coverage		<u>110%</u>
Debt Service Coverage Amount		<u>143,171</u>
Net Revenue Excess (Shortfall)	\$	<u><u>95,204</u></u>

Note 5: Interfund Transactions

Interfund transfers during the year ended December 31, 2019, consisted of the following:

Transfers In	Transfers Out	Amount
Capital Improvement Fund	General Fund	\$ 1,227,000
Art in Public Places Fund	General Fund	417
General Fund	Conservation Trust Fund	<u>45,000</u>
Total		<u><u>\$ 1,272,417</u></u>

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 6: Deferred Compensation Plan

Under Resolution No. 30-R-2015, the Town established a 457 deferred compensation plan. Participation in the plan is at the employee's option and contributions are limited to the IRS maximum. Under the plan, the Town matches on a one-to-one percentage basis up to 5% of an employee's salary. During the year, employees deferred \$93,726 including \$39,546 of Roth contributions and the Town's match was \$62,423.

Note 7: Defined Benefit Pension Plan

General Information

Plan Description – The Town contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). The plan covers all full-time police officers. Title 31, Article 31 of the Colorado Revised Statutes (CRS) grants the authority to establish and amend benefit terms to the FPPA Board of Directors. FPPA issues a publicly available financial report that includes information on the plan. That report may be obtained at www.fppaco.org.

Benefits Provided – A plan member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. 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. Benefits paid to retirees are evaluated and may be re-determined every October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero 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% 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.

Plan members may elect to participate in the deferred retirement option plan (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 five 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 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 the DROP, the member continues to make pension contributions that are credited to the DROP. Each member shall self-direct the investments in their DROP account, which are held by a custodian and not included in the plan's net position.

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 7: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Contributions – The Town and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The Town and eligible employees contributed 8% and 10.5% of base salary, respectively, for the year ended December 31, 2019. Plan members elected to increase the employee contribution rate 0.5% annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 10.5% of base salary. The Town’s contributions to the plan for the year ended December 31, 2019, were \$37,457, equal to the required contributions.

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

At December 31, 2019, the Town reported a net pension liability of \$45,854, representing its proportionate share of the net pension liability of the plan. The net pension liability was measured at December 31, **2018**, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. The Town’s proportion of the net pension liability was based on the Town’s contributions to the plan for the calendar year ended December 31, **2018**, relative to the projected contributions of all participating employers. At December 31, **2018**, the Town’s proportion was 0.03626892% which was a decrease of 0.00136728% from its proportion measured at December 31, **2017**.

For the year ended December 31, 2019, the Town recognized pension expense of \$26,308. At December 31, 2019, 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
Differences between expected and actual experience	\$ 51,377	\$ 404
Changes of assumptions and other inputs	38,946	-
Net difference between projected and actual		
Earnings on plan investments	22,629	-
Changes in proportion	8,675	2,370
Contributions subsequent to the measurement date	37,457	-
	<hr/>	<hr/>
Total	\$ 159,084	\$ 2,774
	<hr/> <hr/>	<hr/> <hr/>

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 7: Defined Benefit Pension Plan (Continued)

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

Town contributions subsequent to the measurement date of \$37,457 will be recognized as a decrease to the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	
2020	\$ 19,821
2021	17,030
2022	27,518
2023	13,913
2024	13,949
Thereafter	<u>26,622</u>
Total	<u>\$ 118,853</u>

Actuarial Assumptions – The actuarial valuations as of January 1, 2019, determined the total pension liability using the following actuarial assumptions and other inputs:

Investment rate of return, compounded annually, net of plan	
Investment expenses, including inflation	7.0%
Inflation	2.5%
Projected salary increases	4.25% - 11.25%
Cost of living adjustment (COLA)	0.0%

Mortality rates for active members were based on the RP-2014 Mortality Tables for Blue Collar Employees projected with Scale BB, using a 55% multiplier for off-duty mortality. The RP-2014 Mortality Tables for Blue Collar Employees were used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants were used, and for post-retirement members ages 55 through 64, a blend of the tables was used. All tables were projected with Scale BB.

The current actuarial methods and assumptions were adopted by the FPPA Board of Directors for first use in the actuarial valuation as of January 1, 2016, based upon the actuary's analysis and recommendations from the 2015 Experience Study.

The long-term expected rate of return on 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.

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 7: Defined Benefit Pension Plan (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37%	8.03%
Equity Long/Short	9%	6.45%
Private Markets	24%	10.00%
Fixed Income	15%	2.90%
Absolute Return	9%	5.08%
Managed Futures	4%	5.35%
Cash	2%	2.52%
Total	<u>100.00%</u>	

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 in the FPPA Board of Director’s funding policy, which establishes the contractually required rates under State statutes. Based on this assumption, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.50%.

Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as the Town’s proportionate share of the net pension asset (liability) if it were calculated using a discount rate that is one percentage point lower (6%) or one percentage point higher (8.00%) than the current rate, as follows:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's Proportionate share of the Net pension asset (Liability)	\$ <u>177,816</u>	\$ <u>45,854</u>	\$ <u>(63,606)</u>

Pension Plan Fiduciary Net Position - Detailed information about the plan’s fiduciary net position is available in FPPA’s separately issued financial report, which may be obtained at www.fppaco.org.

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 8: Other Postemployment Benefits

Plan Description – The Town contributes to the Statewide Death and Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). All full-time police officers are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by contacting FPPA as described previously.

Funding Policy – The contribution requirements are established by State statute. The Town Board determines the contribution split between members and the Town. For members hired on or after January 1, 1997, the Town contributed 2.8% and 2.7% of base salaries during the years ended December 31, 2019 and 2018, respectively. The Town's contributions to the plan for the years ended December 31, 2019 and 2018 were \$13,110 and \$6,560, respectively, equal to the required contributions.

Note 9: Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for its workers compensation claims.

Public Entity Risk Pool

For other 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 provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

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

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. 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 CIRSA.

Town of Mead, Colorado
Notes to Financial Statements
December 31, 2019

Note 10: Commitments and Contingencies

Claims and Judgments

The Town participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. Management believes that additional disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Town.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. On April 5, 1994, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town in 1994 and subsequent years, notwithstanding the provisions of the Amendment.

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. On April 5, 1994, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town in 1994 and subsequent years, notwithstanding the provisions of the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2019, the emergency reserve of \$215,000 was reported as restricted fund balance in the General Fund.

Note 11: Subsequent Event

Subsequent to year-end, the United States of America and the State of Colorado have declared an emergency associated with the Coronavirus pandemic. The Town has been economically impacted by the event, however the full economic effect has yet to be determined.

Required Supplementary Information

Town of Mead, Colorado
 Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Asset (Liability) and Contributions
 FPPA Statewide Defined Benefit Plan
 For the Year Ended December 31, 2019

	12/31/18	12/31/17
Proportionate Share of the Net Pension Asset (Liability)		
Town's Proportion of the Net Pension Asset (Liability)	0.03626892%	0.03490164%
Town's Proportionate Share of the Net Pension Asset (Liability)	\$ (45,854)	\$ 50,212
Town's Covered Payroll	\$ 248,950	\$ -
Town's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	(18.4%)	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.2%	106.3%
	12/31/19	12/31/18
Town Contributions		
Statutorily Required Contribution	\$ 37,457	\$ 19,436
Contributions in Relation to the Statutorily Required Contribution	(37,457)	(19,436)
Contribution Deficiency (Excess)	\$ -	\$ -
Town's Covered Payroll	\$ 494,759	\$ 248,950
Contributions as a Percentage of Covered Payroll	7.57%	7.81%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

Town of Mead, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Property Taxes	\$ 1,501,194	\$ 1,501,194	\$ 1,320,887	\$ (180,307)
Specific Ownership Taxes	100,000	100,000	110,167	10,167
Sales and Use Taxes	2,146,000	2,146,000	2,265,172	119,172
Franchise Fees	173,300	173,300	192,278	18,978
Other Taxes	45,000	45,000	-	(45,000)
	<u>3,965,494</u>	<u>3,965,494</u>	<u>3,888,504</u>	<u>(76,990)</u>
Intergovernmental				
Highway Users	230,350	230,350	273,957	43,607
Cigarette Taxes	14,500	14,500	11,952	(2,548)
Road and Bridges Fees	116,726	116,726	108,631	(8,095)
Federal Grants	-	-	47,449	47,449
State Grants	-	-	14,847	14,847
Mineral Lease	25,000	25,000	151,096	126,096
Other Intergovernmental	-	-	292,011	292,011
	<u>361,576</u>	<u>386,576</u>	<u>899,943</u>	<u>538,367</u>
Licenses and Permits				
Liquor Licenses	3,000	3,000	1,831	(1,169)
Building Permits	574,150	574,150	183,678	(390,472)
Business Licenses	9,000	9,000	13,647	4,647
Clerk/Motor Vehicle Fees	24,000	24,000	25,064	1,064
Animal Licenses	1,700	1,700	670	(1,030)
Other Licenses and Permits	183,100	183,100	366,898	183,798
	<u>794,950</u>	<u>794,950</u>	<u>591,788</u>	<u>(203,162)</u>
Fines and Forfeitures	<u>47,200</u>	<u>47,200</u>	<u>73,373</u>	<u>26,173</u>
Charges for Services				
Recreation Fees	46,250	46,250	37,003	(9,247)
Other Charges for Services	97,259	97,259	97,777	518
	<u>143,509</u>	<u>143,509</u>	<u>134,780</u>	<u>(8,729)</u>
Investment Income	<u>84,514</u>	<u>84,514</u>	<u>131,749</u>	<u>47,235</u>
Other Revenues				
Reimbursement and Refunds	58,970	58,970	-	(58,970)
Donations	25,780	25,780	3,184	(22,596)
Sale of Capital Assets	-	-	10,903	10,903
Other Miscellaneous Revenues	65,500	65,500	117,052	51,552
	<u>150,250</u>	<u>150,250</u>	<u>131,139</u>	<u>(19,111)</u>
Total Revenues	<u>\$ 5,547,493</u>	<u>\$ 5,572,493</u>	<u>\$ 5,851,276</u>	<u>\$ 303,783</u>

(Continued)

Town of Mead, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2019
 (Continued)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Expenditures				
Current				
General Government	\$ 1,163,147	\$ 1,163,146	\$ 1,044,535	\$ 118,611
Public Safety	1,050,312	1,050,313	987,707	62,606
Public Works	1,835,280	1,435,280	1,466,617	(31,337)
Parks and Recreation	759,342	734,343	528,373	205,970
Capital Outlay	477,500	375,500	219,827	155,673
Debt Service	60,618	60,618	60,618	-
Total Expenditures	<u>5,346,199</u>	<u>4,819,200</u>	<u>4,307,677</u>	<u>511,523</u>
Excess Revenues Over (Under) Expenditures	201,294	728,293	1,543,599	815,306
Other Financing Sources (Uses)				
Transfers In	45,000	45,000	45,000	-
Transfers Out	<u>(200,417)</u>	<u>(1,227,417)</u>	<u>(1,227,417)</u>	<u>-</u>
Net Change in Fund Balance	45,877	(454,124)	361,182	815,306
Fund Balance, Beginning of year	<u>4,973,590</u>	<u>4,973,590</u>	<u>5,747,675</u>	<u>774,085</u>
Fund Balance, End of year	<u>\$ 5,019,467</u>	<u>\$ 4,519,466</u>	<u>\$ 6,108,857</u>	<u>\$ 1,589,391</u>

Town of Mead, Colorado
 Budgetary Comparison Schedule
 Mead Urban Renewal Authority Fund
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes			
Property Taxes	\$ 2,831,141	\$ 2,813,616	\$ (17,525)
Charges for Services	-	13,174	13,174
Administrative/Management fees	13,170	608	(12,562)
Investment Income	15,073	32,051	16,978
Total Revenues	<u>2,859,384</u>	<u>2,859,449</u>	<u>65</u>
Expenditures			
General Government			
Administration	2,215,994	2,082,996	132,998
Public Works			-
Contingency Reserve	1,604,498	-	1,604,498
Total Expenditures	<u>3,820,492</u>	<u>2,082,996</u>	<u>1,737,496</u>
Net Change in Fund Balance	(961,108)	776,453	1,737,561
Fund Balance, Beginning of year	<u>961,108</u>	<u>945,453</u>	<u>(15,655)</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ 1,721,906</u>	<u>\$ 1,721,906</u>

Town of Mead, Colorado
Notes to Required Supplementary Information
December 31, 2019

Note 1: Stewardship, Compliance, and Accountability

Budgets

Budgets are legally adopted for all funds of the Town. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures.

The Town follows these procedures to establish the budgetary information reflected in the financial statements:

- Management submits to the Town Board a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Board.
- All appropriations lapse at year end.

Note 2: Schedule of Proportionate Share of the Net Pension Liability and Contributions

The Fire & Police Pension Association of Colorado (FPPA) Statewide Defined Benefit Plan's net pension liability and associated amounts are measured annually on December 31, based on an actuarial valuation as of the previous December 31. The Town's contributions and related ratios represent cash contributions and any related accruals that coincide with the Town's fiscal year ending on December 31.

Changes in Assumptions and Other Inputs

For the year ended December 31, 2019, the total pension liability was determined by an actuarial valuation as of January 1, 2019. The following revised economic and demographic assumptions were effective as of December 31, **2017**.

- Investment rate of return assumption of 7.50% per year, compounded annually. This assumption did not change from the prior year.

Town of Mead, Colorado
Notes to Required Supplementary Information
December 31, 2019

Note 2: Schedule of Proportionate Share of the Net Pension Liability and Contributions (Continued)

Changes in Assumptions and Other Inputs (Continued)

- Price inflation assumption of 2.5% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption decreased from 4.85% per year, net of investment expenses, to 4.78%. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date increased from 4.78% to 7.25%.
- Wage inflation assumption of 3.5% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

Supplementary Information

Town of Mead, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Conservation Trust	Downtown Revitalization	Municipal	Transportation	Storm Drainage	Parks & Open Space	Art in Public Places	Total
Assets								
Cash and Investments	\$ 17,516	\$ 59,319	\$ 1,376,967	\$ 318,612	\$ 16,136	\$ 790,448	\$ 6,065	\$ 2,585,063
Liabilities								
Accounts Payable	\$ -	\$ 2,785	\$ 3,744	\$ 17,172	\$ -	\$ 3,350	\$ -	\$ 27,051
Fund Balance								
Restricted	17,516	56,534	1,373,223	301,440	16,136	787,098	-	2,551,947
Committed to Capital Projects	-	-	-	-	-	-	6,065	6,065
Total Fund Balance	17,516	56,534	1,373,223	301,440	16,136	787,098	6,065	2,558,012
Total Liabilities and Fund Balance	\$ 17,516	\$ 59,319	\$ 1,376,967	\$ 318,612	\$ 16,136	\$ 790,448	\$ 6,065	\$ 2,585,063

Town of Mead, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Conservation Trust	Downtown Revitalization	Municipal	Transportation	Storm Drainage	Parks & Open Space	Art in Public Places	Total
Revenues								
Impact Fees	\$ -	\$ -	\$ 119,812	\$ 114,516	\$ 15,365	\$ 27,760	\$ -	\$ 277,453
Intergovernmental	51,850	-	-	-	-	-	-	51,850
Investment Income	245	1,165	26,416	5,201	145	15,416	104	48,692
Total Revenues	52,095	1,165	146,228	119,717	15,510	43,176	104	377,995
Expenditures								
Current								
General Government	-	-	14,537	-	-	-	-	14,537
Public Safety	-	-	1,091	-	-	-	-	1,091
Public Works	-	2,785	-	21,111	-	-	-	23,896
Parks and Recreation	-	-	29,921	-	-	30,666	-	60,587
Capital Outlay	-	-	22,487	19,744	-	-	-	42,231
Total Expenditures	-	2,785	68,036	40,855	-	30,666	-	142,342
Excess Revenues Over(Under) Expenditures	52,095	(1,620)	78,192	78,862	15,510	12,510	104	235,653
Other Financing Sources (Uses)								
Transfers In	-	-	-	-	-	-	417	417
Transfers Out	(45,000)	-	-	-	-	-	-	(45,000)
Net Change in Fund Balance	7,095	(1,620)	78,192	78,862	15,510	12,510	521	191,070
Fund Balance, Beginning of year	10,421	58,154	1,295,031	222,578	626	774,588	5,544	2,366,942
Fund Balance, End of year	\$ 17,516	\$ 56,534	\$ 1,373,223	\$ 301,440	\$ 16,136	\$ 787,098	\$ 6,065	\$ 2,558,012

See the accompanying Independent Auditors' Report.

Town of Mead, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Intergovernmental	\$ 43,000	\$ 51,850	\$ 8,850
Investment Income	30	245	215
	43,030	52,095	9,065
Expenditures			
Parks and Recreation	-	-	-
	-	-	-
Excess Revenues Over (Under) Expenditures	43,030	52,095	9,065
Other Financing Sources (Uses)			
Transfers Out	(45,000)	(45,000)	-
	(1,970)	7,095	9,065
Fund Balance, Beginning of year	8,114	10,421	2,307
Fund Balance, End of year	\$ 6,144	\$ 17,516	\$ 11,372

Town of Mead, Colorado
 Budgetary Comparison Schedule
 Municipal Fund
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Impact fees	\$ 261,931	\$ 119,812	\$ (142,119)
Investment Income	20,286	26,416	6,130
Total Revenues	<u>282,217</u>	<u>146,228</u>	<u>(135,989)</u>
Expenditures			
General Government	-	14,537	(14,537)
Public Safety	-	1,091	(1,091)
Parks and Recreation	-	29,921	(29,921)
Capital Outlays	1,580,112	22,487	1,557,625
Total Expenditures	<u>1,580,112</u>	<u>68,036</u>	<u>1,512,076</u>
Net Change in Fund Balance	(1,297,895)	78,192	1,376,087
Fund Balance, Beginning of year	<u>1,297,895</u>	<u>1,295,031</u>	<u>(2,864)</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ 1,373,223</u>	<u>\$ 1,373,223</u>

Town of Mead, Colorado
 Budgetary Comparison Schedule
 Downtown Revitalization Fund
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Investment Income	\$ 913	\$ 1,165	\$ 252
Expenditures			
General Government	5,000	-	5,000
Public Works	-	2,785	(2,785)
Capital Outlay	54,045	-	54,045
Total Expenditures	59,045	2,785	56,260
Net Change in Fund Balance	(58,132)	(1,620)	56,512
Fund Balance, Beginning of year	58,132	58,154	22
Fund Balance, End of year	\$ -	\$ 56,534	\$ 56,534

Town of Mead, Colorado
 Budgetary Comparison Schedule
 Storm Drainage Fund
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Impact fees	\$ 78,271	\$ 15,365	\$ (62,906)
Investment Income	118	145	27
Total Revenues	<u>78,389</u>	<u>15,510</u>	<u>(62,879)</u>
Expenditures			
Contingency Reserve	<u>22,228</u>	<u>-</u>	<u>22,228</u>
Total Expenditures	<u>22,228</u>	<u>-</u>	<u>22,228</u>
Transfers			
Transfers Out	<u>57,100</u>	<u>-</u>	<u>57,100</u>
Net Change in Fund Balance	(939)	15,510	16,449
Fund Balance, Beginning of year	<u>939</u>	<u>626</u>	<u>(313)</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ 16,136</u>	<u>\$ 16,136</u>

Town of Mead, Colorado
 Budgetary Comparison Schedule
 Transportation Fund
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Impact fees	\$ 259,141	\$ 114,516	\$ (144,625)
Investment Income	3,587	5,201	1,614
Total Revenues	<u>262,728</u>	<u>119,717</u>	<u>(143,011)</u>
Expenditures			
Public Works	280,500	21,111	259,389
Capital Outlay	-	19,744	(19,744)
Contingency Reserve	199,709	-	199,709
Total Expenditures	<u>480,209</u>	<u>40,855</u>	<u>439,354</u>
Net Change in Fund Balance	(217,481)	78,862	296,343
Fund Balance, Beginning of year	<u>217,481</u>	<u>222,578</u>	<u>5,097</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ 301,440</u>	<u>\$ 301,440</u>

Town of Mead, Colorado
 Budgetary Comparison Schedule
 Parks & Open Space Fund
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Impact fees	\$ 208,200	\$ 27,760	\$ (180,440)
Investment Income	12,325	15,416	3,091
Total Revenues	<u>220,525</u>	<u>43,176</u>	<u>(177,349)</u>
Expenditures			
Parks and Recreation	-	30,666	(30,666)
Capital Outlay	978,231	-	978,231
Total Expenditures	<u>978,231</u>	<u>30,666</u>	<u>947,565</u>
Net Change in Fund Balance	(757,706)	12,510	770,216
Fund Balance, Beginning of year	<u>757,706</u>	<u>774,588</u>	<u>16,882</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ 787,098</u>	<u>\$ 787,098</u>

Town of Mead, Colorado
 Budgetary Comparison Schedule
 Capital Improvement Fund
 For the Year Ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Investment Income	\$ 9,339	\$ 9,339	\$ 19,388	10,049
Total Revenues	<u>9,339</u>	<u>9,339</u>	<u>19,388</u>	<u>10,049</u>
Expenditures				
Public Works	-	-	25,000	(25,000)
Capital Outlay	508,000	508,000	118,936	389,064
Contingency Reserve	<u>714,727</u>	<u>714,727</u>	<u>-</u>	<u>714,727</u>
Total Expenditures	<u>1,222,727</u>	<u>1,222,727</u>	<u>143,936</u>	<u>1,078,791</u>
Excess Revenues Over (Under) Expenditures	(1,213,388)	(1,213,388)	(124,548)	1,088,840
Other Financing Sources (Uses)				
Transfers In	<u>257,100</u>	<u>1,284,100</u>	<u>1,227,000</u>	<u>(57,100)</u>
Net Change in Fund Balance	(956,288)	70,712	1,102,452	1,031,740
Fund Balance, Beginning of year	<u>956,288</u>	<u>956,288</u>	<u>973,181</u>	<u>16,893</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ 1,027,000</u>	<u>\$ 2,075,633</u>	<u>\$ 1,048,633</u>

Town of Mead, Colorado
 Budgetary Comparison Schedule
 Art in Public Places Fund
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Investment Income	\$ 79	\$ 104	\$ 25
Total Revenues	<u>79</u>	<u>104</u>	<u>25</u>
Expenditures			
Capital Outlay	6,040	-	6,040
Total Expenditures	<u>6,040</u>	<u>-</u>	<u>6,040</u>
Excess Revenues Over (Under) Expenditures	(5,961)	104	6,065
Other Financing Sources (Uses)			
Transfers In	417	417	-
Net Change in Fund Balance	(5,544)	521	6,065
Fund Balance, Beginning of year	<u>5,544</u>	<u>5,544</u>	<u>-</u>
Fund Balance, End of year	<u>\$ -</u>	<u>\$ 6,065</u>	<u>\$ 6,065</u>

Town of Mead, Colorado
 Budgetary Comparison Schedule
 Sewer Fund
 For the Year Ended December 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Fees and Permits			
Utility Charges	\$ 668,400	\$ 660,639	\$ (7,761)
Other Charges for Services	<u>16,500</u>	<u>17,265</u>	<u>765</u>
Total Revenues	<u>684,900</u>	<u>677,904</u>	<u>(6,996)</u>
Grants and Economic Development			
DOLA Grant - North Creek	<u>284,077</u>	<u>282,703</u>	<u>(1,374)</u>
Other Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>968,977</u>	<u>960,607</u>	<u>(8,370)</u>
Expenses			
Operations	973,291	269,792	703,499
Administration	216,937	194,371	22,566
Capital Outlay	<u>873,154</u>	<u>488,503</u>	<u>384,651</u>
Total Expenses	<u>2,063,382</u>	<u>952,666</u>	<u>1,110,716</u>
Net Operating Income	<u>(1,094,405)</u>	<u>7,941</u>	<u>1,102,346</u>
Nonoperating Revenues (Expenses)			
Interest Income	15,445	16,634	1,189
Debt Service	<u>(130,155)</u>	<u>(130,155)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(114,710)</u>	<u>(113,521)</u>	<u>1,189</u>
Net Income (Loss) Before Contributed Capital	(1,209,115)	(105,580)	1,103,535
Contributed Capital			
Plant Investment Fees	<u>223,000</u>	<u>8,000</u>	<u>(215,000)</u>
Change in Net Position, Budgetary Basis	<u>\$ (986,115)</u>	<u>(97,580)</u>	<u>\$ 888,535</u>
Reconciliation to GAAP Basis			
Capital Outlay		488,503	
Debt Service Principal		69,223	
Bond Premium Amortization		3,763	
Change in Accrued Interest		1,265	
Depreciation		<u>(268,738)</u>	
Change in Net Position, GAAP Basis		<u>\$ 196,436</u>	

Compliance Section

State Compliance

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Town of Mead
		YEAR ENDING : December 2019
This Information From the Records of Town of Mead, Colorado	Prepared By: Phone:	Lorraine Trotter, Prof'l Mgmt Solutions 303-910-9197

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)	199,635
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	464,656
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	290,820
2. General fund appropriations	987,503	b. Snow and ice removal	49,357
3. Other local imposts (from page 2)	224,683	c. Other	
4. Miscellaneous local receipts (from page 2)	198,608	d. Total (a. through c.)	340,177
5. Transfers from toll facilities		4. General administration & miscellaneous	117,386
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	520,527
a. Bonds - Original Issues		6. Total (1 through 5)	1,642,381
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest & Costs of Issuance	
7. Total (1 through 6)	1,410,794	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	299,021	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	3,443
E. Total receipts (A.7 + B + C + D)	1,709,815	b. Redemption	63,990
		c. Total (a. + b.)	67,433
		3. Total (1.c + 2.c)	67,433
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			1,709,814

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)	166,672	0	63,990	102,682

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	1,709,815	1,709,814	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2019	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	65,854
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	114,516	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	24,123
5. Specific Ownership &/or Other	110,167	g. Other Misc. Receipts	
6. Total (1. through 5.)	224,683	h. Other County Road & Bridge Tax	108,631
c. Total (a. + b.)	224,683	i. Total (a. through h.)	198,608
	(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	273,957	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	25,064	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	25,064	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	299,021	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		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			
(3). System Preservation		199,635	199,635
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	199,635
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	199,635
			(Carry forward to page 1)
Notes and Comments:			