

**TOWN OF AULT
AULT, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

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TOWN OF AULT, COLORADO

BOARD OF TRUSTEES

DECEMBER 31, 2019

Board of Trustees

Rob Piotrowski – Mayor

Scott Riley – Mayor ProTem

Tyrell Anderson – Trustee

Corry Cole - Trustee

Justin Marshall - Trustee

Sharon York - Trustee

Butch White – Trustee

ADMINISTRATION

Sharon Sullivan – Town Clerk/Treasurer

FINANCIAL SECTION

Town of Ault
Management's Discussion and Analysis
December 31, 2019

The discussion and analysis of the Town of Ault's financial performance provides an overall review of the Town's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the Town's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The Town of Ault's overall net position increased by \$2,985,649 with its governmental net position increasing by \$815,879 and business-type net position increasing by \$2,169,770 for the year, with the large increase mainly due to construction.

- The assets of the Town exceeded its liabilities at the close of fiscal year 2019 by \$15,298,303 (*net position*). Of this amount, \$6,962,805 (*unrestricted net position*) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- At the end of 2019, the unrestricted net position for the governmental funds was \$2,421,060 and proprietary funds (business-type activities) were \$4,541,745.
- As of the close of fiscal year 2019, the Town's General Fund reported an ending fund balance of \$2,415,574 compared to the fiscal year 2018 balance of \$1,800,605.
- General Fund 2019 revenues increased by \$314,933 to \$1,692,553.
- General Fund expenditures increased in 2019 by \$31,362 to \$981,222.

Using the Basic Financial Statements

The Basic Financial Statements consists of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Town of Ault as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the Town's overall financial status.

Town of Ault
Management's Discussion and Analysis
December 31, 2019

The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail. The governmental fund statements tell how general Town services were financed in the short term as well as what remains for future spending. The Town has two major governmental funds, the General Fund and the Street Systems Fund.

Proprietary fund statements offer short and long-term financial information about the activities that the Town operates as a business. The Town operates two proprietary funds as follows:

- Water Fund
- Sanitation Fund

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the Town as a Whole

The Town's total net position was \$15,298,303 as of December 31, 2019 compared to \$12,312,654 as of December 31, 2018. This represents an increase of \$2,985,649.

Government-Wide Financial Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private businesses. The statements of net position include all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. The change in net position is important because it tells the reader that for the Town as a whole, the financial position of the Town has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions, and state or federal government required programs.

Both of the government-wide financial statements distinguish functions of the Town 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, parks and recreation, and health and welfare. The Business-type Activities of the Town of Ault consists of water and sanitation services.

Net Position

Net position might serve over time as a useful indicator of a government's financial position. In the case of the Town of Ault, assets exceeded liabilities by approximately \$15 million overall at the close of 2019.

Town of Ault
Management's Discussion and Analysis
December 31, 2019

Net position of the Town at December 31 was as follows:

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and Other Assets	\$ 3,415,730	\$ 2,536,446	\$ 4,832,974	\$ 2,839,570	\$ 8,248,704	\$ 5,376,016
Capital Assets, net	<u>1,600,901</u>	<u>1,689,227</u>	<u>7,680,958</u>	<u>7,765,387</u>	<u>9,281,859</u>	<u>9,454,614</u>
TOTAL ASSETS	<u>5,016,631</u>	<u>4,225,673</u>	<u>12,513,932</u>	<u>10,604,957</u>	<u>17,530,563</u>	<u>14,830,630</u>
Deferred Outflows	<u>216,504</u>	<u>107,294</u>	<u>-</u>	<u>-</u>	<u>216,504</u>	<u>107,294</u>
LIABILITIES						
Current Liabilities	76,913	97,795	188,598	282,786	265,511	380,581
Non-Current Liabilities	<u>48,201</u>	<u>636</u>	<u>1,942,129</u>	<u>2,091,452</u>	<u>1,990,330</u>	<u>2,092,088</u>
TOTAL LIABILITIES	<u>125,114</u>	<u>98,431</u>	<u>2,130,727</u>	<u>2,374,238</u>	<u>2,255,841</u>	<u>2,472,669</u>
Deferred Inflows	<u>210,207</u>	<u>152,601</u>	<u>-</u>	<u>-</u>	<u>210,207</u>	<u>152,601</u>
Net Position						
Net Investment in Capital Assets	1,600,264	1,688,591	5,756,113	5,673,935	7,356,377	7,362,526
Restricted Net Position	876,490	621,540	102,631	90,511	979,121	712,051
Unrestricted	<u>2,421,060</u>	<u>1,771,804</u>	<u>4,541,745</u>	<u>2,466,273</u>	<u>6,962,805</u>	<u>4,238,077</u>
TOTAL NET POSITION	<u>\$ 4,897,814</u>	<u>\$ 4,081,935</u>	<u>\$ 10,400,489</u>	<u>\$ 8,230,719</u>	<u>\$ 15,298,303</u>	<u>\$ 12,312,654</u>

The statement of net position reflects a cash position totaling \$8,248,704 of total assets. The bulk of the Town's resources, \$9.3 million, are invested in capital assets. These assets consist of land and improvements, buildings, equipment, and utility system assets. The remaining assets represent receivables.

The Town of Ault uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ault's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources since; in general, the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position

Governmental activities increased the Town of Ault's net position by \$815,879.
Business activities increased the Town's net position by \$2,169,770.

Town of Ault
Management's Discussion and Analysis
December 31, 2019

A summary of the changes in net position is as follows:

Condensed Statement of Activities						
	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Program Revenues						
Charges for Services	\$ 460,754	\$ 410,666	\$ 1,050,060	\$ 980,436	\$ 1,510,814	\$ 1,391,102
Operating Grants and Contrib.	204,637	192,699	-	-	204,637	192,699
Capital Grants and Contrib.	-	1,175,498	2,345,400	1,338,305	2,345,400	2,513,803
Total Program Revenues	<u>665,391</u>	<u>1,778,863</u>	<u>3,395,460</u>	<u>2,318,741</u>	<u>4,060,851</u>	<u>4,097,604</u>
General Revenues:						
Taxes	1,278,969	962,412	-	-	1,278,969	962,412
Other General Revenues	<u>26,273</u>	<u>17,613</u>	<u>37,986</u>	<u>24,451</u>	<u>64,259</u>	<u>42,064</u>
Total General Revenues	<u>1,305,242</u>	<u>980,025</u>	<u>37,986</u>	<u>24,451</u>	<u>1,343,228</u>	<u>1,004,476</u>
Total Revenues	<u>1,970,633</u>	<u>2,758,888</u>	<u>3,433,446</u>	<u>2,343,192</u>	<u>5,404,079</u>	<u>5,102,080</u>
Program Expenses						
General Government	219,709	218,204	-	-	219,709	218,204
Public Safety	675,448	614,087	-	-	675,448	614,087
Public Works	190,216	180,489	-	-	190,216	180,489
Parks and Recreation	49,433	60,151	-	-	49,433	60,151
Health & Welfare	49,453	47,923	-	-	49,453	47,923
Economic development/assistance	495	495	-	-	495	495
Water Operations	-	-	543,340	536,552	543,340	536,552
Sanitation Operations	-	-	690,336	721,019	690,336	721,019
Total Expenses	<u>1,184,754</u>	<u>1,121,349</u>	<u>1,233,676</u>	<u>1,257,571</u>	<u>2,418,430</u>	<u>2,378,920</u>
Transfers	<u>30,000</u>	<u>30,000</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Change in Net Position	815,879	1,667,539	2,169,770	1,055,621	2,985,649	2,723,160
Net Position, Beginning	<u>4,081,935</u>	<u>2,414,396</u>	<u>8,230,719</u>	<u>7,175,098</u>	<u>12,312,654</u>	<u>9,589,494</u>
Net Position, Ending	<u><u>\$ 4,897,814</u></u>	<u><u>\$ 4,081,935</u></u>	<u><u>\$ 10,400,489</u></u>	<u><u>\$ 8,230,719</u></u>	<u><u>\$ 15,298,303</u></u>	<u><u>\$ 12,312,654</u></u>

For 2019, the Town's Governmental Activities show a decrease of \$788,255 in total revenues and a decrease of \$63,405 in expenses, resulting in an increase in net position of \$815,879 over 2018. The Business-type Activities show an increase of \$1,090,254 in revenues and a decrease of \$23,895 in expenses resulting in an increase in net position of \$2,169,770 over 2018.

Financial Analysis of the Town's Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Town of Ault
Management's Discussion and Analysis
December 31, 2019

Governmental Funds - The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

General Fund – The General Fund went from a balance of \$1,800,605 to \$2,415,574. This increase is principally the result of increasing revenues and maintaining expenditures below budget. Total revenues increased by \$314,933. Expenditures increased by \$31,362.

Proprietary Funds - Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the business-type activities of the Town as a whole. The proprietary fund statements, however, will provide a greater level of detail than the information found in the government-wide statements.

Water Fund – The net position increased by \$2,030,190 in 2019, which is well above the increase of \$1,325,354 in 2018. Capital Contributions and development contributed to this increase.

Sanitation Fund – The net position increased by \$139,580 in 2019, below the increase of \$298,832. in 2018. Capital Contributions were less than in 2018.

Capital Assets

Approximately 20% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings, infrastructure, and improvements.

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 219,806	\$ -	\$ -	\$ 219,806
Capital assets being depreciated:				
Buildings and improvements	240,490	-	-	240,490
Land improvements	354,157	67,575	-	421,732
Vehicles and equipment	331,061	8,400	-	339,461
Infrastructure	2,419,618	-	-	2,419,618
Total capital assets being depreciated	<u>3,345,326</u>	<u>75,975</u>	<u>-</u>	<u>3,421,301</u>
Less accumulated depreciation:				
Buildings and improvements	183,546	3,673	-	187,219
Land improvements	304,947	7,356	-	312,303
Vehicles and equipment	214,435	39,011	-	253,446
Infrastructure	1,232,341	54,897	-	1,287,238
Total accumulated depreciation	<u>1,935,269</u>	<u>104,937</u>	<u>-</u>	<u>2,040,206</u>
Total capital assets, net	<u>\$ 1,629,863</u>	<u>\$ (28,962)</u>	<u>\$ -</u>	<u>\$ 1,600,901</u>

Town of Ault
Management's Discussion and Analysis
December 31, 2019

Approximately 80% of the Town's capital assets support business-type activities. The Town's business-type activities capital assets consist of its investments in its utility systems and related equipment.

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 15,338	\$ -	\$ -	\$ 15,338
Water rights	1,060,908	-	-	1,060,908
Total capital assets not being depreciated	<u>1,076,246</u>	<u>-</u>	<u>-</u>	<u>1,076,246</u>
Capital assets being depreciated:				
Water and sewer systems	9,249,124	291,928	-	9,541,052
Equipment	83,182	14,080	-	97,262
Total capital assets being depreciated	<u>9,332,306</u>	<u>306,008</u>	<u>-</u>	<u>9,638,314</u>
Less accumulated depreciation:				
Water and sewer systems	2,571,654	386,203	-	2,957,857
Equipment	71,511	4,234	-	75,745
Total accumulated depreciation	<u>2,643,165</u>	<u>390,437</u>	<u>-</u>	<u>3,033,602</u>
Total Capital Assets, net	<u>\$ 7,765,387</u>	<u>\$ (84,429)</u>	<u>\$ -</u>	<u>\$ 7,680,958</u>

The Town's Governmental Activities reported depreciation expense of \$104,937 in the Government-Wide Financial Statements. The Town's Business-Type Activities reported \$390,437 in depreciation expense allocated to the Water and Sanitation Funds at \$48,387 and \$342,050, respectively.

Town of Ault
Management's Discussion and Analysis
December 31, 2019

Long-Term Debt

The Town's governmental and business-type activities for long-term debt consist of various capital leases, loans and notes payable that were used for capital asset acquisition and system improvements. Long-term debt transactions for the year were as follows:

	Balance January 1, 2019	Advances	Repayments	Balance December 31, 2019	Current Portion	Interest Expense
GOVERNMENTAL ACTIVITIES						
Capital Leases - Equipment	\$ 3,078	\$ -	\$ 2,441	\$ 637	\$ 638	\$ 134
Compensated Absences	38,941	(6,035)	-	32,906	-	-
Total Obligations	\$ 42,019	\$ (6,035)	\$ 2,441	\$ 33,543	\$ 638	\$ 134
	Balance January 1, 2019	Advances	Repayments	Balance December 31, 2019	Current Portion	Interest Expense
BUSINESS -TYPE ACTIVITIES						
2006 CWRPDA Loan	\$ 581,553	\$ -	\$ 73,219	\$ 508,334	\$ 74,507	\$ 9,645
2015 CWRPDA Loan	1,685,256	-	102,137	1,583,119	102,137	-
Compensated Absences	14,138	3,146	-	17,284	-	-
Total Obligations	\$ 2,280,947	\$ 3,146	\$ 175,356	\$ 2,108,737	\$ 176,644	\$ 9,645

General Fund Budget

The General Fund accounts for all of the general government services provided by the Town of Ault including: public safety (police), public works, parks and recreation, and general government services. The Town's General Fund revenues were higher than budgeted by \$404,647, which is again a higher margin than last year. The Town's expenditures were \$95,851 below budgeted.

Economic Factors and Future Budgets and Rates

The economy has improved, and the Town has seen an increase in new construction and sales tax revenue. It remains important to have stable, well-thought-out planning.

The Town is continuing to grow with current development and annexation requests. The comprehensive plan and land use code are under revision. The Town Board will continue to review the fee structure in the coming years to be sure to stay up with the demands of the infrastructure.

The Town must continue to strategize for growth and needs of the future. Steady yet smart growth is needed to continue with an upward trend.

Town of Ault
Management's Discussion and Analysis
December 31, 2019

Request for Information

The financial statements are designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the Town's finances. Questions concerning this or any additional information should be addressed to Town Clerk/Treasurer, Town of Ault, 201 1st Street, P.O. Box 1098 Ault, CO 80610 or call (970) 834-2844.

Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Trustees
Town of Ault
Ault, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component unit, each major funds, and the aggregate remaining fund information of the Town of Ault, Colorado, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Town of Ault's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 3, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules (Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1-M8 and pension schedules on pages 35-36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

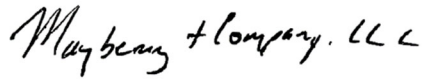
Required Supplementary Information – Budgetary Comparison Schedules and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 37-38 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. In addition, the budgetary comparison schedules on pages 39-42 and listed as other supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The *Local Highway Finance Report* on pages 43-44 is presented for purposes of legal compliance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

A handwritten signature in black ink that reads "Mayberry & Company, LLC". The signature is written in a cursive, flowing style.

Englewood, Colorado
July 8, 2020

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the Town's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2019.

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TOWN OF AULT, COLORADO

STATEMENT OF NET POSITION

December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Northern Plains Public Library
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 3,101,814	\$ 4,624,009	\$ 7,725,823	\$ 1,839,763
Accounts Receivable	166,840	101,309	268,149	-
Property Tax Receivable	134,166	-	134,166	-
Prepaid Expenses	12,910	5,025	17,935	-
Restricted Cash and Investments	-	102,631	102,631	-
TOTAL CURRENT ASSETS	3,415,730	4,832,974	8,248,704	1,839,763
NONCURRENT ASSETS				
Capital Assets not being depreciated	219,806	1,076,246	1,296,052	46,507
Capital Assets being depreciated (net)	1,381,095	6,604,712	7,985,807	528,038
TOTAL NONCURRENT ASSETS	1,600,901	7,680,958	9,281,859	574,545
TOTAL ASSETS	5,016,631	12,513,932	17,530,563	2,414,308
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES				
Net Pension Deferred Outflows	216,504	-	216,504	-
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	39,695	(52)	39,643	7,136
Accrued Payroll	-	-	-	4,197
Developer Tap Fees Payable	-	3,276	3,276	-
Accrued Interest Payable	-	1,483	1,483	-
Customer Deposits	(3,538)	-	(3,538)	-
Unearned Revenues	7,850	-	7,850	-
Current Portion of Noncurrent Liabilities	32,906	183,891	216,797	-
TOTAL CURRENT LIABILITIES	76,913	188,598	265,511	11,333
NONCURRENT LIABILITIES				
Capital Leases Payable	637	-	637	-
Net Pension Liability	47,564	-	47,564	-
Notes Payable	-	1,924,845	1,924,845	-
TOTAL NONCURRENT LIABILITIES	48,201	1,942,129	1,990,330	-
TOTAL LIABILITIES	125,114	2,130,727	2,255,841	11,333
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Deferred Revenue - Property Taxes	134,166	-	134,166	-
Net Pension Deferred Inflows	76,041	-	76,041	-
TOTAL DEFERRED INFLOWS	210,207	-	210,207	-
NET POSITION				
Net Investment in Capital Assets	1,600,264	5,756,113	7,356,377	574,545
Restricted:				
for TABOR Emergencies	56,000	-	56,000	13,000
for Impact Related Improvements	748,849	-	748,849	-
for Parks and Recreation	71,641	-	71,641	-
for Operations and Maintenance Reserve	-	102,631	102,631	-
Unrestricted	2,421,060	4,541,745	6,962,805	1,815,430
TOTAL NET POSITION	\$ 4,897,814	\$ 10,400,489	\$ 15,298,303	\$ 2,402,975

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

TOWN OF AULT, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2019

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General Government	\$ 219,709	\$ 121,453	\$ 80,403	\$ -
Public Safety	675,448	175,301	8,924	-
Public Works	190,216	163,850	95,388	-
Culture, Parks and Recreation	49,433	150	19,922	-
Health & Welfare	49,453	-	-	-
Economic Development	495	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	1,184,754	460,754	204,637	-
Business - Type Activities:				
Water Operations	543,340	517,889	-	2,042,900
Sanitation Operations	690,336	532,171	-	302,500
TOTAL BUSINESS - TYPE ACTIVITIES	1,233,676	1,050,060	-	2,345,400
TOTAL PRIMARY GOVERNMENT	\$ 2,418,430	\$ 1,510,814	\$ 204,637	\$ 2,345,400
Component Unit				
Northern Plains Public Library	\$ 301,725	\$ 2,038	\$ 391,017	\$ -

GENERAL REVENUES

Taxes
Investment Earnings
Other Revenues

TRANSFERS

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION - Beginning of Year

NET POSITION - End of Year

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

**NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION -
PRIMARY GOVERNMENT**

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL	COMPONENT UNIT
\$ (17,853)	\$ -	\$ (17,853)	\$ -
(491,223)	-	(491,223)	-
69,022	-	69,022	-
(29,361)	-	(29,361)	-
(49,453)	-	(49,453)	-
(495)	-	(495)	-
<u>(519,363)</u>	<u>-</u>	<u>(519,363)</u>	<u>-</u>
-	2,017,449	2,017,449	-
-	144,335	144,335	-
-	2,161,784	2,161,784	-
<u>(519,363)</u>	<u>2,161,784</u>	<u>1,642,421</u>	<u>-</u>
-	-	-	91,330
1,278,969	-	1,278,969	-
26,054	35,613	61,667	30,248
219	2,373	2,592	5,462
30,000	(30,000)	-	-
<u>1,335,242</u>	<u>7,986</u>	<u>1,343,228</u>	<u>35,710</u>
815,879	2,169,770	2,985,649	127,040
<u>4,081,935</u>	<u>8,230,719</u>	<u>12,312,654</u>	<u>2,275,935</u>
<u>\$ 4,897,814</u>	<u>\$ 10,400,489</u>	<u>\$ 15,298,303</u>	<u>\$ 2,402,975</u>

TOWN OF AULT, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2019

With Comparative Totals for December 31, 2018

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>GENERAL</u>	<u>STREET SYSTEMS</u>	<u>NON-MAJOR CONSERVATION</u>
			<u>TRUST</u>
ASSETS			
Cash and Investments	\$ 2,281,324	\$ 748,849	\$ 71,641
Accounts Receivable	166,840	-	-
Property Tax Receivable	134,166	-	-
Prepaid Expenses	11,417	1,493	-
TOTAL ASSETS	<u>\$ 2,593,747</u>	<u>\$ 750,342</u>	<u>\$ 71,641</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 39,695	\$ -	\$ -
Deposits	(3,538)	-	-
Unearned Revenue - Other	7,850	-	-
TOTAL LIABILITIES	<u>44,007</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS			
Deferred Revenue - Property Taxes	134,166	-	-
FUND BALANCE			
Nonspendable:			
Prepays	11,417	1,493	-
Restricted Fund Balance			
Restricted for TABOR Emergencies	56,000	-	-
Restricted for Impact Related Projects	-	748,849	-
Restricted for Parks and Recreation	-	-	71,641
Committed:			
Committed for Martinez Memorial	6,083	-	-
Unassigned	2,342,074	-	-
TOTAL FUND BALANCE	<u>2,415,574</u>	<u>750,342</u>	<u>71,641</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 2,593,747</u>	<u>\$ 750,342</u>	<u>\$ 71,641</u>

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

TOTALS

<u>2019</u>	<u>2018</u>
\$ 3,101,814	\$ 2,310,972
166,840	111,595
134,166	101,476
<u>12,910</u>	<u>12,403</u>
<u>\$ 3,415,730</u>	<u>\$ 2,536,446</u>

\$ 39,695	\$ 42,178
(3,538)	6,383
<u>7,850</u>	<u>7,850</u>
<u>44,007</u>	<u>56,411</u>

<u>134,166</u>	<u>101,476</u>
----------------	----------------

12,910	12,403
56,000	34,000
748,849	524,917
71,641	51,623
6,083	6,083
<u>2,342,074</u>	<u>1,749,533</u>
<u>3,237,557</u>	<u>2,378,559</u>
<u>\$ 3,415,730</u>	<u>\$ 2,536,446</u>

TOWN OF AULT, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2019

FUND BALANCE - GOVERNMENTAL FUNDS \$3,237,557

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

Capital assets used in governmental activities are not resources
and are not reported in the funds:

Capital Assets	\$ 3,641,107	
Accumulated Depreciation	<u>(2,040,206)</u>	1,600,901

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

FPPA Pension		
Net pension deferred outflows	216,504	
Net pension liability	(47,564)	
Net pension deferred Inflows	<u>(76,041)</u>	92,899

Long-term liabilities are not due and payable in the current period

Accrued Compensated Absences	(32,906)	
Capital Leases Payable	<u>(637)</u>	<u>(33,543)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 4,897,814

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

TOWN OF AULT, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS**

Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	SPECIAL REVENUE FUNDS			TOTALS	
			NON-MAJOR CONSERVATION		
	GENERAL	STREET SYSTEMS	TRUST	2019	2018
REVENUES					
Taxes	\$ 1,271,560	\$ 28,354	\$ -	\$ 1,299,914	\$ 987,783
Licenses and Permits	149,933	150,100	-	300,033	196,368
Intergovernmental	87,914	73,847	19,922	181,683	127,076
Charges for Services	5,515	-	-	5,515	9,880
Fines and Forfeits	154,844	-	-	154,844	204,117
Other	22,787	5,761	96	28,644	58,167
TOTAL REVENUES	1,692,553	258,062	20,018	1,970,633	1,583,391
EXPENDITURES					
Current					
General Government	203,738	4,614	-	208,352	213,543
Public Safety	615,294	-	-	615,294	589,884
Public Works	3,361	124,437	-	127,798	151,779
Culture, Parks and Recreation	48,669	-	-	48,669	51,168
Health & Welfare	41,413	-	-	41,413	37,998
Economic Development	495	-	-	495	495
Capital Outlay	97,039	-	-	97,039	112,602
Debt Service	2,575	-	-	2,575	2,575
TOTAL EXPENDITURES	1,012,584	129,051	-	1,141,635	1,160,044
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	679,969	129,011	20,018	828,998	423,347
OTHER FINANCING SOURCES (USES)					
Transfers In	-	95,000	-	95,000	99,000
Transfers Out	(65,000)	-	-	(65,000)	(69,000)
TOTAL OTHER FINANCING SOURCES (USES)	(65,000)	95,000	-	30,000	30,000
CHANGE IN FUND BALANCE	614,969	224,011	20,018	858,998	453,347
FUND BALANCE, Beginning	1,800,605	526,331	51,623	2,378,559	1,925,212
FUND BALANCE, Ending	\$ 2,415,574	\$ 750,342	\$ 71,641	\$ 3,237,557	\$ 2,378,559

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

TOWN OF AULT, COLORADO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
Year Ended December 31, 2019

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

Net Change in Fund Balance - Governmental Funds	\$	858,998	
Principal payments on debt are reported as expenditures and debt proceeds are reported as revenues in the funds:			
Principal Payments on Capital Leases Payable			2,441
Accrued Compensated Absences are expensed when paid in the funds:			
Change in Accrued Leave			6,036
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.			
FPPA Pension			
Change in deferred pension outflows	\$	109,210	
Change in net pension liability		(106,928)	
Change in deferred pension inflows		<u>(24,916)</u>	(22,634)
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:			
Capitalized assets		75,975	
Depreciation Expense		<u>(104,937)</u>	<u>(28,962)</u>
Change in Net Position - Governmental Activities	\$		<u>815,879</u>

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

TOWN OF AULT, COLORADO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2019

With Comparative Totals for December 31, 2018

	BUSINESS-TYPE ACTIVITIES		TOTALS	
	WATER	SANITATION	2019	2018
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 3,630,423	\$ 993,586	\$ 4,624,009	\$ 2,650,771
Restricted Cash and Investments	-	102,631	102,631	90,511
Accounts Receivable	38,059	63,250	101,309	93,554
Prepaid Expenses	3,030	1,995	5,025	4,734
TOTAL CURRENT ASSETS	3,671,512	1,161,462	4,832,974	2,839,570
NONCURRENT ASSETS				
Land	-	15,338	15,338	15,338
Water Rights	1,060,908	-	1,060,908	1,060,908
Equipment	49,217	48,046	97,263	83,183
Improvements	2,097,664	7,443,388	9,541,052	9,249,124
Less Accumulated Depreciation	(810,680)	(2,222,923)	(3,033,603)	(2,643,166)
TOTAL NONCURRENT ASSETS	2,397,109	5,283,849	7,680,958	7,765,387
TOTAL ASSETS	6,068,621	6,445,311	12,513,932	10,604,957
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	-	(52)	(52)	88,319
Developer Tap Fees Payable	-	3,276	3,276	3,276
Accrued Interest Payable	-	1,483	1,483	1,696
Current Portion of Noncurrent Liabilities	7,247	176,644	183,891	175,357
TOTAL CURRENT LIABILITIES	7,247	181,351	188,598	268,648
NONCURRENT LIABILITIES				
Compensated Absences	7,247	10,037	17,284	14,138
Notes Payable	-	1,924,845	1,924,845	2,091,452
TOTAL LIABILITIES	14,494	2,116,233	2,130,727	2,374,238
NET POSITION				
Net Investment in Capital Assets	2,397,109	3,359,004	5,756,113	5,494,489
Restricted for Operations and Maintenance Reserve	-	102,631	102,631	90,511
Unrestricted	3,664,265	877,480	4,541,745	2,645,719
TOTAL NET POSITION	\$ 6,061,374	\$ 4,339,115	\$ 10,400,489	\$ 8,230,719

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

TOWN OF AULT, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND NET POSITION
PROPRIETARY FUNDS

Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	<u>BUSINESS-TYPE ACTIVITIES</u>		<u>TOTALS</u>	
	<u>WATER</u>	<u>SANITATION</u>	<u>2019</u>	<u>2018</u>
OPERATING REVENUES				
Charges for Services	\$ 517,889	\$ 532,171	\$ 1,050,060	\$ 980,436
OPERATING EXPENSES				
Personal Services	139,471	149,271	288,742	270,467
Supplies	6,827	20,911	27,738	32,833
Purchased Services	327,705	103,255	430,960	408,900
Other Operating Expenses	3,863	7,323	11,186	4,954
Fleet Maintenance	1,973	1,269	3,242	3,002
Repairs & Maintenance	7,818	38,555	46,373	44,112
Small Capital	7,296	18,057	25,353	102,695
Depreciation	48,387	342,050	390,437	379,695
TOTAL OPERATING EXPENSES	543,340	680,691	1,224,031	1,246,658
NET INCOME (LOSS) FROM OPERATIONS	(25,451)	(148,520)	(173,971)	(266,222)
NONOPERATING INCOME (EXPENSE)				
Investment Earnings	25,441	10,172	35,613	20,956
Miscellaneous Revenue	2,300	73	2,373	3,495
Interest Expense	-	(9,645)	(9,645)	(10,913)
NONOPERATING INCOME (EXPENSE)	27,741	600	28,341	13,538
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	2,290	(147,920)	(145,630)	(252,684)
TRANSFERS				
Transfers Out	(15,000)	(15,000)	(30,000)	(30,000)
NET TRANSFERS	(15,000)	(15,000)	(30,000)	(30,000)
CAPITAL CONTRIBUTIONS				
Capital Contributions	2,042,900	302,500	2,345,400	1,338,305
CHANGE IN NET POSITION	2,030,190	139,580	2,169,770	1,055,621
NET POSITION, Beginning	4,031,184	4,199,535	8,230,719	7,175,098
NET POSITION, Ending	\$ 6,061,374	\$ 4,339,115	\$ 10,400,489	\$ 8,230,719

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

TOWN OF AULT, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Increase (Decrease) in Cash and Cash Equivalents

Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	BUSINESS-TYPE ACTIVITIES		TOTAL	
	WATER	SANITATION	2019	2018
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 517,889	\$ 524,122	\$ 1,042,011	\$ 973,139
Cash Payments to Suppliers	(384,671)	(245,616)	(630,287)	(537,135)
Cash Payments to Employees	(139,471)	(149,271)	(288,742)	(270,467)
Net Cash Provided by Operating Activities	(6,253)	129,235	122,982	165,537
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(251,928)	(54,080)	(306,008)	(551,087)
Debt Proceeds				
Capital Contributions	2,042,900	302,500	2,345,400	1,338,305
Principal Payments on Debt	-	(175,357)	(175,357)	(174,092)
Interest Payments on Debt	-	(9,645)	(9,645)	(11,122)
Net Cash Provided (Used) by Capital and Related Financing Activities	1,790,972	63,418	1,854,390	602,004
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	2,300	73	2,373	3,495
Transfers - Net	(15,000)	(15,000)	(30,000)	(30,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	(12,700)	(14,927)	(27,627)	(26,505)
Cash Flows From Investing Activities:				
Investment Income	25,441	10,172	35,613	20,956
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,797,460	187,898	1,985,358	761,992
CASH AND EQUIVALENTS, Beginning	1,832,963	908,319	2,741,282	1,979,290
CASH AND EQUIVALENTS, Ending	\$ 3,630,423	\$ 1,096,217	\$ 4,726,640	\$ 2,741,282
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ (25,451)	\$ (148,520)	\$ (173,971)	\$ (266,222)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	48,387	342,050	390,437	379,695
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Accounts Receivable	172	(7,927)	(7,755)	(7,009)
Prepaid Expenses	(172)	(122)	(294)	(288)
Increase (Decrease) in:				
Accounts Payable	(30,845)	(57,735)	(88,580)	56,238
Payroll Liabilities	1,656	1,489	3,145	3,123
Total Adjustments	19,198	277,755	296,953	431,759
Net Cash Provided by Operating Activities	\$ (6,253)	\$ 129,235	\$ 122,982	\$ 165,537

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

TOWN OF AULT, COLORADO

BALANCE SHEET - NORTHERN PLAINS PUBLIC LIBRARY (COMPONENT UNIT)

December 31, 2019

With Comparative Totals for December 31, 2018

	COMPONENT UNIT	
	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Investments	\$ 1,839,763	\$ 1,765,500
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 7,136	\$ 4,346
Accrued Payrol	4,197	4,467
TOTAL LIABILITIES	<u>11,333</u>	<u>8,813</u>
FUND BALANCE		
Restricted Fund Balance		
Restricted for TABOR Emergencies	13,000	14,000
Unassigned	<u>1,815,430</u>	<u>1,742,687</u>
TOTAL FUND BALANCE	<u>1,828,430</u>	<u>1,756,687</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,839,763</u>	<u>\$ 1,765,500</u>
Fund Balance - Governmental Funds	\$ 1,828,430	
Capital assets used in governmental activities are not		
financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	46,507	
Capital assets, being depreciated	1,312,807	
Accumulated depreciatio	<u>(784,769)</u>	
Total Net Position - Governmental Activiti	<u>\$ 2,402,975</u>	

The accompanying notes are an integral part of the financial statemen

TOWN OF AULT, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NORTHERN PLAINS PUBLIC LIBRARY (COMPONENT UNIT)**

Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	COMPONENT UNIT	
	2019	2018
REVENUES		
Intergovernmental	\$ 385,600	\$ 407,503
Charges for Services	2,038	2,147
Investment Earnings	30,248	22,443
Other	10,879	7,194
TOTAL REVENUES	428,765	439,287
EXPENDITURES		
Current		
Culture, Parks and Recreation	251,064	203,171
Capital Outlay	52,735	28,873
Debt Service	53,223	27,432
TOTAL EXPENDITURES	357,022	259,476
CHANGE IN FUND BALANCE	71,743	179,811
FUND BALANCE, Beginning	1,756,687	1,576,876
FUND BALANCE, Ending	\$ 1,828,430	\$ 1,756,687
 Change in Fund Balance - Governmental Funds	 \$ 71,743	
 Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	51,481	
Depreciation Expense	(48,977)	
 Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long- term debt issuances are reported as revenues in the funds and increase liabilities at the activity level		
Principal payments on capital leases	52,793	
 Change in Net Position - Governmental Activities	 \$ 127,040	

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Ault was incorporated in 1904 and is administered by a 7 member board of trustees, and provides municipal services to a population of 1,700 persons. The Town's basic financial statements include the accounts of all Town operations.

This summary of the Town of Ault's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the Town of Ault conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

In accordance with Governmental Accounting Standards, the Town has considered the possibility of inclusion of additional entities in its basic financial statements. The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based upon the application of these criteria, the following component unit is included in the Town's reporting entity because of the significance of its operational or financial relationship to the Town.

Discretely Presented Component Unit

The Northern Plains Public Library – the Mayor appoints a board member to represent the Board of Trustees at Library meetings. New members for the Library Board are selected by the Library Board, and then presented to the Town Board of Trustees for approval. Currently, one member of the Town's Board of Trustees is a member of the Library Board. The Library serves the citizens of Weld County School District RE-9, which includes the Town of Ault. The Town Board of Trustees approves the annual budget for the Library and includes their audit into the Town's audited financial statements. The Library is presented as a governmental fund type discretely presented component unit. Complete financial statements of the Library can be obtained from the Northern Plains Public Library, 216 2nd Street, Ault, CO 80610.

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 of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment is 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the 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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, sales and use taxes, franchise fees, state shared revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses 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 non-operating revenues and expenses.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Street Systems Fund – This is a special revenue fund that accounts for the financial resources related to improvements of the Town's streets and drainage systems. The Town has dedicated its specific ownership taxes, motor vehicle registration fees, Highway Users Tax Fund receipts and Road and Bridge tax revenue for this purpose.

The Town also reports the following major proprietary funds:

Water and Sanitation Funds – These funds account for the activities related to offering the respective services to the Town's residents.

Budgets

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

- (1) Prior to or by the regular Board meeting in December, the budget is legally enacted through passage of resolutions, after receiving input through public hearings.
- (2) The Town Clerk and Finance Committee reports monthly to the Town Board explaining any variance from the approved budget.
- (3) The Ault Municipal Code requires the adoption of a budget for proprietary funds. Depreciation expense is not a budgeted item.
- (4) The Town does not utilize encumbrance accounting and all appropriations lapse at year end.

Budgets are adopted based on the requirements of state statutes. The following timetable is used:

- (1) Submission of the proposed budget to the Board of Trustees by October 15 of each year.
- (2) Certification of mill levies to the County Commissioners by December 15 of each year.
- (3) Final adoption of the budget and appropriations by December 15 of each year.

Cash and Equivalents

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

Property Taxes

Property taxes for the Town are levied by the Town Board and certified for collection to Weld County by December 15 of each year. These taxes become due January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. Property taxes levied in the current year for collection in the subsequent year by the General Fund are included in receivables and deferred inflows at year end. These taxes are classified as deferred inflows since they were levied for and are not available to the Town until the subsequent year.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventories are valued at cost, using the first-in, first-out (FIFO) method.

Property, Plant and Equipment

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives.

	<u>Primary Government</u>	<u>Component Unit</u>
Buildings and improvements	10 - 40 years	40 years
Infrastructure	3 - 15 years	N/A
Furniture and equipment	5 - 10 years	5 - 15 years
Utility systems	20 -50 years	N/A
Land improvements	15 25 years	N/A
Books	N/A	10 years

Compensated Absences

Employees of the Town are allowed to accumulate unused vacation, sick and compensatory time depending on length of employment. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time and compensatory time at their current rate of pay, and all accrued sick time at one half their current rate of pay.

Accumulated unpaid vacation, sick and compensatory time is accrued when earned. In the governmental fund types, accumulated compensated absences not expected to be paid with current available resources are reported as governmental activities liabilities, but not reported in the funds. Compensated absences relating to the Enterprise Funds are reported as a liability of those funds.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has pension related items that qualify for reporting in this category.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of item, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred property taxes, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. In addition, the Town also has pension related deferred inflows that are reported at the activity level.

Net Position/Fund Balance

In the government-wide financial statements and for the proprietary fund statements, Net Position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balances are reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by the highest formal action, the adoption of an Ordinance, of the government's highest level of decision-making authority, the Town Board, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance (Continued)

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

Net Position/Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments follows:

Cash and Investments	\$ 7,725,823
Restricted Cash and Investments	<u>102,631</u>
Total Cash and Investments	<u>\$ 7,828,454</u>

The Town's cash and investment balances are comprised of the following:

Cash	\$ 7,827,002
Investments	<u>1,452</u>
Total Cash and Investments	<u>\$ 7,828,454</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 2: CASH AND INVESTMENTS (Continued)

Restricted cash and investment balances are comprised of the following:

Governmental Activities - Unrestricted	\$ 3,101,814
Business-type Activities - Unrestricted	4,624,009
Business-type Activities - Rest. (O&M Reserve)	102,631
Total Cash and Investments	\$ 7,828,454

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The Town's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed 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 the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2019, all of the Town's bank deposits as shown below were either insured by federal depository insurance or collateralized under PDPA. Uninsured deposits in financial institutions are placed into three categories depending on the custody credit risk.

The categories are as follows:

1. Uncollateralized
2. Collateralized with securities held by the pledging financial institution
3. Collateralized with securities held by the pledging financial institution's trust department, or agent but not in the entity's name

	Bank Balance	Book Balance
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Secured (Not in Entity's Name)	7,715,775	7,576,602
Petty Cash	-	400
Total Cash	\$ 7,965,775	\$ 7,827,002

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk

The Town invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) Safety, 2) Liquidity, and 3) Yield. The Town Treasurer is responsible for all of the investments of the Town.

Eligible investments shall conform to state law and may include any of the following:

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

As of December 31, 2019, the Town's investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Maturity</u>	<u>Rating</u>
Local Government Pool	\$ 1,452	-	AAAm

During the year ended December 31, 2019, the Town invested funds in Colotrust. As investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The pool invests in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pools operate similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. These funds are rated AAAm by the Standard and Poor's Corporation.

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in state statutes. The Town's investment portfolio does not contain investments that exceed that limitation.

Concentration of Credit Risk

The Town places no limit on the amount that may be invested in any one issuer. The Town's sole investment is in Colotrust.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town Board of Trustees approves a list of financial institutions and depositories authorized to provide investment services.

NOTE 3: CAPITAL ASSETS

A Summary of the Town's governmental activity capital assets is as follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 219,806	\$ -	\$ -	\$ 219,806
Capital assets being depreciated:				
Buildings and improvements	240,490	-	-	240,490
Land improvements	354,157	67,575	-	421,732
Vehicles and equipment	331,061	8,400	-	339,461
Infrastructure	2,419,618	-	-	2,419,618
Total capital assets being depreciated	3,345,326	75,975	-	3,421,301
Less accumulated depreciation:				
Buildings and improvements	183,546	3,673	-	187,219
Land improvements	304,947	7,356	-	312,303
Vehicles and equipment	214,435	39,011	-	253,446
Infrastructure	1,232,341	54,897	-	1,287,238
Total accumulated depreciation	1,935,269	104,937	-	2,040,206
Total capital assets, net	<u>\$ 1,629,863</u>	<u>\$ (28,962)</u>	<u>\$ -</u>	<u>\$ 1,600,901</u>

Depreciation is charged to the Town's Governmental Activities as follows:

General Government	\$ 2,205
Public Safety	31,510
Public Works	62,418
Health and Welfare	764
Culture and recreation	8,040
Total Depreciation	<u>\$ 104,937</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 3: CAPITAL ASSETS (Continued)

The following schedule presents business-type activities capital assets at December 31, 2019:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 15,338	\$ -	\$ -	\$ 15,338
Water rights	1,060,908	-	-	1,060,908
Total capital assets not being depreciated	1,076,246	-	-	1,076,246
Capital assets being depreciated:				
Water and sewer systems	9,249,124	291,928	-	9,541,052
Equipment	83,182	14,080	-	97,262
Total capital assets being depreciated	9,332,306	306,008	-	9,638,314
Less accumulated depreciation:				
Water and sewer systems	2,571,654	386,203	-	2,957,857
Equipment	71,511	4,234	-	75,745
Total accumulated depreciation	2,643,165	390,437	-	3,033,602
Total Capital Assets, net	\$ 7,765,387	\$ (84,429)	\$ -	\$ 7,680,958

Depreciation is charged to the Town's Business-type Activities as follows:

Water	\$ 48,387
Sewer	342,050
Total Depreciation	\$ 390,437

NOTE 4: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES

Changes in governmental activity long-term debt are as follows:

GOVERNMENTAL ACTIVITIES	Balance January 1, 2019	Advances	Repayments	Balance December 31, 2019	Current Portion	Interest Expense
Capital Leases - Equipment	\$ 3,078	\$ -	\$ 2,441	\$ 637	\$ 638	\$ 134
Compensated Absences	38,941	(6,035)	-	32,906	-	-
Total Obligations	\$ 42,019	\$ (6,035)	\$ 2,441	\$ 33,543	\$ 638	\$ 134

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 4: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES (Continued)

CAPITAL LEASE PAYABLE

In April 2012, the Town entered into a lease/purchase agreement for a copier. The copier lease requires 48 monthly payments of \$233 consisting of both principal and interest at an effective rate of 6%. The copier value of \$9,901 was capitalized and debt is serviced through the General Fund. The copier was traded in for a new copier in March 2016 on a new lease. The new lease requires 48 monthly payments of \$215 consisting of both principal and interest at an effect rate of 6.75%. The copier value of \$9,004 was capitalized and debt is serviced through the General Fund. In the case of default with no action initiated by the lessee, with the lessee's legislative body not appropriating funds for the continuation of the agreement for any fiscal year after the first fiscal year and has no funds to do so from other sources the agreement may be terminated. Payment of all sums then owed through the current fiscal year under the agreement are due. Equipment will be returned in good condition and free of all liens and encumbrances. Lessee will then be released from any further payment obligations beyond those due for the current fiscal year.

Scheduled future payments on the capital leases are as follows:

<u>Year</u>	<u>Copier Equipment Payment</u>
2020	\$ 643
Interest at 6.75%	(6)
Present Value of Payments	<u>\$ 637</u>

Changes in business-type activity long-term debt are as follows:

	<u>Balance January 1, 2019</u>			<u>Balance December 31, 2019</u>		
BUSINESS -TYPE ACTIVITIES	Advances	Repayments		Current Portion	Interest Expense	
2006 CWRPDA Loan	\$ 581,553	\$ -	\$ 73,219	\$ 508,334	\$ 74,507	\$ 9,645
2015 CWRPDA Loan	1,685,256	-	102,137	1,583,119	102,137	-
Compensated Absences	14,138	3,146	-	17,284	-	-
Total Obligations	<u>\$ 2,280,947</u>	<u>\$ 3,146</u>	<u>\$ 175,356</u>	<u>\$ 2,108,737</u>	<u>\$ 176,644</u>	<u>\$ 9,645</u>

NOTES PAYABLE

A governmental agency bond was issued to the Colorado Water Resources and Power Development Authority ("CWRPDA") in 2006 for the amount of \$1,396,850. Beginning November 2006, semi-annual payments of \$41,539 are required, including interest at a 1.75% annual rate, with a final payment due May 1, 2026. Both the principal and interest thereon are payable solely from the net revenue (gross revenue less operations and maintenance expenses) of the wastewater treatment system. The net revenue of the system is pledged as collateral on the bond. The proceeds of the bond were used to upgrade the Town's wastewater treatment facility from a facultative lagoon system to an aerated lagoon facility. The debt is serviced through the Sanitation Fund.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 5: LONG - TERM DEBT – BUSINESS-TYPE ACTIVITIES (Continued)

NOTES PAYABLE (Continued)

In April 2015, the Town entered into a direct loan with CWRPDA for \$2,000,000. The term is for 20 years, interest at 0% per annum. Semi-annual payments of \$51,068.38 are due each November 1 and May 1, beginning May 2016. The first payment of \$8,333.33 was due and paid November 1, 2015. The proceeds are being used to upgrade the Town's wastewater treatment facilities. CWRPDA has designated the project as a 2015 Green Project. As such, the interest rate was reduced from the original 2% annual rate to 0%.

The Town must maintain an "operations and maintenance" reserve in the Sanitation Fund to report resources set aside to subsidize potential deficiencies from the Town's operations that could adversely affect debt service payments. The amount is equal to three months of operations and maintenance expenses (excluding depreciation) and may be represented by cash or securities or unrestricted Net Position. The Town has funded this reserve through restriction of its cash balances in the Sanitation Fund (Note 2), in the amount of \$102,631, as of December 31, 2019. The Town believes it is in compliance with all required covenants and obligations called for by the loan agreement.

The debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 176,644	\$ 8,571	\$ 185,215
2021	177,954	7,262	185,216
2022	179,286	5,929	185,215
2023	180,642	4,573	185,215
2024	181,329	3,886	185,215
2025-2029	633,152	2,149	635,301
2030-2034	511,378	-	511,378
2035	51,068	-	51,068
Total	<u>\$ 2,091,453</u>	<u>\$ 32,370</u>	<u>\$ 2,123,823</u>

NOTE 6: INTERFUND TRANSACTIONS

The Town has recorded the following routine transfers:

	<u>Transfers</u>	<u>Transfers</u>
	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 65,000
Street Systems Fund	95,000	-
Water Fund	-	15,000
Sanitation Fund	-	15,000
Total	<u>\$ 95,000</u>	<u>\$ 95,000</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

STATEWIDE DEFINED BENEFIT PLAN (FPPA)

Summary of Significant Accounting Policies

Pensions. The Town participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire & Police Pension Association of Colorado ("FPPA"). The net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB have been determined using the accrual basis of accounting as required by the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the Town are provided with pensions through the Statewide Defined Benefit Plan (SWDB) - a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), rules and regulations codified by the Fire and Police Pension Association, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report, the most recent of which is for the fiscal year ended December 31, 2018, that can be obtained at <http://www.FPPAco.org>.

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

The annual normal retirement benefit is 2 percent 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 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

General Information about the Pension Plan (Continued)

Contributions. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the SWDB plan and their employers are contributing at the rate of 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2018. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22 percent of base salary in 2018. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the reentry group also had their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 5 percent and 4 percent, respectively, of base salary for a total contribution rate of 8 percent in 2018. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022. The Town is not an affiliated social security employer.

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the Town were \$20,161 for the plan year ended December 31, 2018 and \$20,759 for the fiscal year ended December 31, 2019. The current year contributions will be expensed in 2020 for FPPA purposes, December 31, 2019 employer contributions for reporting as of December 31, 2020, and are a timing difference at year end.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)****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 liability of \$47,564 for its proportionate share of the SWDB's net pension liability. The net pension asset or liability was measured as of 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 Town's contributions to the SWDB for the calendar year 2018 relative to the total contributions of participating employers to the SWDB.

At December 31, 2019, the Town's proportion was .03762%, which was an increase of .01956% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2019, the Town recognized pension expense of \$53,591. At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 65,763	\$ (667)
Changes of assumptions or other inputs	\$ 48,271	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 73,628	\$ (35,805)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 8,083	\$ (39,569)
Contributions subsequent to the measurement date	\$ 20,759	\$ -
Total	\$ 216,504	\$ (76,041)

\$20,759 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an adjustment of the net pension asset in the year ended December 31, 2020.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

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

Year Ended December 31:	Fiscal year Total
2020	\$ 26,666
2021	16,400
2022	12,948
2023	24,882
2024	10,768
2025-2028	28,040
Total	\$ 119,704

Actuarial assumptions. The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 Years
Long-term investment rate of return, net of pension plan	7.00%
Salary increase, including wage inflation	4.25%-11.25%
Cost of Living Adjustments (COLA)	0.00%
* Includes inflation at	2.50%

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

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)**STATEWIDE DEFINED BENEFIT PLAN (FPPA)** (Continued)**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.00%	8.03%
Equity Long/Short	9.00%	6.45%
Illiquid Alternatives	24.00%	10.00%
Fixed Income	15.00%	2.90%
Absolute Return	9.00%	5.08%
Managed Futures	4.00%	5.35%
Cash	2.00%	2.52%
Total	100.00%	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 7: EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (Continued)

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.71 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H .15)); and the resulting Single Discount Rate is 7.00 percent.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension asset (liability)	\$ (184,449)	\$ (47,564)	\$ 65,979

SIMPLE IRA EMPLOYEE BENEFIT PLAN

The Town has established an employer SIMPLE IRA Plan, which is a "money-purchase" plan under current law and U.S. Treasury regulations for all substantially full-time non-police employees. A contribution to each employee's account is made and all contributions vest immediately to the employee. The Town has no statutory or contractual liability for any individual's post-employment benefits under this plan. Employer contributions for the year ended December 31, 2019, 2018 and 2017 totaled \$13,298, \$12,533, and \$11,202, respectively.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 8: RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases sufficient commercial insurance to cover losses from these events and does not self-insure or participate in a public entity risk pool. All risk management activities are allocated among the various funds according to actual or perceived risk as determined by management and the Board of Trustees. Settlement amounts have not exceeded insurance coverage for the three prior years. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but which not have been reported, are considered. There are no outstanding claims or incurred but not reported liabilities (IBNR) for the year ended December 31, 2019.

NOTE 9: COMMITMENTS AND CONTIGENCIES

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 government. In November 1995, 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 \$56,000 was recorded in the General Fund.

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

In March 2020, the Town entered into a purchase agreement with Shable Land Co., LLC for forty-five (45) Units of Northern Colorado Water Conservancy District Class C Allotment Water in the amount of \$2,767,500.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

NOTE 10: RATE MAINTENANCE

The 2006 Colorado Water Resources and Power Development Authority sewer loan agreement requires that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay when due the principal and interest on the loan and parity debt coming due. The computation of said rate maintenance is as follows:

	<u>Sanitation Fund</u>
Gross operating revenue	\$ 532,171
Investment earnings	10,172
Other revenue	73
Capital contributions	<u>302,500</u>
Total revenue	<u>844,916</u>
Operations and maintenance expense	680,691
Less: Depreciation	<u>(342,050)</u>
Adjusted O&M	<u>338,641</u>
Net revenue	<u>\$ 506,275</u>
Total debt service	
2006 CWRPDA Revenue Bonds	\$ 83,079
2015 CWRPDA Revenue Bonds	<u>102,137</u>
	185,216
Required rate	<u>110%</u>
Net revenue required	<u>203,738</u>
Excess (deficit)	<u>\$ 302,537</u>

NOTE 11: JOINT VENTURE

The Town participates with various towns, cities, and Weld County, Colorado in the Weld 911 Emergency Telephone Service Authority (the Authority) which provides emergency 911 dialing services to customers within the Town limits. On dissolution of the Authority, the Net Position will be shared proportionately based on main telephone station access lines within the agency's jurisdiction. As of December 31, 2019, the Town has not made and is not required to contribute to the Authority. The Authority is governed by a seven-member board of directors, of which four are chosen by the Weld County, Colorado Board of Commissioners. The Authority is primarily funded through a \$.50 per month surcharge to each customer's telephone bill. Accounting responsibility has been placed with Weld County, Colorado and is included as a discretely presented component unit in its Comprehensive Annual Financial Report.

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REQUIRED SUPPLEMENTARY INFORMATION
(Pension Schedules Unaudited)

TOWN OF AULT

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
FPPA SWDB Pension Plan
Last 10 Fiscal Years⁽¹⁾**

<u>Fiscal Year Ended</u>	<u>Town's proportion of the net pension asset (liability)</u>	<u>Town's proportionate share of the net pension asset (liability)</u>	<u>Town's covered payroll</u>	<u>Town's proportionate share of the net pension asset (liability) as a</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2014	0.046884%	\$ 41,923	\$ 203,638	20.59%	105.83%
December 31, 2015	0.049483%	\$ 55,845	\$ 222,525	25.10%	106.83%
December 31, 2016	0.049443%	\$ 872	\$ 239,688	0.36%	100.10%
December 31, 2017	0.044836%	\$ (16,201)	\$ 229,463	7.06%	98.21%
December 31, 2018	0.041264%	\$ 59,364	\$ 241,363	24.60%	106.34%
December 31, 2019	0.037622%	\$ (47,564)	\$ 252,013	-18.87%	95.20%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

TOWN OF AULT

SCHEDULE OF TOWN CONTRIBUTIONS

FPPA SWDB Pension Plan

Last 10 Fiscal Years⁽¹⁾

<u>Fiscal Year Ended</u>	<u>Contractually required contributions</u>	<u>Actual contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Town's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
December 31, 2014	\$ 16,291	\$ (16,291)	\$ -	\$ 203,638	8.00%
December 31, 2015	\$ 17,802	\$ (17,802)	\$ -	\$ 222,525	8.00%
December 31, 2016	\$ 19,175	\$ (19,175)	\$ -	\$ 239,688	8.00%
December 31, 2017	\$ 18,357	\$ (18,357)	\$ -	\$ 229,463	8.00%
December 31, 2018	\$ 19,309	\$ (19,309)	\$ -	\$ 241,363	8.00%
December 31, 2019	\$ 20,161	\$ (20,161)	\$ -	\$ 252,013	8.00%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF AULT, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
GENERAL FUND**

Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019			2018
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	ACTUAL
REVENUES				
Property and Sales Taxes	\$ 819,676	\$ 1,205,599	\$ 385,923	\$ 892,099
Franchise Taxes	64,000	65,961	1,961	60,219
Licenses, Permits and Fees	144,650	149,933	5,283	140,343
Intergovernmental Revenue	36,800	78,990	42,190	34,481
Charges for Services	11,180	5,515	(5,665)	9,880
Fines and Forfeits	189,800	154,844	(34,956)	204,117
Investment Earnings	8,000	20,197	12,197	14,649
Miscellaneous Revenue	10,800	2,590	(8,210)	19,232
Grant Revenue	3,000	8,924	5,924	2,600
TOTAL REVENUES	<u>1,287,906</u>	<u>1,692,553</u>	<u>404,647</u>	<u>1,377,620</u>
EXPENDITURES				
Current:				
General Government	220,136	203,738	16,398	208,166
Public Safety	648,533	615,294	33,239	589,884
Public Works	3,400	3,361	39	2,941
Culture, Parks and Recreation	67,385	48,669	18,716	50,910
Health & Welfare	43,095	41,413	1,682	37,998
Economic Development	495	495	-	495
Capital Outlay	122,816	97,039	25,777	88,253
Debt Service	2,575	2,575	-	2,575
TOTAL EXPENDITURES	<u>1,108,435</u>	<u>1,012,584</u>	<u>95,851</u>	<u>981,222</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>179,471</u>	<u>679,969</u>	<u>500,498</u>	<u>396,398</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	25,000	-	(25,000)	4,000
Transfers Out	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>	<u>(65,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(40,000)</u>	<u>(65,000)</u>	<u>(25,000)</u>	<u>(61,000)</u>
CHANGE IN FUND BALANCE	139,471	614,969	475,498	335,398
FUND BALANCE, Beginning	<u>1,746,038</u>	<u>1,800,605</u>	<u>54,567</u>	<u>1,465,207</u>
FUND BALANCE, Ending	<u>\$ 1,885,509</u>	<u>\$ 2,415,574</u>	<u>\$ 530,065</u>	<u>\$ 1,800,605</u>

See the accompanying Independent Auditors' Report.

TOWN OF AULT, COLORADO

**BUDGETARY COMPARISON SCHEDULE FOR THE
STREET SYSTEMS FUND**

Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2018 ACTUAL
REVENUES				
Property and Sales Taxes	\$ 32,843	\$ 28,354	\$ (4,489)	\$ 35,465
Licenses, Permits and Fees	72,000	150,100	78,100	56,025
Intergovernmental Revenue	57,550	73,847	16,297	72,782
Investment Earnings	1,100	5,761	4,661	2,769
Miscellaneous Revenue	3,000	-	(3,000)	21,450
TOTAL REVENUES	<u>166,493</u>	<u>258,062</u>	<u>91,569</u>	<u>188,491</u>
EXPENDITURES				
Current:				
General Government	5,150	4,614	536	5,377
Public Works	198,132	124,437	73,695	148,838
Parks and Recreation	2,164	-	2,164	258
Capital Outlay	6,000	-	6,000	24,349
TOTAL EXPENDITURES	<u>211,446</u>	<u>129,051</u>	<u>82,395</u>	<u>178,822</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(44,953)</u>	<u>129,011</u>	<u>173,964</u>	<u>9,669</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>95,000</u>	<u>95,000</u>	<u>-</u>	<u>95,000</u>
CHANGE IN FUND BALANCE	50,047	224,011	173,964	104,669
FUND BALANCE, Beginning	<u>484,326</u>	<u>526,331</u>	<u>42,005</u>	<u>421,662</u>
FUND BALANCE, Ending	<u>\$ 534,373</u>	<u>\$ 750,342</u>	<u>\$ 215,969</u>	<u>\$ 526,331</u>

See the accompanying Independent Auditors' Report.

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OTHER SUPPLEMENTARY INFORMATION

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SPECIAL REVENUE FUND

Special Revenue Fund is established to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

The following is the Special Revenue Fund for the Town:

Conservation Trust Fund -- This fund accounts for lottery proceeds received from the State government. Expenditures are restricted to the development or improvement of Town parks.

TOWN OF AULT, COLORADO

BUDGETARY COMPARISON SCHEDULE FOR THE
CONSERVATION TRUST FUND - NONMAJOR

Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019			
	<u>ORIGINAL & FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAV (UNFAV)</u>	<u>2018 ACTUAL</u>
REVENUES				
Intergovernmental Revenue	\$ 16,750	\$ 19,922	\$ 3,172	\$ 17,213
Investment Earnings	<u>70</u>	<u>96</u>	<u>26</u>	<u>67</u>
TOTAL REVENUES	<u>16,820</u>	<u>20,018</u>	<u>3,198</u>	<u>17,280</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	(25,000)	-	25,000	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>(4,000)</u>
CHANGE IN FUND BALANCE	(8,180)	20,018	28,198	13,280
FUND BALANCE, Beginning	<u>-</u>	<u>51,623</u>	<u>51,623</u>	<u>38,343</u>
FUND BALANCE, Ending	<u><u>\$ (8,180)</u></u>	<u><u>\$ 71,641</u></u>	<u><u>\$ 79,821</u></u>	<u><u>\$ 51,623</u></u>

See the accompanying Independent Auditors' Report.

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed in a manner similar to private business enterprises. The costs of providing goods or services to the general public on a continuing basis are recovered primarily from user charges.

The following are the Enterprise Funds of the Town:

Water Fund -- This fund accounts for the provision of water services to Town residents.

Sanitation Fund -- This fund accounts for the provision of waste water management services to Town residents.

TOWN OF AULT, COLORADO

WATER FUND

SCHEDULE OF REVENUES, EXPENSES

AND CHANGE IN FUND NET POSITION -

BUDGET AND ACTUAL

Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2018 ACTUAL
OPERATING REVENUES				
Charges for Services	\$ 473,132	\$ 517,889	\$ 44,757	\$ 482,144
OPERATING EXPENSES				
Personal Services	156,340	139,471	16,869	127,846
Supplies	9,900	6,827	3,073	8,775
Purchased Services	266,262	327,705	(61,443)	304,835
Other Operating Expenses	6,645	3,863	2,782	2,674
Fleet Maintenance	2,215	1,973	242	2,219
Repairs & Maintenance	32,854	7,818	25,036	17,123
Capital Outlay	296,767	259,224	37,543	49,336
TOTAL OPERATING EXPENSES	770,983	746,881	24,102	512,808
OPERATING INCOME	(297,851)	(228,992)	68,859	(30,664)
NON-OPERATING REVENUE (EXPENSE)				
Investment Earnings	3,500	25,441	21,941	14,100
Miscellaneous Revenue	24,000	2,300	(21,700)	2,200
TOTAL NON-OPERATING REVENUE (EXPENSE)	27,500	27,741	241	16,300
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(270,351)	(201,251)	69,100	(14,364)
TRANSFERS AND CONTRIBUTIONS				
Transfer Out	-	(15,000)	(15,000)	(15,000)
Capital Contributions	920,700	2,042,900	1,122,200	915,883
NET INCOME (LOSS) - BUDGET (GAAP) BASIS	\$ 650,349	1,826,649	\$ 1,176,300	886,519
GAAP BASIS ADJUSTMENTS				
Capital Outlay		251,928		17,122
Depreciation		(48,387)		(40,866)
TOTAL GAAP BASIS ADJUSTMENTS		203,541		(23,744)
CHANGE IN FUND NET POSITION		2,030,190		862,775
NET POSITION, beginning		4,031,184		3,168,409
NET POSITION, ending		\$ 6,061,374		\$ 4,031,184

See the accompanying Independent Auditors' Report.

TOWN OF AULT, COLORADO

SANITATION FUND

SCHEDULE OF REVENUES, EXPENSES
AND CHANGE IN FUND NET POSITION -
BUDGET AND ACTUAL

Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019		
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)
			2018 ACTUAL
OPERATING REVENUES			
Charges for Services	\$ 488,291	\$ 532,171	\$ 43,880
OPERATING EXPENSES			
Personal Services	155,815	149,271	6,544
Supplies	24,450	20,911	3,539
Purchased Services	121,187	103,255	17,932
Other Operating Expenses	8,225	7,323	902
Fleet Maintenance	1,095	1,269	(174)
Repairs & Maintenance	51,270	38,555	12,715
Capital Outlay	64,067	72,137	(8,070)
TOTAL OPERATING EXPENSES	426,109	392,721	33,388
OPERATING INCOME	62,182	139,450	77,268
NON-OPERATING REVENUE (EXPENSE)			
Investment Earnings	2,000	10,172	8,172
Miscellaneous Revenue	-	73	73
Debt Service Principal	(175,000)	(172,849)	2,151
Interest Expense	(11,000)	(9,645)	1,355
TOTAL NON-OPERATING REVENUE (EXPENSE)	(184,000)	(172,249)	11,751
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(121,818)	(32,799)	89,019
TRANSFERS AND CONTRIBUTIONS			
Transfer Out	-	(15,000)	(15,000)
Capital Contribution	198,000	302,500	104,500
NET INCOME (LOSS) - BUDGET (GAAP) BASIS	\$ 61,182	254,701	\$ 193,519
GAAP BASIS ADJUSTMENTS			
Capital Outlay		54,080	19,961
Debt Principal		172,849	172,849
Depreciation		(342,050)	(338,829)
TOTAL GAAP BASIS ADJUSTMENTS		(115,121)	(146,019)
CHANGE IN FUND NET POSITION		139,580	192,846
NET POSITION, beginning		4,199,535	4,006,689
NET POSITION, ending		\$ 4,339,115	\$ 4,199,535

See the accompanying Independent Auditors' Report.

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COMPONENT UNIT

Component Units are legally separate entities that do not qualify as a primary government.

The Town has one Discretely Presented Component Unit:

Northern Plains Public Library -- The Library serves the citizens of Weld County School District RE-9, which includes the Town of Ault.

TOWN OF AULT, COLORADO

NORTHERN PLAINS PUBLIC LIBRARY (COMPONENT UNIT)

SCHEDULE OF REVENUES, EXPENSES

AND CHANGE IN FUND BALANCE -

BUDGET AND ACTUAL

Year Ended December 31, 2019

With Comparative Totals for the Year Ended December 31, 2018

	2019			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2018 ACTUAL
REVENUES				
Charges for Service	\$ 3,520	\$ 2,038	\$ (1,482)	\$ 2,147
Intergovernmental Revenue	1,388,766	385,600	(1,003,166)	407,503
Other Revenue	3,800	10,879	7,079	7,194
Investment Earnings	<u>10,000</u>	<u>30,248</u>	<u>20,248</u>	<u>22,443</u>
Total Revenues	<u>1,406,086</u>	<u>428,765</u>	<u>(977,321)</u>	<u>439,287</u>
EXPENDITURES				
Operating Expenses	105,810	104,489	1,321	74,192
Salaries and Benefits	138,380	146,574	(8,194)	128,979
Debt Service	28,000	53,224	(25,224)	27,432
Capital Outlay	<u>2,045,500</u>	<u>52,735</u>	<u>1,992,765</u>	<u>28,873</u>
Total Expenditures	<u>2,317,690</u>	<u>357,022</u>	<u>1,960,668</u>	<u>259,476</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(911,604)	71,743	983,347	179,811
FUND BALANCE, Beginning	-	<u>1,756,687</u>	<u>1,756,687</u>	<u>1,576,876</u>
FUND BALANCE, Ending	<u>\$ (911,604)</u>	<u>\$ 1,828,430</u>	<u>\$ 2,740,034</u>	<u>\$ 1,756,687</u>

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION
State Compliance

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

LOCAL HIGHWAY FINANCE REPORT				City or County:	
				YEAR ENDING : December 2019	
This Information From The Records Of (example - City of _ or County of _):				Prepared By: Phone:	
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)	61,079		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	43,012		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	1,385		
2. General fund appropriations	289,606	b. Snow and ice removal	502		
3. Other local imposts (from page 2)	169,389	c. Other Street Lighting	23,087		
4. Miscellaneous local receipts (from page 2)	100,761	d. Total (a. through c.)	24,974		
5. Transfers from toll facilities		4. General administration & miscellaneous	2,400		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	287,206		
a. Bonds - Original Issues		6. Total (1 through 5)	418,670		
b. Bonds - Refunding Issues		B. Debt service on local obligations:			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	0	a. Interest			
7. Total (1 through 6)	559,756	b. Redemption			
B. Private Contributions		c. Total (a. + b.)	0		
C. Receipts from State government (from page 2)	77,073	2. Notes:			
D. Receipts from Federal Government (from page 2)	0	a. Interest			
E. Total receipts (A.7 + B + C + D)	636,829	b. Redemption			
		c. Total (a. + b.)	0		
		3. Total (1.c + 2.c)	0		
		C. Payments to State for highways			
		D. Payments to toll facilities			
		E. Total disbursements (A.6 + B.3 + C + D)	418,670		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
A. Bonds (Total)				0	
1. Bonds (Refunding Portion)					
B. Notes (Total)				0	
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	421,662	636,829	418,670	639,821	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	12,420	a. Interest on investments	5,761
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	150,100	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	6,869	g. Other Misc. Receipts	95,000
6. Total (1. through 5.)	156,969	h. Other	
c. Total (a. + b.)	169,389	i. Total (a. through h.)	100,761
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	67,885	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	9,188	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	9,188	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	77,073	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		5,840	5,840
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		54,107	54,107
(3). System Preservation		1,132	1,132
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	55,239	55,239
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	61,079	61,079
			(Carry forward to page 1)

Notes and Comments:
