

TOWN OF EADS, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Town Council
Town of Eads
Eads, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Eads, Colorado's basic financial statements. The other budgetary comparison schedules along with the Local Highway Finance Report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The other budgetary schedules and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Amanda L. Brown, CPA

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FINANCIAL STATEMENTS
DECEMBER 31, 2020

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TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

The discussion and analysis of the Town of Eads financial performance provides an overview and analysis of the Town's financial activities for the year ended on December 31, 2020. It should be read in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by \$13,506 or .33% during the year.
- The Town's Business-type activities net position decreased by \$1,960
- The Town's Governmental activities net position increased by \$15,466

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and a section that presents combining statements for non-major governmental funds.

Basic financial statements - include two kinds of statements that present different views of the Town.

- **Government-wide financial statements** provide both long-term and short-term information about the Town's overall financial status. The required financial statements include statement of net position, and statement of activities. The measurement focus is on economic resources and accrual accounting is used. Assets and liabilities include both financial and capital and are reported as short and long term. Revenues and expenses are included regardless of when cash is received or paid.
- **Fund Financial Statements** focus on the individual parts of the Town reporting in more detail the Town's operations.
 1. **Government Funds** show how general government services like public safety, public works, recreation, and general government administration were financed in the short term and what remains for future spending. The required financial statements are a balance sheet and statement of revenues, expenditures and changes in fund balance. Only assets expected to be used and liabilities that come due during the year or soon thereafter are included. Capital assets are not included as assets. The measurement focus is on current financial resources and modified accrual accounting is used to report revenues and expenses that are received during the year or soon thereafter.
 2. **Proprietary Funds** include activities, such as the water system, are operated similar to private business with an economic resource focus and accrual accounting. The

TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

required financial statements include Statement of Net Position, Statement of Revenues, expenses, and changes in Net Position, and Statement of cash flows. All assets and liabilities, both financial and capital, long and short-term are provided and all revenues and expenses are included regardless of when cash is received or paid.

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

Required Supplementary Information includes budgetary comparison schedules for the General Fund and major special revenue funds.

Other Supplementary Information includes combining statements for nonmajor governmental funds and budget comparison schedules for all nonmajor special revenue funds and proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes 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. Net position—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, additional nonfinancial factors need to be considered, such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

Governmental Activities – Most of the Town's basic services are included here, such as police, streets, parks and recreation departments, and general administration. Sales taxes, property taxes, franchise fees, and charges for services finance most of these activities.

Business-type Activities – The Town charges fees to customers to recover most of the costs of certain activities. The Town's water and sewer systems are included here.

TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Town's most significant funds – not the Town as a whole. Funds are accounting devices that a Town uses to account for specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Town Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants, such as the Conservation Trust Fund.

The Town has two kinds of funds:

- **Governmental Funds** – Most of the Town's basic services are included in the governmental funds, which focus on the flow of cash in and out and how balances remaining at the end of the year are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine the change in financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided on the subsequent page that explains the differences between them.
- **Proprietary Funds** – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The Town's Water Enterprise Fund and Sewer Utility Fund are proprietary funds accounting for its water and sewer system activities.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town uses fund accounting to comply with finance-related legal requirements.

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

A summary of the Town's net position for the year is as follows:

**TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

	Governmental Activities		Business Activities		Total	
	2020	2019	2020	2019	2020	2019
Current assets	\$611,113	\$566,977	\$1,039,210	\$929,213	\$1,650,623	\$1,496,190
Other Non-current Assets	-	-	64,456	64,270	64,456	64,270
Capital assets-net	651,949	689,352	2,825,388	2,947,941	3,477,837	3,637,293
Total assets	1,263,362	1,256,299	3,929,554	3,941,454	5,192,916	5,197,753
Deferred Outflows	-	-	-	-	-	-
Current Liabilities	12,867	20,468	97,516	84,169	110,333	104,937
Non-current Liabilities	6,578	5,176	819,361	812,348	825,939	817,794
Total liabilities	19,445	25,644	916,877	926,817	936,322	952,731
Deferred Inflows	113,129	145,363	-	-	113,129	145,363
Net Position	\$ 1,100,488	\$ 1,085,022	\$ 3,012,677	\$ 3,014,637	\$ 4,113,165	\$ 4,099,659
Net Position consist of:						
Net Investment in Capital Assets	651,949	689,352	1,988,975	2,086,427	2,640,924	2,775,779
Restricted	10,501	40,271	63,360	63,360	103,861	103,631
Unrestricted	408,038	355,399	960,342	864,850	1,368,380	1,220,249
Net Position	\$ 1,100,488	\$ 1,085,022	\$ 3,012,677	\$ 3,014,637	\$ 4,113,165	\$ 4,099,659

The net position of the Town's governmental activities as of December 31, 2020 was \$1,100,488 of which \$408,038 was unrestricted and is available for spending at the government's discretion. The remainder is invested in capital assets in the amount of \$651,949, restricted for Emergency Reserve in the amount of \$33,322, and restricted for culture and recreation in the amount of \$7,179.

The General Fund is the main operating fund of the Town. As of December 31, 2020, the General Fund balance was \$447,938 of which \$251,735 was unassigned. Unassigned fund balance represents 46% of General Fund expenditures.

**TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

A summary of the Town's change in net position for the year is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Operating Grants and Contributions	\$ 135,731	\$ 67,424	\$ -	\$ -	\$ 135,731	\$ 67,424
Capital Grants and Contributions	-	-	-	-	-	-
Charges for services	67,423	81,687	548,357	537,670	615,780	619,357
Total Program Revenue	<u>203,154</u>	<u>149,111</u>	<u>548,357</u>	<u>537,670</u>	<u>751,511</u>	<u>686,781</u>
General Revenues:						
Taxes	399,734	372,903	-	-	399,734	372,903
Investment earnings	2,802	2,903	7,347	3,943	10,499	6,846
Total General Revenue	<u>402,536</u>	<u>375,806</u>	<u>7,347</u>	<u>3,943</u>	<u>409,883</u>	<u>379,749</u>
Total Revenue	<u>605,690</u>	<u>524,917</u>	<u>555,704</u>	<u>541,613</u>	<u>1,165,394</u>	<u>1,066,530</u>
Expenses						
General government	274,379	178,881	-	-	274,379	178,881
Judicial	2,910	3,800	-	-	2,910	3,800
Public safety	67,164	103,191	-	-	67,164	103,191
Highways and Streets	200,997	221,517	-	-	200,997	221,517
Culture and recreation	44,774	56,819	-	-	44,774	56,819
Urban Redevelopment	-	-	-	-	-	-
Water	-	-	382,225	351,602	382,225	351,602
Sewer & Sanitation	-	-	175,439	181,685	175,439	181,685
Total expenses	<u>590,224</u>	<u>562,208</u>	<u>557,664</u>	<u>533,287</u>	<u>1,147,888</u>	<u>1,097,495</u>
Change in net position before transfers and special items	<u>15,466</u>	<u>(39,291)</u>	<u>(1,960)</u>	<u>8,326</u>	<u>13,506</u>	<u>(30,965)</u>
Gain (Loss) on Disposal of Assets	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Change in net position	<u>15,466</u>	<u>(39,291)</u>	<u>(1,960)</u>	<u>8,326</u>	<u>13,506</u>	<u>(30,965)</u>
Beginning net position	<u>1,085,022</u>	<u>1,124,313</u>	<u>3,014,637</u>	<u>3,006,311</u>	<u>4,099,659</u>	<u>4,130,624</u>
Ending net position	<u>\$1,100,488</u>	<u>\$1,085,022</u>	<u>\$3,012,677</u>	<u>\$3,014,637</u>	<u>\$4,113,165</u>	<u>\$4,099,659</u>

The change in net position for Governmental Activities was an increase of \$15,466.

The change in net position for Business-Type Activities was a decrease of \$1,960.

**TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

BUDGETARY HIGHLIGHTS

General Fund actual revenues of \$599,620 were less than budgeted revenues and actual expenditures of \$545,277 were \$554,959 less than budgeted expenditures. General Fund's large variance was due mainly to incompleteness of planned grants.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of December 31, 2020, Eads' investment in capital assets for its governmental and business-type activities net of accumulated depreciation was \$3,477,837. Capital assets including buildings, water and sewer system and equipment are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land & Encumbrants	\$ 5,627	\$ 5,627	\$ 7,500	\$ 7,500	\$ 13,127	\$ 13,127
Infrastructure	713,168	713,168	-	-	713,168	713,168
Buildings & Improvements	187,514	187,514	4,965,307	4,965,307	5,152,821	5,152,821
Equipment	358,379	358,379	389,128	389,128	747,507	747,507
Total	<u>\$1,264,688</u>	<u>\$1,264,688</u>	<u>\$5,361,935</u>	<u>\$5,361,935</u>	<u>\$6,626,623</u>	<u>\$6,626,623</u>
Accumulated Depreciation	(612,759)	(575,336)	(2,536,047)	(2,413,994)	(3,148,786)	(2,989,330)
Capital Assets, Net	<u>\$ 651,949</u>	<u>\$ 689,352</u>	<u>\$ 2,825,888</u>	<u>\$ 2,947,941</u>	<u>\$ 3,477,837</u>	<u>\$ 3,637,293</u>

There were no major capital asset additions for year 2020.

Long-term Debt – As of December 31, 2020 the Town's long-term debt consisted of the following: Note Payable-Rural Development in the amount of \$836,913. Principal and interest payments in the amount of \$63,596 are due in 2021.

**TOWN OF EADS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

ECONOMIC FACTORS AND 2021 BUDGETS AND RATES

- Growth was assumed to be flat
- Sales tax revenues were projected at the current year level
- Utility rates were projected with a 3% increase.

Governmental activities revenues for year 2021 are budgeted at \$981,659, which is a \$375,969 increase from current year actual revenues. Year 2021 expenditures for governmental activities are projected to be \$1,066,407 which is a \$514,718 increase over current year actual expenditures of \$551,689.

The main business-type activities for the Town are water, sewer and sanitation. Water Enterprise Fund revenues for year 2021 are budgeted at \$319,698 compared with current year actual revenues of \$331,091. Year 2021 Water Enterprise Fund budgeted expenditures of \$383,296 represent an increase of \$52,705 from current year actual expenditures. Sewer Utility Fund revenues for year 2021 are budgeted at \$708,820 compared with current year actual revenues of \$224,613. Year 2021 Sewer Utility Fund budgeted expenditures are \$851,717 compared to \$129,621 current year actual expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide the citizens, taxpayers, customers and investors and creditors of the Town of Eads, Colorado a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about this report or need additional financial information, contact the Town of Eads, Town Clerk, P.O. Box 8, Eads, Colorado 81036.

TOWN OF EADS, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
Current Assets:			
Cash and Cash Equivalents	\$ 191,326	\$ 54,520	\$ 735,846
Cash with County Treasurer	2,401	-	2,401
Investments	236,653	419,134	655,787
Intergovernmental Receivable	19,732	-	19,732
Accounts Receivable	3,544	39,139	47,483
Allowance for Doubtful Accounts	-	(1,000)	(1,000)
Taxes Receivable	143,429	-	143,429
Internal Balances	1,300	(1,300)	-
Prepaid Expenses	8,223	11,407	19,630
Inventory	-	27,315	27,315
Total Current Assets	611,415	1,039,210	1,650,625
Restricted Assets:			
Bond Reserve Funds	-	64,456	64,456
Non-Current Assets:			
Capital Assets			
Land & Easements	5,027	7,200	13,127
Infrastructure	713,168	-	713,168
Buildings and water and sewer systems	187,514	4,965,307	5,152,821
Equipment	358,379	389,128	747,507
Accumulation Depreciation	(612,739)	(2,536,047)	(3,148,786)
Total Non-Current Assets	651,949	2,825,838	3,477,837
TOTAL ASSETS	1,263,362	3,929,554	5,129,916
LIABILITIES			
Current Liabilities:			
Current Portion of Long-Term Debt	-	24,129	24,129
Accounts Payable	11,161	25,348	36,509
Accrued Liabilities	1,706	-	1,706
Accrued Interest Payable	-	19,931	19,931
Meter Deposits	-	28,708	28,108
Total Current Liabilities	12,867	97,516	110,383
Long-Term Liabilities:			
Long-Term Debt - Net of Current Portion	-	812,784	812,784
Compensated Absences	6,578	6,577	13,155
Total Long-Term Liabilities	6,578	819,361	825,939
TOTAL LIABILITIES	19,445	916,877	936,322
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	143,429	-	143,429
NET POSITION			
Net Investment in Capital Assets	651,949	1,988,975	2,640,924
Restricted for:			
Emergency Reserve	33,322	-	33,322
Culture & Recreation	7,179	-	7,179
Bond Reserve	-	63,260	63,360
Unrestricted	408,038	960,342	1,368,380
TOTAL NET POSITION	\$ 1,100,488	\$ 3,012,677	\$ 4,113,165

The notes to the financial statements are an integral part of this statement.

**TOWN OF EADS, COLORADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>FUNCTIONS PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 274,379	\$ 65,664	\$ 98,869	\$ -
Judicial	2,910	-	-	-
Public safety	67,164	-	-	-
Highways and streets	200,997	1,759	30,576	-
Culture and recreation	44,774	-	6,285	-
Urban Redevelopment	-	-	-	-
Total Governmental Activities	<u>590,224</u>	<u>67,423</u>	<u>135,731</u>	<u>-</u>
Business-Type Activities:				
Water Enterprise Fund	382,225	330,566	-	-
Sewer Utility Fund	175,439	217,791	-	-
Total Business-Type Activities	<u>557,664</u>	<u>548,357</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 1,147,888</u>	<u>\$ 615,780</u>	<u>\$ 135,731</u>	<u>\$ -</u>
Fees:				
Property Tax				
Sales Tax				
Interest Income				
Gain (Loss) on Disposal of Assets				
Total general revenues				
Change in net position				
Net Position, beginning				
Net Position ending				

The notes to the financial statements are an integral part of this statement.

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

PRIMARY GOVERNMENT

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (109,846)		\$ (109,846)
(2,910)		(2,910)
(67,164)		(67,164)
(168,662)		(168,662)
(38,488)		(38,488)
-		-
<u>(387,070)</u>	<u>-</u>	<u>(387,070)</u>
	\$ (51,659)	(51,659)
	42,352	42,352
-	<u>(9,307)</u>	<u>(9,307)</u>
<u>\$ (387,070)</u>	<u>\$ (9,307)</u>	<u>\$ (396,377)</u>
\$ 172,751	\$ -	\$ 172,751
226,983	-	226,983
2,802	7,347	10,149
-	-	-
<u>402,536</u>	<u>7,347</u>	<u>409,883</u>
15,466	(1,960)	13,506
1,085,022	3,014,627	4,099,659
<u>\$ 1,100,488</u>	<u>\$ 3,012,677</u>	<u>\$ 4,113,165</u>

**TOWN OF EADS, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

ASSETS	NONMAJOR GOVERNMENTAL		TOTALS
	GENERAL	FUND	
Cash and Cash Equivalents	\$ 187,058	\$ 7,268	\$ 191,326
Cash with County Treasurer	2,401		2,401
Investments	236,653		236,653
Intergovernmental Receivable	19,732		19,732
Accounts Receivable	8,344		8,344
Taxes Receivable	143,429		143,429
Due From Other Funds	1,300	68	1,368
Prepaid Expenses	8,228		8,228
TOTAL ASSETS	\$ 604,145	\$ 7,336	\$ 611,481
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 11,004	\$ 57	\$ 11,161
Due To Other Funds	68		68
Accrued Liabilities	1,706		1,706
TOTAL LIABILITIES	12,778	57	12,935
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	143,429	-	143,429
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	8,228		8,228
Restricted for:			
Emergencies (TABOR)	33,322		33,322
Culture & Recreation		7,179	7,179
Assigned to:			
General Government (Airport)	74,390		74,390
Subsequent Year's Expenses	80,263		80,263
Unassigned:			
General Fund	251,735		251,735
TOTAL FUND BALANCES	447,938	7,179	455,117
TOTAL LIABILITY, DEFERRED INFLOWS, AND FUND BALANCES	\$ 604,145	\$ 7,336	\$ 611,481

The notes to the financial statements are an integral part of this statement

TOWN OF EADS, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total Fund Balances - Total Governmental Funds \$ 455,117

The following amounts reported for governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.

Governmental Capital assets	1,264,688
Accumulated Depreciation	(612,739)

The following amounts reported for governmental activities are not due and payable in the current period. Therefore, they are not reported in the Governmental Funds Balance Sheet.

Compensated Absences	(6,576)
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Net Position of Governmental Activities	\$ 100,488
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TOWN OF EADS, COLORADO
GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2020

	NONMAJOR GOVERNMENTAL		TOTALS
	GENERAL	FUND	
REVENUES:			
Taxes	\$ 399,734		\$ 399,734
Licenses and Permits	1,870		1,870
Intergovernmental Revenue	126,070	\$ 6,062	132,132
Charges for Services	60,835		60,835
Fines and Forfeits	671		671
Donation	3,599		3,599
Interest Income	2,794	8	2,802
Miscellaneous	4,047		4,047
TOTAL REVENUES	599,620	6,070	605,690
EXPENDITURES:			
Current:			
General Government	268,037		268,037
Judicial	2,910		2,910
Public Safety	67,097		67,097
Highways and Streets	173,517		173,517
Culture and Recreation	33,716	6,412	40,128
Urban Redevelopment	-		-
Capital Outlay	-		-
TOTAL EXPENDITURES	545,277	6,412	551,689
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	54,343	(342)	54,001
OTHER FINANCIAL SOURCES (USES)			
Sale of Fixed Assets	-	-	-
Transfer In	-	-	-
NET CHANGE IN FUND BALANCE	54,343	(342)	54,001
FUND BALANCES, BEGINNING OF YEAR	393,595	7,521	401,116
FUND BALANCES, END OF YEAR	\$ 447,938	\$ 7,179	\$ 455,117

The notes to the financial statements are an integral part of this statement.

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

Net change in fund balances - total governmental funds \$ 54,001

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

Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	-
Depreciation expense	(37,403)

Governmental funds report principal payments on leases and payment of compensated absences as expenditures. However, in the statements of activities, these payments reduce long-term liabilities.

Current-period change in the liability for compensated absences	(1,132)
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	\$ 15,466
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Change in net position of governmental activities

TOWN OF EADS, COLORADO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS	SEWER UTILITY FUND	WATER ENTERPRISE FUND	TOTALS
Current Assets:			
Cash	\$ 346,722	\$ 197,798	\$ 544,520
Investments	408,545	10,589	419,134
Accounts Receivable	-	39,139	39,139
Allowances For Doubtful Accounts	-	(1,000)	(1,000)
Due From Other Funds	18,021	-	18,021
Inventories	-	27,315	27,315
Prepaid Expenses	3,329	8,073	11,402
Total Current Assets	<u>776,617</u>	<u>281,914</u>	<u>1,058,531</u>
Restricted Assets:			
Bond Reserve Funds	-	64,456	64,456
Non-Current Assets:			
Capital Assets			
Land & Encumbrances	-	7,500	7,500
Buildings, Water and Sewer Systems	1,266,979	3,698,328	4,965,307
Equipment	260,973	128,155	389,128
Accumulated Depreciation	(962,867)	(1,573,180)	(2,536,047)
Total Non-Current Assets	<u>565,085</u>	<u>2,260,803</u>	<u>2,825,888</u>
TOTAL ASSETS	<u>1,341,702</u>	<u>2,607,173</u>	<u>3,948,875</u>
LIABILITIES			
Current Liabilities:			
Current Portion of Long-Term Debt	-	24,129	24,129
Accounts Payable	5,819	19,529	25,348
Accrued Interest Payable	-	19,931	19,931
Meter Deposits	-	28,108	28,108
Due to Other Funds	-	19,321	19,321
Total Current Liabilities	<u>5,819</u>	<u>111,018</u>	<u>116,837</u>
Long-Term Liabilities:			
Long-Term Debt - Net of Current Portion	-	812,784	812,784
Compensated Absences	1,644	4,933	6,577
Total Long-Term Liabilities	<u>1,644</u>	<u>817,717</u>	<u>819,361</u>
TOTAL LIABILITIES	<u>7,463</u>	<u>928,735</u>	<u>936,198</u>
NET POSITION			
Net Investment in Capital Assets	565,085	1,423,890	1,988,975
Restricted - Bond Reserve	-	63,360	63,360
Unrestricted	769,154	191,188	960,342
TOTAL NET POSITION	<u>\$ 1,334,239</u>	<u>\$ 1,678,438</u>	<u>\$ 3,012,677</u>

The notes to the financial statements are an integral part of this statement

TOWN OF EADS, COLORADO
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>SEWER UTILITY FUND</u>			<u>WATER ENTERPRISE FUND</u>	<u>TOTAL PROPRIETARY FUNDS</u>
	<u>SEWER</u>	<u>SANITATION</u>	<u>TOTAL</u>		
OPERATING REVENUES					
Charges for Services	\$ 91,113	\$ 126,678	\$ 217,791	\$ 330,566	\$ 548,357
Miscellaneous	-	-	-	-	-
Total Operating Revenues	<u>91,113</u>	<u>126,678</u>	<u>217,791</u>	<u>330,566</u>	<u>548,357</u>
OPERATING EXPENSES					
Operating					
Salaries	12,852	6,198	19,050	51,158	80,208
Chemicals and Supplies	1,353	392	1,745	26,175	31,220
Utilities	15,089	-	15,089	43,183	58,272
Outside Services	4,111	35,355	39,466	6,541	46,007
Depreciation	44,520	2,886	47,406	74,627	122,053
Recycling	-	1,157	1,157	-	1,157
Testing & Permits	1,216	-	1,216	1,256	3,052
Repairs & Maintenance	1,452	5,873	7,305	34,097	41,402
Fuel	-	1,974	1,974	1,047	2,981
Miscellaneous	65	-	65	2,116	2,181
Administration					
Salaries	4,268	4,173	8,441	24,138	32,579
Employee Benefits	8,706	5,603	14,308	38,405	52,713
Payroll Taxes	1,223	662	1,885	6,220	8,105
Insurance	1,088	4,218	5,306	9,496	17,802
Professional Services	2,238	453	2,691	2,691	5,382
Repairs & Maintenance	-	150	150	-	150
Office Supplies	985	131	1,119	2,911	4,535
Dues	-	-	-	5,280	5,280
Travel and Education	498	-	498	35	533
Fees	-	-	-	1,941	1,941
Miscellaneous	-	-	-	271	271
Total Operating Expenses	<u>105,974</u>	<u>69,187</u>	<u>175,131</u>	<u>372,191</u>	<u>517,622</u>
Income (Loss) from Operations	<u>(14,861)</u>	<u>57,191</u>	<u>42,360</u>	<u>(11,625)</u>	<u>30,735</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	-	6,822	6,822	525	7,347
Interest (Expense)	-	(8)	(8)	(40,034)	(40,042)
Income Before Operating Transfers	<u>(14,861)</u>	<u>64,005</u>	<u>49,174</u>	<u>(51,134)</u>	<u>(1,960)</u>
Operating Transfer Out	-	-	-	-	-
CHANGE IN NET POSITION	<u>\$ (14,861)</u>	<u>\$ 64,005</u>	<u>49,174</u>	<u>(51,134)</u>	<u>(1,960)</u>
NET POSITION, BEGINNING OF YEAR			<u>1,285,065</u>	<u>1,729,572</u>	<u>3,014,637</u>
NET POSITION, END OF YEAR			<u>\$ 1,331,239</u>	<u>\$ 1,678,438</u>	<u>\$ 3,012,677</u>

The notes to the financial statements are an integral part of this statement

**TOWN OF EADS, COLORADO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	SEWER UTILITY FUND	WATER ENTERPRISE FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts From Customers	\$ 273,271	\$ 281,511	\$ 554,782
Payments to Suppliers for Goods and Services	(99,344)	(177,875)	(277,219)
Payments to Employees	(27,203)	(84,447)	(111,650)
Net Cash Provided By Operating Activities	146,719	19,189	165,908
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Grants	-	-	-
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:			
Acquisition of Capital Assets	-	-	-
Long Term Debt Proceeds	-	-	-
Long Term Debt Principal Payments	(1,533)	(23,013)	(24,601)
Grants	-	-	-
Interest Paid	(3)	(40,582)	(40,590)
Net Cash Provided (Used) By Capital and Financing Activities	(1,596)	(63,595)	(65,191)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Redemption (Purchase) of Investments	(6,529)	(134)	(6,663)
Interest on Investments	6,822	525	7,347
Net Cash Provided (Used) By Investing Activities	293	391	684
Net Increase (Decrease) in Cash and Cash Equivalents	145,416	(41,015)	104,401
CASH AND CASH EQUIVALENTS			
Beginning of Year	201,306	306,269	507,575
End of Year	\$ 346,722	\$ 265,254	\$ 608,976
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) Operating Activities			
Net Operating Income (Loss)	\$ 42,360	\$ (17,625)	\$ 30,735
Depreciation	47,406	74,647	122,053
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable, Net	-	3,468	3,468
(Increase) Decrease in Due from Other Funds	55,480	-	55,480
(Increase) Decrease in Inventory	-	(3,296)	(3,296)
(Increase) Decrease in Prepaid Expense	(258)	(2,850)	(3,088)
Increase (Decrease) in Accounts Payable	1,448	10,499	11,947
Increase (Decrease) in Compensated Absences	283	819	1,102
Increase (Decrease) in Customer Meter Deposits	-	2,130	2,130
Increase (Decrease) in Due to Other Funds	-	(21,653)	(21,653)
Net Cash Provided By Operating Activities	\$ 146,719	\$ 19,189	\$ 165,908

The notes to the financial statements are an integral part of this statement.

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

(1) Summary of Significant Accounting Policies

The financial statements of Town of Eads, Colorado have been prepared in conformity with generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Town of Eads operates under a council-mayor form of government. The Town has no component units using the criteria as set forth in generally accepted accounting principles.

There is a housing authority within the Town of Eads. The authority operates as an independent entity and does not meet the criteria to be a component unit.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary 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 revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 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 government funds and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentations

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements.

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. For this purpose, revenues are considered to be available if collected within 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, 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. Sales tax collected and held at year end on behalf of the Town is also recognized as revenue if collected within 60 days after year end. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with an enterprise fund's ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. 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.

The Town also has the following non-major special revenue fund:

Conservation Trust Fund - This fund is used to account for lottery proceeds required to be expended solely on park and recreation improvements.

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

Water Fund - The water fund accounts for all financial activities associated with the Town's water service.

Utility Fund - The utility fund accounts for all financial activities associated with the Town's sewer and sanitation services.

E. Short-term interfund receivables/payables

The Town from time to time authorizes advances between Town funds. Interfund receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due to/from other funds on the balance sheet.

F. Receivables

For all revenue the Town uses sixty days as receivable under the modified accrual basis of accounting.

G. Inventory

Inventory of materials and supplies within the enterprise fund are valued at lower of cost (first in, first out) or market.

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

II. Prepayments

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

I. Capital Assets

Capital assets, which include property, plant, vehicles, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are capitalized at actual or estimated costs. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of a government fund type are sold, the proceeds of the sale are recorded as revenues in the appropriate government fund. The Town reports gains and losses on the disposal of capital assets (carrying value less sale proceeds, if any) in the government-wide statement of activities and enterprise fund operating statement. Interest incurred during the construction phase of capital assets of business-type activities is included in the capitalized value of the assets constructed.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The Town's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets. Depreciation of all capital assets used in governmental activities and by proprietary funds is charged as an expense against their operations. Estimated useful lives are

Motor Vehicles	5 to 10	years
Equipment	5 to 25	years
Infrastructure, buildings, water and sewer systems	40 to 75	years

As a Phase 3 government, as defined in GASB 34, the Town has elected to not report major general infrastructure assets retroactively; therefore, the government-wide financial statements do not reflect infrastructure assets completed prior to January 1, 2004.

I. Property Taxes

Property taxes are levied, assessed, become due and attach as an enforceable lien on property as of January 1. Taxpayers have the option of paying their taxes in full on or before April 30, or in paying in two installments of one half due by February 28 with the remaining one half

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

due by June 15. Unpaid taxes become delinquent as of August 1 and are subject to collection procedures on or after October 1. The County bills and collects property taxes for the Town.

K. Compensated Absences

Vacation and sick pay is accrued in the appropriate fund accounts according to the Town's vacation and sick pay policy at the employee's prevailing wage as of the last day of the year. The liability for compensated absences does not exceed a normal year's accumulation.

L. Fund Equity

In the fund financial statements the following classifications describe the relative strength of spending constraints.

- *Non-spendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaid amounts) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* – The portion of fund balance constrained for specific purposes according to the limitations imposed by the Town's highest level of decision making authority, the Town Council, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Town Council.
- *Assigned fund balance* – The portion of fund balance set aside for planned or intended purposes but are neither restricted nor committed. The intended use may be expressed by the Town Council or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum intended to be used for the purpose of that particular fund.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria. The Town will only report a positive unassigned fund balance in the General Fund.

TOWN OF EADS, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

When both restricted and unrestricted fund balance are available for use, it is the Town's policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned.

(2) Budgetary Information:

The town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to October 15, the town council begins preparing an operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures.
2. A public hearing is conducted at the town hall to obtain taxpayers comments.
3. Prior to January 1, the budget is legally enacted through passage of a resolution. Budgets may be amended by supplemental appropriation after notice and public hearing. Both the original and final budgets are reflected in the financial statements. All appropriations lapse at year end.
4. Budgets for the general, special revenue, and pension funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The enterprise funds are budgeted on a non-GAAP basis of accounting.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level for all funds.

(3) Deposits and Investments

For the purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Deposits

The Town's deposits and cash on hand are shown below.

Cash on hand	\$ 250
Cash with County Treasurer	2,401
Cash in savings and checking accounts	800,052
Certificates of Deposit	<u>655,787</u>
Total	<u>\$1,458,490</u>

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Custodial Credit Risk. Deposits are exposed to custodial credit risk (the risk that, in the event of the failure of a depository financial institution, the government would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party), if they are not covered by depository insurance and are collateralized with securities held by the pledging financial institution, except for deposits collateralized by certain types of collateral pools including a single financial institution collateral pool where the fair value of the pool is equal to or exceeds all uninsured public deposits held by the financial institution (e.g. deposits insured by The Public Deposit Protection Act (PDPA)). Accordingly, none of the Town's deposits as of December 31, 2020 are deemed to be exposed to custodial credit risk. The Town has no policy regarding custodial credit risk for deposits.

Investments

Colorado statutes specify in which instruments the local government may invest, which include:

1. Repurchase agreements in obligations of the United States;
2. Obligations of the United States or obligations unconditionally guaranteed by the United States;
3. General obligation or revenue bonds of any state, District of Columbia, U.S. territory or any of their subdivisions, with certain limitations;
4. Bankers acceptance issued by a state or national bank, with certain limitations;
5. Commercial paper, with certain limitations;
6. Any obligation, certificate of participation or lease/purchase of the investing public entity;
7. Money market fund, with certain limitations, which invest in the types of securities listed above;
8. Guaranteed investment contracts, with certain limitations;
9. Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments.

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.

Credit Risk. The Town does not have a formal investment policy that would further limit its investment choices beyond those listed above which are approved by Colorado statutes.

A reconciliation of the Town's deposits and investments to the financial statements is as follows:

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Cash and Cash Equivalents	\$ 735,846
Cash with County Treasurer	2,401
Investments	655,787
Restricted Cash – Bond Reserve	<u>64,456</u>
Total	<u>\$1,458,490</u>

(4) Capital Assets

Governmental Activities

A summary of changes in governmental activity capital assets is as follows:

	<u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Transfers Deletions</u>	<u>Dec. 31, 2020</u>
Non-depreciable assets:				
Land	\$ 5,627	\$ -	\$ -	\$ 5,627
Depreciable assets:				
Infrastructure	\$ 713,168	\$ -	\$ -	\$ 713,168
Buildings & Improvements	187,514	-	-	187,514
Equipment	358,379	-	-	358,379
Total depreciable assets	<u>\$ 1,259,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,259,061</u>
Total capital assets	<u>\$ 1,264,688</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,264,688</u>
Less accumulated depreciation for:				
Infrastructure	\$ (195,137)	\$ (17,591)	\$ -	\$ (212,728)
Buildings	(148,065)	(1,759)	-	(149,824)
Equipment	(232,134)	(18,053)	-	(250,187)
Total accumulated depreciation	<u>\$ (575,336)</u>	<u>\$ (37,403)</u>	<u>\$ -</u>	<u>\$ (612,739)</u>
Total capital assets, net	<u>\$ 689,352</u>	<u>\$ (37,403)</u>	<u>\$ -</u>	<u>\$ 651,949</u>

Depreciation Expense was charge to functions/programs of the Town as follows:

General Government	\$ 5,529
Public Safety	67
Highways and Streets	27,161
Culture and Recreation	<u>4,646</u>
Total depreciation expense – governmental activities	<u>\$ 37,403</u>

TOWN OF EADS, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

Business-Type Activities

A summary of changes in Enterprise Funds capital assets is as follows:

	<u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Transfers Deletions</u>	<u>Dec. 31, 2020</u>
Non-depreciable assets:				
Land & Easements	\$ 7,500	\$ -	\$ -	\$ 7,500
Depreciable assets:				
Buildings, water & sewer systems	\$ 4,965,307	\$ -	\$ -	\$ 4,965,307
Equipment	389,128		-	389,128
Total depreciable assets	<u>\$ 5,354,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,354,435</u>
Total capital assets	<u>\$ 5,361,935</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,361,935</u>
Less accumulated depreciation:	<u>\$ (2,413,994)</u>	<u>\$ (122,053)</u>	<u>\$ -</u>	<u>(2,536,047)</u>
Total capital assets, net	<u>\$ 2,947,941</u>	<u>\$ (122,053)</u>	<u>\$ -</u>	<u>\$ 2,825,888</u>

Depreciation expense was charge to functions/programs of the Town as follows:

Water	\$ 74,647
Sewer	44,520
Sanitation	2,886
Total depreciation expense – business-type activities	<u>\$ 122,053</u>

(5) Interfund Transactions

The following is a summary of interfund borrowings for the year as presented in the fund financial statements.

	<u>Receivable</u>	<u>Payables</u>
Sewer Utility Fund	\$ 18,021	
General Fund	1,300	\$ 68
Conservation Trust Fund	68	
Water Enterprise Fund		19,321
	<u>\$ 19,389</u>	<u>\$ 19,389</u>

All balances resulted from the time lag between the dates that interfund reimbursable expenditures occur, and payments between funds are made. All interfund receivables and payables at year end are planned to be eliminated in the subsequent year.

TOWN OF EADS, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2020

(6) Long Term Debt

Long-Term Notes Payable

During 2003 the Town negotiated a long-term note from the United States Department of Agriculture, Rural Development for the purpose of upgrading the Town's water system in the amount of \$1,134,000 payable with interest at 4.75% according to the following schedule.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	24,129	39,467	63,596
2022	25,289	38,307	63,596
2023	26,504	37,092	63,596
2024	27,778	35,818	63,596
2025	29,113	34,483	63,596
2026-2030	167,950	150,030	317,980
2031-2035	212,383	105,597	317,980
2036-2040	268,571	49,409	317,980
2041	55,196	1,894	57,090
	<u>\$ 836,913</u>	<u>\$ 492,097</u>	<u>\$ 1,329,010</u>

During 2020 principal payments of \$23,013 were made on the above note with interest expense of \$40,034 which is included as a direct expense under Water Enterprise in the Statement of Activities.

Capital Lease

During 2015 the Town entered into a capital lease for the purchase of a skid-steer loader in the amount of \$43,300. The lease was payable with interest at 4.04% for five years. During 2020, the lease was paid in full with principal payments of \$1,588 and interest expense of \$8 which is included as a direct expense under Sanitation in the Sewer Utility Fund in the Statement of Activities.

The changes in long term debt during 2020 are summarized as follows:

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Compensated Absences	5,446	1,132	-	6,578	-
Business-Type Activities:					
Notes Payable					
Water Enterprise	\$ 859,926	\$ -	\$ (23,013)	\$ 836,913	\$ 24,129
Capital Lease					
Sewer Utility	1,588	-	(1,588)	-	-
	<u>861,514</u>	<u>-</u>	<u>(24,601)</u>	<u>836,913</u>	<u>24,129</u>
Total	<u>\$ 861,514</u>	<u>\$ -</u>	<u>\$ (24,601)</u>	<u>\$ 836,913</u>	<u>\$ 24,129</u>

Compensated absences related to governmental activities are normally paid by the General Fund.

(7) Segment Information:

The Town of Eads Sewer Utility Fund comprises of two separate departments: sewer and sanitation. Segment information that is available is included within the financial statements for the year ended December 31, 2020. Separate balance sheets are not maintained for each department. No other segment information is available.

(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 continues to carry commercial insurance for workers' compensation and employee health and accident insurance. There have been no significant reductions in coverage from the prior year and settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Reserve Account

The Town is required to maintain a reserve account as a condition of the United States Department of Agriculture, Rural Development loan. An annual deposit of \$6,360 is required for ten years for a total of \$63,360. The balance as of December 31, 2020 is \$64,456.

TOWN OF EADS, COLORADO
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

(10) Related Organizations

The Town's Board of Trustees is also responsible for appointing the members of the board of the Eads Housing Authority, but the Town's financial responsibility for this organization does not extend beyond making the appointments. Therefore, it is not included in these financial statements.

The Housing Authority contracts with the Town of Eads to provide administration and maintenance functions for the Housing Authority. During 2020 the Housing Authority paid the Town of Eads \$8,877 for these services.

The financial statements of the authority may be obtained from Eads Housing Authority, P.O. Box 8, Eads, CO 81036.

(11) Contingency

Tabor Amendment

In November 1992, the Colorado voters passed a constitutional amendment (Tabor Amendment) to the State Constitution (Article X, Section 20) which requires voter approval for any increases in mill levies, revenue limits, spending limits and creation of multi-year debt. In addition, the amendment requires that a reserve be established for emergencies of 3%.

The Town has reserved \$33,322 within the General Fund for the emergency reserve under the Tabor Amendment.

During 1993 the electorate passed a ballot measure allowing the Town to receive and expend any excess funds received from grants and intergovernmental revenues without limitation to the provisions under the Tabor Amendment.

The Town believes that it is in compliance with the provisions of the Tabor Amendment. However, many provisions of the Tabor Amendment are complex and subject to further interpretation and will require judicial interpretation.

TOWN OF LEADS, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 344,863	\$ 344,863	\$ 399,734	\$ 54,871
Licenses and Permits	2,800	2,800	1,870	(930)
Intergovernmental Revenue	477,250	477,250	126,070	(351,180)
Charges for Services	64,642	64,642	60,835	(3,807)
Fines and Forfeits	2,200	2,200	671	(1,529)
Donation	42,900	42,900	3,599	(39,301)
Interest	1,200	1,200	2,794	1,594
Miscellaneous	2,930	2,930	4,047	1,117
TOTAL REVENUES	938,785	938,785	599,620	(339,165)
EXPENDITURES				
Current:				
General Government	405,346	405,346	268,037	137,309
Judicial	4,466	4,466	2,910	1,556
Public Safety	76,992	76,992	67,097	9,895
Highways and Streets	233,500	233,500	173,517	59,983
Culture & Recreation	56,600	56,600	33,716	22,884
Urban Redevelopment	290,000	290,000	-	290,000
Capital Outlay	33,332	33,332	-	33,332
TOTAL EXPENDITURES	1,100,236	1,100,236	545,277	554,959
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(161,451)	(161,451)	54,343	215,794
OTHER FINANCIAL SOURCES (USES)				
Sale of Fixed Assets	1,500	1,500	-	(1,500)
Transfer In	50,000	50,000	-	(50,000)
NET CHANGE IN FUND BALANCE	(109,951)	(109,951)	54,343	164,294
FUND BALANCES, BEGINNING OF YEAR	371,379	371,379	393,595	22,216
FUND BALANCES, END OF YEAR	\$ 261,428	\$ 261,428	\$ 447,938	\$ 186,510

The notes to the financial statements are an integral part of this statement.

TOWN OF EADS, COLORADO
CONSERVATION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Intergovernmental Revenue	\$ 7,000	\$ 7,000	\$ 6,062	\$ (938)
Interest	25	25	8	(17)
Total revenues	7,025	7,025	6,070	(955)
EXPENDITURES:				
Current:				
Culture and Recreation	10,510	10,510	6,412	4,098
Capital Outlay	-	-	-	-
Total expenditures	10,510	10,510	6,412	4,098
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,485)	(3,485)	(342)	3,143
OTHER FINANCIAL SOURCES (USES)				
Transfer In	-	-	-	-
NET CHANGE IN FUND BALANCE	(3,485)	(3,485)	(342)	3,143
FUND BALANCE, BEGINNING OF YEAR	8,313	8,313	7,521	(792)
FUND BALANCE, END OF YEAR	\$ 4,828	\$ 4,828	\$ 7,179	\$ 2,351

The notes to the financial statements are an integral part of this statement

TOWN OF EADS, COLORADO
WATER ENTERPRISE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL -
FOR THE YEAR ENDED DECEMBER 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
REVENUES:				POSITIVE
				(NEGATIVE)
Charges for Services	\$ 316,398	\$ 316,398	\$ 330,566	\$ 14,168
Grants	41,550	41,550	-	(41,550)
Interest	800	800	525	(275)
Miscellaneous	2,500	2,500	-	(2,500)
TOTAL REVENUES	361,248	361,248	331,091	(30,157)
EXPENDITURES:				
Operating				
Salaries	52,500	52,500	61,158	(8,658)
Chemicals and Supplies	15,000	15,000	26,175	(11,175)
Utilities	50,000	50,000	43,183	6,817
Outside Services	5,000	5,000	6,541	(1,541)
Repairs	46,100	46,100	34,097	12,003
Fuel	4,000	4,000	1,047	2,953
Testing	2,500	2,500	1,536	964
Miscellaneous	3,000	3,000	2,116	884
Interest	40,573	40,573	40,031	539
Principal Payment on Note	23,023	23,023	23,013	10
Capital Outlay	112,500	112,500	-	112,500
Administration				
Salaries	24,600	24,600	24,138	462
Employee Benefits	46,000	46,000	38,405	7,595
Payroll Taxes	6,000	6,000	6,220	(220)
Insurance	10,000	10,000	9,196	804
Professional Fees	2,800	2,800	2,691	109
Repairs	-	-	-	-
Office Supplies	3,500	3,500	2,914	586
Dues	3,000	3,000	5,280	(2,280)
Travel and Education	2,000	2,000	35	1,965
Fees	3,000	3,000	1,941	1,059
Miscellaneous	700	700	271	429
TOTAL EXPENDITURES	455,796	455,796	330,591	125,205
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (94,548)	\$ (94,548)	500	\$ 95,048
RECONCILIATION TO GAAP BASIS				
Add: Principal Payment on Note			23,013	
Add: Capital Outlay			-	
Deduct: Depreciation			(74,617)	
CHANGE IN NET POSITION			\$ (51,311)	

The notes to the financial statements are an integral part of this statement.

TOWN OF FADS, COLORADO
SEWER UTILITY FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BASIS) AND ACTUAL -
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>(NEGATIVE)</u>
REVENUES:				
Charges for Services	\$ 220,820	\$ 220,820	\$ 217,791	\$ (3,029)
Miscellaneous	-	-	-	-
Interest	8,000	8,000	6,822	(1,178)
TOTAL REVENUES	<u>228,820</u>	<u>228,820</u>	<u>224,613</u>	<u>(4,207)</u>
EXPENDITURES:				
Operating				
Salaries	23,000	23,000	19,050	3,950
Chemicals and Supplies	11,000	11,000	4,745	6,255
Utilities	20,000	20,000	18,089	1,911
Outside Services	55,200	55,200	39,466	15,734
Recycling	1,524	1,524	1,157	367
Testing	3,000	3,000	1,516	1,484
Repairs	7,500	7,500	7,305	195
Fuel	4,000	4,000	1,934	2,066
Interest	8	8	8	-
Miscellaneous	-	-	65	(65)
Transfer Out	50,000	50,000	-	50,000
Principal Payment on Note	1,588	1,588	1,588	-
Capital Outlay	66,668	66,668	-	66,668
Administration				
Salaries	10,000	10,000	8,441	1,559
Employee Benefits	18,000	18,000	14,308	3,692
Payroll Taxes	2,150	2,150	1,885	265
Insurance	11,200	11,200	8,306	2,894
Professional Fees	2,000	2,000	2,691	(691)
Repairs	1,000	1,000	150	850
Office Supplies	4,000	4,000	1,419	2,581
Travel and Education	2,300	2,300	498	1,802
Miscellaneous	1,075	1,075	-	1,075
TOTAL EXPENDITURES	<u>295,213</u>	<u>295,212</u>	<u>129,621</u>	<u>165,592</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (66,393)</u>	<u>\$ (66,393)</u>	94,992	<u>\$ (61,385)</u>
RECONCILIATION TO GAAP BASIS				
Add: Principal Payment on Note			1,588	
Add: Capital Outlay			-	
Deduct: Depreciation			(47,406)	
CHANGE IN NET POSITION			<u>\$ 49,174</u>	

The notes to the financial statements are an integral part of this statement

The prior report burden for this information for collection is estimated to average 550 hours annually.

LOCAL HIGHWAY FINANCE REPORT

City or County:
Town of Eads
YEAR ENDING:
December 2020

This Information From The Records Of (example - City of _ or County of _
Town of Eads

Prepared By: Barbara Scranton
Phone: 719-438-5590

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 non-highway 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)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	146,340
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a. + b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local receipts (from page 2)	76,385	c. Other street lighting	27,777
4. Miscellaneous local receipts (from page 2)	1,729	d. Total (a. through c.)	27,777
5. Transfers from toll facilities		4. General administration & miscellaneous	35,173
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original issues		6. Total (1 through 5)	208,690
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)	178,114	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	30,576	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	208,690	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.e + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		F. Total disbursements (A.6 + B.3 + C + D)	208,690

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries in per)

	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
	0	208,690	208,690	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm yy):
December 2020

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	152,436	a. Interest on Investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Licenses		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	1,729
5. Specific Ownership &/or Other	23,949	g. Other Misc. Receipts	
6. Total (1. through 5.)	23,949	h. Other	
c. Total (a. + b.)	176,385	i. Total (a. through h.)	1,729
	(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	27,111	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	3,465	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.)	3,465	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	30,576	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: