

**TOWN OF AULT
AULT, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

TOWN OF AULT, COLORADO

BOARD OF TRUSTEES

DECEMBER 31, 2021

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TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Title Page	
Table of Contents	
Managements' Discussion and Analysis (Required Supplementary Information - Unaudited)	M1 – M9
FINANCIAL SECTION	
Independent Auditors' Report	1 - 3
Basic Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds	6
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position Governmental Activities	7
Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Change In Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Funds	10
Statement of Revenues, Expenses, and Change in Fund Net Position - Proprietary Funds	11
Statement of Cash Flows - Proprietary Funds	12
Balance Sheet - Component Unit	13
Statement of Revenues, Expenditures and Change in Fund Balance - Component Unit	14
Notes to the Financial Statements	15 - 35
Pension Schedules – Required Supplementary Information (Unaudited)	
Schedule of the Town's Proportionate Share of the Net Pension Asset (Liability)	36
Schedule of Town Contributions	37

TABLE OF CONTENTS
(Continued)

	Page
Required Supplementary Information	
Budgetary Comparison Schedule for the General Fund	38
Budgetary Comparison Schedule for the Street Systems Fund	39
Other Supplementary Information	
Special Revenues Fund	
Budgetary Comparison Schedule for the Conservation Trust Fund	40
Enterprise Funds	
Schedule of Revenues, Expenses and Change in Fund Net Position - Budget and Actual - Water Fund	41
Schedule of Revenues, Expenses and Change in Fund Net Position - Budget and Actual - Sanitation Fund	42
Component Unit	
Schedule of Revenues, Expenses and Change in Fund Balance - Budget and Actual - Library	43
 COMPLIANCE SECTION	
State Compliance	
Local Highway Finance Report	44 - 45

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, 2021. 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 \$3,336,455 with its governmental net position increasing by \$1,462,391 and business-type net position increasing by \$1,874,064 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 2021 by \$22,804,084 (*net position*). Of this amount, \$8,348,403 (*unrestricted net position*) may be used to meet the Town's ongoing obligations or unforeseen expenses.
- At the end of 2021, the unrestricted net position for the governmental funds was \$4,167,868 and proprietary funds (business-type activities) were \$4,180,535.
- As of the close of fiscal year 2021, the Town's General Fund reported an ending fund balance of \$4,180,072 compared to the fiscal year 2020 balance of \$3,164,604.
- General Fund 2021 revenues increased by \$570,911 to \$2,558,446.
- General Fund expenditures increased in 2021 by \$316,309 to \$1,477,978.

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.

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 \$22,804,084 as of December 31, 2021 compared to \$19,467,629 as of December 31, 2020. This represents an increase of \$3,336,455.

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 \$23 million overall at the close of 2021.

TOWN OF AULT
Management Discussion and Analysis
December 31, 2021

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

	Condensed Statement of Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and Other Assets	\$ 6,144,847	\$ 4,612,729	\$ 4,880,788	\$ 3,776,033	\$ 11,025,635	\$ 8,388,762
Capital Assets, net	<u>2,776,053</u>	<u>2,691,286</u>	<u>11,411,615</u>	<u>10,526,453</u>	<u>14,187,668</u>	<u>13,217,739</u>
TOTAL ASSETS	<u>8,920,900</u>	<u>7,304,015</u>	<u>16,292,403</u>	<u>14,302,486</u>	<u>25,213,303</u>	<u>21,606,501</u>
Deferred Outflows	<u>217,792</u>	<u>239,385</u>	<u>-</u>	<u>-</u>	<u>217,792</u>	<u>239,385</u>
LIABILITIES						
Current Liabilities	192,026	99,241	486,778	199,867	678,804	299,108
Non-Current Liabilities	<u>87,007</u>	<u>102,822</u>	<u>1,584,364</u>	<u>1,755,423</u>	<u>1,671,371</u>	<u>1,858,245</u>
TOTAL LIABILITIES	<u>279,033</u>	<u>202,063</u>	<u>2,071,142</u>	<u>1,955,290</u>	<u>2,350,175</u>	<u>2,157,353</u>
Deferred Inflows	<u>276,835</u>	<u>220,904</u>	<u>-</u>	<u>-</u>	<u>276,835</u>	<u>220,904</u>
Net Position						
Net Investment in Capital Assets	2,724,560	2,613,926	9,854,046	8,789,599	12,578,606	11,403,525
Restricted Net Position	1,690,396	1,277,857	186,679	113,661	1,877,075	1,391,518
Unrestricted	<u>4,167,868</u>	<u>3,228,650</u>	<u>4,180,535</u>	<u>3,443,936</u>	<u>8,348,403</u>	<u>6,672,586</u>
TOTAL NET POSITION	<u>\$ 8,582,824</u>	<u>\$ 7,120,433</u>	<u>\$ 14,221,260</u>	<u>\$ 12,347,196</u>	<u>\$ 22,804,084</u>	<u>\$ 19,467,629</u>

The statement of net position reflects a cash position totaling \$11,025,635 of total assets. The bulk of the Town's resources, \$14.1 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 \$1,462,391.
Business activities increased the Town's net position by \$1,874,064.

TOWN OF AULT
Management Discussion and Analysis
December 31, 2021

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

Condensed Statement of Activities						
	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for Services	\$ 1,036,904	\$ 795,667	\$ 1,402,249	\$ 1,209,184	\$ 2,439,153	\$ 2,004,851
Operating Grants and Contrib.	187,744	150,818	-	-	187,744	150,818
Capital Grants and Contrib.	-	984,918	2,056,231	2,140,355	2,056,231	3,125,273
Total Program Revenues	<u>1,224,648</u>	<u>1,931,403</u>	<u>3,458,480</u>	<u>3,349,539</u>	<u>4,683,128</u>	<u>5,280,942</u>
General Revenues:						
Taxes	1,826,958	1,475,220	-	-	1,826,958	1,475,220
Other General Revenues	<u>20,830</u>	<u>22,527</u>	<u>26,265</u>	<u>24,935</u>	<u>47,095</u>	<u>47,462</u>
Total General Revenues	<u>1,847,788</u>	<u>1,497,747</u>	<u>26,265</u>	<u>24,935</u>	<u>1,874,053</u>	<u>1,522,682</u>
Total Revenues	<u>3,072,436</u>	<u>3,429,150</u>	<u>3,484,745</u>	<u>3,374,474</u>	<u>6,557,181</u>	<u>6,803,624</u>
Program Expenses						
General Government	242,647	176,767	-	-	242,647	176,767
Public Safety	1,028,849	679,119	-	-	1,028,849	679,119
Public Works	234,597	247,487	-	-	234,597	247,487
Parks and Recreation	75,067	66,395	-	-	75,067	66,395
Health & Welfare	58,885	53,815	-	-	58,885	53,815
Economic development/assistance	-	495	-	-	-	495
Water Operations	-	-	756,896	644,714	756,896	644,714
Sanitation Operations	-	-	823,785	747,245	823,785	747,245
Total Expenses	<u>1,640,045</u>	<u>1,224,078</u>	<u>1,580,681</u>	<u>1,391,959</u>	<u>3,220,726</u>	<u>2,616,037</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	1,462,391	2,235,072	1,874,064	1,952,515	3,336,455	4,187,587
Net Position, Beginning	<u>7,120,433</u>	<u>4,885,361</u>	<u>12,347,196</u>	<u>10,394,681</u>	<u>19,467,629</u>	<u>15,280,042</u>
Net Position, Ending	<u>\$ 8,582,824</u>	<u>\$ 7,120,433</u>	<u>\$ 14,221,260</u>	<u>\$ 12,347,196</u>	<u>\$ 22,804,084</u>	<u>\$ 19,467,629</u>

For 2021, the Town's Governmental Activities show an increase of \$356,714 in total revenues and a decrease of \$415,967 in expenses, resulting in an increase in net position of \$772,681 over 2020. The Business-type Activities show an increase of \$110,271 in revenues and an increase of \$188,622 in expenses resulting in a increase in net position of \$78,451 over 2020.

Financial Analysis of the Town's Funds

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

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 \$3,164,604 to \$4,180,072. This increase is principally the result of increasing revenues. Total revenues increased by \$570,911. Expenditures increased by \$316,279.

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 \$379,444 in 2021, compared to of \$1,288,407 in 2020, with a slow down in contributions from customers for raw water.

Sanitation Fund – The net position increased by \$734,613 in 2021, above the increase of \$664,108 in 2020. Capital Contributions were less than in 2020.

Capital Assets

Approximately 36% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings, infrastructure, and improvements.

Approximately 70% of the Town's capital assets support business-type activities.

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 219,806	\$ -	\$ -	\$ 219,806
Construction in progress	-	68,966	-	68,966
Total capital assets not being depreciated	<u>219,806</u>	<u>68,966</u>	<u>-</u>	<u>288,772</u>
Capital assets being depreciated:				
Buildings and improvements	240,490	-	-	240,490
Land improvements	509,532	17,806	-	527,338
Vehicles and equipment	442,688	14,050	-	456,738
Infrastructure	<u>3,404,536</u>	<u>54,137</u>	<u>-</u>	<u>3,458,673</u>
Total capital assets being depreciated	<u>4,597,246</u>	<u>85,993</u>	<u>-</u>	<u>4,683,239</u>
Less accumulated depreciation:				
Buildings and improvements	190,892	3,671	-	194,563
Land improvements	322,574	12,262	-	334,836
Vehicles and equipment	279,369	27,706	-	307,075
Infrastructure	<u>1,352,844</u>	<u>78,064</u>	<u>-</u>	<u>1,430,908</u>
Total accumulated depreciation	<u>2,145,679</u>	<u>121,703</u>	<u>-</u>	<u>2,267,382</u>
Total capital assets, net	<u>\$ 2,671,373</u>	<u>\$ 33,256</u>	<u>\$ -</u>	<u>\$ 2,704,629</u>

TOWN OF AULT
Management Discussion and Analysis
December 31, 2021

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

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 15,338	\$ -	\$ -	\$ 15,338
Water rights	3,828,408	1,204,858	-	5,033,266
Construction in progress	-	75,010	-	75,010
Total capital assets not being depreciated	<u>3,843,746</u>	<u>1,279,868</u>	<u>-</u>	<u>5,123,614</u>
Capital assets being depreciated:				
Water and sewer systems	9,983,668	-	-	9,983,668
Equipment	<u>133,498</u>	<u>9,041</u>	<u>-</u>	<u>142,539</u>
Total capital assets being depreciated	<u>10,117,166</u>	<u>9,041</u>	<u>-</u>	<u>10,126,207</u>
Less accumulated depreciation:				
Water and sewer systems	3,352,797	399,062	-	3,751,859
Equipment	<u>81,661</u>	<u>4,686</u>	<u>-</u>	<u>86,347</u>
Total accumulated depreciation	<u>3,434,458</u>	<u>403,748</u>	<u>-</u>	<u>3,838,206</u>
Total Capital Assets, net	<u>\$10,526,454</u>	<u>\$ 885,161</u>	<u>\$ -</u>	<u>\$ 11,411,615</u>

The Town's Governmental Activities reported depreciation expense of \$121,703 in the Government-Wide Financial Statements. The Town's Business-Type Activities reported \$403,748 in depreciation expense allocated to the Water and Sanitation Funds at \$56,999 and \$346,749, respectively.

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, 2021	Advances	Repayments	Balance December 31, 2021	Due Within One Year	Interest Expense
GOVERNMENTAL ACTIVITIES						
Capital Leases - Equipment	\$ 77,360	\$ -	\$ 25,867	\$ 51,493	\$ 24,462	\$ 2,339
Compensated Absences	25,462	10,052	-	35,514	-	-
Total Obligations	<u>\$ 102,822</u>	<u>\$ 10,052</u>	<u>\$ 25,867</u>	<u>\$ 87,007</u>	<u>\$ 24,462</u>	<u>\$ 2,339</u>
BUSINESS -TYPE ACTIVITIES						
2006 CWRPDA Loan	\$ 433,825	\$ -	\$ 75,817	\$ 358,008	\$ 77,149	\$ 7,041
2015 CWRPDA Loan	1,480,983	-	102,137	1,378,846	102,137	-
Compensated Absences	<u>18,569</u>	<u>8,227</u>	<u>-</u>	<u>26,796</u>	<u>-</u>	<u>-</u>
Total Obligations	<u>\$ 1,933,377</u>	<u>\$ 8,227</u>	<u>\$ 177,954</u>	<u>\$ 1,763,650</u>	<u>\$ 179,286</u>	<u>\$ 7,041</u>

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 \$430,769. The Town's expenditures were \$177,239 below budgeted.

Economic Factors and Future Budgets and Rates

The Town is approaching the end of the current subdivision build out. With the economy slowing, the Board will look at options to keep the Town revenues stable. It remains important to have stable, well-thought-out planning.

The Town is currently has the comprehensive plan and land use code 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.

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.

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FINANCIAL SECTION

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

Opinion

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Town of Ault, as of and for the year ended December 31, 2021, and the related notes to the financial statements which collectively comprise Town of Ault's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Ault as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Town of Ault and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Ault's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Town of Ault's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Town of Ault's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Town of Ault's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, budgetary comparison information, historical pension information and other post -employment benefit plan information listed in the tables of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Supplementary Information⁸

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ault's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 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.

Mayberry + Company, LLC

Englewood, Colorado
June 30, 2022

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, 2021.

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TOWN OF AULT, COLORADO

STATEMENT OF NET POSITION

December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	Northern Plains Public Library
ASSETS				
Current Assets				
Cash and Investments	\$ 5,623,358	\$ 4,535,058	\$ 10,158,416	\$ 1,481,452
Accounts Receivable	348,951	137,696	486,647	-
Property Tax Receivable	172,538	-	172,538	-
Inventory	-	21,355	21,355	-
Restricted Cash and Investments	-	186,679	186,679	-
Total Current Assets	6,144,847	4,880,788	11,025,635	1,481,452
Noncurrent Assets				
Capital Assets not being depreciated	288,772	5,123,614	5,412,386	35,000
Capital Assets being depreciated (net)	2,415,857	6,288,001	8,703,858	1,485,615
Net Pension Asset	71,424	-	71,424	-
Total Noncurrent Assets	2,776,053	11,411,615	14,187,668	1,520,615
TOTAL ASSETS	8,920,900	16,292,403	25,213,303	3,002,067
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES				
Net Pension Deferred Outflows	217,792	-	217,792	-
LIABILITIES				
Current Liabilities				
Accounts Payable	197,610	58,372	255,982	9,794
Accrued Payroll	21,317	9,662	30,979	-
Developer Tap Fees Payable	-	3,276	3,276	-
Accrued Interest Payable	1,185	1,044	2,229	-
Customer Deposits	5,589	-	5,589	-
Unearned Revenues	4,100	235,138	239,238	-
Current Portion of Noncurrent Liabilities	-	179,286	179,286	-
Total Current Liabilities	229,801	486,778	716,579	9,794
Noncurrent Liabilities				
Accrued Compensated Absences	35,514	26,795	62,309	-
Capital Leases Payable	51,493	-	51,493	-
Notes Payable	-	1,557,569	1,557,569	-
Total Noncurrent Liabilities	87,007	1,584,364	1,671,371	-
TOTAL LIABILITIES	316,808	2,071,142	2,387,950	9,794
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Deferred Revenue - Property Taxes	172,538	-	172,538	-
Net Pension Deferred Inflows	104,297	-	104,297	-
TOTAL DEFERRED INFLOWS	276,835	-	276,835	-
NET POSITION				
Net Investment in Capital Assets	2,724,560	9,854,046	12,578,606	1,520,615
Restricted:				
for TABOR Emergencies	89,000	-	89,000	20,000
for Impact Related Improvements	1,488,508	-	1,488,508	-
for Parks and Recreation	112,888	-	112,888	-
for Operations and Maintenance Reserve	-	186,679	186,679	-
Unrestricted	4,167,868	4,180,535	8,348,403	1,451,658
TOTAL NET POSITION	\$ 8,582,824	\$ 14,221,260	\$ 22,804,084	\$ 2,992,273

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

TOWN OF AULT, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

		PROGRAM REVENUES		
		CHARGES FOR	OPERATING	CAPITAL
	EXPENSES	SERVICES	GRANTS AND	GRANTS AND
			CONTRIBUTIONS	CONTRIBUTIONS
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General Government	\$ 242,647	\$ 252,521	\$ 20,318	\$ -
Public Safety	1,028,849	364,523	49,861	-
Public Works	234,597	419,650	95,181	-
Culture, Parks and Recreation	75,067	210	22,384	-
Health & Welfare	58,885	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	1,640,045	1,036,904	187,744	-
Business - Type Activities:				
Water Operations	756,896	699,446	-	1,328,954
Sanitation Operations	823,785	702,803	-	727,277
TOTAL BUSINESS - TYPE ACTIVITIES	1,580,681	1,402,249	-	2,056,231
TOTAL PRIMARY GOVERNMENT	\$ 3,220,726	\$ 2,439,153	\$ 187,744	\$ 2,056,231
Component Unit				
Northern Plains Public Library	\$ 337,385	\$ 427	\$ 636,655	\$ 20,428

GENERAL REVENUES

Taxes

Investment Earnings

Other Revenues

TOTAL GENERAL 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
\$ 30,192	\$ -	\$ 30,192	\$ -
(614,465)	-	(614,465)	-
280,234	-	280,234	-
(52,473)	-	(52,473)	-
(58,885)	-	(58,885)	-
<u>(415,397)</u>	<u>-</u>	<u>(415,397)</u>	<u>-</u>
-	1,271,504	1,271,504	-
-	606,295	606,295	-
-	<u>1,877,799</u>	<u>1,877,799</u>	-
<u>(415,397)</u>	<u>1,877,799</u>	<u>1,462,402</u>	-
-	-	-	<u>320,125</u>
1,826,958	-	1,826,958	-
16,576	16,056	32,632	1,945
4,254	10,209	14,463	1,823
<u>1,847,788</u>	<u>26,265</u>	<u>1,874,053</u>	<u>3,768</u>
30,000	(30,000)	-	-
<u>1,877,788</u>	<u>(3,735)</u>	<u>1,874,053</u>	<u>3,768</u>
1,462,391	1,874,064	3,336,455	323,893
<u>7,120,433</u>	<u>12,347,196</u>	<u>19,467,629</u>	<u>2,668,380</u>
<u>\$ 8,582,824</u>	<u>\$ 14,221,260</u>	<u>\$ 22,804,084</u>	<u>\$ 2,992,273</u>

TOWN OF AULT, COLORADO

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2021

With Comparative Totals for December 31, 2020

	<u>SPECIAL REVENUE FUNDS</u>		
	<u>GENERAL</u>	<u>STREET SYSTEMS</u>	<u>NON-MAJOR CONSERVATION TRUST</u>
ASSETS			
Cash and Investments	\$ 4,014,817	\$ 1,495,653	\$ 112,888
Accounts Receivable	348,951	-	-
Property Tax Receivable	172,538	-	-
Developer Receivables	37,775	-	-
TOTAL ASSETS	<u>\$ 4,574,081</u>	<u>\$ 1,495,653</u>	<u>\$ 112,888</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 191,321	\$ 6,289	\$ -
Accrued Payroll	20,461	856	-
Deposits	5,589	-	-
Unearned Revenue - Other	4,100	-	-
TOTAL LIABILITIES	<u>221,471</u>	<u>7,145</u>	<u>-</u>
DEFERRED INFLOWS			
Deferred Revenue - Property Taxes	172,538	-	-
FUND BALANCE			
Nonspendable:			
Restricted Fund Balance			
Restricted for TABOR Emergencies	89,000	-	-
Restricted for Impact Related Projects	-	1,488,508	-
Restricted for Parks and Recreation	-	-	112,888
Committed:			
Committed for Martinez Memorial	6,083	-	-
Unassigned	4,084,989	-	-
TOTAL FUND BALANCE	<u>4,180,072</u>	<u>1,488,508</u>	<u>112,888</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 4,574,081</u>	<u>\$ 1,495,653</u>	<u>\$ 112,888</u>

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

TOTALS

<u>2021</u>	<u>2020</u>
\$ 5,623,358	\$ 4,304,722
348,951	165,795
172,538	142,212
<u>37,775</u>	<u>-</u>
<u>\$ 6,182,622</u>	<u>\$ 4,612,729</u>

\$ 197,610	\$ 73,271
21,317	16,968
5,589	14,897
<u>4,100</u>	<u>4,100</u>
<u>228,616</u>	<u>109,236</u>

<u>172,538</u>	<u>142,212</u>
----------------	----------------

89,000	70,000
1,488,508	1,117,393
112,888	90,464
6,083	6,083
<u>4,084,989</u>	<u>3,088,521</u>
<u>5,781,468</u>	<u>4,372,461</u>
<u>\$ 6,182,622</u>	<u>\$ 4,623,909</u>

TOWN OF AULT, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION GOVERNMENTAL ACTIVITIES
Year Ended December 31, 2021

FUND BALANCE - GOVERNMENTAL FUNDS **\$5,781,468**

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	\$ 4,972,011	
Accumulated Depreciation	<u>(2,267,382)</u>	2,704,629

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	217,792	
Net pension asset/liability	71,424	
Net pension deferred Inflows	<u>(104,297)</u>	184,919

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

Accrued Compensated Absences	(35,514)	
Accrued Interest Payable	(1,185)	
Capital Leases Payable	<u>(51,493)</u>	<u>(88,192)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 8,582,824**

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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	SPECIAL REVENUE FUNDS			TOTALS	
		NON-MAJOR			
	GENERAL	STREET SYSTEMS	CONSERVATION TRUST	2021	2020
REVENUES					
Taxes	\$ 1,819,351	\$ 31,868	\$ -	\$ 1,851,219	\$ 1,499,953
Licenses and Permits	318,990	387,400	-	706,390	646,155
Intergovernmental	69,141	70,449	22,384	161,974	125,328
Charges for Services	140,707	-	-	140,707	108,946
Fines and Forfeits	189,347	-	-	189,347	40,466
Other	20,910	1,849	40	22,799	23,384
TOTAL REVENUES	2,558,446	491,566	22,424	3,072,436	2,444,232
EXPENDITURES					
Current:					
General Government	234,854	842	-	235,696	170,936
Public Safety	940,586	-	-	940,586	744,438
Public Works	3,313	136,217	-	139,530	164,400
Culture, Parks and Recreation	64,698	3,656	-	68,354	57,867
Health & Welfare	44,997	-	-	44,997	42,861
Economic Development	-	-	-	-	495
Capital Outlay	161,323	74,736	-	236,059	219,611
Debt Service	28,207	-	-	28,207	29,494
TOTAL EXPENDITURES	1,477,978	215,451	-	1,693,429	1,430,102
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	1,080,468	276,115	22,424	1,379,007	1,014,130
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	-	-	-	103,227
Transfers In	-	95,000	-	95,000	95,000
Transfers Out	(65,000)	-	-	(65,000)	(65,000)
TOTAL OTHER FINANCING SOURCES (USES)	(65,000)	95,000	-	30,000	133,227
CHANGE IN FUND BALANCE	1,015,468	371,115	22,424	1,409,007	1,147,357
FUND BALANCE, Beginning	3,164,604	1,117,393	90,464	4,372,461	3,225,104
FUND BALANCE, Ending	\$ 4,180,072	\$ 1,488,508	\$ 112,888	\$ 5,781,468	\$ 4,372,461

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, 2021

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

Net Change in Fund Balance - Governmental Funds		\$	1,409,007
Principal payments on debt are reported as expenditures and debt proceeds are reported as revenues in the funds:			
Principal Payments on Capital Leases Payable			25,867
Accrued Compensated Absences are expensed when paid in the funds:			
Change in Accrued Leave			(10,052)
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	(21,593)		
Change in net pension asset/liability	51,511		
Change in deferred pension inflows	<u>(25,605)</u>		4,313
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:			
Capitalized assets	154,959		
Depreciation Expense	<u>(121,703)</u>		<u>33,256</u>
Change in Net Position - Governmental Activities		\$	<u><u>1,462,391</u></u>

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

TOWN OF AULT, COLORADO

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2021

With Comparative Totals for December 31, 2020

	BUSINESS-TYPE ACTIVITIES		TOTALS	
	WATER	SANITATION	2021	2020
ASSETS				
CURRENT ASSETS				
Cash and Investments	\$ 2,240,564	\$ 2,294,494	\$ 4,535,058	\$ 3,532,030
Restricted Cash and Investments	-	186,679	186,679	113,661
Accounts Receivable	60,949	76,747	137,696	112,479
Inventory	21,355	-	21,355	17,863
Prepaid Expenses	-	-	-	-
Total Current Assets	2,322,868	2,557,920	4,880,788	3,776,033
OTHER ASSETS				
Land	-	15,338	15,338	15,338
Water Rights	5,033,266	-	5,033,266	3,828,408
Construction in Progress	37,505	37,505	75,010	-
Equipment	78,299	64,240	142,539	133,498
Improvements	2,356,851	7,626,817	9,983,668	9,983,668
Less: Accumulated Depreciation	(923,425)	(2,914,781)	(3,838,206)	(3,434,459)
Total Noncurrent Assets	6,582,496	4,829,119	11,411,615	10,526,453
TOTAL ASSETS	8,905,364	7,387,039	16,292,403	14,302,486
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	36,629	21,744	58,373	9,834
Accrued Payroll	4,346	5,316	9,662	7,538
Developer Tap Fees Payable	-	3,276	3,276	3,276
Accrued Interest Payable	-	1,044	1,044	1,265
Unearned Revenue	235,138	-	235,138	-
Current Portion of Noncurrent Liabilities	-	179,286	179,286	177,954
Total Current Liabilities	276,113	210,666	486,779	199,867
NONCURRENT LIABILITIES				
Compensated Absences	11,344	15,451	26,795	18,569
Notes Payable	-	1,557,569	1,557,569	1,736,854
Total Noncurrent Liabilities	11,344	1,573,020	1,584,364	1,755,423
TOTAL LIABILITIES	287,457	1,783,686	2,071,143	1,955,290
NET POSITION				
Net Investment in Capital Assets	6,582,496	3,271,550	9,854,046	8,789,599
Restricted for Operations and Maintenance Reserve	-	186,679	186,679	113,661
Unrestricted	2,035,411	2,145,124	4,180,535	3,443,936
TOTAL NET POSITION	\$ 8,617,907	\$ 5,603,353	\$ 14,221,260	\$ 12,347,196

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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	BUSINESS-TYPE ACTIVITIES		TOTALS	
	WATER	SANITATION	2021	2020
OPERATING REVENUES				
Charges for Services	\$ 699,446	\$ 702,803	\$ 1,402,249	\$ 1,209,184
OPERATING EXPENSES				
Personal Services	155,710	179,436	335,146	287,349
Supplies	12,576	24,944	37,520	17,918
Purchased Services	453,772	180,053	633,825	574,315
Other Operating Expenses	6,039	2,109	8,148	5,306
Fleet Maintenance	2,297	1,574	3,871	2,417
Repairs & Maintenance	31,222	56,442	87,664	86,141
Small Capital	38,281	25,437	63,718	9,303
Depreciation	56,999	346,749	403,748	400,856
TOTAL OPERATING EXPENSES	756,896	816,744	1,573,640	1,383,605
NET INCOME (LOSS) FROM OPERATIONS	(57,450)	(113,941)	(171,391)	(174,421)
NONOPERATING INCOME (EXPENSE)				
Investment Earnings	9,886	6,170	16,056	24,680
Miscellaneous Revenue	4,345	5,864	10,209	255
Interest Expense	-	(7,041)	(7,041)	(8,354)
NONOPERATING INCOME (EXPENSE)	14,231	4,993	19,224	16,581
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	(43,219)	(108,948)	(152,167)	(157,840)
TRANSFERS				
Transfers Out	(15,000)	(15,000)	(30,000)	(30,000)
CAPITAL CONTRIBUTIONS				
Capital Contributions	1,328,954	727,277	2,056,231	2,140,355
CHANGE IN NET POSITION	1,270,735	603,329	1,874,064	1,952,515
NET POSITION, Beginning	7,347,172	5,000,024	12,347,196	10,394,681
NET POSITION, Ending	\$ 8,617,907	\$ 5,603,353	\$ 14,221,260	\$ 12,347,196

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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	BUSINESS-TYPE ACTIVITIES		TOTAL	
	WATER	SANITATION	2021	2020
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 679,783	\$ 692,817	\$ 1,372,600	\$ 1,186,117
Cash Payments to Suppliers	(268,208)	(271,569)	(539,777)	(682,365)
Cash Payments to Employees	(155,710)	(179,436)	(335,146)	(287,349)
Net Cash Provided by Operating Activities	255,865	241,812	497,677	216,403
Cash Flows From Capital and Related Financing Activities:				
Purchases of Property and Equipment	(1,204,858)	(46,546)	(1,251,404)	(3,246,353)
Capital Contributions	1,328,954	727,277	2,056,231	2,140,355
Principal Payments on Debt	-	(177,954)	(177,954)	(176,644)
Interest Payments on Debt	-	(7,262)	(7,262)	(9,645)
Net Cash Provided (Used) by Capital and Related Financing Activities	124,096	495,515	619,611	(1,292,287)
Cash Flows from Non-Capital Financing Activities:				
Other Revenues	4,345	5,864	10,209	255
Transfers - Net	(15,000)	(15,000)	(30,000)	(30,000)
Net Cash Provided (Used) by Non-Capital Financing Activities	(10,655)	(9,136)	(19,791)	(29,745)
Cash Flows From Investing Activities:				
Investment Income	9,886	6,170	16,056	24,680
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	379,192	734,361	1,113,553	(1,080,949)
CASH AND EQUIVALENTS, Beginning	1,898,878	1,746,813	3,645,691	4,726,640
CASH AND EQUIVALENTS, Ending	\$ 2,278,070	\$ 2,481,174	\$ 4,759,244	\$ 3,645,691
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ (57,450)	\$ (113,941)	\$ (171,391)	\$ (174,421)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	56,999	346,749	403,748	400,856
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Accounts Receivable	(15,609)	(9,609)	(25,218)	(11,170)
Inventories	(3,492)	-	(3,492)	(17,863)
Prepaid Expenses	(562)	(377)	(939)	5,966
Increase (Decrease) in:				
Accounts Payable	35,952	13,529	49,481	8,946
Payroll Liabilities	4,889	5,461	10,350	4,089
Unearned Revenue	235,138	-	235,138	-
Total Adjustments	313,315	355,753	669,068	390,824
Net Cash Provided by Operating Activities	\$ 255,865	\$ 241,812	\$ 497,677	\$ 216,403

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, 2021

With Comparative Totals for December 31, 2020

	COMPONENT UNIT	
	2021	2020
ASSETS		
Cash and Investments	\$ 1,481,452	\$ 1,496,993
Accounts Receivable	-	38,400
TOTAL ASSETS	<u>\$ 1,481,452</u>	<u>\$ 1,535,393</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
LIABILITIES		
Accounts Payable	\$ 9,794	\$ 252,317
FUND BALANCE		
Restricted Fund Balance		
Restricted for TABOR Emergencies	20,000	13,000
Unassigned	<u>1,451,658</u>	<u>1,270,077</u>
TOTAL FUND BALANCE	<u>1,471,658</u>	<u>1,283,077</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,481,452</u>	<u>\$ 1,535,394</u>
FUND BALANCE- Governmental Funds	\$ 1,471,658	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	35,000	
Capital assets, being depreciated	2,387,592	
Accumulated depreciation	<u>(901,977)</u>	
TOTAL NET POSITION - Governmental Activities	<u>\$ 2,992,273</u>	

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

TOWN OF AULT, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -

NORTHERN PLAINS PUBLIC LIBRARY (COMPONENT UNIT)

Year Ended December 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	COMPONENT UNIT	
	2021	2020
REVENUES		
Intergovernmental	\$ 634,839	\$ 420,375
Charges for Services	427	670
Investment Earnings	1,945	10,257
Other	24,067	133,053
TOTAL REVENUES	661,278	564,355
EXPENDITURES		
Current:		
Culture, Parks and Recreation	266,786	237,505
Capital Outlay	205,911	872,203
TOTAL EXPENDITURES	472,697	1,109,708
CHANGE IN FUND BALANCE	188,581	(545,353)
FUND BALANCE, Beginning	1,283,077	1,828,430
FUND BALANCE, Ending	\$ 1,471,658	\$ 1,283,077
 Change in Fund Balance - Governmental Funds	 \$ 188,581	
 Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	203,001	
Depreciation Expense	(67,689)	
 Change in Net Position - Governmental Activities	 \$ 323,893	

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

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021

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.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021

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	\$ 10,158,416
Restricted Cash and Investments	<u>186,679</u>
Total Cash and Investments	<u>\$ 10,345,095</u>

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

Cash	\$ 10,343,633
Investments	<u>1,462</u>
Total Cash and Investments	<u>\$ 10,345,095</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 2: CASH AND INVESTMENTS (Continued)

Restricted cash and investment balances are comprised of the following:

Governmental Activities - Unrestricted	\$ 5,623,357
Business-type Activities - Unrestricted	4,535,060
Business-type Activities - Rest. (O&M Reserve)	<u>186,679</u>
Total Cash and Investments	<u>\$ 10,345,096</u>

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, 2021, 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

	<u>Bank Balance</u>	<u>Book Balance</u>
FDIC Insured	\$ 250,000	\$ 250,000
PDPA Secured (Not in Entity's Name)	10,143,728	10,093,483
Petty Cash	-	<u>150</u>
Total Cash	<u>\$ 10,393,728</u>	<u>\$ 10,343,633</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021, the Town’s investments consisted of the following:

	<u>Fair Value</u>	<u>Weighted Maturity</u>	<u>Rating</u>
Local Government Pool	\$ 1,462	-	AAAm

During the year ended December 31, 2021, 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, 2021

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, 2021	Additions	Deletions	Balance December 31, 2021
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 219,806	\$ -	\$ -	\$ 219,806
Construction in progress	-	68,966	-	68,966
Total capital assets not being depreciated	<u>219,806</u>	<u>68,966</u>	<u>-</u>	<u>288,772</u>
Capital assets being depreciated:				
Buildings and improvements	240,490	-	-	240,490
Land improvements	509,532	17,806	-	527,338
Vehicles and equipment	442,688	14,050	-	456,738
Infrastructure	<u>3,404,536</u>	<u>54,137</u>	<u>-</u>	<u>3,458,673</u>
Total capital assets being depreciated	<u>4,597,246</u>	<u>85,993</u>	<u>-</u>	<u>4,683,239</u>
Less accumulated depreciation:				
Buildings and improvements	190,892	3,671	-	194,563
Land improvements	322,574	12,262	-	334,836
Vehicles and equipment	279,369	27,706	-	307,075
Infrastructure	<u>1,352,844</u>	<u>78,064</u>	<u>-</u>	<u>1,430,908</u>
Total accumulated depreciation	<u>2,145,679</u>	<u>121,703</u>	<u>-</u>	<u>2,267,382</u>
Total capital assets, net	<u>\$ 2,671,373</u>	<u>\$ 33,256</u>	<u>\$ -</u>	<u>\$ 2,704,629</u>

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

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

General Government	\$ 1,634
Public Safety	12,236
Public Works	94,124
Health and Welfare	764
Culture and recreation	<u>12,945</u>
Total Depreciation	<u>\$ 121,703</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 3: CAPITAL ASSETS (Continued)

The following schedule presents business-type activities capital assets at December 31, 2021:

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
BUSINESS-TYPE ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 15,338	\$ -	\$ -	\$ 15,338
Water rights	3,828,408	1,204,858	-	5,033,266
Construction in progress	-	75,010	-	75,010
Total capital assets not being depreciated	<u>3,843,746</u>	<u>1,279,868</u>	<u>-</u>	<u>5,123,614</u>
Capital assets being depreciated:				
Water and sewer systems	9,983,668	-	-	9,983,668
Equipment	133,498	9,041	-	142,539
Total capital assets being depreciated	<u>10,117,166</u>	<u>9,041</u>	<u>-</u>	<u>10,126,207</u>
Less accumulated depreciation:				
Water and sewer systems	3,352,797	399,062	-	3,751,859
Equipment	81,661	4,686	-	86,347
Total accumulated depreciation	<u>3,434,458</u>	<u>403,748</u>	<u>-</u>	<u>3,838,206</u>
Total Capital Assets, net	<u>\$10,526,454</u>	<u>\$ 885,161</u>	<u>\$ -</u>	<u>\$ 11,411,615</u>

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

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

Water	\$ 56,999
Sewer	346,749
Total Depreciation	<u>\$ 403,748</u>

NOTE 4: LONG - TERM DEBT – GOVERNMENTAL ACTIVITIES

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

	Balance January 1, 2021	Advances	Repayments	Balance December 31, Due Within 2021	One Year	Interest Expense
GOVERNMENTAL ACTIVITIES						
Capital Leases - Equipment	\$ 77,360	\$ -	\$ 25,867	\$ 51,493	\$ 24,462	\$ 2,339
Compensated Absences	25,462	10,052	-	35,514	-	-
Total Obligations	<u>\$ 102,822</u>	<u>\$ 10,052</u>	<u>\$ 25,867</u>	<u>\$ 87,007</u>	<u>\$ 24,462</u>	<u>\$ 2,339</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

CAPITAL LEASE PAYABLE

In March 2020, the District entered into a capital lease arrangement for the purchase of two trucks. The lease was for \$103,227 and requires semi-annual payments of \$14,103 including interest at a rate of 5.25% starting March, 2020 through September, 2023. The District has capitalized assets of \$103,227 related to this lease.

The future minimum capital lease payments are as follows:

<u>Year</u>	<u>Payment</u>
2022	\$ 28,207
2023	<u>28,207</u>
Total Payments	56,414
Interest at 5.25%	<u>(4,921)</u>
Present Value of Payments	<u>\$ 51,493</u>

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

BUSINESS -TYPE ACTIVITIES	Balance January 1, 2021	Advances	Repayments	Balance December 31, 2021	Due Within One Year	Interest Expense
2006 CWRPDA Loan	\$ 433,825	\$ -	\$ 75,817	\$ 358,008	\$ 77,149	\$ 7,041
2015 CWRPDA Loan	1,480,983	-	102,137	1,378,846	102,137	-
Compensated Absences	18,569	8,227	-	26,796	-	-
Total Obligations	<u>\$ 1,933,377</u>	<u>\$ 8,227</u>	<u>\$ 177,954</u>	<u>\$ 1,763,650</u>	<u>\$ 179,286</u>	<u>\$ 7,041</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, 2021

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 \$186,679, as of December 31, 2021. 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>
2022	\$ 179,286	\$ 5,929	\$ 185,215
2023	180,642	4,573	185,215
2024	182,022	3,193	185,215
2025	183,426	1,789	185,215
2026	143,316	360	143,676
2027-2031	510,684	360	511,044
2032-2035	357,478	-	357,478
Total	<u>\$ 1,736,854</u>	<u>\$ 16,204</u>	<u>\$ 1,753,058</u>

NOTE 6: INTERFUND TRANSACTIONS

The Town has recorded the following routine transfers:

	<u>Transfers In</u>	<u>Transfers 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, 2021

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, 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. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

Summary of Significant Accounting Policies (Continued)

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings · 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 covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually 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 for Urban Wage Earners and Clerical Workers (CPI-W).

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' pensionable earnings for each year of credited service up to ten years; plus 2.5 percent for each year of service thereafter.

Contributions. Through December 31, 2020, 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. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions are 8.0 percent and 8.50 percent in 2020 and 2021, respectively. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2020, members of the SWDB plan and their employers are contributing at the rate of 11.0 percent and 8.0 percent, respectively, of pensionable earnings for a total contribution rate of 19.0 percent.

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 23.0 percent and 23.5 percent of pensionable earnings in 2020 and 2021, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

STATEWIDE DEFINED BENEFIT PLAN (FPPA) (Continued)

Summary of Significant Accounting Policies (Continued)

The member and employer contribution rates will increase through 2030 as described above for non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolutions.

The contribution rate for members and employers of affiliated social security employers is 5.5 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.50 percent in 2020 and 9.75 percent in 2021. 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 pensionable earnings. Employer contributions are 4 percent and 4.25 percent in 2020 and 2021. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

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 \$21,140 for the plan year ended December 31, 2020 and \$28,627 for the fiscal year ended December 31, 2021. The current year contributions will be expensed in 2022 for FPPA purposes, December 31, 2021 employer contributions for reporting as of December 31, 2022, and are a timing difference at year end.

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

At December 31, 2021, the Town reported an asset of \$71,424 for its proportionate share of the SWDB's net pension liability. The net pension asset or liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. The Town's proportion of the net pension liability was based on Town's contributions to the SWDB for the calendar year 2020 relative to the total contributions of participating employers to the SWDB.

At December 31, 2021, the Town's proportion was 0.03290%, which was a decrease of 0.00231% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2021, the Town recognized pension expense of \$24,314. At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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)

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 70,620	\$ (426)
Changes of assumptions or other inputs	\$ 68,506	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 28,228	\$ (103,088)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ 21,811	\$ (783)
Contributions subsequent to the measurement date	\$ 28,627	\$ -
Total	\$ 217,792	\$ (104,297)

\$28,627 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, 2022.

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
2022	\$ 490
2023	12,425
2024	(1,689)
2025	11,784
2026	22,584
2027-2030	39,274
Total	\$ 84,868

Actuarial assumptions. The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2020. The valuations used the following actuarial assumption and other inputs:

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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)

Actuarial method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 Years
Long-term investment rate of return, net of	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, and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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. 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, 2020 are summarized in the following table:

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.00%	8.23%
Equity Long/Short	8.00%	6.87%
Private Markets	26.00%	10.63%
Fixed Income - Rates	10.00%	4.01%
Fixed Income - Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Cash	2.00%	2.32%
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.

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 2.00 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:

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension asset (liability)	\$ (71,878)	\$ 71,424	\$ 190,096

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, 2021, 2020 and 2019 totaled \$12,577, \$12,486, and \$13,298, respectively.

NOTE 8: RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town 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, 2021.

NOTE 9: COMMITMENTS AND CONTINGENCIES

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, 2021, the emergency reserve of \$89,000 was recorded in the General Fund.

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

NOTE 9: COMMITMENTS AND CONTINGENCIES (Continued)

TABOR Amendment

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.

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	\$ 702,803
Investment earnings	6,170
Other revenue	5,864
Capital contributions	<u>727,277</u>
Total revenue	<u>1,442,114</u>
Operations and maintenance expense	816,746
Less: Depreciation	<u>(346,749)</u>
Adjusted O&M	<u>469,997</u>
Net revenue	<u>\$ 972,117</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>\$ 768,379</u>

TOWN OF AULT, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021, 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 Annual Comprehensive Financial Report.

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>	Town's proportion of the net pension asset (liability)	Town's proportionate share of the net pension asset (liability)	Town's covered payroll	Town's proportionate share of the net pension asset (liability) as a	Plan fiduciary net position as a percentage of the total pension liability
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%
December 31, 2020	0.035209%	\$ 19,913	\$ 259,500	7.67%	101.94%
December 31, 2021	0.032899%	\$ 71,424	\$ 264,250	27.03%	106.72%

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%
December 31, 2020	\$ 20,760	\$ (20,760)	\$ -	\$ 259,500	8.00%
December 31, 2021	\$ 21,140	\$ (21,140)	\$ -	\$ 264,250	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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2020 ACTUAL
REVENUES				
Property and Sales Taxes	\$ 1,297,659	\$ 1,748,637	\$ 450,978	\$ 1,398,050
Franchise Taxes	79,789	70,714	(9,075)	70,314
Licenses, Permits and Fees	361,150	318,990	(42,160)	297,905
Intergovernmental Revenue	29,050	19,280	(9,770)	50,305
Charges for Services	104,995	140,707	35,712	108,946
Fines and Forfeits	79,925	189,347	109,422	40,466
Investment Earnings	15,000	14,687	(313)	19,868
Miscellaneous Revenue	1,850	6,223	4,373	675
Grant Revenue	3,000	49,861	46,861	1,006
TOTAL REVENUES	<u>1,972,418</u>	<u>2,558,446</u>	<u>586,028</u>	<u>1,987,535</u>
EXPENDITURES				
Current:				
General Government	210,390	234,854	(24,464)	168,244
Public Safety	991,012	940,586	50,426	744,438
Public Works	5,000	3,313	1,687	4,762
Culture, Parks and Recreation	65,820	64,698	1,122	54,991
Health & Welfare	53,297	44,997	8,300	42,861
Economic Development	495	-	495	495
Capital Outlay	176,064	161,323	14,741	116,384
Debt Service	28,210	28,207	3	29,494
TOTAL EXPENDITURES	<u>1,530,288</u>	<u>1,477,978</u>	<u>52,310</u>	<u>1,161,669</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	442,130	1,080,468	638,338	825,866
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>	<u>(65,000)</u>
CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 377,130</u>	1,015,468	<u>\$ 638,338</u>	760,866
BUDGET TO GAAP RECONCILIATION:				
Capital Lease Proceeds		-		103,227
Capital Lease Capital Outlay		<u>-</u>		<u>(103,227)</u>
CHANGE IN FUND BALANCE - GAAP BASIS		1,015,468		760,866
FUND BALANCE, Beginning		<u>3,164,604</u>		<u>2,403,738</u>
FUND BALANCE, Ending		<u>\$ 4,180,072</u>		<u>\$ 3,164,604</u>

See the accompanying Independent Auditors' Report.

TOWN OF AULT, COLORADO

BUDGETARY COMPARISON SCHEDULE FOR THE
STREET SYSTEMS FUND

Year Ended December 31, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021			2020
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	ACTUAL
REVENUES				
Property and Sales Taxes	\$ 31,806	\$ 31,868	\$ 62	\$ 31,589
Licenses, Permits and Fees	534,000	387,400	(146,600)	348,250
Intergovernmental Revenue	74,500	70,449	(4,051)	55,232
Investment Earnings	5,800	1,849	(3,951)	2,803
Miscellaneous Revenue	500	-	(500)	-
TOTAL REVENUES	646,606	491,566	(155,040)	437,874
EXPENDITURES				
Current:				
General Government	5,175	842	4,333	2,692
Public Works	292,939	136,217	156,722	159,638
Parks and Recreation	10,600	3,656	6,944	2,876
Capital Outlay	61,000	74,736	(13,736)	-
Contingency	36,526	-	36,526	-
TOTAL EXPENDITURES	406,240	215,451	190,789	165,206
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	240,366	276,115	35,749	272,668
OTHER FINANCING SOURCES (USES)				
Transfers In	95,000	95,000	-	95,000
CHANGE IN FUND BALANCE	335,366	371,115	35,749	367,668
FUND BALANCE, Beginning	1,478,901	1,117,393	(361,508)	749,725
FUND BALANCE, Ending	\$ 1,814,267	\$ 1,488,508	\$ (325,759)	\$ 1,117,393

See the accompanying Independent Auditors' Report.

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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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2020 ACTUAL
REVENUES				
Intergovernmental Revenue	\$ 19,000	\$ 22,384	\$ 3,384	\$ 18,785
Investment Earnings	<u>110</u>	<u>40</u>	<u>(70)</u>	<u>38</u>
TOTAL REVENUES	19,110	22,424	3,314	18,823
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
CHANGE IN FUND BALANCE	(5,890)	22,424	28,314	18,823
FUND BALANCE, Beginning	<u>72,831</u>	<u>90,464</u>	<u>17,633</u>	<u>71,641</u>
FUND BALANCE, Ending	<u>\$ 66,941</u>	<u>\$ 112,888</u>	<u>\$ 45,947</u>	<u>\$ 90,464</u>

See the accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

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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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2020 ACTUAL
OPERATING REVENUES				
Charges for Services	\$ 605,863	\$ 699,446	\$ 93,583	\$ 611,463
OPERATING EXPENSES				
Personal Services	183,309	155,710	27,599	133,067
Supplies	8,950	12,576	(3,626)	(8,128)
Purchased Services	412,359	453,772	(41,413)	422,538
Other Operating Expenses	7,540	6,039	1,501	3,066
Fleet Maintenance	2,750	2,297	453	1,357
Repairs & Maintenance	45,350	31,222	14,128	33,229
Capital Outlay	1,238,199	1,280,644	(42,445)	2,834,990
Contingency	75,679	-	75,679	-
TOTAL OPERATING EXPENSES	1,974,136	1,942,260	31,876	3,420,119
OPERATING INCOME (LOSS)	(1,368,273)	(1,242,814)	125,459	(2,808,656)
NON-OPERATING REVENUE (EXPENSE)				
Investment Earnings	25,000	9,886	(15,114)	17,477
Miscellaneous Revenue	1,000	4,345	3,345	255
TOTAL NON-OPERATING REVENUE (EXPENSE)	26,000	14,231	(11,769)	17,732
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(1,342,273)	(1,228,583)	113,690	(2,790,924)
TRANSFERS AND CONTRIBUTIONS				
Transfer Out	(15,000)	(15,000)	-	(15,000)
Capital Contributions	1,680,300	1,328,954	(351,346)	1,318,926
NET INCOME (LOSS) - BUDGET (GAAP) BASIS	\$ 323,027	85,371	\$ (237,656)	(1,486,998)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		1,242,363		2,831,151
Depreciation		(56,999)		(55,746)
TOTAL GAAP BASIS ADJUSTMENTS		1,185,364		2,775,405
CHANGE IN FUND NET POSITION		1,270,735		1,288,407
NET POSITION, beginning		7,347,172		6,058,765
NET POSITION, ending		\$ 8,617,907		\$ 7,347,172

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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021		
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)
			2020 ACTUAL
OPERATING REVENUES			
Charges for Services	\$ 645,000	\$ 702,803	\$ 57,803
			\$ 597,721
OPERATING EXPENSES			
Personal Services	182,165	179,436	2,729
Supplies	27,050	24,944	2,106
Purchased Services	175,423	180,053	(4,630)
Other Operating Expenses	4,540	2,109	2,431
Fleet Maintenance	3,050	1,574	1,476
Repairs & Maintenance	62,415	56,442	5,973
Capital Outlay	103,400	71,983	31,417
Contingency	74,936	-	74,936
TOTAL OPERATING EXPENSES	632,979	516,541	116,438
			400,934
OPERATING INCOME	12,021	186,262	174,241
			196,787
NON-OPERATING REVENUE (EXPENSE)			
Investment Earnings	10,500	6,170	(4,330)
Miscellaneous Revenue	-	5,864	5,864
Debt Service Principal	(177,000)	(177,954)	(954)
Interest Expense	(10,000)	(7,041)	2,959
TOTAL NON-OPERATING REVENUE (EXPENSE)	(176,500)	(172,961)	3,539
			(177,795)
NET INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	(164,479)	13,301	177,780
			18,992
TRANSFERS AND CONTRIBUTIONS			
Transfer Out	(15,000)	(15,000)	-
Capital Contribution	979,000	727,277	(251,723)
			821,429
NET INCOME (LOSS) - BUDGET (GAAP) BASIS	\$ 799,521	725,578	\$ (73,943)
			825,421
GAAP BASIS ADJUSTMENTS			
Capital Outlay		46,546	7,153
Debt Principal		177,954	176,644
Depreciation		(346,749)	(345,110)
TOTAL GAAP BASIS ADJUSTMENTS		(122,249)	(161,313)
CHANGE IN FUND NET POSITION		603,329	664,108
NET POSITION, beginning		5,000,024	4,335,916
NET POSITION, ending		\$ 5,603,353	\$ 5,000,024

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, 2021

With Comparative Totals for the Year Ended December 31, 2020

	2021			
	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAV (UNFAV)	2020 ACTUAL
REVENUES				
Charges for Service	\$ 900	\$ 427	\$ (473)	\$ 670
Intergovernmental Revenue	634,730	634,839	109	420,375
Other Revenue	68,100	24,067	(44,033)	133,053
Investment Earnings	<u>4,000</u>	<u>1,945</u>	<u>(2,055)</u>	<u>10,257</u>
TOTAL REVENUES	<u>707,730</u>	<u>661,278</u>	<u>(46,452)</u>	<u>564,355</u>
EXPENDITURES				
Operating Expenses	79,110	79,027	83	56,993
Salaries and Benefits	208,025	187,759	20,266	180,512
Capital Outlay	<u>345,500</u>	<u>205,911</u>	<u>139,589</u>	<u>872,203</u>
TOTAL EXPENDITURES	<u>632,635</u>	<u>472,697</u>	<u>159,938</u>	<u>1,109,708</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	75,095	188,581	113,486	(545,353)
FUND BALANCE, Beginning	-	<u>1,283,077</u>	<u>1,283,077</u>	<u>1,828,430</u>
FUND BALANCE, Ending	<u>\$ 75,095</u>	<u>\$ 1,471,658</u>	<u>\$ 1,396,563</u>	<u>\$ 1,283,077</u>

See the accompanying Independent Auditors' Report.

COMPLIANCE SECTION
State Compliance

LOCAL HIGHWAY FINANCE REPORT	City or County:
	YEAR ENDING : December 2021
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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	313,475
3. Other local imposts (from page 2)	407,600
4. Miscellaneous local receipts (from page 2)	103,327
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	824,403
B. Private Contributions	
C. Receipts from State government (from page 2)	67,939
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	892,342

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	120,641
2. Maintenance:	65,308
3. Road and street services:	
a. Traffic control operations	1,304
b. Snow and ice removal	3,285
c. Other Street Lighting	29,654
d. Total (a. through c.)	34,243
4. General administration & miscellaneous	2,400
5. Highway law enforcement and safety	311,075
6. Total (1 through 5)	533,667
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
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)	533,667

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
	487,427	892,342	533,667	846,102	(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2021	
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	14,057	a. Interest on investments	7,927
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	387,000	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	400
5. Specific Ownership &/or Other	6,543	g. Other Misc. Receipts	95,000
6. Total (1. through 5.)	393,543	h. Other	
c. Total (a. + b.)	407,600	i. Total (a. through h.)	103,327
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	58,432	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	9,507	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.)	9,507	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	67,939	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		640	640
c. Construction:			
(1). New Facilities		19,655	19,655
(2). Capacity Improvements			0
(3). System Preservation		100,346	100,346
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	120,001	120,001
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	120,641	120,641
			(Carry forward to page 1)
Notes and Comments:			

FORM FHWA-536