Town of Orchard City
Financial Statements and Report of
Independent Certified Public Accountants
as of
December 31, 2021

Town of Orchard City

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Blair and Associates, P.C.

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Orchard City, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Orchard City, Colorado, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town of Orchard City, Colorado'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 Orchard City, Colorado, 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 Opinions

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 the Financial Statements section of our report. We are required to be independent of the Town of Orchard City, Colorado, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 the Town of Orchard City, Colorado'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.

Auditor's Responsibilities 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 a test basis, evidence regarding the amounts and disclosures in the financial statements.

Certified Public Accountants

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- 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 the Town of Orchard City, Colorado'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 about the Town of Orchard City, Colorado'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-10) and budgetary comparison information (pages 33-36) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Orchard City, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements (pages 37-40) and Local Highway Finance Report (pages 41-46) 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Blair and Associates, P.C.

Cedaredge, Colorado
June 28, 2022

Management's Discussion and Analysis

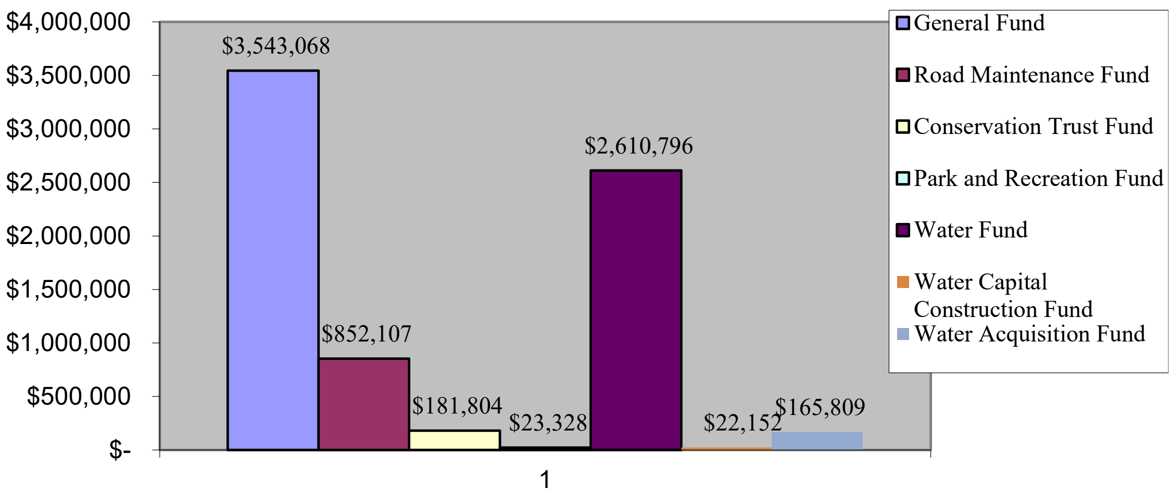
As management of the Town of Orchard City, we offer readers of the Town of Orchard City Financial statements, this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the Town of Orchard City.

FINANCIAL HIGHLIGHTS

- Town of Orchard City is in healthy financial condition.

  See Governmental Fund Balances and Available Resources chart.

Governmental Fund Balances and Available Resources



- Orchard City's net position amounted to $ 21,177,234 *(refer to statement of activities)* at the end of the year, a reported increase of $ 1,432,972 for the fiscal year.

- Governmental funds reported combined ending fund balances of $ 4,600,307 (*refer to statement of revenues, expenditures, and changes in fund balances)*, a reported increase of $ 434,921 for the fiscal year.

- Orchard City's unassigned fund balance for the general fund was $ 3,528,858 *(refer to balance sheet)*, an increase of $ 328,445 in comparison to the prior year.

- At December 31, 2021, the Town's General fund did have $ 10,010 reserved for emergencies which was the balance equal to at least 3% of the general fund appropriations as the required state mandated emergency reserve.

- The Town has long-term liabilities for compensated absences of $ 27,959 and a loan payable of $ 1,647,966.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private sector business.

The statement of net position presents information on all assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions 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 include general government, public works, and culture and recreation. The business type activities include water activities.

Fund financial statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental funds are separated into following major funds: General, Road Maintenance and Park and Recreation Funds.

An annual appropriated budget is adopted for all governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

Proprietary funds

Proprietary funds are maintained as follows:

Enterprise funds are mirrored to report the same functions presented as business-type activities in the government wide financial statements, only in more detail. The enterprise fund is used to account for water operations. The proprietary fund financial statements provide separate information for water operations which are considered to be a major fund.

Notes to financial statements

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

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by the Governmental Accounting Standards Board.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

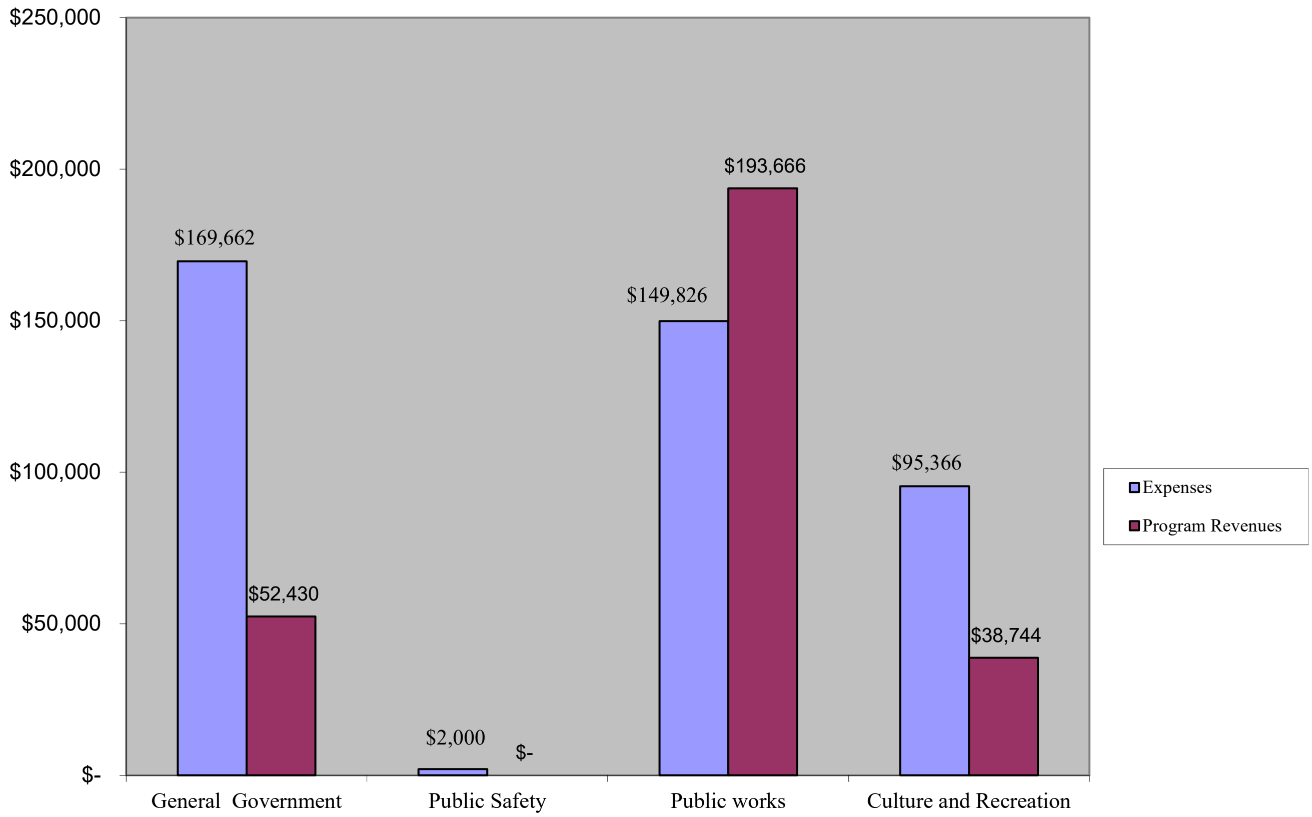
The following table summarizes the Town's governmental and business type net position for 2021 and 2020.

Assets	Governmental Activities 2021	Governmental Activities 2020	Business Type Activities 2021	Business Type Activities 2020	Totals 2021	Totals 2020
Current and other assets	$ 4,602,406	$ 4,168,094	$ 4,460,903	$ 2,850,382	$ 9,063,309	$ 7,018,476
Capital assets	2,960,771	3,044,439	10,845,358	10,122,841	13,806,129	13,167,280
Total assets	$ 7,563,177	$ 7,212,533	$ 15,306,261	$ 12,973,223	$ 22,869,438	$ 20,185,756
Current Liabilities	$ 2,099	$ 2,708	$ 89,747	$ 409,358	$ 91,846	$ 412,066
Non-current liabilities						
Loan payable	-	-	1,572,399	-	1,572,399	-
Compensated absences	27,959	29,428	-	-	27,959	29,428
Total liabilities	30,058	32,136	1,662,146	409,358	1,692,204	441,494
Net Position						
Investment in capital assets, net of related debt	2,960,771	3,044,439	9,197,392	10,122,841	12,158,163	13,167,280
Restricted	22,560	18,486	-	-	22,560	18,486
Unrestricted	4,549,788	4,117,472	4,446,723	2,441,024	8,996,511	6,558,496
Total net position	$ 7,533,119	$ 7,180,397	$ 13,644,115	$ 12,563,865	$ 21,177,234	$ 19,744,262

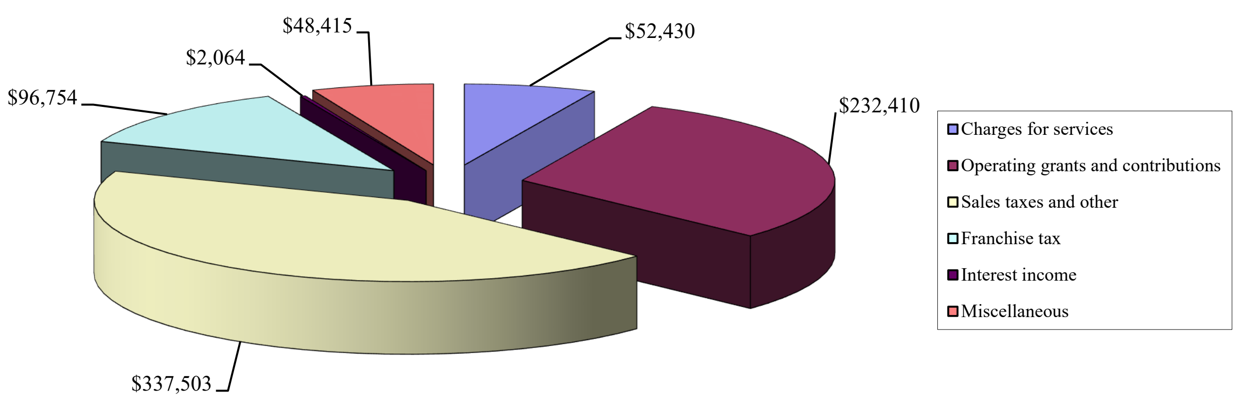
At the close of 2021 total net position was $ 21,177,234, an increase of $ 1,432,972 from prior year. In governmental activities the largest portion of assets are in cash and cash equivalents and capital assets of $4,540,357 and $2,960,771 respectfully, (99% of total net position). An additional portion of net position, $ 22,560, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $ 8,996,511 (42% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Revenues	Governmental Activities 2021	Governmental Activities 2020	Business Type Activities 2021	Business Type Activities 2020	Total 2021	Total 2020
Program revenues						
Charges for services	$ 52,430	$ 38,269	$ 1,359,855	$ 1,111,925	$ 1,412,285	$ 1,150,194
Operating grants	232,410	197,628	-	-	232,410	197,628
Capital grants/contributions	-	-	839,036	842,157	839,036	842,157
General Revenues						
Sales taxes and other	337,503	318,824	-	-	337,503	318,824
Franchise taxes	96,754	97,842	-	-	96,754	97,842
Interest income	2,064	27,372	1,100	22,199	3,164	49,571
Miscellaneous	48,415	6,273	384	6,112	48,799	12,385
Totals	769,576	686,208	2,200,375	1,982,393	2,969,951	2,668,601
Expenses						
General government	169,662	178,544			169,662	178,544
Public safety	2,000	80,200			2,000	80,200
Public works	149,826	147,984	1,120,125	922,067	1,269,951	1,070,051
Culture and recreation	95,366	90,241			95,366	90,241
Total expenses	416,854	496,969	1,120,125	922,067	1,536,979	1,419,036
Increase in net assets	352,722	189,239	1,080,250	1,060,326	1,432,972	1,249,565
Beginning	7,180,397	6,991,158	12,563,865	11,503,539	19,744,262	18,494,697
Ending	$ 7,533,119	$ 7,180,397	$ 13,644,115	$ 12,563,865	$ 21,177,234	$ 19,744,262

2021 Expense and Program Revenues-
Governmental Activities



Revenues by Source-Governmental Activities



FINANCIAL ANALYSIS OF GOVERNEMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds

The focus of government funds is to provide information on near term inflows, outflows and balances of spendable resources. 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 fiscal year.

As of the end of 2021, the Town's governmental funds reported combined ending fund balances, *(refer to Statement of Revenues, Expenditures and Changes in Fund Balances),* of $ 4,600,307, an increase of $ 434,921. Of the combined ending fund balances for all governmental funds 77% of this total amount, $ 3,528,858, constitutes unassigned fund balance, which is available for appropriation at the Town's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is already committed to 1) meet a state constitution mandated emergency reserve, $22,560 2) Conservation Trust and Park Maintenance Funds, $ 188,309 or 3) Road Projects $ 833,797.

The following discussion is to help define what the Town's major funds are and how they function.

The General Fund is the primary operating fund for the Town of Orchard City. It accounts for all financial resources of general government. These activities include planning commission, building inspections, code enforcement, legal matters and elections. At the end of 2021, unassigned fund balance of the General Fund was $ 3,528,858, while $3,500,486 was in cash and cash equivalents. The General Fund balance increased by $ 328,445 during 2021.

The Road Maintenance Fund accounts for public works and road maintenance for the Town. Primarily Highway Users Tax Fund finances this fund. At the end of 2021 the fund balance for the Road Maintenance Fund was $852,107.

The Park and Recreation Fund is to account for revenues and expenditure for the maintenance of the park. At the end of 2021 the fund balance for the Park and Recreation Fund was $23,328.

Proprietary funds

The Town of Orchard City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Town has three enterprise funds referred to as the Water, Capital Construction and Water Acquisition Funds. The total net position in the enterprise funds as of December 31, 2021 amounted to $ 13,644,115. The total net position increased by $ 1,080,250.

GENERAL FUND BUDETARY HIGHLIGHTS

The Town can look for county sales tax revenue to increase due to online sales.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town of Orchard City's investment in capital assets for its governmental and business type activities as of December 31, 2021 amounts to $ 12,158,163, a decrease of $ 1,009,117 from the prior year. As required by GABS 34, the investment capital assets include land, buildings, building improvements, and equipment.

Long Term Debt

The Town of Orchard City's long-term debt is unpaid paid time off to its employees and loan payable, which as of December 31, 2021 amounted to $ 27,959 and $ 1,647,966 respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The town has been impacted with increase inflation, gas prices and disruption on supply chains. The inflation rate is 7 percent and expected to increase (as of December 2021). COVID-19 also played a significant role with the slow down of production that created lack of availability and longer delivery times of materials. Global factors have also have created a negative impact such as higher fuel prices that affected fuel used in service trucks to capital improvement project materials. The town has delayed several capital improvements projects for water and road due to the lack of available labor and materials.

Revenue that is billed and received directly by the Town mainly consists of fees and charges in the water funds. The Water Fund is a self-supporting fund which collects, treats and distributes drinking water to our customers. The Town did raise water rates 5 percent in December 2021 to become effective in January 2022 to ensure the Water Fund continues to pay for itself because of its fees and the fact that water use is not as directly tied to economic conditions as some of the other revenues are.

Annual review of fees will be performed to ensure future water capital improvement projects can continue. The Town did receive $807,335.41 from the American Rescue Plan Act that has been allocated to the Water Capital Construction Fund to for water infrastructure projects. The Town continues to closely monitor its revenues and expenditures. This conservative fiscal approach will be used as the Town prepares its 2023 budget and ten-year financial projections.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Town of Orchard City. For additional information or questions related to this report please contact the following:

Town of Orchard City
9661 2100 Road
Austin, CO 81410
970-835-3337

Town of Orchard City
Statement of Net Position
December 31, 2021

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents (Note 5)	$ 4,540,357	$ 4,173,641	$ 8,713,998
Due from other governmental units	39,868	-	39,868
Accounts receivable	15,730	115,265	130,995
Inventory of supplies	6,451	171,997	178,448
Capital assets (Note 9)			
Nondepreciable	322,258	1,575,479	1,897,737
Depreciable, net of accumulated depreciation	2,638,513	9,269,879	11,908,392
Total assets	$ 7,563,177	$ 15,306,261	$ 22,869,438
LIABILITIES			
Accounts payable	$ 825	$ 8,726	$ 9,551
Accrued payroll	1,393	5,454	6,847
Other accrued expenses	(119)	-	(119)
Current portion of loan payable	-	75,567	75,567
Long-term liabilities:			
Loan payable	-	1,572,399	1,572,399
Compensated absences (Note 1)	27,959	-	27,959
Total liabilities	30,058	1,662,146	1,692,204
NET POSITION			
Investment in capital assets, net of related debt	2,960,771	9,197,392	12,158,163
Restricted for:			
Emergencies	22,560	-	22,560
Unrestricted	4,549,788	4,446,723	8,996,511
Total net position	$ 7,533,119	$ 13,644,115	$ 21,177,234

See accompanying notes to the basic financial statements.

Town of Orchard City
Statement of Activities
For the Year Ended December 31, 2021

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Service and Fees**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
General government	$ 169,662	$ 52,430	$ -	$ -
Public safety	2,000	-	-	-
Public Works	149,826	-	193,666	-
Culture and recreation	95,366	-	38,744	-
Total governmental activities	416,854	52,430	232,410	-
Business-type activities:				
Water	1,120,125	1,359,855	-	839,036
Total business- type activities	1,120,125	1,359,855	-	839,036
Total primary government	$ 1,536,979	$ 1,412,285	$ 232,410	$ 839,036

General Revenues
Sales taxes
Franchise taxes
Mineral Leasing
Severance tax
Miscellaneous
Investment earnings
Total General Revenues

Changes in Net Position
Net Position-January 1
Net Position-December 31

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	**Business-Type Activities**	**Total**
$ (117,232)	$ -	$ (117,232)
(2,000)	-	(2,000)
43,840	-	43,840
(56,622)	-	(56,622)
(132,014)	-	(132,014)
-	1,078,766	1,078,766
-	1,078,766	1,078,766
(132,014)	1,078,766	946,752
337,503	-	337,503
96,754	-	96,754
15,108	-	15,108
2,668	-	2,668
30,639	384	31,023
2,064	1,100	3,164
484,736	1,484	486,220
352,722	1,080,250	1,432,972
7,180,397	12,563,865	19,744,262
$ 7,533,119	$13,644,115	$ 21,177,234

The accompanying notes are an integral part of this statement.

Town of Orchard City
Governmental Funds
Balance Sheet
December 31, 2021

	General Fund	Road Maintenance Fund	Park and Recreation Fund
Assets			
Cash and cash equivalents	$ 3,500,486	$ 834,737	$ 23,330
Due from other governments	28,551	11,317	-
Accounts receivable	15,730	-	-
Inventory of supplies	-	6,451	-
Total assets	$ 3,544,767	$ 852,505	$ 23,330
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	$ 825	$ -	$ -
Accrued payroll	996	397	-
Other accrued expenses	(119)	-	-
Total liabilities	1,702	397	-
Fund balances:			
Restricted			
Reserve for emergencies	10,010	10,810	1,740
Parks and recreation	-	-	-
Committed			
Road maintenance projects	-	833,797	-
Parks and recreation	-	-	6,505
Assigned			
Capital acquisitions	4,200	7,500	15,083
Unassigned	3,528,858	-	-
Total fund balance	3,543,068	852,107	23,328
Total liabilities and fund balance	$ 3,544,770	$ 852,504	$ 23,328

Non Major Governmental Funds	Total Governmental Funds
$ 181,804	$ 4,540,357
-	39,868
-	15,730
-	6,451
$ 181,804	$ 4,602,406
$ -	$ 825
-	1,393
-	(119)
-	2,099
-	22,560
181,804	181,804
-	833,797
-	6,505
-	26,783
-	3,528,858
181,804	4,600,307
$ 181,804	$ 4,602,406

See accompanying notes to the basic financial statements.

Town of Orchard City
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
December 31, 2021

Total fund balance, governmental funds	$4,600,307
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	2,960,771
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(27,959)
Net Position of Governmental Activities in the Statement of Net Position	$7,533,119

See accompanying notes to the basic financial statements.

Town of Orchard City
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2021

	General Fund	Road Maintenance Fund	Park and Recreation Fund
REVENUES			
Franchise Taxes	$ 93,702	$ -	$ 3,052
Sales Taxes	337,503	-	-
Charges for services	7,456	-	-
Licenses and permits	44,974	-	-
Intergovernmental	17,776	193,666	-
Investment earnings	1,401	327	-
Miscellaneous	24,094	3,300	3,245
Total revenues	526,906	197,293	6,297
EXPENDITURES			
Current:			
General government	149,537	-	-
Public safety	2,000	-	-
Public works	1,147	60,966	-
Culture and recreation	14,661	-	39,259
Capital outlay	-	26,969	-
Total expenditures	167,345	87,935	39,259
Excess (deficiency) of revenues over expenditures	359,561	109,358	(32,962)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	31,116
Transfers out	(31,116)	-	-
Total other financing sources (uses)	(31,116)	-	31,116
Net change to fund balance	328,445	109,358	(1,846)
Fund balance, January 1	3,214,623	742,749	25,174
Fund balance, December 31	$ 3,543,068	$ 852,107	$ 23,328

Non Major Governmental Funds	Total Governmental Funds
$ -	$ 96,754
-	337,503
-	7,456
-	44,974
38,744	250,186
336	2,064
-	30,639
39,080	769,576
-	149,537
-	2,000
-	62,113
-	53,920
40,116	67,085
40,116	334,655
(1,036)	434,921
-	31,116
-	(31,116)
-	-
(1,036)	434,921
182,840	4,165,386
$ 181,804	$ 4,600,307

See accompanying notes to the basic financial statements.

Town of Orchard City
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2021

Net change in fund balances - total governmental funds		$ 434,921
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as deprecation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital assets current additions	$ 53,205	
Depreciation expense	(136,873)	
Excess of depreciation over capital outlay		(83,668)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences		1,469
Change in net position of governmental funds		$ 352,722

See accompanying notes to the basic financial statements.

Town of Orchard City
Statement of Net Position
Enterprise Funds
December 31, 2021

	Water Fund	Water Capital Construction Fund	Water Acquisition Fund	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 3,990,676	$ 25,906	$ 157,059	$ 4,173,641
Accounts Receivable, net	106,515	-	8,750	115,265
Inventory of supplies	171,997	-	-	171,997
Total current assets	4,269,188	25,906	165,809	4,460,903
Noncurrent assets:				
Capital assets:				
Land and improvements	1,535,000	-	-	1,535,000
Utility system	12,866,240	-	-	12,866,240
Buildings and improvements	181,461	-	-	181,461
Equipment	357,921	-	-	357,921
Construction in progress	40,479	-	-	40,479
Less Accumulated Depreciation	(4,135,743)	-	-	(4,135,743)
Total noncurrent assets	10,845,358	-	-	10,845,358
Total assets	$ 15,114,546	$ 25,906	$ 165,809	$15,306,261
LIABILITIES				
Current liabilities:				
Accounts payable	$ 4,972	$ 3,754	$ -	$ 8,726
Accrued payroll	5,454	-	-	5,454
Current portion on long-term debt	75,567	-	-	75,567
Total current liabilities	85,993	3,754	-	14,180
Long-term debt:				
Loans payable	1,572,399	-	-	1,572,399
Total long-term debt	1,572,399	-	-	1,572,399
NET POSITION				
Invested in capital assets	10,845,358	-	-	10,845,358
Unrestricted	2,610,796	22,152	165,809	2,798,757
Total net position	$ 13,456,154	$ 22,152	$ 165,809	$13,644,115

See accompanying notes to the basic financial statements.

Town of Orchard City
Statement of Revenues, Expenses and Changes in Fund Net Position
Enterprise Funds
Year Ended December 31, 2021

	Water Fund	Water Capital Construction Fund	Water Acquisition Fund	Total
Operating revenues:				
Charges for services	$ 1,159,315	$ 161,290	$ 39,250	$ 1,359,855
Miscellaneous	384	-	-	384
Total operating revenues	1,159,699	161,290	39,250	1,360,239
Operating expenses:				
Personal services	479,691	-	-	479,691
Purchased services, supplies and materials	181,823	70	49,518	231,411
Repairs and maintenance	65,562	-	-	65,562
Depreciation	327,896	-	-	327,896
Total operating expenses	1,054,972	70	49,518	1,104,560
Operating income (loss)	104,727	161,220	(10,268)	255,679
Nonoperating revenues (expenses):				
Interest and investment revenue	853	144	103	1,100
Operating grants and contributions	-	698,197	-	698,197
Transfers in (out)	(220,897)	220,897	-	-
Interest expense	(15,565)	-	-	(15,565)
Total nonoperating revenues (expenses)	(235,609)	919,238	103	683,732
Income (loss) before Capital Contributions	(130,882)	1,080,458	(10,165)	939,411
Capital contributions-Tap Fees	-	140,839	-	140,839
Change in net position	(130,882)	1,221,297	(10,165)	1,080,250
Total net position, January 1	12,554,778	(166,887)	175,974	12,563,865
Residual transfer	1,032,258	(1,032,258)	-	-
Total net position, December 31	$ 13,456,154	$ 22,152	$ 165,809	$13,644,115

See accompanying notes to the basic financial statements.

Town of Orchard City
Statement of Cash Flows
Enterprise Funds
Year Ended December 31, 2021

	Water Fund	Water Capital Construction Fund	Water Acquisition Fund	Total
Cash Flows From Operating Activities				
Charges for sales and services	$ 1,162,805	$ 161,290	$ 39,250	$ 1,363,345
Other receipts	384	455,563	-	455,947
Payments for personal services	(478,351)	-	-	(478,351)
Payments to suppliers	(246,525)	(397,448)	(49,518)	(693,491)
Net cash provided (used) by operating activities	438,313	219,405	(10,268)	647,450
Cash Flows from Noncapital Activities				
Transfers in	(220,897)	220,897	-	-
Grants and contributions	-	698,197	-	698,197
Net cash provided (used) by noncapital financing activities	(220,897)	919,094	-	698,197
Cash Flows from Capital and Related Financing Activities				
Tap fees and water rights	-	140,839	-	140,839
Acquisition of fixed assets	(18,154)	(1,032,258)	-	(1,050,412)
Principal payments on loan	(43,125)	-	-	(43,125)
Proceeds from loan	1,691,091	-	-	1,691,091
Interest expense	(15,565)	-	-	(15,565)
Net cash provided (used) by capital and related financing activities	1,614,247	(891,419)	-	722,828
Cash Flows from Investing Activities				
Interest on investments	853	144	103	1,100
Net increase (decrease) in cash and equivalents	1,832,516	247,224	(10,165)	2,069,575
Cash balances, January 1	2,158,160	(221,318)	167,224	2,104,066
Cash balances, December 31	$ 3,990,676	$ 25,906	$ 157,059	$ 4,173,641
Reconciling of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 104,727	$ 161,220	$ (10,268)	$ 255,679
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	327,896	-	-	327,896
(Increase) Decrease in receivables	3,490	-	-	3,490
(Increase) Decrease in due from state	-	455,563	-	455,563
Increase (Decrease) in accounts payables	860	(397,378)	-	(396,518)
Increase (Decrease) in accrued payroll	1,340	-	-	1,340
Net cash provided by (used) operating activities	$ 438,313	$ 219,405	$ (10,268)	$ 647,450

See accompanying notes to the basic financial statements.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Orchard City, Colorado (the Town) have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles,

The more significant of the Town's accounting policies are described below:

Financial Reporting Entity

The Town is incorporated under the laws of the State of Colorado, with a mayor and a town board. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Orchard City (the primary government). The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respect governing board.

Government-wide 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 activities of the Town. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a 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 those 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.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Note 1 - Summary of Significant Accounting Policies - (continued)

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

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

The Town reports the following major governmental funds:

- The General Fund is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of special revenue sources that are restricted for specific purposes.

- Road and Maintenance Fund is to account for highway user's tax to be used for construction and maintenance of the Town's roads.

- Park and Recreation Fund is to account for lease income and taxes to maintain the Town Park.

The remaining governmental funds are aggregated and presented as non-major funds. Those funds include:

- The Conservation Trust Fund, which accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.

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

The Town reports the following major enterprise fund business-type activities:

- Water Fund, which account for all operations of the Town's water, services. This is primarily financed by user charges.
- Capital Construction and Acquisition Funds is to account for construction of utility systems and water.

Note 1 - Summary of Significant Accounting Policies - (continued)

Measurement Focus and Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due, and compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are interest revenue and charges for services. Entitlement revenues are not susceptible to accrual because generally, they are not measurable until received. Grant revenues are recognized as they are earned.

The accrual basis of accounting is utilized by the enterprise fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognize as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section of 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 will not be recognized as an inflow of resources (revenue) until that time. Property taxes revenue that are related to a future period have been recorded as deferred inflows. Grants and entitlements received before eligibility requirements are met (e.g., cash advances) are recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

Note 1 - Summary of Significant Accounting Policies - (continued)

Cash and Cash Equivalents

For the purposes of the statement of cash flows of the enterprise fund, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an initial maturity of three months or less.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Capital Assets

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years, and for which the initial, individual value equals or exceeds $ 5,000.

All purchased assets are valued at cost where historical records are available and at estimated historical costs where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Useful Life
Building and Other Improvements	20-50 years
Water System	50 years
Furniture and Equipment	3-10 years
Infrastructure	15-40 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets as their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Note 1 - Summary of Significant Accounting Policies - (continued)

Long-Term Liabilities

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise fund type statement of net position.

The long-term compensated absences are serviced from revenues of the General Fund from future appropriations. No interest costs were capitalized in 2021.

Compensated Absences

It is the Town's policy for employees to accumulate earned but unused vacation and sick pay benefits, but employees are not entitled to be paid for sick leave upon termination. In the government-wide statements, vacation and unused compensation time is accrued when incurred and reported as a liability of the governmental and business-type activities. In the governmental funds, vacation and unused compensation time that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are not reported as expenditure.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year end, outstanding balances between funds are reported as "due to/from other funds." Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventory

Inventory is valued at lower of cost (first in, first out) or market.

Note 1 - Summary of Significant Accounting Policies - (continued)

Accounts Receivable

The Town considers all receivables fully collectible.

Fund Balance

In the fund financial statements, Governmental Funds report the following classifications:

- Non-spendable fund balance amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council has provided otherwise in its commitment or assignment actions.

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

The governmental funds balance sheet includes reconciliation between fund balances total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the governmental fund statements during the consolidation of governmental activities.

Note 3 - Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments, excluding “enterprises.” The Town’s voters on November 8, 1994, approved a ballot measure to permit the Town to collect, retain and expend the full proceeds of the Town’s sales tax, and federal and state grants.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment.

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending. A portion of the General, Road Maintenance and Park and Recreation Fund’s fund balances are classified as restricted for emergencies as required by the Amendment. The amount restricted at December 31, 2021 was $22,560.

Note 4 - Budgets

The Town adheres to the following procedures in establishing budgetary data reflected in the financial statements:

A. By August 1st of each year, the manager shall give public notice of budget preparation for the next fiscal year. The manager asks that all Town departments, boards, commissions or citizens submit within thirty days from the notice, any request for funds under the budget being prepared.

   The manager, then prepares a proposed budget for the ensuing fiscal year and submits it to the Council no later than forty-five days prior to any date required by state law for the certification to the County of the tax levy.

B. The budget provides a complete financial plan of all Town funds and activities for the ensuing fiscal year indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies, and anticipated net surplus or deficit for the ensuing fiscal year.

C. A public hearing on the proposed budget is held by the Council in early December.

D. The Council adopts the budget by resolution on or before the final day established by law for the certification of the ensuing year’s tax levy to the County. Adoption of the budget by the Council shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.

Note 4 - Budgets- (continued)

E. If during the fiscal year the manager determines that there are expenses in excess of those estimated in the budget, the Council by ordinance may make supplemental appropriations for the year up to the amount of such excess. To meet an emergency affecting public property, health, peace or safety, the Council may make emergency appropriations. If at any time during the fiscal year it appears probable to the manager that the revenues available will be insufficient to meet the amount appropriated, the manager reports to the Council, indicating the estimated amount of deficit, any remedial action already taken, and a recommendation as to any other steps to be taken. Any time during the fiscal year the manager may transfer part or all of any unencumbered appropriation balance within a department.

F. Budget appropriations lapse at the end of each year.

G. Expenditures may not exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. There was one revision made to the original budget.

H. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except for long-term receivables and advances and capital lease financing which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.

Revenues	Final Budget	Actual	Variance Favorable (Unfavorable)
GAAP based revenues	$ -	$ 2,059,536	$ -
Add:			
Loan proceeds		1,691,091	
Tap fees and water rights		140,839	
Total budgetary revenues	$ 2,814,070	$ 3,891,466	$ 1,077,396
Expenditures			
GAAP based expenses	$ -	$ 1,183,250	$ -
Add (deduct):			
Depreciation		(347,896)	
Decrease in accrued expenses			
Acquisition of capital assets		1,050,412	
Total budgetary expenses	$ 3,124,025	$ 1,885,766	$ 1,238,259

Note 5 - Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2021, the carrying amount of the Town's deposits was $ 439,073 the bank balance of the Town's deposits was $449,512 of which $433,190 was covered by federal depository insurance.

The Town maintains a cash pool that is available to the General Fund, Special Revenue Funds and Enterprise Fund.

Cash and Cash Equivalents

Cash in bank accounts	$ 439,074
Cash with county treasurer and cash on hand	1,606
ColoTrust	8,273,318
Total	$ 8,713,998

Interest rate risk-The town does not have a formal policy limiting investment maturities, other than that established by the state statue of five years, which would help manage its exposure to fair value losses from increasing interest rates.

Credit risk-Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Town's policy to limit its investments to U.S. Treasury obligations, certain U.S. government agencies securities, commercial paper, local government investment pools, repurchase agreements and money market funds.

Custodial Credit Risk- 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 investment or collateral securities that are in the possession of an outside party.

Note 5 - Deposits and Investments- (continued)

Investments

At December 31, 2021 the Town had the following investments:

	Maturities Less Than One Year	Net Asset Value
ColoTrust Plus +	$ 8,273,318	$ 8,273,318

The Town invested $8,273,318 in the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commission administers and enforces all state statutes governing public investment pools. The investment is an external investment pool that reports at the fair value per share of the pool's underlying portfolio. The unit of account is each share held, and the value of the position is the fair value of the pool's share price multiplied by the number of shares held. For pricing and redeeming share COLOTRUST maintains a stable net asset value (NAV) of $1 per share, which approximates fair value. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables and payables. All COLOTRUST investments are reported at NAV and do not have any unfunded commitments, redemption restrictions or redemption notice periods. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+, which are both rated AAAm by Standard & Poor's. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Financial statements and information about the pool for COLOTRUST may be obtained through its website at www.colotrust.com. COLOTRUST may, without the necessity of a formal meeting of their Board, temporarily suspend the right of redemption or postpone the date of payment for redeemed shares under certain specific conditions described in their trust indenture and during any financial emergency when it is not reasonably practicable because of substantial losses which might be incurred.

Note 6 - 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 general liability and property insurance through commercial insurers to provide coverage of all losses, claims and judgments. Claims have not exceeded coverage in any of the last three fiscal years.

Note 7 - Retirement Plans

Defined Contribution Plan

The Town participates in the Colorado Retirement Association Defined Contribution Plan (CRA), a multiple-employer public employee retirement system, which is a qualified plan as defined by Internal Revenue Service Code Section 401 (A) and CRS 24.54. The plan provides retirement benefits through a defined contribution plan to participating Colorado counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Plan provisions and contribution requirements are established and may be amended by CRA and would have to be approved by the Town.

There are no unfunded past service liabilities. All of its full-time employees, who work 40 hours per week, are eligible to contribute to the plan. Employees are eligible to participate upon the first day of the payroll period following the employee's date of hire. Both the Town and the employees contribute between 4% and 4% of the employee's monthly base salary to the plan. Employees may also make additional contributions up to a maximum of 10% of compensation.

Employees are immediately vested in their participant contributions and become vested in employer contributions to the plan over a five-year period. For the year ended December 31, 2021, the Town's total payroll was $444,030, the total covered payroll by the retirement plan was $358,775. During 2021, the Town and employees each made their respectively required contribution of $14,351, for a total of $28,702. Complete financial statements for the retirement plans may be obtained from CRA, 4949 S. Syracuse St., Suite 400, Denver, Colorado, 80237.

Note 8 - Capital Assets

Capital asset activities for the year ended December 31, 2021, was as follows:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Governmental Activities				
Capital assets not being depreciated				
Land	$ 322,258	$ -	$ -	$ 322,258
Capital assets being depreciated				
Buildings	1,162,018	-	-	1,162,018
Equipment and furniture	491,536	15,510	-	507,046
Infrastructure	1,957,308	9,000	-	1,966,308
Ball fields and parks	784,269	28,695	-	812,964
Less: Accumulated depreciation	(1,672,950)	(136,873)	-	(1,809,823)
	2,718,480	(83,668)	-	2,638,513
Governmental Activities				
Capital assets, net	$ 3,040,738	$ (83,668)	$ -	$ 2,960,771

Note 8 - Capital Assets- (continued)

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Business-Type Activities				
Capital assets not being depreciated				
Construction in progress	$ 2,282,850	$ 40,479	$ (2,282,850)	$ 40,479
Land and water rights	1,535,000	-	-	1,535,000
	3,817,850	40,479	(2,282,850)	1,575,479
Capital assets being depreciated				
Buildings and improvements	181,461	-	-	181,461
Equipment and furniture	357,921	-	-	357,921
Distribution system	9,573,456	3,292,783	-	12,866,239
Less: Accumulated depreciation	(3,807,846)	(327,896)		(4,135,742)
	6,419,469	2,964,887	-	9,269,879
Business-Type Activities Capital assets, net	$ 7,954,469	$ 3,005,366	$ (2,282,850)	$ 10,845,358

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

General government	$ 21,594
Public works	85,254
Culture and recreation	30,025
	$ 136,873
Water Fund	$ 327,896

Note 9 - Long-Term Liabilities

Governmental Activities	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Due Within One Year
Accrued compensated absences	$ 29,428	$ 27,959	$ (29,428)	$ 27,959	$ 27,959
Total	$ 29,428	$ 27,959	$ (29,428)	$ 27,959	$ 27,959
Enterprise Activities					
Loan payable - SRF	$ -	$ 1,691,091	$ (43,125)	$ 1,647,966	$ 75,567
Total	$ -	$ 1,691,091	$ (43,125)	$ 1,647,966	$ 75,567

Note 9 - Long-Term Liabilities- (continued)

Loan Payable-Colorado Water Resources and Power Development Authority

The Town borrowed $1,691,091 from the Colorado Water Resources and Power Development Authority in 2021 to facilitate the construction of a new water treatment facility. The Colorado Water Resources and Power Development Authority loaned the Town, through Drinking Water Revolving Fund Program, a loan bearing a 1.50% interest rate and is payable in principal installments of $ 50,001.89 on May 1 and November 1 of each year. The loan matures on November 1, 2040.

Year	Principal	Interest	Total
2022	$ 75,567	$ 24,437	$ 100,004
2023	76,704	23,300	100,004
2024	77,859	22,145	100,004
2025	79,032	20,972	100,004
2026	80,221	19,782	100,003
2027-2031	419,592	80,427	500,019
2032-2036	452,146	47,873	500,019
2037-2041	386,845	13,170	400,015
	$ 1,647,966	$ 252,106	$ 1,900,072

Town of Orchard City
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2021

Revenues	**Original Budget**	**Final Budget**	**Actual**	**Favorable (Unfavorable)**
Taxes:				
Franchise	$ 73,000	$ 73,000	$ 93,702	$ 20,702
	73,000	73,000	93,702	20,702
Intergovernmental				
Other taxes	1,600	1,600	2,597	997
Sales tax	230,000	230,000	337,503	107,503
Severance tax	3,000	3,000	2,668	(332)
Mineral leasing	3,000	3,000	15,108	12,108
Planning commission	500	500	7,456	6,956
Total intergovernmental	238,100	238,100	365,332	127,232
License and permits	15,393	15,393	44,974	29,581
Miscellaneous				
Interest on deposits	20,000	20,000	1,401	(18,599)
Rent	500	500	295	(205)
Other	100	100	21,202	21,102
Total revenues	347,093	347,093	526,906	179,813
Expenditures				
Salaries and benefits	87,625	87,625	67,269	20,356
Utilities	3,500	3,500	3,908	(408)
Telephone	1,300	1,300	995	305
Office supplies	3,700	3,700	3,757	(57)
Postage	1,000	1,000	778	222
Computer support	15,000	15,000	4,729	10,271
Building repairs and supplies	5,100	5,100	2,155	2,945
Trash removal	1,300	1,300	1,468	(168)
Janitorial services	10,621	10,621	10,449	172
Insurance	8,128	8,128	8,127	1
Town clothing	1,000	1,000	217	783
Dues and subscriptions	1,100	1,100	748	352
Newsletter	7,000	7,000	-	7,000
Website	2,000	2,000	1,931	69
Trustee fees and other	22,500	22,500	15,557	6,943
Conference and schools	5,000	5,000	-	5,000
Town picnic and other	10,000	10,000	7,852	2,148
Miscellaneous	1,448	1,448	1,390	58
Board meeting and supplies	5,000	5,000	1,451	3,549
Community room help	1,000	1,000	-	1,000
Planning commission	2,200	2,200	2,494	(294)
Public notices and ads	1,700	1,700	2,010	(310)
Professional fees	14,500	14,500	11,147	3,353
Records management	3,000	3,000	480	2,520
GIS update mapping	800	800	400	400
Treasurer's fees	250	250	225	25
Total general government	$ 215,772	$ 215,772	$ 149,537	$ 66,235

See accompanying notes to the basic financial statements.

Town of Orchard City
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2021

Building department				
Supplies	$ 1,300	$ 1,300	$ 967	$ 333
Training and meetings	700	700	180	520
Vehicle expense	3,000	3,000	-	3,000
Total Building department	5,000	5,000	1,147	3,853
Public safety				
Mosquito control	11,700	11,700	-	11,700
Juvenile diversion	2,000	2,000	2,000	-
Total public safety	13,700	13,700	2,000	11,700
Donations				
Dolphin House	1,500	1,500	1,500	-
All points transportation	2,869	2,869	2,869	-
Animal control	2,000	2,000	2,000	-
Food bank	2,000	2,000	2,000	-
Student of the month	900	900	300	600
Hospice	2,000	2,000	2,000	-
Other	5,103	5,103	3,992	1,111
Total donations	16,372	16,372	14,661	1,711
Contingency	10,000	10,000	-	10,000
Reserve	8,759	8,759	-	8,759
Capital Outlay	-	-	-	-
Total expenditures	269,603	269,603	167,345	102,258
Excess of revenues over (under) expenditures	77,490	77,490	359,561	282,071
Other Financing sources (uses)				
Transfer out	(31,116)	(31,116)	(31,116)	-
Excess of revenues and sources over and (under) expenditures and use	46,374	46,374	328,445	282,071
Fund balance - January 1	3,116,176	3,116,176	3,214,623	98,447
Fund balance - December 31	$ 3,162,550	$ 3,162,550	$ 3,543,068	$ 380,518

See accompanying notes to the basic financial statements.

Town of Orchard City
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Road Maintenance Fund
For the Year Ended December 31, 2021

Revenues	**Original Budget**	**Final Budget**	**Actual**	**Favorable (Unfavorable)**
Intergovernmental				
State shared				
HUTF	$ 131,951	$ 131,951	$ 159,491	$ 27,540
Motor vehicle fees	16,000	16,000	19,239	3,239
Motor vehicle - sales tax	2,000	2,000	3,664	1,664
County road and bridge	9,200	9,200	11,272	2,072
Total intergovernmental	159,151	159,151	193,666	34,515
Miscellaneous				
Interest on deposits	5,300	5,300	327	(4,973)
Other	-	-	3,300	3,300
Total revenues	164,451	164,451	197,293	32,842
Expenditures				
Public Works:				
Salaries and benefits	38,245	38,245	36,322	1,923
Snow removal	5,000	5,000	2,187	2,813
Travel and training	2,000	2,000	-	2,000
Vehicle expense	8,000	8,000	4,105	3,895
Improvement projects	120,000	120,000	9,000	111,000
Street sign	1,000	1,000	485	515
Miscellaneous	2,000	2,000	140	1,860
Utilities and telephone	3,800	3,800	3,109	691
Insurance	4,064	4,064	4,064	-
Professional fees	2,000	2,000	1,563	437
Weed Control	1,000	1,000	200	800
Repairs and maintenance	16,000	16,000	4,571	11,429
Supplies and materials-streets	4,800	4,800	4,220	580
Capital Outlay	59,900	59,900	17,969	41,931
Reserves	8,035	8,035	-	8,035
Total Expenditures	275,844	275,844	87,935	187,909
Excess (deficiency) of revenues over expenditures	(111,393)	(111,393)	109,358	220,751
Fund balance - January 1	712,285	712,285	742,749	30,464
Fund balance - December 31	$ 600,892	$ 600,892	$ 852,107	$ 251,215

See accompanying notes to the basic financial statements.

Town of Orchard City
Park and Recreation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Franchise taxes	$ 4,000	$ 4,000	$ 3,052	$ (948)
Lease income	1,500	1,500	1,110	(390)
Miscellaneous	-	-	2,135	2,135
Total Revenues	5,500	5,500	6,297	797
Expenditures				
Salaries and benefits	19,333	19,333	19,251	82
Utilities and telephone	8,500	8,500	4,843	3,657
Vehicle Expenses	4,500	4,500	975	3,525
Building maintenance	1,000	1,000	1,018	(18)
Landscaping	500	500	-	500
Insurance	4,064	4,064	4,064	-
Equipment maintenance	2,000	2,000	245	1,755
Park maintenance	12,500	12,500	4,593	7,907
Miscellaneous	2,400	2,400	2,709	(309)
Audit and budget	1,600	1,600	1,561	39
Tabor reserve	1,692	1,692	-	1,692
Total expenditures	58,089	58,089	39,259	18,830
Excess (deficiency) of revenues over expenditures	(52,589)	(52,589)	(32,962)	19,627
Other Financing Sources (Uses)				
Transfer in	31,116	31,116	31,116	-
Total other financing sources (uses)	31,116	31,116	31,116	-
Net change to fund balance	(21,473)	(21,473)	(1,846)	19,627
Fund balance, January 1	21,473	21,473	25,174	3,701
Fund balance, December 31	$ -	$ -	$ 23,328	$ 23,328

See accompanying notes to the basic financial statements.

Town of Orchard City
Conservation Trust Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
State Lottery Funds	$ 28,000	$ 28,000	$ 38,744	$ 10,744
Interest earnings	100	100	336	236
Total revenues	28,100	28,100	39,080	10,980
Expenditures				
Culture and recreation				
Capital Outlay	57,900	57,900	40,116	17,784
Total expenditures	57,900	57,900	40,116	17,784
Excess of revenues over (under) expenditures	(29,800)	(29,800)	(1,036)	28,764
Fund balance, January 1	175,400	175,400	182,840	7,440
Fund balance, December 31	$ 145,600	$ 145,600	$ 181,804	$ 36,204

Town of Orchard City
Water Fund
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Charges for services	$ 850,000	$ 850,000	$ 1,118,273	$ 268,273
Water station vending	3,500	3,500	18,815	15,315
Supplies and repairs	1,000	1,000	22,227	21,227
Interest on earnings	18,000	18,000	853	(17,147)
Miscellaneous	-	-	384	384
Total revenues	872,500	872,500	1,160,552	288,052
Expenditures				
Salaries and benefits	553,800	553,800	479,691	74,109
Purchased services, supplies and materials	47,000	47,000	40,023	6,977
Repairs and maintenance	82,500	82,500	83,716	(1,216)
Capital outlay	6,000	6,000	179	5,821
Miscellaneous	6,175	6,175	14,999	(8,824)
Utilities	22,700	22,700	20,735	1,965
Telephone	8,200	8,200	5,621	2,579
Insurance	16,300	16,300	16,255	45
Professional services	10,000	10,000	6,625	3,375
Office expenses	29,250	29,250	29,973	(723)
Training and travel	5,000	5,000	1,905	3,095
Vehicle expense	19,600	19,600	12,820	6,780
Water assessments	9,000	9,000	10,404	(1,404)
Safety equipment	3,000	3,000	2,523	477
Reserves	95,000	95,000	19,761	75,239
Debt service payment	110,500	110,500	58,690	51,810
Total expenditures	1,024,025	1,024,025	803,920	168,295
Excess of revenues over (under) expenditures	(151,525)	(151,525)	356,632	456,347
Other Financing Sources (Uses)				
Transfer out	(220,897)	(220,897)	(220,897)	-
Total other financing sources (uses)	(220,897)	(220,897)	(220,897)	-
Net change to fund balance	(372,422)	(372,422)	135,735	508,157
Available resources-January 1	2,261,922	2,261,922	2,431,936	170,014
Accruals: Long Term Debt	-	-	43,125	43,125
Available resources-December 31	$ 1,889,500	$ 1,889,500	$ 2,610,796	$ 721,296

Town of Orchard City
Water Capital Construction Fund
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Charges for services	$ 128,544	$ 128,544	$ 159,906	$ 31,362
Grants	-	-	698,197	698,197
Tap fees	6,500	6,500	140,839	134,339
Interest	3,500	3,500	144	(3,356)
SRA Loan	1,800,000	1,800,000	1,691,091	(108,909)
Meadow View line payment	2,226	2,226	1,384	(842)
Total revenues	1,940,770	1,940,770	2,691,561	750,791
Expenditures				
Loan processing fees	-	-	50	(50)
Capital outlay-New Filter For TX Plant	1,050,000	1,050,000	428,417	621,583
Capital outlay- Waterline Replacement	1,000,000	1,000,000	603,861	396,139
Total expenditures	2,050,000	2,050,000	1,032,328	1,017,672
Excess of revenues over (under) expenditures	(109,230)	(109,230)	1,659,233	1,768,463
Other Financing Sources (Uses)				
Transfer in	220,897	220,897	220,897	-
Total other financing sources (uses)	220,897	220,897	220,897	-
Net change to fund balance	111,667 -	111,667 -	1,880,130	1,768,463
Available resources-January 1	618,494	618,494	(166,887)	(785,381)
Accruals: Long Term Debt	-	-	(1,691,091)	(1,691,091)
Available resources-December 31	$ 730,161	$ 730,161	$ 22,152	$ (708,009)

Town of Orchard City
Water Acquisition Fund
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Water Conveyance Fee	$ -	$ -	$ 39,250	$ 39,250
Interest income	800	800	103	(697)
Total revenues	800	800	39,353	38,553
Expenditures				
Water shares	50,000	50,000	49,518	482
Total expenditures	50,000	50,000	49,518	482
Excess of revenues over (under) expenditures	(49,200)	(49,200)	(10,165)	39,035
Available resources-January 1	175,977	175,977	175,974	(3)
Available resources-December 31	$ 126,777	$ 126,777	$ 165,809	$ 39,032

COLORADO
Department of Transportation

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6. Remember to click "Save" to save any changes.

Annual Highway Finance Report - CY21

Email address: peteblaircpa@yahoo.com
City/County: Orchard City

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes

A. Receipts from local sources		
2. General Fund Appropriations:	$	0.00
3. Other local imposts: *from A.3. 'Total' below)*	$	14,936.00
4. Miscellaneous local receipts: *from A.4. 'Total' below)*	$	3,627.00
5. Transfers from toll facilities	$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	$	0.00
b. Bonds - Refunding Issues:	$	0.00
c. Notes:	$	0.00
SubTotal:	$	18,563.00
B. Private Contributions	$	0.00

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes (Detail)

A.3. Other local imposts

a. Property Taxes &and Assessments	$	0.00
b. Other Local Imposts		
1. Sales Taxes:	$	3,664.00
2. Infrastructure and Impact Fees:	$	0.00
3. Liens:	$	0.00
4. Licenses:	$	0.00
5. Specific Ownership and/or Other:	$	11,272.00
Total: *(a + b) carried to 'Other local imposts' above)*	$	14,936.00

A.4. Miscellaneous local receipts

a. Interest on Investments:	$	327.00
b. Traffic fines and Penalities:	$	0.00
c. Parking Garage Fees:	$	0.00
d. Parking Meter Fees:	$	0.00
e. Sale of Surplus Property:	$	0.00
f. Charges for Services:	$	0.00
g. Other Misc. Receipts:	$	3,300.00
h. Other:	$	0.00
Total: *(a through h) carried to 'Misc local receipts' above)*	$	3,627.00

C. Receipts from State Government

1. Highway User Taxes:	$	159,491.00
3. Other State funds:		
c. Motor Vehicle Registrations:	$	19,239.00
d. Other (Specify): Comments: undefined	$	0.00
e. Other (Specify): Comments: undefined	$	0.00
Total: *(1+3c,d,e)*	$	178,730.00

D. Receipts from Federal Government

2. Other Federal Agencies

a. Forest Service:	$	0.00

b. FEMA:	$	0.00
c. HUD:	$	0.00
d. Federal Transit Administration:	$	0.00
e. U.S. Corp of Engineers	$	0.00
f. Other Federal:	$	0.00
Total: *(2a-f)*	$	0.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes

A. Local highway disbursements

1. Capital outlay: *(from A.1.d. 'Total Capital Outlay' below)*	$	9,000.00
2. Maintenance:	$	0.00
3. Road and street services		
a. Traffic control operations:	$	0.00
b. Snow and ice removal:	$	2,187.00
c. Other:	$	200.00
4. General administration and miscellaneous	$	61,039.00
5. Highway law enforcement and safety	$	0.00
Total: *(A.1-5)*	$	72,426.00

B. Debt service on local obligations

1. Bonds		
a. Interest	$	0.00
b. Redemption	$	0.00
2. Notes		
a. Interest	$	0.00
b. Redemption	$	0.00
SubTotal: *(1+2)*	$	0.00

C. Payments to State for Highways:	$	0.00
D. Payments to Toll Facilities:	$	0.00

Total Disbursements: *(A+B+C+D)* $ 72,426.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes - (Detail)

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	$ 0.00	$ 0.00	$ 0.00
b. Engineering Costs:	$ 0.00	$ 0.00	$ 0.00
c. Construction			
1. New Facilities:	$ 0.00	$ 0.00	$ 0.00
2. Capacity Improvements:	$ 0.00	$ 0.00	$ 0.00
3. System Preservation:	$ 0.00	$ 9,000.00	$ 9,000.00
4. System Enhancement:	$ 0.00	$ 0.00	$ 0.00
5. Total Construction:			$ 9,000.00
d. Total Capital Outlay: *(Lines A.1.a. + 1.b. + 1.c.5)*			$ 9,000.00

Receipts, Disbursements & Costs

IV. Local Highway Debt Status

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	$ 0.00	$ 0.00	$ 0.00	$ 0.00
1. Bonds (Refunding Portion)		$ 0.00	$ 0.00	$ 0.00
B. Notes (Total):	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Receipts, Disbursements & Costs

V - Local Road & Street Fund Balance

A. Beginning Balance	B. Total Receipts	C.Total Disbursements	D. Ending Balance	E. Reconciliation
$ 0.00	$ 197,293.00	$ 72,426.00	$ 124,867.00	$ 0.00

Notes and Comments:
undefined

Please enter your name: Melissa Oelke

Please provide a telephone number where you may be reached: 970-835-3337

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Federal Awards Reports In Accordance With the

Single Audit Act and the Uniform Guidance

December 31, 2021

TOWN OF ORCHARD CITY, COLORADO

TOWN OF ORCHARD CITY
Table of Contents
December 31, 2021

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Town Council
Orchard City, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Orchard City, Colorado, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town of Orchard City's basic financial statements, and have issued our report thereon dated August 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Orchard City, Colorado's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Orchard City, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Orchard City, Colorado's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Orchard City, Colorado's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Certified Public Accountants

105 S.E. Frontier Ave, Suite A Cedaredge, CO 81413 | 970-856-7550 | 970-856-2122 | www.bandacpas.com

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blair and Associates, P.C.

Cedaredge, Colorado
August 19, 2022

Independent Auditor's Report on Compliance for The Major Federal Program and Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Town Council
Orchard City, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Orchard City's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Town of Orchard City's major federal programs for the year ended December 31, 2021. Town of Orchard City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Orchard City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Orchard City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Orchard City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Orchard City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Orchard City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Orchard City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

Certified Public Accountants

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- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Orchard City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Orchard City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Orchard City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated August 19, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blair and Associates, P.C.

Cedaredge, Colorado
August 19, 2022

TOWN OF ORCHARD CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

FEDERAL AGENCY NAME	PASS THROUGH AGENCY	FEDERAL PROGRAM TITLE	CFDA NUMBER	OTHER IDENTIFICATION NUMBER	EXPENDITURES
UNITED STATES DEPARTMENT OF INTERIOR	COLORADO DEPARTMENT OF LOCAL AFFAIRS	ENERGY AND MINERAL IMPACT ASSISTANCE PROGRAM	15.437	DOLA EIAF 9219	$294,529
ENVIROMENTAL PROTECTION AGENCY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	CAPITALIZATION GRANT FOR DRINKING WATER STATE REVOLVING FUNDS	66.458	PROJECT # D207257 DWRF	$1,691,091
			TOTAL FEDERAL AWARDS		$1,985,620

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Town of Orchard City and is presented on the accrual basis of accounting. The information on the SEFA is presented in accordance with the requirements of Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements. Expenditures represent only the federally funded portions of the program. Town records should be consulted to determine amounts expended or matched from nonfederal sources.

The Town has elected to not use the 10% de minimus indirect cost rate, as allowed under the Uniform Guidance.

Program Costs

The amounts shown as current-year expenses represent only the federal grant portion of the program costs. Entire program costs, including the Town's local matching share, may be more than shown.

TOWN OF ORCHARD CITY
Notes to Schedule of Finding and Questioned Costs
December 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified	None Reported
Significant deficiency identified	No
Noncompliance material to financial statements noted	No

Federal Awards

Internal Control over major programs:	
Material weakness identified	None Reported
Significant deficiency identified	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
66.468	Capitalization Grant for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low risk auditee?	Yes

TOWN OF ORCHARD CITY
Notes to Schedule of Finding and Questioned Costs
December 31, 2021

SECTION II — Findings Required to be Reported by Government Auditing Standards

No Findings Noted

SECTION III — Findings Required to be Reported by the Uniform Guidance

No Findings Noted

TOWN OF ORCHARD CITY
Status of Prior Audit Findings
December 31, 2021

Note: There was no prior year audit findings Required to be Reported by Government Auditing Standards and Reported by the Uniform Guidance.