

Town of Peetz, Colorado
Financial Statements
For the Year Ended December 31, 2021

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Independent Auditors' Report

To the Honorable Mayor and Members of Town Council
Town of Peetz
Peetz, Colorado

Report on the Audit of Financial Statements

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 Town of Peetz (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 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 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. And the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 and *Government 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 and *Government 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.
- 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'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'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 and budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, 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's basic financial statements. The other supplementary information, the local highway finance report and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 other supplementary information, the local highway finance report and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
July 11, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Town of Peetz, Colorado's annual financial report presents the discussion and analysis of the financial performance for the fiscal year that ended December 31, 2021.

FINANCIAL HIGHLIGHTS

- The Town of Peetz remains in good financial condition.
- The assets of the Town of Peetz exceeded its liabilities and deferred inflows of resources at the close of 2021 by \$2,258,846 (net position). Of this amount \$516,106 or 23% is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's total revenues exceeded expenses by \$1,082,629.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Peetz's basic financial statements. The Town of Peetz's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements.
- 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 statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies.

The **statement of net position** presents information on all of the Town of Peetz's 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 the financial position of the Town of Peetz is improving or deteriorating.

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

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

- **Governmental activities.** Most of the Town's basic services are included here, such as public works, parks, recreation, and general administration. Property tax and intergovernmental revenue finance most of these activities.
- **Business-type activities.** The Town charges fees to customers to recover most of the costs of certain services provided. The Town's water and sewer systems are included here.

The government-wide financial statements can be found starting on page 12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law, however, the Town Council has established other funds to help control and manage money for particular purposes or to show that it is properly using certain revenue (the Conservation Trust Fund). All of the funds of the Town of Peetz can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides a detailed, short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found starting on page 16 of this report.

Proprietary funds. When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The basic proprietary fund financial statements can be found starting on page 20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

The Town has no fiduciary funds to report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 26 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Peetz, assets exceed liabilities and deferred inflows of resources by \$2,258,846 at the close of 2021.

Net Position

Combined net position of the Town of Peetz as of December 31, 2021 are shown in Table 1 below. The Town did not issue financial statements prepared in accordance with generally accepted accounting principles in the prior year, therefore, a detailed comparison to the prior year is not possible.

Table 1
NET POSITION

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	217,986	518,590	736,576
Capital assets	205,155	2,265,292	2,470,447
Total assets	<u>423,141</u>	<u>2,783,882</u>	<u>3,207,023</u>
Long-term debt outstanding	-	767,114	767,114
Other liabilities	8,646	134,337	142,983
Total liabilities	8,646	901,451	910,097
Deferred inflows of resources	38,080	-	38,080
Net position			
Net investment in capital assets	205,155	1,498,178	1,703,333
Restricted	22,822	16,585	39,407
Unrestricted (deficit)	148,438	367,668	516,106
Total net position	<u>376,415</u>	<u>1,882,431</u>	<u>2,258,846</u>
Total liabilities, deferred inflows and net position	<u>423,141</u>	<u>2,783,882</u>	<u>3,207,023</u>

The largest portion of the Town of Peetz's net position, 75%, reflects its investment in capital assets (land, buildings and equipment). The Town of Peetz uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. In addition, a portion of the Town of Peetz's net position, 2%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 23%, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2021, the Town of Peetz is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

Changes in net position

The Town's total revenue of \$1,302,135 was more than program expenses of \$219,506 for an increase in net position of \$1,082,629.

Combined changes in net position of the Town of Peetz as of December 31, 2021 are shown in Table 2 below. The Town did not issue financial statements prepared in accordance with generally accepted accounting principles in the prior year, therefore, a detailed comparison to the prior year is not possible.

Table 2
CHANGES IN NET POSITION

	Governmental Activities	Business-type Activities	Total Primary Government
Program revenues			
Charges for services	31,442	156,057	187,499
Operating grants	28,023	-	28,023
Capital grants	-	1,039,046	1,039,046
General revenues			
Property taxes	36,072	-	36,072
Specific ownership taxes	4,043	-	4,043
Other taxes	5,852	-	5,852
Interest earnings	94	166	260
Miscellaneous	755	585	1,340
Total revenues	106,281	1,195,854	1,302,135
Program expenses			
General government	34,289	-	34,289
Public works	84,750	-	84,750
Culture and recreation	2,336	-	2,336
Business-type activities			
Water services	-	43,564	43,564
Sanitation	-	54,567	54,567
Total expenses	121,375	98,131	219,506
Change in net position	(15,094)	1,097,723	1,082,629
Net position at beginning of year	391,509	784,708	1,176,217
Net position at end of year	376,415	1,882,431	2,258,846

Governmental Activities

Revenue for the Town's governmental activities totaled \$106,281 for 2021. Tax revenue produced 43% of these revenues. Tax revenue includes property taxes, sales and other taxes.

Table 3
GOVERNMENTAL ACTIVITIES

	Total Cost of Services	Net Cost of Services
General government	\$ 34,289	\$ 32,197
Public works	84,750	30,195
Culture and recreation	2,336	(482)

Table 3 presents the cost and revenue of each of the Town's three largest programs – general government, public works, and culture recreation – as well as each program's *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Business-type Activities

Net position in business-type activities increased by \$1,097,723 in 2021. Business-type activities include water and sewer services.

Table 4
BUSINESS-TYPE ACTIVITIES

	Total Cost of Services		Net Cost of Services
Water services	\$ 43,564	\$	(35,591)
Sewer services	54,567		(1,061,381)

Table 4, above, presents the cost and revenue of each of the Town's business-type activities – water and sewer – as well as the program *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$171,260. The general fund reported a fund balance decrease of \$29,519 and the other governmental fund reported a fund balance increase of \$2,818.

General Fund Budgetary Highlights

The actual charges to appropriations (expenditures) were \$7,018 below the final budget amounts due to contingencies not being expended as originally anticipated.

Additionally, resources available for appropriation (revenues) were \$13,350 more than the final budgeted amount. Intergovernmental and miscellaneous revenues collected were greater than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The Town of Peetz's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounts to \$2,470,447 (net of accumulated depreciation). This amount includes a broad range of capital assets, including public works equipment, water, sewer and other infrastructure.

The Town remains committed to the upkeep and maintenance of the Town's largest assets. More detailed information about the Town's capital assets is presented in Table 5.

Table 5
CAPITAL ASSETS ON DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total Primary Government
Land and improvements	1,923	105,722	107,645
Construction in progress	-	1,897,917	1,897,917
Buildings and improvements	50,189	-	50,189
Vehicles and equipment	22,257	41,493	63,750
Infrastructure and systems	130,786	220,160	350,946
Total	<u>205,155</u>	<u>2,265,292</u>	<u>2,470,447</u>

Long-term debt. The Town had \$767,114 in debt outstanding at year-end. More detailed information about the Town's long-term debt is presented in Table 6 and Note F to the financial statements.

Table 6
LONG-TERM DEBT ON DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total Primary Government
Notes payable	<u>-</u>	<u>767,114</u>	<u>767,114</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town of Peetz is in a good financial position. The Town anticipates the completion of the wastewater treatment facility project in 2022. The remaining funds' revenues and expenditures should be consistent with prior years. At this time the Town does not anticipate any major projects in the future.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact Town of Peetz, 621 Main Street, P.O. Box 621, Peetz, Colorado 80747.

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Basic Financial Statements

The basic financial statements of the Town include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

TOWN OF PEETZ, COLORADO
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 76,828	\$ 150,616	\$ 227,444
Cash with fiscal agent		3,592	3,592
Cash with county treasurer	436		436
Certificates of deposit	21,720	36,953	58,673
Investments	38,900	135,318	174,218
Receivables	42,550	213,078	255,628
Internal balances	37,552	(37,552)	-
Capital assets, net of depreciation	205,155	2,265,292	2,470,447
Restricted cash		16,585	16,585
Total assets	\$ 423,141	\$ 2,783,882	\$ 3,207,023
Liabilities			
Accounts payable	\$ 3,674	\$ 102,778	\$ 106,452
Accrued salaries and benefits	2,954	1,564	4,518
Accrued interest payable		461	461
Unearned revenue	2,018		2,018
Unearned grant revenue		29,534	29,534
Noncurrent liabilities			
Due within one year		18,814	18,814
Due in more than one year		748,300	748,300
Total liabilities	8,646	901,451	910,097
Deferred inflows of resources			
Deferred property tax revenues	38,080		38,080
Total deferred inflows of resources	38,080	-	38,080
Net position			
Net investment in capital assets	205,155	1,498,178	1,703,333
Restricted for:			
Emergencies	20,000		20,000
Culture and recreation	2,822		2,822
Debt service		16,585	16,585
Unrestricted	148,438	367,668	516,106
Total net position	376,415	1,882,431	2,258,846
Total liabilities, deferred inflows of resources and net position	\$ 423,141	\$ 2,783,882	\$ 3,207,023

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

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TOWN OF PEETZ, COLORADO
Statement of Activities
For the Year Ended December 31, 2021

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 34,289	\$ 2,092		
Public works	84,750	29,350	\$ 25,205	
Culture and recreation	2,336		2,818	
Total governmental activities	121,375	31,442	28,023	\$ -
Business-type activities				
Water	43,564	79,155		
Sewer	54,567	76,902		1,039,046
Total business-type activities	98,131	156,057	-	1,039,046
Total	\$ 219,506	\$ 187,499	\$ 28,023	\$ 1,039,046
General revenues				
Taxes				
Property taxes, levied for general purposes				
Specific ownership taxes				
Other taxes				
Unrestricted earnings on investments				
Miscellaneous				
Total general revenues				
Change in net position				
Net position at beginning of year				
Net position at end of year				

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

Net (Expenses) Revenues and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (32,197)		\$ (32,197)
(30,195)		(30,195)
482		482
(61,910)	\$ -	(61,910)
	35,591	35,591
	1,061,381	1,061,381
-	1,096,972	1,096,972
(61,910)	1,096,972	1,035,062
36,072		36,072
4,043		4,043
5,852		5,852
94	166	260
755	585	1,340
46,816	751	47,567
(15,094)	1,097,723	1,082,629
391,509	784,708	1,176,217
\$ 376,415	\$ 1,882,431	\$ 2,258,846

TOWN OF PEETZ, COLORADO
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Other Governmental Fund	Total Governmental Funds
Assets			
Cash	\$ 74,006	\$ 2,822	\$ 76,828
Cash with county treasurer	436		436
Certificates of deposit	21,720		21,720
Investments	38,900		38,900
Due from other funds	37,552		37,552
Property taxes receivable	38,080		38,080
Accounts receivable	4,470		4,470
Total assets	\$ 215,164	\$ 2,822	\$ 217,986
Liabilities			
Accounts payable	\$ 3,674		\$ 3,674
Accrued salaries and benefits	2,954		2,954
Unearned revenue	2,018		2,018
Total liabilities	8,646	\$ -	8,646
Deferred inflows of resources			
Deferred property tax revenues	38,080		38,080
Total deferred inflows of resources	38,080	-	38,080
Fund balance			
Restricted for:			
Emergencies	20,000		20,000
Culture and recreation		2,822	2,822
Unassigned	148,438		148,438
Total fund balance	168,438	2,822	171,260
Total liabilities, deferred inflows of resources and fund balance	\$ 215,164	\$ 2,822	\$ 217,986

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

TOWN OF PEETZ, COLORADO**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2021**

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

Total fund balance - governmental funds	\$ 171,260
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	<u>205,155</u>
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Net position of governmental activities	<u><u>\$ 376,415</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF PEETZ, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2021

	General Fund	Other Governmental Fund	Total Governmental Funds
Revenues			
Taxes	\$ 45,959		\$ 45,959
Licenses and permits	392		392
Intergovernmental	19,203	\$ 2,818	22,021
Charges for services	29,850		29,850
Miscellaneous	8,059		8,059
Total revenues	103,463	2,818	106,281
Expenditures			
Current			
General government	31,283		31,283
Public works	77,345		77,345
Culture and recreation	2,046		2,046
Capital outlay	22,308		22,308
Total expenditures	132,982	-	132,982
Net change in fund balance	(29,519)	2,818	(26,701)
Fund balance at beginning of year	197,957	4	197,961
Fund balance at end of year	\$ 168,438	\$ 2,822	\$ 171,260

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

TOWN OF PEETZ, COLORADO**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021**

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

Net change in fund balance - governmental funds	\$ (26,701)
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Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.

11,607

Change in net position of governmental activities	<u>\$ (15,094)</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF PEETZ, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2021

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current assets			
Cash	\$ 98,559	\$ 52,057	\$ 150,616
Cash with fiscal agent		3,592	3,592
Certificates of deposit	36,953		36,953
Investments	99,883	35,435	135,318
Accounts receivable	6,196	7,254	13,450
Grants receivable		199,628	199,628
Due from other funds	85,343		85,343
Total current assets	326,934	297,966	624,900
Noncurrent assets			
Land and improvements		105,722	105,722
Construction in progress		1,897,917	1,897,917
Vehicles and equipment	36,594	20,382	56,976
Systems	261,396	117,729	379,125
Accumulated depreciation	(113,951)	(60,497)	(174,448)
Restricted cash		16,585	16,585
Total noncurrent assets	184,039	2,097,838	2,281,877
Total assets	\$ 510,973	\$ 2,395,804	\$ 2,906,777

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 2,203	\$ 100,575	\$ 102,778
Accrued salaries and benefits	782	782	1,564
Accrued interest payable		461	461
Unearned grant revenue	29,534		29,534
Due to other funds		122,895	122,895
Current portion of notes payable		18,814	18,814
Total current liabilities	32,519	243,527	276,046
Noncurrent liabilities			
Notes payable		748,300	748,300
Total noncurrent liabilities	-	748,300	748,300
Total liabilities	32,519	991,827	1,024,346
Net position			
Net investment in capital assets	184,039	1,314,139	1,498,178
Restricted for debt service		16,585	16,585
Unrestricted	294,415	73,253	367,668
Total net position	478,454	1,403,977	1,882,431
Total liabilities and net position	\$ 510,973	\$ 2,395,804	\$ 2,906,777

TOWN OF PEETZ, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Operating revenues			
Charges for services	\$ 79,155	\$ 76,902	\$ 156,057
Operating expenses			
Administrative and general	14,670	14,993	29,663
Systems operations	18,985	23,777	42,762
Systems maintenance	2,660	4,629	7,289
Depreciation	7,249	3,237	10,486
Total operating expenses	43,564	46,636	90,200
Operating income	35,591	30,266	65,857
Nonoperating revenues (expenses)			
Interest on investments	149	17	166
Swimming pool permits	125		125
Miscellaneous	460		460
Grant revenues		1,039,046	1,039,046
Interest and fiscal charges		(7,931)	(7,931)
Total nonoperating revenues (expenses)	734	1,031,132	1,031,866
Change in net position	36,325	1,061,398	1,097,723
Net position at beginning of year	442,129	342,579	784,708
Net position at end of year	\$ 478,454	\$ 1,403,977	\$ 1,882,431

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

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TOWN OF PEETZ, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash flows from operating activities			
Receipts from customers	\$ 77,533	\$ 75,143	\$ 152,676
Payments to suppliers	(26,488)	(34,192)	(60,680)
Payments to employees	(8,454)	(8,882)	(17,336)
Net cash provided by operating activities	42,591	32,069	74,660
Cash flows from noncapital financing activities			
Swimming pool permits	125		125
Miscellaneous receipts	460		460
Net cash provided by noncapital financing activities	585	-	585
Cash flows from capital and related financing activities			
Purchase of capital assets	(26,944)	(1,593,897)	(1,620,841)
Proceeds from long-term debt		776,000	776,000
Grant revenues	29,534	839,418	868,952
Principal paid on long-term debt		(8,886)	(8,886)
Interest and fiscal charges paid		(7,470)	(7,470)
Net cash provided by capital and related financing activities	2,590	5,165	7,755
Cash flows from investing activities			
Purchases of investments	(81,535)		(81,535)
Net cash used by investing activities	(81,535)	-	(81,535)
Net change in cash	(35,769)	37,234	1,465
Cash at beginning of year	134,328	35,000	169,328
Cash at end of year	\$ 98,559	\$ 72,234	\$ 170,793

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

	Business-type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 35,591	\$ 30,266	\$ 65,857
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	7,249	3,237	10,486
Changes in assets and liabilities			
Accounts receivable	(1,622)	(1,759)	(3,381)
Accounts payable	591	(457)	134
Accrued salaries and benefits	782	782	1,564
Net cash provided by operating activities	<u>\$ 42,591</u>	<u>\$ 32,069</u>	<u>\$ 74,660</u>
Cash and cash equivalents at end of year consist of:			
Cash	\$ 98,559	\$ 52,057	\$ 150,616
Cash with fiscal agent		3,592	3,592
Restricted cash		16,585	16,585
Total	<u>\$ 98,559</u>	<u>\$ 72,234</u>	<u>\$ 170,793</u>
Noncash investing and financing activities:			
Capital assets acquired through accounts payable	<u>\$ -</u>	<u>\$ 99,301</u>	<u>\$ 99,301</u>

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies

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

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Town's accounting policies are described below.

A.1 – Reporting entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The Town has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Town has no component units.

A.2 – Fund accounting

The Town uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The Town does not have any fiduciary funds.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), major capital projects (capital projects fund), and the servicing of general long-term debt (debt service fund). The following is the Town's major governmental fund:

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

General Fund – The General Fund is the operating fund of the Town. It is used to account for most of the day-to-day operations of the Town which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the Town, except for activities of the enterprise funds.

The following is the Town's nonmajor governmental fund:

Conservation Trust Fund – This fund is a special revenue fund established to account for state lottery proceeds and allowable expenditures.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Town's major proprietary funds:

Water Fund – This fund was established to account for all operations of the water utility services provided by the Town.

Sewer Fund – This fund was established to account for all operations of the sewer utility services provided by the Town.

A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function or program of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund financial statements – Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

Revenues – exchange and nonexchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available.

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenues, is reported on both the statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period for which they are levied and that the amounts become available.

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

A.5 – Encumbrances

Encumbrances outstanding at year-end are considered immaterial and thus are not reported as reservations of fund balance.

A.6 – Cash and cash equivalents

For the purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

A.7 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.8 – Receivables

Monthly charges for electric, water and sewer services are included with monthly utility billings. No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

A.9 – Inventories

Inventories in the proprietary funds consist of supplies and are recorded at the lower of cost or market using the first-in, first-out method.

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.10 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets with a unit cost greater than \$1,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) will be capitalized on a prospective basis.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings	50 years	40 years
Equipment	3-25 years	3-10 years
Improvements other than buildings	10-50 years	25-50 years
Infrastructure	50 years	n/a

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.11 – Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.12 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the town council (the Town's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the Town's general fund and includes all spendable amounts not contained in the other classifications.

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the town council through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the Town applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

A.13 – Net position

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

The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

A.14 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are service charges for water utility services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

A.15 – Interfund transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.16 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the town council and that are either unusual in nature or infrequent in occurrence. The Town had no transactions that qualify as extraordinary or special items during the year.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the Town's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the Town had total deposits of \$302,822, of which \$250,000 were insured and \$52,822 were collateralized with securities held by the pledging institution's trust department or agent in the Town's name.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the Town's own investment policies and procedures. Investments of the Town may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note B – Cash and investments (Continued)

During the year, the Town invested in ColoTrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. 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. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of December 31, 2021, the Town had invested \$174,218 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

At year-end, the Town had the following investments:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Investment in ColoTrust	\$ 174,218	\$ 174,218	\$ -	\$ -

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The Town has no investment policy that would further limit its investment choices. At year-end, the Town's investment in Colotrult was rated AAAM by Standard and Poor's.

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Property taxes receivable	\$ 38,080	\$ -	\$ 38,080
Accounts receivable	4,470	13,450	17,920
Grants receivable	-	199,628	199,628
Total	\$ 42,550	\$ 213,078	\$ 255,628

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note C – Receivables (Continued)

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Town of Peetz bills and collects property taxes for all taxing entities within the Town. The tax receipts collected by the Town are remitted to the Town in the subsequent month.

Note D – Interfund transactions

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

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Water Fund	Sewer Fund	\$ 85,343
General Fund	Sewer Fund	<u>37,552</u>
Total		<u>\$ 122,895</u>

All balances resulted from the time lag between the dates that (1) interfund reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, being depreciated:				
Land improvements	\$ 14,270	\$ -	\$ -	\$ 14,270
Buildings and improvements	108,740	-	-	108,740
Vehicles and equipment	60,990	21,263	-	82,253
Infrastructure	<u>199,197</u>	<u>-</u>	<u>-</u>	<u>199,197</u>
Total capital assets, being depreciated	<u>383,197</u>	<u>21,263</u>	<u>-</u>	<u>404,460</u>
Total capital assets	383,197	21,263	-	404,460

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note E – Capital assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Land improvements	(12,279)	(68)	-	(12,347)
Buildings and improvements	(55,575)	(2,976)	-	(58,551)
Vehicles and equipment	(58,364)	(1,632)	-	(59,996)
Infrastructure	<u>(63,431)</u>	<u>(4,980)</u>	<u>-</u>	<u>(68,411)</u>
Total accumulated depreciation	<u>(189,649)</u>	<u>(9,656)</u>	<u>-</u>	<u>(199,305)</u>
Governmental activities capital assets, net	<u>\$ 193,548</u>	<u>\$ 11,607</u>	<u>\$ -</u>	<u>\$ 205,155</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 105,722	\$ -	\$ -	\$ 105,722
Construction in progress	<u>219,620</u>	<u>1,678,297</u>	<u>-</u>	<u>1,897,917</u>
Total capital assets, not being depreciated	325,342	1,678,297	-	2,003,639
Capital assets, being depreciated:				
Vehicles and equipment	27,775	29,201	-	56,976
Systems	<u>366,781</u>	<u>12,344</u>	<u>-</u>	<u>379,125</u>
Total capital assets, being depreciated	<u>394,556</u>	<u>41,545</u>	<u>-</u>	<u>436,101</u>
Total capital assets	719,898	1,719,842	-	2,439,740
Less accumulated depreciation for:				
Vehicles and equipment	(12,102)	(3,381)	-	(15,483)
Systems	<u>(151,860)</u>	<u>(7,105)</u>	<u>-</u>	<u>(158,965)</u>
Total accumulated depreciation	<u>(163,962)</u>	<u>(10,486)</u>	<u>-</u>	<u>(174,448)</u>
Business-type activities capital assets, net	<u>\$ 555,936</u>	<u>\$ 1,709,356</u>	<u>\$ -</u>	<u>\$ 2,265,292</u>

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities	
General government	\$ 3,006
Public works	6,360
Culture and recreation	<u>290</u>
Total governmental activities	9,656
Business-type activities	
Water	7,249
Sewer	<u>3,237</u>
Total business-type activities	<u>10,486</u>
Total depreciation expense	<u>\$ 20,142</u>

Note F – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Business-type Activities					
Notes from direct borrowings and direct placements	\$ -	\$ 776,000	\$ (8,886)	\$ 767,114	\$ 18,814
Totals	<u>\$ -</u>	<u>\$ 776,000</u>	<u>\$ (8,886)</u>	<u>\$ 767,114</u>	<u>\$ 18,814</u>

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

Notes payable

CWRPDA Note payable – Sewer Fund – The Town has entered into a \$400,000 note agreement with the Colorado Water Resources and Power Development Authority (the Authority) dated February 3, 2021, due in semi-annual installments of \$7,282 through 2051. The interest rate for the agreement is 0.5%. The agreement provides for the disbursement of funds at the Town's request to facilitate the decommissioning of the existing lagoons, construction of a new evaporative lagoon wastewater treatment facility, and associated appurtenances. \$ 398,969

USDA Note payable – Sewer Fund – The Town has entered into a \$376,000 note agreement with USDA Rural Development dated November 24, 2020, due in monthly installments of \$1,166 through 2060. The interest rate for the agreement is 2.125%. The agreement provides for the disbursement of funds at the Town's request to finance the construction of an evaporative lagoon wastewater treatment plant facility and all necessary or appropriate appurtenances, property rights, and equipment. 368,145

Total \$ 767,114

The Town's outstanding notes from direct borrowings related to business-type activities of \$767,114 include two individual borrowings as noted above.

The Town's outstanding note with CWRPDA in the amount of \$398,969 is secured with collateral of the net revenue from operation and use of the system as defined in the loan agreement. This outstanding note contains (1) a provision that in an event of default as defined in the loan agreement, the Authority shall have the right to withhold disbursement of loan funds remaining, and take such other action at law or in equity as may appear necessary to enforce the performance and observance of any duty, covenant, obligation, or agreement including, without limitation, appointment ex parte of a receiver of the system.

The Town's outstanding note with USDA Rural Development in the amount of \$368,145 is secured with collateral of the net revenue from operation and use of the system as defined in the loan agreement. This outstanding note contains a provision that in an event of default as defined in the loan agreement, the USDA may protect and enforce its rights by proper legal or equitable remedy deemed most effectual including mandamus, specific performance of any covenants, injunctive relief, or requiring the Board to act as if it were the trustee of an express trust, or any combination of such remedies.

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note F – Long-term debt (Continued)

The following schedule represents the Town's debt service requirements to maturity for the outstanding notes from direct borrowings related to business-type activities at year-end:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 18,814	\$ 9,742
2023	19,010	9,545
2024	19,189	9,366
2025	19,413	9,142
2026	19,619	8,936
2027-2031	101,292	41,484
2032-2036	106,971	35,804
2037-2041	113,180	29,596
2042-2046	119,918	22,858
2047-2051	119,979	15,515
2052-2056	61,444	8,516
2057-2060	<u>48,285</u>	<u>1,894</u>
Totals	<u>\$ 767,114</u>	<u>\$ 202,398</u>

Note G – Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA/PC) and the Colorado Intergovernmental Risk Sharing Agency for Worker's Compensation (CIRSA/WC). CIRSA/PC and CIRSA/WC provide member municipalities within the State of Colorado, property, liability and workmen's compensation coverages and related services. CIRSA's general objectives are to provide member municipalities defined property and liability and/or worker's compensation coverages through self-insurance and excess insurance purchased from commercial companies. The Town pays an annual contribution to CIRSA for its insurance coverages. For the year ended, the Town's financial contribution to CIRSA/PC and CIRSA/WC was \$8,768 and \$1,683, respectively. Settled claims resulting from any of the above risks have not exceeded the coverages provided. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note H – Commitments and contingencies

Taxpayer's Bill of Rights (TABOR)

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate. In April 1997, the voters of the Town approved a ballot initiative permitting the Town to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR. However, the Town has made certain interpretations of TABOR's language in order to determine its compliance.

TABOR requires an emergency reserve to be set aside in the amount of 3% or more of its fiscal year spending for 1995 and subsequent years thereafter. At year-end, the Town has reserved funds in the General Fund in the amount of \$20,000 for the emergency reserve.

CWRPDA loan covenants

Rate covenant – during the loan term, the Town shall establish and collect such rates, fees and other charges for the use or the sale of the products and services of the system, which shall be at least sufficient, together with other amounts available therefore, and after meeting the operation and maintenance expenses of the system, to pay 110% of the debt service coming due in such calendar year. The Town believes it has met this requirement for the year.

Operations and maintenance fund – the Town shall maintain an operations and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation, of the system as set forth in the annual budget for the current fiscal year. Said reserve may be in the form of unobligated fund balances or other unobligated cash or securities or may be in a separate segregated fund. The Town believes it has met this requirement for the year.

TOWN OF PEETZ, COLORADO
Notes to Financial Statements

Note H – Commitments and contingencies (Continued)

USDA loan covenants

Short-lived asset reserve account – the Town shall establish a fund, into which the Town shall deposit from net revenue or other sources the sum of at least \$7,593 annually through the maturity date to pay for repairs and/or replacement of major system assets. The Town has reported restricted cash and restricted net position in the amount of \$15,186 in accordance with the terms of the loan agreement.

Debt reserve account – the Town shall establish a fund, into which the Town shall deposit annually, beginning within one year after USDA loan closing, from the net revenue or other sources the sum of \$1,399 until the amount of the debt reserve account is equal to the debt required reserve (\$13,992). The Town has reported restricted cash and restricted net position in the amount of \$1,399 in accordance with the terms of the loan agreement.

Required Supplementary Information

Budgetary comparison schedules are required to be presented for the General Fund and each major special revenue fund. The Town has no major special revenue funds.

- General Fund – The General Fund is the operating fund of the Town. It is used to account for most of the day-to-day operations of the Town which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the Town, except for activities of the enterprise funds.

TOWN OF PEETZ, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes	\$ 45,453	\$ 45,453	\$ 45,959	\$ 506
Licenses and permits	550	550	392	(158)
Intergovernmental revenue	13,610	13,610	19,203	5,593
Charges for services	28,800	28,800	29,850	1,050
Miscellaneous revenue	1,700	1,700	8,059	6,359
Total revenues	90,113	90,113	103,463	13,350
Expenditures				
Current				
General government	31,156	31,156	31,283	(127)
Public works	47,950	47,950	77,345	(29,395)
Health and welfare	1,200	1,200		1,200
Culture and recreation	1,800	1,800	2,046	(246)
Capital outlay			22,308	(22,308)
Appropriated reserves		57,894		57,894
Total expenditures	82,106	140,000	132,982	7,018
Net change in fund balance	\$ 8,007	\$ (49,887)	(29,519)	\$ 20,368
Fund balance at beginning of year			197,957	
Fund balance at end of year			\$ 168,438	

TOWN OF PEETZ, COLORADO
Notes to the Required Supplementary Information

Note A – Budgetary data

Annual budgets are established for all funds of the Town. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the enterprise funds (electric, water and sewer) in which capital and principal retirement expenses are treated as operating expenses and depreciation expense is not budgeted.

An appropriated budget for the entity as a whole is prepared on a detailed basis. Revenues are budgeted by source. Expenditures are budgeted by department and the major divisions thereof and by each independent office and agency and by the principal objects of expenditure. The legal level of control is considered to be the entity as a whole and expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by Town council. Within these control levels, management may transfer appropriations without Town council approval.

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

- On or before October 15, the Town Clerk submits to the Town board of trustees, a proposed budget for the following calendar year.
- A proposed budget is made available for public inspection, and public hearings are conducted to obtain taxpayer comments.
- Prior to December 15, the Town must adopt the budget by formal resolution and certify the mill levies to the Town Commissioners.
- On or before December 31, the Town must enact a resolution making appropriations for the following calendar year.

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Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – General Fund Revenues and Expenditures
- Budgetary Comparison Schedule – Nonmajor Governmental Fund
- Budgetary Comparison Schedules – Enterprise Funds

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Budgetary Comparison Schedules – General Fund

The General Fund accounts for all transactions of the Town not required to be accounted for in other funds. This fund represents an accounting of the Town's ordinary operations financed primarily from tax dollars and intergovernmental aid. It is the most significant fund in relation to the Town's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

TOWN OF PEETZ, COLORADO
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Taxes				
Property taxes	\$ 36,103	\$ 36,103	\$ 36,072	\$ (31)
Specific ownership taxes	4,000	4,000	4,043	43
Delinquent taxes and interest	50	50	93	43
Severance taxes	300	300	132	(168)
Franchise taxes	5,000	5,000	5,619	619
Total taxes	45,453	45,453	45,959	506
Licenses and permits	550	550	392	(158)
Intergovernmental revenues				
Highway users tax	11,000	11,000	13,669	2,669
Motor vehicle assessment	1,500	1,500	1,573	73
Road and bridge tax	800	800	2,937	2,137
Cigarette tax	160	160	1,016	856
Mineral lease funds	150	150	8	(142)
Total intergovernmental revenues	13,610	13,610	19,203	5,593
Charges for services				
Sanitation	27,600	27,600	29,350	1,750
Cemetery	1,200	1,200	500	(700)
Total charges for services	28,800	28,800	29,850	1,050
Miscellaneous revenues				
Interest on investments	1,000	1,000	94	(906)
Contributions	700	700	6,010	5,310
Rents			1,200	1,200
Other			755	755
Total miscellaneous revenues	1,700	1,700	8,059	6,359
Total revenues	\$ 90,113	\$ 90,113	\$ 103,463	\$ 13,350

TOWN OF PEETZ, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
General government				
Salaries - board and mayor	\$ 5,600	\$ 5,600	\$ 5,425	\$ 175
Salaries - part time	6,000	6,000	5,948	52
Fringe benefits and taxes	3,300	3,300	2,912	388
Office supplies	475	475	338	137
Computer and internet	600	600	541	59
Legal and accounting	3,000	3,000	1,767	1,233
Telephone	500	500	534	(34)
County treasurer's fees	750	750	782	(32)
Property insurance	3,356	3,356	3,517	(161)
Public utilities	7,000	7,000	6,270	730
Dues and subscriptions	100	100	184	(84)
Postage	275	275	299	(24)
Miscellaneous	200	200	2,766	(2,566)
Total general government	31,156	31,156	31,283	(127)
Public works				
Salaries - part time	7,000	7,000	7,671	(671)
Supplies	500	500	48	452
Repairs and maintenance	150	150	3,544	(3,394)
Street lighting	7,300	7,300	6,582	718
Street maintenance	8,000	8,000	35,000	(27,000)
Waste collections	25,000	25,000	24,500	500
Total public works	47,950	47,950	77,345	(29,395)
Health and welfare				
Cemetery	1,200	1,200		1,200
Culture and recreation				
Parks	1,800	1,800	2,046	(246)
Capital outlay			22,308	(22,308)
Appropriated reserves		57,894		57,894
Total expenditures	\$ 82,106	\$ 140,000	\$ 132,982	\$ 7,018

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Budgetary Comparison Schedule – Nonmajor Governmental Fund

The Town reports the following nonmajor governmental fund:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Conservation Trust Fund – This fund was established to account for the state lottery proceeds and allowable expenditures

TOWN OF PEETZ, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
State lottery funds	\$ 2,700	\$ 2,700	\$ 2,818	\$ 118
Total revenues	2,700	2,700	2,818	118
Expenditures				
Culture and recreation	2,800	2,800		2,800
Total expenditures	2,800	2,800	-	2,800
Net change in fund balance	\$ (100)	\$ (100)	2,818	\$ 2,918
Fund balance at beginning of year			4	
Fund balance at end of year			\$ 2,822	

Budgetary Comparison Schedules – Enterprise Funds

The Town reports the following major proprietary funds:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Water Fund – This fund was established to account for all operations of the water utility service provided by the Town.
- Sewer Fund – This fund was established to account for all operations of the sewer utility service provided by the Town.

TOWN OF PEETZ, COLORADO
Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 89,183	\$ 89,183	\$ 79,155	\$ (10,028)
Operating expenses				
Administrative and general				
Administrative salaries	6,000	6,000	5,798	202
Office supplies	475	475	326	149
Legal and accounting	1,600	1,600	1,287	313
Property insurance	2,794	2,794	3,517	(723)
Computer and internet	600	600	541	59
Dues and subscriptions	485	485	184	301
Telephone	500	500	534	(34)
Postage	275	275	299	(24)
Miscellaneous	100	100	2,184	(2,084)
Total administrative and general	12,829	12,829	14,670	(1,841)
Systems operations				
Water testing	3,600	3,600	2,868	732
Fuel and power	3,600	3,600	5,078	(1,478)
Water operator	6,000	6,000	5,342	658
Lease	500	500	671	(171)
Supplies	1,300	1,300	1,588	(288)
Labor	3,600	3,600	3,438	162
Total systems operations	18,600	18,600	18,985	(385)
Systems maintenance				
Pumping equipment	3,500	3,500		3,500
Distribution system	10,000	10,000	2,660	7,340
Improvements	81,000	81,000		81,000
Total systems maintenance	94,500	94,500	2,660	91,840
Capital outlay	45,800	45,800	26,944	18,856
Total operating expenses	171,729	171,729	63,259	108,470
Operating loss	(82,546)	(82,546)	15,896	98,442

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Nonoperating revenues				
Interest on investments	550	550	149	(401)
Swimming pool permits	150	150	125	(25)
Miscellaneous	100	100	460	360
Total nonoperating revenues	800	800	734	(66)
Change in net position	<u>\$ (81,746)</u>	<u>\$ (81,746)</u>	16,630	<u>\$ 98,376</u>
Adjustments to GAAP Basis				
Add capital outlay			26,944	
Deduct depreciation			<u>(7,249)</u>	
Change in net position - GAAP Basis			36,325	
Net position at beginning of year			<u>442,129</u>	
Net position at end of year			<u>\$ 478,454</u>	

TOWN OF PEETZ, COLORADO
Sewer Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Operating revenues				
Charges for services	\$ 78,618	\$ 78,618	\$ 76,902	\$ (1,716)
Operating expenses				
Administrative and general				
Administrative salaries	6,000	6,000	5,798	202
Office supplies	475	475	327	148
Legal and accounting	1,500	1,500	1,593	(93)
Property insurance	2,794	2,794	3,517	(723)
Computer and internet	551	551	541	10
Dues and subscriptions	100	100	184	(84)
Telephone	450	450	534	(84)
Permits	750	750	641	109
Postage	100	100	299	(199)
Miscellaneous	250	250	1,559	(1,309)
Total administrative and general	12,970	12,970	14,993	(2,023)
Systems operations				
Fuel and power	300	300	135	165
Labor	3,600	3,600	3,866	(266)
Testing	6,000	6,000	4,643	1,357
Sewer operator	6,000	6,000	4,703	1,297
Professional fees			10,430	(10,430)
Total systems operations	15,900	15,900	23,777	(7,877)
Systems maintenance				
Distribution system	8,000	8,000	4,629	3,371
Capital outlay	2,292,550	2,292,550	1,692,898	599,652
Contingencies	1,400	1,400		1,400
Total operating expenses	2,330,820	2,330,820	1,736,297	594,523
Operating loss	(2,252,202)	(2,252,202)	(1,659,395)	592,807

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Nonoperating revenues (expenses)				
Interest on investments	300	300	17	(283)
Grant and loan proceeds	2,292,550	2,292,550	1,815,046	(477,504)
Interest and fiscal charges			(7,931)	(7,931)
Loan principal	(28,392)	(28,392)	(8,886)	19,506
Total nonoperating revenues (expenses)	2,264,458	2,264,458	1,798,246	(466,212)
Change in net position	\$ 12,256	\$ 12,256	138,851	\$ 126,595
Adjustments to GAAP Basis				
Add capital outlay			1,692,898	
Add loan principal			8,886	
Deduct loan proceeds			(776,000)	
Deduct depreciation			(3,237)	
Change in net position - GAAP Basis			1,061,398	
Net position at beginning of year			342,579	
Net position at end of year			\$ 1,403,977	

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**Colorado Department of Highways
Local Highway Finance Report**

This calendar-year report of receipts and expenditures is required by the Colorado Department of Highways to maintain Statewide accountability for moneys used for highway and street purposes. To ensure data accuracy, House Bill 1008 mandates that this report be included in the Town's financial statements.

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Peetz
		YEAR ENDING : December 2021
This Information From The Records Of (example - City of _ or County of _) Town of Peetz		Prepared By: Evelyn Gardiner Phone: 970-334-2473

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	16,003
3. Other local imposts (from page 2)	4,019
4. Miscellaneous local receipts (from page 2)	236
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	20,258
B. Private Contributions	
C. Receipts from State government (from page 2)	15,124
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	35,382

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	35,382
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	0
c. Other	0
d. Total (a. through c.)	0
4. General administration & miscellaneous	0
5. Highway law enforcement and safety	0
6. Total (1 through 5)	35,382
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	35,382

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	35,382	35,382	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2021	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	236
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	4,019	g. Other Misc. Receipts	
6. Total (1. through 5.)	4,019	h. Other	
c. Total (a. + b.)	4,019	i. Total (a. through h.)	236
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	13,560	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	1,564	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	1,564	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	15,124	3. Total (1. + 2.g)	
		(Carry forward to page 1)	

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

Notes and Comments:

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Single Audit Section

The Single Audit Section contains the following:

- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Independent Auditors' 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*
- Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance
- Schedule of Findings and Questioned Costs

TOWN OF PEETZ, COLORADO
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Environmental Protection Agency			
Clean Water State Revolving Fund Cluster			
Pass through program from:			
Colorado Water Resources and Power			
Development Authority			
Capitalization Grants for Clean Water State			
Revolving Funds	66.458	W21F410	<u>\$ 300,008</u>
Total Clean Water State Revolving Fund			
Cluster/Total U.S. Environmental			
Protection Agency			300,008
U.S. Department of Agriculture			
Pass through program from:			
Rural Development			
Water and Waste Disposal Systems for Rural			
Communities	10.760	*	<u>763,034</u>
Total U.S. Department of Agriculture			<u>763,034</u>
Total expenditures of federal awards			<u><u>\$ 1,063,042</u></u>

* number not readily available

See accompanying Notes to Schedule of Expenditures of Federal Awards

TOWN OF PEETZ, COLORADO
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Town of Peetz, Colorado under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Town of Peetz, Colorado, it is not intended to and does not present the financial position, changes in net position, or cash flows of Town of Peetz, Colorado.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statement(s) of the federal program. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Town of Peetz, Colorado has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D – Subrecipients

Town of Peetz, Colorado did not pass through any federal grants to subrecipients.

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**Independent Auditors' 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 Mayor and Members of Town Council
Town of Peetz
Peetz, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Peetz, Colorado (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, and have issued our report thereon dated July 11, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 or significant deficiencies may exist that were not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 financial statements. 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*.

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.

Lauer, Szabo & Associates, P.C. ®

Sterling, Colorado
July 11, 2022

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Mayor and Members of Town Council
Town of Peetz
Peetz, Colorado

Report on Compliance of Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited Town of Peetz, Colorado's (the Town) 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 the Town's major federal programs for the year ended December 31, 2021. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town 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 program. Our audit does not provide a legal determination of the Town'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 the Town's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements above occurred, whether due to fraud or error, and express an opinion on the Town'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 judgement made by a reasonable user of the report on compliance about the Town'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.
- 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 the Town'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 the Town'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 the Town'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 Auditors' 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 define 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 in expressed.

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.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
July 11, 2022

TOWN OF PEETZ, COLORADO
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

Summary of auditors' results

1. The auditors' report expresses an unmodified opinion on the financial statements of Town of Peetz, Colorado (the Town).
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of the Town were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs of the Town expresses an unmodified opinion on all major federal award programs.
6. The audit did not disclose any findings relative to the major federal award programs of the Town.
7. The program tested as major programs included:

Water and Waste Disposal Systems for Rural Communities CFDA No. 10.760
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town did not qualify as a low-risk auditee.

Findings – financial statement audit

We noted no findings that are required to be reported under *Government Auditing Standards*.

Findings and questioned costs – major federal award programs audit

We noted no findings or questioned costs that are required to be reported in accordance with the Uniform Guidance.