

TOWN OF ANTONITO, COLORADO

BASIC FINANCIAL STATEMENTS

December 31, 2022

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund, of the Town of Antonito (the "Town") as of and for the year ended December 31, 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Antonito as of December 31, 2022, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Antonito and to meet our 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 the accounting principles 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, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, 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 required budgetary and pension information on pages 30-32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion is not affected by this missing information.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, 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 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 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 Academy's internal control over financial reporting and compliance.

John Cutler & Associates, LLC

November 30, 2023

BASIC FINANCIAL STATEMENTS

TOWN OF ANTONITO, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2022

	GOVERNMENTAL ACTIVITIES	BUSINESS	TOTALS	
		TYPE ACTIVITIES	2022	2021
ASSETS				
Cash and Investments	\$ 1,646,759	\$ 89,540	\$ 1,736,299	\$ 2,057,776
Restricted Cash and Investments	-	3,022	3,022	3,019
Receivables				
Property Taxes	63,467	-	63,467	64,498
Grants	35,730	222,605	258,335	254,155
Accounts	26,029	31,253	57,282	141,182
Interfund Balances	176,400	(176,400)	-	-
Capital Assets, not Depreciated	95,361	5,066,096	5,161,457	3,105,253
Capital Assets, Depreciated, Net of Accumulated Depreciation	1,714,255	4,875,486	6,589,741	6,530,693
Net Pension Asset	65,703	-	65,703	21,245
TOTAL ASSETS	3,823,704	10,111,602	13,935,306	12,177,821
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions	37,487	-	37,487	42,382
LIABILITIES				
Accounts Payable	93,110	535	93,645	128,698
Accrued Expenses	402	-	402	4,022
Noncurrent Liabilities				
Due within One Year	-	55,448	55,448	98,653
Due in More Than One Year	13,127	2,315,866	2,328,993	2,304,446
TOTAL LIABILITIES	106,639	2,371,849	2,478,488	2,535,819
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenue	63,467	-	63,467	64,498
Deferred Grant Revenue	-	-	-	127,002
Related to Pensions	66,871	-	66,871	39,867
TOTAL DEFERRED INFLOWS OF RESOURCES	130,338	-	130,338	231,367
NET POSITION				
Net Investment in Capital Assets	1,801,739	7,574,896	9,376,635	7,241,944
Restricted for Emergencies	45,000	-	45,000	52,750
Unrestricted	1,777,475	164,857	1,942,332	2,158,323
TOTAL NET POSITION	\$ 3,624,214	\$ 7,739,753	\$ 11,363,967	\$ 9,453,017

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

TOWN OF ANTONITO, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 568,975	\$ 34,575	\$ -	\$ -
Public Safety	189,622	7,728	-	-
Highways and Streets	735,289	-	339,434	203,242
Parks and Recreation	32,109	-	-	8,237
Solid Waste Management	150,097	194,568	-	-
Interest on Long-Term Debt	-	-	-	-
Total Governmental Activities	<u>1,676,092</u>	<u>236,871</u>	<u>339,434</u>	<u>211,479</u>
Business-Type Activities				
Water and Wastewater	<u>443,052</u>	<u>272,498</u>	<u>-</u>	<u>2,055,605</u>
Total Business-Type Activities	<u>443,052</u>	<u>272,498</u>	<u>-</u>	<u>2,055,605</u>
Total Primary Government	<u>\$ 2,119,144</u>	<u>\$ 509,369</u>	<u>\$ 339,434</u>	<u>\$ 2,267,084</u>

GENERAL REVENUES

Sales Taxes
Property Taxes
Specific Ownership Taxes
Franchise Taxes
Interest
Other
Transfers

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning, restated

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
		2022	2021
\$ (534,400)	\$ -	\$ (534,400)	\$ (223,365)
(181,894)	-	(181,894)	(128,653)
(192,613)	-	(192,613)	(15,022)
(23,872)	-	(23,872)	(52,513)
44,471	-	44,471	60,192
-	-	-	(133)
<u>(888,308)</u>	<u>-</u>	<u>(888,308)</u>	<u>(359,494)</u>
-	1,885,051	1,885,051	615,961
-	1,885,051	1,885,051	615,961
(888,308)	1,885,051	996,743	256,467
789,262	-	789,262	1,034,609
64,692	-	64,692	68,610
12,081	-	12,081	12,658
21,697	-	21,697	20,161
2,948	3	2,951	2,819
23,524	-	23,524	8,402
<u>(28,000)</u>	<u>28,000</u>	<u>-</u>	<u>-</u>
<u>886,204</u>	<u>28,003</u>	<u>914,207</u>	<u>1,147,259</u>
(2,104)	1,913,054	1,910,950	1,403,726
<u>3,626,318</u>	<u>5,826,699</u>	<u>9,453,017</u>	<u>8,049,291</u>
<u>\$ 3,624,214</u>	<u>\$ 7,739,753</u>	<u>\$ 11,363,967</u>	<u>\$ 9,453,017</u>

TOWN OF ANTONITO, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2022

	GENERAL FUND	CAPITAL PROJECTS FUND	NON-MAJOR	GOVERNMENTAL FUNDS	
			CONSERVATION TRUST FUND	2022	2021
ASSETS					
Cash and Investments	\$ 1,009,544	\$ 622,599	\$ 14,616	\$ 1,646,759	\$ 2,012,057
Taxes Receivable	63,467	-	-	63,467	64,498
Grants Receivable	4,500	31,230	-	35,730	42,695
Due from Other Funds	138,210	38,190	5,602	182,002	38,190
Accounts Receivable	26,029	-	-	26,029	91,929
TOTAL ASSETS	\$ 1,241,750	\$ 692,019	\$ 20,218	\$ 1,953,987	\$ 2,249,369
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 93,110	\$ -	\$ -	\$ 93,110	\$ 29,613
Accrued Expenses	402	-	-	402	4,022
Due to Other Funds	5,602	-	-	5,602	-
Unearned Revenue	-	-	-	-	127,002
TOTAL LIABILITIES	99,114	-	-	99,114	160,637
DEFERRED INFLOWS					
Deferred Property Taxes	63,467	-	-	63,467	64,498
TOTAL DEFERRED INFLOWS	63,467	-	-	63,467	64,498
Fund Balance					
Restricted	45,000	692,019	20,218	757,237	856,824
Unassigned	1,034,169	-	-	1,034,169	1,167,410
TOTAL FUND EQUITY	1,079,169	692,019	20,218	1,791,406	2,024,234
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	\$ 1,241,750	\$ 692,019	\$ 20,218		

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	1,809,616	1,583,526
Long-term liabilities are not due and payable in the current period and are not reported in the funds. This includes accrued compensated absences (\$13,127), net pension asset \$65,703, deferred outflows related to pensions \$37,487 and deferred inflows related to pensions (\$66,871).	23,192	18,558
Net position of governmental activities	\$ 3,624,214	\$ 3,626,318

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

TOWN OF ANTONITO, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	GENERAL FUND	CAPITAL PROJECTS FUND	NON-MAJOR	GOVERNMENTAL FUNDS	
			CONSERVATION TRUST FUND	2022	2021
REVENUES					
Property Taxes	\$ 64,692	\$ -	\$ -	\$ 64,692	\$ 68,610
Sales Taxes	627,480	161,782	-	789,262	1,034,609
Specific Ownership Taxes	12,081	-	-	12,081	12,658
Franchise Taxes	21,697	-	-	21,697	20,161
Intergovernmental	339,434	203,242	8,237	550,913	219,212
Licenses and Permits	34,575	-	-	34,575	38,335
Charges for Services	207,171	-	-	207,171	196,293
Fines and Forfeitures	7,728	-	-	7,728	50,850
Interest	1,698	1,245	5	2,948	2,816
Miscellaneous	10,921	-	-	10,921	8,402
TOTAL REVENUES	<u>1,327,477</u>	<u>366,269</u>	<u>8,242</u>	<u>1,701,988</u>	<u>1,651,946</u>
EXPENDITURES					
General Government	331,897	221,972	-	553,869	264,625
Public Safety	200,467	-	-	200,467	187,977
Highways and Streets	397,264	-	-	397,264	159,190
Parks and Recreation	14,210	-	-	14,210	43,675
Solid Waste Management	150,097	-	-	150,097	125,995
Debt Service					
Principal	-	-	-	-	87,897
Interest	-	-	-	-	133
Capital Outlay	346,533	244,376	-	590,909	259,147
TOTAL EXPENDITURES	<u>1,440,468</u>	<u>466,348</u>	<u>-</u>	<u>1,906,816</u>	<u>1,128,639</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(112,991)</u>	<u>(100,079)</u>	<u>8,242</u>	<u>(204,828)</u>	<u>523,307</u>
OTHER FINANCING USES					
Transfer Out	<u>(28,000)</u>	<u>-</u>	<u>-</u>	<u>(28,000)</u>	<u>(28,000)</u>
TOTAL OTHER FINANCING USES	<u>(28,000)</u>	<u>-</u>	<u>-</u>	<u>(28,000)</u>	<u>(28,000)</u>
NET CHANGE IN FUND BALANCES	(140,991)	(100,079)	8,242	(232,828)	495,307
FUND BALANCES, Beginning	<u>1,220,160</u>	<u>792,098</u>	<u>11,976</u>	<u>2,024,234</u>	<u>1,528,927</u>
FUND BALANCES, Ending	<u>\$ 1,079,169</u>	<u>\$ 692,019</u>	<u>\$ 20,218</u>	<u>\$ 1,791,406</u>	<u>\$ 2,024,234</u>

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

TOWN OF ANTONITO, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (232,828)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount capital outlay \$296,883, exceeded depreciation expense (\$70,793).	226,090
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This included change in accrued compensated absences of (\$7,925).	(7,925)
Deferred charges related to pensions are not recognized in the governmental funds. However, for the government-wide financial statements, these amounts are capitalized and amortized.	<u>12,559</u>
Change in Net Position of Governmental Activities	<u>\$ (2,104)</u>

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

TOWN OF ANTONITO, COLORADO

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE
 As of December 31, 2022

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 89,540	\$ 45,719
Restricted Cash and Investments	3,022	3,019
Grants Receivable	222,605	211,460
Accounts Receivable	<u>31,253</u>	<u>49,253</u>
Total Current Assets	<u>346,420</u>	<u>309,451</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	<u>9,941,582</u>	<u>8,052,420</u>
Total Noncurrent Assets	<u>9,941,582</u>	<u>8,052,420</u>
TOTAL ASSETS	<u>10,288,002</u>	<u>8,361,871</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	535	99,085
Due to Other Funds	176,400	38,190
Loan Payable, Current	<u>55,448</u>	<u>30,782</u>
Total Current Liabilities	<u>232,383</u>	<u>168,057</u>
Noncurrent Liabilities		
Accrued Compensated Absences	4,628	3,847
Loan Payable, Long Term	<u>2,311,238</u>	<u>2,363,268</u>
Total Noncurrent Liabilities	<u>2,315,866</u>	<u>2,367,115</u>
TOTAL LIABILITIES	<u>2,548,249</u>	<u>2,535,172</u>
NET POSITION		
Net Investment in Capital Assets	7,574,896	5,658,370
Unreserved	<u>164,857</u>	<u>168,329</u>
TOTAL NET POSITION	<u>\$ 7,739,753</u>	<u>\$ 5,826,699</u>

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

TOWN OF ANTONITO, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Charges for services	\$ 272,498	\$ 294,819
Other Revenues	-	-
	<u>272,498</u>	<u>294,819</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Water and Wastewater Operations	443,052	406,102
	<u>443,052</u>	<u>406,102</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME (LOSS)	<u>(170,554)</u>	<u>(111,283)</u>
NON-OPERATING REVENUES (EXPENSES)		
Transfer In	28,000	28,000
Grant Revenue	2,050,980	724,794
Interest Income	3	3
	<u>2,078,983</u>	<u>752,797</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)		
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>1,908,429</u>	<u>641,514</u>
Tap Fees and Contributions	4,625	2,450
NET INCOME	1,913,054	643,964
NET POSITION, Beginning	<u>5,826,699</u>	<u>5,182,735</u>
NET POSITION, Ending	<u>\$ 7,739,753</u>	<u>\$ 5,826,699</u>

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

TOWN OF ANTONITO, COLORADO

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPE

Year Ended December 31, 2022

Increase (Decrease) in Cash and Cash Equivalents

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 279,353	\$ 83,359
Cash Paid to Suppliers	(174,897)	(99,218)
Cash Paid to Employees	(60,672)	(60,672)
Net Cash Provided (Used) by Operating Activities	<u>43,784</u>	<u>(76,531)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Fixed Assets	(2,056,204)	(2,330,368)
Grant Revenue	2,050,980	724,794
Loan Proceeds	1,751,000	1,751,000
Loan Principal Payments	(1,778,364)	(165,471)
Tap Fees and Contributions	4,625	2,450
Transfers	28,000	28,000
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>37</u>	<u>10,405</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	<u>3</u>	<u>3</u>
Net Increase (Decrease) in Cash and Cash Equivalents	43,824	(66,123)
CASH AND CASH EQUIVALENTS, Beginning	<u>48,738</u>	<u>114,861</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 92,562</u>	<u>\$ 48,738</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	<u>\$ (170,554)</u>	<u>\$ (111,283)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation	167,042	167,042
Changes in Assets and Liabilities		
Grants Receivable	(11,145)	(211,460)
Accounts Receivable	18,000	-
Accounts Payable	(98,550)	80,479
Accrued Compensated Absences	781	(1,309)
Due To Other Funds	138,210	-
Total Adjustments	<u>214,338</u>	<u>34,752</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 43,784</u>	<u>\$ (76,531)</u>

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

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Antonito, Colorado was founded in 1889. The Town operates under a Town Council form of government and provides the following services: public safety, highway and street maintenance, water and sewer, culture and recreation, debt service and general government activities, including financial administration, planning and zoning and municipal court services. The Town is governed by a Mayor and six-member council elected by the residents.

The accounting policies of the Town of Antonito, Colorado (the “Town”) conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

Reporting Entity

In accordance with governmental accounting standards, the Town of Antonito has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based on the application of these criteria, the Town does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

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

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

The *Capital Projects Fund* accounts for revenues and expenditures of the Town dedicated to the Town's street projects as well as other capital equipment and improvement projects

The Town reports the following major proprietary fund:

The *Water Fund* accounts for the financial activities associated with the provision of water and wastewater.

Cash and Investments

Cash equivalents include investments with original maturities of three months or less.

Investments are recorded at fair value.

Capital Assets

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

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

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

Buildings and Improvements	10 - 40 years
Water and Sewer Plants	10 - 50 years
Water and Sewer Lines	10 - 50 years
Machinery and Equipment	5 - 40 years
Infrastructure	10 - 20 years

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets 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 and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to the liabilities, the statement of financial position and balance sheets 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 and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

Eligible employees can earn vacation leave and sick leave. The vacation pay is paid upon termination of employment. In Governmental funds, only liabilities for compensated absences of employees terminated prior to the close of the calendar year that was not paid until the subsequent year is reported as an expenditure and fund liability. The remainder of the unpaid compensated absences liability is only recognized in the Government-wide report. In proprietary funds, compensated absences are recorded as an expense and liability of the fund.

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third party limitation on their use. While Town management may have categorized and segmented portion for various purposes, the Town Council has the unrestricted authority to revisit or alter these managerial decisions.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. The Town does not report any amounts as nonspendable at December 31, 2022.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified the following amounts as restricted as of December 31, 2022:

Emergency Reserves	\$ 45,000
Capital Projects	692,019
Park and Recreation	<u>20,218</u>
Total	<u>\$ 757,237</u>

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town does not have any committed fund balances as of December 31, 2022.
- **Assigned** – Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by Town Council or a Town official delegated that Town by Town Charter or ordinance. The Town does not have any assigned fund balances as of December 31, 2022.
- **Unassigned** – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15, or in full on April 30. The Conejos County Treasurer bills and collects all property taxes for the Town. Monthly remittances are sent to the Town of Antonito. Property tax revenue is recognized when it becomes available. Available includes property taxes expected to be collected within 30 days. Delinquent taxes are considered fully collectible; therefore, no allowance for uncollectible taxes is provided.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town of Antonito follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

- 1) Preparation of budget documents by administrative staff which shall be submitted to the Board in October of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoptions of the budget in a public meeting by appropriate resolution.

Formal budgetary integration is employed as a management control device for all funds of the Town. General Fund and Special Revenue Fund budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Proprietary Fund budget is adopted using the same accounting methods as governmental fund types; this procedure follows Colorado statute but is not in accordance with GAAP.

- The Town Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
- Budgets are legally adopted for all funds of the Town. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparisons presented for the Water Fund is presented on a non-GAAP budgetary basis. Capital outlay is budgeted as an expenditure and depreciation is not budgeted.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations by fund.

Legal Compliance

The actual expenditures of the Capital Projects Fund exceeded the budgeted amount by \$95,248. This may be a violation of State statutes.

TOWN OF ANTONITO, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits as of December 31, 2022 follows:

Cash Deposits	<u>\$ 1,739,321</u>
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The above amounts are classified in the statement of Net Position as follows:

Governmental Activities	\$ 1,646,759
Business-Type Activities –Unrestricted	89,540
Business-Type Activities - Restricted	<u>3,022</u>
Total	<u>\$ 1,739,321</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The town does not have a deposit policy for custodial credit risk. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2022, State regulatory commissioners have indicated that all financial institutions holding deposits for the Town are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2022, the Town had deposits with financial institutions with a carrying amount of \$1,739,321. The bank balances with the financial institutions were \$1,952,286. Of these balances, \$409,177 was covered by federal depository insurance and \$1,543,109 was covered by collateral held by authorized escrow agents in the financial institution’s name (PDPA).

Restricted Cash

As of December 31, 2022, cash in the amount \$3,022 is restricted in the Water Fund to comply with USDA loan covenants.

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Investments

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

The Town does not have any investments as of December 31, 2022.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2022 is summarized below:

	<u>Balances</u> <u>12/31/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/22</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 95,361	\$ -	\$ -	\$ 95,361
Capital Assets, depreciated				
Buildings	878,656	221,972	-	1,100,628
Machinery and Equipment	540,855	74,911	-	615,766
Infrastructure	<u>724,685</u>	<u>-</u>	<u>-</u>	<u>724,685</u>
Total Capital Assets, depreciated	<u>2,144,196</u>	<u>296,883</u>	<u>-</u>	<u>2,441,079</u>
Less Accumulated Depreciation				
Buildings	250,754	24,622	-	275,376
Machinery and Equipment	253,402	31,676	-	285,078
Infrastructure	<u>151,875</u>	<u>14,495</u>	<u>-</u>	<u>166,370</u>
Total Accumulated Depreciation	<u>656,031</u>	<u>70,793</u>	<u>-</u>	<u>726,824</u>
Total Capital Assets, depreciated, Net	<u>1,488,165</u>	<u>226,090</u>	<u>-</u>	<u>1,714,255</u>
Governmental Activities, Capital Assets, Net	<u>\$ 1,583,526</u>	<u>\$ 226,090</u>	<u>\$ -</u>	<u>\$ 1,809,616</u>

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 4: CAPITAL ASSETS (Continued)

	<u>Balances</u> <u>12/31/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/22</u>
Business-Type Activities				
Capital Assets, not depreciated				
Land	\$ 9,824	\$ -	\$ -	\$ 9,824
Construction in Process	<u>3,000,068</u>	<u>2,056,204</u>	<u>-</u>	<u>5,056,272</u>
Total Capital Assets, not depreciated	<u>3,009,892</u>	<u>2,056,204</u>	<u>-</u>	<u>5,066,096</u>
Capital Assets, depreciated				
Water / Sewer System	6,403,626	-	-	6,403,626
Machinery and Equipment	<u>34,506</u>	<u>-</u>	<u>-</u>	<u>34,506</u>
Total Capital Assets, depreciated	<u>6,438,132</u>	<u>-</u>	<u>-</u>	<u>6,438,132</u>
Less: Accumulated Depreciation				
Water / Sewer	1,365,286	165,879	-	1,531,165
Machinery and Equipment	<u>30,318</u>	<u>1,163</u>	<u>-</u>	<u>31,481</u>
Total Accumulated Depreciation	<u>1,395,604</u>	<u>167,042</u>	<u>-</u>	<u>1,562,646</u>
Total Capital Assets, depreciated, Net	<u>5,042,528</u>	<u>(167,042)</u>	<u>-</u>	<u>4,875,486</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 8,052,420</u>	<u>\$ 1,889,162</u>	<u>\$ -</u>	<u>\$ 9,941,582</u>

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

Governmental Activities

General Government	\$ 7,181
Public Streets	43,999
Public Safety	1,714
Parks and Recreation	<u>17,899</u>

Total **\$ 70,793**

Business-type Activities

Water / Sewer System	<u>\$ 167,042</u>
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The Town owns numerous parcels of land that were acquired by the Town by either purchases or donations. According to GASB Statement No. 34 capital assets should be valued at historical cost or estimated historical cost for items purchased, or if they are donated they should be recorded at the estimated acquisition value. Many of these parcels were under the Town's threshold of \$5,000 and they are not included in the land value total.

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2022.

	Balance <u>12/31/21</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/22</u>	Due In <u>One Year</u>
Accrued Compensated Absences	5,202	7,925	-	13,127	-
Total	<u>\$ 5,202</u>	<u>\$ 7,925</u>	<u>\$ -</u>	<u>\$ 13,127</u>	<u>\$ -</u>

Accrued Compensated Absences are being paid from resources generated by the General Fund.

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2022.

	Balance <u>12/31/21</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/22</u>	Due In <u>One Year</u>
2015 CWRPD Loan	\$ 643,050	\$ -	\$ 27,364	\$ 615,686	\$ 27,364
Interim Loan	1,751,000	-	1,751,000	-	-
2022 USDA Revenue Bond	-	1,751,000	-	1,751,000	28,084
Accrued Compensated Absences	3,487	781	-	4,628	-
Total	<u>\$ 2,397,897</u>	<u>\$ 1,751,781</u>	<u>\$ 1,778,364</u>	<u>\$ 2,371,314</u>	<u>\$ 55,448</u>

2015 Colorado Water Resources and Power Development Authority (CWRPD) Loan

In February 2015, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority (“CWRPD”). Proceeds of the loan/grant are used to improve the Town’s water and sewer facilities. Under the terms of the agreement, the Town received a combination of loan and grant funds totaling \$3,400,000. \$2,372,730 of the proceeds are subject to principal forgiveness and do not require repayment by the Town. The remaining balance of \$1,027,270 are subject to repayment by the Town. The loan carries no interest. Semi-annual principal payments in the amount of \$17,121 are due on November 1 and May 1, beginning in 2015 and ending in 2045.

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

2015 Colorado Water Resources and Power Development Authority (CWRPD) Loan
(Continued)

In December 2017, CWRPD revised the loan agreement by reducing the outstanding loan amount by \$189,159 which represents the amount of unspent project funds. The annual loan repayment amount was also revised. Beginning in 2020, semi-annual principal payments in the amount of \$13,682 are due on and May 1 and November 1, ending in 2045.

Wastewater Project Loan

In February of 2021, the Town entered into a loan agreement in the amount of \$1,751,000 for improvements on its wastewater system. The loan requires monthly payments of \$5,429 including interest of 2.125% starting in October 2022. The loan was paid in full with the issuance of a new USDA Water and Wastewater Revenue Bond of \$1,751,000 in October 2022.

2022 USDA Water and Wastewater Revenue Bond

In October 2022, the Town obtained a Water and Wastewater Revenue Bond, Series 2022, from the United States Department of Agriculture (USDA) in the amount of \$1,751,000 for improvements to its wastewater system. The loan requires monthly payments of \$5,429 including interest of 2.125%, due October 2062.

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Future Debt Service Requirements

Annual debt service requirements at December 31, 2022 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 55,448	\$ 36,936	\$ 92,384
2024	56,051	36,333	92,384
2025	56,666	35,718	92,384
2026	57,295	35,089	92,384
2027	57,937	34,447	92,384
2028-2032	299,813	162,108	461,921
2033-2037	318,068	143,854	461,922
2038-2042	338,366	123,555	461,921
2043-2047	292,524	100,983	393,507
2048-2052	249,219	75,882	325,101
2053-2057	277,130	47,971	325,101
2058-2062	<u>308,169</u>	<u>16,934</u>	<u>325,103</u>
Totals	<u>\$ 2,366,686</u>	<u>\$ 849,810</u>	<u>\$ 3,216,496</u>

NOTE 6: DEFINED BENEFIT PENSION PLANS

Statewide Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The Town contributes to the Statewide Defined Benefit Pension Plan (“SWDB Plan”), a cost-sharing multiple-employer defined benefit pension plan, which is administered by the FPPA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB Plan have been determined using the economic resources measurement focus and the accrual basis of accounting.

The Plan assets are included in the Fire & Police Members’ Benefit Investment Fund and the Fire & Police Members’ Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 6: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Summary of Significant Accounting Policies (Continued)

Plan description. The SWDB Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by FPPA's Pension Fund Board of Trustees. Colorado Revised Statutes ("CRS"), as amended, establishes basic benefit provisions under the SWDB Plan. FPPA issues an annual, publicly-available financial report that includes the assets of the SWDB Plan. That report may be obtained on FPPA's website at <http://www.fppaco.org>.

Benefits provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. Effective January 1, 2022, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually.

Effective January 1, 2007, members covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

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

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 6: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions. The SWDB Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2022, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions are 8 percent in 2021 and 2022. Employer contributions will increase 0.5 percent annually beginning in 2022 through 2030 to a total of 13 percent of pensionable earnings. In 2021, members of the SWDB plan and their employers are contributing at the rate of 11 percent and 8 percent, respectively, of pensionable earnings for a total contribution rate of 19 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 23 percent and 23.5 percent of pensionable earnings in 2021 and 2022, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2022, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.5 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.5 percent in 2021 and 9.75 percent in 2022. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent and 4.25 percent in 2021 and 2022, respectively. Employer contributions will increase 0.25 percent annually beginning in 2022 through 2030 to a total of 6.5 percent of pensionable earnings.

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 6: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

At December 31, 2022, the Town reported an asset in the amount of \$65,703 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2022. Standard update procedures were used to roll forward the total pension liability to December 31, 2022. The Town's proportion of the net pension asset was based on the Town's contributions to the SWDB Plan for the calendar year 2021 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2021 the Town's proportion was 0.01212%, which was an increase of 0.00234% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022 the Town recognized a pension income of \$9,447. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$18,814	\$1,532
Net difference between projected and actual earnings on pension plan investments	N/A	\$43,972
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$6,191	\$21,367
Change in assumptions and other inputs	\$9,370	N/A
Contributions subsequent to the measurement date	\$3,112	N/A
Total	\$37,487	\$66,871

\$3,112 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 6: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

Year ended December 31	
2022	(\$8,019)
2023	(\$12,568)
2024	(\$7,968)
2025	(\$3,739)
2026	\$1,830
Thereafter	(\$2,032)

Actuarial assumptions. The actuarial valuations for the SWBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2017. The valuations used the following actuarial assumptions and other inputs:

Total Pension Liability:

Actuarial Valuation Date	January 1, 2022
Actuarial Method	Entry Age Normal
Amortization Method	N/A
Amortization Period	N/A
Long-term investment Rate of Return*	7.00 percent
Projected salary increases*	4.25 – 11.25 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

Actuarially Determined Contributions:

Actuarial Valuation Date	January 1, 2021
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.0 percent
Projected salary increases*	4.25-11.25 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 6: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.00%	8.23%
Equity Long/Short	8.00%	6.87%
Private Markets	26.00%	10.63%
Fixed Income - Rates	10.00%	4.01%
Fixed Income - Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Cash	2.00%	2.32%
Total	100.00%	

TOWN OF ANTONITO, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2022

NOTE 6: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

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

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.00 percent (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	\$(9,061)	(\$65,703)	(\$112,629)

Pension plan fiduciary net position. Detailed information about the SWDB Plan’s fiduciary net position is available in FPPA’s comprehensive annual financial report which can be obtained at <http://www.fppaco.org>.

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 7: PUBLIC ENTITY RISK POOL

The Town of Antonito is exposed to various risks of loss related to torts; theft of or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries workers compensation coverage through Pinnacol Assurance.

The Town participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA). This public entity risk pool does not meet the criteria for inclusion within the reporting entity because CIRSA is:

- Financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- Has a separate governing board from that of the Town,
- Has a separate management, which is responsible for day to day operations and is accountable to a separate governing board,
- The governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients of services provided, and
- Has absolute authority over all funds and fiscal responsibility including budgetary responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

The purpose of the risk pool is to provide members the coverage's authorized by law, through joint self-insurance, reinsurance, or any combination thereof, to provide claims services related to such coverage's and to provide risk management and loss control services to assist members in preventing and reducing losses and injuries.

There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado Voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment. Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth.

TOWN OF ANTONITO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 8: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

The amendment also requires that Emergency Reserves be established. These reserves must be a least three percent of the current year spending base. This Emergency Reserve has been presented as a restricted net position in the financial statements. The Town is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The voters have elected to allow the Town to exceed the fiscal year spending limitations of the amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2022, the emergency reserve of \$45,000 was recorded as a restriction of und balance in the General Fund.

NOTE 9: SUBSEQUENT EVENTS

Potential subsequent events were considered through November 30, 2023. It was determined that no events were required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ANTONITO, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2022

	2022		VARIANCE Positive (Negative)	2021 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 64,498	\$ 64,692	\$ 194	\$ 68,597
Sales Taxes	580,000	627,480	47,480	809,615
Specific Ownership Taxes	9,000	12,081	3,081	12,658
Franchise Taxes	17,000	21,697	4,697	20,161
Intergovernmental	59,500	339,434	279,934	202,197
Licenses and Permits	11,945	34,575	22,630	38,335
Charges for Services	160,000	207,171	47,171	196,293
Fines and Forfeitures	40,000	7,728	(32,272)	50,850
Miscellaneous	1,260	10,921	9,661	8,402
Interest	1,265	1,698	433	1,507
TOTAL REVENUES	<u>944,468</u>	<u>1,327,477</u>	<u>383,009</u>	<u>1,408,615</u>
EXPENDITURES				
Current				
General Government	242,765	331,897	(89,132)	248,606
Public Safety	223,001	200,467	22,534	187,977
Highways and Streets	236,759	397,264	(160,505)	159,190
Parks and Recreation	17,000	14,210	2,790	11,004
Solid Waste Management	150,198	150,097	101	125,995
Capital Outlay	600,000	346,533	253,467	236,728
Debt Service				
Principal	-	-	-	-
Interest	-	-	-	-
Contingency	49,130	-	49,130	-
TOTAL EXPENDITURES	<u>1,518,853</u>	<u>1,440,468</u>	<u>78,385</u>	<u>969,500</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(574,385)</u>	<u>(112,991)</u>	<u>461,394</u>	<u>439,115</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>(28,000)</u>	<u>(28,000)</u>	<u>-</u>	<u>(28,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(28,000)</u>	<u>(28,000)</u>	<u>-</u>	<u>(28,000)</u>
NET CHANGE IN FUND BALANCE	<u>(602,385)</u>	<u>(140,991)</u>	<u>461,394</u>	<u>411,115</u>
FUND BALANCE, Beginning	<u>1,085,508</u>	<u>1,220,160</u>	<u>134,652</u>	<u>809,045</u>
FUND BALANCE, Ending	<u>\$ 483,123</u>	<u>\$ 1,079,169</u>	<u>\$ 596,046</u>	<u>\$ 1,220,160</u>

See the accompanying independent auditors' report.

TOWN OF ANTONITO

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Town's proportionate share of the Net Pension Liability (Asset)	0.010%	0.007%	0.008%	0.018%	0.015%	0.011%	0.013%	0.010%	0.012%
Town's proportionate share of the Net Pension Liability (Asset)	\$ (8,917)	\$ (7,661)	\$ (145)	\$ 6,425	\$ (21,124)	\$ 13,639	\$ 7,200	\$ 21,245	\$ 65,703
Town's covered payroll	\$ 58,594	\$ 34,607	\$ 30,524	\$ 91,000	\$ 85,886	\$ 101,411	\$ 104,382	\$ 107,197	\$ 103,700
Town's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered payroll	-15.2%	-22.1%	-0.5%	7.1%	-24.6%	13.4%	6.9%	19.8%	63.4%
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%	100.1%	98.2%	106.3%	95.2%	101.9%	106.7%	116.2%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

TOWN OF ANTONITO

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2021
Statutorily required contributions	\$ 3,465	\$ 2,442	\$ 3,180	\$ 7,280	\$ 6,871	\$ 5,781	\$ -	\$ 6,288	\$ 8,321	\$ 8,296
Contributions in relation to the Statutorily required contributions	<u>3,465</u>	<u>2,442</u>	<u>3,180</u>	<u>7,280</u>	<u>6,871</u>	<u>5,781</u>	<u>-</u>	<u>6,288</u>	<u>8,321</u>	<u>8,296</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	\$ 43,313	\$ 30,524	\$ 39,764	\$ 91,000	\$ 85,886	\$ 72,287	\$ 104,382	\$ 78,600	\$ 104,013	\$ 103,700
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	0.00%	8.00%	8.00%	8.00%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULES

TOWN OF ANTONITO, COLORADO

CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2022

	2022		VARIANCE Positive (Negative)	2021 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 125	\$ -	\$ (125)	\$ 13
Sales Taxes	125,000	161,782	36,782	224,994
Intergovernmental	5,000	203,242	198,242	7,954
Interest Income	2,000	1,245	(755)	1,298
TOTAL REVENUES	132,125	366,269	234,144	234,259
EXPENDITURES				
Current				
General Government	5,100	221,972	(216,872)	16,019
Debt Service				
Principal	91,000	-	91,000	87,897
Interest		-	-	133
Capital Outlay	275,000	244,376	30,624	22,419
TOTAL EXPENDITURES	371,100	466,348	(95,248)	126,468
NET CHANGE IN FUND BALANCE	(238,975)	(100,079)	138,896	107,791
FUND BALANCE, Beginning	648,832	792,098	143,266	684,307
FUND BALANCE, Ending	<u>\$ 409,857</u>	<u>\$ 692,019</u>	<u>\$ 282,162</u>	<u>\$ 792,098</u>

See the accompanying independent auditors' report.

TOWN OF ANTONITO, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2022

	2022		VARIANCE Positive (Negative)	2021 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 7,500	\$ 8,237	\$ 737	\$ 9,061
Interest	30	5	(25)	11
TOTAL REVENUES	<u>7,530</u>	<u>8,242</u>	<u>712</u>	<u>9,072</u>
EXPENDITURES				
Parks and Recreation	<u>10,450</u>	<u>-</u>	<u>10,450</u>	<u>32,671</u>
NET CHANGE IN FUND BALANCE	(2,920)	8,242	11,162	(23,599)
FUND BALANCE, Beginning	<u>5,988</u>	<u>11,976</u>	<u>5,988</u>	<u>35,575</u>
FUND BALANCE, Ending	<u>\$ 3,068</u>	<u>\$ 20,218</u>	<u>\$ 17,150</u>	<u>\$ 11,976</u>

See the accompanying independent auditors' report.

TOWN OF ANTONITO, COLORADO

WATER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2022

	2022		VARIANCE Positive (Negative)	2021 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Charges for Services	\$ 298,100	\$ 272,498	\$ (25,602)	\$ 294,819
Tap Fees and Contributions	1,500	4,625	3,125	2,450
Interest Income	1	3	2	3
Grant Revenue	-	2,050,939	2,050,939	724,769
Other Revenues	700	41	(659)	25
Transfer In	28,000	28,000	-	28,000
TOTAL REVENUES	328,301	2,356,106	2,027,805	1,050,066
EXPENDITURES				
Water and Wastewater Operations	322,838	276,010	46,828	239,060
TOTAL EXPENDITURES	322,838	276,010	46,828	239,060
NET INCOME, Budget Basis	\$ 5,463	2,080,096	\$ 2,074,633	811,006
GAAP BASIS ADJUSTMENTS				
Depreciation		(167,042)		(167,042)
NET INCOME, GAAP Basis		1,913,054		643,964
NET POSITION, Beginning		5,826,699		5,182,735
NET POSITION, Ending		\$ 7,739,753		\$ 5,826,699

See the accompanying independent auditors' report.

COMPLIANCE



JOHN CUTLER & ASSOCIATES

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

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*

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, accompanying financial statements of Town of Antonito, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

John Cutler & Associates, LLC

November 30, 2023



JOHN CUTLER & ASSOCIATES

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Antonito's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Town of Antonito's major federal programs for the year ended December 31, 2022. The Town of Antonito's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Antonito complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Antonito'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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Antonito's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 of Antonito'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 of Antonito'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 of Antonito'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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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.

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 Town of Antonito's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Town of Antonito's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

John Luther & Associates, LLC

November 30, 2023

TOWN OF ANTONITO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no
- Significant deficiency noted _____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes x no
- Significant deficiency identified? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance?

_____ yes x no

Identification of major program:

10.760 Water and Wastewater Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes x no

Findings Related to Financial Statements

The audit of the financial statements did not disclose any significant deficiencies in internal control that would be considered a material weakness, and did not disclose any instances of noncompliance with requirements of certain provisions of laws, regulations, and grants that were material to those financial statements.

Findings and Questioned Costs for Federal Awards

The audit of federal awards did not disclose any significant deficiencies in internal control that would be considered a material weakness, and did not disclose any instances of noncompliance with requirements of certain provisions of laws, regulations, and grants that were material to those federal awards.

TOWN OF ANTONITO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2022

	<u>Major Program ?</u>	<u>Assistance Listing Number</u>	<u>Total Expenditures</u>	<u>Passed Through to Subrecipient</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Water and Waste Disposal Systems for Rural Communi	Yes	10.760	\$ 3,377,549	-
Department of Agriculture Subtotal			<u>3,377,549</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 3,377,549</u>	<u>\$ -</u>

NOTES

1. Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the School and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the purpose financial statements.

2. The Town has elected not to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs, CFR 200.510(6).

3. No amounts were provided to sub recipients per §200.510 (b)(4).

4. Reported commodities were valued based on current market value §200.502(g).

See the accompanying independent auditors' report.

Terms of Service

5. Click "Edit Mode" to return to modifying your data.
6. Remember to click "Save" to save any changes.

Annual Highway Finance Report - CY22

Email address: townofantonito@hotmail.com

City/County: Antonito

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes

A. Receipts from local sources

2. General Fund Appropriations:	\$	0.00
3. Other local imposts: <i>from A.3. Total below</i>	\$	458,028.00
4. Miscellaneous local receipts: <i>from A.4. Total below</i>	\$	0.00
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00

SubTotal: \$ 458,028.00

B. Private Contributions \$ 0.00

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes (Detail)

A.3. Other local imposts

a. Property Taxes and Assessments	\$	0.00
b. Other Local Imposts		
1. Sales Taxes:	\$	445,948.00

Terms of Service

a. PROPERTY TAXES AND ASSESSMENTS

b. Other Local Imposts

1. Sales Taxes:	\$ 445,948.00
2. Infrastructure and Impact Fees:	\$ 0.00
3. Liens:	\$ 0.00
4. Licenses:	\$ 0.00
5. Specific Ownership and/or Other:	\$ 12,080.00

Total: *(a + b) carried to 'Other local imposts' above* \$ 458,028.00

A.4. | Miscellaneous local receipts

a. Interest on Investments:	\$ 0.00
b. Traffic fines and Penalties:	\$ 0.00
c. Parking Garage Fees:	\$ 0.00
d. Parking Meter Fees:	\$ 0.00
e. Sale of Surplus Property:	\$ 0.00
f. Charges for Services:	\$ 0.00
g. Other Misc. Receipts:	\$ 0.00
h. Other:	\$ 0.00

Total: *(a through h) carried to 'Misc local receipts' above* \$ 0.00

C. Receipts from State Government

1. Highway User Taxes:	\$ 64,429.00
3. Other State funds:	
c. Motor Vehicle Registrations:	\$ 0.00
d. Other (Specify):	
Comments: <input type="text" value="undefined"/>	\$ 0.00
e. Other (Specify):	
Comments: <input type="text" value="undefined"/>	\$ 0.00

Total: *(1+3c,d,e)* \$ 64,429.00

D. Receipts from Federal Government

2. Other Federal Agencies	
a. Forest Service:	\$ 0.00
b. FEMA:	\$ 0.00
c. HUD:	\$ 0.00
d. Federal Transit Administration:	\$ 0.00
e. U.S. Corp of Engineers	\$ 0.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes

A. Local highway disbursements

1. Capital outlay: <i>(from A.1.d. 'Total Capital Outlay' below)</i>	\$	0.00
2. Maintenance:	\$	281,005.00
3. Road and street services		
a. Traffic control operations:	\$	0.00
b. Snow and ice removal:	\$	0.00
c. Other:	\$	174,903.00
4. General administration and miscellaneous	\$	66,549.00
5. Highway law enforcement and safety	\$	0.00
Total: <i>(A.1-5)</i>	\$	522,457.00

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	0.00
b. Redemption	\$	0.00
2. Notes		
a. Interest	\$	0.00
b. Redemption	\$	0.00
SubTotal: <i>(1+2)</i>	\$	0.00

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

Total Disbursements: *(A+B+C+D)* \$ 522,457.00

[Terms of Service](#)

Receipts, Disbursements & Costs

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

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

Receipts, Disbursements & Costs

IV. Local Highway Debt Status

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ 0.00	\$ 45 0.00	\$ 0.00	\$ 0.00

Terms of Service

A. Bonds (Total)

\$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00

1. Bonds
(Refunding Portion)

\$ 0.00 \$ 0.00 \$ 0.00

B. Notes (Total):

\$ 0.00 \$ 0.00 \$ 0.00 \$ 0.00

Receipts, Disbursements & Costs

V - Local Road & Street Fund Balance

**A. Beginning
Balance**

\$ 0.00

B. Total Receipts

\$ 522,457.00

**C. Total
Disbursements**

\$ 522,457.00

D. Ending Balance

\$ 0.00

E. Reconciliation

\$ 0.00

Notes and Comments:

undefined

Please enter your name:

Please provide a telephone number where you may be reached:

Please click on the "Save" button before viewing the data in a print format.



Contact: Paige Castaneda | Email: Paige.Castaneda@state.co.us | Phone: 303.512.4914