TOWN OF MANASSA

BASIC FINANCIAL STATEMENTS

December 31, 2022

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FINANCIAL SECTION

Honorable Mayor and Board of Trustees
Town of Manassa
Manassa, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manassa (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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manassa as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison schedules for the general and major special revenue funds, 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 Manassa, 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 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.

600 17TH STREET SUITE 2800 SOUTH • DENVER, COLORADO 80202 • TEL 303.634.2259 • FAX 303.496.4631

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 management's discussion and analysis and required budgetary and pension information on pages 22-23 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The individual fund financial statements and State Compliance information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The individual fund financial statements and State Compliance have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and State Compliance are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

October 23, 2023

BASIC FINANCIAL STATEMENTS

TOWN OF MANASSA

STATEMENT OF NET POSITION
As of December 31, 2022

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL 2022
ASSETS			
Cash and Investments	$ 353,811	$ 452,702	$ 806,513
Restricted Cash and Investments	46,767	102,727	149,494
Receivables			
Property Taxes	73,928	-	73,928
Sales and Other	109,922	-	109,922
Accounts	-	2,959	2,959
Capital Assets, Not Depreciated	89,448	369,994	459,442
Capital Assets, Depreciated Net of Accumulated Depreciation	225,591	1,515,476	1,741,067
TOTAL ASSETS	899,467	2,443,858	3,343,325
LIABILITIES			
Accounts Payable	344,492	34,750	379,242
Accrued Salaries and Benefits	3,039	-	3,039
Unearned Revenues	42,693	451	43,144
Noncurrent Liabilities			
Due within One Year	-	36,830	36,830
Due in More Than One Year	-	670,025	670,025
TOTAL LIABILITIES	390,224	742,056	1,132,280
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenues	73,928	-	73,928
TOTAL DEFERRED INFLOWS OF RESOURCES	73,928	-	73,928
NET POSITION			
Investment in Capital Assets	315,039	1,215,445	1,530,484
Restricted for Emergencies	6,200	-	6,200
Restricted for Parks and Recreation	37,552	-	37,552
Unrestricted	76,524	486,357	562,881
TOTAL NET POSITION	$ 435,315	$ 1,701,802	$ 2,137,117

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

TOWN OF MANASSA

STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 118,988	$ 10,730	$ 231,038	$ -
Public Safety	124,594	-	-	-
Highways and Streets	342,423	-	-	-
Culture and Recreation	26,209	-	6,381	-
Interest on Long-Term Debt	-	-	-	-
Total Governmental Activities	612,214	10,730	237,419	-
Business-Type Activities				
Water	141,245	153,167	-	-
Sewer	213,314	187,262	-	-
Interest on Long-Term Debt	-	-	-	-
Total Business-Type Activities	354,559	340,429	-	-
Total Primary Government	$ 966,773	$ 351,159	$ 237,419	$ -

GENERAL REVENUES
Taxes
Interest
Other

TOTAL GENERAL REVENUES

CHANGE IN NET ASSETS

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET ASSETS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL 2022
$ 122,780	$ -	$ 122,780
(124,594)	-	(124,594)
(342,423)	-	(342,423)
(19,828)	-	(19,828)
-	-	-
(364,065)	-	(364,065)
-	11,922	11,922
-	(26,052)	(26,052)
-	-	-
-	(14,130)	(14,130)
(364,065)	(14,130)	(378,195)
171,805	-	171,805
1,192	4,909	6,101
15,787	-	15,787
188,784	4,909	193,693
(175,281)	(9,221)	(184,502)
610,596	1,711,023	2,321,619
$ 435,315	$ 1,701,802	$ 2,137,117

TOWN OF MANASSA

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2022

	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Investments	$ 353,811	$ -	$ 353,811
Restricted Cash and Investments	9,000	37,767	46,767
Taxes Receivable	73,928	-	73,928
Accounts Receivable	109,914	8	109,922
TOTAL ASSETS	$ 546,653	$ 37,775	$ 584,428
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY			
LIABILITIES			
Accounts Payable	$ 344,269	$ 223	$ 344,492
Accrued Salaries and Benefits	3,039	-	3,039
Unearned Revenues	42,693	-	42,693
TOTAL LIABILITIES	390,001	223	390,224
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenues	73,928	-	73,928
FUND EQUITY			
Fund Balance			
Restricted for TABOR	6,200	-	6,200
Restricted for Culture and Recereation	-	37,552	37,552
Unassigned	76,524	-	76,524
TOTAL FUND BALANCE	82,724	37,552	120,276
TOTAL LIABILITIES, DEFERRED INFLOWS and FUND BALANCE	$ 546,653	$ 37,775	
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.			315,039
Net position of governmental activities			$ 435,315

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

TOWN OF MANASSA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended December 31, 2022

	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAI FUNDS
REVENUES			
Taxes	$ 171,675	$ -	$ 171,675
Intergovernmental	218,965	12,073	231,038
Licenses and Permits	130	-	130
Fines and Forfeits	7,198	-	7,198
Charges for Services	10,730	-	10,730
Culture and Recreation	6,381	-	6,381
Interest	1,192	-	1,192
Miscellaneous	8,589	-	8,589
TOTAL REVENUES	424,860	12,073	436,933
EXPENDITURES			
General Government	118,988	-	118,988
Public Safety	124,594	-	124,594
Highways and Streets	4,867	-	4,867
Culture and Recreation	15,876	10,333	26,209
Capital Outlay	313,731	-	313,731
TOTAL EXPENDITURES	578,056	10,333	588,389
NET CHANGE IN FUND BALANCES	(153,196)	1,740	(151,456)
FUND BALANCES, Beginning	235,920	35,812	271,732
FUND BALANCES, Ending	$ 82,724	$ 37,552	$ 120,276

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

TOWN OF MANASSA

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	$	(151,456)
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 by which capital outlay and disposals $7,000 and disposals ($26,600), exceeded depreciation expense ($30,825) and disposals $26,600.		(23,825)
Change in Net Assets of Governmental Activities	$	(175,281)

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

TOWN OF MANASSA

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

	WATER FUND	SEWER FUND	TOTAL
ASSETS			
Current Assets			
Cash and Investments	$ 158,221	$ 294,481	$ 452,702
Restricted Cash and Investments	23,135	79,592	102,727
Accounts Receivable	1,285	1,674	2,959
Total Current Assets	182,641	375,747	558,388
Noncurrent Assets			
Capital Assets, net of accumulated depreciation	494,188	1,391,282	1,885,470
TOTAL ASSETS	676,829	1,767,029	2,443,858
LIABILITIES			
Current Liabilities			
Accounts Payable	17,375	17,375	34,750
Unearned Revenues	451	-	451
Current Portion of Loans Payable	16,430	20,400	36,830
Total Current Liabilities	34,256	37,775	72,031
Noncurrent Liabilities			
Loans Payable	287,525	382,500	670,025
Total Noncurrent Liabilities	287,525	382,500	670,025
TOTAL LIABILITIES	321,781	420,275	742,056
NET POSITION			
Net Investment in Capital Assets	206,663	1,008,782	1,215,445
Unreserved	148,385	337,972	486,357
TOTAL NET POSITION	$ 355,048	$ 1,346,754	$ 1,701,802

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

TOWN OF MANASSA

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

	WATER FUND	SEWER FUND	TOTAL
OPERATING REVENUES			
User Fees	$ 151,167	$ 184,762	$ 335,929
Tap Fees	2,000	2,500	4,500
TOTAL OPERATING REVENUES	153,167	187,262	340,429
OPERATING EXPENSES			
Operations	80,374	84,570	164,944
General and Administrative	32,480	33,191	65,671
Depreciation Expense	28,391	76,761	105,152
Miscellaneous	-	18,792	18,792
TOTAL OPERATING EXPENSES	141,245	213,314	354,559
OPERATING INCOME	11,922	(26,052)	(14,130)
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	2,311	2,598	4,909
TOTAL NON-OPERATING REVENUES (EXPENSES)	2,311	2,598	4,909
NET INCOME	14,233	(23,454)	(9,221)
NET POSITION, Beginning	340,815	1,370,208	1,711,023
NET POSITION, Ending	$ 355,048	$ 1,346,754	$ 1,701,802

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

TOWN OF MANASSA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended December 31, 2022
Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	SEWER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	$ 151,905	$ 186,540	$ 338,445
Cash Paid to Suppliers	(76,016)	(109,087)	(185,103)
Cash Paid to Employees	(51,466)	(52,165)	(103,631)
Net Cash Provided by Operating Activities	24,423	25,288	49,711
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIV			
Purchase of Capital Assets	-	1,809	1,809
Loan Payments	16,430	19,500	35,930
Net Cash Used by Capital and Related Financing Activities	16,430	21,309	37,739
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	2,311	2,598	4,909
Net Cash Provided by Investing Activities	2,311	2,598	4,909
Net Increase (Decrease) in Cash and Cash Equivalents	43,164	49,195	92,359
CASH AND CASH EQUIVALENTS, Beginning	138,192	324,878	463,070
CASH AND CASH EQUIVALENTS, Ending	$ 181,356	$ 374,073	$ 555,429
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	$ 11,922	$ (26,052)	$ (14,130)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation and Amortization	28,391	76,761	105,152
Changes in Assets and Liabilities			
Accounts Receivable	(1,262)	(722)	(1,984)
Inventory	(2,377)	(3,636)	(6,013)
Accounts Payable	(11,916)	(18,771)	(30,687)
Accrued Salaries and Benefits	(335)	(1,249)	(1,584)
Deferred Revenues	-	(1,043)	(1,043)
Total Adjustments	12,501	51,340	(41,311)
Net Cash Provided by Operating Activities	$ 24,423	$ 25,288	$ 49,711

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Town was incorporated in 1889, and became a statutory town under State Statute (CRS 31-1-101). The Town operates under Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, culture and recreation, planning and zoning, water and sewer systems, and general administrative services.

The accounting policies of the Town of Manassa (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 Manassa 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 upon the application of these criteria, the following organization is included in the Town's 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 segments 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.

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* (Continued)

Government-Wide and Fund Financial Statements (Continued)

Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

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.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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

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 *Conservation Trust Fund* accounts for revenues and expenditures which may only be used for park and recreation expenditures.

The Town reports the following major proprietary fund:

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

The *Sewer Fund* accounts for the financial activities associated with the provision of sewer services.

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 acquisition 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.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Capital Assets (Continued)

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

Buildings	20 - 50 years
Water System	25 - 50 years
Sewer System	25 - 50 years
Machinery and Equipment	5 - 10 years
Vehicles	5 - 10 years
Infrastructure	10 - 30 years

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.

Unearned Revenues

Unearned revenues include grant or other funds that have been collected but the corresponding expenditures have not been incurred.

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.

Net Position

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Net Position (Continued)

Net 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 - represents 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 – amounts that cannot be spent because they are either not in a spendable form (such as inventories, deposits, and prepaid amounts) or are legally or contractually required to be maintained intact. The Town has does not report any resources as nonspendable as of 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 Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The Town has also restricted the fund balance of the Conservation Trust because their use is restricted by the State for parks and recreation. The Authority has classified a portion of its fund balance as being restricted as their used is restricted by bondholders.

- 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (Continued)

- 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 resources 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

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the Town on a monthly basis.

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.

NOTE 2: *STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY*

Budgets and Budgetary Accounting

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

- In October, the Town staff submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

- Public hearings are conducted to obtain taxpayer comments.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY*** (Continued)

Budgets and Budgetary Accounting (Continued)

- Prior to December 31, the budget is legally enacted through passage of a resolution.

- 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 General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the Enterprise Fund is presented on a non-GAAP budgetary basis. Capital outlay and debt payments are budgeted as expenditures.

- 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 at the fund level.

Legal Compliance

The actual expenditures of the General Fund exceeded the budgeted amount by $342,840. This may be a violation of State statutes.

NOTE 3: ***DEPOSITS AND INVESTMENTS***

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

Petty Cash	$ 148
Cash Deposits	746,777
Investments	209,082
Total	**$ 956,007**

Cash and investments are reported in the financial statements as follows:

Governmental Activities – Unrestricted	$ 353,811
Governmental Activities – Restricted	46,767
Business-type Activities – Unrestricted	452,702
Business-type Activities – Restricted	102,727
Total	**$ 956,007**

NOTE 3: ***DEPOSITS AND INVESTMENTS*** (Continued)

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 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.

The Town has no policy regarding custodial credit risk for deposits.

At December 31, 2022, the Town had deposits with financial institutions with a carrying amount of $746,777. The bank balances with the financial institutions were $764,791. Of these balances, $287,778 was covered by federal depository insurance and $477,013 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

NOTE 3: ***DEPOSITS AND INVESTMENTS*** (Continued)

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Local Government Investment Pools

The Town invested $209,082 in Money Market Mutual Funds. The Funds invest only in government securities as defined under the Investment Company Act of 1940 (the "1940 Act"), as amended. The Fund intends to be a government money market fund as defined under Rule 2a-7 under the 1940 Act. The fair value of investments in the fund is based on the published net asset values per share of those funds and is maintained at a stable net asset value of $1.00 per share. The fund values its securities using amortized cost.

Restricted Cash

Cash in the amount of $46,767 was restricted for park and recreation expenditures in the General and Conservation Trust Funds. Cash in the amount of $102,727 was restricted for debt service in the Water and Sewer funds.

NOTE 4: ***CAPITAL ASSETS***

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

	Balances 12/31/2021	Additions	Deletions	Balances 12/31/2022
Governmental Activities				
Capital Assets, not depreciated				
Land	$ 26,703	$ -	$ -	$ 26,703
Construction in Progress	62,745	-	-	62,745
Total Capital Assets, not depreciated	89,448	-	-	89,448
Capital Assets, depreciated				
Land Improvements	120,251	-	-	120,251
Buildings and Improvements	115,962	-	-	115,962
Vehicles and Equipment	183,051	7,000	26,600	163,451
Total Capital Assets, depreciated	419,264	7,000	26,600	399,664
Less Accumulated Depreciation				
Land Improvements	45,322	7,266	-	52,588
Buildings and Improvements	62,699	2,880	-	65,579
Vehicles and Equipment	61,827	20,679	26,600	55,906
Total Accumulated Depreciation	169,848	30,825	26,600	174,073
Total Capital Assets, depreciated, Net	249,416	(23,825)	-	225,591
Governmental Activities, Capital Assets, Net	**$ 338,864**	**$ (23,825)**	**$ -**	**$ 315,039**

NOTE 4: ***CAPITAL ASSETS*** (Continued)

	Balances 12/31/2021	Additions	Deletions	Balances 12/31/2022
Business-Type Activities				
Capital Assets, not depreciated				
Water Rights	$ 49,950	$ -	$ -	$ 49,950
Construction in Progress	320,044	-	-	320,044
Total Capital Assets, not depreciated	369,994	-	-	369,994
Capital Assets, depreciated				
Buildings and Improvements	36,946	-	-	36,946
Water System	1,259,842	-	-	1,259,942
Sewer System	3,178,924	-	-	3,178,924
Machinery, Equipment, and Vehicles	124,555	1,809	4,125	122,239
Less: Accumulated Depreciation	(2,977,323)	(109,277)	4,125	(3,082,475)
Total Capital Assets, depreciated, Net	1,622,944	(107,468)	-	1,515,476
Business-Type Activities, Capital Assets, Net	**$ 1,992,938**	**$ (107,468)**	**$ -**	**$ 1,885,470**

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

Governmental Activities	
Highways and Streets	$ 20,520
Public Safety	1,517
Culture and Recreation	8,788
Total	**$ 30,825**
Business-type Activities	
Water	$ 32,516
Sewer	76,761
Total	**$ 109,277**

NOTE 5: *LONG-TERM DEBT*

Business-type Activities

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

	Balance 12/31/2021	Additions	Payments	Balance 12/31/2022	Due In One Year
2011 CWRPDA Loan	$ 320,385	$ -	$ 16,430	$ 303,955	$ 16,430
FmHA Bonds	422,400	-	19,500	402,900	20,400
Total	**$ 742,785**	**$ -**	**$ 35,930**	**$ 706,855**	**$ 36,830**

1996 Revenue Bonds

In March 1996, the Town issued $710,000 in Sewer Revenue Bonds for the improvement of the existing sanitary sewer system. Principal payments are due semi-annually on January 1 and July 1. Interest payments are due semi-annually on January 1 and July 1, through July 1, 2036. Interest accrues at rate of 4.5%.

2011 CWRPDA Loan

In January2011, the Town received a Drinking Water Revolving Fund Direct Loan from the Colorado Water Resources & Power Development Authority in the amount of $492,900, maturing in 30 years with an interest rate of 0%. The purpose of the loan is to upgrade the existing water system. Principal payments are due semi-annually on May 1, and November 1.

2022 WPCRF Loan

In May 2022, the Town received a Water Pollution Control Revolving Fund Direct Loan from the Colorado Water Resources & Power Development Authority in the amount of $351,834, maturing in 30 years with an interest rate of 1.5%. The purpose of the loan is to upgrade the existing sewer collection system. This a reimbursement-based loan, and as of December 31, 2022, no amounts have been drawn on the loan. Once there is a balance, principal payments are due semi-annually on May 1, and November 1.

NOTE 5: ***LONG-TERM DEBT*** (Continued)

Business-type Activities (Continued)

Future Debt Service Requirements

Annual debt service requirements for the long-term debt, at December 31, 2022 are as follows:

Year Ended December 31,	Principal	Interest	Total
2023	$ 36,830	$ 17,903	$ 54,733
2024	37,730	16,976	54,706
2025	38,730	16,007	54,737
2026	39,730	14,992	54,722
2027	40,730	13,932	54,662
2028 – 2032	221,850	51,973	273,823
2033 – 2037	233,750	16,916	250,666
2028 - 2042	57,505	-	57,505
Total	**$ 706,855**	**$ 148,698**	**$ 855,553**

NOTE 6: ***RISK MANAGEMENT***

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Town purchases commercial insurance for these risks of loss. Settled claims have not exceeded insurance coverage in the last three years.

NOTE 7: ***COMMITMENTS AND CONTINGENCIES***

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 5, 1996, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town in 1996 and subsequent years for street improvement projects, capital projects, basic municipal services and/or lawful municipal purposes, notwithstanding the provisions of the Amendment.

NOTE 7: ***COMMITMENTS AND CONTINGENCIES*** (Continued)

Tabor Amendment (Continued)

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 $6,200 was recorded in the General Fund.

NOTE 8: ***SUBSEQUENT EVENTS***

Potential subsequent events were considered through October 23, 2023. It was determined that no events are required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MANASSA

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2022

	2022		
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	$ 148,509	$ 171,675	$ 23,166
Intergovernmental	55,966	218,965	162,999
Licenses and Permits	550	130	(420)
Fines and Forfeits	10,100	7,198	(2,902)
Charges for Services	14,500	10,730	(3,770)
Culture and Recreation	6,300	6,381	81
Interest	2,100	1,192	(908)
Miscellaneous	100	8,589	8,489
TOTAL REVENUES	238,125	424,860	186,735
EXPENDITURES			
General Government	108,537	118,988	(10,451)
Public Safety	103,457	124,594	(21,137)
Highways and Streets	9,800	4,867	4,933
Culture and Recreation	13,422	15,876	(2,454)
Capital Outlay	-	313,731	(313,731)
TOTAL EXPENDITURES	235,216	578,056	(342,840)
CHANGE IN FUND BALANCE	2,909	(153,196)	(156,105)
FUND BALANCE, Beginning	242,671	235,920	(6,751)
FUND BALANCE, Ending	$ 245,580	$ 82,724	$ (162,856)

See the accompanying independent auditors' report.

TOWN OF MANASSA

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

	2022		
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	$ 10,200	$ 12,073	$ 1,873
TOTAL REVENUES	10,200	12,073	1,873
EXPENDITURES			
Culture and Recreation	10,800	10,333	467
Capital Outlay	9,000	-	9,000
TOTAL EXPENDITURES	19,800	10,333	9,467
CHANGE IN FUND BALANCE	(9,600)	1,740	11,340
FUND BALANCE, Beginning	38,228	35,812	(2,416)
FUND BALANCE, Ending	$ 28,628	$ 37,552	$ 8,924

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULES

TOWN OF MANASSA

WATER FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2022

	2022 ORIGINAL AND FINAL BUDGET	2022 ACTUAL	2022 VARIANCE Positive (Negative)
REVENUES			
User Fees	$ 149,934	$ 151,167	$ 1,233
Tap Fees	500	2,000	1,500
Interest	800	2,311	1,511
Other	2,000	-	(2,000)
TOTAL REVENUES	153,234	155,478	2,244
EXPENDITURES			
Operations	83,727	80,374	3,353
General and Administrative	47,378	32,480	14,898
Debt Service			
Principal	16,500	16,430	70
Interest	-	-	-
Capital Outlay	-	-	-
TOTAL EXPENDITURES	147,605	129,284	18,321
NET INCOME, Budget Basis	$ 5,629	26,194	$ 20,565
GAAP BASIS ADJUSTMENTS			
Depreciation Expense		(28,391)	
Principal Paid on Long-Term Debt		16,430	
NET INCOME, GAAP Basis		14,233	
NET ASSETS, Beginning		340,815	
NET ASSETS, Ending		$ 355,048	

See the accompanying independent auditors' report.

TOWN OF MANASSA

SEWER FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2022

	2022		
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
User Fees	$ 185,028	$ 184,762	$ (266)
Tap Fees	500	2,500	2,000
Interest	1,500	2,598	1,098
Other	2,000	-	(2,000)
TOTAL REVENUES	189,028	189,860	832
EXPENDITURES			
Operations	67,708	84,570	(16,862)
General and Administrative	35,961	33,191	2,770
Miscellaneous	-	18,792	(18,792)
Debt Service			
Principal	39,000	19,500	19,500
Capital Outlay	25,000	1,809	23,191
TOTAL EXPENDITURES	167,669	157,862	9,807
NET INCOME, Budget Basis	$ 21,359	31,998	$ 10,639
GAAP BASIS ADJUSTMENTS			
Capital Outlay		1,809	
Depreciation Expense		(76,761)	
Principal Paid on Long-Term Debt		19,500	
NET INCOME, GAAP Basis		(23,454)	
NET ASSETS, Beginning		1,370,208	
NET ASSETS, Ending		$ 1,346,754	

See the accompanying independent auditors' report.

STATE COMPLIANCE

Form Approved
The public report burden for this information collection is estimated to average 380 hours annually. OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO YEAR ENDING (mm/yy): 12/22
This Information From The Records Of: [ENTER LOCALITY]	Prepared By: [ENTER SUBMITTER NAME HERE]

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	250,866.00
3. Other local imposts (from page 2)	$ 78,779 -
4. Miscellaneous local receipts (from page 2)	$ 7,097 -
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	$ -
7. Total (1 through 6)	$ 85876.00 -
B. Private Contributions	
C. Receipts from State government (from page 2)	$ 91,589.00 -
D. Receipts from Federal Government (from page 2)	$ 17,852.00 -
E. Total receipts (A.7 + B + C + D)	$ 453,321.00 -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital outlay (from page 2)	$ 356,553 -
2. Maintenance:	37,816
3. Road and street services:	
a. Traffic control operations	138
b. Snow and ice removal	4,069
c. Other	
d. Total (a. through c.)	$ -
4. General administration & miscellaneous	1560.00
5. Highway law enforcement and safety	53,103
6. Total (1 through 5)	$ 453,321.00 -
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	$ -
3. Total (1.c + 2.c)	$ -
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total expenditures (A.6 + B.3 + C + D)	$ 453,321.00 -

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
-0-	$ 453,321.00	$ 453,321.00	-0-	$ -0- -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO YEAR ENDING (mm/yy): 12/22

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assesments	64,263.	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	7,097
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	14,516.	g. Other Misc. Receipts	
6. Total (1. through 5.)	$ 14,516.00 -	h. Other	
c. Total (a. + b.)	$ 78,779 -	i. Total (a. through h.)	$ 7,097 -
(Carry forward to page 1)		*(Carry forward to page 1)*	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes (from Item I.C.5.)	57,407.	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Administration	
d. ~~DOLA Grant~~ SRTS Grant	34,182.00	e. U.S. Corps of Engineers	
e. Other		f. Other Federal - ARPA Grant	17893.00
f. Total (a. through e.)	$ 34,182.00 -	g. Total (a. through f.)	$ -
4. Total (1. + 2. + 3.f)	$ 91,589.00 -	3. Total (1. + 2.g)	$ -
(Carry forward to page 1)		*(Carry forward to page 1)*	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			$ -
b. Engineering Costs	42,822.00		$ -
c. Construction:			
(1). New Facilities			$ -
(2). Capacity Improvements			$ -
(3). System Preservation	313,731.00		$ -
(4). System Enhancement And Operation			$ -
(5). Total Construction (1)+(2)+(3)+(4)	$ -	$ -	$ -
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	$ 356553.00 -	$ -	$ -
(Carry forward to page 1)			

Notes and Comments:

FORM FHWA-536