



# FINANCIAL STATEMENTS

Year Ended December 31, 2022



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## Independent Auditors' Report

The Mayor and Members  
of the Board of Trustees  
Town of Eaton  
Eaton, Colorado

### **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 Eaton, Colorado 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 Eaton, Colorado 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Eaton and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### **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 opinion. 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Eaton's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Eaton'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 require that management discussion and analysis and major governmental funds budgetary comparisons be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 evidence sufficient to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining statements, individual fund statements and schedules on pages 42-50, Local Highway Finance Report, and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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. In our opinion, the information is 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 July 31, 2023 on our consideration of the Town of Eaton's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the Town of Eaton's internal control over financial reporting and compliance.

*Anderson & Whitney, P.C.*

July 31, 2023

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of The Town of Eaton (the Town) for the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the Town's financial performance.

### FINANCIAL HIGHLIGHTS

- The Town's assets exceeded liabilities and deferred inflows by \$55 million at December 31, 2022.
- The General Fund balance was \$ 4,351,167 as of December 31, 2022. Of this amount, \$129,170 is reserved for emergencies.
- The December 31, 2022 General Fund balance is \$323,843 less than the previous year-end. The total fund balance is 100% of 2022 General Fund operating expenditures.
- The Water Fund has net position of \$22 million at December 31, 2022.
- The Sewer Fund has net position of \$3.2 million at December 31, 2022.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

**Government-wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private sector business.

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

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

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Street Fund, Impact Fee Fund and Library Fund, each of which is considered to be a major fund.

The basic governmental fund financial statements can be found on pages 13 to 16 of this report.

**Proprietary Funds.** The Town maintains one type of a proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its utility services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water and sewer funds which are considered to be major funds of the Town.

The basic proprietary fund financial statements can be found on pages 17 to 19 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 33 of this report.

**Budgetary Comparisons.** The Town adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the General Fund on pages 35 to 38 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2022, assets exceeded liabilities by \$55,284,600.

The following table provides a summary of the Town's net position:

December 31	2022		2021	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
<b>Assets</b>				
Current and other assets	\$15,420,763	\$ 6,024,493	\$ 15,728,446	\$ 6,334,840
Capital assets	16,470,297	21,985,041	13,788,025	21,706,640
<b>Total Assets</b>	<b>31,891,060</b>	<b>28,009,534</b>	<b>29,516,471</b>	<b>28,041,480</b>
<b>Liabilities</b>				
Current and other liabilities	242,999	658,408	2,979,586	642,429
Long-term liabilities	--	1,235,101	53,074	1,663,978
<b>Total Liabilities</b>	<b>242,499</b>	<b>1,893,509</b>	<b>3,032,660</b>	<b>2,306,407</b>
<b>Deferred Inflows</b>				
Deferred property taxes	2,479,486	--	1,595,262	--
<b>Net Position</b>				
Net investment in capital assets	16,470,297	20,329,044	13,648,945	19,602,394
Restricted	8,479,388	--	6,703,757	--
Unrestricted	4,218,890	5,786,981	4,535,847	6,132,679
<b>Total Net Position</b>	<b>\$ 29,168,575</b>	<b>\$ 26,116,025</b>	<b>\$ 24,888,549</b>	<b>\$ 25,735,073</b>

A portion of The Town's net position represents unrestricted net position of \$4,218,890 which may be used to meet the Town's ongoing obligations to citizens and creditors.

Another significant portion of the Town's net position reflects its investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The only long-term debt is the bonds and leases issued for construction of Town utility systems and property acquisition.

An additional \$8,479,388 of the Town's net position represents resources that are subject to external restrictions on how they may be used. Included in this category are the TABOR emergency reserve, Shelton trust account, and the Streets, Library, Impact Fee and Cemetery Perpetual Care funds.



The following table indicates the changes in net position:

Years Ended December 31	2022		2021	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
<b>Revenues:</b>				
Program revenues:				
Charges for services	\$ 742,802	\$ 4,205,289	\$ 1,471,554	\$ 3,805,948
Operating contributions	1,505,768	--	1,879,687	--
Capital contributions	3,286,756	72,195	38,240	405,172
General revenues:				
Property taxes	449,448	--	392,456	--
Sales taxes	3,744,394	--	3,250,568	--
Other	781,290	--	494,744	--
Investment earnings	23,606	11,319	1,601	90
Transfers	87,000	(87,000)	64,000	(64,000)
<b>Total revenues</b>	<b>10,621,064</b>	<b>4,201,803</b>	<b>7,592,850</b>	<b>4,147,210</b>
<b>Expenses:</b>				
General government	1,252,877	--	913,903	--
Public safety	1,665,884	--	1,308,171	--
Cemetery	178,539	--	181,567	--
Parks and recreation	324,164	--	81,853	--
Public buildings	87,641	--	74,918	--
Building inspection/planning	373,212	--	273,617	--
Library	742,104	--	513,294	--
Streets	692,224	--	773,614	--
Depreciation	1,022,063	--	905,163	--
Interest on long-term debt	2,330	--	15,324	--
Water	--	1,823,933	--	1,626,031
Sewer	--	1,272,972	--	934,104
Sanitation	--	559,204	--	546,637
Irrigation	--	164,742	--	118,284
<b>Total expenses</b>	<b>6,341,038</b>	<b>3,820,851</b>	<b>5,041,424</b>	<b>3,225,056</b>
<b>Increase in net position</b>	<b>\$ 4,280,026</b>	<b>\$ 380,952</b>	<b>\$ 2,551,426</b>	<b>\$ 922,154</b>

**Governmental Activities.** Governmental activities increased the Town's net position by \$4,280,026 in 2022. Key elements of this increase are as follows:

- Total revenues increased approximately 38%, due to higher sales tax collections and capital grants for the roundabout.
- Expenses increased approximately 23% from the previous year, from increased general government and public safety costs.

**Business-Type Activities.** Business-type activities (i.e. utility services) increased the Town's net position by \$380,952 in 2022. This was primarily due to capital contributions from tap fees and higher water service charges.

## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of December 31, 2022, the total fund balances of the Town's governmental funds were \$12.7 million. Approximately 34% of this consists of unrestricted fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance is restricted to indicate that it is not available for new spending because it is committed for the following purposes: a state-constitution mandated emergency reserve (\$129,170); cemetery perpetual care (\$141,889); Shelton Trust purposes (\$3,107), streets (\$2,312,814), library (\$4,763,011) and impact fee purposes (\$1,129,397).

The Town has four major governmental funds:

1. **General Fund.** This is the primary operating fund of the Town. It accounts for the Town's core governmental services. The General Fund balance was \$4,351,167 as of December 31, 2022. The 2022 fund balance is \$323,483 less than the previous year.
2. **Library Fund.** The Library Fund accounts for the operation of the Town's library. The fund balance at December 31, 2022 was \$4,763,011.
3. **Impact Fee Fund.** The Impact Fee Fund accounts for monies received for impact fees. The fund balance at December 31, 2022 was \$1,129,397.
4. **Street Fund.** The Street Fund account for monies received for street maintenance. The fund balance at December 31, 2022 was \$2,312,814.

The Town has two major enterprise funds, the Water and Sewer Funds:

1. **Water Fund.** The Water Fund accounts for service charges and expenses of operating the Town's water system. The Water Fund net position at December 31, 2022 is \$21.7 million. Net position increased by \$839,000 during the year due to increased water use and tap fees.
2. **Sewer Fund.** The Sewer Fund accounts for service charges and expenses of operating the Town's sanitary sewer system. The Sewer Fund net position at December 31, 2022 is \$3.2 million. Net position decreased by \$439,542, due to high repair costs

## GENERAL FUND BUDGETARY HIGHLIGHTS

The Town's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund.

	Final Budget	Actual
Beginning Fund Balance	\$ 4,675,010	\$ 4,675,010
Revenue and transfers in	3,465,013	4,581,829
<u>Expenditures and transfers out</u>	<u>(5,201,181)</u>	<u>(4,905,672)</u>
Ending Fund Balance	\$ 2,938,842	\$ 4,351,167

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2022 totals approximately \$38 million (net of accumulated depreciation). This investment includes all land, water rights, buildings, and equipment and infrastructure. The total net increase in investment in capital assets for the current year was \$2,960,673 or 8%, due to capital additions being more than depreciation expense.

Major capital asset events during 2022 included purchases of \$617,500 in water rights through the NISP project and construction of a roundabout for \$3 million using federal, county, and local funds.

The Town implemented the straight-line depreciation method for its capital assets, except for land and water rights which are not depreciated.

Additional information on the Town's capital assets can be found in Note 6 of this report.

**Long-term Debt.** At December 31, 2022, the Town had approximately \$1.6 million of water and sewer loans and bonds payable, funded by service charges.

Additional information on the Town's debt can be found in Notes 3 and 4.

## OTHER MATTERS

The following factors are expected to have a significant effect on the Town's financial position and results of operations and were taken into account in developing the 2023 budget:

- \* The Town had a water utility rate study in 2019 and ongoing rate increases for residential customers were recommended.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Eaton finances for all those with an interest in the Town's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the Town, 223 First Street, Eaton, Colorado 80615.

# TOWN OF EATON, COLORADO

## STATEMENT OF NET POSITION

December 31, 2022	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Total Cash and Investments	\$ 12,911,635	\$ 5,612,476	\$ 18,524,111
Shelton Trust Account	3,107	-	3,107
Receivables:			
Property taxes	2,496,574	-	2,496,574
Utility accounts	-	386,293	386,293
Inventory of Supplies	9,447	25,724	35,171
Capital Assets:			
Land and water rights	2,972,003	13,374,163	16,346,166
Depreciable	13,498,294	8,610,878	22,109,172
<b>Total Assets</b>	<b>31,891,060</b>	<b>28,009,534</b>	<b>59,900,594</b>
<u>LIABILITIES</u>			
Accounts Payable	242,999	237,512	480,511
Long-Term Debt:			
Due within one year	-	420,896	420,896
Due in more than one year	-	1,235,101	1,235,101
<b>Total Liabilities</b>	<b>242,999</b>	<b>1,893,509</b>	<b>2,136,508</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Property Taxes	2,479,486	-	2,479,486
<u>NET POSITION</u>			
Net Investment in Capital Assets	16,470,297	20,329,044	36,799,341
Restricted for:			
TABOR emergencies	129,170	-	129,170
Shelton Trust	3,107	-	3,107
Library	4,763,011	-	4,763,011
Streets/impact fees	3,442,211	-	3,442,211
Cemetery perpetual care	141,889	-	141,889
Unrestricted	4,218,890	5,786,981	10,005,871
<b>TOTAL NET POSITION</b>	<b>\$ 29,168,575</b>	<b>\$ 26,116,025</b>	<b>\$ 55,284,600</b>

See Accompanying Notes to Financial Statements.

# TOWN OF EATON, COLORADO

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2022	Expenses	Charges for Services
Functions/Programs:		
Governmental Activities:		
General government	\$ 1,252,877	\$ 8,442
Public safety	1,665,884	293,533
Cemetery	178,539	90,691
Parks and recreation	324,164	-
Public buildings	87,641	-
Building inspection/ planning	373,212	347,839
Library	742,104	2,297
Streets	692,224	-
Unallocated depreciation	1,022,063	-
Interest on long-term debt	2,330	-
Total Governmental Activities	6,341,038	742,802
Business-Type Activities:		
Water	1,823,933	2,633,591
Sewer	1,272,972	853,949
Sanitation	559,204	564,504
Irrigation	164,742	153,245
Total Business-Type Activities	3,820,851	4,205,289
TOTAL	\$10,161,889	\$4,948,091

### General Revenue:

Property taxes  
 Sales taxes  
 Franchise and other taxes  
 Use taxes - building materials  
 Impact fees  
 Road and bridge taxes  
 Investment earnings  
 Transfers

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Total General Revenue

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Change in Net Position

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Net Position - Beginning

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NET POSITION - Ending

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See Accompanying Notes to Financial Statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Contributions	Governmental Activities	Business- Type Activities	Total
\$ 131,118	\$ -	\$ (1,113,317)	\$ -	\$ (1,113,317)
-	-	(1,372,351)	-	(1,372,351)
-	-	(87,848)	-	(87,848)
37,371	-	(286,793)	-	(286,793)
-	-	(87,641)	-	(87,641)
-	-	(25,373)	-	(25,373)
1,146,769	44,510	451,472	-	451,472
190,510	3,242,246	2,740,532	-	2,740,532
-	-	(1,022,063)	-	(1,022,063)
-	-	(2,330)	-	(2,330)
1,505,768	3,286,756	(805,712)	-	(805,712)
-	58,100	-	867,758	867,758
-	14,095	-	(404,928)	(404,928)
-	-	-	5,300	5,300
-	-	-	(11,497)	(11,497)
-	72,195	-	456,633	456,633
\$1,505,768	\$ 3,358,951	(805,712)	456,633	(349,079)
		449,448	-	449,448
		3,744,394	-	3,744,394
		480,063	-	480,063
		81,329	-	81,329
		5,395	-	5,395
		214,503	-	214,503
		23,606	11,319	34,925
		87,000	(87,000)	-
		5,085,738	(75,681)	5,010,057
		4,280,026	380,952	4,660,978
		24,888,549	25,735,073	50,623,622
		\$ 29,168,575	\$ 26,116,025	\$ 55,284,600

**TOWN OF EATON, COLORADO  
GOVERNMENTAL FUNDS**

**BALANCE SHEET**

December 31, 2022	General Fund	Library Fund	Impact Fee Fund
<u>ASSETS</u>			
Pooled Cash and Investments	\$ 4,505,891	\$ 4,805,567	\$ 1,130,518
Cash	-	150	-
Shelton Trust account	3,107	-	-
Taxes Receivable	488,232	2,000,009	-
Inventory of Supplies	-	-	-
<b>Total Assets</b>	<b>\$ 4,997,230</b>	<b>\$ 6,805,726</b>	<b>\$ 1,130,518</b>
<u>LIABILITIES</u>			
Accounts Payable	\$ 164,511	\$ 44,781	\$ 1,121
<b>Total Liabilities</b>	<b>164,511</b>	<b>44,781</b>	<b>1,121</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Property Taxes	481,552	1,997,934	-
<u>FUND BALANCES</u>			
Nonspendable	-	-	-
Restricted for:			
TABOR emergencies	129,170	-	-
Shelton Trust	3,107	-	-
Library/Streets/Impact	-	4,763,011	1,129,397
Unassigned	4,218,890	-	-
<b>Total Fund Balances</b>	<b>4,351,167</b>	<b>4,763,011</b>	<b>1,129,397</b>
<b>TOTAL LIABILITIES, DEFERRALS AND FUND BALANCES</b>	<b>\$ 4,997,230</b>	<b>\$ 6,805,726</b>	<b>\$ 1,130,518</b>

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 are not reported in the funds  
 Long-term leases are not due and payable in the current period and therefore are not reported in the funds

Net Position of Governmental Activities

See Accompanying Notes to Financial Statements.

Street Fund	Cemetery Perpetual Care Fund	Total Governmental Funds
\$ 2,335,953	\$ 133,556	\$ 12,911,485
-	-	150
-	-	3,107
-	8,333	2,496,574
9,447	-	9,447
<u>\$ 2,345,400</u>	<u>\$ 141,889</u>	<u>\$ 15,420,763</u>
\$ 32,586	\$ -	\$ 242,999
<u>32,586</u>	<u>-</u>	<u>242,999</u>
-	-	2,479,486
-	141,889	141,889
-	-	129,170
-	-	3,107
2,312,814	-	8,205,222
-	-	4,218,890
<u>2,312,814</u>	<u>141,889</u>	<u>12,698,278</u>
<u>\$ 2,345,400</u>	<u>\$ 141,889</u>	<u>\$ 15,420,763</u>
		16,470,297
		-
		<u>\$ 29,168,575</u>



**TOWN OF EATON, COLORADO  
GOVERNMENTAL FUNDS**

**STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

Year Ended December 31, 2022	General Fund	Library Fund	Impact Fee Fund
<b>Revenue:</b>			
Taxes	\$3,313,619	\$1,146,769	\$ 81,329
Intergovernmental	274,340	-	-
Fines and forfeitures	293,533	2,297	-
Impact fees	-	-	5,395
Service charges	444,183	-	-
Miscellaneous	154,724	44,510	-
<b>Total Revenue</b>	<b>4,480,399</b>	<b>1,193,576</b>	<b>86,724</b>
<b>Expenditures:</b>			
General government	3,784,166	-	-
Debt service	15,064	-	141,410
Library	-	729,182	-
Streets	-	-	-
Capital outlay	506,442	116,189	5,593
<b>Total Expenditures</b>	<b>4,305,672</b>	<b>845,371</b>	<b>147,003</b>
Revenue Over (Under) Expenditures	174,727	348,205	(60,279)
<b>Other Financing Sources (Uses):</b>			
Operating transfers in (out)	(498,570)	(14,430)	-
<b>Net Change in Fund Balances</b>	<b>(323,843)</b>	<b>333,775</b>	<b>(60,279)</b>
<b>Fund Balance, January 1</b>	<b>4,675,010</b>	<b>4,429,236</b>	<b>1,189,676</b>
<b>Fund Balance, December 31</b>	<b>\$4,351,167</b>	<b>\$4,763,011</b>	<b>\$ 1,129,397</b>

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

Net change in fund balances - total governmental funds

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 depreciation exceeded capital additions in the year.

The issuance of long-term debt and obligations provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences.

**Change in Net Position of Governmental Activities**

See Accompanying Notes to Financial Statements.

Street Fund	Cemetery Perpetual Care Fund	Total Governmental Funds
\$1,203,159	\$ -	\$ 5,744,876
3,567,417	-	3,841,757
-	-	295,830
-	-	5,395
-	2,779	446,962
-	10	199,244
<u>4,770,576</u>	<u>2,789</u>	<u>10,534,064</u>
-	-	3,784,166
-	-	156,474
-	-	729,182
536,874	-	536,874
<u>3,327,469</u>		<u>3,955,693</u>
<u>3,864,343</u>	-	<u>9,162,389</u>
906,233	2,789	1,371,675
600,000		87,000
<u>1,506,233</u>	<u>2,789</u>	<u>1,458,675</u>
806,581	139,100	11,239,603
<u>\$2,312,814</u>	<u>\$ 141,889</u>	<u>\$12,698,278</u>

\$ 1,458,675

2,682,272

139,080

\$ 4,280,027

**TOWN OF EATON, COLORADO**  
**BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS**

**STATEMENT OF NET POSITION**

December 31, 2022	Water Fund	Sewer Fund	Nonmajor Enterprise Funds	Total
<b>ASSETS</b>				
Current Assets:				
Pooled Cash and Investments	\$ 3,871,604	\$ 1,355,509	\$ 385,363	\$ 5,612,476
Accounts receivable	355,335	46,317	(15,359)	386,293
Inventory of supplies	25,724	-		25,724
<b>Total Current Assets</b>	<b>4,252,663</b>	<b>1,401,826</b>	<b>370,004</b>	<b>6,024,493</b>
Capital Assets:				
Land	330,340	44,211	-	374,551
Water rights	12,999,612	-	-	12,999,612
Buildings and plant	150,714	5,784,920	-	5,935,634
Distribution/collection system	8,472,632	3,902,641	1,364,237	13,739,510
Equipment	326,972	202,985	67,870	597,827
Vehicles	-	260,444	28,341	288,785
	22,280,270	10,195,201	1,460,448	33,935,919
Accumulated depreciation	(4,543,842)	(6,876,680)	(530,356)	(11,950,878)
<b>Total Capital Assets</b>	<b>17,736,428</b>	<b>3,318,521</b>	<b>930,092</b>	<b>21,985,041</b>
<b>Total Assets</b>	<b>21,989,091</b>	<b>4,720,347</b>	<b>1,300,096</b>	<b>28,009,534</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	109,635	49,862	78,015	237,512
Current portion of long-term liabilities	153,477	267,419	-	420,896
<b>Total Current Liabilities</b>	<b>263,112</b>	<b>317,281</b>	<b>78,015</b>	<b>658,408</b>
Long-Term Liabilities:				
Long-term loans	-	1,195,192	-	1,195,192
Loan premium	-	39,909	-	39,909
<b>Total Long-Term Liabilities</b>	<b>-</b>	<b>1,235,101</b>	<b>-</b>	<b>1,235,101</b>
<b>Total Liabilities</b>	<b>263,112</b>	<b>1,552,382</b>	<b>78,015</b>	<b>1,893,509</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	17,582,951	1,816,001	930,092	20,329,044
Unrestricted	4,143,028	1,351,964	291,989	5,786,981
<b>TOTAL NET POSITION</b>	<b>\$ 21,725,979</b>	<b>\$ 3,167,965</b>	<b>\$ 1,222,081</b>	<b>\$ 26,116,025</b>

See Accompanying Notes to Financial Statements.

**TOWN OF EATON, COLORADO**  
**BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS**

**STATEMENT OF REVENUE, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**

Year Ended December 31, 2022	Water Fund	Sewer Fund	Nonmajor Enterprise Funds	Total
Operating Revenue - charges for services	\$ 2,552,567	\$ 853,949	\$ 717,749	\$ 4,124,265
Operating Expenses:				
Personnel	224,358	181,663	-	406,021
Supplies	38,946	24,185	5,376	68,507
Contractual services	175,843	408,056	590,989	1,174,888
Utilities	16,795	70,681	17,013	104,489
Repairs and maintenance	25,732	102,163	17,173	145,068
Insurance	16,923	12,638	(532)	29,029
Water purchases and assessments	1,037,756	-	-	1,037,756
NISP expenses	-	-	-	-
Other	47,171	18,539	26,320	92,030
Depreciation	229,723	411,631	67,607	708,961
Total Operating Expenses	1,813,247	1,229,556	723,946	3,766,749
Operating Income	739,320	(375,607)	(6,197)	357,516
Nonoperating Revenue (Expenses):				
Investment earnings	8,433	2,886	-	11,319
Interest expense	(10,686)	(53,708)	-	(64,394)
Loan premium costs	-	10,292	-	10,292
Miscellaneous	81,024	-	-	81,024
Net Nonoperating Expense	78,771	(40,530)	-	38,241
Income Before Contributions and Operating Transfers	818,091	(416,137)	(6,197)	395,757
Capital Contributions and Tap Fees	58,100	14,095	-	72,195
Operating Transfers Out - General Fund	(37,500)	(37,500)	(12,000)	(87,000)
Change in Net Position	838,691	(439,542)	(18,197)	380,952
Fund Net Position, January 1	20,887,288	3,607,507	1,240,278	25,735,073
Fund Net Position, December 31	\$21,725,979	\$3,167,965	\$1,222,081	\$26,116,025

See Accompanying Notes to Financial Statements.

**TOWN OF EATON, COLORADO**  
**ENTERPRISE FUNDS**

**STATEMENT OF CASH FLOWS**

Year Ended December 31, 2022	Water Fund	Sewer Fund	Nonmajor Enterprise Funds	Total
Cash Flows from Operating Activities:				
Cash received from customers	\$ 2,489,590	\$ 856,995	\$ 727,712	\$ 4,074,297
Cash payments:				
To suppliers for goods and services	(1,303,848)	(611,001)	(683,449)	(2,598,298)
To employees for services	(224,358)	(181,663)	-	(406,021)
Net Cash Provided by Operating Activities	961,384	64,331	44,263	1,069,978
Cash Flows from Noncapital Financing Activities:				
Operating Transfer Out - General Fund	(37,500)	(37,500)	(12,000)	(87,000)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of equipment and plant	(638,839)	(144,260)	(204,286)	(987,385)
Debt principal reduction	(178,308)	(261,960)	-	(440,268)
Interest paid on debt	(10,686)	(51,374)	-	(62,060)
Service tap fees	58,100	14,095	-	72,195
Other	81,024	-	-	81,024
Net Cash Provided (Used) by Capital and Related Financing Activities	(688,709)	(443,499)	(204,286)	(1,336,494)
Cash Flows from Investing Activities:				
Interest	8,433	2,886	-	11,319
Net Cash Provided by Investing Activities	8,433	2,886	-	11,319
Net Increase (Decrease) in Cash	243,608	(413,782)	(172,023)	(342,197)
Cash and Cash Equivalents, January 1	3,627,996	1,769,291	557,386	5,954,673
Cash and Cash Equivalents, December 31	\$ 3,871,604	\$ 1,355,509	\$ 385,363	\$ 5,612,476
Reconciliation of Operating Income to Net Cash From Operating Activities:				
Operating income (loss)	\$ 739,320	\$ (375,607)	\$ (6,197)	\$ 357,516
Depreciation and amortization	229,723	411,631	67,607	708,961
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(62,977)	3,046	9,963	(49,968)
Inventories	18,118	-	-	18,118
Increase (decrease) in:				
Accounts payable	37,200	25,261	(27,110)	35,351
Net Cash Provided by Operating Activities	\$ 961,384	\$ 64,331	\$ 44,263	\$ 1,069,978
Disclosure of Noncash Investing Activities:				
Contributed water rights	\$ -	\$ -	\$ -	\$ -

See Accompanying Notes to Financial Statements.

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies:

The accounting and reporting policies of the Town of Eaton, Colorado conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating the Town's financial statements.

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#### Reporting Entity:

The financial report of the Town includes all of the integral parts of the Town's operations. The Town has determined that it has no financial accountability for any other agency which would require it to be in the reporting entity.

The Mayor appoints members of the Eaton Housing Authority. Otherwise, the Town has no role in the designation of management and no ability to influence operations. The Town does not have financial accountability for the Eaton Housing Authority, as the Authority is fiscally independent.

Proceeds from the seizure of contraband, if any, are included in the reporting entity.

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#### 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 a 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*.

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

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

Government-wide and Fund Financial Statements – Continued:

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 general government, except those required to be accounted for in another fund.

The *Library Fund* accounts for taxes received from the High Plains Library District and other revenue restricted for library services.

The *Impact Fee Fund* accounts for impact fees and other revenues restricted for various facilities and expenses.

The *Street Fund* accounts for taxes and inter-governmental revenue restricted for street maintenance and improvements.

The Town reports the following major proprietary funds:

The *Sewer Fund* accounts for user charges and expenses for operating, financing, and maintaining the Town's sanitary sewer system.

The *Water Fund* accounts for user charges and the expenses for operating, financing, and maintaining the Town's water system.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

Accounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues from *nonoperating* 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. The principal operating revenues of the sewer fund, water fund, and the other enterprise funds are charges to customers for sales and services. 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 nonoperating revenues and expenses.

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

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### 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 funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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 and claims and judgments, are recorded only when payment is due.

Cigarette taxes, sales taxes, use taxes, taxpayer-assessed taxes, interest revenue, and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., streets and roads, bridges, stormwater drainage, traffic signals, and similar items), 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 \$1,000 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 on the date received.

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. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities.

Estimated useful lives for asset types are as follows:

Buildings and Improvements	10 – 50 years
Equipment and Vehicles	3 – 10 years
Infrastructure	10 – 30 years

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#### Long-Term Obligations:

In the government-wide financial statements, and proprietary fund types 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 issued 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.

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# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### Fund Equity:

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Restrictions for the Town are recorded up to the maximum equity available in the fund balance and consist of:

#### Restricted for Shelton Trust Fund:

These restrictions are established for amounts set aside for the purposes established by the Shelton Trust fund. Recorded restrictions at December 31, 2022 are \$3,107.

#### Restricted for Emergencies:

These restrictions are established to comply with TABOR. Recorded TABOR restrictions at December 31, 2022 are \$129,170.

Assigned fund balances, if any, are amounts the Town intends to use for a specific purpose. Intent can be expressed by the Board of Trustees or by an official to which the Board delegates authority. Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

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#### Property Taxes:

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable in two installments on March 1 and June 15, or in full on April 30. The Town uses the Weld County Treasurer to bill and collect its property taxes. Taxes levied in December 2022 are recorded as taxes receivable and deferred revenue as of December 31, 2022. The original January 1, 2022 levy for the General Fund of the Town was 5.301 mills or approximately \$450,000.

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#### Budget:

An annual budget and appropriation ordinance is adopted by the Town Board in accordance with the Local Government Budget Law. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States for all funds, except for modifications in the enterprise funds which are discussed below. The fund level of classification is the level at which expenditures may not legally exceed appropriations. All annual appropriations lapse at year end.

The Town Administrator is authorized to transfer budgeted amounts within departments of each fund. Any revisions that alter the total appropriation for each department must be approved by the Town Board through a supplemental appropriation ordinance. The 2022 budget was amended.

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### Budget - Continued:

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States (GAAP), except for the enterprise funds:

- a. Depreciation and amortization expense is not budgeted in the enterprise funds.
- b. Principal reduction of bonds is budgeted as expenses.
- c. Property and equipment purchases are budgeted as expenses.

Budgetary comparisons presented in the enterprise funds are on this non-GAAP budget basis.

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#### Inventories:

Inventories of governmental funds, which consist of expendable materials held for consumption, are stated at cost, determined by the first-in, first-out (FIFO) method. These funds follow the consumption method of accounting whereby expenditures are recorded at the time the inventory items are used.

Inventories of proprietary funds are recorded at the lower of cost or market. Cost is determined by the FIFO method.

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#### Transfers In/Out:

Transfers to the General Fund were made from the Library, Water, Sewer, and Sanitation Funds to reimburse the General Fund for various office expenses. The interest earned in the Cemetery Perpetual Care Fund is transferred to the General Fund to offset cemetery expenses.

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#### Pooled Cash:

Most cash resources of the Town are combined and deposited in an interest bearing bank account. Interest income earned on the pooled account is allocated to the General Fund. If a fund's share of the pooled cash is a deficit, a Due to Other Funds account is established.

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# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### Employee Vacation and Sick Leave:

All full-time Town employees accumulate sick leave for subsequent use. These accumulations do not vest and therefore are not recognized as expenditures by the Town until used.

Employees also receive noncumulative vacation leave. No accrual of liability is made as vacation leave is generally taken and the amount outstanding at year end is immaterial.

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#### Statement of Cash Flows:

For purposes of the statement of cash flows, the Town considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

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#### Shelton Trust Account:

The Town was the beneficiary of 35% of the Juanita Shelton Trust. The proceeds are limited to the Town's library, museum, and senior citizens programs.

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### NOTE 2 – Cash and Investments:

The Town's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Town's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages and deeds of trust.

State statutes authorize the Town to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school district, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

At December 31, 2022, the Town had \$2,193,538 invested in the Colorado Liquid Asset Trust (COLOTRUST), an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00 per share. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. COLOTRUST is rated AAAM by Standard & Poor's. The Town's investment is measured at NAV.

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 – Cash and Investments – Continued:

Investments held as of December 31, 2022 are as follows:

	Cost	Fair Value
U.S. Government Sponsored Agency Bonds, primarily FHLMC, FFCB, and FHLB, maturing in 2023-2026, rated AA+ by Standard & Poor's	\$ 1,241,232	\$ 1,196,030
<b>Total</b>	<b>\$ 1,241,232</b>	<b>\$ 1,196,030</b>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31:

Description	Fair Value Measurements at Reporting Date Using		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2022</u>			
U.S. Government Sponsored Agency Bonds	\$ 1,196,030	\$ --	--

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - Water and Sewer Debt:

December 31	2022
\$5,000,000, Series 2005, loan from Colorado Water Resource and Power Development Authority, due in varying monthly installments through 2027, average interest rate at 3.38%. (This debt will be serviced by the Sewer Fund, an Enterprise Fund.)	\$ 1,462,610
Series 2005, CWRPDA loan premium	39,910
\$1,578,625, Series 2014, Water Revenue Refunding bonds, due in varying monthly installments through 2023, average interest at 2.49%. (This debt will be serviced by the Water Fund, an Enterprise Fund.)	153,478
<b>Total Water and Sewer Debt</b>	<b>\$ 1,655,998</b>

The annual requirements to amortize these loans as of December 31, 2022 are as follows:

Year Ending December 31	Principal	Interest	Total
2023	\$ 267,419	\$ 74,128	\$ 341,547
2024	278,333	38,107	316,440
2025	283,790	24,872	308,662
2026	305,620	15,380	321,000
2027	327,448	9,757	337,205
	<b>\$ 1,462,610</b>	<b>\$ 162,244</b>	<b>\$ 1,624,854</b>

  

Year Ending December 31	Principal	Interest	Total
2023	\$ 153,478	\$ 1,757	\$ 155,235
	<b>\$ 153,478</b>	<b>\$ 1,757</b>	<b>\$ 155,235</b>

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - Water and Sewer Debt – Continued:

Changes in Enterprise Fund long-term debt during the year were as follows:

	Balance, 1/1/22	Additions	Retirements	Balance, 12/31/22	Due Within One Year
Water Refunding Bonds	\$ 331,786	\$ --	\$ 178,308	\$ 153,478	\$ 153,478
CWRPDA Loan – Sewer	1,724,570	--	261,960	1,462,610	267,419
Series 2005 Loan Premium	47,889	--	7,979	39,910	--
	\$ 2,104,245	\$ --	\$ 448,247	\$ 1,655,998	\$ 420,897

The Town has pledged future customer revenues, net of operating expenses, to repay the water and sewer loans above. Proceeds from the loans provided financing for various improvements. The loans are payable solely from water and sewer net revenues and are payable through 2023 and 2027. Annual principal and interest payments on the bonds are expected to require approximately 10% of water revenues and 40% of sewer revenues. The total principal and interest remaining to be paid on the bonds is on page 27. Principal and interest paid for the current year and total customer revenues were \$186,281 and \$2,552,567, respectively for water, and \$315,668 and \$853,949, respectively for sewer.

### NOTE 4 – Governmental Long-Term Debt:

The Town has entered into three capital leases for several lots to be developed as a town square. Annual payments of \$86,006 were required until 2023 including interest at 3.25%.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at December 31, 2022.

Changes in long-term debt during the year were as follows:

	Balance, 1/1/22	Additions	Retirements	Balance, 12/31/22	Due Within One Year
Land Leases	\$ 139,080	\$ --	\$ 139,080	\$ --	\$ --

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 5 - Defined Contribution Plan:**

The Town provides pension benefits through a defined contribution plan for all of its employees who have elected to participate. The plan is administered by One America and can be amended only by the governing body. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate in the plan after 1,000 hours of service.

In order to participate in the plan, employees must contribute a minimum of three percent of compensation, which was amended in 2019 from five percent, with the Town making a five percent contribution on their behalf. The Town's contributions for each employee (and interest allocated to the employee's account) are fully vested after seven years continuous service. Town contributions (including interest) forfeited by employees who leave employment before seven years of service are used to reduce the Town's current-period contribution requirement.

Employees contributed approximately \$103,677 and the Town and made the required 5% contribution for participating employees, amounting to \$100,617. Forfeitures were not material to the financial statements.

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# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 – Capital Assets:

Governmental Activities	Balance, 1/1/22	Additions	Deletions	Balance, 12/31/22
Not Depreciable:				
Land	\$ 2,972,003	\$ --	\$ --	\$ 2,972,003
Depreciable:				
Buildings and improvements	1,911,979	3,403	--	1,915,382
Library	3,284,109	103,267	--	3,387,376
Streets and improvements	11,675,269	3,154,319	--	14,829,588
Park and cemetery improvements	2,720,926	283,496	--	3,004,422
Museum	288,246	--	--	288,246
Equipment	1,087,155	151,275	45,250	1,193,180
Vehicles	993,062	8,575	--	100,637
<b>Total Cost</b>	<b>24,932,749</b>	<b>3,704,335</b>	<b>45,250</b>	<b>28,591,834</b>
Less Accumulated Depreciation:				
Buildings and improvements	1,487,661	158,855	--	1,646,516
Library	724,478	78,396	--	802,874
Streets and improvements	6,062,817	491,814	--	6,554,631
Park and cemetery improvements	1,167,457	84,722	--	1,252,179
Museum	137,351	13,393	--	150,744
Equipment	876,749	84,097	--	915,596
Vehicles	688,211	110,786	45,250	798,997
<b>Total Accumulated Depreciation</b>	<b>11,144,724</b>	<b>1,022,063</b>	<b>45,250</b>	<b>12,121,537</b>
<b>Capital Assets, Net</b>	<b>\$ 13,788,025</b>	<b>\$2,682,272</b>	<b>\$ --</b>	<b>\$ 16,470,297</b>

Depreciation expense is allocated as follows:

Governmental activities	\$ 451,859
Streets	491,814
Library	783,910
	<b>\$1,022,063</b>

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6 – Capital Assets – Continued:

Business-Type Activities	Balance, 1/1/22	Additions	Deletions	Balance, 12/31/22
Not Depreciable:				
Land and improvements	\$ 374,551	\$ --	\$ --	\$ 374,551
Water rights	12,382,112	617,500	--	12,999,612
Depreciable:				
Buildings and plant	5,774,556	161,078	--	5,935,634
Distribution/collection system	13,531,825	207,685	--	13,739,510
Equipment	596,728	1,099	--	597,827
Vehicles	288,785	--	--	288,785
<b>Total Cost</b>	<b>32,948,557</b>	<b>987,362</b>	<b>--</b>	<b>33,935,919</b>
Less Accumulated Depreciation:				
Buildings and plant	3,914,882	313,407	--	4,228,289
Distribution/collection system	6,609,340	351,403	--	6,960,743
Equipment	452,516	44,151	--	496,667
Vehicles	265,179	--	--	265,179
<b>Total Accumulated Depreciation</b>	<b>11,241,917</b>	<b>708,961</b>	<b>--</b>	<b>11,950,878</b>
<b>Capital Assets, Net</b>	<b>\$ 21,706,640</b>	<b>\$ 278,401</b>	<b>\$ --</b>	<b>\$ 21,958,041</b>

### NOTE 7 - Colorado Intergovernmental Risk Sharing Agency (CIRSA):

CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of Colorado Revised Statutes and the Colorado Constitution. In February, 1986, the Town Board authorized participation in the agency. The Town has participated each year since then.

The purposes of CIRSA are to provide members defined liability and property coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

The Town recognizes an expenditure for the amount paid to CIRSA annually for these coverages. The Town paid \$133,625 to CIRSA in 2022, including \$35,160 for workers compensation coverage. Settled claims have not exceeded this coverage in any of the past three fiscal years.

# TOWN OF EATON, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 8 - Weld 911 Emergency Telephone Service Authority:**

The Town is a member of the Weld 911 Emergency Telephone Service Authority, a separate legal entity established by Weld County, member municipalities, and special districts for the purpose of providing 911 emergency telephone service.

Authority Board members are selected by the Weld County commissioners and by the larger municipalities in Weld County. The Town does not have the ability to significantly affect the operations of the Authority.

The Town has no obligation to the Authority beyond the service charges paid by Town residents to their telephone service supplier. In the event of the Authority disbanding without a successor, the net position, if any, shall be returned to the participants. The Town of Eaton's share of the net position is estimated to be less than 5%.

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### **NOTE 9 - Contingencies:**

In 1992, Colorado voters approved "Amendment One", or the Taxpayer's Bill of Rights (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. Voter approval is also required to increase annual property taxes, revenue, or spending by more than inflation plus a local growth factor. Spending not subject to TABOR includes that from enterprise activities, gifts, federal funds, reserve expenditures, damage awards, or property sales.

In November 1994, the electors of the Town of Eaton voted to supersede TABOR and to collect, retain, and expend the full proceeds of all taxes, fees, and other revenue without increasing or adding taxes of any kind.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the applicable requirements of the Amendment. Included in the accompanying financial statements are emergency reserves required by TABOR, of at least 3% of fiscal year spending, recorded in the General Fund.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF EATON, COLORADO**  
**GENERAL FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2022	Actual	Estimate	Variance
<b>Taxes:</b>			
General property	\$ 449,448	\$ 449,583	\$ (135)
Franchise - utility companies	243,094	171,400	71,694
Sales	2,621,077	1,880,000	741,077
Penalties and interest	-	-	-
<b>Total Taxes</b>	<b>3,313,619</b>	<b>2,500,983</b>	<b>812,636</b>
<b>Licenses and Permits:</b>			
Building permits	128,201	200,000	(71,799)
Liquor licenses	1,353	1,100	253
Dog licenses	500	380	120
Business licenses	6,589	1,300	5,289
<b>Total Licenses and Permits</b>	<b>136,643</b>	<b>202,780</b>	<b>(66,137)</b>
<b>Intergovernmental:</b>			
Cigarette tax	6,830	5,200	1,630
Lottery proceeds	37,371	26,000	11,371
Mineral and severance taxes	230,139	30,000	200,139
<b>Total Intergovernmental</b>	<b>274,340</b>	<b>61,200</b>	<b>213,140</b>
<b>Charges for Services:</b>			
Grave openings	35,950	22,000	13,950
Sale of cemetery plots	51,952	26,500	25,452
Planning revenue	219,638	90,000	129,638
<b>Total Charges for Services</b>	<b>307,540</b>	<b>138,500</b>	<b>169,040</b>
<b>Fines and Forfeitures:</b>			
Fines - traffic	293,533	400,000	(106,467)
<b>Total Fines and Forfeitures</b>	<b>293,533</b>	<b>400,000</b>	<b>(106,467)</b>
<b>Miscellaneous:</b>			
Interest	23,606	2,000	21,606
Contributions and grants	96,108	28,300	67,808
Other, primarily oil and gas lease	35,010	30,000	5,010
<b>Total Miscellaneous</b>	<b>154,724</b>	<b>60,300</b>	<b>94,424</b>
<b>Total Revenue</b>	<b>\$ 4,480,399</b>	<b>\$ 3,363,763</b>	<b>\$ 1,116,636</b>

**TOWN OF EATON, COLORADO  
GENERAL FUND**

**Schedule of Expenditures Compared with Budget**

Year Ended December 31, 2022	Actual	Original Budget	Final Budget	Variance From Final Budget
Administration:				
Current operating:				
Mayor and Board of Trustees	\$ 22,650	\$ 13,800	\$ 13,800	\$ (8,850)
Administrator and staff	522,022	439,075	439,075	(82,947)
Municipal judge	15,600	15,600	15,600	-
Court clerk	7,744	8,000	8,000	256
Employee benefits	107,430	108,388	108,388	958
Elections	15,064	25,000	25,000	9,936
Office supplies	15,669	18,000	18,000	2,331
Telephone	10,035	7,798	7,798	(2,237)
Office expenses	68,273	12,500	12,500	(55,773)
Staff training and education	11,283	18,000	18,000	6,717
Dues	5,718	3,000	3,000	(2,718)
Publications	14,386	8,000	8,000	(6,386)
Insurance	52,005	75,000	75,000	22,995
Professional services	145,323	122,370	204,370	59,047
Legal fees	96,956	75,000	75,000	(21,956)
Building inspections	139,760	150,000	150,000	10,240
Office equipment	5,379	10,000	10,000	4,621
Emergencies	-	-	-	-
Capital outlay	-	-	-	-
Total Administration	1,255,297	1,109,531	1,191,531	(63,766)
Public Safety:				
Current operating:				
Police chief and officers	1,087,723	1,052,046	1,052,046	(35,677)
Employee benefits	239,473	273,532	273,532	34,059
Office supplies	12,205	15,925	15,925	3,720
Operating supplies	84,349	86,611	86,611	2,262
Communications	85,630	86,730	86,730	1,100
Automotive services	51,152	47,500	47,500	(3,652)
Jail services	-	600	600	600
Training and education	14,184	16,000	16,000	1,816
Animal shelter	70	1,500	1,500	1,430
Office equipment	2,056	5,000	5,000	2,944
Capital outlay	174,964	127,216	300,000	125,036
Total Public Safety	1,751,806	1,712,660	1,885,444	133,638

Continued on next page.

**TOWN OF EATON, COLORADO**  
**GENERAL FUND**

**Schedule of Expenditures Compared with Budget - Continued**

Year Ended December 31, 2022	Actual	Original Budget	Final Budget	Variance From Final Budget
<b>Cemetery:</b>				
Current operating:				
Maintenance labor	\$ 93,219	\$ 96,589	\$ 96,589	\$ 3,370
Employee benefits	27,461	25,647	25,647	(1,814)
Operating supplies	26,426	47,342	47,342	20,916
Utilities	9,280	9,622	9,622	342
Repairs and maintenance	5,610	10,500	10,500	4,890
Forestry and nursery	11,799	17,500	17,500	5,701
Capital outlay	164,711	496,500	496,500	331,789
<b>Total Cemetery</b>	<b>338,506</b>	<b>703,700</b>	<b>703,700</b>	<b>365,194</b>
<b>Parks and Recreation:</b>				
Current operating:				
Maintenance labor	148,223	129,844	129,844	(18,379)
Employee benefits	26,749	31,163	31,163	4,414
Operating supplies	130,103	101,500	101,500	(28,603)
Utilities	18,809	30,000	30,000	11,191
Forestry and nursery	4,253	15,000	15,000	10,747
Capital outlay	164,711	240,000	240,000	75,289
<b>Total Parks and Recreation</b>	<b>492,848</b>	<b>547,507</b>	<b>547,507</b>	<b>54,659</b>
<b>Public Buildings:</b>				
Current operating:				
Custodial salary	17,484	16,800	16,800	(684)
Operating supplies	14,935	15,019	15,019	84
Utilities	27,361	22,680	22,680	(4,681)
Repairs and maintenance	27,861	13,000	13,000	(14,861)
Building improvements	-	65,000	65,000	65,000
<b>Total Public Buildings</b>	<b>87,641</b>	<b>132,499</b>	<b>132,499</b>	<b>44,858</b>
<b>Planning and Development:</b>				
Planner	121,006	75,000	75,000	(46,006)
Legal fees	25,601	1,500	1,500	(24,101)
Engineering	37,202	15,000	15,000	(22,202)
Professional services	49,643	15,000	15,000	(34,643)
<b>Total Planning and Development</b>	<b>233,452</b>	<b>106,500</b>	<b>106,500</b>	<b>(126,952)</b>
<b>Miscellaneous:</b>				
Treasurer's fees	5,864	5,000	5,000	(864)
Other	89,520	6,000	6,000	(83,520)
Economic development	21,627	18,000	18,000	(3,627)
Shelton Trust Fund grants	29,111	5,000	5,000	(24,111)
<b>Total Miscellaneous</b>	<b>146,122</b>	<b>34,000</b>	<b>34,000</b>	<b>(112,122)</b>
<b>Total Expenditures</b>	<b>\$4,305,672</b>	<b>\$4,346,397</b>	<b>\$4,601,181</b>	<b>\$ 295,509</b>

**TOWN OF EATON, COLORADO  
GENERAL FUND**

**Schedule of Other Financing Sources Compared with Estimate**

Year Ended December 31, 2022	Actual	Estimate	Variance
Operating Transfers In:			
Water Fund	\$ 37,500	\$ 37,500	\$ -
Sewer Fund	37,500	37,500	-
Library Fund	14,430	14,250	180
Street Fund	(600,000)	(600,000)	-
Sanitation Fund	12,000	12,000	-
Cemetery Perpetual Care Fund	-	-	-
<b>Total Other Financing Sources</b>	<b>\$(498,570)</b>	<b>\$(498,750)</b>	<b>\$ 180</b>



**TOWN OF EATON, COLORADO**  
**SPECIAL REVENUE FUNDS**  
**LIBRARY FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2022	Actual	Estimate	Variance
Property Taxes (High Plains Library District)	\$ 1,146,769	\$ 1,147,754	\$ (985)
Library Fines	2,297	3,000	(703)
Contributions	44,510	2,068	42,442
<b>Total Revenue</b>	<b>\$ 1,193,576</b>	<b>\$ 1,150,754</b>	<b>\$ 40,754</b>

**Schedule of Expenditures Compared with Budget**

Year Ended December 31, 2022	Actual	Original Budget	Final Budget	Variance from Final Budget
Library:				
Current operating:				
Librarians	\$ 409,016	\$ 587,792	\$ 587,792	\$ 178,776
Employee benefits	91,384	145,948	145,948	54,564
Operating supplies	15,599	18,000	18,000	2,401
Mileage reimbursements	437	2,800	2,800	2,363
Public relations	10,110	11,600	11,600	1,490
Insurance	9,991	18,000	18,000	8,009
Contract services	61,721	37,350	37,350	(24,371)
Utilities	9,671	20,500	20,500	10,829
Training	5,059	11,500	11,500	6,441
Repairs and maintenance	19,521	35,000	35,000	15,479
Circulation	11,409	35,000	35,000	23,591
Print	24,468	32,000	32,000	7,532
Programs	36,040	32,000	32,000	(4,040)
Reference	3,564	4,900	4,900	1,336
Miscellaneous	21,192	25,000	25,000	3,808
Capital outlay	116,189	65,400	65,400	(50,789)
<b>Total Expenditures - Library</b>	<b>\$ 845,371</b>	<b>\$ 1,082,790</b>	<b>\$ 1,082,790</b>	<b>\$ 237,419</b>

**TOWN OF EATON, COLORADO**  
**SPECIAL REVENUE FUNDS**  
**IMPACT FEE FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2022	Actual	Estimate	Variance
Use Tax - building materials	\$ 81,329	\$112,500	\$ (31,171)
Impact Fees:			
Police facilities	688	3,930	(3,242)
Municipal facilities and equipment	2,220	22,200	(19,980)
Community park and equipment	762	7,620	(6,858)
Neighborhood park facilities and equipment	1,725	17,250	(15,525)
<b>Total Revenue and Transfers In</b>	<b>\$ 86,724</b>	<b>\$163,500</b>	<b>\$ (76,776)</b>

**Schedule of Expenditures Compared with Budget**

Year Ended December 31, 2022	Actual	Original and Final Budget	Variance From Final Budget
Expenditures:			
Police facilities and equipment expenses	\$ 5,593	\$ 5,000	\$ (593)
Municipal and equipment	-	-	-
Neighborhood park expenses	-	10,000	10,000
Community park expenses	-	-	-
Debt Service:			
Lease interest	2,330	-	(2,330)
Lease principal	139,080	248,541	109,461
<b>Total Expenditures</b>	<b>\$ 147,003</b>	<b>\$263,541</b>	<b>\$ 116,538</b>

**TOWN OF EATON, COLORADO**  
**SPECIAL REVENUE FUNDS**  
**STREET FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2022	Actual	Estimate	Variance
Sales Taxes	\$1,123,317	\$ 745,000	\$ 378,317
B and D Taxes	26,700	30,000	(3,300)
Highway Users Tax	190,510	185,926	4,584
Motor Vehicle Fees	18,958	25,000	(6,042)
County Road and Bridge	53,142	54,000	(858)
Severance tax and other	115,703	110,033	5,670
Grants	3,242,246	721,000	2,521,246
<b>Total Revenue</b>	<b>\$4,770,576</b>	<b>\$1,870,959</b>	<b>\$2,899,617</b>

**Schedule of Expenditures Compared with Budget**

Year Ended December 31, 2022	Actual	Original Budget	Final Budget	Variance from Final Budget
Streets:				
Current operating:				
Salaries	\$ 122,745	\$ 120,707	\$ 120,707	\$ (2,038)
Employee benefits	27,823	31,384	31,384	3,561
Operating supplies	56,071	25,000	25,000	(31,071)
Insurance	17,988	9,288	9,288	(8,700)
Professional services	72,885	49,000	49,000	(23,885)
Construction engineering	18,926	80,000	80,000	61,074
Snow removal	630	2,500	2,500	1,870
Street lighting	165,996	105,320	105,320	(60,676)
Equipment maintenance	19,787	20,000	20,000	213
Street signs	6,793	15,000	15,000	8,207
Equipment acquisition	9,430	30,000	30,000	20,570
Capital outlay, patching, seal coating	3,327,469	4,600,850	4,600,850	1,273,381
<b>Total Expenditures - Streets</b>	<b>\$3,846,543</b>	<b>\$5,089,049</b>	<b>\$5,089,049</b>	<b>\$1,242,506</b>

**ADDITIONAL INFORMATION**

**TOWN OF EATON, COLORADO**  
**PERMANENT FUNDS**  
**CEMETERY PERPETUAL CARE FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2022	Actual	Estimate	Variance
Lot Sales	\$ 2,779	\$ -	\$ 2,779
Interest	10	-	10
<b>Total Revenue</b>	<b>\$ 2,789</b>	<b>\$ -</b>	<b>\$ 2,789</b>

**Schedule of Expenditures Compared with Budget**

Year Ended December 31, 2022	Actual	Original and Final Budget	Variance From Final Budget
Expenditures:			
Cemetery	\$ -	\$ -	\$ -
<b>Total Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**TOWN OF EATON, COLORADO**  
**NONMAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF NET POSITION**

December 31, 2022	Sanitation Fund	Irrigation Fund	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Equity in pooled cash and investments	\$ 182,903	\$ 202,460	\$ 385,363
Accounts receivable	14,449	(29,808)	(15,359)
Total Current Assets	197,352	172,652	370,004
Property, Plant, and Equipment:			
Distribution/collection system	-	1,364,237	1,364,237
Vehicles	-	28,341	28,341
Equipment	26,731	41,139	67,870
	26,731	1,433,717	1,460,448
Accumulated depreciation	(23,831)	(506,525)	(530,356)
Total Property, Plant, and Equipment	2,900	927,192	930,092
Total Assets	200,252	1,099,844	1,300,096
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	43,116	34,899	78,015
Total Current Liabilities	43,116	34,899	78,015
<b>NET POSITION</b>			
Net Investment in Capital Assets	2,900	927,192	930,092
Unrestricted	154,236	137,753	291,989
TOTAL NET POSITION	\$ 157,136	\$ 1,064,945	\$ 1,222,081

**TOWN OF EATON, COLORADO  
NONMAJOR ENTERPRISE FUNDS**

**COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION**

Year Ended December 31, 2022	Sanitation Fund	Irrigation Fund	Total Nonmajor Enterprise Funds
Operating Revenue - charges for services	\$ 564,504	\$ 153,245	\$ 717,749
Operating Expenses:			
Supplies	4,057	1,319	5,376
Contractual services	527,960	63,029	590,989
Utilities	-	17,013	17,013
Repairs and maintenance	-	17,173	17,173
Insurance	600	(1,132)	(532)
Other	25,887	433	26,320
Depreciation	700	66,907	67,607
Total Operating Expenses	559,204	164,742	723,946
Income (Loss) Before Operating Transfers and Contributions	5,300	(11,497)	(6,197)
Capital contributions	-	-	-
Operating Transfers Out - General Fund	(12,000)	-	(12,000)
Net Income (Loss)	(6,700)	(11,497)	(18,197)
Net Position, January 1	163,836	1,076,442	1,240,278
Net Position, December 31	\$ 157,136	\$1,064,945	\$1,222,081

**TOWN OF EATON, COLORADO**  
**NONMAJOR ENTERPRISE FUNDS**

**COMBINED STATEMENT OF CASH FLOWS**

Year Ended December 31, 2022	Sanitation Fund	Irrigation Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:			
Cash received from customers	\$ 567,497	\$ 160,215	\$ 727,712
Cash payments:			
To suppliers for goods and services	(562,603)	(120,846)	(683,449)
Net Cash Provided by Operating Activities	4,894	39,369	44,263
Cash Flows from Noncapital Financing Activities:			
Operating transfers out - General Fund	(12,000)	-	(12,000)
Cash Flows from Capital and Related Financing Activities:			
Acquisition of equipment	-	(204,286)	(204,286)
Net Increase (Decrease) in Cash	(7,106)	(164,917)	(172,023)
Cash and Cash Equivalents, January 1	190,009	367,377	557,386
Cash and Cash Equivalents, December 31	\$ 182,903	\$ 202,460	\$ 385,363
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 5,300	\$ (11,497)	\$ (6,197)
Depreciation	700	66,907	67,607
Change in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	2,993	6,970	9,963
Increase (decrease) in:			
Accounts payable	(4,099)	(23,011)	(27,110)
Net Cash Provided by Operating Activities	\$ 4,894	\$ 39,369	\$ 44,263
Disclosure of Noncash Investing Activities:			
Contributed Infrastructure	\$ -	\$ -	\$ -



**TOWN OF EATON, COLORADO**  
**ENTERPRISE FUNDS - WATER FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2022	Actual	Estimate	Variance
Operating Revenue:			
Water service fees	\$2,552,567	\$2,265,840	\$ 286,727
Miscellaneous	81,024	30,400	50,624
Nonoperating Revenue:			
Interest	8,433	125	8,308
Tap fees	58,100	306,000	(247,900)
<b>Total Revenue</b>	<b>\$2,700,124</b>	<b>\$2,602,365</b>	<b>\$ 97,759</b>

**Schedule of Expenses and Transfers Compared with Budget**  
**(Non-GAAP Budget Basis)**

Year Ended December 31, 2022	Actual	Budget	Variance
Operating Expenses:			
Personnel:			
Salaries	\$ 176,999	\$ 164,829	\$ (12,170)
Employee benefits	47,359	42,855	(4,504)
Supplies	38,946	23,500	(15,446)
Contractual services	175,843	149,025	(26,818)
Utilities	16,795	16,500	(295)
Repairs and maintenance	25,732	174,070	148,338
Insurance	16,923	21,600	4,677
Water assessments	86,896	120,422	33,526
NISP expenses	617,500	809,250	191,750
NWCWD purchases	950,860	1,250,102	299,242
Miscellaneous	47,171	53,501	6,330
<b>Total Operating Expenses</b>	<b>2,201,024</b>	<b>2,825,654</b>	<b>624,630</b>
Nonoperating Expenses:			
Capital outlay	21,339	707,100	685,761
Loan payments	186,281	184,548	(1,733)
<b>Total Nonoperating Expenses</b>	<b>207,620</b>	<b>891,648</b>	<b>684,028</b>
Operating Transfers Out - General Fund	37,500	37,500	-
<b>Total Expenses and Transfers</b>	<b>\$2,446,144</b>	<b>\$3,754,802</b>	<b>\$ 1,308,658</b>

**TOWN OF EATON, COLORADO**  
**ENTERPRISE FUNDS - SEWER FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2022	Actual	Estimate	Variance
Operating Revenue:			
Sewer service charges	\$ 853,949	\$ 831,501	\$ 22,448
Miscellaneous	-	-	-
Nonoperating Revenue:			
Sewer tap fees	14,095	90,000	(75,905)
Interest revenue	2,886	300	2,586
<b>Total Revenue</b>	<b>\$ 870,930</b>	<b>\$ 921,801</b>	<b>\$ (50,871)</b>

**Schedule of Expenses and Transfers Compared with Budget**  
**(Non-GAAP Budget Basis)**

Year Ended December 31, 2022	Actual	Budget	Variance
Operating Expenses:			
Personnel:			
Salaries	\$ 147,310	\$ 176,800	\$ 29,490
Employee benefits	34,353	43,160	8,807
Supplies	24,185	56,530	32,345
Contractual services	408,056	296,796	(111,260)
Utilities	70,681	92,610	21,929
Repairs and maintenance	102,163	106,090	3,927
Insurance	12,638	37,800	25,162
Miscellaneous	18,539	14,250	(4,289)
<b>Total Operating Expenses</b>	<b>817,925</b>	<b>824,036</b>	<b>6,111</b>
Nonoperating Expenses:			
Loan payments	315,668	315,668	-
Capital outlay	142,041	409,875	267,834
<b>Total Nonoperating Expenses</b>	<b>457,709</b>	<b>725,543</b>	<b>267,834</b>
Operating Transfers Out - General Fund	37,500	37,500	-
<b>Total Expenses and Transfers</b>	<b>\$1,313,134</b>	<b>\$1,587,079</b>	<b>\$ 273,945</b>

**TOWN OF EATON, COLORADO**  
**ENTERPRISE FUNDS - SANITATION FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2022	Actual	Estimate	Variance
Operating Revenue - Trash collection fees	\$ 564,504	\$ 533,377	\$ 31,127
<b>Total Revenue</b>	<b>\$ 564,504</b>	<b>\$ 533,377</b>	<b>\$ 31,127</b>

**Schedule of Expenses and Transfers Compared with Budget**  
**(Non-GAAP Budget Basis)**

Year Ended December 31, 2022	Actual	Budget	Variance
Operating Expenses:			
Supplies	\$ 4,057	\$ 4,600	\$ 543
Miscellaneous	25,887	22,000	(3,887)
Contractual services	527,960	573,800	45,840
Insurance	600	600	-
<b>Total Operating Expenses</b>	<b>558,504</b>	<b>601,000</b>	<b>42,496</b>
Nonoperating Expenses:			
Capital outlay	-	-	-
Operating Transfers Out - General Fund	12,000	12,000	-
<b>Total Expenses and Transfers</b>	<b>\$ 570,504</b>	<b>\$ 613,000</b>	<b>\$ 42,496</b>

**TOWN OF EATON, COLORADO**  
**ENTERPRISE FUNDS - IRRIGATION FUND**

**Schedule of Revenue Compared with Estimate**

Year Ended December 31, 2022	Actual	Estimate	Variance
Operating Revenue - Irrigation	\$ 153,245	\$ 160,000	\$ (6,755)
Total Revenue	\$ 153,245	\$ 160,000	\$ (6,755)

**Schedule of Expenses Compared with Budget**  
**(Non-GAAP Budget Basis)**

Year Ended December 31, 2022	Actual	Estimate	Variance
Operating Expenses:			
Supplies	\$ 1,319	\$ 1,040	\$ (279)
Insurance	(1,132)	1,350	2,482
Professional services	63,029	46,035	(16,994)
Utilities	17,013	28,000	10,987
Miscellaneous	433	-	(433)
Repairs and maintenance	17,173	-	(17,173)
Total Operating Expenses	97,835	76,425	(21,410)
Nonoperating Expenses:			
Capital outlay	204,285	269,600	65,315
Total Expenses	\$ 302,120	\$ 346,025	\$ 43,905

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Weld
		YEAR ENDING : December 2022
This Information From The Records Of (example - City of _ or County of Town of Eaton	Prepared By: Faith Smith	Phone: 970-454-3338

**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**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	3,228,563
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	462,361
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	6,793
2. General fund appropriations		b. Snow and ice removal	630
3. Other local imposts (from page 2)	1,203,159	c. Other	165,996
4. Miscellaneous local receipts (from page 2)	2,405,703	d. Total (a. through c.)	173,419
5. Transfers from toll facilities		4. General administration & miscellaneous	0
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	3,864,343
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	3,608,862	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	319,468	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	1,442,246	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	5,370,576	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	3,864,343

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	806,582	5,370,576	3,864,343	2,312,815	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2022

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	5,703
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	1,123,317	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	53,142	f. Charges for Services	600,000
5. Specific Ownership &/or Other	26,700	g. Other Misc. Receipts	1,800,000
6. Total (1. through 5.)	1,203,159	h. Other - Grant	
c. Total (a. + b.)	1,203,159		2,405,703
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	190,510	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	18,958	d. Federal Transit Admin	
d. Other (Specify) - Severance Tax	110,000	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	1,442,246
f. Total (a. through e.)	128,958	g. Total (a. through f.)	1,442,246
4. Total (1. + 2. + 3.f)	319,468	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		18,926	18,926
c. Construction:			
(1). New Facilities		2,996,663	2,996,663
(2). Capacity Improvements			0
(3). System Preservation		212,974	212,974
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	3,209,637	3,209,637
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,228,563	3,228,563
			(Carry forward to page 1)

Notes and Comments:



Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters, Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

The Mayor and Members of the Board of Trustees  
Town of Eaton  
Eaton, Colorado

We have audited in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Town of Eaton, Colorado and the related notes to the financial statements as of and for the year ended December 31, 2022, which collectively comprise the basic financial statements and have issued our report thereon dated July 31, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Eaton's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Eaton's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Eaton'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 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 Town of Eaton'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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Anderson & Whitney, P.C.*

July 31, 2023



**TOWN OF EATON, COLORADO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended December 31, 2022**

Agency/Program Grant Title	Pass-Through Identification Number	Assistance Listing Number	Expenditures
<u>Department of the Treasury</u> Coronavirus State and Local Fiscal Recovery Funds	N/A	21.027	\$1,442,244
<u>Total Federal Assistance</u>			<u>\$1,442,244</u>

Note: Schedule is prepared on the accrual basis of accounting.  
The organization does not utilize the 10% de minimis rate for indirect costs.



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

Mayor and the Board of Trustees  
Town of Eaton  
Eaton, Colorado

**Report on Compliance for Major Federal Programs**

***Opinion on Each Major Federal Program***

We have audited the Town of Eaton'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's major federal programs for the year ended December 31, 2022. The Town of Eaton's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Eaton's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct 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 Eaton 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 Eaton'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 Eaton'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 the Town of Eaton'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 Eaton'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 Eaton'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 Eaton'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 the Town of Eaton'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.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on the major federal program is not modified with respect to these matters.

The Town of Eaton's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town's responses and, accordingly, we express no opinion on the responses.

**Report on Internal Control over Compliance**

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

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

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

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

*Anderson & Whitney, P.C.*

# TOWN OF EATON, COLORADO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2022

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### SUMMARY OF AUDITORS' RESULTS

- Type of report issued on financial statements Unmodified
- Internal control over financial reporting:
  - Material weaknesses identified No
  - Significant deficiencies identified None reported
- Noncompliance material to the financial statements noted No
- Internal control over federal awards:
  - Material weaknesses identified No
  - Significant deficiencies identified None reported
- Type of report issued on major programs Unmodified
- Audit findings disclosed None under .510(a). See Others Below
- Major program Coronavirus Fiscal Recovery Funds  
21.027
- Dollar threshold between Type A and Type B programs \$750,000
- Low-risk auditee No

### FINDINGS RELATED TO FINANCIAL STATEMENTS

- None Reported

# TOWN OF EATON, COLORADO

## FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

### FINDING 2022-001:

**Assistance Listing Number 21.027 – Coronavirus State and Local Fiscal Recovery Funds**  
**Pass-Through Agency: N/A**

- **Criteria: Procurement (b) Suspension and Debarment** – Prior to entering into subawards and contracts with award funds, recipients must verify that such contractors and subrecipients are not suspended, debarred, or otherwise excluded pursuant to 31 CFR section 19.300.
- **Condition:** For the single contract awarded, the contractor selected to perform work was not verified as being “not suspended, debarred or otherwise excluded” prior to entering the contract to perform work.
- **Cause:** The auditee used an outsourced service organization (ASO) for RFP, bidding, assistance in the selection process, monitoring work performed and tracking of the construction project functions. Neither the Town or ASO performed the verification of contractor status as not suspended, debarred or otherwise excluded for entering into government contracts on SAM.gov prior to awarding the contract.
- **Effect:** At the time of the audit, which occurred after essentially all of the funds were expended and paid to the contractor, it was verified that the contractor selected was not included in the SAM.gov website as being suspended, debarred or otherwise excluded from entering into a government contract.
- **Questioned Costs:**  
N/A
- **Recommendation:** We recommend the Town and ASO put procedures in place to properly verify contractor status as “Not Suspended, debarred or otherwise excluded from entering into a government contract” prior to awarding a contract including federal funds.
- **Management’s Response:** Agree
- **Contact Person:** Faith Smith, Finance Director



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## FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

### FINDING 2022-001

**Assistance Listing Number 21.027 – Coronavirus State and Local Fiscal Recovery Funds**  
**Pass-Through Agency: N/A**

- **Criteria: Procurement (B) Suspension and Debarment** – Prior to entering into subawards and contracts with award funds, recipients must verify that such contractors and subrecipients are not suspended, debarred or otherwise excluded pursuant to 31 CFR section 19.3003
- **Condition:** For the single contract awarded, the contractor selected to perform work was not verified as being “not suspended, debarred or otherwise excluded’ prior to entering the contract to perform work.
- **Cause:** The auditee use an outsourced service organization (ASO) for RFP. Bidding, assistance in the selection process, monitoring work performed and tracking of the construction project functions. Neither the Town or ASO performed the verification of contractor status as not suspended, debarred or otherwise excluded for entering into government contracts on SAM.gov prior to awarding contract.
- **Effect:** At the time of the audit, which occurred after essentially all of the funds were expended and paid to the contractor, it was verified that the contractor selected was not included in the SAM.gov website as being suspended, debarred or otherwise excluded form entering into government contract.
- **Questioned Costs:**  
**N/A**
- **Recommendation:** We recommend the Town and ASO properly verify contractor status as “Not Suspended, debarred or otherwise excluded form entering into a government contract” prior to awarding the contract including federal funds.
- **Contact Person:** Faith Smith, Finance Director
- **Corrective Action Planned:** \_\_ Will check sam.gov and will also let our attorney know to include it in the contract.