

TOWN OF DOLORES COLORADO

Independent Accountants' Reports
and
Basic Financial Statements

December 31, 2021

TOWN OF DOLORES, COLORADO

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Town of Dolores, Colorado
Dolores, Colorado 81323

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Town of Dolores, Colorado as of and for the year ended December 31, 2021, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Dolores, Colorado, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Dolores, Colorado, and to meet 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Dolores, Colorado's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Dolores, Colorado's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Dolores Colorado's ability to continue as a going concern for a reasonable period of time.

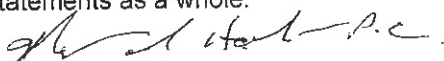
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 13 and pages 35 through 37 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dolores, Colorado's basic financial statements. The accompanying other supplementary information and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Majors and Haley, P.C.
May 11, 2022

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2021

FINANCIAL HIGHLIGHTS

Key financial highlights for the Town in 2021 are as follows:

- In total, net position increased by \$514,413. Net position of governmental activities increased by \$549,215, which represents a 16.5 percent increase from 2020. Net position of business type activities decreased by \$34,802 or 1.4 percent from 2020.
- General revenues accounted for \$1,041,055 in revenue or 49 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,062,915 or 51 percent of total revenues of \$2,103,970.
- Governmental activities total assets increased by \$612,031. Total liabilities and deferred inflows of resources increased by \$62,816.
- The Town incurred \$1,053,399 in expenses related to government activities. \$561,559 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily property taxes, sales taxes, franchise taxes, and mineral leasing revenue) of \$1,041,055 were adequate to cover the balance of these programs.
- The General Fund had \$1,700,906 in revenues and other financing sources and \$1,309,801 in expenditures. It's fund balance increased by \$391,105 from \$1,378,850 to \$1,769,955.
- Net position of the Enterprise Funds decreased from \$2,549,776 to \$2,514,974.

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include two kinds of statements that present different views of the Town.

- The first two statements are Town-wide financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the Town-wide statements.
- The governmental funds statements tell how basic services such as general government were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the Town operates like businesses, such as water and sanitation services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the Town's budget for the year.

Town-wide Statements

The Town-wide statements report information about the Town as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the Town's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2021

The two Town-wide statements report the Town's net position and how it has changed. Net position (the difference between the Town's assets and deferred outflows of resources less liabilities and deferred inflows of resources) is one way to measure the Town's financial position.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the Town's overall health, you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of Town facilities.

In the Town-wide financial statements, the Town's activities are divided into two categories:

- **Governmental activities-** Most of the Town's basic services are included here, such as general government, public safety, public works and culture and recreation. These activities are financed mainly through property taxes and sales taxes.
- **Business-type activities-** The Town charges fees to help cover the costs of certain services it provides. The Town's water and sanitation facilities are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds, not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the Town establishes other funds to help it manage and control its finances to achieve certain results.

The Town uses two types of funds:

- **Governmental funds-** Most of the Town's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2021

a detailed short-term view of the Town's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the Town-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

- **Proprietary funds-** Services for which the Town charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Town-wide financial statements. The Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information such as cash flow analysis.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Total assets increased by \$566,227. Net capital assets increased \$173,801. Current liabilities increased by \$11,792. Non-current liabilities increased by \$40,018. Deferred inflows of resources increased by \$4.

The Town's combined net position was larger on December 31, 2021 than it was at December 31, 2020, increasing by 9 percent to \$6,383,185. All of the increase came from its governmental activities, the net position of which increased by \$549,215 to \$3,868,211. The net position of the Town's business type activities decreased by \$34,802 to \$2,514,974.

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2021

Table 1 provides a summary of the Town's net position for 2021 compared to 2020:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities		Business-type Activities		Total Town	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 1.899	\$ 1.510	\$ 0.852	\$ 0.848	\$ 2.751	\$ 2.358
Capital assets	2.498	2.275	1.942	1.991	4.440	4.266
Total assets	4.397	3.785	2.794	2.839	7.191	6.624
Liabilities						
Current liabilities	0.085	0.077	0.037	0.032	0.122	0.109
Noncurrent liabilities	0.355	0.300	0.242	0.257	0.597	0.557
Deferred inflows of resources	0.089	0.089			0.089	0.089
Net Position						
Net investment in capital assets	2.098	1.940	1.686	1.720	3.784	3.660
Restricted	0.045	0.045			0.045	0.045
Unrestricted	1.725	1.334	0.829	0.830	2.554	2.164
Total net position	\$ 3.868	\$ 3.319	\$ 2.515	\$ 2.550	\$ 6.383	\$ 5.869

TOWN OF DOLORES, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2021**

Table 2 shows the changes in net position for fiscal year 2021 as compared to 2020.

**Table 2
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Town	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 61,908	\$ 35,275	\$ 486,726	\$ 451,825	\$ 548,634	\$ 487,100
Operating grants & contributions	197,274	128,189			197,274	128,189
Capital grants & contributions	302,377	191,368	14,630	303,000	317,007	494,368
General revenues						
Property taxes	89,481	87,897			89,481	87,897
Sales taxes	817,709	653,743			817,709	653,743
Other	133,865	249,437			133,865	249,437
Total revenues	1,602,614	1,345,909	501,356	754,825	2,103,970	2,100,734
Expenses						
General government	374,491	385,793			374,491	385,793
Public safety	153,594	153,561			153,594	153,561
Public works	443,640	391,680	536,158	482,321	979,798	874,001
Culture and recreation	81,674	46,391			81,674	46,391
Total expenses	1,053,399	977,425	536,158	482,321	1,589,557	1,459,746
Increase (decrease) in net position	\$ 549,215	\$ 368,484	\$ (34,802)	\$ 272,504	\$ 514,413	\$ 640,988

TOWN OF DOLORES, COLORADO

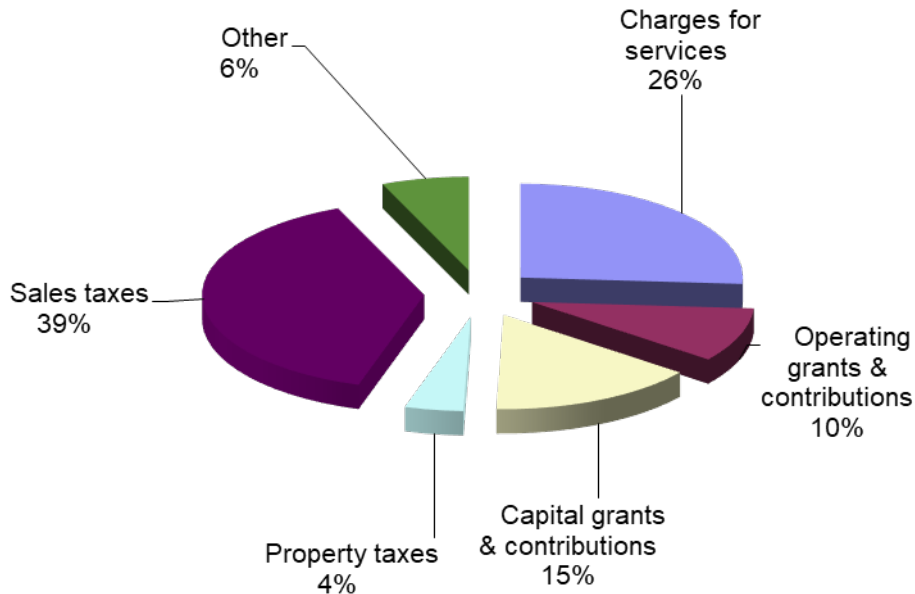
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2021

Charges for services, capital grants and sales taxes accounted for most of the Town's total revenue, contributing 26 percent, 15 percent and 39 percent respectively (See Table 3). Another 10 percent came from property taxes and other revenues and the remainder from operating grants.

The Town's expenses are predominately related to, public works (62 percent), general government (23 percent), and public safety (10 percent) (See Table 4). The Town's culture and recreation activities accounted for the balance of total costs.

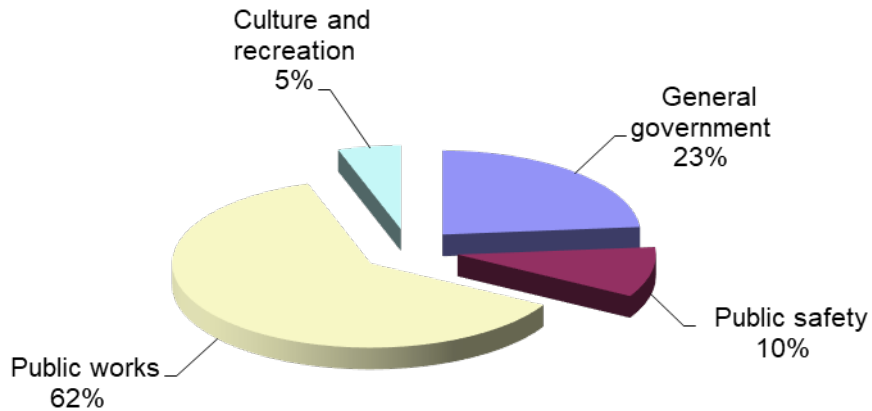
Table 3
Sources of Revenue for Fiscal Year 2021



TOWN OF DOLORES, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2021**

**Table 4
Expenses for Fiscal Year 2021**



Governmental Activities

The primary sources of operating revenue for the Town come from charges for services, capital grants and sales taxes. The Town receives approximately 80 percent of this funding from these sources while the remaining amounts come from other sources.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by general revenues including general property taxes and sales taxes.

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2021

Table 5
Government Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General government	\$ 374,491	\$ 385,793	\$ (121,535)	\$ 265,947
Public safety	153,594	153,561	141,126	148,641
Public works	443,640	391,680	409,609	363,858
Culture and recreation	81,674	46,391	62,640	(155,853)
Total	\$ 1,053,399	\$ 977,425	\$ 491,840	\$ 622,593

- The cost of all governmental activities during the year was \$1,053,399.
- Some of the cost was financed by the users of the Town's programs (\$61,908)
- Federal and state government subsidized certain programs with grants and contributions (\$499,651).
- However, \$1,041,055 was financed by state and town taxpayers. This portion of governmental activities was financed with \$817,709 in sales taxes, \$104,193 in property and specific ownership taxes, \$67,684 in franchise taxes, and \$51,469 in other general revenues.

Business-type Activities

Business-type activities are made up of the Water Fund and the Wastewater Fund. These programs had revenues of \$501,356 and expenses of \$536,158.

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2021

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Information about the Town's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues and other financing sources of \$1,700,906 and expenditures of \$1,309,801.

General Fund Budgetary Highlights

The Town's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Over the course of the year, the Town made no revisions to the annual operating budget.

- Actual expenditures were \$90,514 under budget, primarily because the Town budgeted conservatively on both revenues and expenditures.

CAPITAL ASSET ADMINISTRATION

By the end of 2021, the Town has invested \$11.87 million in land, buildings, and equipment (including vehicles), of this total \$4.52 million was from governmental activities.

Table 6 shows capital assets for 2021 compared to 2020:

Table 6
Capital Assets at December 31

	Governmental Activities		Business-Type Activities		Total Town	
	2021	2020	2021	2020	2021	2020
Land/Water rights	\$ 171,974	\$ 171,974	\$ 44,096	\$ 44,096	\$ 216,070	\$ 216,070
Buildings/Facilities	3,315,759	2,913,031	7,148,731	7,103,784	10,464,490	10,016,815
Equipment	1,032,185	1,032,185	159,960	148,723	1,192,145	1,180,908
Total	\$ 4,519,918	\$ 4,117,190	\$ 7,352,787	\$ 7,296,603	\$ 11,872,705	\$ 11,413,793

TOWN OF DOLORES, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2021**

Additional information on the Town's capital assets can be found in the Notes to the Financial Statements on page 30 of this report.

FACTORS BEARING ON THE TOWN'S FUTURE

At the time these financial statements were prepared and audited, the Town is not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Town's citizens, taxpayers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Dolores Administration Office, PO Box 630 Dolores, Colorado 81323.

TOWN OF DOLORES, COLORADO
Statement of Net Position

December 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 1,720,597	\$ 805,649	\$ 2,526,246
Property tax receivable	89,124		89,124
Accounts receivable	88,245	36,158	124,403
Due from other governments	1,189		1,189
Inventory		9,501	9,501
Capital assets	4,519,918	7,352,787	11,872,705
Accumulated depreciation	(2,022,221)	(5,410,568)	(7,432,789)
Total capital assets, net of depreciation	2,497,697	1,942,219	4,439,916
Total Assets	4,396,852	2,793,527	7,190,379
Liabilities			
Accounts payable	27,680	9,735	37,415
Accrued vacation	12,396	12,396	24,792
Long-term liabilities			
Due within one year	44,493	14,405	58,898
Due in more than one year	354,948	242,017	596,965
Total Liabilities	439,517	278,553	718,070
Deferred inflows of resources			
Unearned property tax revenue	89,124		89,124
Net Position			
Net investment in capital assets	2,098,256	1,685,797	3,784,053
Restricted for			
TABOR	45,000		45,000
Unrestricted	1,724,955	829,177	2,554,132
Total Net Position	\$ 3,868,211	\$ 2,514,974	\$ 6,383,185

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO
Statement of Activities

For the Year Ended December 31, 2021

	Program Revenues			Net (Expenses) Revenue And Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities							
General government	\$ 374,491	\$ 46,960	\$ 146,689	\$ 302,377	\$ 121,535		\$ 121,535
Public safety	153,594	12,468			(141,126)		(141,126)
Public works	443,640		34,031		(409,609)		(409,609)
Culture and recreation	81,674	2,480	16,554		(62,640)		(62,640)
Total Governmental Activities	<u>1,053,399</u>	<u>61,908</u>	<u>197,274</u>	<u>302,377</u>	<u>(491,840)</u>		<u>(491,840)</u>
Business-Type Activities							
Water operations	292,862	280,764		14,630		\$ 2,532	2,532
Sewer operations	243,296	205,962				(37,334)	(37,334)
Total Business-Type Activities	<u>536,158</u>	<u>486,726</u>	<u>-</u>	<u>14,630</u>		<u>(34,802)</u>	<u>(34,802)</u>
Total Town	<u>\$ 1,589,557</u>	<u>\$ 548,634</u>	<u>\$ 197,274</u>	<u>\$ 317,007</u>	<u>(491,840)</u>	<u>(34,802)</u>	<u>(526,642)</u>

General Revenues

Property taxes	89,481		89,481
Specific ownership taxes	14,712		14,712
Sales tax	817,709		817,709
Road and bridge tax	11,473		11,473
Franchise tax	67,684		67,684
Severance tax	414		414
Intergovernmental			
Mineral leasing	25,882		25,882
Tobacco taxes	1,862		1,862
Earnings on investments	9,155		9,155
Miscellaneous	2,683		2,683
Total General Revenues	<u>1,041,055</u>	<u>-</u>	<u>1,041,055</u>
Change in Net Position	549,215	(34,802)	514,413
Net Position Beginning of the Year	3,318,996	2,549,776	5,868,772
Net Position End of the Year	<u>\$ 3,868,211</u>	<u>\$ 2,514,974</u>	<u>\$ 6,383,185</u>

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO

Balance Sheet
Governmental Funds

December 31, 2021

	<u>General Fund</u>	
Assets		
Cash and investments	\$ 1,720,597	
Property tax receivable	89,124	
Accounts receivable	88,245	
Due from other governments	1,189	
Total assets	<u><u>\$ 1,899,155</u></u>	
Liabilities		
Accounts payable	\$ 27,680	
Accrued vacation	12,396	
Total liabilities	<u>40,076</u>	
Deferred inflows of resources		
Unearned property tax revenue	<u>89,124</u>	
Fund balance		
Restricted		
TABOR	45,000	
Unrestricted		
Assigned for subsequent year's expenditures	997,091	
Unassigned	727,864	
Total fund balance	<u>1,769,955</u>	
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 1,899,155</u></u>	
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position		
Total fund balance governmental funds		\$ 1,769,955
Amounts reported for governmental activities in the Statement of Net Position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Capital assets	\$ 4,519,918	
Accumulated depreciation	<u>(2,022,221)</u>	
		2,497,697
Long term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds balance sheet		
Due within one year	(44,493)	
Due in more than one year	<u>(354,948)</u>	
		(399,441)
Total net position governmental activities		<u><u>\$ 3,868,211</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund

For the Year Ended December 31, 2021

	General Fund
Revenues	
Taxes	\$ 1,001,472
Intergovernmental revenues	522,580
Licenses and permits	36,585
Fines and forfeitures	12,468
Earnings on investments	9,156
Other	20,353
Total revenues	1,602,614
Expenditures	
General government	755,575
Public safety	153,594
Public works	338,953
Culture and recreation	61,679
Total expenditures	1,309,801
Excess (deficit) of revenues over (under) expenditures	292,813
Other financing sources (uses)	
Proceeds from capital leases	98,292
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	391,105
Fund Balances beginning of the year	1,378,850
Fund balances end of the year	\$ 1,769,955

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2021

Net Change in Fund Balances Governmental Funds \$ 391,105

Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	\$	402,728	
Depreciation expense		<u>(180,077)</u>	
			222,651

Repayment of debt principal is an expenditure in the governmental fund but the repayment reduces long-term liabilities in the Statement of Net Position

Principal payments on long-term debt			33,751
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Some increases in debt are reported in the governmental funds but are not reflected in the Statement of Activities

Proceeds from capital leases			(98,292)
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Change in Net Position of Governmental Activities			<u><u>\$ 549,215</u></u>
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The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO

Statement of Net Position
 Proprietary Fund Type-Enterprise Funds
December 31, 2021

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Assets			
Current assets			
Cash	\$ 470,702	\$ 334,947	\$ 805,649
Accounts receivable	17,573	18,585	36,158
Inventory	9,191	310	9,501
Total current assets	<u>497,466</u>	<u>353,842</u>	<u>851,308</u>
Noncurrent assets			
Capital assets	3,131,949	4,220,838	7,352,787
Accumulated depreciation	(1,808,730)	(3,601,838)	(5,410,568)
Total noncurrent assets	<u>1,323,219</u>	<u>619,000</u>	<u>1,942,219</u>
Total assets	<u>1,820,685</u>	<u>972,842</u>	<u>2,793,527</u>
Liabilities			
Current liabilities			
Accounts payable	3,992	5,743	9,735
Accrued vacation	6,198	6,198	12,396
Current portion of long-term debt	14,405		14,405
Total current liabilities	<u>24,595</u>	<u>11,941</u>	<u>36,536</u>
Noncurrent liabilities			
Loans payable	242,017		242,017
Total noncurrent liabilities	<u>242,017</u>	<u>-</u>	<u>242,017</u>
Total liabilities	<u>266,612</u>	<u>11,941</u>	<u>278,553</u>
Net position			
Net investment in capital assets	1,066,797	619,000	1,685,797
Unrestricted	487,276	341,901	829,177
Total net position	<u>\$ 1,554,073</u>	<u>\$ 960,901</u>	<u>\$ 2,514,974</u>

The accompanying notes are an integral part of this statement

TOWN OF DOLORES, COLORADO
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund Type
Enterprise Funds

For the Year Ended December 31, 2021

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Operating revenues			
Charges for services	\$ 275,534	\$ 205,962	\$ 481,496
Total operating revenues	275,534	205,962	481,496
Operating expenses			
Salaries and benefits	131,948	131,942	263,890
Office	11,248	3,588	14,836
Subscriptions, dues and permits	649	2,793	3,442
Professional fees	12,126	12,126	24,252
Laboratory services	1,892	4,554	6,446
Travel and education	538	1,475	2,013
Operator	1,802		1,802
Insurance	8,763	8,763	17,526
Parts and supplies	21,569	10,978	32,547
Chemicals	8,621	998	9,619
Utilities	24,079	14,038	38,117
Miscellaneous	3,972	2,598	6,570
Depreciation	55,588	49,443	105,031
Total operating expenses	282,795	243,296	526,091
Operating income (loss)	(7,261)	(37,334)	(44,595)
Non-operating revenues (expenses)			
Grant revenue	14,630		14,630
Tap fees	5,230		5,230
Debt service-interest	(10,067)		(10,067)
Total non-operating revenue	9,793	-	9,793
Change in net position	2,532	(37,334)	(34,802)
Net position beginning of the year	1,551,541	998,235	2,549,776
Net position end of the year	\$ 1,554,073	\$ 960,901	\$ 2,514,974

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO

Statement of Cash Flows
Proprietary Fund Type
Enterprise Funds

For the Year Ended December 31, 2021

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 274,160	\$ 202,146	\$ 476,306
Cash payments to employees for services	(130,710)	(130,704)	(261,414)
Cash payments to suppliers for goods and services	(94,111)	(60,341)	(154,452)
Net Cash Flows provided (used) by Operating Activities	<u>49,339</u>	<u>11,101</u>	<u>60,440</u>
Cash Flows From Capital and Related Financing Activities			
Tap fees received	5,230		5,230
Grant received	39,630		39,630
Principal paid on debt	(14,343)		(14,343)
Interest paid on debt	(10,067)		(10,067)
Net Cash Flows provided (used) by Capital and Financing Activities	<u>20,450</u>	<u>-</u>	<u>20,450</u>
Cash Flows from Noncapital Financing Activities			
Equipment and facilities purchased	(56,184)		(56,184)
Total Cash Flows provided (used) by Noncapital Financing Activities	<u>(56,184)</u>	<u>-</u>	<u>(56,184)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	13,605	11,101	24,706
Cash and Cash Equivalents - Beginning	457,097	323,846	780,943
Cash and Cash Equivalents - Ending	<u>\$ 470,702</u>	<u>\$ 334,947</u>	<u>\$ 805,649</u>
Reconciliation of operating income (loss) to Net Cash provided (used) by Operating Activities			
Operating income (loss)	\$ (7,261)	\$ (37,334)	\$ (44,595)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	55,588	49,443	105,031
Changes in assets and liabilities related to operations:			
(Increase) Decrease in			
Accounts receivable	(1,374)	(3,816)	(5,190)
Inventory	1,812	42	1,854
Increase (Decrease) in			
Operating accounts payable	(664)	1,528	864
Accrued vacation	1,238	1,238	2,476
Net Cash provided (used) by Operating Activities	<u>\$ 49,339</u>	<u>\$ 11,101</u>	<u>\$ 60,440</u>

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Summary of Significant Accounting Policies - The Town of Dolores, Colorado's (the Town) financial statements are prepared in accordance with U.S. generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statement of Interpretations).

The following significant accounting policies were applied to the preparation of the accompanying financial statements.

Reporting Entity – Town of Dolores, Colorado is a statutory (non-home-rule) Town and serves as an administrative unit of the State of Colorado.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

Fund Accounting – The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and in the means by which spending activities are controlled. The various funds are grouped into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental Funds – are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds). The following are the Town's major governmental funds.

General Fund – is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes and sales taxes.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Proprietary Funds–

Enterprise Funds – focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The Town’s enterprise funds are:

Water Fund- is used to account for the financial transactions related to the water treatment and distribution operations of the Town.

Wastewater Fund- accounts for the sanitation services provided by the Town.

Basis of Presentation-

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

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

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

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

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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

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

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

Revenues- Exchange and Non-exchange Transactions- Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded on the accrual basis when the exchange takes place. On a modified accrual basis revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, interest, and certain grants.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Operating Income-Proprietary Funds- operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Unearned Revenue- arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Expenses/Expenditures- On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Budgets and Budgetary Accounting – The Town is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (U.S. GAAP basis) as that used for accounting purposes, except for the Proprietary Funds, which are prepared essentially on the modified accrual basis of accounting. This basis of accounting is at variance with U.S. GAAP.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the Budget Officer submits to the Town Board a proposed operating budget for the fiscal year commencing the following January 1.

The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain comments.

Prior to December 31, the budget is legally adopted through passage of adoption and appropriations resolutions.

Formal budgetary integration is employed as a management control device during the year.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Department directors are authorized to transfer budget amounts within the department. However, the Town Board must approve any revisions that alter the total expenditures of any department.

Appropriations are adopted by resolution for each fund in total and lapse at the end of each year. Over-expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations.

Cash and Cash Equivalents – for the purpose of the Statement of Cash Flows of the Enterprise Funds is considered to be all of the highly liquid investments with a maturity of six months or less.

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

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated general fixed assets are valued at their estimated fair value on the date donated. The Town maintains a capitalization threshold of five thousand dollars.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Facilities	15 to 50 Years	15 to 50 Years
Equipment	5 to 15 Years	5 to 15 Years

Property Tax Revenue Recognition – Property taxes are billed and collected on behalf of the Town by the Dolores County Treasurer. The property taxes are levied and certified in December of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year. Secured property taxes are due in two equal installments on February 28 and June 15, and are delinquent after February 28 and June 15 respectively. The entire balance can be paid by April 30 without penalty. Property taxes levied are recorded as deferred revenues in the year levied, as they are not due until the following

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

year. An allowance for un-collectible taxes is not provided as the un-collectible amounts were determined to be negligible based upon an analysis of historical trends.

Compensated absences- Compensated absences arise from policies concerning vacation leave and personal days. Town employees receive 10 days of vacation per year for the first five years of employment. After five years, employees accrue fifteen days per year. Vacation accrues on the hire anniversary date. Employees accrue personal days at the rate of one day per month for a maximum accrual of 12 days per year. Employees may carryover up to 240 hours of vacation time and 25 percent of personal leave up to a maximum of 120 hours. As of December 31, 2021, an accrual of \$24,792 is reflected in the financial statements. This represents the amount of vacation and personal leave pay eligible for carryover to the next year.

Accrued Liabilities and General Long-Term Obligations- All payables, accrued liabilities and long-term obligations are reported in the Town -wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements.

Governmental Fund Balances- In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable- Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted- Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. This includes the Town's TABOR reserve for emergencies.

Committed- Amounts that can be used only for specific purposes determined by a formal action by the Town Board.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Assigned- Amounts that are designated by the Town Board for a particular purpose but are not spendable until appropriated. This includes assignments for subsequent year's expenditures.

Unassigned- All amounts not included in other spendable classifications.

Use of Restricted Resources- When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other less restrictive classifications- committed and then assigned fund balances before using unassigned fund balances.

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

Operating Revenues and Expenses- Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are sales related to water and sanitation services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Inter-fund Transactions- Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Cash and Investments – The Town maintains its cash in the form of deposits in financial institutions.

Deposits- The Colorado Public Deposit Protection Act (PDPA) governs the Town's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a fair market value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in collateral pools.

At December 31, the carrying amount of the Town's deposits was \$1,666,784 and the bank balance was \$1,687,565. The Town's bank balances at December 31, 2021 and during the year then ended were entirely covered by FDIC insurance or pledged collateral held by the Town's agent bank in the name of governmental accounts of which the Town is a part.

Investments- Colorado statutes define eligible investments for local governments. These include bonds and other interest-bearing obligations of or guaranteed by the United States government or its agencies, bonds which are direct obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools.

At December 31, 2021 the Town had investments in one local government investment pool, the Colorado Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to the provisions of C.R.S. Title 24, Article 75 and Section 6. The fair value of the investments in COLOTRUST is the same as the value of the pool shares. This type of investment is not categorized because it is not evidenced by securities that exist in physical or book form. COLOTRUST is rated AAA by Standard and Pools. At December 31, 2021 the COLOTRUST balance was \$859,462.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Capital Assets – Capital asset activity for the fiscal year ended December 31, 2021 follows:

	Balance Jan 1, 2021	Additions	Deletions	Balance Dec 31, 2021
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 171,974			\$ 171,974
Capital assets, being depreciated:				
Buildings	417,676			417,676
Improvements	2,495,355	\$ 402,728		2,898,083
Equipment and vehicles	1,032,185			1,032,185
Total capital assets being depreciated	3,945,216	402,728	-	4,347,944
Less accumulated depreciation	(1,842,144)	(180,077)		(2,022,221)
Net capital assets being depreciated	2,103,072	222,651	-	2,325,723
Governmental Activities Capital Assets, net	<u>\$ 2,275,046</u>	<u>\$ 222,651</u>	<u>\$ -</u>	<u>\$ 2,497,697</u>
Business Type Activities				
Capital assets, not being depreciated:				
Water rights	\$ 44,096			\$ 44,096
Capital assets being depreciated				
Improvements	7,103,784	\$ 44,947		7,148,731
Machinery and equipment	148,723	11,237		159,960
Total capital assets being depreciated	7,252,507	56,184	-	7,308,691
Less accumulated depreciation	(5,305,537)	(105,031)		(5,410,568)
Net capital assets being depreciated	1,946,970	(48,847)	-	1,898,123
Business Type Activities Capital Assets net	<u>\$ 1,991,066</u>	<u>\$ (48,847)</u>	<u>\$ -</u>	<u>\$ 1,942,219</u>

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Depreciation expense was charged as a direct expense to the following governmental programs:

Governmental activities	
General government	\$ 21,644
Public works	138,438
Culture and recreation	19,995
Total depreciation government activities	<u>\$ 180,077</u>
Business type activities	
Water operations	\$ 55,588
Sewer operations	49,443
Total depreciation business type activities	<u>\$ 105,031</u>

Retirement Plans- In 1998, the Town adopted a Savings Incentive Match Plan for Employees of Small Employers under Internal Revenue Code section 408(p). Eligibility is limited to employees who have at least \$5,000 in compensation during any six month period preceding the calendar year. An eligible employee may make an election to have their pay reduced by a percentage each pay period. The total amount of the reduction in the employee's compensation is determined by the Internal Revenue Service annually. The Town pays a matching contribution to each employee's account, up to a limit of 3% of the employee's compensation for the calendar year. For the year ending December 31, 2021, the Town's matching contributions totaled \$10,359.

General Long-Term Debt- The Town has incurred the following long-term debt.

Governmental Activities:

Capital Leases Payable-

In 2018, the Town entered into a lease for a John Deere blade. The lease is payable in 120 monthly installments of \$1,904 beginning in January of 2018. The blade is included in the capital assets at a cost of \$199,800 with accumulated depreciation of \$85,659. The lease is serviced by the General Fund and the equipment serves as collateral. All payment obligations on the lease are subject to annual appropriation by the Board of Trustees.

In 2020, the Town entered into a lease for a Caterpillar blade. The lease is payable in 72 monthly payments of \$1,765 beginning in June of 2020 followed by a balloon payment of \$93,120 due in June 2026. The blade is included in the capital assets at a cost of \$228,836 with accumulated depreciation of \$32,691. The lease is serviced by the General Fund and the

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

equipment serves as collateral. All payment obligations on the lease are subject to annual appropriation by the Board of Trustees.

In 2021, the Town entered into a lease for a solar electrical system. The lease is payable in 10 annual installments of \$12,119 beginning in July of 2022. The system is included in the capital assets at a cost of \$98,292 with accumulated depreciation of \$4,915. The lease is serviced by the General Fund and the equipment serves as collateral. All payment obligations are subject to annual appropriation by the Board of Trustees.

Business-type Activities:

Water Fund: The following item is the obligation of and repaid through the Water Fund.

Note Payable- \$275,000 loan from the Dolores State Bank to finance improvements to the Town's water system. Interest is computed at 4.00% with monthly payments of \$2,034 through 2035. The loan is secured by the Town's water system.

Changes in General Long-Term Debt- A summary of changes in general long-term debt follows:

	<u>January 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2021</u>
<u>Governmental Activities</u>				
Capital leases	\$ 334,900	\$ 98,292	\$ (33,751)	\$ 399,441
 Business Type Activities				
Notes and Bonds from Direct Placement				
Water Fund Loan	270,765		(14,343)	256,422
 Total	<u>\$ 605,665</u>	<u>\$ 98,292</u>	<u>\$ (48,094)</u>	<u>\$ 655,863</u>

Annual requirements to amortize the long-term debt is as follows:

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Notes and Bonds from Direct Placement</u>	
			<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 44,493	\$ 11,654	\$ 14,405	\$ 10,004
2023	46,308	9,838	14,992	9,417
2024	48,191	7,956	15,578	8,832
2025	50,167	5,101	16,238	8,172
2026	39,738	4,054	16,899	7,510
2027-2031	170,544	7,159	93,382	26,666
2032-2035			84,928	6,402
Total	<u>\$ 399,441</u>	<u>\$ 45,762</u>	<u>\$ 256,422</u>	<u>\$ 77,003</u>

Fund Balance Restrictions and Assignments – Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose by the Town Board but are not spendable until appropriated. If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is Town policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned. The Town uses the following restrictions and assignments

Restricted

TABOR – indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance restricted for TABOR consists of \$45,000 in the General Fund.

Assigned

Assigned for future expenditures – indicates anticipated fund balance available for appropriation in the next budget year. Fund balance assigned for future expenditures consists of \$997,091 in the General Fund.

Commitments and Contingent Liabilities – There appear to be no commitments or contingencies that would pose a threat of significant liability to the Town.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Tax Spending, Revenue and Debt Limitations- Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

On the November 8, 1994 municipal election ballot, the voters authorized the Town, without any increase in property tax mill levies or sales and use tax rates, to increase its revenue and expenditure limitations during 1994 and each subsequent year to receive and expend State grants; and to receive and expend all sales tax, use tax and property tax revenues for capital projects and other basic municipal services without limiting in any year the amount of other revenue that may be collected and spent by the Town of Dolores. The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the amendment's language in order to determine its compliance.

Risk Management – The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Town has purchased commercial insurance for such risks including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three years.

TOWN OF DOLORES, COLORADO
Required Supplementary Information

December 31, 2021

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

Budgetary Comparison Schedules
General Fund

TOWN OF DOLORES, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 86,000	\$ 86,000	\$ 88,927	\$ 2,927
Specific ownership taxes	11,000	11,000	14,712	3,712
Delinquent tax and interest		-	553	553
Sales and use taxes	450,000	450,000	817,709	367,709
Marijuana taxes	52,000	52,000		(52,000)
Severance taxes	5,200	5,200	414	(4,786)
Road and bridge fee	7,000	7,000	11,473	4,473
Franchise taxes	60,500	60,500	67,684	7,184
Total taxes	671,700	671,700	1,001,472	329,772
Licenses and permits				
Business licenses	4,300	4,300	4,356	56
Liquor licenses	3,250	3,250	4,173	923
Marijuana licenses	15,000	15,000	4,525	(10,475)
Building permits	7,500	7,500	21,271	13,771
Development fees		-	1,330	1,330
Dog licenses	900	900	930	30
Total licenses and permits	30,950	30,950	36,585	5,635
Intergovernmental revenues				
Grants	308,751	308,751	449,066	140,315
Lottery funds	15,500	15,500	11,739	(3,761)
Highway users tax	27,000	27,000	34,031	7,031
Mineral leasing	37,500	37,500	25,882	(11,618)
Tobacco product taxes	1,000	1,000	1,862	862
Total intergovernmental revenues	389,751	389,751	522,580	132,829
Fines and forfeitures				
Court and dog fines	10,000	10,000	12,468	2,468
Total fines and forfeitures	10,000	10,000	12,468	2,468
Earnings on investments				
	8,100	8,100	9,156	1,056
Miscellaneous revenues				
	13,550	13,550	20,353	6,803
Total revenues	1,124,051	1,124,051	1,602,614	478,563

TOWN OF DOLORES, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Expenditures				
General government				
Salaries and benefits	\$ 149,089	\$ 149,089	\$ 147,286	\$ 1,803
Office	10,550	10,550	15,397	(4,847)
Subscriptions and dues	5,800	5,800	10,280	(4,480)
Town hall maintenance and supplies	6,000	6,000	3,728	2,272
Building inspector	25,000	25,000	44,610	(19,610)
Advertising and web design	8,000	8,000	5,777	2,223
Utilities and trash removal	10,600	10,600	11,654	(1,054)
Professional fees	9,250	9,250	12,126	(2,876)
Elections	1,800	1,800		1,800
Travel and training	5,500	5,500	3,232	2,268
Other charges and services	86,381	86,381	62,000	24,381
Miscellaneous	10,300	10,300	13,290	(2,990)
Memberships and donations	15,750	15,750	12,050	3,700
Insurance	7,865	7,865	8,763	(898)
Capital outlay	338,032	338,032	405,382	(67,350)
Debt service				
Principal	2,716	2,716		2,716
Interest	1,336	1,336		1,336
Total general government	<u>693,969</u>	<u>693,969</u>	<u>755,575</u>	<u>(61,606)</u>
Public works				
Salaries and benefits	160,168	160,168	148,442	11,726
Fuel	13,000	13,000	16,133	(3,133)
Parts and supplies	11,000	11,000	18,583	(7,583)
Equipment maintenance	10,000	10,000	15,372	(5,372)
Street maintenance	51,000	51,000	31,113	19,887
Utilities	32,900	32,900	32,202	698
Insurance	7,865	7,865	8,763	(898)
Professional fees	9,250	9,250	12,126	(2,876)
Miscellaneous	15,050	15,050	10,180	4,870
Capital outlay	41,137	41,137		41,137
Debt service				
Principal	39,293	39,293	33,751	5,542
Interest	17,043	17,043	12,288	4,755
Total public works	<u>407,706</u>	<u>407,706</u>	<u>338,953</u>	<u>68,753</u>
Public safety				
Other charges and services	240,000	240,000	153,594	86,406
Total public safety	<u>240,000</u>	<u>240,000</u>	<u>153,594</u>	<u>86,406</u>
Culture and recreation				
Salaries and benefits	10,140	10,140	7,410	2,730
Maintenance and supplies	22,500	22,500	23,959	(1,459)
Utilities	6,000	6,000	4,270	1,730
Capital outlay	20,000	20,000	26,040	(6,040)
Total culture and recreation	<u>58,640</u>	<u>58,640</u>	<u>61,679</u>	<u>(3,039)</u>
Total expenditures	<u>1,400,315</u>	<u>1,400,315</u>	<u>1,309,801</u>	<u>90,514</u>
Excess (deficit) of revenues over (under) expenditures	(276,264)	(276,264)	292,813	569,077
Other financing sources (uses)				
Proceeds from capital leases	65,334	65,334	98,292	32,958
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(210,930)</u>	<u>(210,930)</u>	<u>391,105</u>	<u>602,035</u>
Fund balance, beginning of the year	1,309,530	1,309,530	1,378,850	69,320
Fund balance, end of the year	<u>\$ 1,098,600</u>	<u>\$ 1,098,600</u>	<u>\$ 1,769,955</u>	<u>\$ 671,355</u>

TOWN OF DOLORES, COLORADO

Other Supplementary Information

December 31, 2021

Other supplementary information includes financial statements and schedules not required by the GASB, or a part of the basic financial statements, but are presented for purposes of additional analysis.

These statements and schedules include:

Budgetary Comparison Schedule- Enterprise fund-Water Fund

Budgetary Comparison Schedule- Enterprise fund-Wastewater Fund

TOWN OF DOLORES, COLORADO

Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual

Proprietary Fund

Enterprise Fund

Water Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		(Non GAAP Basis)	Variance
	Original	Final	Actual Amounts	Favorable (Unfavorable)
Operating Revenues				
General water fees	\$ 243,000	\$ 243,000	\$ 247,569	\$ 4,569
Water dock	17,000	17,000	27,965	10,965
Total operating revenues	260,000	260,000	275,534	15,534
Operating Expenses				
Salaries and benefits	143,302	143,302	131,948	11,354
Office	8,770	8,770	11,248	(2,478)
Subscriptions, dues and permits	500	500	649	(149)
Professional fees	9,250	9,250	12,126	(2,876)
Laboratory services	3,500	3,500	1,892	1,608
Travel		-	313	(313)
Education	1,200	1,200	225	975
Operator	3,500	3,500	1,802	1,698
Insurance	7,865	7,865	8,763	(898)
Equipment maintenance	1,000	1,000		1,000
Facilities maintenance	1,750	1,750	400	1,350
Parts and supplies	15,500	15,500	21,169	(5,669)
Chemicals	12,000	12,000	8,621	3,379
Utilities	30,000	30,000	24,079	5,921
Miscellaneous	11,050	11,050	3,972	7,078
Capital outlay	105,808	105,808	56,184	49,624
Total Operating Expenses	354,995	354,995	283,391	71,604
Operating income (loss)	(94,995)	(94,995)	(7,857)	87,138
Non-Operating Revenue (Expenses)				
Grant revenue	43,000	43,000	14,630	(28,370)
Tap fees	4,500	4,500	5,230	730
Debt service				
Principal	(18,306)	(18,306)	(14,343)	3,963
Interest	(6,102)	(6,102)	(10,067)	(3,965)
Total Non-Operating Revenue	23,092	23,092	(4,550)	(27,642)
Change in net position non GAAP basis	(71,903)	(71,903)	(12,407)	59,496
Add capital outlay			56,184	56,184
Add debt service-principal			14,343	14,343
Less depreciation expense			(55,588)	(55,588)
Change in net position	(71,903)	(71,903)	2,532	74,435
Net position beginning of the year	485,922	485,922	1,551,541	1,065,619
Net position end of the year	\$ 414,019	\$ 414,019	\$ 1,554,073	\$ 1,140,054

TOWN OF DOLORES, COLORADO

Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual

Proprietary Fund

Enterprise Fund

Wastewater Fund

For the Year Ended December 31, 2021

	Budgeted Amounts		(Non GAAP Basis)	Variance
	Original	Final	Actual Amounts	Favorable (Unfavorable)
Operating Revenues				
General sewer fees	\$ 181,375	\$ 181,375	\$ 205,962	\$ 24,587
Total operating revenues	<u>181,375</u>	<u>181,375</u>	<u>205,962</u>	<u>24,587</u>
Operating Expenses				
Salaries and benefits	145,701	145,701	131,942	13,759
Office	7,470	7,470	3,588	3,882
Chemicals	2,500	2,500	998	1,502
Parts and supplies	5,750	5,750	10,978	(5,228)
Subscriptions, dues and permits	2,900	2,900	2,793	107
Professional fees	9,250	9,250	12,126	(2,876)
Laboratory services	8,000	8,000	4,554	3,446
Outside services	300	300		300
Education	2,000	2,000	1,475	525
Insurance	7,865	7,865	8,763	(898)
Equipment maintenance	1,500	1,500		1,500
Facilities maintenance	100	100		100
Miscellaneous	8,050	8,050	2,598	5,452
Utilities	24,500	24,500	14,038	10,462
Capital outlay	35,167	35,167		35,167
Total Operating Expenses	<u>261,053</u>	<u>261,053</u>	<u>193,853</u>	<u>67,200</u>
Operating income (loss)	<u>(79,678)</u>	<u>(79,678)</u>	<u>12,109</u>	<u>91,787</u>
Non-Operating Revenue (Expenses)				
Tap fees	4,500	4,500		(4,500)
Proceeds from long-term debt	32,667	32,667		(32,667)
Debt service				
Principal	(2,716)	(2,716)		2,716
Interest	(1,336)	(1,336)		1,336
Total Non-Operating Revenue	<u>33,115</u>	<u>33,115</u>	<u>-</u>	<u>(33,115)</u>
Change in net position non GAAP basis	<u>(46,563)</u>	<u>(46,563)</u>	<u>12,109</u>	<u>58,672</u>
Less depreciation expense			(49,443)	(49,443)
Change in net position	<u>(46,563)</u>	<u>(46,563)</u>	<u>(37,334)</u>	<u>9,229</u>
Net position beginning of the year	306,772	306,772	998,235	691,463
Net position end of the year	<u>\$ 260,209</u>	<u>\$ 260,209</u>	<u>\$ 960,901</u>	<u>\$ 700,692</u>

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

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

LOCAL HIGHWAY FINANCE REPORT		City or County: City
		YEAR ENDING : December 2021
This Information From The Records Of (example - City of _ or County of _) Town of Dolores, Colorado	Prepared By: Phone:	Majors and Haley PC 970-565-9521

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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	172,334
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	382,681	c. Other Street Lights	25,999
4. Miscellaneous local receipts (from page 2)	860	d. Total (a. through c.)	25,999
5. Transfers from toll facilities		4. General administration & miscellaneous	94,580
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	292,913
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	383,541	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)		2. Notes:	
	45,918	a. Interest	12,288
D. Receipts from Federal Government (from page 2)		b. Redemption	33,751
	25,882	c. Total (a. + b.)	46,039
E. Total receipts (A.7 + B + C + D)		3. Total (1.c + 2.c)	46,039
	455,341	C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			338,952

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	334,900		33,751	301,149

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	698,191	455,341	338,952	814,580	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2021	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	326
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	367,969	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	14,712	g. Other Misc. Receipts	534
6. Total (1. through 5.)	382,681	h. Other	
c. Total (a. + b.)	382,681	i. Total (a. through h.)	860
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	34,031	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	11,473	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other Severance Tax	414	f. Other Federal Mineral lease	25,882
f. Total (a. through e.)	11,887	g. Total (a. through f.)	25,882
4. Total (1. + 2. + 3.f)	45,918	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)		0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	0
			(Carry forward to page 1)
Notes and Comments:			