

TOWN OF DOLORES COLORADO

Independent Accountants' Reports
and
Basic Financial Statements

December 31, 2022

TOWN OF DOLORES, COLORADO

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December 31, 2022

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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, 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 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, 2022, 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, as listed in the table of contents, 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, as listed in the table of contents, 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 18, 2023

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, 2022

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, 2022

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, 2022

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 \$71,375. Net capital assets increased \$157,891. Current liabilities decreased by \$17,283. Non-current liabilities decreased by \$60,206. Deferred inflows of resources increased by \$2,155.

The Town's combined net position was larger on December 31, 2022 than it was at December 31, 2021, increasing by 2 percent to \$6,529,894. All of the increase came from its governmental activities, the net position of which increased by \$208,233 to \$4,076,444. The net position of the Town's business type activities decreased by \$61,524 to \$2,453,450.

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2022

Table 1 provides a summary of the Town's net position for 2022 compared to 2021:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities		Business-type Activities		Total Town	
	2022	2021	2022	2021	2022	2021
Assets						
Current assets	\$ 1.824	\$ 1.899	\$ 0.840	\$ 0.852	\$ 2.664	\$ 2.751
Capital assets	2.731	2.498	1.867	1.942	4.598	4.440
Total assets	4.555	4.397	2.707	2.794	7.262	7.191
Liabilities						
Current liabilities	0.076	0.085	0.030	0.037	0.106	0.122
Noncurrent liabilities	0.312	0.355	0.224	0.242	0.536	0.597
Deferred inflows of resources	0.091	0.089			0.091	0.089
Net Position						
Net investment in capital assets	2.372	2.098	1.627	1.686	3.999	3.784
Restricted	0.045	0.045			0.045	0.045
Unrestricted	1.659	1.725	0.826	0.829	2.485	2.554
Total net position	\$ 4.076	\$ 3.868	\$ 2.453	\$ 2.515	\$ 6.529	\$ 6.383

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2022

Table 2 shows the changes in net position for fiscal year 2022 as compared to 2021.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Town	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 55,443	\$ 61,908	\$ 495,734	\$ 486,726	\$ 551,177	\$ 548,634
Operating grants & contributions	193,897	197,274			193,897	197,274
Capital grants & contributions	-	302,377	11,668	14,630	11,668	317,007
General revenues						
Property taxes	89,191	89,481			89,191	89,481
Sales taxes	845,693	817,709			845,693	817,709
Other	213,858	133,865	(9,098)		204,760	133,865
Total revenues	1,398,082	1,602,614	498,304	501,356	1,896,386	2,103,970
Expenses						
General government	452,811	374,491			452,811	374,491
Public safety	193,586	153,594			193,586	153,594
Public works	424,337	443,640	559,828	536,158	984,165	979,798
Culture and recreation	119,115	81,674			119,115	81,674
Total expenses	1,189,849	1,053,399	559,828	536,158	1,749,677	1,589,557
Increase (decrease) in net position	\$ 208,233	\$ 549,215	\$ (61,524)	\$ (34,802)	\$ 146,709	\$ 514,413

TOWN OF DOLORES, COLORADO

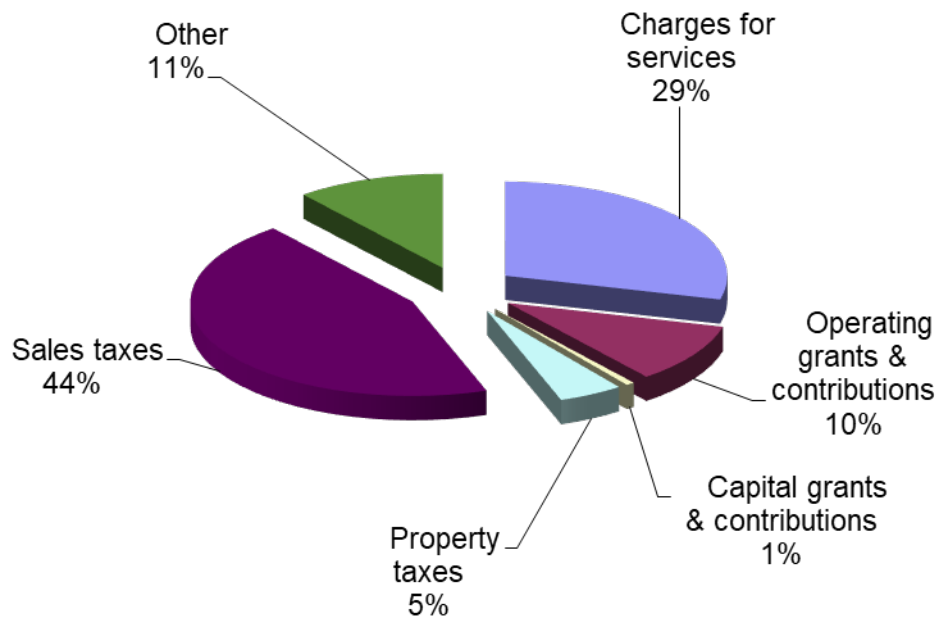
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2022

Charges for services and sales taxes accounted for most of the Town's total revenue, contributing 29 percent and 44 percent respectively (See Table 3). Another 15 percent came from property taxes and operating grants and the remainder from capital grants.

The Town's expenses are predominately related to public works (56 percent), general government (26 percent), and public safety (11 percent) (See Table 4). The Town's culture and recreation activities accounted for the balance of total costs.

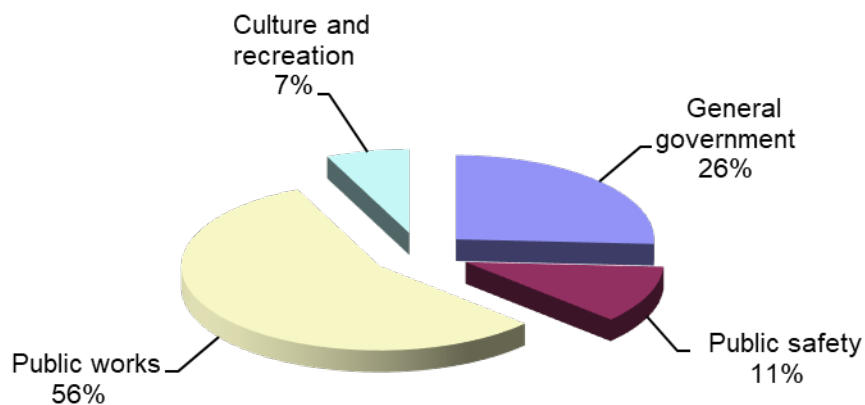
Table 3
Sources of Revenue for Fiscal Year 2022



TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2022

Table 4
Expenses for Fiscal Year 2022



Governmental Activities

The primary sources of operating revenue for the Town come from charges for services and sales taxes. The Town receives approximately 73 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, 2022

Table 5
Government Activities

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
General government	\$ 452,811	\$ 374,491	\$ 264,502	\$ (121,535)
Public safety	193,586	153,594	181,660	141,126
Public works	424,337	443,640	391,087	409,609
Culture and recreation	119,115	81,674	103,260	62,640
Total	<u>\$ 1,189,849</u>	<u>\$ 1,053,399</u>	<u>\$ 940,509</u>	<u>\$ 491,840</u>

- The cost of all governmental activities during the year was \$1,189,849.
- Some of the cost was financed by the users of the Town's programs (\$55,443)
- Federal and state government subsidized certain programs with grants and contributions (\$193,897).
- However, \$1,148,742 was financed by state and town taxpayers. This portion of governmental activities was financed with \$845,693 in sales taxes, \$104,587 in property and specific ownership taxes, \$72,341 in franchise taxes, and \$126,121 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 \$498,304 and expenses of \$559,828.

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2022

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 \$1,398,082 and expenditures of \$1,463,978.

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 one revision to the annual operating budget.

- Actual expenditures were \$124,225 under budget, primarily because the Town budgeted conservatively on both revenues and expenditures.

CAPITAL ASSET ADMINISTRATION

By the end of 2022, the Town has invested \$12.33 million in land, buildings, and equipment (including vehicles), of this total \$4.95 million was from governmental activities.

Table 6 shows capital assets for 2022 compared to 2021:

Table 6
Capital Assets at December 31

	Governmental Activities		Business-Type Activities		Total Town	
	2022	2021	2022	2021	2022	2021
Land/Water rights	\$ 171,974	\$ 171,974	\$ 44,096	\$ 44,096	\$ 216,070	\$ 216,070
Buildings/Facilities	3,686,046	3,315,759	7,179,215	7,148,731	10,865,261	10,464,490
Equipment	1,086,863	1,032,185	159,960	159,960	1,246,823	1,192,145
Total	<u>\$ 4,944,883</u>	<u>\$ 4,519,918</u>	<u>\$ 7,383,271</u>	<u>\$ 7,352,787</u>	<u>\$ 12,328,154</u>	<u>\$ 11,872,705</u>

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2022

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, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and investments	\$ 1,642,299	\$ 805,631	\$ 2,447,930
Property tax receivable	91,279		91,279
Accounts receivable	88,799	24,145	112,944
Due from other governments	1,278		1,278
Inventory		10,516	10,516
Capital assets	4,944,883	7,383,271	12,328,154
Accumulated depreciation	(2,213,734)	(5,516,613)	(7,730,347)
Total capital assets, net of depreciation	<u>2,731,149</u>	<u>1,866,658</u>	<u>4,597,807</u>
Total Assets	<u>4,554,804</u>	<u>2,706,950</u>	<u>7,261,754</u>
Liabilities			
Accounts payable	15,186	2,151	17,337
Accrued vacation	13,131	12,054	25,185
Long-term liabilities			
Due within one year	46,308	14,992	61,300
Due in more than one year	312,456	224,303	536,759
Total Liabilities	<u>387,081</u>	<u>253,500</u>	<u>640,581</u>
Deferred inflows of resources			
Unearned property tax revenue	<u>91,279</u>		<u>91,279</u>
Net Position			
Net investment in capital assets	2,372,385	1,627,363	3,999,748
Restricted for			
TABOR	45,000		45,000
Unrestricted	1,659,059	826,087	2,485,146
Total Net Position	<u>\$ 4,076,444</u>	<u>\$ 2,453,450</u>	<u>\$ 6,529,894</u>

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO
Statement of Activities

For the Year Ended December 31, 2022

	Expenses	Program Revenues			Net (Expenses) Revenue And Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities							
General government	\$ 452,811	\$ 38,992	\$ 149,317		\$ (264,502)		\$ (264,502)
Public safety	193,586	11,926			(181,660)		(181,660)
Public works	424,337		33,250		(391,087)		(391,087)
Culture and recreation	119,115	4,525	11,330		(103,260)		(103,260)
Total Governmental Activities	1,189,849	55,443	193,897	-	(940,509)		(940,509)
Business-Type Activities							
Water operations	310,963	293,858		\$ 11,668		\$ (5,437)	(5,437)
Sewer operations	248,865	201,876				(46,989)	(46,989)
Total Business-Type Activities	559,828	495,734	-	11,668		(52,426)	(52,426)
Total Town	\$ 1,749,677	\$ 551,177	\$ 193,897	\$ 11,668	(940,509)	(52,426)	(992,935)

General Revenues

Property taxes	89,191		89,191
Specific ownership taxes	15,396		15,396
Sales tax	845,693		845,693
Road and bridge tax	12,544		12,544
Franchise tax	72,341		72,341
Severance tax	13,492		13,492
Intergovernmental			
Mineral leasing	54,718		54,718
Tobacco taxes	1,416		1,416
Earnings on investments	24,927		24,927
Miscellaneous	9,926		9,926
Transfers	9,098	(9,098)	-
Total General Revenues	1,148,742	(9,098)	1,139,644
Change in Net Position	208,233	(61,524)	146,709
Net Position Beginning of the Year	3,868,211	2,514,974	6,383,185
Net Position End of the Year	\$ 4,076,444	\$ 2,453,450	\$ 6,529,894

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO

Balance Sheet Governmental Funds

December 31, 2022

	General Fund	
Assets		
Cash and investments	\$ 1,642,299	
Property tax receivable	91,279	
Accounts receivable	88,799	
Due from other governments	1,278	
Total assets	<u>\$ 1,823,655</u>	
Liabilities		
Accounts payable	\$ 15,186	
Accrued vacation	13,131	
Total liabilities	<u>28,317</u>	
Deferred inflows of resources		
Unearned property tax revenue	<u>91,279</u>	
Fund balance		
Restricted		
TABOR	45,000	
Unrestricted		
Assigned for subsequent year's expenditures	1,501,439	
Unassigned	157,620	
Total fund balance	<u>1,704,059</u>	
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,823,655</u>	
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position		
Total fund balance governmental funds		\$ 1,704,059
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	\$ 4,944,883	
Accumulated depreciation	<u>(2,213,734)</u>	
		2,731,149
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	(46,308)	
Due in more than one year	<u>(312,456)</u>	
		(358,764)
Total net position governmental activities		<u>\$ 4,076,444</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, 2022

	<u>General Fund</u>
Revenues	
Taxes	\$ 1,049,338
Intergovernmental revenues	250,031
Licenses and permits	28,142
Fines and forfeitures	11,926
Earnings on investments	24,927
Other	24,620
Total revenues	<u>1,388,984</u>
Expenditures	
General government	794,048
Public safety	193,586
Public works	365,666
Culture and recreation	110,678
Total expenditures	<u>1,463,978</u>
Excess (deficit) of revenues over (under) expenditures	(74,994)
Other financing sources (uses)	
Operating transfers in	9,098
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(65,896)</u>
Fund Balances beginning of the year	1,769,955
Fund balances end of the year	<u><u>\$ 1,704,059</u></u>

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, 2022

Net Change in Fund Balances Governmental Funds	\$	(65,896)
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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	\$	424,965	
Depreciation expense		<u>(191,513)</u>	
			233,452

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			40,677
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Change in Net Position of Governmental Activities	<u>\$</u>	<u>208,233</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, 2022

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Assets			
Current assets			
Cash	\$ 476,358	\$ 329,273	\$ 805,631
Accounts receivable	12,022	12,123	24,145
Inventory	10,046	470	10,516
Total current assets	498,426	341,866	840,292
Noncurrent assets			
Capital assets	3,162,433	4,220,838	7,383,271
Accumulated depreciation	(1,865,333)	(3,651,280)	(5,516,613)
Total noncurrent assets	1,297,100	569,558	1,866,658
Total assets	1,795,526	911,424	2,706,950
Liabilities			
Current liabilities			
Accounts payable	1,568	583	2,151
Accrued vacation	6,027	6,027	12,054
Current portion of long-term debt	14,992		14,992
Total current liabilities	22,587	6,610	29,197
Noncurrent liabilities			
Loans payable	224,303		224,303
Total noncurrent liabilities	224,303	-	224,303
Total liabilities	246,890	6,610	253,500
Net position			
Net investment in capital assets	1,057,805	569,558	1,627,363
Unrestricted	490,831	335,256	826,087
Total net position	\$ 1,548,636	\$ 904,814	\$ 2,453,450

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, 2022

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Operating revenues			
Charges for services	\$ 281,808	\$ 197,028	\$ 478,836
Other	3,050	348	3,398
Total operating revenues	<u>284,858</u>	<u>197,376</u>	<u>482,234</u>
Operating expenses			
Salaries and benefits	150,966	152,750	303,716
Office	2,443	549	2,992
Subscriptions, dues and permits	2,495	2,663	5,158
Professional fees	10,730	10,730	21,460
Laboratory services	2,596	3,550	6,146
Travel and education	2,905	937	3,842
Operator	2,808		2,808
Insurance	9,706	9,706	19,412
Parts and supplies	21,662	7,332	28,994
Chemicals	14,321	2,014	16,335
Utilities	23,098	7,534	30,632
Miscellaneous	1,298	1,658	2,956
Depreciation	56,603	49,442	106,045
Total operating expenses	<u>301,631</u>	<u>248,865</u>	<u>550,496</u>
Operating income (loss)	<u>(16,773)</u>	<u>(51,489)</u>	<u>(68,262)</u>
Non-operating revenues (expenses)			
Grant revenue	11,668		11,668
Tap fees	9,000	4,500	13,500
Transfers out		(9,098)	(9,098)
Debt service-interest	(9,332)		(9,332)
Total non-operating revenue	<u>11,336</u>	<u>(4,598)</u>	<u>6,738</u>
Change in net position	(5,437)	(56,087)	(61,524)
Net position beginning of the year	1,554,073	960,901	2,514,974
Net position end of the year	<u>\$ 1,548,636</u>	<u>\$ 904,814</u>	<u>\$ 2,453,450</u>

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, 2022

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 290,409	\$ 203,838	\$ 494,247
Cash payments to employees for services	(151,137)	(152,921)	(304,058)
Cash payments to suppliers for goods and services	(97,341)	(51,993)	(149,334)
Net Cash Flows provided (used) by Operating Activities	41,931	(1,076)	40,855
Cash Flows From Capital and Related Financing Activities			
Tap fees received	9,000	4,500	13,500
Grant received	11,669		11,669
Operating transfers out		(9,098)	(9,098)
Principal paid on debt	(17,127)		(17,127)
Interest paid on debt	(9,332)		(9,332)
Net Cash Flows provided (used) by Capital and Financing Activities	(5,790)	(4,598)	(10,388)
Cash Flows from Noncapital Financing Activities			
Equipment and facilities purchased	(30,485)		(30,485)
Total Cash Flows provided (used) by Noncapital Financing Activities	(30,485)	-	(30,485)
Net Increase (Decrease) in Cash and Cash Equivalents	5,656	(5,674)	(18)
Cash and Cash Equivalents - Beginning	470,702	334,947	805,649
Cash and Cash Equivalents - Ending	\$ 476,358	\$ 329,273	\$ 805,631
Reconciliation of operating income (loss) to Net Cash provided (used) by Operating Activities			
Operating income (loss)	\$ (16,773)	\$ (51,489)	\$ (68,262)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	56,603	49,442	106,045
Changes in assets and liabilities related to operations:			
(Increase) Decrease in			
Accounts receivable	5,551	6,462	12,013
Inventory	(855)	(160)	(1,015)
Increase (Decrease) in			
Operating accounts payable	(2,424)	(5,160)	(7,584)
Accrued vacation	(171)	(171)	(342)
Net Cash provided (used) by Operating Activities	\$ 41,931	\$ (1,076)	\$ 40,855

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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:

	Governmental Activities	Business-Type Activities
Description	Estimated Lives	Estimated Lives
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, 2022

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, 2022, an accrual of \$25,185 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, 2022

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, 2022

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 \$1,573,430 and the bank balance was \$1,605,778. The Town's bank balances at December 31, 2022 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, 2022 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 Poors. At December 31, 2022 the COLOTRUST balance was \$874,500.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

Capital Assets – Capital asset activity for the fiscal year ended December 31, 2022 follows:

	Balance Jan 1, 2022	Additions	Deletions	Balance Dec 31, 2022
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 171,974			\$ 171,974
Capital assets, being depreciated:				
Buildings	417,676	\$ 370,287		787,963
Improvements	2,898,083			2,898,083
Equipment and vehicles	1,032,185	54,678		1,086,863
Total capital assets being depreciated	4,347,944	424,965	-	4,772,909
Less accumulated depreciation	(2,022,221)	(191,513)		(2,213,734)
Net capital assets being depreciated	2,325,723	233,452	-	2,559,175
Governmental Activities Capital Assets, net	\$ 2,497,697	\$ 233,452	\$ -	\$ 2,731,149
Business Type Activities				
Capital assets, not being depreciated:				
Water rights	\$ 44,096			\$ 44,096
Capital assets being depreciated				
Improvements	7,148,730	\$ 30,485		7,179,215
Machinery and equipment	159,960			159,960
Total capital assets being depreciated	7,308,690	30,485	-	7,339,175
Less accumulated depreciation	(5,410,568)	(106,045)		(5,516,613)
Net capital assets being depreciated	1,898,122	(75,560)	-	1,822,562
Business Type Activities Capital Assets net	\$ 1,942,218	\$ (75,560)	\$ -	\$ 1,866,658

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

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

Governmental activities	
General government	\$ 29,050
Public works	142,468
Culture and recreation	19,995
Total depreciation government activities	<u>\$ 191,513</u>
Business type activities	
Water operations	\$ 56,603
Sewer operations	49,442
Total depreciation business type activities	<u>\$ 106,045</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, 2022, the Town's matching contributions totaled \$11,472.

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

Governmental Activities:

Financed Purchase Agreements-

In 2018, the Town obtained an annually renewable equipment financed purchase agreement for a John Deere blade. The agreement 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 \$142,714. The agreement is serviced by the General Fund and the equipment serves as collateral.

In 2020, the Town obtained an annually renewable equipment financed purchase agreement for a Caterpillar blade. The agreement 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 \$98,073. The agreement is serviced by the General Fund and the equipment serves as collateral.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

In 2021, the Town obtained an annually renewable equipment finance purchase agreement for a solar electrical system. The agreement 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 \$9,828. The agreement is serviced by the General Fund and the equipment serves as collateral.

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:

	January 1, 2022	Additions	Deletions	December 31, 2022
<u>Governmental Activities</u>				
Financed purchase agreements	\$ 399,441		\$ (40,677)	\$ 358,764
 Business Type Activities				
Notes and Bonds from Direct Placement				
Water Fund Loan	256,422		(17,127)	239,295
 Total	<u>\$ 655,863</u>	<u>\$ -</u>	<u>\$ (57,804)</u>	<u>\$ 598,059</u>

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

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

Year Ending December 31,	Financed Purchase		Notes and Bonds	
	Agreements		from Direct Placement	
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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	137,800	4,054	16,899	7,510
2027	32,299	2,669	17,588	6,822
2028-2032	43,999	4,492	99,259	22,789
2033-2035			58,741	3,376
Total	<u>\$ 358,764</u>	<u>\$ 34,110</u>	<u>\$ 239,295</u>	<u>\$ 66,918</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 \$1,501,439 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, 2022

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, 2022

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, 2022

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 89,000	\$ 86,000	\$ 89,191	\$ 3,191
Specific ownership taxes	11,000	11,000	15,396	4,396
Delinquent tax and interest			681	681
Sales and use taxes	700,000	810,761	845,693	34,932
Marijuana taxes	50,000			-
Severance taxes		13,492	13,492	-
Road and bridge fee	8,000	11,686	12,544	858
Franchise taxes	63,000	63,000	72,341	9,341
Total taxes	921,000	995,939	1,049,338	53,399
Licenses and permits				
Business licenses	4,000	3,800	4,415	615
Liquor licenses	3,250	3,250	3,415	165
Marijuana licenses	2,000			-
Building permits	12,000	14,132	16,752	2,620
Development fees		2,140	2,600	460
Dog licenses	800	800	960	160
Total licenses and permits	22,050	24,122	28,142	4,020
Intergovernmental revenues				
Grants	242,239	155,742	149,317	(6,425)
Lottery funds	11,360	11,360	11,330	(30)
Highway users tax	27,000	27,000	33,250	6,250
Mineral leasing		54,718	54,718	-
Tobacco product taxes	1,000	1,000	1,416	416
Total intergovernmental revenues	281,599	249,820	250,031	211
Fines and forfeitures				
Court and dog fines	7,500	7,500	11,926	4,426
Total fines and forfeitures	7,500	7,500	11,926	4,426
Earnings on investments	600	760	24,927	24,167
Miscellaneous revenues	14,300	15,645	24,620	8,975
Total revenues	1,247,049	1,293,786	1,388,984	95,198

TOWN OF DOLORES, COLORADO

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

For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Expenditures				
General government				
Salaries and benefits	\$ 120,657	\$ 120,657	\$ 177,145	\$ (56,488)
Office	13,450	13,450	12,675	775
Subscriptions and dues	11,314	11,314	7,982	3,332
Town hall maintenance and supplies	15,100	11,100	3,684	7,416
Building inspector	45,000	45,000	47,211	(2,211)
Advertising and web design	10,000	10,000	4,148	5,852
Utilities and trash removal	13,050	13,925	12,055	1,870
Professional fees	13,000	13,000	10,730	2,270
Elections	5,500	5,500	1,498	4,002
Travel and training	7,000	7,500	5,936	1,564
Other charges and services	76,125	60,335	84,005	(23,670)
Miscellaneous	6,650	6,900	12,901	(6,001)
Memberships and donations	26,800	22,350	21,966	384
Insurance	8,831	9,000	9,706	(706)
Capital outlay	272,504	438,494	370,287	68,207
Debt service				
Principal	1,300	1,291	8,187	(6,896)
Interest	397	397	3,932	(3,535)
Total general government	646,678	790,213	794,048	(3,835)
Public works				
Salaries and benefits	172,097	172,091	164,060	8,031
Fuel	20,000	20,000	16,350	3,650
Parts and supplies	14,000	14,700	12,306	2,394
Equipment maintenance	11,000	11,000	4,925	6,075
Street maintenance	68,000	32,000	25,756	6,244
Utilities	33,900	32,500	27,979	4,521
Insurance	8,831	9,000	9,706	(706)
Professional fees	13,000	13,000	10,730	2,270
Miscellaneous	11,400	11,800	8,388	3,412
Capital outlay	10,000	45,120	43,120	2,000
Debt service				
Principal	34,700	34,700	32,490	2,210
Interest	12,433	12,433	9,856	2,577
Total public works	409,361	408,344	365,666	42,678
Public safety				
Other charges and services	200,000	210,000	193,586	16,414
Total public safety	200,000	210,000	193,586	16,414
Culture and recreation				
Salaries and benefits	64,002	60,061	10,619	49,442
Maintenance and supplies	16,000	67,653	83,226	(15,573)
Utilities	6,000	6,000	5,275	725
Capital outlay	61,500	45,932	11,558	34,374
Total culture and recreation	147,502	179,646	110,678	68,968
Total expenditures	1,403,541	1,588,203	1,463,978	124,225
Excess (deficit) of revenues over (under) expenditures	(156,492)	(294,417)	(74,994)	219,423
Other financing sources (uses)				
Transfers in			9,098	9,098
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(156,492)	(294,417)	(65,896)	228,521
Fund balance, beginning of the year	997,091	997,091	1,769,955	772,864
Fund balance, end of the year	\$ 840,599	\$ 702,674	\$ 1,704,059	\$ 1,001,385

TOWN OF DOLORES, COLORADO

Other Supplementary Information

December 31, 2022

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, 2022

	Budgeted Amounts		(Non GAAP Basis)	Variance
	Original	Final	Actual	Favorable
			Amounts	(Unfavorable)
Operating Revenues				
General water fees	\$ 243,000	\$ 243,000	\$ 252,253	\$ 9,253
Water dock	23,000	23,000	29,555	6,555
Other			3,050	3,050
Total operating revenues	266,000	266,000	284,858	18,858
Operating Expenses				
Salaries and benefits	168,294	168,294	150,966	17,328
Office	2,900	2,900	2,443	457
Subscriptions, dues and permits	1,500	1,500	2,495	(995)
Professional fees	3,000	3,000	10,730	(7,730)
Laboratory services	3,500	3,500	2,596	904
Travel	1,000	1,000	1,235	(235)
Education	1,500	1,500	1,670	(170)
Operator	3,500	3,500	2,808	692
Insurance	8,831	8,831	9,706	(875)
Equipment maintenance	1,000	1,000	270	730
Facilities maintenance	1,500	1,500	385	1,115
Parts and supplies	29,400	29,400	21,007	8,393
Chemicals	12,000	12,000	14,321	(2,321)
Utilities	27,500	27,500	23,098	4,402
Miscellaneous	7,000	7,000	1,298	5,702
Capital outlay	55,300	55,300	30,485	24,815
Total Operating Expenses	327,725	327,725	275,513	52,212
Operating income (loss)	(61,725)	(61,725)	9,345	71,070
Non-Operating Revenue (Expenses)				
Grant revenue	25,000	25,000	11,668	(13,332)
Tap fees	4,500	4,500	9,000	4,500
Debt service				
Principal	(18,306)	(18,306)	(17,127)	1,179
Interest	(6,102)	(6,102)	(9,332)	(3,230)
Total Non-Operating Revenue	5,092	5,092	(5,791)	(10,883)
Change in net position non GAAP basis	(56,633)	(56,633)	3,554	60,187
Add capital outlay			30,485	30,485
Add debt service-principal			17,127	17,127
Less depreciation expense			(56,603)	(56,603)
Change in net position	(56,633)	(56,633)	(5,437)	51,196
Net position beginning of the year	419,103	419,103	1,554,073	1,134,970
Net position end of the year	\$ 362,470	\$ 362,470	\$ 1,548,636	\$ 1,186,166

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, 2022

	Budgeted Amounts		(Non GAAP Basis)	Variance
	Original	Final	Actual	Favorable
			Amounts	(Unfavorable)
Operating Revenues				
General sewer fees	\$ 189,000	\$ 189,000	\$ 197,028	\$ 8,028
Other			348	348
Total operating revenues	189,000	189,000	197,376	8,376
Operating Expenses				
Salaries and benefits	168,294	168,294	152,750	15,544
Office	1,500	1,500	549	951
Chemicals	2,500	2,500	2,014	486
Parts and supplies	7,750	7,750	2,145	5,605
Subscriptions, dues and permits	2,900	2,900	2,663	237
Professional fees	3,000	3,000	10,730	(7,730)
Laboratory services	8,000	8,000	3,550	4,450
Outside services	300	300		300
Education	2,000	2,000	937	1,063
Insurance	8,831	8,831	9,706	(875)
Equipment maintenance	1,500	1,500	1,720	(220)
Facilities maintenance	100	100	3,467	(3,367)
Miscellaneous	4,400	4,400	1,658	2,742
Utilities	11,802	11,802	7,534	4,268
Capital outlay		-		-
Total Operating Expenses	222,877	222,877	199,423	23,454
Operating income (loss)	(33,877)	(33,877)	(2,047)	31,830
Non-Operating Revenue (Expenses)				
Tap fees	4,500	4,500	4,500	-
Transfers out		-	(9,098)	(9,098)
Debt service				
Principal	(8,500)	(8,500)		8,500
Interest	(698)	(698)		698
Total Non-Operating Revenue	(4,698)	(4,698)	(4,598)	100
Change in net position non GAAP basis	(38,575)	(38,575)	(6,645)	31,930
Less depreciation expense			(49,442)	(49,442)
Change in net position	(38,575)	(38,575)	(56,087)	(17,512)
Net position beginning of the year	245,608	245,608	960,901	715,293
Net position end of the year	\$ 207,033	\$ 207,033	\$ 904,814	\$ 697,781

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

LOCAL HIGHWAY FINANCE REPORT

City or County:

City

YEAR ENDING :

December 2022

This Information From The Records Of (example - City of _ or County of _)
Town of Dolores, ColoradoPrepared 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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	343,969
4. Miscellaneous local receipts (from page 2)	1,927
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	345,896
B. Private Contributions	
C. Receipts from State government (from page 2)	59,286
D. Receipts from Federal Government (from page 2)	54,718
E. Total receipts (A.7 + B + C + D)	459,900

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	
2. Maintenance:	229,972
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other Street Lights	23,135
d. Total (a. through c.)	23,135
4. General administration & miscellaneous	71,545
5. Highway law enforcement and safety	
6. Total (1 through 5)	324,652
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	9,856
b. Redemption	32,490
c. Total (a. + b.)	42,346
3. Total (1.c + 2.c)	42,346
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	366,998

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)	301,149		32,490	268,659

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	814,580	459,900	366,998	907,482	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE:	
		Colorado	
		YEAR ENDING (mm/yy): December 2022	
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	333
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	328,573	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	15,396	g. Other Misc. Receipts	1,594
6. Total (1. through 5.)	343,969	h. Other	
c. Total (a. + b.)	343,969	i. Total (a. through h.)	1,927
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	33,250	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	12,544	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other Severance Tax	13,492	f. Other Federal Mineral lease	54,718
f. Total (a. through e.)	26,036	g. Total (a. through f.)	54,718
4. Total (1. + 2. + 3.f)	59,286	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)
Notes and Comments:			