

TOWN OF DOLORES COLORADO

Independent Accountants' Reports
and
Basic Financial Statements

December 31, 2023

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, 2023, 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, 2023, 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.
August 13, 2024

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2023

FINANCIAL HIGHLIGHTS

Key financial highlights for the Town in 2023 are as follows:

- In total, net position increased by \$298,293. Net position of governmental activities increased by \$192,796, which represents a 4.7 percent increase from 2022. Net position of business type activities increased by \$105,497 or 4.3 percent from 2022.
- General revenues accounted for \$1,330,602 in revenue or 58 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$969,993 or 42 percent of total revenues of \$2,300,595.
- Governmental activities total assets increased by \$170,204. Total liabilities and deferred inflows of resources decreased by \$22,592.
- The Town incurred \$1,390,117 in expenses related to government activities. \$266,416 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 \$1,316,497 were adequate to cover the balance of these programs.
- The General Fund had \$1,597,018 in revenues and \$1,460,298 in expenditures and other financing uses. It's fund balance increased by \$136,720 from \$1,704,059 to \$1,840,779.
- Net position of the Enterprise Funds increased from \$2,453,450 to \$2,558,947.

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2023

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, 2023

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, 2023

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 \$265,039. Net capital assets increased \$9,077. Current liabilities increased by \$17,665. Non-current liabilities decreased by \$44,730. Deferred inflows of resources increased by \$4,473.

The Town's combined net position was larger on December 31, 2023 than it was at December 31, 2022, increasing by 4.6 percent to \$6,828,187. Most of the increase came from its governmental activities, the net position of which increased by \$196,796 to \$4,269,240. The net position of the Town's business type activities increased by \$105,497 to \$2,558,947.

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2023

Table 1 provides a summary of the Town's net position for 2023 compared to 2022:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities		Business-type Activities		Total Town	
	2023	2022	2023	2022	2023	2022
Assets						
Current assets	\$ 1.981	\$ 1.824	\$ 0.939	\$ 0.840	\$ 2.920	\$ 2.664
Capital assets	2.744	2.731	1.863	1.867	4.607	4.598
Total assets	<u>4.725</u>	<u>4.555</u>	<u>2.802</u>	<u>2.707</u>	<u>7.527</u>	<u>7.262</u>
Liabilities						
Current liabilities	0.092	0.076	0.032	0.030	0.124	0.106
Noncurrent liabilities	0.268	0.312	0.211	0.224	0.479	0.536
Deferred inflows of resources	0.096	0.091			0.096	0.091
Net Position						
Net investment in capital assets	2.428	2.372	1.635	1.627	4.063	3.999
Restricted	0.050	0.045			0.050	0.045
Unrestricted	1.791	1.659	0.924	0.826	2.715	2.485
Total net position	<u>\$ 4.269</u>	<u>\$ 4.076</u>	<u>\$ 2.559</u>	<u>\$ 2.453</u>	<u>\$ 6.828</u>	<u>\$ 6.529</u>

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2023

Table 2 shows the changes in net position for fiscal year 2023 as compared to 2022.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Town	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 85,270	\$ 55,443	\$ 636,036	\$ 495,734	\$ 721,306	\$ 551,177
Operating grants & contributions	56,888	193,897			56,888	193,897
Capital grants & contributions	124,258	-	67,541	11,668	191,799	11,668
General revenues						
Property taxes	91,841	89,191			91,841	89,191
Sales taxes	928,464	845,693			928,464	845,693
Other	296,192	213,858	14,105	(9,098)	310,297	204,760
Total revenues	1,582,913	1,398,082	717,682	498,304	2,300,595	1,896,386
Expenses						
General government	580,415	452,811			580,415	452,811
Public safety	221,387	193,586			221,387	193,586
Public works	485,980	424,337	612,185	559,828	1,098,165	984,165
Culture and recreation	102,335	119,115			102,335	119,115
Total expenses	1,390,117	1,189,849	612,185	559,828	2,002,302	1,749,677
Increase (decrease) in net position	\$ 192,796	\$ 208,233	\$ 105,497	\$ (61,524)	\$ 298,293	\$ 146,709

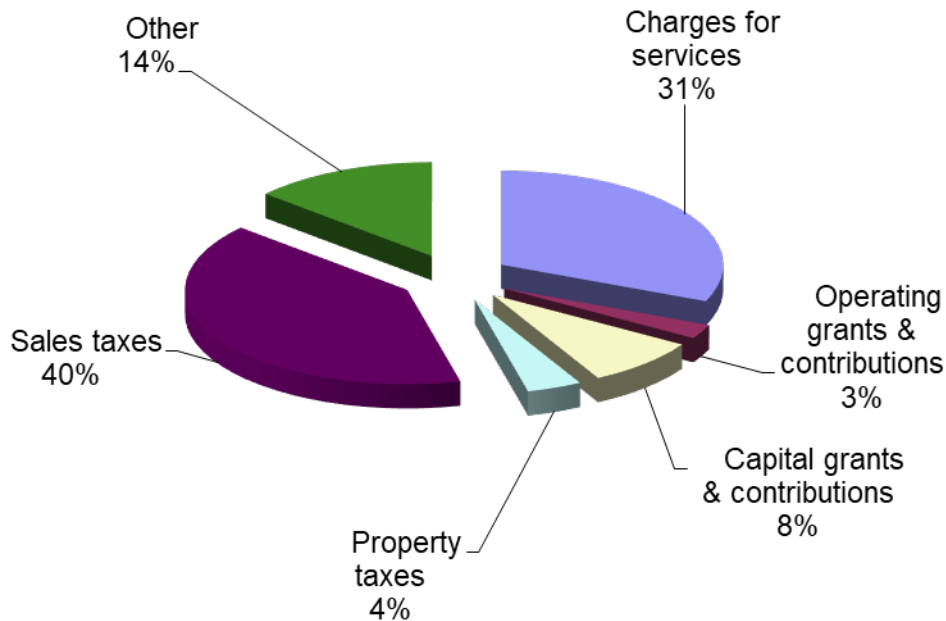
TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2023

Charges for services and sales taxes accounted for most of the Town's total revenue, contributing 31 percent and 40 percent respectively (See Table 3). Another 15 percent came from property taxes, operating and capital grants and the remainder from other sources.

The Town's expenses are predominately related to public works (55 percent), general government (29 percent), and public safety (11 percent) (See Table 4). The Town's culture and recreation activities accounted for the balance of total costs.

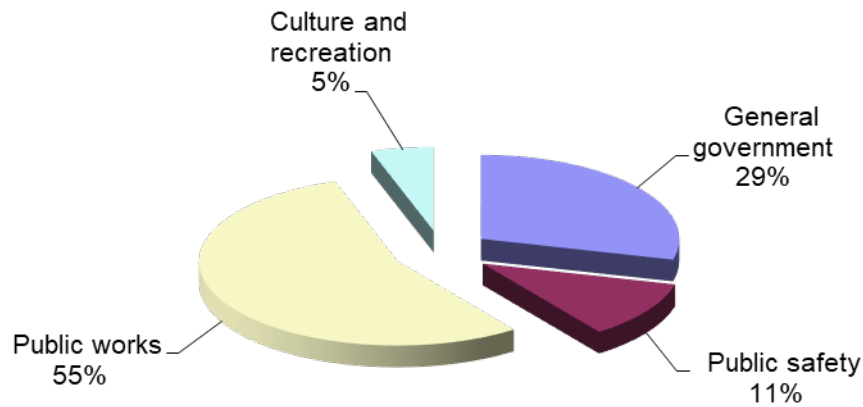
Table 3
Sources of Revenue for Fiscal Year 2023



TOWN OF DOLORES, COLORADO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2023**

**Table 4
Expenses for Fiscal Year 2023**



Governmental Activities

The primary sources of operating revenue for the Town come from charges for services and sales taxes. The Town receives approximately 71 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, 2023

Table 5
Government Activities

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
General government	\$ 580,415	\$ 452,811	\$ 414,329	\$ 264,502
Public safety	221,387	193,586	185,054	181,660
Public works	485,980	424,337	453,018	391,087
Culture and recreation	102,335	119,115	71,300	103,260
Total	\$ 1,390,117	\$ 1,189,849	\$ 1,123,701	\$ 940,509

- The cost of all governmental activities during the year was \$1,390,117.
- Some of the cost was financed by the users of the Town's programs (\$85,270)
- Federal and state government subsidized certain programs with grants and contributions (\$181,146).
- However, \$1,316,497 was financed by state and town taxpayers. This portion of governmental activities was financed with \$928,464 in sales taxes, \$106,945 in property and specific ownership taxes, \$79,599 in franchise taxes, and \$201,489 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 \$717,682 and expenses of \$612,185.

TOWN OF DOLORES, COLORADO

MANAGEMENT’S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2023

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 of \$1,597,018 and expenditures and other financing sources of \$1,460,298.

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 \$121,242 under budget, primarily because the Town budgeted conservatively on both revenues and expenditures.

CAPITAL ASSET ADMINISTRATION

By the end of 2023, the Town has invested \$12.65 million in land, buildings, and equipment (including vehicles), of this total \$5.16 million was from governmental activities.

Table 6 shows capital assets for 2023 compared to 2022:

Table 6
Capital Assets at December 31

	Governmental Activities		Business-Type Activities		Total Town	
	2023	2022	2023	2022	2023	2022
Land/Water rights	\$ 171,974	\$ 171,974	\$ 44,096	\$ 44,096	\$ 216,070	\$ 216,070
Buildings/Facilities	3,899,904	3,686,046	7,286,245	7,179,215	11,186,149	10,865,261
Equipment	1,086,863	1,086,863	159,960	159,960	1,246,823	1,246,823
Total	\$ 5,158,741	\$ 4,944,883	\$ 7,490,301	\$ 7,383,271	\$ 12,649,042	\$ 12,328,154

TOWN OF DOLORES, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2023**

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, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 1,772,029	\$ 902,146	\$ 2,674,175
Property tax receivable	95,752		95,752
Accounts receivable	111,618	26,552	138,170
Due from other governments	1,231		1,231
Inventory		10,581	10,581
Capital assets	5,158,741	7,490,301	12,649,042
Accumulated depreciation	(2,414,363)	(5,627,795)	(8,042,158)
Total capital assets, net of depreciation	2,744,378	1,862,506	4,606,884
Total Assets	4,725,008	2,801,785	7,526,793
Liabilities			
Accounts payable	29,916	3,987	33,903
Accrued vacation	14,183	11,834	26,017
Long-term liabilities			
Due within one year	48,191	15,578	63,769
Due in more than one year	267,726	211,439	479,165
Total Liabilities	360,016	242,838	602,854
Deferred inflows of resources			
Unearned property tax revenue	95,752		95,752
Net Position			
Net investment in capital assets	2,428,461	1,635,489	4,063,950
Restricted for			
TABOR	50,000		50,000
Unrestricted	1,790,779	923,458	2,714,237
Total Net Position	\$ 4,269,240	\$ 2,558,947	\$ 6,828,187

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO
Statement of Activities

For the Year Ended December 31, 2023

	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	\$ 580,415	\$ 50,677	\$ 11,151	\$ 104,258	\$ (414,329)		\$ (414,329)
Public safety	221,387	16,333		20,000	(185,054)		(185,054)
Public works	485,980		32,962		(453,018)		(453,018)
Culture and recreation	102,335	18,260	12,775		(71,300)		(71,300)
Total Governmental Activities	<u>1,390,117</u>	<u>85,270</u>	<u>56,888</u>	<u>124,258</u>	<u>(1,123,701)</u>		<u>(1,123,701)</u>
Business-Type Activities							
Water operations	348,879	378,371		67,541		\$ 97,033	97,033
Sewer operations	263,306	257,665				(5,641)	(5,641)
Total Business-Type Activities	<u>612,185</u>	<u>636,036</u>	<u>-</u>	<u>67,541</u>		<u>91,392</u>	<u>91,392</u>
Total Town	<u>\$ 2,002,302</u>	<u>\$ 721,306</u>	<u>\$ 56,888</u>	<u>\$ 191,799</u>	<u>(1,123,701)</u>	<u>91,392</u>	<u>(1,032,309)</u>

General Revenues

Property taxes	91,841		91,841
Specific ownership taxes	15,104		15,104
Sales tax	928,464		928,464
Road and bridge tax	11,773		11,773
Franchise tax	79,599		79,599
Severance tax			-
Intergovernmental			
Mineral leasing	82,630		82,630
Tobacco taxes	1,760		1,760
Earnings on investments	86,890		86,890
Miscellaneous	32,541		32,541
Transfers	(14,105)	14,105	-
Total General Revenues	<u>1,316,497</u>	<u>14,105</u>	<u>1,330,602</u>
Change in Net Position	192,796	105,497	298,293
Net Position Beginning of the Year	4,076,444	2,453,450	6,529,894
Net Position End of the Year	<u>\$ 4,269,240</u>	<u>\$ 2,558,947</u>	<u>\$ 6,828,187</u>

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO

Balance Sheet
Governmental Funds

December 31, 2023

	General Fund	
Assets		
Cash and investments	\$ 1,772,029	
Property tax receivable	95,752	
Accounts receivable	111,618	
Due from other governments	1,231	
Total assets	\$ 1,980,630	
Liabilities		
Accounts payable	\$ 29,916	
Accrued vacation	14,183	
Total liabilities	44,099	
Deferred inflows of resources		
Unearned property tax revenue	95,752	
Fund balance		
Restricted		
TABOR	50,000	
Unrestricted		
Assigned for subsequent year's expenditures	1,744,494	
Unassigned	46,285	
Total fund balance	1,840,779	
Total liabilities, deferred inflows of resources, and fund balance	\$ 1,980,630	
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position		
Total fund balance governmental funds		\$ 1,840,779
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	\$ 5,158,741	
Accumulated depreciation	(2,414,363)	2,744,378
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	(48,191)	
Due in more than one year	(267,726)	(315,917)
Total net position governmental activities		\$ 4,269,240

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, 2023

	General Fund
Revenues	
Taxes	\$ 1,126,781
Intergovernmental revenues	265,537
Licenses and permits	38,057
Fines and forfeitures	16,333
Earnings on investments	86,890
Other	63,420
Total revenues	1,597,018
Expenditures	
General government	702,734
Public safety	274,760
Public works	386,359
Culture and recreation	82,340
Total expenditures	1,446,193
Excess (deficit) of revenues over (under) expenditures	150,825
Other financing sources (uses)	
Operating transfers out	(14,105)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	136,720
Fund Balances beginning of the year	1,704,059
Fund balances end of the year	\$ 1,840,779

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, 2023

Net Change in Fund Balances Governmental Funds \$ 136,720

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	\$ 213,858	
Depreciation expense	<u>(200,629)</u>	
		13,229

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		42,847
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Change in Net Position of Governmental Activities \$ 192,796

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, 2023

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Assets			
Current assets			
Cash	\$ 530,445	\$ 371,701	\$ 902,146
Accounts receivable	12,197	14,355	26,552
Inventory	10,128	453	10,581
Total current assets	552,770	386,509	939,279
Noncurrent assets			
Capital assets	3,269,463	4,220,838	7,490,301
Accumulated depreciation	(1,927,127)	(3,700,668)	(5,627,795)
Total noncurrent assets	1,342,336	520,170	1,862,506
Total assets	1,895,106	906,679	2,801,785
Liabilities			
Current liabilities			
Accounts payable	2,398	1,589	3,987
Accrued vacation	5,917	5,917	11,834
Current portion of long-term debt	15,578		15,578
Total current liabilities	23,893	7,506	31,399
Noncurrent liabilities			
Loans payable	211,439		211,439
Total noncurrent liabilities	211,439	-	211,439
Total liabilities	235,332	7,506	242,838
Net position			
Net investment in capital assets	1,115,319	520,170	1,635,489
Unrestricted	544,455	379,003	923,458
Total net position	\$ 1,659,774	\$ 899,173	\$ 2,558,947

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, 2023

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Operating revenues			
Charges for services	\$ 339,571	\$ 233,665	\$ 573,236
Total operating revenues	339,571	233,665	573,236
Operating expenses			
Salaries and benefits	146,836	149,868	296,704
Office	1,416	2,557	3,973
Subscriptions, dues and permits	365	1,593	1,958
Professional fees	13,369	13,369	26,738
Laboratory services	1,893	4,046	5,939
Travel and education	1,373	867	2,240
Operator	2,810		2,810
Insurance	11,140	11,140	22,280
Parts and supplies	45,285	5,190	50,475
Chemicals	17,826	11,857	29,683
Utilities	29,890	9,438	39,328
Miscellaneous	4,693	3,993	8,686
Depreciation	61,795	49,388	111,183
Total operating expenses	338,691	263,306	601,997
Operating income (loss)	880	(29,641)	(28,761)
Non-operating revenues (expenses)			
Grant revenue	67,541		67,541
Tap fees	38,800	24,000	62,800
Transfers in	14,105		14,105
Debt service-interest	(10,188)		(10,188)
Total non-operating revenue	110,258	24,000	134,258
Change in net position	111,138	(5,641)	105,497
Net position beginning of the year	1,548,636	904,814	2,453,450
Net position end of the year	\$ 1,659,774	\$ 899,173	\$ 2,558,947

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, 2023

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 339,396	\$ 231,433	\$ 570,829
Cash payments to employees for services	(146,947)	(149,978)	(296,925)
Cash payments to suppliers for goods and services	(129,312)	(63,027)	(192,339)
Net Cash Flows provided (used) by Operating Activities	63,137	18,428	81,565
Cash Flows From Capital and Related Financing Activities			
Tap fees received	38,800	24,000	62,800
Grant received	67,541		67,541
Operating transfers in	14,105		14,105
Principal paid on debt	(12,278)		(12,278)
Interest paid on debt	(10,188)		(10,188)
Net Cash Flows provided (used) by Capital and Financing Activities	97,980	24,000	121,980
Cash Flows from Noncapital Financing Activities			
Equipment and facilities purchased	(107,030)		(107,030)
Total Cash Flows provided (used) by Noncapital Financing Activities	(107,030)	-	(107,030)
Net Increase (Decrease) in Cash and Cash Equivalents	54,087	42,428	96,515
Cash and Cash Equivalents - Beginning	476,358	329,273	805,631
Cash and Cash Equivalents - Ending	\$ 530,445	\$ 371,701	\$ 902,146
Reconciliation of operating income (loss) to Net Cash provided (used) by Operating Activities			
Operating income (loss)	\$ 880	\$ (29,641)	\$ (28,761)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	61,795	49,388	111,183
Changes in assets and liabilities related to operations:			
(Increase) Decrease in			
Accounts receivable	(175)	(2,232)	(2,407)
Inventory	(82)	17	(65)
Increase (Decrease) in			
Operating accounts payable	830	1,006	1,836
Accrued vacation	(111)	(110)	(221)
Net Cash provided (used) by Operating Activities	\$ 63,137	\$ 18,428	\$ 81,565

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023, an accrual of \$26,017 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, 2023

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, 2023

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 \$1,542,884 and the bank balance was \$1,590,591. The Town's bank balances at December 31, 2023 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, 2023 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, 2023 the COLOTRUST balance was \$1,131,291.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

Capital Assets – Capital asset activity for the fiscal year ended December 31, 2023 follows:

	Balance Jan 1, 2023	Additions	Deletions	Balance Dec 31, 2023
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 171,974			\$ 171,974
Capital assets, being depreciated:				
Buildings	787,963	\$ 157,676		945,639
Improvements	2,898,083	56,182		2,954,265
Equipment and vehicles	1,086,863			1,086,863
Total capital assets being depreciated	4,772,909	213,858	-	4,986,767
Less accumulated depreciation	(2,213,734)	(200,629)		(2,414,363)
Net capital assets being depreciated	2,559,175	13,229	-	2,572,404
Governmental Activities Capital Assets, net	\$ 2,731,149	\$ 13,229	\$ -	\$ 2,744,378
Business Type Activities				
Capital assets, not being depreciated:				
Water rights	\$ 44,096			\$ 44,096
Capital assets being depreciated				
Improvements	7,179,215	\$ 107,030		7,286,245
Machinery and equipment	159,960			159,960
Total capital assets being depreciated	7,339,175	107,030	-	7,446,205
Less accumulated depreciation	(5,516,612)	(111,183)		(5,627,795)
Net capital assets being depreciated	1,822,563	(4,153)	-	1,818,410
Business Type Activities Capital Assets net	\$ 1,866,659	\$ (4,153)	\$ -	\$ 1,862,506

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

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

Governmental activities	
General government	\$ 35,357
Public safety	2,809
Public works	142,468
Culture and recreation	1,995
Total depreciation government activities	<u>\$ 182,629</u>
Business type activities	
Water operations	\$ 61,795
Sewer operations	49,388
Total depreciation business type activities	<u>\$ 111,183</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, 2023, the Town's matching contributions totaled \$9,760.

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 \$171,257. 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

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

included in the capital assets at a cost of \$228,836 with accumulated depreciation of \$130,763. The agreement is serviced by the General Fund and the equipment serves as collateral.

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 \$19,656. 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:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
<u>Governmental Activities</u>				
Financed purchase agreements	\$ 358,764		\$ (42,847)	\$ 315,917
Business Type Activities				
Notes and Bonds from Direct Placement				
Water Fund Loan	239,295		(12,278)	227,017
Total	\$ 598,059	\$ -	\$ (55,125)	\$ 542,934

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

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

<u>Year Ending December 31,</u>	Financed Purchase Agreements		Notes and Bonds from Direct Placement	
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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	35,760	2,669	17,588	6,822
2028	10,354	1,765	18,287	6,123
2029-2033	33,645	4,492	103,320	18,727
2034-2035			39,107	1,573
Total	\$ 315,917	\$ 26,037	\$ 227,017	\$ 57,759

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 \$50,000 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 \$1,790,779 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, 2023

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.

Compliance with Laws and Regulations-The Town may be in violation of State Statute. Expenditures exceeded appropriations in the Water Fund.

TOWN OF DOLORES, COLORADO
Required Supplementary Information

December 31, 2023

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, 2023

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 91,279	\$ 91,279	\$ 91,404	\$ 125
Specific ownership taxes	11,000	11,000	15,104	4,104
Delinquent tax and interest			437	437
Sales and use taxes	700,000	700,000	928,464	228,464
Road and bridge fee	10,000	10,000	11,773	1,773
Franchise taxes	64,000	64,000	79,599	15,599
Total taxes	876,279	876,279	1,126,781	250,502
Licenses and permits				
Business licenses	3,800	3,800	4,385	585
Liquor licenses	3,250	3,250	5,404	2,154
Building permits	12,000	12,000	24,558	12,558
Development fees	1,800	1,800	2,770	970
Dog licenses	800	800	940	140
Total licenses and permits	21,650	21,650	38,057	16,407
Intergovernmental revenues				
Grants	380,638	380,638	135,410	(245,228)
Lottery funds	11,400	11,400	12,775	1,375
Highway users tax	27,000	27,000	32,962	5,962
Mineral leasing	10,000	10,000	82,630	72,630
Tobacco product taxes	1,000	1,000	1,760	760
Total intergovernmental revenues	430,038	430,038	265,537	(164,501)
Fines and forfeitures				
Court and dog fines	4,000	4,000	16,333	12,333
Total fines and forfeitures	4,000	4,000	16,333	12,333
Earnings on investments				
	600	600	86,890	86,290
Miscellaneous revenues				
	13,500	13,500	63,420	49,920
Total revenues	1,346,067	1,346,067	1,597,018	250,951

TOWN OF DOLORES, COLORADO

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

For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Expenditures				
General government				
Salaries and benefits	\$ 119,116	\$ 119,116	\$ 206,028	\$ (86,912)
Office	14,550	14,550	12,427	2,123
Subscriptions and dues	11,534	11,534	13,868	(2,334)
Town hall maintenance and supplies	5,100	5,100	2,264	2,836
Building inspector	46,400	46,400	51,447	(5,047)
Advertising and web design	8,500	8,500	10,769	(2,269)
Utilities and trash removal	17,600	17,600	19,635	(2,035)
Professional fees	13,000	13,000	13,369	(369)
Travel and training	4,500	4,500	2,720	1,780
Other charges and services	76,150	76,150	86,384	(10,234)
Miscellaneous	12,000	12,000	27,655	(15,655)
Memberships and donations	27,300	27,300	48,473	(21,173)
Insurance	9,866	9,866	11,140	(1,274)
Capital outlay	367,000	367,000	184,437	182,563
Debt service				
Principal	10,800	10,800	8,514	2,286
Interest	1,331	1,331	3,604	(2,273)
Total general government	<u>744,747</u>	<u>744,747</u>	<u>702,734</u>	<u>42,013</u>
Public works				
Salaries and benefits	191,869	191,869	153,840	38,029
Fuel	21,000	21,000	23,224	(2,224)
Parts and supplies	20,500	20,500	18,154	2,346
Equipment maintenance	12,000	12,000	12,110	(110)
Street maintenance	46,000	46,000	61,098	(15,098)
Utilities	32,600	32,600	32,298	302
Insurance	9,866	9,866	11,140	(1,274)
Professional fees	3,000	3,000	13,369	(10,369)
Miscellaneous	11,800	11,800	16,743	(4,943)
Debt service				
Principal	33,800	33,800	34,333	(533)
Interest	12,300	12,300	10,050	2,250
Total public works	<u>394,735</u>	<u>394,735</u>	<u>386,359</u>	<u>8,376</u>
Public safety				
Other charges and services	200,000	200,000	218,578	(18,578)
Capital outlay	57,028	57,028	56,182	846
Total public safety	<u>257,028</u>	<u>257,028</u>	<u>274,760</u>	<u>(17,732)</u>
Culture and recreation				
Salaries and benefits	65,575	65,575	22,452	43,123
Maintenance and supplies	22,100	22,100	26,006	(3,906)
Utilities	6,000	6,000	4,873	1,127
Capital outlay	77,250	77,250	29,009	48,241
Total culture and recreation	<u>170,925</u>	<u>170,925</u>	<u>82,340</u>	<u>88,585</u>
Total expenditures	<u>1,567,435</u>	<u>1,567,435</u>	<u>1,446,193</u>	<u>121,242</u>
Excess (deficit) of revenues over (under) expenditures	(221,368)	(221,368)	150,825	372,193
Other financing sources (uses)				
Transfers out			(14,105)	(14,105)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(221,368)</u>	<u>(221,368)</u>	<u>136,720</u>	<u>358,088</u>
Fund balance, beginning of the year	1,501,440	1,501,440	1,704,059	202,619
Fund balance, end of the year	<u>\$ 1,280,072</u>	<u>\$ 1,280,072</u>	<u>\$ 1,840,779</u>	<u>\$ 560,707</u>

TOWN OF DOLORES, COLORADO

Other Supplementary Information

December 31, 2023

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, 2023

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenues				
General water fees	\$ 290,740	\$ 290,740	\$ 312,240	\$ 21,500
Water dock	24,000	24,000	27,331	3,331
Total operating revenues	314,740	314,740	339,571	24,831
Operating Expenses				
Salaries and benefits	167,299	167,299	146,836	20,463
Office		-	1,416	(1,416)
Subscriptions, dues and permits	2,575	2,575	365	2,210
Professional fees	13,000	13,000	13,369	(369)
Laboratory services	3,500	3,500	1,893	1,607
Travel	2,000	2,000	388	1,612
Education	2,500	2,500	985	1,515
Operator	3,000	3,000	2,810	190
Insurance	9,866	9,866	11,140	(1,274)
Equipment maintenance	1,750	1,750	495	1,255
Facilities maintenance	750	750	473	277
Parts and supplies	45,300	45,300	44,317	983
Chemicals	15,500	15,500	17,826	(2,326)
Utilities	27,700	27,700	29,890	(2,190)
Miscellaneous	14,500	14,500	4,693	9,807
Capital outlay	40,000	40,000	107,030	(67,030)
Total Operating Expenses	349,240	349,240	383,926	(34,686)
Operating income (loss)	(34,500)	(34,500)	(44,355)	(9,855)
Non-Operating Revenue (Expenses)				
Grant revenue			67,541	67,541
Tap fees	38,800	38,800	38,800	-
Debt service				
Principal	(18,307)	(18,307)	(12,278)	6,029
Interest	(6,102)	(6,102)	(10,188)	(4,086)
Transfers in			14,105	14,105
Total Non-Operating Revenue	14,391	14,391	97,980	83,589
Change in net position non GAAP basis	(20,109)	(20,109)	53,625	73,734
Add capital outlay			107,030	107,030
Add debt service-principal			12,278	12,278
Less depreciation expense			(61,795)	(61,795)
Change in net position	(20,109)	(20,109)	111,138	131,247
Net position beginning of the year	429,893	429,893	1,548,636	1,118,743
Net position end of the year	\$ 409,784	\$ 409,784	\$ 1,659,774	\$ 1,249,990

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, 2023

	Budgeted Amounts		(Non GAAP Basis)	Variance
	Original	Final	Actual Amounts	Favorable (Unfavorable)
Operating Revenues				
General sewer fees	\$ 224,000	\$ 224,000	\$ 233,665	\$ 9,665
Total operating revenues	<u>224,000</u>	<u>224,000</u>	<u>233,665</u>	<u>9,665</u>
Operating Expenses				
Salaries and benefits	167,349	167,349	149,868	17,481
Office	2,000	2,000	2,557	(557)
Chemicals	2,750	2,750	3,598	(848)
Parts and supplies	12,750	12,750	11,857	893
Subscriptions, dues and permits	3,100	3,100	1,593	1,507
Professional fees	13,000	13,000	13,369	(369)
Laboratory services	7,500	7,500	4,046	3,454
Travel	500	500	867	(367)
Education	2,000	2,000		2,000
Insurance	9,866	9,866	11,140	(1,274)
Equipment maintenance	2,200	2,200	1,592	608
Facilities maintenance	200	200		200
Miscellaneous	7,100	7,100	3,993	3,107
Utilities	9,600	9,600	9,438	162
Total Operating Expenses	<u>239,915</u>	<u>239,915</u>	<u>213,918</u>	<u>25,997</u>
Operating income (loss)	<u>(15,915)</u>	<u>(15,915)</u>	<u>19,747</u>	<u>35,662</u>
Non-Operating Revenue (Expenses)				
Tap fees	18,000	18,000	24,000	6,000
Total Non-Operating Revenue	<u>18,000</u>	<u>18,000</u>	<u>24,000</u>	<u>6,000</u>
Change in net position non GAAP basis	2,085	2,085	43,747	41,662
Less depreciation expense			(49,388)	(49,388)
Change in net position	<u>2,085</u>	<u>2,085</u>	<u>(5,641)</u>	<u>(7,726)</u>
Net position beginning of the year	293,250	293,250	904,814	611,564
Net position end of the year	<u>\$ 295,335</u>	<u>\$ 295,335</u>	<u>\$ 899,173</u>	<u>\$ 603,838</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	STATE: COLORADO YEAR ENDING (mm/yy): 12/23
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This Information From The Records Of: Town of Dolores, Colorado	Prepared By: Majors and Haley P.C.
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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. EXPENDITURES FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ -
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 246,872.00
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)	\$ 366,450.00	c. Other Street Lights	\$ 27,917.00
4. Miscellaneous local receipts (from page 2)	\$ 1,523.00	d. Total (a. through c.)	\$ 27,917.00
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 67,187.00
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 341,976.00
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 367,973.00	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	\$ -
C. Receipts from State government		2. Notes:	
(from page 2)	\$ 44,735.00	a. Interest	\$ 10,050.00
D. Receipts from Federal Government		b. Redemption	\$ 34,333.00
(from page 2)	\$ 82,630.00	c. Total (a. + b.)	\$ 44,383.00
E. Total receipts (A.7 + B + C + D)	\$ 495,338.00	3. Total (1.c + 2.c)	\$ 44,383.00
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 386,359.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				\$ -
1. Bonds (Refunding Portion)				\$ -
B. Notes (Total)	\$ 268,659.00		\$ 34,333.00	\$ 234,326.00

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 907,482.00	\$ 495,338.00	\$ 386,359.00	\$ 1,016,461.00	\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
COLORADO
 YEAR ENDING (mm/yy):
12/23

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	\$ 1,523.00
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	\$ 351,346.00	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	\$ 15,104.00	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 366,450.00	h. Other	
c. Total (a. + b.)	\$ 366,450.00	i. Total (a. through h.)	\$ 1,523.00
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 32,962.00	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	\$ 11,773.00	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal Mineral Lease	\$ 82,630.00
f. Total (a. through e.)	\$ 11,773.00	g. Total (a. through f.)	\$ 82,630.00
4. Total (1. + 2. + 3.f)	\$ 44,735.00	3. Total (1. + 2.g)	\$ 82,630.00
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

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

(Carry forward to page 1)

Notes and Comments: