

TOWN OF DOLORES COLORADO

**Independent Accountants' Reports
and
Basic Financial Statements**

December 31, 2020

TOWN OF DOLORES, COLORADO

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Dolores, Colorado as of and for the year ended December 31, 2020, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

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, and each major fund of the Town of Dolores, Colorado, as of December 31, 2020, 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.

Other matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dolores, Colorado's basic financial statements. The accompanying other supplementary information and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information and Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 27, 2021

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2020

FINANCIAL HIGHLIGHTS

Key financial highlights for the Town in 2020 are as follows:

- In total, net position increased by \$640,988. Net position of governmental activities increased by \$368,484, which represents a 12.5 percent increase from 2019. Net position of business type activities increased by \$272,504 or 12 percent from 2019.
- General revenues accounted for \$991,077 in revenue or 47 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,109,657 or 53 percent of total revenues of \$2,100,734.
- Governmental activities total assets increased by \$569,816. Total liabilities and deferred inflows of resources increased by \$201,332.
- The Town incurred \$977,425 in expenses related to government activities. \$354,832 of these expenses was offset by program specific charges for services, grants and contributions. General revenues (primarily property taxes, sales taxes, franchise taxes, and mineral leasing revenue) of \$991,077 were adequate to cover the balance of these programs.
- The General Fund had \$1,551,945 in revenues and other financing sources and \$1,415,710 in expenditures. It's fund balance increased by \$136,235 from \$1,242,615 to \$1,378,850.
- Net position of the Enterprise Funds increased from \$2,277,272 to \$2,549,776.

TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2020

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, 2020

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, 2020

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 \$1,113,077. Net capital assets increased \$1,130,023. Current liabilities increased by \$51,806. Non-current liabilities increased by \$418,577. Deferred inflows of resources increased by \$1,706.

The Town's combined net position was larger on December 31, 2020 than it was at December 31, 2019, increasing by 12 percent to \$5,868,772. Part of the increase came from its governmental activities, the net position of which increased by \$368,484 to \$3,318,996. The net position of the Town's business type activities increased \$272,504 to \$2,549,776.

TOWN OF DOLORES, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

For the Year Ended December 31, 2020

Table 1 provides a summary of the Town's net position for 2020 compared to 2019:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities		Business-type Activities		Total Town	
	2020	2019	2020	2019	2020	2019
Assets						
Current assets	\$ 1.510	\$ 1.352	\$ 0.848	\$ 1.023	\$ 2.358	\$ 2.375
Capital assets	2.275	1.863	1.991	1.273	4.266	3.136
Total assets	<u>3.785</u>	<u>3.215</u>	<u>2.839</u>	<u>2.296</u>	<u>6.624</u>	<u>5.511</u>
Liabilities						
Current liabilities	0.077	0.039	0.032	0.019	0.109	0.058
Noncurrent liabilities	0.300	0.138	0.257		0.557	0.138
Deferred inflows of resources	0.089	0.087			0.089	0.087
Net Position						
Net investment in capital assets	1.940	1.708	1.720	1.273	3.660	2.981
Restricted	0.045	0.025			0.045	0.025
Unrestricted	1.334	1.218	0.830	1.004	2.164	2.222
Total net position	<u>\$ 3.319</u>	<u>\$ 2.951</u>	<u>\$ 2.550</u>	<u>\$ 2.277</u>	<u>\$ 5.869</u>	<u>\$ 5.228</u>

TOWN OF DOLORES, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

For the Year Ended December 31, 2020

Table 2 shows the changes in net position for fiscal year 2020 as compared to 2019.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Town	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 35,275	\$ 45,632	\$ 451,825	\$ 461,744	\$ 487,100	\$ 507,376
Operating grants & contributions	128,189	48,999		7,342	128,189	56,341
Capital grants & contributions	191,368		303,000		494,368	-
General revenues						
Property taxes	87,897	82,605			87,897	82,605
Sales taxes	653,743	479,330			653,743	479,330
Other	249,437	215,882		1,467	249,437	217,349
Total revenues	<u>1,345,909</u>	<u>872,448</u>	<u>754,825</u>	<u>470,553</u>	<u>2,100,734</u>	<u>1,343,001</u>
Expenses						
General government	385,793	263,974			385,793	263,974
Public safety	153,561	145,206			153,561	145,206
Public works	391,680	306,368	482,321	403,231	874,001	709,599
Culture and recreation	46,391	21,040			46,391	21,040
Total expenses	<u>977,425</u>	<u>736,588</u>	<u>482,321</u>	<u>403,231</u>	<u>1,459,746</u>	<u>1,139,819</u>
Increase (decrease) in net position	<u>\$ 368,484</u>	<u>\$ 135,860</u>	<u>\$ 272,504</u>	<u>\$ 67,322</u>	<u>\$ 640,988</u>	<u>\$ 203,182</u>

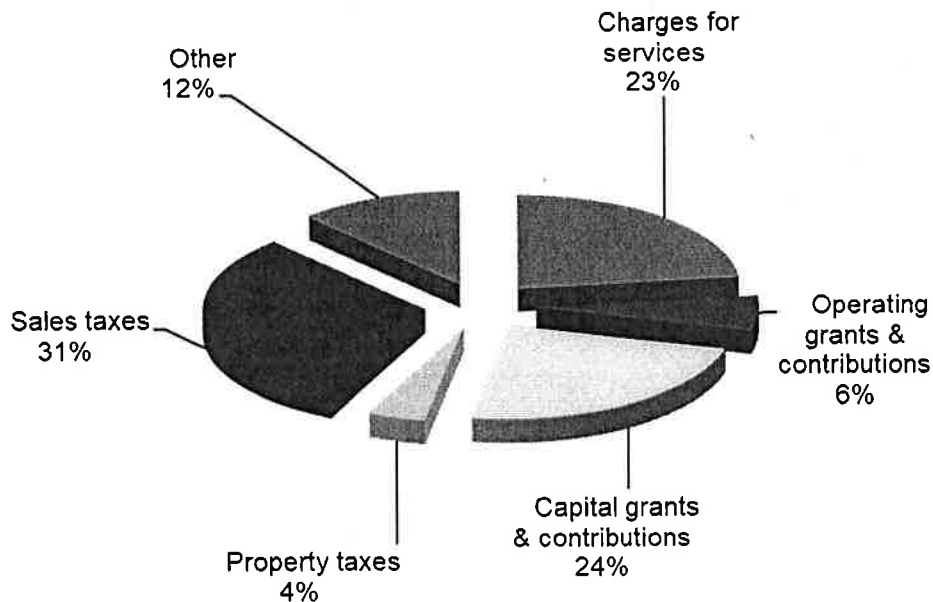
TOWN OF DOLORES, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2020

Charges for services, capital grants and sales taxes accounted for most of the Town's total revenue, contributing 23 percent, 24 percent and 31 percent respectively (See Table 3). Another 4 percent came from property taxes and other revenues and the remainder from operating grants.

The Town's expenses are predominately related to, public works (60 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 2020

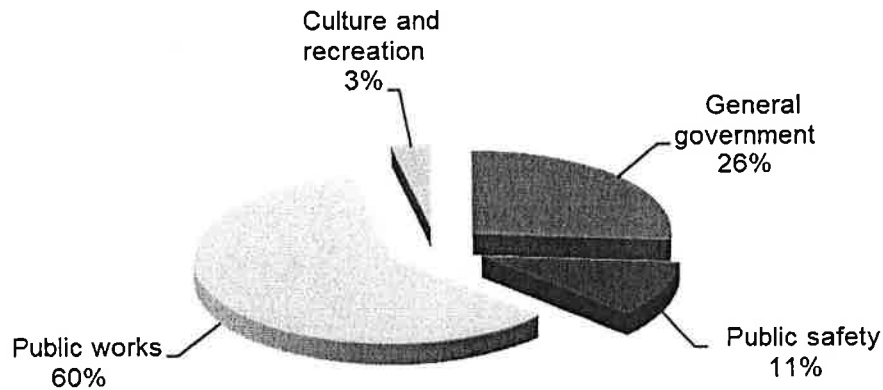


TOWN OF DOLORES, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

For the Year Ended December 31, 2020

**Table 4
Expenses for Fiscal Year 2020**



Governmental Activities

The primary sources of operating revenue for the Town come from charges for services, capital grants and sales taxes. The Town receives approximately 78 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, 2020

**Table 5
Government Activities**

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
General government	\$ 385,793	\$ 263,974	\$ 265,947	\$ 237,317
Public safety	153,561	145,206	148,641	127,961
Public works	391,680	306,368	363,858	268,390
Culture and recreation	46,391	21,010	(155,853)	8,289
Total	\$ 977,425	\$ 736,558	\$ 622,593	\$ 641,957

- The cost of all governmental activities during the year was \$977,425.
- Some of the cost was financed by the users of the Town's programs (\$35,275)
- Federal and state government subsidized certain programs with grants and contributions (\$319,557).
- However, \$991,077 was financed by state and town taxpayers. This portion of governmental activities was financed with \$653,743 in sales taxes, \$101,944 in property and specific ownership taxes, \$67,314 in franchise taxes, and \$168,076 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 \$754,825 and expenses of \$482,321.

TOWN OF DOLORES, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2020**

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 \$1,551,945 and expenditures of \$1,415,710.

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 \$155,095 over budget, primarily because the Town failed to budget for the capital outlay related to the capital lease of equipment.

CAPITAL ASSET ADMINISTRATION

By the end of 2020, the Town has invested \$11.41 million in land, buildings, and equipment (including vehicles), of this total \$4.12 million was from governmental activities.

Table 6 shows capital assets for 2020 compared to 2019:

***Table 6
Capital Assets at December 31***

	Governmental Activities		Business-Type Activities		Total Town	
	2020	2019	2020	2019	2020	2019
Land/Water rights	\$ 171,974	\$ 134,741	\$ 44,096	\$ 44,096	\$ 216,070	\$ 178,837
Buildings/Facilities	2,913,031	2,648,460	7,103,784	6,284,062	10,016,815	8,932,522
Equipment	1,032,185	791,749	148,723	148,723	1,180,908	940,472
Total	\$ 4,117,190	\$ 3,574,950	\$ 7,296,603	\$ 6,476,881	\$ 11,413,793	\$ 10,051,831

TOWN OF DOLORES, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

For the Year Ended December 31, 2020

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, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 1,289,339	\$ 780,943	\$ 2,070,282
Property tax receivable	89,120		89,120
Accounts receivable	85,958	30,968	116,926
Grants receivable	44,357	25,000	69,357
Due from other governments	1,001		1,001
Inventory		11,354	11,354
Capital assets	4,117,190	7,296,603	11,413,793
Accumulated depreciation	(1,842,144)	(5,305,537)	(7,147,681)
Total capital assets, net of depreciation	<u>2,275,046</u>	<u>1,991,066</u>	<u>4,266,112</u>
Total Assets	<u>3,784,821</u>	<u>2,839,331</u>	<u>6,624,152</u>
Liabilities			
Accounts payable	31,885	8,871	40,756
Accrued vacation	9,920	9,920	19,840
Long-term liabilities			
Due within one year	34,876	13,841	48,717
Due in more than one year	300,024	256,923	556,947
Total Liabilities	<u>376,705</u>	<u>289,555</u>	<u>666,260</u>
Deferred inflows of resources			
Unearned property tax revenue	<u>89,120</u>		<u>89,120</u>
Net Position			
Net investment in capital assets	1,940,146	1,720,302	3,660,448
Restricted for			
TABOR	45,000		45,000
Unrestricted	1,333,850	829,474	2,163,324
Total Net Position	<u>\$ 3,318,996</u>	<u>\$ 2,549,776</u>	<u>\$ 5,868,772</u>

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO
Statement of Activities

For the Year Ended December 31, 2020

	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	\$ 385,793	\$ 29,445	\$ 90,401		\$ (265,947)		\$ (265,947)
Public safety	153,561	4,920			(148,641)		(148,641)
Public works	391,680		27,822		(363,858)		(363,858)
Culture and recreation	46,391	910	9,966	\$ 191,368	155,853		155,853
Total Governmental Activities	<u>977,425</u>	<u>35,275</u>	<u>128,189</u>	<u>191,368</u>	<u>(622,593)</u>		<u>(622,593)</u>
Business-Type Activities							
Water operations	263,230	261,905		303,000		\$ 301,675	301,675
Sewer operations	219,091	189,920				(29,171)	(29,171)
Total Business-Type Activities	<u>482,321</u>	<u>451,825</u>	<u>-</u>	<u>303,000</u>		<u>272,504</u>	<u>272,504</u>
Total Town	<u>\$ 1,459,746</u>	<u>\$ 487,100</u>	<u>\$ 128,189</u>	<u>\$ 494,368</u>	<u>(622,593)</u>	<u>272,504</u>	<u>(350,089)</u>

General Revenues

Property taxes	87,897		87,897
Specific ownership taxes	14,047		14,047
Sales tax	653,743		653,743
Road and bridge tax	9,334		9,334
Franchise tax	67,314		67,314
Severance tax	7,632		7,632
Intergovernmental			
Mineral leasing	54,898		54,898
Tobacco taxes	1,224		1,224
Earnings on investments	15,267		15,267
Asset sales	62,525		62,525
Miscellaneous	17,196		17,196
Total General Revenues	<u>991,077</u>	<u>-</u>	<u>991,077</u>
Change in Net Position	368,484	272,504	640,988
Net Position Beginning of the Year	2,950,512	2,277,272	5,227,784
Net Position End of the Year	<u>\$ 3,318,996</u>	<u>\$ 2,549,776</u>	<u>\$ 5,868,772</u>

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO
Balance Sheet
Governmental Funds

December 31, 2020

	<u>General Fund</u>	
Assets		
Cash and investments	\$ 1,289,339	
Property tax receivable	89,120	
Accounts receivable	85,958	
Grants receivable	44,357	
Due from other governments	1,001	
Total assets	<u>\$ 1,509,775</u>	
Liabilities		
Accounts payable	\$ 31,885	
Accrued vacation	9,920	
Total liabilities	<u>41,805</u>	
Deferred inflows of resources		
Unearned property tax revenue	<u>89,120</u>	
Fund balance		
Restricted		
TABOR	45,000	
Unrestricted		
Assigned for subsequent year's expenditures	1,309,530	
Unassigned	24,320	
Total fund balance	<u>1,378,850</u>	
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,509,775</u>	
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position		
Total fund balance governmental funds		\$ 1,378,850
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	\$ 4,117,190	
Accumulated depreciation	<u>(1,842,144)</u>	2,275,046
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	(34,876)	
Due in more than one year	<u>(300,024)</u>	(334,900)
Total net position governmental activities		<u>\$ 3,318,996</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, 2020

	General Fund
Revenues	
Taxes	\$ 839,967
Intergovernmental revenues	357,803
Licenses and permits	19,528
Fines and forfeitures	4,920
Earnings on investments	15,268
Other	108,423
Total revenues	1,345,909
Expenditures	
General government	421,679
Public safety	153,561
Public works	549,502
Culture and recreation	290,968
Total expenditures	1,415,710
Excess (deficit) of revenues over (under) expenditures	(69,801)
Other financing sources (uses)	
Proceeds from capital lease	206,036
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	136,235
Fund Balances beginning of the year	1,242,615
Fund balances end of the year	\$ 1,378,850

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, 2020

Net Change in Fund Balances Governmental Funds **\$ 136,235**

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	\$ 573,240	
Depreciation expense	<u>(161,117)</u>	
		412,123

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 capital lease		26,162
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Some increases in debt are reported in the governmental funds but are not reflected in the Statement of Activities

Proceeds from capital leases		(206,036)
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Change in Net Position of Governmental Activities		<u>\$ 368,484</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, 2020

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Assets			
Current assets			
Cash	\$ 457,097	\$ 323,846	\$ 780,943
Accounts receivable	16,199	14,769	30,968
Grants receivable	25,000		25,000
Inventory	11,002	352	11,354
Total current assets	509,298	338,967	848,265
Noncurrent assets			
Capital assets	3,075,765	4,220,838	7,296,603
Accumulated depreciation	(1,753,142)	(3,552,395)	(5,305,537)
Total noncurrent assets	1,322,623	668,443	1,991,066
Total assets	1,831,921	1,007,410	2,839,331
Liabilities			
Current liabilities			
Accounts payable	4,656	4,215	8,871
Accrued vacation	4,960	4,960	9,920
Current portion of long-term debt	13,841		13,841
Total current liabilities	23,457	9,175	32,632
Noncurrent liabilities			
Loans payable	256,923		256,923
Total noncurrent liabilities	256,923	-	256,923
Total liabilities	280,380	9,175	289,555
Net position			
Net investment in capital assets	1,051,859	668,443	1,720,302
Unrestricted	499,682	329,792	829,474
Total net position	\$ 1,551,541	\$ 998,235	\$ 2,549,776

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, 2020

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Operating revenues			
Charges for services	\$ 261,585	\$ 189,920	\$ 451,505
Total operating revenues	<u>261,585</u>	<u>189,920</u>	<u>451,505</u>
Operating expenses			
Salaries and benefits	118,476	118,475	236,951
Office	2,036	658	2,694
Subscriptions, dues and permits		694	694
Professional fees	12,099	12,099	24,198
Laboratory services	1,563	6,918	8,481
Travel and education	790	50	840
Operator	1,710		1,710
Insurance	7,418	7,418	14,836
Parts and supplies	25,140	1,102	26,242
Chemicals	9,051	692	9,743
Utilities	25,582	19,780	45,362
Miscellaneous	2,964	1,868	4,832
Depreciation	52,485	49,337	101,822
Total operating expenses	<u>259,314</u>	<u>219,091</u>	<u>478,405</u>
Operating income (loss)	<u>2,271</u>	<u>(29,171)</u>	<u>(26,900)</u>
Non-operating revenues (expenses)			
Grant revenue	303,000		303,000
Tap fees	320		320
Debt service-interest	(3,916)		(3,916)
Total non-operating revenue	<u>299,404</u>	<u>-</u>	<u>299,404</u>
Change in net position	301,675	(29,171)	272,504
Net position beginning of the year	1,249,866	1,027,406	2,277,272
Net position end of the year	<u>\$ 1,551,541</u>	<u>\$ 998,235</u>	<u>\$ 2,549,776</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, 2020

	Business-type Activities		
	Water Fund	Wastewater Fund	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 259,514	\$ 188,023	\$ 447,537
Cash payments to employees for services	(118,908)	(118,907)	(237,815)
Cash payments to suppliers for goods and services	(86,628)	(49,846)	(136,474)
Net Cash Flows provided (used) by Operating Activities	<u>53,978</u>	<u>19,270</u>	<u>73,248</u>
Cash Flows From Capital and Related Financing Activities			
Tap fees received	320		320
Grant received	278,000		278,000
Proceeds from long-term debt	275,000		275,000
Principal paid on debt	(4,236)		(4,236)
Interest paid on debt	(3,916)		(3,916)
Net Cash Flows provided (used) by Capital and Financing Activities	<u>545,168</u>	<u>-</u>	<u>545,168</u>
Cash Flows from Noncapital Financing Activities			
Equipment and facilities purchased	(819,722)		(819,722)
Total Cash Flows provided (used) by Noncapital Financing Activities	<u>(819,722)</u>	<u>-</u>	<u>(819,722)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(220,576)	19,270	(201,306)
Cash and Cash Equivalents - Beginning	677,673	304,576	982,249
Cash and Cash Equivalents - Ending	<u>\$ 457,097</u>	<u>\$ 323,846</u>	<u>\$ 780,943</u>
Reconciliation of operating income (loss) to Net Cash provided (used) by Operating Activities			
Operating income (loss)	\$ 2,271	\$ (29,171)	\$ (26,900)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	52,485	49,337	101,822
Changes in assets and liabilities related to operations:			
(Increase) Decrease in			
Accounts receivable	(2,071)	(1,897)	(3,968)
Inventory	2,137	164	2,301
Increase (Decrease) in			
Operating accounts payable	(412)	1,269	857
Accrued vacation	(432)	(432)	(864)
Net Cash provided (used) by Operating Activities	<u>\$ 53,978</u>	<u>\$ 19,270</u>	<u>\$ 73,248</u>

The accompanying notes are an integral part of this statement.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020, an accrual of \$19,840 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, 2020

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 the 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, 2020

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 \$1,211,233 and the bank balance was \$1,431,796. The Town's bank balances at December 31, 2020 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, 2020 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, 2020 the COLOTRUST balance was \$859,049.

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

Capital Assets – Capital asset activity for the fiscal year ended December 31, 2020 follows:

	Balance Jan 1, 2020	Additions	Deletions	Balance Dec 31, 2020
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 134,741	\$ 37,233		\$ 171,974
Capital assets, being depreciated:				
Buildings	417,676			417,676
Improvements	2,230,784	264,571		2,495,355
Equipment and vehicles	791,749	271,436	\$ (31,000)	1,032,185
Total capital assets being depreciated	<u>3,440,209</u>	<u>536,007</u>	<u>(31,000)</u>	<u>3,945,216</u>
Less accumulated depreciation	<u>(1,712,027)</u>	<u>(161,117)</u>	<u>31,000</u>	<u>(1,842,144)</u>
Net capital assets being depreciated	1,728,182	374,890	-	2,103,072
Governmental Activities Capital Assets, net	<u><u>\$ 1,862,923</u></u>	<u><u>\$ 412,123</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,275,046</u></u>
Business Type Activities				
Capital assets, not being depreciated:				
Water rights	\$ 44,096			\$ 44,096
Capital assets being depreciated				
Improvements	6,284,062	\$ 819,722		7,103,784
Machinery and equipment	148,723			148,723
Total capital assets being depreciated	<u>6,432,785</u>	<u>819,722</u>	<u>-</u>	<u>7,252,507</u>
Less accumulated depreciation	<u>(5,203,715)</u>	<u>(101,822)</u>		<u>(5,305,537)</u>
Net capital assets being depreciated	1,229,070	717,900	-	1,946,970
Business Type Activities Capital Assets net	<u><u>\$ 1,273,166</u></u>	<u><u>\$ 717,900</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,991,066</u></u>

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

Governmental activities	
General government	\$ 1,347
Public works	139,775
Culture and recreation	19,995
Total depreciation government activities	<u>\$ 161,117</u>
Business type activities	
Water operations	\$ 52,485
Sewer operations	49,337
Total depreciation business type activities	<u>\$ 101,822</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, 2020, the Town's matching contributions totaled \$7,368.

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

Governmental Activities:

Capital Leases Payable-

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

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

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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

Business-type Activities:

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

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

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

	January 1, 2020	Additions	Deletions	December 31, 2020
Governmental Activities				
Capital leases	\$ 155,026	\$ 206,036	\$ (26,162)	\$ 334,900
Business Type Activities				
Notes and Bonds from Direct Placement				
Water Fund Loan		275,000	(4,236)	270,764
Total	<u>\$ 155,026</u>	<u>\$ 481,036</u>	<u>\$ (26,162)</u>	<u>\$ 605,664</u>

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

Year Ending December 31,	Governmental Activities		Notes and Bonds from Direct Placement	
	Principal	Interest	Business-type Activities Principal	Interest
2021	\$ 34,876	\$ 9,152	\$ 13,841	\$ 10,568
2022	36,306	7,722	14,405	10,004
2023	37,794	6,234	14,992	9,417
2024	39,345	4,683	15,578	8,832
2025	40,958	2,191	16,238	8,172
2026-2030	145,621	2,021	91,648	30,400
2031-2035			104,062	9,842
Total	<u>\$ 334,900</u>	<u>\$ 32,003</u>	<u>\$ 270,764</u>	<u>\$ 87,235</u>

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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 \$1,309,530 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.

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

TOWN OF DOLORES, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

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 General Fund and the Water Fund.

TOWN OF DOLORES, COLORADO
Required Supplementary Information

December 31, 2020

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, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 87,414	\$ 87,414	\$ 87,167	\$ (247)
Specific ownership taxes	11,000	15,271	14,047	(1,224)
Delinquent tax and interest			730	730
Sales and use taxes	350,000	632,252	653,743	21,491
Severance taxes	8,000	7,632	7,632	-
Road and bridge fee	10,000	7,563	9,334	1,771
Franchise taxes	60,500	64,497	67,314	2,817
Total taxes	526,914	814,629	839,967	25,338
Licenses and permits				
Business licenses	4,300	4,000	3,925	(75)
Liquor licenses	3,250	3,250	2,425	(825)
Building permits	12,000	10,068	9,878	(190)
Development fees		1,310	2,375	1,065
Dog licenses	1,500	850	925	75
Total licenses and permits	21,050	19,478	19,528	50
Intergovernmental revenues				
Grants	25,000	263,893	263,893	-
Lottery funds	41,500	50,750	9,966	(40,784)
Highway users tax	30,000	27,070	27,822	752
Mineral leasing	45,000	54,898	54,898	-
Tobacco product taxes	1,000	1,000	1,224	224
Total intergovernmental revenues	142,500	397,611	357,803	(39,808)
Fines and forfeitures				
Court and dog fines	10,000	3,500	4,920	1,420
Total fines and forfeitures	10,000	3,500	4,920	1,420
Earnings on investments				
	21,100	9,867	15,268	5,401
Miscellaneous revenues				
	10,825	82,445	108,423	25,978
Total revenues	732,389	1,327,530	1,345,909	18,379

TOWN OF DOLORES, COLORADO

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

For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Expenditures				
General government				
Salaries and benefits	\$ 133,992	\$ 128,653	\$ 162,522	\$ (33,869)
Office	10,300	10,888	11,829	(941)
Subscriptions and dues	3,218	12,266	12,417	(151)
Town hall maintenance and supplies	12,000	3,900	4,088	(188)
Building Inspector	16,224	25,355		25,355
Advertising and web design	5,000	11,028	11,663	(635)
Utilities and trash removal	8,150	9,962	9,833	129
Attorney	10,000	17,500	15,888	1,612
Audit fees	5,000	6,000	6,000	-
Elections	4,000	1,800	1,536	264
Travel and training	10,000	4,293	4,701	(408)
Other charges and services	59,199	33,955	42,781	(8,826)
Miscellaneous	5,550	8,136	6,917	1,219
Memberships and donations	9,350	9,350	9,391	(41)
Insurance	6,909	7,418	7,418	-
COVID grant expenditures		40,000	43,846	(3,846)
Capital outlay	2,000	43,700	70,849	(27,149)
Total general government	<u>300,892</u>	<u>374,204</u>	<u>421,679</u>	<u>(47,475)</u>
Public works				
Salaries and benefits	143,675	139,743	131,762	7,981
Fuel	13,000	10,000	7,433	2,567
Parts and supplies	6,500	5,350	6,744	(1,394)
Equipment maintenance	15,000	7,000	9,317	(2,317)
Street maintenance	41,000	55,750	43,823	11,927
Utilities	30,900	32,400	32,159	241
Insurance	6,909	7,418	7,418	-
Miscellaneous	11,300	4,000	2,055	1,945
Capital outlay	50,000	42,600	271,436	(228,836)
Debt service				
Principal	52,282	26,078	26,162	(84)
Interest		11,277	11,193	84
Total public works	<u>370,566</u>	<u>341,616</u>	<u>549,502</u>	<u>(207,886)</u>
Public safety				
Other charges and services	194,500	194,500	153,561	40,939
Total public safety	<u>194,500</u>	<u>194,500</u>	<u>153,561</u>	<u>40,939</u>
Culture and recreation				
Salaries and benefits	9,360	9,360	5,720	3,640
Maintenance and supplies	13,300	14,850	14,825	25
Utilities	4,500	6,000	5,851	149
Capital outlay	60,000	320,085	264,572	55,513
Total culture and recreation	<u>87,160</u>	<u>350,295</u>	<u>290,968</u>	<u>59,327</u>
Total expenditures	<u>953,118</u>	<u>1,260,615</u>	<u>1,415,710</u>	<u>(155,095)</u>
Excess (deficit) of revenues over (under) expenditures	(220,729)	66,915	(69,801)	(136,716)
Other financing sources (uses)				
Proceeds from capital lease			206,036	206,036
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(220,729)</u>	<u>66,915</u>	<u>136,235</u>	<u>69,320</u>
Fund balance, beginning of the year	1,120,189	1,242,615	1,242,615	-
Fund balance, end of the year	<u>\$ 899,460</u>	<u>\$ 1,309,530</u>	<u>\$ 1,378,850</u>	<u>\$ 69,320</u>

TOWN OF DOLORES, COLORADO
Other Supplementary Information

December 31, 2020

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, 2020

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenues				
General water fees	\$ 210,000	\$ 217,000	\$ 232,459	\$ 15,459
Water dock	16,000	20,000	29,126	9,126
Total operating revenues	<u>226,000</u>	<u>237,000</u>	<u>261,585</u>	<u>24,585</u>
Operating Expenses				
Salaries and benefits	137,617	135,333	118,476	16,857
Office	2,800	2,500	2,036	464
Subscriptions, dues and permits	500	500	500	500
Professional fees	7,500	11,750	12,099	(349)
Laboratory services	2,500	3,500	1,563	1,937
Travel	1,000	750	750	750
Education	1,200	500	790	(290)
Operator	2,000	3,500	1,710	1,790
Insurance	6,909	7,418	7,418	-
Equipment maintenance	1,000	500	270	230
Facilities maintenance	2,000	1,500	20	1,480
Parts and supplies	15,058	16,500	24,850	(8,350)
Chemicals	11,000	11,000	9,051	1,949
Utilities	29,700	29,900	25,582	4,318
Miscellaneous	6,800	6,800	2,964	3,836
Capital outlay	58,000	767,778	819,722	(51,944)
Total Operating Expenses	<u>285,584</u>	<u>999,729</u>	<u>1,026,551</u>	<u>(26,822)</u>
Operating income (loss)	<u>(59,584)</u>	<u>(762,729)</u>	<u>(764,966)</u>	<u>(2,237)</u>
Non-Operating Revenue (Expenses)				
Grant revenue		299,630	303,000	3,370
Tap fees	4,500	4,500	320	(4,180)
Proceeds from long-term debt		275,000	275,000	-
Debt service				
Principal		(6,152)	(4,236)	1,916
Interest		(2,000)	(3,916)	(1,916)
Total Non-Operating Revenue	<u>4,500</u>	<u>570,978</u>	<u>570,168</u>	<u>(810)</u>
Change in net position non GAAP basis	(55,084)	(191,751)	(194,798)	(3,047)
Add capital outlay			819,722	819,722
Add debt service-principal			4,236	4,236
Less proceeds from long-term debt			(275,000)	(275,000)
Less depreciation expense			(52,485)	(52,485)
Change in net position	(55,084)	(191,751)	301,675	493,426
Net position beginning of the year	656,152	677,673	1,249,866	572,193
Net position end of the year	<u>\$ 601,068</u>	<u>\$ 485,922</u>	<u>\$ 1,551,541</u>	<u>\$ 1,065,619</u>

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, 2020

	Budgeted Amounts		(Non GAAP Basis)	Variance
	Original	Final	Actual Amounts	Favorable (Unfavorable)
Operating Revenues				
General sewer fees	\$ 180,000	\$ 180,000	\$ 189,920	\$ 9,920
Total operating revenues	<u>180,000</u>	<u>180,000</u>	<u>189,920</u>	<u>9,920</u>
Operating Expenses				
Salaries and benefits	137,617	137,617	118,475	19,142
Office	1,800	1,800	658	1,142
Chemicals	2,500	2,500	692	1,808
Parts and supplies	6,000	6,000	1,062	4,938
Subscriptions, dues and permits	2,200	2,200	694	1,506
Professional fees	7,500	7,500	12,099	(4,599)
Laboratory services	3,800	3,800	6,918	(3,118)
Outside services	300	300		300
Education	2,000	2,000	50	1,950
Insurance	6,909	6,909	7,418	(509)
Equipment maintenance	1,500	1,500	40	1,460
Facilities maintenance	100	100		100
Miscellaneous	4,300	4,300	1,868	2,432
Utilities	23,000	23,000	19,780	3,220
Total Operating Expenses	<u>199,526</u>	<u>199,526</u>	<u>169,754</u>	<u>29,772</u>
Operating income (loss)	<u>(19,526)</u>	<u>(19,526)</u>	<u>20,166</u>	<u>39,692</u>
Non-Operating Revenue (Expenses)				
Tap fees	4,500	4,500		(4,500)
Total Non-Operating Revenue	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>(4,500)</u>
Change in net position non GAAP basis	(15,026)	(15,026)	20,166	35,192
Less depreciation expense			(49,337)	(49,337)
Change in net position	<u>(15,026)</u>	<u>(15,026)</u>	<u>(29,171)</u>	<u>(14,145)</u>
Net position beginning of the year	261,598	261,598	1,027,406	765,808
Net position end of the year	<u>\$ 246,572</u>	<u>\$ 246,572</u>	<u>\$ 998,235</u>	<u>\$ 751,663</u>

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

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

LOCAL HIGHWAY FINANCE REPORT

City or County:

Town

YEAR ENDING :

December 2020

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

Prepared By: Majors and Haley P.C.
Phone: 970-565-9521

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	432,280
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)	308,231	c. Other Street Lights	26,066
4. Miscellaneous local receipts (from page 2)	237,482	d. Total (a. through c.)	26,066
5. Transfers from toll facilities		4. General administration & miscellaneous	65,898
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	524,244
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	545,713	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government		2. Notes:	
(from page 2)	44,788	a. Interest	11,193
D. Receipts from Federal Government		b. Redemption	26,162
(from page 2)	54,898	c. Total (a. + b.)	37,355
E. Total receipts (A.7 + B + C + D)	645,399	3. Total (1.c + 2.c)	37,355
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	561,599

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)	155,026	206,036	26,162	334,900

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	614,391	645,399	561,599	698,191	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2020

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	178
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	294,184	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	22,800
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	14,047	g. Other Misc. Receipts	8,468
6. Total (1. through 5.)	308,231	h. Other Proceeds from capital lease	206,036
c. Total (a. + b.)	308,231	i. Total (a. through h.)	237,482
	(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	27,822	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	9,334	d. Federal Transit Admin	
d. Other (Specify) - Severance Tax	7,632	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal Mineral Leasing	54,898
f. Total (a. through e.)	16,966	g. Total (a. through f.)	54,898
4. Total (1. + 2. + 3.f)	44,788	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: