

Town of Gilcrest, Colorado

Financial Statements and Supplementary Information

For the Year Ended December 31, 2022

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Town of Gilcrest, Colorado

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Independent Auditor's Report

Honorable Mayor and Members
Of the Town Board of Trustees
Town of Gilcrest, Colorado

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gilcrest (the Town), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter- Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the Town adopted the provisions of Governmental Accounting Standards Board Statement Number 87, *Leases*. Our Opinion is not modified with respect to this matter.

Emphasis of Matter- Prior Period Adjustment

During the year ended December 31, 2022, the Town determined that \$138,996 of capital grant revenue was recognized during 2021 prior to meeting the criteria for recognition, resulting in an overstatement of net position in the Sewer Fund and Business-type Activities of \$138,996. The beginning net position has been restated for this error by recognizing deferred revenue and a reduction in the beginning net position. Our Opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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'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'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 for the General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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's basic financial statements. The budgetary comparison information and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 budgetary information and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BDO USA, P.C.

March 22, 2024

Management's Discussion and Analysis

This discussion and analysis of the financial performance of the Town of Gilcrest, Colorado (Town) provides an overview of the Town's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The Net Position of the Town increased by \$495,947 (7.9%) during 2022, to \$6,748,359.
- At December 31, 2022, the Town's governmental funds reported combined ending fund balances of \$2,303,301. This marked an increase of \$432,655 (23.1%) from the prior year's ending governmental fund balances.
- The Town's General Fund increased its Fund Balance by \$427,144 (23.1%) during 2022 primarily due to increased property and sales tax revenues, and reductions in expenditures.
- The Town's water, sewer, and storm drainage funds' net positions stayed fairly steady in 2022, increasing by \$108,569 (2.9%).

USING THIS ANNUAL REPORT

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

Government-wide financial statements

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

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

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee leave).

Both government-wide financial statements distinguish functions of the Town of Gilcrest that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety (police), public works, health and welfare, and parks and recreation. The business-type activities of the Town include water and sewer operations.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Gilcrest, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Town can be divided into two categories: Governmental Funds and Proprietary Funds.

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

governmental fund statements provide detailed short-term views of cash, operations, and basic services provided. Governmental fund statements show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and the *Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities* provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The Town of Gilcrest maintains two individual governmental funds. Information for these funds is presented by fund name in the *Governmental Fund Balance Sheet* and the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances*. The Town's General Fund meets the criteria to be designated as a major fund; the Town's Conservation Trust Fund is a non-major fund.

Proprietary Funds -- The Town's utility services are reported in proprietary funds; they focus on overall economic position rather than year-end fund balances. Enterprise funds are the type of proprietary funds used to account for the Town's Water Fund, Sewer Fund, and Stormwater Fund. All three funds meet the criteria to be designated as major funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements, only in a bit more detail.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the fund financial statements.

Other information

Budgetary comparison statements or schedules for all funds with budgeted expenditures/expenses are included following the "Notes to Financial Statements" to demonstrate each fund's compliance with adopted budgets and appropriations. For the year ended December 31, 2022, all funds had budgeted expenditures/expenses.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Gilcrest, assets exceeded liabilities and deferred inflows of resources by \$2,857,509 at the close of 2022. As shown below, the Town's financial position improved by \$387,378 (15.7%) during 2022.

Town of Gilcrest's Condensed Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 3,216,424	\$ 2,165,430	\$ 1,051,717	\$ 1,043,538	\$ 4,268,141	\$ 3,208,968
Capital assets, net	571,050	608,635	3,571,590	3,562,867	4,142,640	4,171,502
Total assets	<u>\$ 3,787,474</u>	<u>\$ 2,774,065</u>	<u>\$ 4,623,307</u>	<u>\$ 4,606,405</u>	<u>\$ 8,410,781</u>	<u>\$ 7,380,470</u>
Current liabilities	\$ 82,233	\$ 30,297	\$ 146,464	\$ 12,874	\$ 228,697	\$ 43,171
Noncurrent Liabilities	16,842	9,149	585,993	649,864	602,835	659,013
Total liabilities	<u>\$ 99,075</u>	<u>\$ 39,446</u>	<u>\$ 732,457</u>	<u>\$ 662,738</u>	<u>\$ 831,532</u>	<u>\$ 702,184</u>
Deferred inflows of resources	<u>\$ 830,890</u>	<u>\$ 264,488</u>	<u>\$ -</u>	<u>\$ 161,386</u>	<u>\$ 830,890</u>	<u>\$ 425,874</u>
Net position:						
Net investment in capital assets	\$ 571,050	\$ 608,635	\$ 2,999,732	\$ 2,920,086	\$ 3,570,782	\$ 3,528,721
Restricted	539,839	78,787	60,940	31,191	600,779	109,978
Unrestricted	1,746,620	1,782,709	830,178	831,004	2,576,798	2,613,713
Total net position	<u>\$ 2,857,509</u>	<u>\$ 2,470,131</u>	<u>\$ 3,890,850</u>	<u>\$ 3,782,281</u>	<u>\$ 6,748,359</u>	<u>\$ 6,252,412</u>

Much (52.9%) of the Town's total net position at December 31, 2022 is represented by its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment). The Town uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending.

Approximately 8.9% (\$600,779) of the Town's total net position at the end of 2022 represents resources that are subject to external restrictions on how they may be used. They are mostly fund balance restrictions of sales taxes collected for capital improvements (\$403,352). An additional \$51,125 is restricted for parks, \$49,362 for law enforcement, \$36,000 for emergencies, and \$60,940 for sewer debt payments.

The remaining amount of the Town's total net position at the end of 2022 (\$2,576,798) represents 38.2% of total net position and may be used to meet the Town's other ongoing obligations to residents and creditors.

The following chart displays the changes in net position experienced by the Town over the last two fiscal years. An analysis of these changes follows for both its Governmental and Business-type Activities.

Town of Gilcrest's Condensed Changes in Net Position

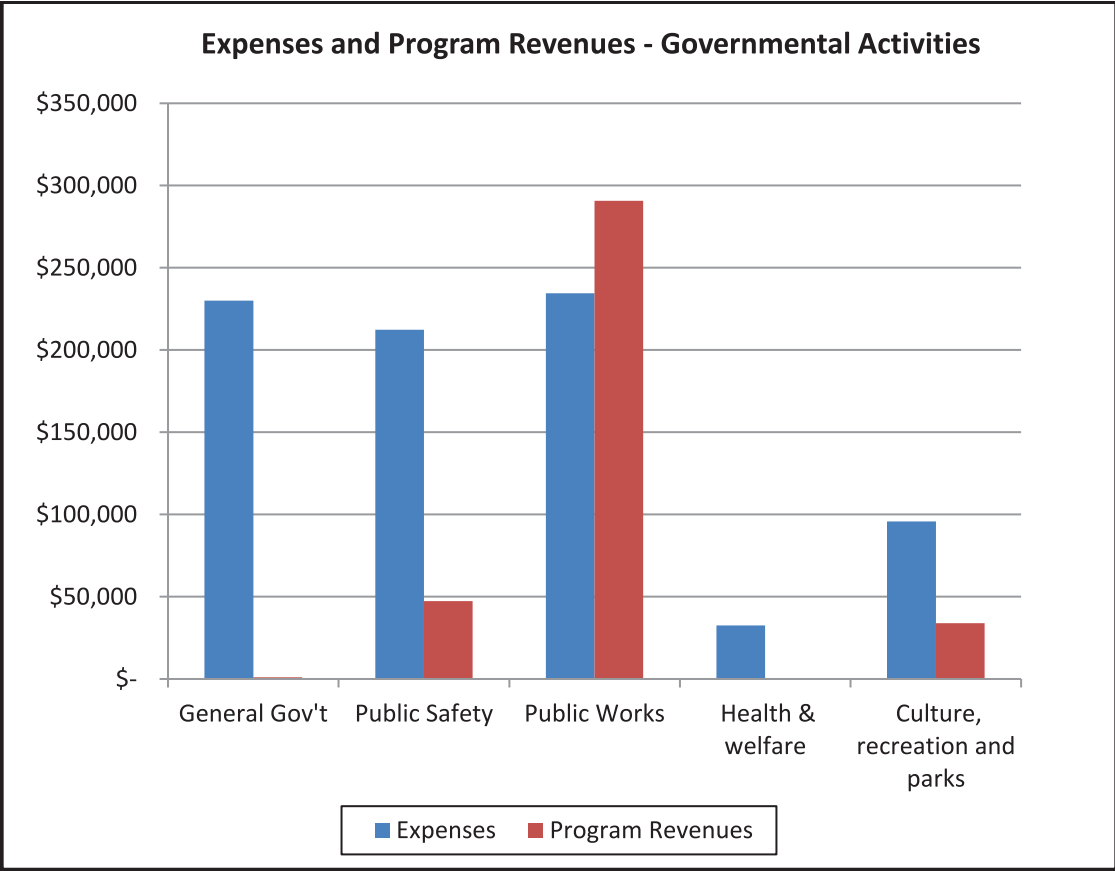
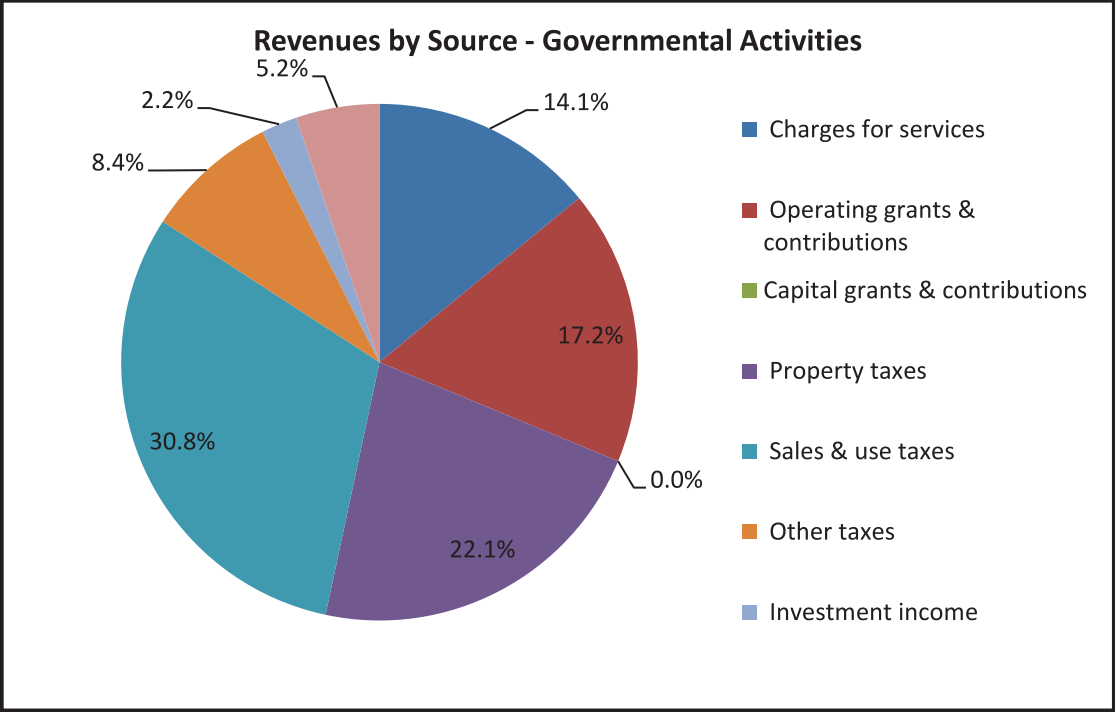
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program revenues:						
Charges for services	\$ 167,605	\$ 187,929	\$ 499,310	\$ 499,808	\$ 666,915	\$ 687,737
Operating grants & contributions	205,271	240,815	-	-	205,271	240,815
Capital grants & contributions	-	-	147,280	-	147,280	-
General revenues:						
Property taxes	263,473	229,803	22,302	20,886	285,775	250,689
Sales & use taxes	367,493	203,035	-	-	367,493	203,035
Other taxes	99,605	133,687	-	-	99,605	133,687
Investment income	26,758	924	12,085	2,383	38,843	3,307
Other general revenues	62,434	48,434	-	-	62,434	48,434
Total revenues	\$ 1,192,639	\$ 1,044,627	\$ 680,977	\$ 523,077	\$ 1,873,616	\$ 1,567,704
Program expenses:						
General government	\$ 230,099	\$ 197,423	\$ -	\$ -	\$ 230,099	\$ 197,423
Public safety	212,236	172,058	-	-	212,236	172,058
Public works	234,594	253,887	-	-	234,594	253,887
Health & welfare	32,539	41,649	-	-	32,539	41,649
Culture, recreation and parks	95,793	105,399	-	-	-	-
Water utility	-	-	267,590	228,007	267,590	228,007
Sewer utility	-	-	278,118	256,293	278,118	256,293
Stormwater utility	-	-	26,700	27,385	-	-
Total expenses	\$ 805,261	\$ 770,416	\$ 572,408	\$ 511,685	\$ 1,255,176	\$ 1,149,317
Transfers In/(Out)	\$ -	\$ (2,000)	\$ -	\$ 2,000	\$ -	\$ -
Increase/(decrease) in net position	\$ 387,378	\$ 272,211	\$ 108,569	\$ 13,392	\$ 495,947	\$ 285,603
Net Position, Beginning	2,470,131	2,197,920	3,782,281	3,768,889	6,252,412	5,966,809
Net Position, Ending	\$ 2,857,509	\$ 2,470,131	\$ 3,890,850	\$ 3,782,281	\$ 6,748,359	\$ 6,252,412

Governmental Activities

The Town's Governmental Activities increased in net position by \$387,378 (15.7%) in 2022. Key elements of this increase are as follows:

- Sales and use taxes for capital improvements and general purposes increased by \$164,458 (81.0%) in 2022.
- Investment income increased from fairly insignificant amounts in prior years to \$26,758 in 2022 due to utilization of Local Government Investment Pools and inflationary interest rates.
- Increased expenses did not surpass total revenues from all sources.

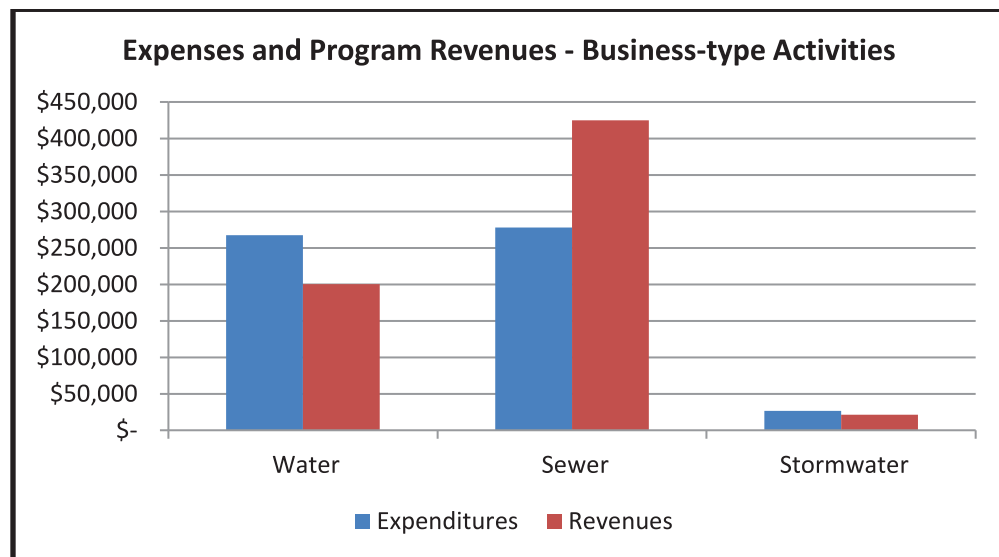
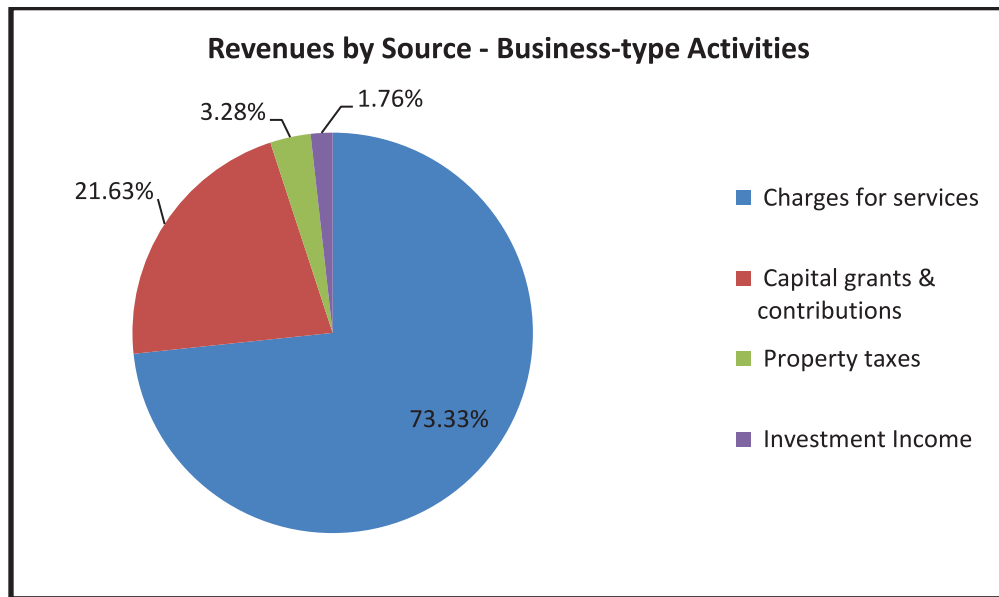
The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.



Business-type Activities

Business-type Activities increased in net position by \$108,569 (2.9%) during 2022. Operating Expenses exceeded Charges for Services in the Water Fund causing an operating loss of -\$63,903. In the Sewer Fund, Charges for Services exceeded Operating Expenses causing an operating gain of \$5,560. In the Stormwater Fund Operating Expenses exceeded Charges for Services causing an operating loss of -\$5,238. Management anticipates that rate increases as well as gradual growth in customer bases will address future revenue needs in these funds.

The following two charts illustrate the Business-type Activities revenues and expenses for 2022.

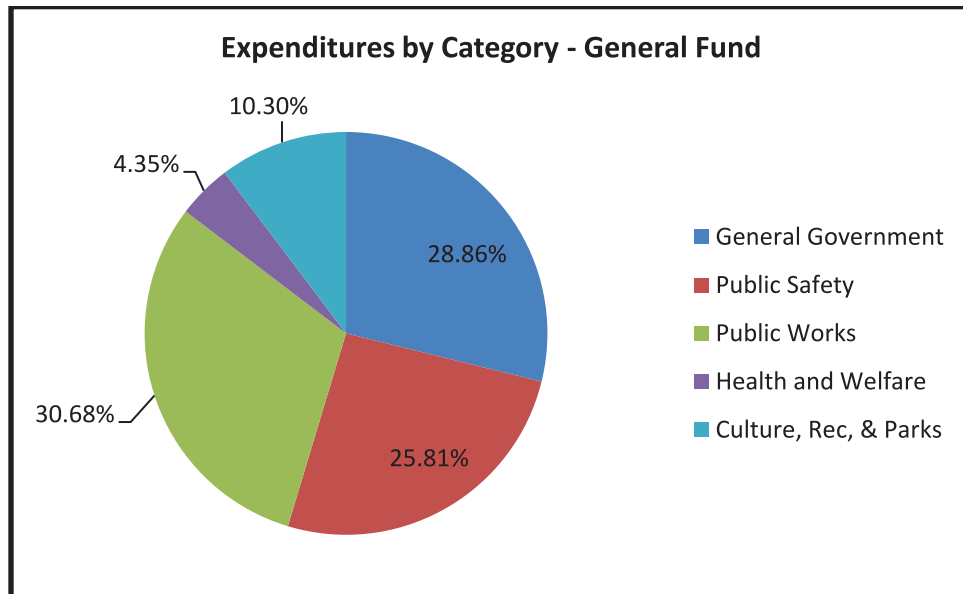
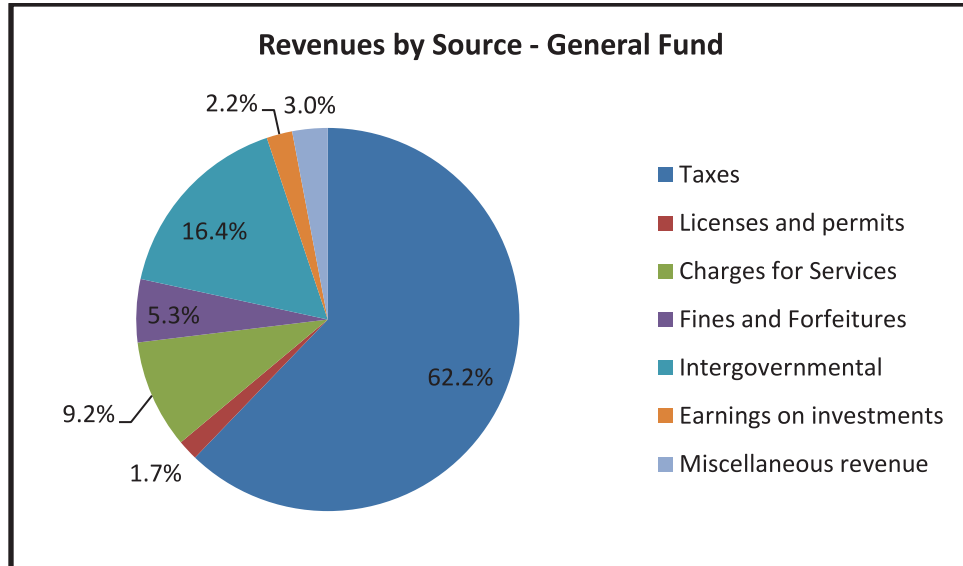


THE TOWN'S FUNDS

As noted earlier, the Town of Gilcrest uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (unrestricted fund balance) in each fund are shown at year end. At December 31, 2022 the Town's major Governmental fund, the General Fund,

reported an ending fund balance of \$2,251,002. The General Fund and the Town's three major Proprietary Funds are discussed below.

General Fund. The General Fund is the chief operating fund of the Town of Gilcrest. It accounts for all the general services provided by the Town. At the end of 2022, the fund balance of the General Fund totaled \$2,251,002. This was a \$427,144 (23.4%) increase from 2021 primarily due to revenue increases from sales taxes and property taxes. Expenditures in 2022 totaled \$727,734. The following two tables illustrate General Fund revenues and expenditures during 2022.



Water Fund. At December 31, 2022 the net position of the Water Fund was \$1,797,319. This was a decrease of \$36,210 (-2.0%) from 2021. Most of the decrease was attributable to depreciation of the water system capital assets. The Fund had an operating loss of \$63,903 in 2022.

Sewer Fund. At December 31, 2022 the net position of the Sewer Fund was \$1,388,271. This was an increase of \$148,346 (12.0%) from 2021. Most of the increase was attributable to a capital grant received

from the federal American Rescue Plan for sewer system improvements. The Fund had a small operating income of \$5,560 in 2022.

Stormwater Fund. At December 31, 2022 the net position of the Stormwater Fund was \$705,260. This was a decrease of \$3,567 (-0.5%) from 2021. Most of the decrease was attributable to depreciation of the Sewer system capital assets. The Fund had an operating loss of \$5,238 in 2022.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At December 31, 2022 the Town had invested in a range of capital assets including land, buildings and improvements, vehicles, office equipment, and park equipment. Note 5 on page 32 of the financial statements provides a summary of changes in capital assets during the year. During 2022, the Town began designing improvements to its sewer system.

The Town has specified certain sales tax revenue streams to fund capital improvements. One-quarter of the Town's four cent sales tax is restricted for general governmental capital improvements.

Debt Administration. The Town's long-term debt primarily consists of loans of the Enterprise Funds. In these business-type activities at December 31, 2022, the Town had a balance of \$13,596 owed on its 2004 Energy Impact Assistance Fund (EIAF) Loan from the Colorado Department of Local Affairs (DOLA), a \$42,136 balance on its 2009 EIAF Loan, and a \$516,126 balance on its Colorado Water Resources & Power Development Authority (CWRPDA) loan. These debts were incurred for water and sewer system facilities. Compensated absences are also recorded. See Note 6 on page 34 for more detailed information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The extent of oil and gas industry operations in the region fluctuates quickly and significantly with the national economy. When active drilling takes place in the region, the Town benefits from increases in sales taxes, property taxes, and state shared excise taxes. Management is aware that these revenues will continue to benefit the Town to some extent. Currently the Town seeks to be conservative in its revenue estimates.

Federal spending, federal unemployment insurance practices, restrictions on domestic energy production, and considerable expansion of the monetary supply is causing significant inflation throughout all sectors of the economy. The full economic impact of these state- and federal-imposed policies and restrictions on the Town's future budgets has yet to be determined.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Town of Gilcrest's residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds it receives and assets it maintains. If you have questions about this report, or should you desire additional financial information, contact the Town's management at Town of Gilcrest, 304 8th Street, P.O. Box 128, Gilcrest, CO 80623 or call Town Hall at (970) 737-2426.

Basic Financial Statements

Town of Gilcrest, Colorado
Statement of Net Position
December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,756,930	\$ 968,640	\$ 2,725,570
Accounts and taxes receivables	853,645	46,136	899,781
Internal balances	35,252	(35,252)	-
Prepaid items	25,588	11,253	36,841
Leases receivable	545,009	-	545,009
Restricted cash and cash equivalents	-	60,940	60,940
Capital assets:			
Not being depreciated	37,514	977,164	1,014,678
Being depreciated, net of accumulated depreciation	533,536	2,594,426	3,127,962
Total assets	3,787,474	4,623,307	8,410,781
Liabilities			
Accounts payable and accrued payroll	74,185	13,963	88,148
Deposits	8,048	-	8,048
Deferred income	-	130,712	130,712
Accrued interest payable	-	1,789	1,789
Noncurrent liabilities:			
Compensated absences	16,842	14,135	30,977
Due within one year	-	50,771	50,771
Due in more than one year	-	521,087	521,087
Total liabilities	99,075	732,457	831,532
Deferred inflows of resources			
Deferred inflows of resources- leases	545,009	-	545,009
Property taxes levied for subsequent year	285,881	-	285,881
Total deferred inflows of resources	830,890	-	830,890
Net position			
Net investment in capital assets	571,050	2,999,732	3,570,782
Restricted for:			
Emergencies	36,000	-	36,000
Law enforcement	49,362	-	49,362
Capital replacement	403,352	-	403,352
Debt service	-	60,940	60,940
Parks and recreation	51,125	-	51,125
Unrestricted	1,746,620	830,178	2,576,798
Total net position	\$ 2,857,509	\$ 3,890,850	\$ 6,748,359

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Statement of Activities
December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 230,099	\$ 1,027	\$ -	\$ -	\$ (229,072)	\$ -	\$ (229,072)
Public safety	212,236	47,354	-	-	(164,882)	-	(164,882)
Public works	234,594	101,875	188,765	-	56,046	-	56,046
Health and welfare	32,539	-	-	-	(32,539)	-	(32,539)
Culture, recreation and parks	95,793	17,349	16,506	-	(61,938)	-	(61,938)
Total government activities	805,261	167,605	205,271	-	(432,385)	-	(432,385)
Business-type activities:							
Water	267,590	200,447	-	-	-	(67,143)	(67,143)
Sewer	278,118	277,401	-	147,280	-	146,563	146,563
Stormwater	26,700	21,462	-	-	-	(5,238)	(5,238)
Total business-type activities	572,408	499,310	-	147,280	-	74,182	74,182
Total primary government	\$ 1,377,669	\$ 666,915	\$ 205,271	\$ 147,280	(432,385)	74,182	(358,203)
General revenues							
Taxes:							
Property taxes levied for general purposes					263,473	-	263,473
Property taxes levied for debt services					-	22,302	22,302
Specific ownership taxes					16,979	-	16,979
Sales and use taxes					367,493	-	367,493
Franchise taxes					38,617	-	38,617
Other taxes- non-specific use					44,009	-	44,009
Earnings on investments					26,758	12,085	38,843
Other revenues					62,434	-	62,434
Total general revenues					819,763	34,387	854,150
Changes in net position					387,378	108,569	495,947
Net position at beginning of year, as previously stated					2,470,131	3,921,277	6,391,408
Adjustments to beginning net position					-	(138,996)	(138,996)
Net position at beginning of year, as restated					2,470,131	3,782,281	6,252,412
Net position at end of year					\$ 2,857,509	\$ 3,890,850	\$ 6,748,359

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Balance Sheet
Governmental Funds
December 31, 2022

	General	Conservation Trust (Nonmajor)	Total Governmental Funds
Assets			
Equity in pooled cash and cash equivalents	\$ 1,683,938	\$ 72,992	\$ 1,756,930
Accounts and taxes receivable	837,139	16,506	853,645
Leases receivable	545,009	-	545,009
Due from other funds	72,445	-	72,445
Prepaid items	25,422	166	25,588
Totals assets	\$ 3,163,953	\$ 89,664	\$ 3,253,617
Liabilities, deferred inflows of resources and fund balances			
Liabilities			
Accounts payable and accrued payroll	\$ 74,013	\$ 172	\$ 74,185
Deposits	8,048	-	8,048
Due to other funds	-	37,193	37,193
Total liabilities	82,061	37,365	119,426
Deferred inflows of resources			
Deferred inflows of resources- leases	545,009	-	545,009
Property taxes	285,881	-	285,881
Total deferred inflows of resources	830,890	-	830,890
Fund balances			
Nonspendable	25,422	166	25,588
Restricted	488,714	52,133	540,847
Committed	606,286	-	606,286
Assigned	132,757	-	132,757
Unassigned	997,823	-	997,823
Total fund balances	2,251,002	52,299	2,303,301
Total liabilities, deferred inflows of resources and fund balances	\$ 3,163,953	\$ 89,664	\$ 3,253,617

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

Fund balances of governmental funds \$ 2,303,301

Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the fund financial statements.

Capital assets	\$ 1,902,966	
Less: accumulated depreciation	<u>(1,331,916)</u>	571,050

Accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements. (16,842)

Total net position of governmental activities \$ 2,857,509

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the Year Ended December 31, 2022

	General	Conservation Trust (Nonmajor)	Total Governmental Funds
Revenues			
Taxes	\$ 730,571	\$ -	\$ 730,571
Licenses and permits	20,350	-	20,350
Charges for services	107,591	-	107,591
Fines and forfeitures	62,492	-	62,492
Intergovernmental	193,281	16,506	209,787
Earnings on investments	25,503	1,255	26,758
Miscellaneous revenue	35,090	-	35,090
Total revenues	1,174,878	17,761	1,192,639
Expenditures			
Current:			
General government	215,760	-	215,760
Public safety	193,002	-	193,002
Public works	229,412	-	229,412
Health and welfare	32,539	-	32,539
Culture, recreation and parks	77,021	12,250	89,271
Total expenditures	747,734	12,250	759,984
Excess of revenues over expenditures	427,144	5,511	432,655
Net change in fund balance	427,144	5,511	432,655
Fund balances at beginning of year	1,823,858	46,788	1,870,646
Fund balances at end of year	\$ 2,251,002	\$ 52,299	\$ 2,303,301

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances with the Government-wide Statement of Activities
For the Year Ended December 31, 2022

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

Total net change in fund balances - governmental funds. \$ 432,655

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities these costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlay during the period.

Capital outlay	\$	-	
Depreciation expense		<u>(37,585)</u>	(37,585)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

		<u>(7,692)</u>
Change in net position of governmental activities	\$	<u>387,378</u>

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2022

	Water Fund	Sewer Fund	Stormwater Fund	Totals
Assets				
Current assets				
Cash and cash equivalents	\$ 524,011	\$ 332,092	\$ 112,537	\$ 968,640
Accounts and taxes receivable	13,760	29,741	2,635	46,136
Prepaid items	5,723	5,362	168	11,253
Total current assets	543,494	367,195	115,340	1,026,029
Noncurrent assets				
Restricted cash and cash equivalents	-	60,940	-	60,940
Capital assets				
Land, water rights, and construction in progress	554,703	204,164	80,797	839,664
System enhancement fee	137,500	-	-	137,500
Buildings and improvements	30,019	3,600	-	33,619
Utility system	1,672,935	2,731,316	651,182	5,055,433
Equipment	69,481	78,428	14,614	162,523
Less accumulated depreciation	(1,124,283)	(1,377,314)	(155,552)	(2,657,149)
Total capital assets, net	1,340,355	1,640,194	591,041	3,571,590
Total noncurrent assets	1,340,355	1,701,134	591,041	3,632,530
Total assets	1,883,849	2,068,329	706,381	4,658,559
Liabilities				
Current liabilities				
Accounts payable and accrued payroll	1,304	12,569	90	13,963
Deferred income	-	130,712	-	130,712
Accrued interest payable	702	1,087	-	1,789
Due to other funds	35,252	-	-	35,252
Current portion of loans payable	5,175	45,596	-	50,771
Total current liabilities	42,433	189,964	90	232,487
Noncurrent liabilities				
Loans payable, net of current portion	36,961	484,126	-	521,087
Compensated absences	7,136	5,968	1,031	14,135
Total noncurrent liabilities	44,097	490,094	1,031	535,222
Total liabilities	86,530	680,058	1,121	767,709
Net position				
Net investment in capital assets	1,298,219	1,110,472	591,041	2,999,732
Restricted for debt service	-	60,940	-	60,940
Unrestricted	499,100	216,859	114,219	830,178
Total net position	\$ 1,797,319	\$ 1,388,271	\$ 705,260	\$ 3,890,850

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2022

	Water Fund	Sewer Fund	Stormwater Fund	Totals
Operating revenues				
Charges for services	\$ 200,447	\$ 277,401	\$ 21,462	\$ 499,310
Total operating revenues	200,447	277,401	21,462	499,310
Operating expenses				
Operations and maintenance	166,540	106,680	12,702	285,922
Administration	65,873	63,459	-	129,332
Depreciation	31,937	101,702	13,998	147,637
Total operating expenses	264,350	271,841	26,700	562,891
Operating income (loss)	(63,903)	5,560	(5,238)	(63,581)
Nonoperating revenues (expenses)				
Property taxes	22,302	-	-	22,302
Earnings on investments	8,631	1,783	1,671	12,085
Interest expense	(3,240)	(6,277)	-	(9,517)
Total nonoperating revenues (expenses)	27,693	(4,494)	1,671	24,870
Income (loss) before transfers and capital grants and contributions	(36,210)	1,066	(3,567)	(38,711)
Capital grants and contributions				
Capital grants and contributions	-	147,280	-	147,280
Total capital grants and contributions	-	147,280	-	147,280
Change in net position	(36,210)	148,346	(3,567)	108,569
Net position at beginning of year, as previously reported	1,833,529	1,378,921	708,827	3,921,277
Adjustments to beginning net position	-	(138,996)	-	(138,996)
Net position at beginning of year, as restated	1,833,529	1,239,925	708,827	3,782,281
Net position at end of year	\$ 1,797,319	\$ 1,388,271	\$ 705,260	\$ 3,890,850

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Water Fund	Sewer Fund	Stormwater Fund	Total
Cash flows from operating activities				
Cash received from customers	\$ 200,805	\$ 275,220	\$ 21,285	\$ 497,310
Cash payments to suppliers	(155,595)	(93,304)	(3,958)	(252,857)
Cash payments to employees	(78,144)	(69,663)	(8,492)	(156,299)
Net cash flows from operating activities	(32,934)	112,253	8,835	88,154
Cash flows from non-capital financing activities				
Property taxes	22,302	-	-	22,302
Change in interfund balances	35,252	-	-	35,252
Net cash flows from non-capital financing activities	57,554	-	-	57,554
Cash flows from capital and related financing activities				
Grants and contributions	-	138,996	-	138,996
Purchase of capital assets	-	(156,589)	-	(156,589)
Principal paid on long-term debt	(26,030)	(44,893)	-	(70,923)
Interest paid on long-term debt	(3,646)	(6,446)	-	(10,092)
Net cash flows from capital and related financing activities	(29,676)	(68,932)	-	(98,608)
Cash flows from investing activities				
Earnings on investments	8,631	1,783	1,671	12,085
Net cash flows from investing activities	8,631	1,783	1,671	12,085
Net change in cash and cash equivalents	3,575	45,104	10,506	59,185
Cash and cash equivalents at beginning of year	520,436	347,928	102,031	970,395
Cash and cash equivalents at end of year	\$ 524,011	\$ 393,032	\$ 112,537	\$ 1,029,580

Continued.

Town of Gilcrest, Colorado
Statement of Cash Flows
Proprietary Funds
For Year Ended December 31, 2022

	Water Fund	Sewer Fund	Stormwater Fund	Total
Reconciliation of operating income (loss) to net cash flows from operating activities				
Operating income (loss)	\$ (63,903)	\$ 5,560	\$ (5,238)	\$ (63,581)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	31,937	101,702	13,998	147,637
Loss on disposal of asset	-	231	-	231
Changes in operating assets and liabilities				
Accounts and taxes receivable	358	(2,181)	(177)	(2,000)
Prepaid items	(2,411)	(2,173)	(54)	(4,638)
Accounts payable	(2,465)	6,174	(249)	3,460
Accrued payroll taxes payable	(7)	-	-	(7)
Accrued compensated absences payable	3,557	2,940	555	7,052
Net cash flows from operating activities	\$ (32,934)	\$ 112,253	\$ 8,835	\$ 88,154
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Current cash and cash equivalents	\$ 524,011	\$ 332,092	\$ 112,537	\$ 968,640
Non-current restricted cash and cash equivalents	-	60,940	-	60,940
Total cash and cash equivalents	\$ 524,011	\$ 393,032	\$ 112,537	\$ 1,029,580

The accompanying notes are an integral part of these financial statements.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

1. Summary of Significant Accounting Policies

Form of Organization

The Town of Gilcrest, Colorado (the Town) was founded in 1912 as a statutory town. The Town's major operations include general government, public safety, public works, culture, parks and recreation, health and welfare, and water, sewer and stormwater utilities.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Town's accounting policies are described below.

Reporting Entity

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the Town.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances present increases and decreases in those components. These funds use the modified accrual basis of accounting, whereby revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Property taxes, intergovernmental grants, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual, and so, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15.

Governmental funds are used to account for all or most of a government's general activities. The following is the Town's major governmental fund:

General Fund - The 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.

The other governmental fund (nonmajor fund) is a special revenue fund (Conservation Trust) and has been established to account for revenues derived from specific earmarked revenue sources which finance specific activities as required by law or administrative action.

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into amounts invested in capital assets, restricted for debt service, and unrestricted.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The Town’s major enterprise funds include the Water, Sewer, and Stormwater funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Budgets

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- By October 15, the Town Administrator submits to the Town Board of Trustees, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Directors through passage of a formal resolution.
- The Town legally adopts budgets for all of the funds. Budgets for the general and special revenue funds are adopted on a basis consistent with GAAP. Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis, where payments for capital assets and principal amounts of debt are treated as expenditures.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Board of Trustees. All appropriations lapse at year end.

The following table summarizes the individual fund budgeted expenditures for 2022, as originally adopted, and as revised:

	Original Budget	Total Revisions	Revised Budget
Governmental funds:			
General fund	\$ 923,884	\$ -	\$ 923,884
Conservation trust fund	18,059	-	18,059
Business type fund:			
Water fund	312,594	-	312,594
Sewer fund	332,329	-	332,329
Stormwater fund	28,892	-	28,892
Total funds	\$ 1,615,758	\$ -	\$ 1,615,758

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

Cash and Cash Equivalents

To improve cash management, cash received by the Town is pooled and invested. Individual fund integrity is maintained through the Town's records. Interest in the pool is presented as equity in pooled cash and cash equivalents on the financial statements. The Town considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Overdrawn balances in pooled cash accounts are treated by the Town as interfund liabilities, payable to the fund deemed to have made the loan. Short term investments, consisting of funds invested in a local government investment pool (Note 2) are considered to be cash equivalents and are measured at net asset value, which approximates fair value.

Restricted Cash

The amount restricted in the Sewer Fund is in compliance with the 2015 revenue loan reserve requirements as described in Note 2.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if any, are classified as internal balances on the government-wide statement of net position and classified as due from other funds or due to other funds on the balance sheet.

Bond Premium and Debt Issuance Costs

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method as principal is paid. Debt issuance costs are recognized during the period of issuance.

In the fund financial statements, governmental fund types recognize bond premiums during the period of issuance. The face amount of debt issued is reported as other financing sources. Premiums on the debt issuance are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., streets and roads, bridges, water lines, storm-water drainage, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

Estimated useful lives for asset types are as follows:

Description	Governmental Activities	Business-Type Activities
Land	N/A	N/A
Water rights	N/A	N/A
System enhancement fee	N/A	N/A
Land improvements	40 Years	40 Years
Buildings and improvements	40 Years	10 - 40 Years
Utility systems	N/A	25 - 50 Years
Streets	20 Years	20 Years
Vehicles and equipment	5 - 15 Years	15 Years

Compensated Absences

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the Town will compensate the employees for the benefits earned. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation and compensatory time at their current rate of pay. There is no payment for sick leave upon termination.

Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements. The Town has recorded a liability of \$16,842 for the governmental activities and \$14,135 for the business-type activities on the statement of net position at December 31, 2022.

On the governmental fund financial statements, where applicable, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. At December 31, 2022, there is no accrual in the fund financial statements, as amounts are clearly immaterial.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 and the noncurrent portion of long-term liabilities 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, payments made within 60 days after year-end are considered to have been made with current available financial resources.

Leases

The Town recognizes lease contracts or equivalents that have a term exceeding one year and that meet the definition of an other than short-term lease. The Town uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the Town's incremental borrowing rate at the start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred. Short-term lease receipts and variable lease receipts not included in the measurement of the lease receivable are recognized as income when earned.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

The Town's lease receivables are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Fund Balance and Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors (the Board). The Board is the highest level of decision making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has the authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts. The General Fund is the only fund that would report a positive amount in unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amount that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Town considers restricted resources to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

At December 31, 2022, fund balances are composed of the following:

	General Fund	Conservation Trust Fund	Total
Nonspendable:			
Prepaid items	\$ 25,422	\$ 166	\$ 25,588
Restricted:			
Emergencies	36,000	-	36,000
Law enforcement	49,362	-	49,362
Capital replacement	403,352	-	403,352
Parks and recreation	-	52,133	52,133
Committed:			
Town Hall	247,292	-	247,292
Street Improvements	358,994	-	358,994
Assigned:			
Subsequent year's expenditures	132,757	-	132,757
Unassigned			
	997,823	-	997,823
Total fund balances	\$ 2,251,002	\$ 52,299	\$ 2,303,301

Revenue Recognition/Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the Town by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the Town.

In the fund financial statements, property taxes are recognized in the year for which levied provided they become measurable and available.

Interfund Transactions

Interfund services provided and used 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 interfund transactions are reported as transfers.

Use of Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

New Accounting Pronouncements

GASB Statement No. 94, *Public-Private and Private-Public Partnerships and Availability Payment Arrangements*, will be effective for reporting periods beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The Town is currently evaluating the impact of this statement.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, will be effective for reporting periods beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The Town is currently evaluating the impact of this statement.

Adoption of New Accounting Pronouncement and Standards

The Town implemented GASB Statement No. 87, *Leases* (GASB 87), as of January 1, 2022. The Town evaluated contracts that were formerly accounted for as operating leases to determine whether they meet the definition of a lease as defined in GASB 87. The contracts related to the lease of land meet the definition of a lease and the Town calculated and recognized a lease receivable and deferred inflow of resources of \$558,687 as of January 1, 2022. The beginning net position was not restated for the adoption of GASB 87.

2. Cash and Cash Equivalents

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes (CRS) require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDDPA) requires state regulators to certify eligible depositories for public deposit. PDDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2022, the Town had deposits with financial institutions with a carrying amount of \$777,342. The bank balances with the financial institutions was \$809,543 of which \$250,000 was covered by federal depository insurance. The remaining balances of \$558,543 were collateralized with securities held by the financial institutions' agents but not in the Town's name.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

At December 31, 2022, the Town had cash and cash equivalent balances, including restricted cash, as follows:

Cash on hand	\$ 550
Cash deposits	777,342
Local government investment pool	2,008,618
Total cash and cash equivalents	\$ 2,786,510

Cash and cash equivalents, by statement, are as follows:

Statement of net position:	
Cash and cash equivalents	\$ 2,725,570
Restricted cash and cash equivalents	60,940
Total	\$ 2,786,510

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the Town may invest, which include:

- Certificates of deposit with an original maturity in excess of three months;
- Certain obligations of the United States and U.S. government agency securities;
- Certain international agency securities;
- General obligation and revenue bonds of U.S. local government entities;
- Banker’s acceptance of certain banks;
- Commercial paper;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market funds;
- Guaranteed investment contracts;
- Local government investment pools.

The Town’s policy is to hold investments until maturity.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the Town would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a specific policy for custodial credit risk. As of December 31, 2022, the Town had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust, discussed below.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

Local Government Investment Pools

At December 31, 2022, the Town had invested \$2,008,618 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard and Poor’s and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents in the Sewer Fund are \$60,940 as established by the 2015 revenue bonds to be used to prevent default in the payment of the sewer revenue bonds and interest thereon.

3. Receivables

Receivables at December 31, 2022, consisted of the following:

Types	General Fund	Water Fund	Sewer Fund	Stormwater Fund	Non-major Funds	Total
Taxes	\$ 285,881	\$ -	\$ -	\$ -	\$ -	\$ 285,881
Trade accounts	10,509	13,760	29,741	2,635	-	56,645
Intergovernmental	540,749	-	-	-	16,506	557,255
Total	\$ 837,139	\$ 13,760	\$ 29,741	\$ 2,635	\$ 16,506	\$ 899,781

Management has determined that all receivables are fully collectible and therefore no allowance is deemed necessary.

4. Individual Fund Interfund Transfers and Balances Receivable/Payable

Interfund Transfers

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, or to use unrestricted revenues collected in the General Fund to finance various operating activities accounted for in other funds in accordance with budgetary authorizations. There were no transfers between funds during the year ended December 31, 2022.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

Interfund Balances Receivable/Payable

The Town's interfund receivables and payables at December 31, 2022 (at the fund level) are shown below. These amounts represent short-term receivables and payables. The balances result from the need to cover the temporary negative cash positions in individual funds.

	Due to	Due from
Governmental funds:		
Major fund		
General	\$ 72,445	\$ -
Nonmajor fund		
Conservation Trust	-	37,193
Proprietary funds:		
Major funds		
Water	-	35,252
Total	\$ 72,445	\$ 72,445

5. Capital Assets

A summary of changes in governmental activities capital assets for the year ended December 31, 2022, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 37,514	\$ -	\$ -	\$ 37,514
Total capital assets, not being depreciated	37,514	-	-	37,514
Capital assets, being depreciated:				
Land improvements	307,894	-	-	307,894
Buildings and improvements	135,201	-	-	135,201
Vehicles and equipment	636,874	-	-	636,874
Streets	785,483	-	-	785,483
Total capital assets, being depreciated	1,865,452	-	-	1,865,452
Less accumulated depreciation for:				
Land improvements	(111,378)	(7,620)	-	(118,998)
Buildings and improvements	(92,213)	(3,514)	-	(95,727)
Vehicles and equipment	(497,031)	(19,903)	-	(516,934)
Streets	(593,709)	(6,548)	-	(600,257)
Total accumulated depreciated	(1,294,331)	(37,585)	-	(1,331,916)
Total capital assets, being depreciated, net	571,121	(37,585)	-	533,536
Governmental activities capital assets, net	\$ 608,635	\$ (37,585)	\$ -	\$ 571,050

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

Depreciation expense for governmental activities has been allocated to various activities as follows:

Governmental Activities:	
General government	\$ 14,339
Public safety	11,542
Public works	5,182
Culture, recreation and parks	6,522
Total depreciation expense - governmental activities	\$ 37,585

A summary of changes in business-type activities capital assets for the year ended December 31, 2022, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 137,736	\$ -	\$ -	\$ 137,736
Water rights	545,339	-	-	545,339
System enhancement fee	137,500	-	-	137,500
Construction in progress	-	156,589	-	156,589
Total capital assets, not being depreciated	820,575	156,589	-	977,164
Capital assets, being depreciated:				
Buildings and improvements	33,619	-	-	33,619
Equipment	162,523	-	-	162,523
Utility systems	5,055,433	-	-	5,055,433
Total capital assets, being depreciated	5,251,575	-	-	5,251,575
Less accumulated depreciation for:				
Buildings and improvements	(33,619)	-	-	(33,619)
Equipment	(124,257)	(2,162)	-	(126,419)
Utility systems	(2,351,405)	(145,475)	(231)	(2,497,111)
Total accumulated depreciation	(2,509,281)	(147,637)	(231)	(2,657,149)
Total capital assets, being depreciated, net	2,742,294	(147,637)	231	2,594,426
Total business-type activities capital assets, net	\$ 3,562,869	\$ 8,952	\$ 231	\$ 3,571,590

Depreciation expense was charged to function or programs of the Town's business-type activities as follows:

Business-type Activities:	
Water	\$ 31,937
Sewer	101,702
Stormwater	13,998
Total depreciation expense - business-type activities	\$ 147,637

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

6. Long-Term Debt

Business-type Activities:

2004 Energy Impact Assistance Loan (EIAF)

On September 1, 2004, the Town executed a \$90,000 promissory note with the State of Colorado, Department of Local Affairs to make improvements to the Town's sewer system. The note is due in annual installments of \$7,312, principal and interest, at 5.0% through September 1, 2024. The Town agrees to establish rates and charges for the services of the sewer system in an amount sufficient to manage, operate and maintain, in an efficient and economical manner, the sewer system.

2009 Energy Impact Assistance Loan (EIAF)

On June 16, 2009, the Town executed a \$90,000 promissory note with the State of Colorado, Department of Local Affairs to make improvements to the Town's water system. The note is due in annual installments of \$7,282, principal and interest, at 5.0% through September 1, 2029. The Town agrees to establish rates and charges for the services of the water system in an amount sufficient to manage, operate and maintain, in an efficient and economical manner, the potable water system.

1993 General Obligation Bonds

In 1993, the Town issued \$300,000 of general obligation bonds. The bonds were issued to construct, enlarge and improve the Town's water system. The bonds were paid in full during 2022. The interest rate on these bonds is 6.125%.

2015 Colorado Water Resources and Power Development Authority Loan (CWRPDA)

On June 30, 2015, the Town executed a loan agreement totaling \$1,909,000 with the Colorado Water Resources and Power Development Authority to make improvements and upgrades to the Town's wastewater treatment facility. The loan accrues interest at 1.00% and is payable in semi-annual principal and interest payments, beginning on November 1, 2016, with a maturity date of May 1, 2035. The loan is secured by the net revenues of the ownership and operation of the system, as defined within the Agreement. In 2018, the remaining loan principal was reduced by \$271,517 for unused project funds.

Changes in long-term debt for the year ended December 31, 2022 were as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Business-type activities:					
2004 EIAF loan	\$ 19,912	\$ -	\$ (6,316)	\$ 13,596	\$ 6,632
2009 EIAF loan	47,066	-	(4,930)	42,136	5,175
1993 general obligation bond	21,100	-	(21,100)	-	-
2015 CWRPDA loan	554,703	-	(38,577)	516,126	38,964
Accrued compensated absences	7,083	14,135	(7,083)	14,135	-
Total	\$ 649,864	\$ 14,135	\$ (78,006)	\$ 585,993	\$ 50,771

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

The following table represents future debt service requirements on the business-type activity debt as December 31, 2022:

Year	Principal	Interest	Total
2023	\$ 50,771	\$ 7,851	\$ 58,622
2024	51,752	6,870	58,622
2025	45,454	5,855	51,309
2026	46,138	5,171	51,309
2027-2031	226,684	15,301	241,985
2032-2035	151,059	3,037	154,096
Total	\$ 571,858	\$ 44,085	\$ 615,943

7. Rate Maintenance

Sewer Fund

Pursuant to the 2015 CWRPDA loan, the Town must establish, maintain and enforce rates and charges for services rendered by the water system sufficient to create income and revenue each year, which pay maintenance and operation expenses of the system and cover the principal and interest payments of the water bond as they become due.

The following calculation shows the Town was in compliance with the rate maintenance provision of this loan agreement.

Operating revenues	\$ 277,401	
Less operating expenses, excluding depreciation	<u>(170,139)</u>	
Net revenue as defined in the bond agreement		107,262
2022 principal due	38,577	
2022 interest due	<u>5,451</u>	
	44,028	
	x110%	48,431
Amount by which the current year revenues exceeded the 2015 loan requirement		\$ 58,831

8. Pledged Revenues

The Town has pledged future water customer revenues, net of specified operating expenses, to repay the \$90,000, 2009 Energy Impact Assistance Loan. The proceeds were used to make water system improvements and are payable through 2029. Annual principal and interest payments on this debt are expected to require less than 50% of net revenues as defined in the debt agreements. Total principal and interest remaining to be paid on this debt is \$42,135. Principal and interest paid for the current year and total customer revenues were \$7,282 and \$200,447 respectively.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

The Town has pledged future sewer customer revenues, net of specified operating expenses, to repay \$90,000 in sewer system Energy Impact Assistance Loan issued in 2004. The proceeds were used to make sewer system improvements and are payable through 2024. Annual principal and interest payments on the loan are expected to require approximately 75% of net revenues of the sewer fund. Total principal and interest remaining to be paid on the bonds is \$13,596. Principal and interest paid for the current year and total customer revenues were \$7,312 and \$277,401, respectively.

9. Lease Receivable

The Town is a lessor for noncancellable leases of property and equipment with lease terms through 2047. For the year ending December 31, 2022, the Town recognized \$13,678 in lease revenue released from the Deferred Inflows of Resources related to the land leases on the statement of changes in net position. The Town recognized interest revenue of \$20,103 for the year ending December 31, 2022. No inflows of resources were recognized in the year related to termination penalties or residual value guarantees during the fiscal year. The balance of lease receivable was \$545,009 as of December 31, 2022. The balance of deferred inflows of resources on lease activity for 2022 was \$545,009.

10. Contingency

Risk Management

The Town is self insured for property and liability insurance. In order to mitigate risk, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA has a legal obligation for claims against their members to the extent that funds are available in their annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although they are not legally required to do so. Additionally, the Town may receive credit on future contributions in the event of a surplus.

CIRSA has entered into various excess insurance contracts to limit large losses and minimize exposure on large risks. Excess of loss contracts in effect during 2021 limit CIRSA's per occurrence exposure to \$1,000,000 for property coverage, \$1,000,000 for excess property coverage and provide coverage to specified upper limits. The excess of loss contract for workers' compensation coverage limits CIRSA's per occurrence exposure to \$1,000,000 for 2022 and provides coverage to statutory limits for the State of Colorado.

The Town's 2022 contributions were \$15,602 and \$3,879 for the property and casualty pool and the workers' compensation pool, respectively. The share of surplus at December 31, 2022, amounted to approximately \$14,784 and \$4,281 for the property and casualty pool and the workers' compensation pool, respectively.

The ultimate liability to the Town resulting from claims not covered by CIRSA is not presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the Town's financial statements.

Town of Gilcrest, Colorado
Notes to Financial Statements
December 31, 2022

11. Taxes, Spending, and Debt Limitations

In November 1992, Colorado voters passed an amendment (the Amendment or TABOR) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserve (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the spending limit must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary of fringe benefit increase. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The Town has restricted \$36,000 for this purpose.

On November 7, 1995, the voting citizens of the Town of Gilcrest authorized the Town (retroactive to January 1, 1994) to retain all of the revenues from all sources generated during 1994 and subsequent years, and spend the same as a voter-approved revenue change as an exception to limits which would otherwise apply for each of said years. This effectively removed all revenue and spending limits imposed by TABOR.

12. Restatement of Prior Year Financial Statements

During the year ended December 31, 2022, the Town determined that \$138,996 of capital grant revenue was recognized during 2021 prior to meeting the criteria for recognition, resulting in an overstatement of net position in the Sewer Fund and Business-type Activities of \$138,996. The beginning net position has been restated for this error by recognizing deferred revenue and a reduction in the beginning net position. The prior year's original ending net position was \$1,378,920 and \$3,921,275 for the Sewer Fund and Business-Type Activities, respectively. The restated ending net position was \$1,239,924 and \$3,782,279 for the Sewer Fund and Business-Type Activities, respectively.

13. Subsequent Events

The Town evaluated subsequent events through March 22, 2024, the date these financial statements were available to be issued.

In June 2023, the Town received notice from the Office of the State Auditor of Colorado (OSA), indicating that due to the Town's failure to timely file audited financial statements with the OSA, the OSA has issued a tax withholding for the Town. Accordingly, Conservation Trust Funds will be withheld from the Town until the Town is back in compliance.

No additional transactions or events that would require adjustment to the financial statements or note disclosures were identified.

Required Supplementary Information

Town of Gilcrest, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 504,611	\$ 504,611	\$ 730,571	\$ 225,960
Licenses and permits	12,318	12,318	20,350	8,032
Charges for services	84,450	84,450	107,591	23,141
Fines and forfeitures	52,210	52,210	62,492	10,282
Intergovernmental	190,393	190,393	193,281	2,888
Earnings on investments	17,223	17,223	25,503	8,280
Miscellaneous revenue	43,239	43,239	35,090	(8,149)
Total revenues	904,444	904,444	1,174,878	270,434
Expenditures				
Current:				
General government	238,839	238,839	215,760	23,079
Public safety	153,463	153,463	193,002	(39,539)
Public works	301,107	301,107	229,412	71,695
Health and welfare	53,170	53,170	32,539	20,631
Culture, recreation, and parks	95,305	95,305	77,021	18,284
Capital outlay	80,000	80,000	-	80,000
Total expenditures	921,884	921,884	747,734	174,150
Excess (deficiency) of revenues over expenditures	(17,440)	(17,440)	427,144	444,584
Other financing sources (uses)				
Transfers in	20,400	20,400	-	(20,400)
Transfers out	(2,000)	(2,000)	-	2,000
Total other financing uses	18,400	18,400	-	(18,400)
Excess (deficiency) of revenues over expenditures and other financing uses	\$ 960	\$ 960	427,144	\$ 426,184
Fund balance at beginning of year			1,823,858	
Fund balance at end of year			\$ 2,251,002	

See accompanying independent auditor's report.

Other Supplementary Information

Town of Gilcrest, Colorado
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Conservation Trust Fund
Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State lottery funds	\$ 11,000	\$ 11,000	\$ 16,506	\$ 5,506
Earnings on investments	533	533	1,255	722
Total revenues	11,533	11,533	17,761	6,228
Expenditures				
Operating expenses	11,309	11,309	10,465	844
Well augmentation	1,750	1,750	1,785	(35)
Capital outlay	5,000	5,000	-	5,000
Total expenditures	18,059	18,059	12,250	5,809
			-	
Net change in fund balance	\$ (6,526)	\$ (6,526)	5,511	\$ 12,037
Fund balance at beginning of year			46,788	
Fund balance at end of year			\$ 52,299	

See accompanying independent auditor's report.

Town of Gilcrest, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Water Fund
Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 192,130	\$ 192,130	\$ 200,447	\$ 8,317
Total operating revenues	192,130	192,130	200,447	8,317
Operating expenses				
Operations and maintenance	199,882	199,882	166,540	33,342
Administration	56,588	56,588	65,873	(9,285)
Total operating expenses	256,470	256,470	232,413	24,057
Operating income (loss)	(64,340)	(64,340)	(31,966)	32,374
Other revenues (expenses)				
Property taxes	22,392	22,392	22,302	(90)
Earnings on investments	5,370	5,370	8,631	3,261
Transfers out	(10,200)	(10,200)	-	10,200
Interest expense	(3,645)	(3,645)	(3,240)	405
Principal paid	(26,029)	(26,029)	(26,030)	(1)
Capital outlay	(16,250)	(16,250)	-	16,250
Total other revenues (expenses)	(28,362)	(28,362)	1,663	30,025
Excess (deficiency) of revenues over expenses	\$ (92,702)	\$ (92,702)	(30,303)	\$ 62,399
Reconciliation to GAAP basis				
Depreciation			(31,937)	
Principal paid			26,030	
Change in net position - GAAP basis			(36,210)	
Net position at beginning of year			1,833,529	
Net position at end of year			\$ 1,797,319	

See accompanying independent auditor's report.

Town of Gilcrest, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Sewer Fund
Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating revenues				
Charges for services	\$ 281,803	\$ 281,803	\$ 277,401	\$ (4,402)
Total operating revenues	281,803	281,803	277,401	(4,402)
Operating expenses				
Operations and maintenance	227,408	227,408	106,680	120,728
Administration	53,582	53,582	63,459	(9,877)
Total operating expenses	280,990	280,990	170,139	110,851
Operating income	813	813	107,262	106,449
Other revenues (expenses)				
Grants and contributions	1,461,980	1,461,980	147,280	(1,314,700)
Earnings on investments	262,374	262,374	1,783	(260,591)
Loan proceeds	861,980	861,980	-	(861,980)
Principal paid	(44,892)	(44,892)	(44,893)	(1)
Interest expense	(6,447)	(6,447)	(6,277)	170
Total other revenues (expenses)	2,534,995	2,534,995	97,893	(2,437,102)
Excess of revenues over expenses	\$ 2,535,808	\$ 2,535,808	205,155	\$ (2,330,653)
Reconciliation to GAAP basis				
Depreciation			(101,702)	
Principal paid			44,893	
Change in net position - GAAP basis			148,346	
Net position at beginning of year			1,239,925	
Net position at end of year			\$ 1,388,271	

See accompanying independent auditor's report.

Town of Gilcrest, Colorado
Schedule of Revenues, Expenses and Changes in Net Position
Budget and Actual (Non-GAAP Basis)
Stormwater Fund
Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 21,400	\$ 21,400	\$ 21,462	\$ 62
Total operating revenues	21,400	21,400	21,462	62
Expenses				
Public works	23,792	23,792	12,702	11,090
Total operating expenses	23,792	23,792	12,702	11,090
Operating income	(2,392)	(2,392)	8,760	11,152
Other revenues (expenses)				
Grant income	2,000	2,000	-	(2,000)
Transfers out	(5,100)	(5,100)	-	5,100
Earnings on investments	940	940	1,671	731
Total other revenues (expenses)	(2,160)	(2,160)	1,671	3,831
Excess of revenues over expenses	\$ (4,552)	\$ (4,552)	10,431	\$ 14,983
Reconciliation to GAAP basis				
Depreciation			(13,998)	
Change in net position - GAAP basis			(3,567)	
Net position at beginning of year			708,827	
Net position at end of year			\$ 705,260	

See accompanying independent auditor's report.

State Compliance

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Gilcrest
	YEAR ENDING : December 2022
This Information From The Records Of Town of Gilcrest	Prepared By: Lorraine Trotter, Prof'l Mgmt Solutions Phone: 303-910-9197

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:	20,914
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	28,072
2. General fund appropriations	0	b. Snow and ice removal	0
3. Other local imposts (from page 2)	16,979	c. Other	0
4. Miscellaneous local receipts (from page 2)	5,690	d. Total (a. through c.)	28,072
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0
a. Bonds - Original Issues		6. Total (1 through 5)	48,986
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest & Costs of Issuance	
7. Total (1 through 6)	22,669	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	56,202	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	78,871	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	48,986

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)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	330,707	78,871	48,986	360,592	0

Notes and Comments:

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	0	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	0	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	16,979	g. Other Misc. Receipts Co. Rd & Bridge	5,690
6. Total (1. through 5.)	16,979	h. Other	0
c. Total (a. + b.)	16,979	i. Total (a. through h.)	5,690
	(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	49,110	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	7,092	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	7,092	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	56,202	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			
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)			0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: