TOWN OF AGUILAR, COLORADO

BASIC FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

December 31, 2023

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FINANCIAL SECTION

Rae & Co., CPAs, LLC
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Board of Trustees
Town of Aguilar, Colorado

Disclaimer of Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Aguilar, Colorado, (the Town) as of and for the year ended December 31, 2023, and the related notes to the financial statements. These financial statements collectively comprise the Town's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Disclaimer
Business-type Activities	Disclaimer
General Fund	Disclaimer
Water Fund	Disclaimer
Sewer Fund	Disclaimer
Natural Gas Fund	Disclaimer
Aggregate Remaining Fund Information	Disclaimer

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Governmental Activities, Business-type Activities, General Fund, Water Fund, Sewer Fund, Natural Gas Fund and the Aggregate Remaining Fund Information of the Town. Accordingly, we do not express an opinion on these financial statements.

Basis for Disclaimer of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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.

Matters Giving Rise to Disclaimer of Opinion on the Governmental Activities, the Business-type Activities, the General Fund, the Water Fund, the Sewer Fund, the Natural Gas Fund and the Aggregate Remaining Fund Information:

The Town was, in certain cases, unable to provide documentation to support the transactions and balances for significant accounts. Missing documentation included:

- reconciliations of the cash accounts. Generally, the general ledger balances for cash did not agree to the amounts reported on the bank statements,
- the Town was unable to locate all of the debt documents. It is not possible to determine if a reserve account is required on the USDA Water Enterprise Water Revenue Bonds, Series 2006,
- the general ledger did not include all of the transactions of the Town. We noted that the loan proceeds from a bank were not recorded, nor was an amount owed to the general contractor of the augmentation reservoir. The Town recorded all transactions related to the main pooled cash account. Transactions occurring in other accounts may not have been posted. There was also a duplicate cash entry for approximately $529,750. As noted above, the cash accounts have not been reconciled to the bank statements. As a result, we are unable to determine that no other missing or duplicate transactions exist or that total revenues and expenditures are reported,
- Cash receipts received in January, 2024 in the Enterprise Funds were recorded as cash receipts for the year-ended December 31, 2023. As these amounts are in accounts receivable, this revenue may have been posted twice. With the adjustment of the general ledger cash balances to the bank balance, the effect of this double reporting is removed.
- a listing of capital assets for the Governmental Activities and Natural Gas Fund,
- actuarial information for the Volunteer Firefighter's Pension Plan. This is necessary to record the pension assets, liabilities, deferred inflows and outflows of resources, provide complete financial statement disclosures and prepare the required supplementary information (RSI). In addition, the Town is unable to substantiate that all of the cash recorded in the Fiduciary Fund belongs to that fund,
- the amount of revenue recorded in the general ledger was materially different from the amount of revenue in the utility billing system for the Water Fund.
- there were significant incoming and outgoing wire transfers recorded in the general ledger as well as payments to the Town of Aguilar. These amounts are not recorded as transfers between funds,
- of the amounts reported in the Local Highway Finance Report,
- for the year-ended December 31, 2023, the balances in the cash accounts on the general ledger were adjusted to the bank balances, the amount of accounts receivable in the Utility Fund was adjusted to the balances in Utility module, accounts payable balances were adjusted to the accounts payable recorded by the Town and discovered in the search for unrecorded liabilities, accrued liabilities were adjusted to their actual balances, and capital assets in the Water and Sewer Funds were adjusted to their estimated historical values. The differences in these accounts were charged to a special items line item in the financial statements. The total balances in these accounts were approximately $1,791,722. It is not possible to determine the period or the accounts these transactions should be posted to,
- although certain asset and liability accounts were adjusted to the December 31, 2023 balance, these accounts may not have had accurate balances at January 1, 2003. The revenue and expense accounts may not encompass only those transactions related to the year-ended December 31, 2023, and
- the Town was unable to provide all of the software contracts into which it has entered. There may be additional assets and liabilities related to these contracts as a result of implementing GASB Statement No. 96 *Subscription-Based Information Technology Arrangements*

Emphasis of Matters

Restatement of Net Position

As more fully described in Note 10 in prior years accrued interest on the USDA Water Enterprise Water Revenue Bonds, Series 2006 was not recorded. The Water Fund and Business-Type Activities were restated to record the amounts owed at December 31, 2022. 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. Because of the matters described in the Basis for Disclaimer of Opinion section, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Governmental Activities, Business-type Activities, the General Fund, the Water Fund, the Sewer Fund, the Natural Gas Fund and the Aggregate Remaining Fund Information. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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

Management has omitted Management's Discussion and Analysis (MD&A) and the Volunteer Firefighter's Pension Plan (Plan) schedules that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information for the MD&A. The missing information for the Plan prevented us from issuing an opinion on the Aggregate Remaining Fund Information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page D1 be presented to supplement the basic financial statements. Such information, 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 were unable to apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America because the Town was unable to provide documentation of significant account balances or transactions. We do not express an opinion or provide any assurance on the information.

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 schedules for the proprietary funds and the Local Highway Finance Report are presented for the purposes of additional analysis and is not a required part of the financial statements.

The budgetary comparison schedules and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Based on the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to, and we do not, express an opinion on the supplementary information referred to above.

Rae & Co., CPA, LLC

Timnath, Colorado
September 26, 2025

BASIC FINANCIAL STATEMENTS

TOWN OF AGUILAR
STATEMENT OF NET POSITION
As of December 31, 2023

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
ASSETS			
Cash and Investments	$ 22,307	$ 14,312	$ 36,619
Cash with County Treasurer	121,242	-	121,242
Receivables			
Property Taxes	32,500	-	32,500
Accounts	15,694	43,260	58,954
Interfund Balances	(126,375)	126,375	-
Restricted Cash and Investments	-	137,735	137,735
Capital Assets, Not Depreciated	150,915	562,948	713,863
Capital Assets, Depreciated, Net of			-
Accumulated Depreciation	815,820	3,185,005	4,000,825
Right To Use Assets, Net of			
Accumulated Amortization	3,466	7,638	11,104
TOTAL ASSETS	1,035,569	4,077,273	5,112,842
LIABILITIES			
Accounts Payable	12,432	414,444	426,876
Accrued Expenses	1,181	124,092	125,273
Retainage Payable	-	11,926	11,926
Amounts Owed to Fiduciary Funds	36,897	-	36,897
Noncurrent Liabilities			
Due within One Year	1,643	34,292	35,935
Due in More Than One Year	1,915	1,046,161	1,048,076
TOTAL LIABILITIES	54,068	1,630,915	1,684,983
DEFERRED INFLOWS			
Deferred Property Tax Revenue	32,500	-	32,500
NET POSITION			
Net Investment in Capital Assets	966,643	2,675,138	3,641,781
Restricted for Emergencies	10,976	-	10,976
Unrestricted	(28,618)	(228,780)	(257,398)
TOTAL NET POSITION	$ 949,001	$ 2,446,358	$ 3,395,359

The notes to the financial statements are an integral part of this statement.

TOWN OF AGUILAR
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: BUSINESS-TYPE ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: TOTALS
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	$ 153,974	$ 17,759	$ -	$ -	$ (136,215)	$ -	$ (136,215)
Public Safety	48,468	170	-	-	(48,298)	-	(48,298)
Highway and Streets	73,333	-	-	-	(73,333)	-	(73,333)
Parks and Recreation	21,418	600	-	-	(20,818)	-	(20,818)
Interest	186	-	-	-	(186)	-	(186)
Total Governmental Activities	297,379	18,529	-	-	(278,850)	-	(278,850)
Business-Type Activities							
Water	420,822	182,595	-	375	-	(237,852)	(237,852)
Sewer	105,607	84,309	-	375	-	(20,923)	(20,923)
Natural Gas	305,414	215,799	-	-	-	(89,615)	(89,615)
Total Business-Type Activities	831,843	482,703	-	750	-	(348,390)	(348,390)
Total Primary Government	$ 1,129,222	$ 501,232	$ -	$ 750	(278,850)	(348,390)	(627,240)
GENERAL REVENUE							
Taxes					240,061	-	240,061
Other					107,288	16,510	123,798
TOTAL GENERAL REVENUES					347,349	20,755	368,104
SPECIAL ITEM					(211,767)	2,003,489	1,791,722
CHANGES IN NET POSITION					(143,268)	1,675,854	1,532,586
NET POSITION, Beginning as Previously Presented					1,092,269	790,712	1,882,981
Error Correction					-	(20,208)	(20,208)
NET POSITION, Beginning as Restated					1,092,269	770,504	1,862,773
NET POSITION, Ending					$ 949,001	$ 2,446,358	$ 3,395,359

The notes to the financial statements are an integral part of this statement.

TOWN OF AGUILAR
BALANCE SHEET
GOVERNMENTAL FUNDS
GENERAL FUND
As of December 31, 2023

ASSETS		
Cash and Investments	$	22,307
Cash with County Treasurer		121,242
Receivables		
Accounts		15,694
Property		32,500
TOTAL ASSETS	$	191,743
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	$	12,432
Accrued Expenses		1,181
Due to Other Funds		126,375
Amounts Owed to Fiduciary Funds		36,897
TOTAL LIABILITIES		176,885
DEFERRED INFLOWS		
Deferred Property Tax Revenues		32,500
Fund Balance		
Restricted for Emergencies		10,976
Unassigned		(28,618)
TOTAL FUND BALANCE		(17,642)
LIABILITIES AND FUND EQUITY	$	191,743

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	$	966,735
Noncurrent liabilities, including leases, are not due and payable in the current period and, therefore, are not reported in the funds.		(3,558)
	$	945,535

The notes to the financial statements are an integral part of this statement.

TOWN OF AGUILAR
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
GENERAL FUND
Year Ended December 31, 2023

REVENUES	
Taxes	$ 238,146
Licenses and Permits	17,929
Intergovernmental	1,915
Fines and Forfeitures	600
Miscellaneous	107,288
TOTAL REVENUES	365,878
EXPENDITURES	
Current	
General Government	142,232
Public Safety	46,818
Highways and Streets	21,380
Parks and Recreation	18,180
Debt Service	
Principal	2,037
Interest	186
Capital Outlay	12,025
TOTAL EXPENDITURES	242,858
Excess of Revenues Over Expenditures	123,020
Other Financing Sources (Uses)	
Proceeds from lease transactions	2,300
Total Other Financing Sources (Uses)	2,300
SPECIAL ITEM	(211,767)
NET CHANGE IN FUND BALANCES	(86,447)
FUND BALANCE, Beginning	68,805
FUND BALANCES, Ending	$ (17,642)

The notes to the financial statements are an integral part of this statement.

TOWN OF AGUILAR
RECONCILATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31,2023

Amounts Reported for Govemmental Activities in the Statement of Activities are Different Because:

Net Changes in Fund Balances - Total Governmental Funds		$	(86,447)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.			
Capital outlay	12,025		
Depreciation and amortization expense	(68,583)		
			(56,558)
The issuance of long-term debt (e.g. leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. These amounts are the net effect of these differences in the treatment of log-term debt and the related items.			
Proceeds from the issuance of leases	(2,300)		
Principal payments made	2,037		
			(263)
Change in Net Position of Governmental Activities		$	(143,268)

The notes to the financial statements are an integral part of this statement.

TOWN OF AGUILAR
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
As of December 31, 2023

	WATER FUND	SEWER FUND	NATURAL GAS FUND	TOTALS
ASSETS				
CURRENT ASSET				
Cash and Investments	$ 371	$ 1,765	$ 12,176	$ 14,312
Restricted Cash and Investments	115,464	21,870	401	137,735
Receivables				
Accounts	21,651	7,936	13,673	43,260
Due From Other Funds	-	21,638	376,793	398,431
Total Current Assets	137,486	53,209	403,043	593,738
NONCURRENT ASSETS				
Capital Assets, not Depreciated	562,948	-	-	562,948
Capital Assets, Depreciated, Net of Accumulated Depreciation	2,261,068	913,240	10,697	3,185,005
Right To Use Assets, Net of Accumulated Amortization	2,546	2,546	2,546	7,638
Total Noncurrent Assets	2,826,562	915,786	13,243	3,755,591
TOTAL ASSETS	2,964,048	968,995	416,286	4,349,329
LIABILITIES				
Current Liabilities				
Accounts Payable	357,845	5,678	50,921	414,444
Retainage Payable	11,926	-	-	11,926
Accrued Expenses	46,362	778	76,952	124,092
Due To Other Funds	272,056	-	-	272,056
Notes Payable, Current	32,180	-	-	32,180
Leases Payable-Current	704	704	704	2,112
Total Current Liabilities	721,073	7,160	128,577	856,810
Noncurrent Liabilities				
Notes Payable, Long Term	1,040,416	-	-	1,040,416
Leases Payable -Long Term	1,915	1,915	1,915	5,745
Total Noncurrent Liabilities	1,042,331	1,915	1,915	1,046,161
TOTAL LIABILITIES	1,763,404	9,075	130,492	1,902,971
NET POSITION				
Net Investrnent in Capital Assets	1,751,347	913,167	10,624	2,675,138
Unrestricted	(550,703)	46,753	275,170	(228,780)
TOTAL NET POSITION	$ 1,200,644	$ 959,920	$ 285,794	$ 2,446,358

The notes to the financial statements are an integral part of this statement.

TOWN OF AGUILAR
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPES
Year Ended December 31, 2023

	WATER FUND	SEWER FUND	NATURAL GAS FUND	TOTALS
OPERATING REVENUES				
Sales	$ 182,595	$ 84,309	$ 215,799	$ 482,703
Other Revenues	15,567	158	785	16,510
TOTAL OPERATING REVENUES	198,162	84,467	216,584	499,213
OPERATING EXPENSES				
Operations	242,936	27,681	268,891	539,508
Administration	102,916	58,824	30,204	191,944
Depreciation	35,064	18,983	6,200	60,247
TOTAL OPERATING EXPENSES	380,916	105,488	305,295	791,699
OPERATING LOSS	(182,754)	(21,021)	(88,711)	(292,486)
NON-OPERATING REVENUE (EXPENSES)				
Interest Income	1,562	2,180	503	4,245
Interest Expenses	(39,906)	(119)	(119)	(40,144)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(38,344)	2,061	384	(35,899)
LOSS BEFORE CONTRIBUTIONS AND SPECIAL ITEM	(221,098)	(18,960)	(88,327)	(328,385)
Tap Fees	375	375	-	750
SPECIAL ITEM	1,100,062	933,165	(29,738)	2,003,489
CHANGES IN NET POSITION	879,339	914,580	(118,065)	1,675,854
NET POSITION, Beginning as Previously Presented	341,513	45,340	403,859	790,712
Error Correction	(20,208)	-	-	(20,208)
NET POSITION, Beginning as Restated	321,305	45,340	403,859	770,504
NET POSITION, Ending	$ 1,200,644	$ 959,920	$ 285,794	$ 2,446,358

The notes to the financial statements are an integral part of this statement.

TOWN OF AGUILAR
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
Year Ended December 31, 2023

	WATER FUND	SEWER FUND	NATURAL GAS FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 386,288	$ 96,942	$ 205,983	$ 689,213
Cash Paid to Suppliers and Employees	(84,798)	(88,584)	(281,516)	(454,898)
Cash Received from Other Sources	15,567	158	785	16,510
Net Cash Provided (used) by Operating Activities	317,057	8,516	(74,748)	250,825
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Payments	(26,705)	(676)	(676)	(28,057)
Proceeds from Loan	182,350	-	-	182,350
Contributed Capital	375	375	-	750
Purchase of Capital Assets	(491,050)	(12,205)	(9,725)	(512,980)
Interest Payments	(60,114)	(119)	(119)	(60,352)
Net Cash Used by Capital and Related Financing Activities	(395,144)	(12,625)	(10,520)	(418,289)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	1,562	2,180	503	4,245
Net Decrease in Cash and Cash Equivalents	(76,525)	(1,929)	(84,765)	(163,219)
CASH AND CASH EQUIVALENTS, Beginning	192,360	25,564	97,342	315,266
CASH AND CASH EQUIVALENTS, Ending	$ 115,835	$ 23,635	$ 12,577	$ 152,047
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income	$ (182,754)	$ (21,021)	$ (88,711)	$ (292,486)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation	35,064	18,983	6,200	60,247
Special Item Related to Assets and Liabilities	211,761	13,867	(29,738)	195,890
Changes in Assets and Liabilities				-
Accounts Receivable	(8,068)	(1,234)	19,922	10,620
Due From Other Funds	-	1,828	13,221	15,049
Accounts Payable	264,304	(1,130)	613	263,787
Accrued Expenses	(3,250)	(2,777)	3,745	(2,282)
Total Adjustments	499,811	29,537	13,963	543,311
Net Cash Provided (Used) by Operating Activities	$ 317,057	$ 8,516	$ (74,748)	$ 250,825

The notes to the financial statements are an integral part of this statement.

TOWN OF AGUILAR
STATEMENT OF FIDUCIARY NET POSITION
VOLUNTEER FIREFIGHTER'S PENSION
December 31, 2023

		Custodial Funds
ASSETS		
Cash and Investments	$	20,707
Accounts Receivable Town of Aguilar General Fund		36,897
Prepaid Expense		75
TOTAL ASSETS		57,679
LIABILITIES		
NET POSITION		
Restricted For:		
Individuals		57,679
TOTAL NET POSITION	$	57,679

The notes to the financial statements are an integral part of this statement.

TOWN OF AGUILAR
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
VOLUNTEER FIREFIGHTER'S PENSION
Year Ended December 31, 2023

	Custodial Funds
INVESTMENT EARNINGS	
Investment Income	$ 2,202
NET INVESTMENT EARNINGS	2,202
DEDUCTIONS	
Benefits Paid to Individuals	900
TOTAL DEDUCTIONS	900
NET INCREASE IN FIDUCIARY NET POSITION	1,302
NET POSITION, Beginning	56,377
NET POSITION, Ending	$ 57,679

The notes to the financial statements are an integral part of this statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Aguilar, (the Town) Colorado was incorporated in 1894 and currently operates under a mayor and council form of government.

The accounting policies of the Town of Aguilar, Colorado conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity
In accordance with governmental accounting standards, the Town of Aguilar has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based on the application of these criteria, the Town does not include additional organizations in its reporting entity, nor is it part of any other reporting entity.

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 nonfiduciary 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 and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the 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 customers or applicants 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.*

For the year-ended December 31, 2023 the Town reported special items. In 2023, the Town was able to provide documentation for certain account balances. The difference between this documentation and the balances in the general ledger was recorded in these accounts.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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,* as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of *accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected 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. For expenditure-driven grants the Town considers this revenue to be available if it is anticipated to be collected within the subsequent year .

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Town receives cash. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the Town reports the following major governmental fund:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The *Water Fund* accounts for the financial activities associated with the provision of water services.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *Sewer Fund* accounts for the financial activities associated with the provision of wastewater services.

The *Natural Gas Fund* accounts for the financial activities associated with the provision of natural gas services.

Additionally, the Town reports the following fund type:

Fiduciary Fund - The *Volunteer Firefighter's Pension* custodial fund accounts for assets held by the Town for the benefit of the Town's volunteer firefighter.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Cash and Investments
For purposes of the Statement of Cash Flows, cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

Accounts Receivable
Accounts receivable consists primarily of taxes and charges for services. All receivables are considered collectible in full. Therefore, no allowance has been recorded.

Capital Assets
Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the Enterprise Funds. Capital assets are defined by the Town as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Town also records a right to use assets in connection with leases which are capitalized under the provisions of GASB 87 *Leases*. These assets were originally recorded at an amount equal to the lease liability.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment of the Town is depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-100 years
Machinery and Equipment	5-30 years
Infrastructure	15-120 years

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to the liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences
Employees accrue vacation time after the first year of employment. Accrued vacation time varies from 10 to 15 days per year depending on the length of service. After 15 years of service, an employee accrues an additional 1.25 days per year of vacation time. Employees may accrue a maximum of 25 days in unused vacation time. Unused vacation is not carried forward to the next fiscal year.

Employees also accrue sick time of 24 to 48 hours per year. A maximum carryover of 240 hours is allowed. However, employees are not compensated for any of their accrued sick time upon termination of employment.

As a result, the Town does not report a liability for vacation or sick leave.

Long-Term Obligations
Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position.

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

Net Position
The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position (Continued)

Unrestricted Net Position represents assets that do not have any third-party limitation on their use. While Town management may have categorized and segmented portions for various purposes, the Town Board of Trustees has the unrestricted authority to revisit or alter these managerial decisions.

The governmental fund financial statements present fund balances based on classifications and are comprised of a hierarchy. The financial statement hierarchy is based primarily on the Town's honor constraints and specific purposes the respective governmental fund amounts can be spent for. The classifications used in the governmental fund financial statements are as follows:

Nonspendable fund balance is the classification that includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact. At December 31, 2023, the Town does not report any fund balances as nonspendable.

Restricted fund balance is the classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified the TABOR Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

Committed fund balance is the classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Board of Trustees. These amounts cannot be used for any other purpose unless the Town Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Town does not report any amounts as committed as of December 31, 2023.

Assigned fund balance is intended to be used by the Town for specific purposes but does not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Board of Trustees or a Town official delegated by Town Charter or ordinance. The Town does not report any amounts as assigned as of December 31, 2023.

Unassigned fund balance classification includes the residual fund balance for the General Fund.

The Town would generally use restricted fund balances first, followed by committed resources, and then assigned resources.

At December 31, 2023, the General Fund has negative equity of $17,642.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits them to the Town on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of revenues is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow of revenues is recognized as revenue and the receivable is reduced. As the Town's audited financial statements have not been submitted within the regulatory timelines, the County Treasurer is currently holding the taxes collected for the years-end December 31, 2023 and 2024. These funds will be released when the audits are completed.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- Prior to September 30, the Town staff submits to the Town Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- The Town Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Board of Trustees.
- Budgets are legally adopted for the General Fund and proprietary funds of the Town. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). The budgetary comparisons presented for the proprietary funds are reported on a non-GAAP budgetary basis.
- Debt proceeds are budgeted as a revenue, while capital outlay and principal payments for debt are budgeted as expenditures and the depreciation is not budgeted.
- From discussions with GASB and the State of Colorado, the Town believes there is no requirement to adopt a budget for the Volunteer Firefighter's Pension Plan.
- 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.

Actual expenditures exceed budgeted appropiations in the General, Water, Sewer, and Natural Gas Funds. This may be a violation of state statute. The budget for the year-ended December 31, 2023 was not adopted until November, 2024. This may also be a violation of state statue.

NOTE 3: DEPOSITS AND INVESTMENTS

Cash and investments as of December 31, 2023 are classified in the accompanying financial statements as follows:

Governmental activities:		
Cash and Investments	$	22,307
Business-Type Activities		
Cash and Investments		14,312
Restricted Cash and Investments		137,735
Fiduciary activities:		
Cash and Investments		20,707
Total Cash and Investments.	$	195,061

Cash and investments as of December 31, 2023 consist of the following:

Deposits with Financial Institutions	$	135,266
Investments		59,795
Total Cash and Investments	$	195,061

Deposits with Financial Institutions
Custodial credit risk-deposits. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. The State Bank Commissioner is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2023, the Town's cash deposits had a bank and carrying balance of $135,266. As of December 31, 2023, all of the Town’s deposits were covered by the Federal Deposit Insurance Corporation (FDIC).

Investments
Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. government agency securities,
- Certain international agency securities,
- General obligation and revenue bonds of U.S. local government entities,
- Certain certificates of participation,
- Certain securities lending agreements,
- Bankers' acceptances of certain banks,
- Commercial paper,
- Written repurchase agreements collateralized by certain authorized securities,
- Certain money market funds,
- Guaranteed investment contracts, and
- Local government investment pools

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

The Town has no investment policies but follows State of Colorado statutes.

Concentration of credit risk. The Town generally limits its concentration of investments to local government investment pools, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk.

Interest rate risk. As of December 31, 2023, the Town had the following investments. The COLOTRUST investment has an account and carrying value of $59,795.

	Weighted Average Maturity	Net Asset Value
COLOTRUST PLUS+	48 days to reset 78 days to maturity	$ 59,795

The Town invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The County invests in COLOTRUST PLUS+. The PLUS+ Trust operates similarly to a money market fund and each share is equal in value to $1.00. This portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. COLOTRUST PLUS+ attempts to maintain a NAV of $1.00 per share. At December 31, 2023, the NAV was $1.00. COLOTRUST Plus+ is rated AAAm by S&P Global Ratings. COLOTRUST's PLUS+ does not have any unfunded commitments, redemption restrictions or redemption notice periods.

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.

Fair Value Hierarchy. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town has no investments which are required to be disclosed in the fair value hierarchy.

Restricted Cash and Investments

Cash and investments in the amount of $182,360 are restricted for debt service and infrastructure improvements in the Water Fund. Cash and investments in the amount of $4,146 and $70,225 are restricted for infrastructure improvements in the Sewer and Natural Gas Funds, respectively.

NOTE 4: INTERFUND BALANCES

At December 31, 2023 interfund payables/receivables are as follows:

	Interfund Receivables	Interfund Payables
General	$ -	$ 126,375
Water	-	272,056
Sewer	21,638	-
Gas	376,793	-
	$ 398,431	$ 398,431

During the course of operations, transactions occur between funds for the reimbursement of expenditures and transactions within the pooled cash accounts. Related interfund receivables and payables are classified as due from other funds and due to other funds on the balance sheet. Amounts may not be settled within one year.

In addition, at December 31, 2023, the General Fund owed the Fiduciary Fund $36,897.

NOTES 5: CAPITAL ASSETS

Governmental Activities capital assets activity for the year ended December 31, 2023 is summarized below:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Governmental Activities				
Capital assets, not being depreciated:				
Land	$ 150,915	$ -	$ -	$ 150,915
Total capital assets, not being depreciated	150,915	-	-	150,915
Capital assets, being depreciated:				
Buildings	516,987	9,725	-	526,712
Machinery and Equipment	301,779	-	-	301,779
Infrastructure	4,232,738	-	-	4,232,738
Total capital assets, being depreciated	5,051,504	9,725	-	5,061,229
Less accumulated depreciation for:				
Buildings	(449,272)	(10,732)	-	(460,004)
Machinery and Equipment	(313,674)	(7,697)	-	(321,371)
Infrastructure	(3,415,980)	(48,054)	-	(3,464,034)
Total accumulated depreciation	(4,178,926)	(66,483)	-	(4,245,409)
Total capital assets, being depreciated, net	872,578	(56,758)	-	815,820
Capital assets, net	1,023,493	(56,758)	-	966,735
Right to use assets, being amortized:				
Equipment	3,600	2,300	-	5,900
Less accumulated amortization for:				
Equipment	(334)	(2,100)	-	(2,434)
Right to use assets, net	3,266	200	-	3,466
Total capital/right to use assets	$ 1,026,759	$ (56,558)	$ -	$ 970,201

Expenses were charged to functions/programs of the Town as follows:

Depreciation	
General Government	$ 9,642
Public Safety	1,650
Highways and Streets	51,953
Parks and Recreation	3,238
	$ 66,483
Amortization	
General Government	$ 2,100

NOTES 5: CAPITAL ASSETS (Continued)

Business-Type Activities capital assets activity for the year ended December 31,2023 is summarized below:

	Balance at December 31, 2022	Adjustments	Increases	Decreases	Balance at December 31, 2023
Business-Type Activities					
Capital assets, not being depreciated:					
Land	$ 182,795	$ (182,795)	$ -	$ -	$ -
Water Rights	35,000	-	-	-	35,000
Construction in Progress	64,017	-	463,931	-	527,948
Total capital assets, not being depreciated	281,812	(182,795)	463,931	-	562,948
Capital assets, being depreciated:					
Buildings		152,890	29,175		182,065
Machinery and Equipment	10,612	28,811	-	-	39,423
Infrastructure	3,633,149	1,783,609	31,799	-	5,448,557
Total capital assets, being depreciated	3,643,761	1,965,310	60,974	-	5,670,045
Less accumulated depreciation for:					
Buildings	-	(99,983)	(2,813)		(102,796)
Machinery and Equipment	(10,612)	(25,234)	(766)	-	(36,612)
Infrastructure	(2,441,426)	150,302	(54,508)	-	(2,345,632)
Total accumulated depreciation	(2,452,038)	25,085	(58,087)	-	(2,485,040)
Total capital assets, being depreciated, net	1,191,723	1,990,395	2,887	-	3,185,005
Capital assets, net	1,473,535	1,807,600	466,818	-	3,747,953
Right to use assets, being amortized:					
Equipment	10,800	-	-	-	10,800
Less accumulated amortization for:					
Equipment	(1,002)	-	(2,160)	-	(3,162)
Right to use assets, net	9,798	-	(2,160)	-	7,638
Total capital/right to use assets	$ 1,483,333	$ 1,807,600	$ 464,658	$ -	$ 3,755,591

During the year-ended December 31, 2023, the Town utilized a capital asset study which included estimated historical values for the Water and Sewer Funds' capital assets. The adjustment column restates capital assets to these balances.

Expenses were charged to functions/programs of the Town as follows:

Depreciation	
Water Fund	$ 34,344
Sewer Fund	18,263
Gas Fund	5,480
	$ 58,087
Amortization	
Water Fund	$ 720
Sewer Fund	720
Gas Fund	720
	$ 2,160

NOTE 6: LONG-TERM DEBT

Governmental Activities
Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Lease Liabilities	$ 3,295	$ 2,300	$ 2,037	$ 3,558	$ 1,643
	$ 3,295	$ 2,300	$ 2,037	$ 3,558	$ 1,643

Business-Type Activities
Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
Direct Borrowings					
USDA Bond Payable	$ 916,275	$ -	$ 26,029	$ 890,246	$ 27,180
Bank Loan	-	182,350	-	182,350	5,000
Lease Liabilities	9,885	-	2,028	7,857	2,112
	$ 926,160	$ 182,350	$ 28,057	$ 1,080,453	$ 34,292

Leases Liabilities
The Town is the lessee for certain leases of equipment. The Town recognizes a lease liability and an intangible right-to-use-lease asset in the government-wide statements and the Proprietary Funds.

At the commencement of the lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term including any purchase option price that the Town is reasonably certain to exercise. Subsequently the lease liability is reduced by the principal portion of the lease payments made. The right-to-use asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

During 2022, the Town entered into two equipment leases. During 2023, the Town recorded a third lease. A right to use asset totaling $2,300 was recorded for the year ended December 31, 2023. Lease-related amortization expense of $4,260 was also recorded for the year. The value of these assets at December 31, 2023 is $11,104. The Town will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Right-to-use assets are reported with other capital assets and lease liabilities are reported with long-term debt for Governmental Activities and in the Proprietary Funds. Key estimates and judgments related to leases include how the Town determines; the discount rate used to discount payments to present value, the lease term, and lease payments. As the interest rate charged by the lessor was not provided, the Town used the rate imputed on the lease based on the estimated market value of the equipment leased. The Town determined that its borrowing rate for these leases was 3.975%. The leases expire at various times through 2027.

NOTE 6: LONG-TERM DEBT (Continued)

Annual debt service requirements for the lease liabilities at December 31, 2023 are as follows:

	Governmental Activities			Business-Type Activities			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	$ 1,643	$ 105	$ 1,748	$ 2,112	$ 273	$ 2,385	$ 3,755	$ 378	$ 4,133
2025	732	63	795	2,196	190	2,386	2,928	253	3,181
2026	762	33	795	2,286	100	2,386	3,048	133	3,181
2027	421	5	426	1,263	16	1,279	1,684	21	1,705
Totals	$ 3,558	$ 206	$ 3,764	$ 7,857	$ 579	$ 8,436	$ 11,415	$ 785	$ 12,200

Bonds Payable

In January 2007, the Town issued $1,225,500 in USDA Water Enterprise Water Revenue Bonds, Series 2006. Proceeds of the bonds were used to pay costs related to the Town's improvements of its water system. The bonds carry an interest rate of 4.375%. Semi-annual principal and interest payments are due on Jan 15 and July 15 through 2044. Upon default of any payments or covenants, the USDA may declare the entire principal outstanding and accrued interest immediately due and payable or take possession of the Town's water system. During 2024, the Town made the July payment in December. The USDA continues to accept the Town's payments. As recorded in the Town bond ordinance, Aguilar agreed to certain covenants. These included the adoption of an annual budget, an annual audit of the Town's financial statement, and rates would be established to pay the operating and maintenance cost of the system plus 120% of that year's debt service. For the year-ended December 31, 2023, the Town may not have been in compliance with these covenants.

Annual debt service requirements for the Bonds Payable at December 31, 2023 are as follows:

Year Ended December 31,	Principal	Interest	Totals
2024	$ 27,180	$ 38,660	$ 65,840
2025	28,382	37,458	65,840
2026	29,637	36,203	65,840
2027	30,948	34,892	65,840
2028	32,317	33,523	65,840
2029-2033	184,332	144,868	329,200
2034-2038	228,864	100,336	329,200
2039-2043	284,155	45,045	329,200
2044	44,431	1,251	45,682
Total Debt Service Requirements	$ 890,246	$ 472,236	$ 1,362,482

USDA and Bank Debt

During the year ended December 31, 2021, the Town entered into an agreement to borrow $2,640,000 from the USDA. The terms of the loan will be finalized once the project is completed. It is anticipated that the interest rate on the loan will be 1.375% and the loan will be repaid over a period of 40 years.

NOTE 6: LONG-TERM DEBT (Continued)

For the year ended December 31, 2023, the Town had borrowed no funds on this loan. As part of agreement, in 2023, the Town entered into a construction loan with a bank. The amount of the loan is $2,640,000. This loan is due on December 15, 2026. Loan proceeds from the USDA will be used to pay the principal balance of the loan. The interest rate on this loan is 1.25% of the Daily Simple Secured Overnight Financing Rate (SOFR) Margin. The interest rate on this loan at December 31, 2023 is 6.56%. Interest is due semiannually on the first day of January and July The USDA provided grant funds to pay the interest and origination fee for this loan. See additional disclosure on this bond in Note 9 to these financial statements. In 2025, the loan was past due as the July, 2025 payment was not made in full. USDA advanced interest through May, 2025. The bank will collect all interest and principal when the loan is paid off.

NOTE 7: RETIREMENT COMMITMENTS

General Employees Retirement
The Town contributes three percent of eligible employee compensation to a Section 457 deferred compensation plan. For the year ended December 31, 2023 contributions totaling $3,751 were paid based on covered payroll of $125,046.

Volunteer Firefighter's Pension Fund
The Volunteer Firefighter's Pension is a single employer, defined benefit plan. The fund has one retiree receiving a $75 monthly benefit which will continue until the death of the beneficiary. The plan is closed to new entrants. There were no contributions to the Plan during the year ended December 31, 2023, and distributions totaled $900.

NOTE 8: PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10- 115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers' compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Tabor Amendment
Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. In the November 1994 election, voters within the Town approved the collection, retention and expenditure of State grants, all sales and use taxes and all other revenue generated by the Town in 1995 and subsequent years without limitation, notwithstanding the provisions of the Amendment. The Town has established an emergency reserve, representing 3 % of qualifying expenditures, as required by the Amendment. At December 31, 2023, the emergency reserve of $10,976 was recorded in the General Fund.

Legal Proceedings
The Town is a defendant in several lawsuits. Several of these suits were initiated after the end of the current fiscal year. The Town and its insurer CIRSA are currently in the process of negotiating settlements of these suits. Although the settlements have not been finalized, the Town does not believe these suits will have a material adverse effect on the financial condition of the Town.

Construction Commitments
The Town has entered into contracts for engineering and construction related to the augmentation reservoir. The amount of the contracts were $2,4889,220. The amounts outstanding at December 31, 2023 are $2,065,910.

Grants and Loans
The Colorado Department of Public Health & Environment issued an Enforcement Order related to the Town's water system. In order to correct these issues, the Town will need to replace Tank 1. The Town will also need to file its financial statement audits in a timely fashion.

The Town has also received a USDA grant of $3,153,000 and a loan for $2,640,000. During 2024, the Office of Inspector General of the USDA and the Colorado Bureau of Investigation began to review transactions related to this project. In 2024, the Town agreed to pay certain vendors related to this project. At December 31, 2023, the amount outstanding is approximately $85,808. The amount of questioned or disallowed costs at this time is not known but may have a material impact on the Town.

Insurance Settlement
In August, 2022, the Town had a vehicle which was destroyed. In December, 2024, the Town received an insurance settlement of $21,100. This payment will be recognized as revenue in the year-ending December 31, 2024.

NOTE 10: RESTATEMENTS OF NET POSITION

In prior years, the Town did not record accrued interest on the USDA loan. As a result, beginning equity in the Water Fund and the Business-Type Activity was reduced $20,208.

TOWN OF AGUILAR
GENERAL FUND BUDGETARY
COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 138,200	$ 138,200	$ 238,146	$ 99,946
Licenses and Permits	18,139	18139	17,929	(210)
Intergovernmental	38,900	38900	1,915	(36,985)
Fines and Forfeitures	3,250	3250	600	(2,650)
Investment Earnings	325	325	-	(325)
Miscellaneous	40	40	107,288	107,248
TOTAL REVENUES	198,854	198,854	365,878	167,024
EXPENDITURES				
Current				
General Government	79,500	79,500	142,232	(62,732)
Public Safety	36,550	64,550	46,818	17,732
Highways and Streets	-	-	21,380	(21,380)
Parks and Recreation	16,270	16,270	18,180	(1,910)
Debt Service				
Principal	-	-	2,037	(2,037)
Interest	-	-	186	(186)
Capital Outlay	-	-	12,025	(12,025)
TOTAL EXPENDITURES	132,320	160,320	242,858	(82,538)
Excess of Revenues over expenditures	66,534	38,534	123,020	84,486
Other Financing Sources (Uses)				
Proceeds from lease transactions	-	-	2,300	2,300
Total Other Financing Sources (Uses)	-	-	2,300	2,300
SPECIAL ITEM	-	-	(211,767)	(211,767)
NET CHANGE IN FUND BALANCE	$ 66,534	$ 38,534	(86,447)	$ (124,981)
FUND BALANCE, Beginning			68,805	
FUND BALANCES, Ending			$ (17,642)	

The notes to the financial statements are an integral part of this statement.

TOWN OF AGUILAR
WATER FUND BUDGETARY
COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Water Sales	$ 181,600	$ 181,600	$ 182,595	$ 995
Water Hauler	2,500	2,500	0	(2,500)
Interest	150	150	1,562	1,412
Tap Fees	3,000	3,000	375	(2,625)
Other Revenue	150	150	15,567	15,417
Loan Proceeds	-	-	182,350	182,350
TOTAL REVENUES	187,400	187,400	382,449	195,049
EXPENDITURES				
Operations	36,450	36,450	242,936	(206,486)
Administration	33,450	33,450	102,916	(69,466)
Debt Service				
Principal	-	-	26,705	(26,705)
Interest	32,920	32,920	39,906	(6,986)
Capital Outlay	-	70,000	502,976	(432,976)
TOTAL EXPENDITURES	102,820	172,820	915,439	(742,619)
SPECIAL ITEM	-	-	1,100,062	1,100,062
NET INCOME, Budget Basis	$ 84,580	$ 14,580	567,072	$ 552,492
GAAP BASIS ADJUSTMENTS				
Debt proceeds			(182,350)	
Capital Outlay			502,976	
Loan Principal Payments			26,705	
Depreciation			(35,064)	
NET INCOME, GAAP Basis			879,339	
NET POSITION, Beginning as Previously Presented			341,513	
Error Correction			(20,208)	
NET POSITION, Beginning as Restated			321,305	
NET POSITION, Ending			$ 1,200,644	

The notes to the financial statements are an integral part of this statement.

TOWN OF AGUILAR
SEWER FUND BUDGETARY
COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Sewer Charges	$ 83,000	$ 84,309	$ 1,309
Interest	150	2,180	2,030
Tap Fees	6,000	375	(5,625)
Other Revenues	-	158	158
TOTAL REVENUE	89,150	87,022	(2,128)
EXPENDITURES			
Operations	17,550	58,824	(41,274)
Administration	23,800	27,681	(3,881)
Debt Service			
Principal	-	676	(676)
Interest	-	119	(119)
Capital Outlay	-	-	-
TOTAL EXPENDITURES	41,350	87,300	(45,950)
SPECIAL ITEM	-	933,165	933,165
NET INCOME, Budget Basis	$ 47,800	932,887	$ 885,087
GAAP BASIS ADJUSTMENTS			
Capital Outlay		12,205	
Loan Principal Payments		676	
Depreciation		(18,983)	
NET INCOME, GAAP Basis		926,785	
NET POSITION, Beginning		45,340	
NET POSITION, Ending		$ 972,125	

The notes to the financial statements are an integral part of this statement.

TOWN OF AGUILAR

NATURAL GAS FUND BUDGETARY COMPARISON SCHEDULE YEAR ENDED DECEMBER 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Natural Gas Sales	$ 177,820	$ 215,799	$ 37,979
Interest	200	503	303
Other Revenue	-	785	785
TOTAL REVENUES	178,020	217,087	39,067
EXPENDITURES			
Operations	187,875	268,891	(81,016)
Administration	38,550	30,204	8,346
Debt Service			
Principal	-	676	(676)
Interest	-	119	(119)
Capital Outlay	-	9,725	(9,725)
TOTAL EXPENDITURES	226,425	309,615	(83,190)
SPECIAL ITEM	-	(29,738)	(29,738)
NET INCOME, Budget Basis	$ (48,405)	(122,266)	$ (73,861)
GAAP BASIS ADJUSTMENTS			
Capital Outlay		9,725	
Loan Principal Payments		676	
Depreciation		(6,200)	
NET INCOME, GAAP Basis		(118,065)	
NET POSITION, Beginning		403,859	
NET POSITION, Ending		$ 285,794	

The notes to the financial statements are an integral part of this statement.

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

Form Approved
OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO YEAR ENDING (mm/yy): 12/2023
This Information From The Records Of: Town of Aguilar	Prepared By:

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	$ -
4. Miscellaneous local receipts (from page 2)	$ -
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	$ -
7. Total (1 through 6)	$ -
B. Private Contributions	
C. Receipts from State government (from page 2)	$ 22,854.99
D. Receipts from Federal Government (from page 2)	$ -
E. Total receipts (A.7 + B + C + D)	$ 22,854.99

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital outlay (from page 2)	$ -
2. Maintenance:	$ 7,900.17
3. Road and street services:	
a. Traffic control operations	$ 1,500.00
b. Snow and ice removal	$ 1,000.00
c. Other	$ 4,176.59
d. Total (a. through c.)	$ 6,676.59
4. General administration & miscellaneous	$ 4,464.57
5. Highway law enforcement and safety	$ 3,813.66
6. Total (1 through 5)	$ 22,854.99
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	$ -
3. Total (1.c + 2.c)	$ -
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total expenditures (A.6 + B.3 + C + D)	$ 22,854.99

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				$ -
1. Bonds (Refunding Portion)				$ -
B. Notes (Total)				$ -

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		$ 22,854.99	$ 22,854.99		$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO YEAR ENDING (mm/yy): 12/2023

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 Assesments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		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		g. Other Misc. Receipts	
6. Total (1. through 5.)	$ -	h. Other	
c. Total (a. + b.)	$ -	i. Total (a. through h.)	$ -
(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 (from Item I.C.5.)	$ 22,854.99	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		d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal ARPA	
f. Total (a. through e.)	$ -	g. Total (a. through f.)	$ -
4. Total (1. + 2. + 3.f)	$ 22,854.99	3. Total (1. + 2.g)	$ -
(Carry forward to page 1)		***(Carry forward to page 1)***	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments:

FORM FHWA-536