
Town of Hotchkiss
Financial Statements and
Independent Auditor's Report
as of
December 31, 2023

Town of Hotchkiss

Table of Contents

	<u>Page</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	12
Statement of Activities.....	13
Fund Financial Statements:	
Governmental Funds Balance Sheet.....	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	15
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.....	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	17
Statement of Net Position-Enterprise Funds.....	18
Statement of Revenues, Expenses and Changes in Net Position-Enterprise Funds.....	19
Statement of Cash Flows-Enterprise Funds.....	20
Notes to Basic Financial Statements.....	21
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual:	
General Fund.....	35
Sales Tax Capital Improvement Fund.....	36
Other Supplementary Information	
Combining Balance Sheet-Nonmajor Governmental Funds.....	37
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds.....	38
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-Governmental Funds:	
Conservation Trust Fund.....	39
Public Safety Improvement Sales Tax Fund	40
American Rescue Plan Funds	41
Schedules of Revenues, Expenditures and Changes in Available Resources-Budget and Actual-Enterprise Funds:	
Water Fund.....	42
Sanitation Fund.....	43
Garbage Fund.....	44
Local Highway Finance Report.....	45



INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Hotchkiss, Colorado

Opinions

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 Hotchkiss, Colorado, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Hotchkiss, Colorado's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hotchkiss, Colorado, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in 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. 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 of Hotchkiss, Colorado, 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.

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 of Hotchkiss, Colorado's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hotchkiss, Colorado's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Hotchkiss, Colorado's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 of Hotchkiss, Colorado's basic financial statements. The combining, individual nonmajor fund financial statements 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 combining, individual nonmajor fund financial statements and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Blair and Associates, P.C.

Cedaredge, Colorado
June 26, 2024

TOWN OF HOTCHKISS
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2023

As management of the Town of Hotchkiss (the "Town"), we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statements.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$ 15,955,937 (i.e. net position) as of December 31, 2023, an increase of \$ 465,148 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of \$ 3,941,625, an increase of \$ 42,137 in comparison with the prior year.
- The Town's fund balance for the General Fund was \$ 1,752,830, an increase of \$ 236,456 in comparison to the prior year.
- Total long-term liabilities decreased by \$ 39,165 during the year with no new debt issued in 2023.
- General property tax, sales tax, and other tax totaled \$ 1,118,977 or 64% of general revenues.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator 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 reported in this statement for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

The government-wide financial statements distinguish functions of the Town 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 administration, police, public works, and community center. The Business-type Activities of the Town include the following utilities: water, sanitation, and garbage.

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *short-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements. The accounting method is called *modified accrual* accounting.

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 activities in the *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 short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains two major government funds, the General Fund and the Sales Tax Capital Improvement Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

Proprietary Funds – The Town maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses a separate enterprise fund to account for each of its utility funds: Water, Sanitation and Garbage Funds.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the year ended December 31, 2023, the Town's combined assets exceeded liabilities by \$ 15,955,937. Of this amount, \$ 6,957,562 is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of \$ 8,921,475 (56% of net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the Town's governmental and business-type net position for 2023 and 2022:

	Governmental Activities 2023	Governmental Activities 2022	Business Type Activities 2023	Business Type Activities 2022	Totals 2023	Totals 2022
Assets						
Current and other assets	\$ 4,110,325	\$ 3,993,795	\$ 3,153,152	\$ 3,273,172	\$ 7,263,477	\$ 7,266,967
Capital assets	3,255,042	3,007,505	5,896,843	5,632,086	9,151,885	8,639,591
Total assets	<u>\$ 7,365,367</u>	<u>\$ 7,001,300</u>	<u>\$ 9,049,995</u>	<u>\$ 8,905,258</u>	<u>\$ 16,415,362</u>	<u>\$ 15,906,558</u>
Current Liabilities	\$ 71,776	\$ 3,843	\$ 19,082	\$ 24,577	\$ 90,858	\$ 28,420
Non-current liabilities						
Compensated absences	41,233	26,967			41,233	26,967
Loans payable	-	-	230,410	269,575	230,410	269,575
Total liabilities	<u>113,009</u>	<u>30,810</u>	<u>249,492</u>	<u>294,152</u>	<u>362,501</u>	<u>324,962</u>
Deferred inflow of resources	<u>96,924</u>	<u>90,807</u>	<u>-</u>	<u>-</u>	<u>96,924</u>	<u>90,807</u>
Net Position						
Investment in capital assets, net of related debt	3,255,042	3,007,505	5,666,433	5,362,511	8,921,475	8,370,016
Restricted	76,900	61,000	-	-	76,900	61,000
Unrestricted	<u>3,823,492</u>	<u>3,811,178</u>	<u>3,134,070</u>	<u>3,248,595</u>	<u>6,957,562</u>	<u>7,059,773</u>
Total net position	<u>\$ 7,155,434</u>	<u>\$ 6,879,683</u>	<u>\$ 8,800,503</u>	<u>\$ 8,611,106</u>	<u>\$ 15,955,937</u>	<u>\$ 15,490,789</u>

An additional portion of net position, \$ 76,900, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 6,957,562 (44% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

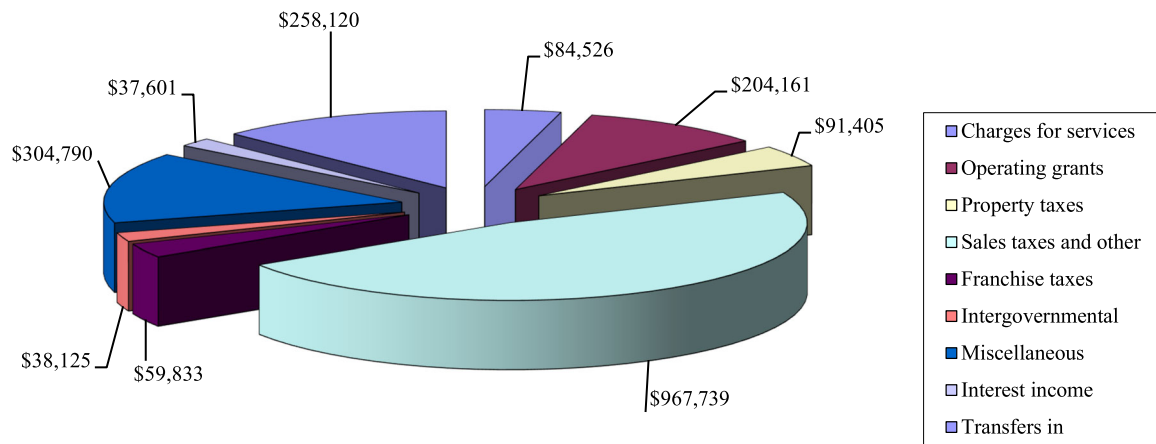
Governmental and business-type activities increased the Town's net position by \$ 465,148 in 2023.

	Governmental Activities 2023	Governmental Activities 2022	Business Type Activities 2023	Business Type Activities 2022	Total 2023	Total 2022
Revenues						
Program revenues						
Charges for services	\$ 84,526	\$ 59,731	\$ 816,394	\$ 817,806	\$ 900,920	\$ 877,537
Operating grants	204,161	224,538	-	-	204,161	224,538
Capital grants	-	116,626	29,500	38,400	29,500	155,026
General Revenues						
Property taxes	91,405	85,470	-	-	91,405	85,470
Sales taxes and other	967,739	925,427	-	-	967,739	925,427
Franchise taxes	59,833	56,053	-	-	59,833	56,053
Interest income	37,601	13,043	112,317	34,213	149,918	47,256
Intergovernmental	38,125	18,060	-	-	38,125	18,060
Miscellaneous	304,790	28,200	31,398	30,272	336,188	58,472
Transfers in (out)	258,120	223,046	(258,120)	(223,046)	-	-
Totals	<u>2,046,300</u>	<u>1,750,194</u>	<u>731,489</u>	<u>697,645</u>	<u>2,777,789</u>	<u>2,447,839</u>
Expenses						
General government	273,251	304,344	-	-	273,251	304,344
Public safety	914,234	507,537	-	-	914,234	507,537
Public works	567,987	417,853	727,417	709,683	1,295,404	1,127,536
Culture and recreation	15,077	20,013	-	-	15,077	20,013
Total expenses	<u>1,770,549</u>	<u>1,249,747</u>	<u>727,417</u>	<u>709,683</u>	<u>2,497,966</u>	<u>1,959,430</u>
Increase in net position	275,751	500,447	4,072	(12,038)	279,823	488,409
Beginning	6,879,683	6,379,236	8,611,106	8,623,144	15,490,789	15,002,380
Residual Transfer	-	-	185,325	-	185,325	-
Ending	<u>\$ 7,155,434</u>	<u>\$ 6,879,683</u>	<u>\$ 8,800,503</u>	<u>\$ 8,611,106</u>	<u>\$ 15,955,937</u>	<u>\$ 15,490,789</u>

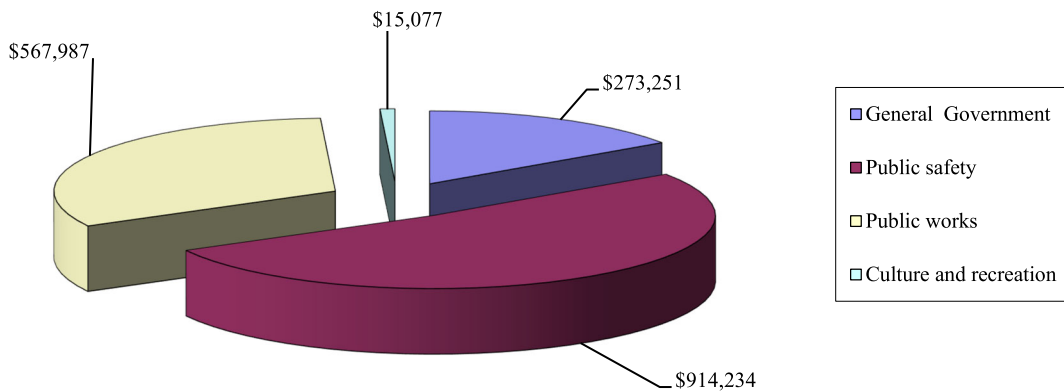
Governmental Activities

Governmental activities increased the Town's net position by \$ 275,751.

Revenues by Source-Governmental Activities



Expenses by Department-Governmental Activities



Business-type Activities

Business-type activities for the year resulted in an increase in net position of \$ 4,072. Charges for services accounted for 85% of total revenues.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of 2023, the Town's governmental funds reported combined ending fund balances of \$ 3,941,625, an increase of \$ 42,137 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 43% of this total amount, \$1,675,930, constitutes unassigned fund balance, which is available for appropriation at the Town's discretion. The remainder of the fund balances are restricted to indicate that it is not available for new spending because it is already committed to meet a state constitution mandated emergency reserve, \$ 76,900 and \$43,695 is restricted for parks and recreation. Also, some of the fund balances are committed for capital purchases of \$2,133,693 and public safety of \$11,407.

The Town has two major governmental funds, the General Fund, which is the primary operating fund for the Town, and the Sales Tax Capital Improvement Fund. At the end of 2023, the unreserved fund balance of the General Fund was \$ 1,675,930, while the total fund balance was \$ 1,752,830. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The fund balance of the Town's General Fund increased by \$ 236,456 during 2023.

Proprietary funds. The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Town has three enterprise funds: Water, Sanitation and Garbage Funds. At the end of 2023, these funds represented the following net position amounts:

Fund:	Water	Sanitation	Garbage
Unrestricted net position	\$2,264,775	\$841,786	\$27,509
Total net position	\$5,496,986	\$3,276,008	\$27,509
Increase (decrease) in net position	\$168,502	\$23,152	\$(2,257)

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town budgeted \$1,381,821 for 2023 expenditures. Actual expenditure was \$ 1,234,168. There was no amendment to the original budget for the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2023, was \$ 8,921,475. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements, and equipment.

	Balance January 1, 2023	Additions	Dispositions	Balance December 31, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 392,982	\$ -	\$ -	\$ 392,982
	<u>392,982</u>	<u>-</u>	<u>-</u>	<u>392,982</u>
Capital assets being depreciated				
Buildings	2,471,399	211,233	-	2,682,632
Improvements other than building	131,126	-	-	131,126
Infrastructure	1,066,338	24,868	-	1,091,206
Equipment and vehicles	634,148	165,169	-	799,317
	<u>4,303,011</u>	<u>401,270</u>	<u>-</u>	<u>4,704,281</u>
Less accumulated depreciation				
Buildings	(559,702)	(54,636)	-	(614,338)
Improvements	(118,319)	(3,086)	-	(121,405)
Infrastructure	(489,552)	(49,032)	-	(538,584)
Equipment and vehicles	(520,915)	(46,979)	-	(567,894)
	<u>(1,688,488)</u>	<u>(153,733)</u>	<u>-</u>	<u>(1,842,221)</u>
Capital asset being depreciated, net	<u>2,614,523</u>	<u>247,537</u>	<u>-</u>	<u>2,862,060</u>
Total Governmental Activities Capital Assets	<u>\$ 3,007,505</u>	<u>\$ 247,537</u>	<u>\$ -</u>	<u>\$ 3,255,042</u>

	Balance January 1, 2023	Additions	Dispositions	Balance December 31, 2023
Business - Type Activities				
Capital assets not being depreciated				
Land and source of supply	\$ 370,647	\$ -	\$ -	\$ 370,647
Construction in progress	-	185,325	-	185,325
Total	<u>370,647</u>	<u>185,325</u>	<u>-</u>	<u>555,972</u>
Capital assets being depreciated				
Utility systems	10,534,793	-	-	10,534,793
Building Improvements	-	323,300	-	323,300
Equipment and furniture	50,644	-	-	50,644
Less accumulated depreciation	<u>(5,323,998)</u>	<u>(243,868)</u>	<u>-</u>	<u>(5,567,866)</u>
Total	<u>5,261,439</u>	<u>79,432</u>	<u>-</u>	<u>5,340,871</u>
Total Business-Type Activities Capital Assets	<u>\$ 5,632,086</u>	<u>\$ 264,757</u>	<u>\$ -</u>	<u>\$ 5,896,843</u>

Long-term Debt

As of December 31, 2023, the Town had long-term debt as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due within one year
Governmental Activities					
Compensated absences	\$ 26,967	\$ 14,266	\$ -	\$ 41,233	\$ -
Total	<u>\$ 26,967</u>	<u>\$ 14,266</u>	<u>\$ -</u>	<u>\$ 41,233</u>	<u>\$ -</u>
Enterprise Activities					
Loans payable	\$ 269,575	\$ -	\$ (39,165)	\$ 230,410	\$ 39,165
Total	<u>\$ 269,575</u>	<u>\$ -</u>	<u>\$ (39,165)</u>	<u>\$ 230,410</u>	<u>\$ 39,165</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Town of Hotchkiss is in good financial condition.
- The Town's General fund has a fund balance that will cover at least six months of normal expenditures.
- The Wal-Mart store within the County just east of the City of Delta continues to increase the Town's portion of County Sales tax.
- We anticipate some slow growth over the next few years.
- The service levels for Animal Control, Police, Street Maintenance, and Parks are budgeted to remain the same.
- The Town is currently installing Water Tank and Public Works Shop.
- Improvement of streets within Town will continue, using the 1% sales tax generated within the Capital Improvement Fund.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

Town Clerk
Town of Hotchkiss
Hotchkiss, Co

**Town of Hotchkiss
Statement of Net Position
December 31, 2023**

	Governmental Activities	Business -Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,898,657	\$ 2,993,162	\$ 6,891,819
Property taxes receivable	96,924	-	96,924
Accounts receivable	22,994	64,092	87,086
Note receivable	-	95,898	95,898
Due from other governments	91,750	-	91,750
Capital assets			
Nondepreciable	392,982	555,972	948,954
Depreciable, net of accumulated depreciation	2,862,060	5,340,871	8,202,931
Total assets	7,365,367	9,049,995	16,415,362
LIABILITIES			
Accounts payable	71,776	19,082	90,858
Compensated absences	41,233	-	41,233
Non current liabilities			
Due within one year	-	39,165	39,165
Due in more than one year	-	191,245	191,245
Total liabilities	113,009	249,492	362,501
Deferred Inflows of Resources			
Property tax revenues	96,924	-	96,924
NET POSITION			
Invested in capital assets, net of related debt	3,255,042	5,666,433	8,921,475
Restricted for:			
Emergencies	76,900	-	76,900
Unrestricted	3,823,492	3,134,070	6,957,562
Total net position	\$ 7,155,434	\$ 8,800,503	\$ 15,955,937

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss
Statement of Activities
For the Year Ended December 31, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Service and Fees	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 273,251	\$ 18,530	\$ -	\$ -
Public Safety	914,234	50,912	162,743	-
Public Works	567,987	15,084	35,112	-
Culture and Recreation	15,077	-	6,306	-
Total governmental activities	<u>1,770,549</u>	<u>84,526</u>	<u>204,161</u>	<u>-</u>
Business-type activities:				
Water	355,376	379,472	-	18,250
Sanitation	193,866	258,009	-	11,250
Garbage	178,175	178,913	-	-
Total business- type activities	<u>727,417</u>	<u>816,394</u>	<u>-</u>	<u>29,500</u>
Total primary government	<u>\$ 2,497,966</u>	<u>\$ 900,920</u>	<u>\$ 204,161</u>	<u>\$ 29,500</u>

General Revenues

Taxes:

Property taxes

Specific ownership

Sales taxes and miscellaneous

Franchise taxes

Miscellaneous

Intergovernmental

Investment earnings

Gain on disposal of assets

Transfers In (out)

Total General Revenues and Transfers

Changes in Net Position

Net Position-January 1

Residual Transfer

Net Position-December 31

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (254,721)	\$ -	\$ (254,721)
(700,579)	-	(700,579)
(517,791)	-	(517,791)
(8,771)	-	(8,771)
<u>(1,481,862)</u>	<u>-</u>	<u>(1,481,862)</u>
-	42,346	42,346
-	75,393	75,393
-	738	738
<u>-</u>	<u>118,477</u>	<u>117,739</u>
<u>(1,481,862)</u>	<u>118,477</u>	<u>(1,364,123)</u>
91,405	-	91,405
14,772	-	14,772
952,967	-	952,967
59,833	-	59,833
51,943	31,398	83,341
38,125	-	38,125
37,601	112,317	149,918
252,847	-	252,847
258,120	(258,120)	-
<u>1,757,613</u>	<u>(114,405)</u>	<u>1,643,208</u>
275,751	4,072	279,823
6,879,683	8,611,106	15,490,789
-	185,325	185,325
<u>\$ 7,155,434</u>	<u>\$ 8,800,503</u>	<u>\$ 15,955,937</u>

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss
Governmental Funds
Balance Sheet
December 31, 2023**

	General Fund	Sales Tax Capital Improvement	Non Major Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,693,463	\$ 2,058,531	\$ 146,663	\$ 3,898,657
Taxes receivable	64,616	32,308	-	96,924
Due from other governments	44,953	33,608	13,189	91,750
Accounts receivable	22,747	247	-	22,994
Total assets	\$ 1,825,779	\$ 2,124,694	\$ 159,852	\$ 4,110,325
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 8,333	\$ -	\$ 63,443	\$ 71,776
Total liabilities	8,333	-	63,443	71,776
Deferred Inflows of Resources				
Property tax revenues	64,616	32,308	-	96,924
Fund balances:				
Restricted				
Reserve for emergencies	76,900	-	-	76,900
Parks and recreation	-	-	43,695	43,695
Committed				
Capital purchases	-	2,092,386	41,307	2,133,693
Public safety	-	-	11,407	11,407
Unassigned	1,675,930	-	-	1,675,930
Total fund balance	1,752,830	2,092,386	96,409	3,941,625
Total liabilities and fund balance	\$ 1,825,779	\$ 2,124,694	\$ 159,852	\$ 4,110,325

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss
 Reconciliation of the Governmental Funds Balance
 Sheet to the Statement of Net Position
 December 31, 2023**

Total fund balance, governmental funds \$ 3,941,625

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Cost of capital assets	\$ 5,097,262	
Less accumulated depreciation	<u>(1,842,220)</u>	3,255,042

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Compensated absences		(41,233)
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Net Position of Governmental Activities in the Statement of Net Position		<u><u>\$ 7,155,434</u></u>
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The accompanying notes are an integral part of this statement.

**Town of Hotchkiss
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2023**

	<u>General Fund</u>	<u>Sales Tax Capital Improvement Fund</u>	<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes	\$ 654,669	\$ 448,486	\$ -	\$ 1,103,155
Fees and fines	33,765	-	-	33,765
Licenses and permits	18,530	-	-	18,530
Intergovernmental	89,059	-	169,049	258,108
Miscellaneous	353,841	20,438	-	374,279
Total revenues	<u>1,149,864</u>	<u>468,924</u>	<u>169,049</u>	<u>1,787,837</u>
Expenditures				
Current:				
General government	302,404	-	-	302,404
Public safety	590,785	-	340,135	930,920
Public works	340,979	-	-	340,979
Culture and recreation	-	-	10,746	10,746
Capital outlay	-	233,446	185,325	418,771
Total expenditures	<u>1,234,168</u>	<u>233,446</u>	<u>536,206</u>	<u>2,003,820</u>
Excess (deficiency) of revenues over expenditures	<u>(84,304)</u>	<u>235,478</u>	<u>(367,157)</u>	<u>(215,983)</u>
OTHER FINANCING (USES)				
Transfers in (out)	320,760	(77,640)	15,000	258,120
Total other financing (uses)	<u>320,760</u>	<u>(77,640)</u>	<u>15,000</u>	<u>258,120</u>
Net change to fund balance	236,456	157,838	(352,157)	42,137
Fund balance, January 1	1,516,374	1,934,548	448,566	3,899,488
Fund balance, December 31	<u>\$ 1,752,830</u>	<u>\$ 2,092,386</u>	<u>\$ 96,409</u>	<u>\$ 3,941,625</u>

The accompanying notes are an integral part of this statement.

Town of Hotchkiss
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds \$ 42,137

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

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 expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Fixed assets current additions	\$ 401,270	
Depreciation expense	<u>(153,733)</u>	
Excess of capital outlay over depreciation		247,537

The Gain on disposal of capital assets increase the expense on the statement of activities		343
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Decrease of compensated absences is reported as an reduction an expense on the statement of activities		<u>(14,266)</u>
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Change in net position of governmental funds		<u><u>\$ 275,751</u></u>
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The accompanying notes are an integral part of this statement.

**Town of Hotchkiss
Statement of Net Position
Enterprise Funds
December 31, 2023**

	Enterprise Funds	
	Water Fund	Sanitation Fund
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,998,920	\$ 969,960
Notes receivable	95,898	-
Due from other funds	153,924	-
Accounts receivable, net	19,805	25,750
Total Current Assets	<u>2,268,547</u>	<u>995,710</u>
Noncurrent Assets		
Capital assets		
Land and improvements	-	251,425
Water rights	119,222	-
Utility system	6,501,604	4,033,188
Equipment and furniture	37,392	13,252
Building Improvements	161,650	161,650
Construction in Progress	185,325	-
Less accumulated depreciation	(3,601,855)	(1,966,010)
Total Noncurrent Assets	<u>3,403,338</u>	<u>2,493,505</u>
Total Assets	<u>\$ 5,671,885</u>	<u>\$ 3,489,215</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 3,772	\$ -
Due to other funds	-	153,924
Current portion on long-term debt	34,225	4,940
Total Current Liabilities	<u>37,997</u>	<u>158,864</u>
Long-Term Debt		
Loans payable	136,902	54,343
Total Long-Term Debt	<u>136,902</u>	<u>54,343</u>
NET POSITION		
Invested in capital assets, net of related debt	3,232,211	2,434,222
Unrestricted	2,264,775	841,786
Total Net Position	<u>\$ 5,496,986</u>	<u>\$ 3,276,008</u>

The accompanying notes are an integral part of this statement.

<u>Garbage Fund</u>	<u>Total Enterprise Funds</u>
\$ 24,282	\$ 2,993,162
-	95,898
-	153,924
18,537	64,092
42,819	3,307,076

-	251,425
-	119,222
-	10,534,792
-	50,644
-	323,300
-	185,325
-	(5,567,865)
-	5,896,843
\$ 42,819	\$ 9,203,919

\$ 15,310	\$ 19,082
-	153,924
15,310	39,165
15,310	212,171

-	191,245
-	191,245

-	5,666,433
27,509	3,134,070
\$ 27,509	\$ 8,800,503

Town of Hotchkiss
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
Year Ended December 31, 2023

	Enterprise Funds	
	Water Fund	Sanitation Fund
Operating revenues:		
Charges for services	\$ 379,472	\$ 258,009
Total operating revenues	<u>379,472</u>	<u>258,009</u>
Operating expenses:		
Purchased services	32,838	12,175
Contractual services	-	-
Utilities	31,680	43,579
Repairs and maintenance	17,155	21,916
Other supplies and expenses	117,079	10,274
Insurance claims and expenses	9,339	9,339
Depreciation	147,285	96,583
Total operating expenses	<u>355,376</u>	<u>193,866</u>
Operating income (loss)	<u>24,096</u>	<u>64,143</u>
Nonoperating revenues (expenses):		
Transfers in (out)	(166,380)	(88,740)
Interest income	78,131	34,181
Miscellaneous	29,080	2,318
Grants-ARP	-	-
Total nonoperating revenues (expenses)	<u>(59,169)</u>	<u>(52,241)</u>
Income (loss) before capital contributions	(35,073)	11,902
Capital contributions-Tap fees	18,250	11,250
Change in net position	(16,823)	23,152
Total net position, January 1	5,328,484	3,252,856
Residual Transfer	185,325	-
Total net position, December 31	<u>\$ 5,496,986</u>	<u>\$ 3,276,008</u>

The accompanying notes are an integral part of this statement.

<u>Garbage Fund</u>	<u>Total</u>
\$ 178,913	\$ 816,394
<u>178,913</u>	<u>816,394</u>
-	45,013
178,175	178,175
-	75,259
-	39,071
-	127,353
-	18,678
-	243,868
<u>178,175</u>	<u>727,417</u>
<u>738</u>	<u>88,977</u>
(3,000)	(258,120)
5	112,317
-	31,398
-	-
<u>(2,995)</u>	<u>(114,405)</u>
(2,257)	(25,428)
-	29,500
(2,257)	4,072
29,766	8,611,106
-	185,325
<u>\$ 27,509</u>	<u>\$ 8,800,503</u>

**Town of Hotchkiss
Statement of Cash Flows
Enterprise Funds
Year Ended December 31, 2023**

	Enterprise Funds	
	Water Fund	Sanitation Fund
Cash Flows From Operating Activities		
Cash received from charges for services	\$ 399,580	\$ 255,484
Cash received other	38,199	-
Cash payments for goods and services	(209,511)	(140,743)
Net cash provided (used) by operating activities	<u>228,268</u>	<u>114,741</u>
Cash Flows from Noncapital Financing Activities		
Transfers (out)	(166,380)	(88,740)
Miscellaneous revenues	29,080	2,318
Net cash provided (used) by noncapital financing activities	<u>(137,300)</u>	<u>(86,422)</u>
Cash Flows from Capital and Related Financing Activities		
Tap fees	18,250	11,250
Acquisition of capital assets	(161,650)	(161,650)
Principal paid on loans and leases	(34,225)	(4,940)
Net cash provided (used) by capital and related financing activities	<u>(177,625)</u>	<u>(155,340)</u>
Cash Flows from Investing Activities		
Interest on investments	78,131	34,181
Net increase (decrease) in cash and equivalents	(8,526)	(92,840)
Cash balances, January 1	<u>2,007,446</u>	<u>1,062,800</u>
Cash balances, December 31	<u>\$ 1,998,920</u>	<u>\$ 969,960</u>
Reconciling of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 24,096	\$ 64,143
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	147,285	96,583
Assets (increase) decrease:		
Accounts receivable	928	(2,525)
Notes receivable	19,180	-
Due from or to other funds	38,199	(38,199)
Liabilities increase (decrease):		
Accounts payable	(1,420)	(5,261)
Total adjustments	<u>204,172</u>	<u>50,598</u>
Net cash provided (used) by operating activities	<u>\$ 228,268</u>	<u>\$ 114,741</u>

See accompanying notes to the basic financial statements.

<u>Enterprise Funds</u>	<u>Total</u>
<u>Garbage</u>	<u>Enterprise</u>
<u>Fund</u>	<u>Funds</u>
\$ 177,092	\$ 832,156
-	38,199
<u>(176,989)</u>	<u>(527,243)</u>
<u>103</u>	<u>343,112</u>
(3,000)	(258,120)
-	31,398
<u>(3,000)</u>	<u>(226,722)</u>
-	29,500
-	(323,300)
<u>-</u>	<u>(39,165)</u>
<u>-</u>	<u>(332,965)</u>
<u>5</u>	<u>112,317</u>
(2,892)	(104,258)
<u>27,174</u>	<u>3,097,420</u>
<u>\$ 24,282</u>	<u>\$ 2,993,162</u>
<u>\$ 738</u>	<u>\$ 88,977</u>
-	243,868
(1,821)	(3,418)
-	19,180
-	-
<u>1,186</u>	<u>(5,495)</u>
<u>(635)</u>	<u>254,135</u>
<u>\$ 103</u>	<u>\$ 343,112</u>

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Hotchkiss, Colorado (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 reporting principles.

The Town's significant accounting policies are described below:

A. Financial Reporting Entity

The Town is a statutory municipality with a mayor – council form of government with seven elected Council members. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Hotchkiss (the primary government) financial position. The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing body.

B. Government-wide 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 inter-fund 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.

C. Fund Financial Statements

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

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

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

C. Fund Financial Statements (continued)

The Town reports the following major governmental funds:

- 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 Sales Tax Capital Improvement Fund, which accounts for 50% of the town's sales tax, is to be used for capital improvements and acquisition.

The remaining governmental funds are aggregated and presented as non-major funds. Those funds include:

- The Conservation Trust Fund, which accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.
- The Public Safety Improvement Fund, which accounts for collection of county sales tax earmarked to be used for public safety.
- The American Rescue Plan Fund, which accounts for American rescue funds to be used for capital investment.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

Enterprise 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 an enterprise fund's principal ongoing operations. The principal operating revenues of the Town are charges for water, sewer and garbage fees. Operating expenses for the enterprise funds include purchased services, utilities, repairs and maintenance, supplies, insurance, and depreciation cost. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

The Town reports the following major enterprise fund business-type activities:

- Water, Sanitation and Garbage Funds, which account for all operations of the Town's water, sanitation, and garbage services. They are primarily financed by user charges.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund financial statements. Revenues are recorded when earned, and expenses are recorded when 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.

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

D. Measurement Focus and Basis of Accounting (continued)

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days at the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due, and compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are interest revenue and charges for services. Entitlement revenues are not susceptible to accrual, because generally, they are not measurable until received. Grant revenues are recognized as they are earned.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not recognize as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Property taxes revenue that are related to a future period have been recorded as deferred inflows. Grants and entitlements received before eligibility requirements are met (e.g., cash advances) are recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

E. Cash and Cash Equivalents

For the purposes of the statement of cash flows of the enterprise funds, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an initial maturity of three months or less.

F. Use of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

G. Property Taxes

Property taxes for the current year are levied and attached as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. Property taxes levied in the current year and collected in the following year are reported as receivable at December 31. However, since the taxes are not available to pay current liabilities, the receivable is recorded as deferred inflows of resources in the governmental and enterprise funds.

H. Capital Assets

Capital assets, which include property, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years, and for which the initial, individual value equals or exceeds \$ 5,000.

All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Building and Other Improvements	20-40 years
Utility Plant and System	40-50 years
Furniture and Equipment	3-10 years
Infrastructure	15-50 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets as their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

I. Long-Term Liabilities

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund type statement of net position. The long-term compensated absences are serviced from revenues of the General Fund from future appropriations. No interest cost was capitalized in 2023.

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

J. Compensated Absences

Vacation time accumulates at the rate of five (5) days a year for employees with one year of service. For employees with 2-9 years, ten (10) days per year, and ten (10) years and after of service, fifteen (15) days. The maximum accumulation of vacation time is five (5) days per year. Sick leave accumulates at one (1) day per month with a maximum unused sick leave accumulated at 60 days. Sick leave will be paid at three (3) days of sick leave equivalent to one (1) vacation day at termination or retirement.

Accrued vacation and sick leave consist of the following at December 31, 2023:

Vacation time	\$ 18,905
Sick leave	<u>22,328</u>
Total	<u>\$ 41,233</u>

K. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. All other net position is reported as unrestricted. The Town applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year end, outstanding balances between funds are reported as “due to/from other funds.” Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

M. Encumbrances

The Town does not use an encumbrance system for budgetary control.

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

N. Accounts Receivable

The Town considers accounts receivable for water and sewer to be fully collectible because the Town can place liens on the individual properties; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

O. Fund Balance

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable fund balance amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- Assigned fund balance-amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds 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 Town Council has provided otherwise in its commitment or assignment actions.

P. Fair Value Measurement

The Town adopted GASB Statement No. 72, Fair Value Measurement and Application, which generally requires state and local governments to measure assets and liabilities at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosure to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The Town's investments consist of external investment pools and money market accounts.

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

The governmental funds balance sheet includes reconciliation between fund balances total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources' measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the governmental fund statements during the consolidation of governmental activities.

Note 3 - Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments, excluding "enterprises." The Town's voters on November 8, 1994, approved a ballot measure to permit the Town to collect, retain and expend the full proceeds of the Town's sales tax, and state and federal grants.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment.

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending. A portion of the General Fund's fund balance is classified as restricted for emergencies as required by the Amendment. The amount restricted at December 31, 2023, was \$76,900.

Note 4 - Budgets

The Town adheres to the following procedures in establishing budgetary data reflected in the financial statements:

- A. By September of each year, the Town Clerk gives public notice of the budget calendar for the next fiscal year. The Town Clerk asks that all Town departments, boards, commissions, or citizens submit within thirty days from the notice, any request for funds under the budget being prepared. The Town Clerk then prepares a proposed budget for the ensuing fiscal year and submits it to the Council no later than forty-five days prior to any date required by state law for the certification to the County of the tax levy.
- B. The budget provides a complete financial plan of all Town funds and activities for the ensuing fiscal year indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies, and anticipated net surplus or deficit for the ensuing fiscal year.
- C. A public hearing on the proposed budget is being held by the Council in early December.

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 4 - Budgets (continued)

The Town Board adopts the budget by resolution on or before the final day established by law for the certification of the ensuing year's tax levy to the County. Adoption of the budget by the Town Board shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.

- D. If during the fiscal year the Town Clerk determines that there are expenses in excess of those estimated in the budget, the Town Board by resolution may make supplemental appropriations for the year up to the amount of such excess. To meet an emergency affecting public property, health, peace or safety, the Town Board may make emergency appropriations. If at any time during the fiscal year it appears probable to the Town Clerk that the revenues available will be insufficient to meet the amount appropriated, the Town Clerk reports to the Town Board, indicating the estimated amount of deficit, any remedial action already taken, and a recommendation as to any other steps to be taken. At any time during the fiscal year the Town Clerk may transfer part or all of any unencumbered appropriation balance within a department.
- E. Budget appropriations lapse at the end of each year.
- F. Expenditures may not exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. There were no revisions made to the original budgeted expenditures for the year. The town could be in violation of Colorado Budget Law because expenses exceed budgetary amounts in the Garbage Fund.
- G. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except for long-term receivables and advances and capital lease financing which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.
- H. Budget for the Enterprise Funds are adopted on a basis consistent with the Governmental Funds. Following are the adjustments to convert GAAP Basis expenditures to budgetary basis expenditures:

	Water	Sanitation	Garbage
GAAP Basis	\$ 521,756	\$ 282,606	\$ 181,175
Add (deduct):			
Depreciation	(147,285)	(96,583)	-
Capital outlay	161,650	161,650	-
Debt principal payments	34,225	43,139	-
Budgetary basis	570,346	390,812	181,175
Final budget	689,673	439,941	168,000
Variance	\$ 119,327	\$ 49,129	\$ (13,175)

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 5 - Deposits and Investments

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local governments 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40.

At December 31, 2023, the bank balance of the Town's deposits was \$ 3,886,214 of which \$ 500,000 was covered by federal depository insurance and \$ 3,386,214 was collateralized under PDPA.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments 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; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The Town has no formal investment policy. At December 31, 2023, the Town's investments included funds held in a local government investment pool which was Colotrust Plus+.

Local government investment pools are trusts established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the trusts. The trusts value their shares based on a stable net value of \$1.00 per share. A designated custodial bank serves as custodian pursuant to a custodian agreement. The custodian acts as safekeeping agent for the trusts' 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 trusts.

As of December 31, 2023, the Town held investments in the Colorado Local Government Liquid Asset Trust (Colotrust Plus portfolio). The Plus portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities as well as in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. At December 31, 2023, the Town's investments in Colotrust Plus were \$ 3,028,486.

The composition of all cash and cash investments held by the Town at December 31, 2023, is as follows:

Cash on hand and with the County Treasurer	\$ 12,878
Cash in bank	3,850,455
ColoTrust	<u>3,028,486</u>
Total cash and investments	<u>\$ 6,891,819</u>

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 5 - Deposits and Investments (continued)

At December 31, 2023, the Town had the following investments:

	<u>Net Asset Value</u>
ColoTrust Plus +	\$3,028,486

Interest rate risk-The town does not have a formal policy limiting investment maturities, other than that established by the state statute of five years, which would help manage its exposure to fair value losses from increasing interest rates.

Credit risk-Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Town's policy to limit its investments to U.S. Treasury obligations, certain U.S. government agencies securities, commercial paper, local government investment pools, repurchase agreements and money market funds.

Custodial Credit Risk- For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Note 6 - Interfund Transactions

Interfund receivable and payable balances as of December 31, 2023, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water	Sanitation	\$ 153,924

The outstanding balance between funds resulted mainly from the time lag between the date of payments between funds are made and borrowing from the pooled cash account.

The following are the interfund transfers that occurred in 2023:

Funds	Transfers	
	In	Out
Water Fund	\$ -	\$ 166,380
Garbage Fund	-	3,000
General Fund	335,760	15,000
Sanitation Fund	-	88,740
Conservation Trust Fund	15,000	-
Sales Tax Capital Improvement Fund	-	77,640
Totals	\$ 350,760	\$ 350,760

Transfers are used to reimburse the general fund for personnel cost and administrative fees.

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 7 - Long-Term Liabilities

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due within one year
Governmental Activities					
Compensated absences	\$ 26,967	\$ 14,266	\$ -	\$ 41,233	\$ -
Total	<u>\$ 26,967</u>	<u>\$ 14,266</u>	<u>\$ -</u>	<u>\$ 41,233</u>	<u>\$ -</u>
Enterprise Activities					
Loans payable	\$ 269,575	\$ -	\$ (39,165)	\$ 230,410	\$ 39,165
Total	<u>\$ 269,575</u>	<u>\$ -</u>	<u>\$ (39,165)</u>	<u>\$ 230,410</u>	<u>\$ 39,165</u>

A. Colorado Water Resources and Power Development Authority:

Total amount owed at December 31, 2023, was \$171,127. This loan is interest free. Semiannual payments of \$17,112.62.

	<u>Principal</u>
2024	\$ 34,225
2024	34,225
2026	34,225
2027	34,225
2028	34,227
Total	<u>\$ 171,127</u>

B. Colorado Water Resources and Power Development Authority:

The Colorado Water Resources and Power Development Authority loaned the Town \$242,239, of which \$121,920 was de-obligated, through Water Pollution Control Revolving Fund Disadvantage Communities Loan Program, an interest free loan and is payable in principal installments of \$ 2,470.11 on May 1 and November 1 of each year. The loan matures on November 1, 2035.

	<u>Principal</u>
2024	\$ 4,940
2025	4,940
2026	4,940
2027	4,940
2028	4,940
2029 to 2033	24,702
2034 to 2035	9,881
Total	<u>\$ 59,283</u>

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 8 - Contingent liabilities

Risk management

The Town is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town pays an annual premium to Colorado State Compensation for its workmen's compensation insurance coverage and has purchased general liability and property insurance through commercial insurers. There were no settlements exceeding insurance coverage over the last three years.

Note 9 - Retirement Plans

The Town participates in the Colorado Retirement Association Defined Contribution Plan (CRA), a multiple-employer public employee retirement system, which is a qualified plan as defined by Internal Revenue Service Code Section 401 (A) and CRS 24.54. The plan provides retirement benefits through a defined contribution plan to participating Colorado counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Plan provisions and contribution requirements are established and may be amended by CRA and would have to be approved by the Town.

There are no unfunded past service liabilities. All of its full-time employees are eligible to contribute to the plan. Employees are eligible to participate six months from the date of employment. Both the employees and the Town make a basic contribution of 3% of the employee's salary. Employees may also make additional contributions up to a maximum of 10% of compensation.

Employees are immediately vested in their participant contributions and become vested in employer contributions to the plan over a five-year period. For the year ended December 31, 2023, the Town's total payroll was \$791,717, the total covered payroll by the retirement plan was \$508,000. During 2023, the Town and employees each made their respectively required contribution of \$15,242, for a total of \$30,484. Complete financial statements for the retirement plans may be obtained from CRA, 4949 S. Syracuse St., Suite 400, Denver, Colorado, 80237.

Note 10- Commitment

Rogers Mesa Domestic Water Company has agreed to pay a portion of the construction costs of the new water system with an annual payment of \$19,179.75 per year for 20 years or a total amount of \$383,595. As of December 31, 2023, the amount owed is \$95,898.

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 11 - Capital Assets

	Balance January 1, 2023	Additions	Dispositions	Balance December 31, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 392,982	\$ -	\$ -	\$ 392,982
	<u>392,982</u>	<u>-</u>	<u>-</u>	<u>392,982</u>
Capital assets being depreciated				
Buildings	2,471,399	211,233	-	2,682,632
Improvements other than building	131,126	-	-	131,126
Infrastructure	1,066,338	24,868	-	1,091,206
Equipment and vehicles	634,148	165,169	-	799,317
	<u>4,303,011</u>	<u>401,270</u>	<u>-</u>	<u>4,704,281</u>
Less accumulated depreciation				
Buildings	(559,702)	(54,636)	-	(614,338)
Improvements	(118,319)	(3,086)	-	(121,405)
Infrastructure	(489,552)	(49,032)	-	(538,584)
Equipment and vehicles	(520,915)	(46,979)	-	(567,894)
	<u>(1,688,488)</u>	<u>(153,733)</u>	<u>-</u>	<u>(1,842,221)</u>
Capital asset being depreciated, net	<u>2,614,523</u>	<u>247,537</u>	<u>-</u>	<u>2,862,060</u>
Total Governmental Activities Capital Assets	<u>\$ 3,007,505</u>	<u>\$ 247,537</u>	<u>\$ -</u>	<u>\$ 3,255,042</u>

	Balance January 1, 2023	Additions	Dispositions	Balance December 31, 2023
Business - Type Activities				
Capital assets not being depreciated				
Land and source of supply	\$ 370,647	\$ -	\$ -	\$ 370,647
Construction in progress	-	185,325	-	185,325
Total	<u>370,647</u>	<u>185,325</u>	<u>-</u>	<u>555,972</u>
Capital assets being depreciated				
Utility systems	10,534,793	-	-	10,534,793
Building Improvements	-	323,300	-	323,300
Equipment and furniture	50,644	-	-	50,644
Less accumulated depreciation	(5,323,998)	(243,868)	-	(5,567,866)
Total	<u>5,261,439</u>	<u>79,432</u>	<u>-</u>	<u>5,340,871</u>
Total Business-Type Activities Capital Assets	<u>\$ 5,632,086</u>	<u>\$ 264,757</u>	<u>\$ -</u>	<u>\$ 5,896,843</u>

Town of Hotchkiss
Notes to the Financial Statements
December 31, 2023

Note 11 -Capital Assets (continued)

Depreciation was charged to governmental activity functions/programs as follows:

General government	\$ 5,109
Public safety	43,127
Public works	101,166
Culture and recreation	<u>4,331</u>
Total	<u>\$153,733</u>

Depreciation charged to the Enterprise Funds are as follows:

Water Fund	\$ 147,285
Sanitation Fund	\$ 96,583

Note 12 -Residual Transfer

A residual transfer was made between the American Rescue Plan Fund and the Water Fund of \$185,325 for capital improvements to the water system.

Town of Hotchkiss
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted		Actual	Favorable
	Original	Final		(Unfavorable)
Revenues				
Taxes	\$ 703,138	\$ 703,138	\$ 654,669	\$ (48,469)
Licenses and permits	9,450	9,450	18,530	9,080
Intergovernmental revenues	48,800	48,800	73,909	25,109
Fines and forfeitures	35,000	35,000	33,765	(1,235)
Grants	45,200	45,200	15,150	(30,050)
Miscellaneous revenue	20,211	20,211	354,184	333,973
Total revenues	<u>861,799</u>	<u>861,799</u>	<u>1,150,207</u>	<u>288,408</u>
Expenditures				
General government	343,242	343,242	302,404	40,838
Police department	561,557	561,557	590,785	(29,228)
Public works	477,022	477,022	340,979	136,043
Total Expenditures	<u>1,381,821</u>	<u>1,381,821</u>	<u>1,234,168</u>	<u>147,653</u>
Excess of revenues over (under) expenditures	(520,022)	(520,022)	(83,961)	436,061
Other financing sources				
Transfers in (out)	318,356	318,356	320,760	2,404
Excess of revenues and sources over (under) expenditures and other (uses)	(201,666)	(201,666)	236,799	438,465
Fund balance, January 1	<u>875,747</u>	<u>875,747</u>	<u>1,516,374</u>	<u>640,627</u>
Fund balance, December 31	<u>\$ 674,081</u>	<u>\$ 674,081</u>	<u>\$ 1,753,173</u>	<u>\$ 1,079,092</u>

The accompanying notes are an integral part of this statement.

Town of Hotchkiss
Sales Tax Capital Improvement Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Sales tax	\$ 350,000	\$ 350,000	\$ 418,021	\$ 68,021
Property taxes	30,269	30,269	30,465	196
Miscellaneous	-	-	14,283	14,283
Interest income	2,400	2,400	6,155	3,755
Total revenues	<u>382,669</u>	<u>382,669</u>	<u>468,924</u>	<u>86,255</u>
Expenditures				
Capital outlay	<u>281,000</u>	<u>281,000</u>	<u>233,446</u>	<u>47,554</u>
Total expenditures	<u>281,000</u>	<u>281,000</u>	<u>233,446</u>	<u>47,554</u>
Excess of revenues over (under) expenditures	101,669	101,669	235,478	133,809
Other financing sources				
Transfers (out)	<u>(77,639)</u>	<u>(77,639)</u>	<u>(77,640)</u>	<u>1</u>
Excess of revenues and sources over (under) expenditures and other (uses)	24,030	24,030	157,838	133,810
Fund balance, January 1	<u>1,016,325</u>	<u>1,016,325</u>	<u>1,934,548</u>	<u>918,223</u>
Fund balance, December 31	<u><u>\$ 1,040,355</u></u>	<u><u>\$ 1,040,355</u></u>	<u><u>\$ 2,092,386</u></u>	<u><u>\$ 1,052,032</u></u>

The accompanying notes are an integral part of this statement.

**Town of Hotchkiss
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023**

	Conservation Trust Fund	Public Safety Improvement Sales Tax Fund	American Rescue Plan Fund	Totals
Assets				
Cash and cash equivalents	\$ 44,342	\$ 1,532	\$100,789	\$ 146,663
Due from other governments	-	13,189	-	13,189
Total assets	<u>\$ 44,342</u>	<u>\$ 14,721</u>	<u>\$100,789</u>	<u>\$ 159,852</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 646	\$ 3,314	59,483	\$ 63,443
Total liabilities	<u>646</u>	<u>3,314</u>	<u>59,483</u>	<u>63,443</u>
Fund balance				
Unreserved:	43,695	11,407	41,307	96,409
Total fund balance	<u>43,695</u>	<u>11,407</u>	<u>41,307</u>	<u>96,409</u>
Total liabilities and fund balance	<u>\$ 44,341</u>	<u>\$ 14,721</u>	<u>\$100,790</u>	<u>\$ 159,852</u>

Town of Hotchkiss
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2023

	Conservation Trust Fund	Public Safety Improvement Sales Tax Fund	American Rescue Plan Fund	Totals
Revenues				
Intergovernmental	\$ 6,306	\$ 162,743	\$ -	\$ 169,049
Total revenues	<u>6,306</u>	<u>162,743</u>	<u>-</u>	<u>169,049</u>
Expenditures				
Current:				
Culture and recreation	10,746	-	-	10,746
Public Safety	-	340,135	-	340,135
Capital outlay	-	-	185,325	185,325
Total expenditures	<u>10,746</u>	<u>340,135</u>	<u>185,325</u>	<u>536,206</u>
Excess (deficiency) of revenues over expenditures	(4,440)	(177,392)	(185,325)	(367,157)
Other financing sources				
Transfers in	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>15,000</u>
Excess of revenues and sources over (under) expenditures and other (uses)	10,560	(177,392)	(185,325)	(352,157)
Fund balance, January 1	<u>33,135</u>	<u>188,799</u>	<u>226,632</u>	<u>448,566</u>
Fund balance, December 31	<u>\$ 43,695</u>	<u>\$ 11,407</u>	<u>\$ 41,307</u>	<u>\$ 96,409</u>

**Town of Hotchkiss
Conservation Trust Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Lottery	\$ 5,000	\$ 5,000	\$ 6,306	\$ 1,306
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>6,306</u>	<u>1,306</u>
Expenditures				
Parks	20,000	20,000	10,746	9,254
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>10,746</u>	<u>9,254</u>
Excess of revenues over (under) expenditures	(15,000)	(15,000)	(4,440)	10,560
Other financing sources				
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Excess of revenues and sources over (under) expenditures and other (uses)	-	-	10,560	10,560
Fund balance, January 1	<u>-</u>	<u>-</u>	<u>33,135</u>	<u>33,135</u>
Fund balance, December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 43,695</u></u>	<u><u>\$ 43,695</u></u>

Town of Hotchkiss
Public Safety Improvement Sales Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues				
County Sales Tax	\$ 155,000	\$155,000	\$ 162,743	\$ 7,743
Total revenues	<u>155,000</u>	<u>155,000</u>	<u>162,743</u>	<u>7,743</u>
Expenditures				
Public Safety Improvement	267,655	267,655	340,135	(72,480)
Total expenditures	<u>267,655</u>	<u>267,655</u>	<u>340,135</u>	<u>(72,480)</u>
Excess of revenues over (under) expenditures	(112,655)	(112,655)	(177,392)	(64,737)
Fund balance, January 1	<u>169,400</u>	<u>169,400</u>	<u>188,799</u>	<u>19,399</u>
Fund balance, December 31	<u><u>\$ 56,745</u></u>	<u><u>\$ 56,745</u></u>	<u><u>\$ 11,407</u></u>	<u><u>\$ (45,338)</u></u>

**Town of Hotchkiss
American Rescue Plan Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Grants	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Expenditures				
Capital outlay	<u>157,000</u>	<u>157,000</u>	<u>185,325</u>	<u>(28,325)</u>
Total expenditures	<u>157,000</u>	<u>157,000</u>	<u>185,325</u>	<u>(28,325)</u>
 Excess of revenues over (under) expenditures	 (157,000)	 (157,000)	 (185,325)	 (28,325)
 Fund balance, January 1	 <u>212,286</u>	 <u>212,286</u>	 <u>226,632</u>	 <u>14,346</u>
 Fund balance, December 31	 <u><u>\$ 55,286</u></u>	 <u><u>\$ 55,286</u></u>	 <u><u>\$ 41,307</u></u>	 <u><u>\$ (13,979)</u></u>

**Town of Hotchkiss
Water Fund
Schedule of Revenues, Expenditures and Changes in Available
Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
Year Ended December 31, 2023**

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Available resources				
January 1	<u>\$ 615,392</u>	<u>\$ 615,392</u>	<u>\$ 2,330,188</u>	<u>\$ 1,714,796</u>
Revenues				
Water fees	395,000	395,000	379,472	(15,528)
Tap fees	11,000	11,000	18,250	7,250
Interest income	15,000	15,000	78,131	63,131
Miscellaneous	24,400	24,400	29,080	4,680
Grants and loans	57,379	57,379	-	(57,379)
Total revenues	<u>502,779</u>	<u>502,779</u>	<u>504,933</u>	<u>2,154</u>
Total available resources	<u>1,118,171</u>	<u>1,118,171</u>	<u>2,835,121</u>	<u>1,716,950</u>
Expenditures				
Purchased services	37,570	37,570	32,838	4,732
Utilities	41,100	41,100	31,680	9,420
Repairs and maintenance	124,100	124,100	17,155	106,945
Chemicals	88,800	88,800	79,410	9,390
Other supplies and expenses	40,125	40,125	37,609	2,516
Insurance claims and expenses	8,500	8,500	9,339	(839)
Transfers-General fund	165,178	165,178	166,380	(1,202)
Debt service	34,300	34,300	34,285	15
Capital outlay	150,000	150,000	161,650	(11,650)
Total expenditures	<u>689,673</u>	<u>689,673</u>	<u>570,346</u>	<u>119,327</u>
Available resources				
December 31	<u>\$ 428,498</u>	<u>\$ 428,498</u>	<u>\$ 2,264,775</u>	<u>\$ 1,836,277</u>

**Town of Hotchkiss
Sanitation Fund
Schedule of Revenues, Expenditures and Changes in Available
Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
Year Ended December 31, 2023**

Available resources	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
January 1	\$ 588,254	\$ 588,254	\$ 888,641	\$ 300,387
Revenues				
Sewer fees	250,000	250,000	258,009	8,009
Tap fees	8,200	8,200	11,250	3,050
Interest income	7,000	7,000	34,181	27,181
Miscellaneous	3,500	3,500	2,318	(1,182)
Total revenues	<u>268,700</u>	<u>268,700</u>	<u>305,758</u>	<u>37,058</u>
Total available resources	<u>856,954</u>	<u>856,954</u>	<u>1,194,399</u>	<u>337,445</u>
Expenditures				
Purchased services	23,903	23,903	12,175	11,728
Utilities	42,500	42,500	43,579	(1,079)
Repairs and maintenance	67,250	67,250	21,916	45,334
Chemicals	2,700	2,700	719	1,981
Other supplies and expenses	14,350	14,350	9,495	4,855
Insurance claims and expenses	8,500	8,500	9,339	(839)
Transfers-General fund	87,539	87,539	88,740	(1,201)
Debt service	43,199	43,199	43,199	-
Capital outlay	150,000	150,000	161,650	(11,650)
Total expenditures	<u>439,941</u>	<u>439,941</u>	<u>390,812</u>	<u>49,129</u>
Interfund loan payment	<u>-</u>	<u>-</u>	<u>38,199</u>	<u>38,199</u>
Available resources				
December 31	<u>\$ 417,013</u>	<u>\$ 417,013</u>	<u>\$ 841,786</u>	<u>\$ 424,773</u>

**Town of Hotchkiss
Garbage Fund
Schedule of Revenues, Expenditures and Changes in Available
Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
Year Ended December 31, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Available resources				
January 1	\$ 19,208	\$ 19,208	\$ 29,766	\$ 10,558
Revenues				
Garbage fees	160,000	160,000	178,913	18,913
Interest income	15	15	5	(10)
Total revenues	<u>160,015</u>	<u>160,015</u>	<u>178,918</u>	<u>18,903</u>
Total available resources	<u>179,223</u>	<u>179,223</u>	<u>208,684</u>	<u>29,461</u>
Expenditures				
Contract services	165,000	165,000	178,175	(13,175)
Transfers-General fund	3,000	3,000	3,000	-
Total expenditures	<u>168,000</u>	<u>168,000</u>	<u>181,175</u>	<u>(13,175)</u>
Available resources				
December 31	<u>\$ 11,223</u>	<u>\$ 11,223</u>	<u>\$ 27,509</u>	<u>\$ 16,286</u>

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Town of Hotchkiss
	YEAR ENDING : December 2023

This Information From The Records Of (Town of Hotchkiss):	Prepared By: Ginger R Redden Phone: 970-872-3663
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. 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:	24,868
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	12,003
2. General fund appropriations		b. Snow and ice removal	227
3. Other local imposts (from page 2)	211,055	c. Other	8,362
4. Miscellaneous local receipts (from page 2)	44,096	d. Total (a. through c.)	20,592
5. Transfers from toll facilities		4. General administration & miscellaneous	7,600
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	246,678
a. Bonds - Original Issues		6. Total (1 through 5)	299,738
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	255,151	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	44,587	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	299,738	b. Redemption	
		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)	299,738

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
		299,738	299,738		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 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 Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	36,765
1. Sales Taxes	196,357	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	14,698	g. Other Misc. Receipts	7,331
6. Total (1. through 5.)	211,055	h. Other	
c. Total (a. + b.)	211,055	i. Total (a. through h.)	44,096
	(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	35,121	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	4,725	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (R & B Tax)	4,741	f. Other Federal	
f. Total (a. through e.)	9,466	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	44,587	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: