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

Town of Saguache
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Saguache, 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 Saguache, 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 Saguache, 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 Saguache, 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 Saguache, 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 Saguache, 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 Saguache, 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 Saguache, 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 Saguache, 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
September 30, 2024

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

As management of the Town of Saguache (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 \$ 4,195,166 (i.e. net position) as of December 31, 2023, an increase of \$ 115,115 in comparison to the prior year.
- Governmental funds reported combined ending fund balances of \$ 1,304,202, an increase of \$ 955 in comparison with the prior year.
- The Town's fund balance for the General Fund was \$ 849,199, an increase of \$ 103,612 in comparison to the prior year.
- General property, sales and franchise taxes totaled \$ 363,592, 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, liabilities and deferred inflows of resources with the difference 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, public works, and culture and recreation. The Business-type Activities of the Town include the following utilities: water and sewer.

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 and General Improvement Funds. 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 those above funds.

Water and Sewer Fund – The Town maintains one type of proprietary fund. *Enterprise Fund* which is used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses a single enterprise fund to account for its Water and Sewer Fund activities.

Notes to Basic 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 and deferred inflow of resources by \$ 4,195,166. Of this amount, \$ 1,761,304 is unrestricted and available to meet the Town's ongoing financial obligations.

By far one of the largest portions of net position is the investment in capital assets (net of related debt) of \$ 2,409,937 (57% 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 2022 and 2023:

	Governmental Activities		Business-Type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Assets						
Current and other assets	\$ 1,381,281	\$ 1,391,951	\$ 463,026	\$ 492,403	\$ 1,844,307	\$ 1,884,354
Capital assets	1,273,765	1,394,372	2,704,574	2,611,740	3,978,339	4,006,112
Total assets	<u>\$ 2,655,046</u>	<u>\$ 2,786,323</u>	<u>\$ 3,167,600</u>	<u>\$ 3,104,143</u>	<u>\$ 5,822,646</u>	<u>\$ 5,890,466</u>
Current liabilities	\$ 10,267	\$ 13,576	\$ 68,386	\$ 75,223	\$ 78,653	\$ 88,799
Loans payable	-	-	1,596,175	1,532,328	1,596,175	1,532,328
Total liabilities	<u>10,267</u>	<u>13,576</u>	<u>1,664,561</u>	<u>1,607,551</u>	<u>1,674,828</u>	<u>1,621,127</u>
Deferred inflows of resources	<u>67,767</u>	<u>74,173</u>	<u>-</u>	<u>-</u>		<u>74,173</u>
Net position						
Investment in capital assets						
net of related debt	1,273,765	1,394,372	1,044,552	1,015,565	2,318,317	2,409,937
Restricted	23,925	23,925	-	-	23,925	23,925
Unrestricted	<u>1,279,322</u>	<u>1,280,277</u>	<u>458,487</u>	<u>481,027</u>	<u>1,737,809</u>	<u>1,761,304</u>
Total net position	<u>\$ 2,577,012</u>	<u>\$ 2,698,574</u>	<u>\$ 1,503,039</u>	<u>\$ 1,496,592</u>	<u>\$ 4,080,051</u>	<u>\$ 4,195,166</u>

An additional portion of net position, \$ 23,925 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 1,761,304 (42% 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 \$ 115,115 in 2023.

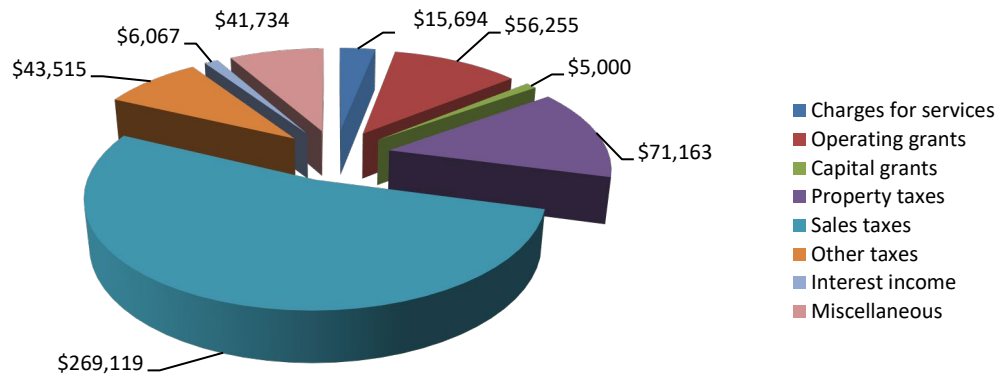
The following are changes in net position for 2022 and 2023.

	Governmental Activities		Business-Type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Revenues						
Program revenues						
Charges for services	\$ 10,227	\$ 15,694	\$ 312,284	\$ 329,346	\$ 322,511	\$ 345,040
Operating grants	131,560	56,255	-	-	131,560	56,255
Capital grants	5,000	5,000	-	-	5,000	5,000
General revenues						
Property taxes	69,902	71,163	-	-	69,902	71,163
Sales taxes	270,661	269,119	-	-	270,661	269,119
Other taxes	47,906	43,515	-	-	47,906	43,515
Interest income	1,908	6,067	265	328	2,173	6,395
Other	47,573	41,734	2,184	1,856	49,757	43,590
Transfers in (out)	122,417	135,134	(122,417)	(135,134)	-	-
Totals	707,154	643,681	192,316	196,396	899,470	840,077
Expenses						
General government	190,253	253,169	-	-	190,253	253,169
Auxiliary services	5,409	11,180	-	-	5,409	11,180
Public safety	49,503	47,473	-	-	49,503	47,473
Highway and streets	160,390	129,911	-	-	160,390	129,911
Sanitation	128	-	-	-	128	-
Culture and recreation	57,051	80,386	-	-	57,051	80,386
Total expenses	462,734	522,119	-	-	462,734	522,119
Business-type activities						
Water	-	-	133,356	91,258	133,356	91,258
Sewer	-	-	110,039	111,585	110,039	111,585
Total expenses	-	-	243,395	202,843	243,395	202,843
Increase in net position	244,420	121,562	(51,079)	(6,447)	193,341	115,115
Beginning Balance	2,332,592	2,577,012	1,554,118	1,503,039	3,886,710	4,080,051
Ending Balance	<u>\$ 2,577,012</u>	<u>\$ 2,698,574</u>	<u>\$ 1,503,039</u>	<u>\$ 1,496,592</u>	<u>\$ 4,080,051</u>	<u>\$ 4,195,166</u>

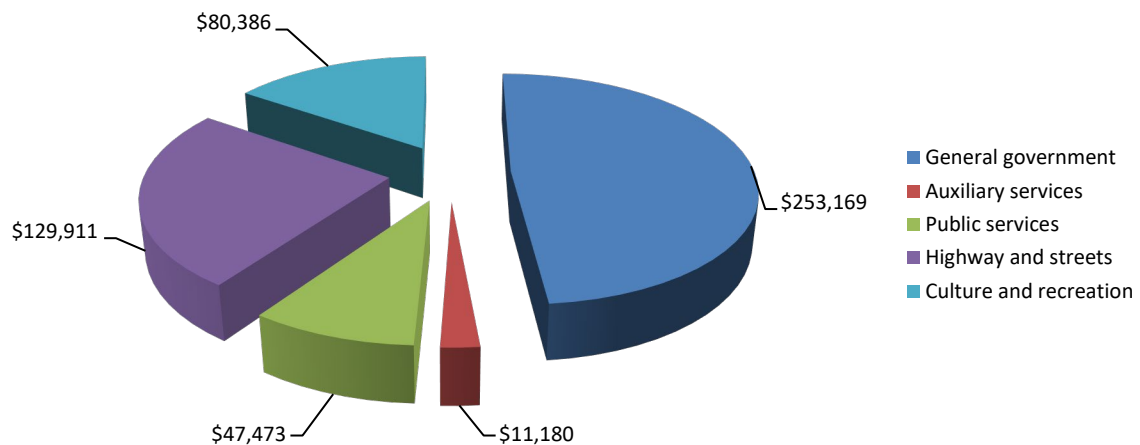
Governmental Activities

Governmental activities increased the Town's net position by \$ 121,562.

Governmental Activities Revenue by Source



Expenses by Department-Governmental Activities



Business-type Activities

Business-type activities for the year resulted in a decrease in net position of \$ 6,447. Charges for services accounted for 99% 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 \$ 1,304,202, an increase of \$ 955 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 63% of this total amount, \$ 825,271, constitutes unassigned fund balance, which is available for appropriation at the Town's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is already committed to meet a state constitution mandated emergency reserve of \$ 23,925 or assigned and committed of \$ 455,006.

The Town has two major governmental funds the General Fund, which is the primary operating fund for the Town and the General Improvements Fund used for capital acquisitions. At the end of 2023, fund balances of the General and General Improvement Funds were \$ 849,196 and \$ 415,771. 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 \$ 103,612 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 one enterprise fund: Water and Sewer Fund. At the end of 2023, the fund represented the following net position amounts:

Fund:	Water and Sewer
Unrestricted net position	\$ 481,027
Total net position	\$ 1,496,592
Increase in net position	(\$ 6,447)

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 \$4,006,112. The investment in capital assets includes land, buildings, building improvements, and equipment.

Capital assets activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Dispositions	Balance December 31, 2023
Governmental Activities				
Capital assets not being depreciated				
Water rights	\$ 303,737	\$ -	\$ -	\$ 303,737
	<u>303,737</u>	<u>-</u>	<u>-</u>	<u>303,737</u>
Capital assets being depreciated				
Land improvements	88,707	-	-	88,707
Buildings and improvements	400,354	19,276	-	419,630
Vehicles and equipment	232,277	8,769	-	241,046
Infrastructure	926,556	140,755	-	1,067,311
	<u>1,647,894</u>	<u>168,800</u>	<u>-</u>	<u>1,816,694</u>
Less accumulated depreciation				
Land improvements	(63,313)	(1,417)	-	(64,730)
Buildings and improvements	(150,562)	(9,469)	-	(160,031)
Vehicles and equipment	(185,951)	(8,170)	-	(194,121)
Infrastructure	(278,040)	(29,137)	-	(307,177)
	<u>(677,866)</u>	<u>(48,193)</u>	<u>-</u>	<u>(726,059)</u>
Capital assets being depreciated, net	<u>970,028</u>	<u>120,607</u>	<u>-</u>	<u>1,090,635</u>
Total Governmental Activities capital assets	<u>\$ 1,273,765</u>	<u>\$ 120,607</u>	<u>\$ -</u>	<u>\$ 1,394,372</u>
	Balance January 1, 2023	Additions	Dispositions	Balance December 31, 2023
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 1,599	\$ -	\$ -	\$ 1,599
Total	<u>1,599</u>	<u>-</u>	<u>-</u>	<u>1,599</u>
Capital assets being depreciated				
Buildings	108,521	-	-	108,521
Utility plant systems	3,834,083	-	-	3,834,083
Equipment	205,071	-	-	205,071
Less accumulated depreciation	<u>(1,444,723)</u>	<u>(92,834)</u>	<u>-</u>	<u>(1,537,557)</u>
Capital assets being depreciated, net	<u>2,702,952</u>	<u>(92,834)</u>	<u>-</u>	<u>2,610,118</u>
Total Business-Type Activities Capital Assets	<u>\$ 2,704,551</u>	<u>\$ (92,834)</u>	<u>\$ -</u>	<u>\$ 2,611,717</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The Town is in good financial condition. The General Fund's unrestricted fund balance is equal to at least one years of the General Fund average expenditures.
- The Town would like to maintain its General Fund unreserved fund balance to at least one year of approved expenditures.
- The local grocery store has continued success will show a consistency in revenue for sales tax for 2023.

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 Saguache
P.O. Box 417
Saguache, CO 81149-0417

Basic Financial Statements

Town of Saguache
Statement of Net Position
December 31, 2023

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,273,745	\$ 484,029	\$ 1,757,774
Property taxes receivable	74,173	-	74,173
Accounts receivables	8,851	8,374	17,225
Due from County Treasurer	1,528	-	1,528
Due from other governments	33,654	-	33,654
Capital assets, net	1,394,372	2,611,740	4,006,112
Total assets	<u>2,786,323</u>	<u>3,104,143</u>	<u>5,890,466</u>
LIABILITIES			
Accounts payable	8,224	11,376	19,600
Accrued payroll taxes	5,352	-	5,352
Non current liabilities			
Due within one year	-	63,847	63,847
Due in more than one year	-	1,532,328	1,532,328
Total liabilities	<u>13,576</u>	<u>1,607,551</u>	<u>1,621,127</u>
Deferred Inflows of resources			
Deferred property taxes	<u>74,173</u>	<u>-</u>	<u>74,173</u>
NET POSITION			
Invested in capital assets, net of related debt	1,394,372	1,015,565	2,409,937
Restricted for:			
Emergencies	23,925	-	23,925
Unrestricted	1,280,277	481,027	1,761,304
Total net position	<u>\$ 2,698,574</u>	<u>\$ 1,496,592</u>	<u>\$ 4,195,166</u>

The accompanying notes are an integral part of this statement.

Town of Saguache
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	\$ 253,169	\$ 8,794	\$ 18,500	\$ -
Auxiliary Services	11,180	-	-	-
Public Safety	47,473	-	-	-
Highways and Streets	129,911	400	30,148	5,000
Culture and Recreation	80,386	6,500	7,607	-
Total governmental activities	<u>522,119</u>	<u>15,694</u>	<u>56,255</u>	<u>5,000</u>
Business-type activities:				
Water	91,258	176,166	-	-
Sewer	111,585	153,180	-	-
Total business- type activities	<u>202,843</u>	<u>329,346</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 724,962</u>	<u>\$ 345,040</u>	<u>\$ 56,255</u>	<u>\$ 5,000</u>

General Revenues

Taxes:

Property taxes

Specific ownership

Sales taxes and miscellaneous

Franchise taxes

Miscellaneous

Transfer in (out)

Investment earnings

Total General Revenues

Changes in Net Position

Net Position-January 1

Net Position-December 31

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (225,875)	\$ -	\$ (225,875)
(11,180)	-	(11,180)
(47,473)	-	(47,473)
(94,363)	-	(94,363)
(66,279)	-	(66,279)
<u>(445,170)</u>	<u>-</u>	<u>(445,170)</u>
-	84,908	84,908
-	41,595	41,595
<u>-</u>	<u>126,503</u>	<u>126,503</u>
<u>(445,170)</u>	<u>126,503</u>	<u>(318,667)</u>
71,163	-	71,163
20,205	-	20,205
269,119	-	269,119
23,310	-	23,310
41,734	1,856	43,590
135,134	(135,134)	-
6,067	328	6,395
<u>566,732</u>	<u>(132,950)</u>	<u>433,782</u>
121,562	(6,447)	115,115
2,577,012	1,503,039	4,080,051
<u>\$ 2,698,574</u>	<u>\$ 1,496,592</u>	<u>\$ 4,195,166</u>

The accompanying notes are an integral part of this statement.

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

	General Fund	General Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 830,279	\$ 404,231	\$ 39,235	\$ 1,273,745
Taxes receivable	74,173	-	-	74,173
Due from County Treasurer	1,528	-	-	1,528
Due from other governments	10,285	23,369	-	33,654
Due from other funds	11,684	-	-	11,684
Accounts receivable	8,551	300	-	8,851
Total assets	\$ 936,500	\$ 427,900	\$ 39,235	\$ 1,403,635
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 7,779	\$ 445	\$ -	\$ 8,224
Accrued payroll taxes	5,352	-	-	5,352
Due to other funds	-	11,684	-	11,684
Total liabilities	13,131	12,129	-	25,260
Deferred Inflows of resources				
Deferred property taxes	74,173	-	-	74,173
Fund balances:				
Restricted:				
Emergency Reserves	23,925	-	-	23,925
Parks and recreation	-	-	33,737	33,737
Assigned				
Highway and streets	-	415,771	-	415,771
Parks and recreation	-	-	5,498	5,498
Unassigned	825,271	-	-	825,271
Total fund balance	849,196	415,771	39,235	1,304,202
Total liabilities and fund balance	\$ 936,500	\$ 427,900	\$ 39,235	\$ 1,403,635

The accompanying notes are an integral part of this statement.

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

Total fund balance, governmental funds \$ 1,304,202

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	2,120,431	
Less accumulated depreciation	<u>(726,059)</u>	<u>1,394,372</u>

Net Position - Governmental Activities \$ 2,698,574

The accompanying notes are an integral part of this statement.

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

	General Fund	General Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 239,451	\$ 146,252	\$ -	\$ 385,703
Fines and forfeits	400	-	-	400
Licenses and permits	8,794	-	-	8,794
Intergovernmental	30,148	5,000	7,607	42,755
Grant	18,500	-	-	18,500
Miscellaneous	41,318	6,051	5,026	52,395
Total revenues	338,611	157,303	12,633	508,547
Expenditures				
Current:				
General government	266,334	-	-	266,334
Auxiliary services	11,180	-	-	11,180
Public safety	47,473	-	-	47,473
Highways and Streets	86,250	160,334	-	246,584
Culture and recreation	24,963	19,300	26,892	71,155
Total expenditures	436,200	179,634	26,892	642,726
Excess of revenues over expenditures	(97,589)	(22,331)	(14,259)	(134,179)
OTHER FINANCING (USES)				
Transfers in (out)	201,201	(67,567)	1,500	135,134
Total other financing (uses)	201,201	(67,567)	1,500	135,134
Net change to fund balance	103,612	(89,898)	(12,759)	955
Fund balance, January 1	745,587	505,666	51,994	1,303,247
Fund balance, December 31	\$ 849,199	\$ 415,768	\$ 39,235	\$ 1,304,202

The accompanying notes are an integral part of this statement.

Town of Saguache
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	\$ 955
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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 capital outlays exceeded depreciation in the current period.

Fixed assets current additions	\$ 168,800	
Depreciation expense	(48,193)	
Excess of capital outlay over depreciation	<u>120,607</u>	<u>120,607</u>

Change in net position of governmental funds	<u><u>\$ 121,562</u></u>
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The accompanying notes are an integral part of this statement.

Town of Saguache
Statement of Revenues, Expenses and Changes in Fund Net Position
Water and Sewer Fund
Year Ended December 31, 2023

Operating revenues	
Water sales	\$ 176,166
Sewer sales	153,180
Total operating revenues	<u>329,346</u>
Operating expenses	
Water department	83,592
Sewer department	26,417
Depreciation	92,834
Total operating expenses	<u>202,843</u>
Operating income (loss)	<u>126,503</u>
Nonoperating revenues (expenses):	
Interest Income	328
Miscellaneous	1,856
Transfer in (out)	(135,134)
Total nonoperating revenues (expenses)	<u>(132,950)</u>
Income (loss) before transfers and capital contributions	(6,447)
Capital contributions-Tap fees	-
Change in net position	(6,447)
Total net position, January 1	<u>1,503,039</u>
Total net position, December 31	<u>\$ 1,496,592</u>

The accompanying notes are an integral part of this statement.

Town of Saguache
Statement of Cash Flows
Water and Sewer Fund
Year Ended December 31, 2023

Cash Flows From Operating Activities	
Cash received from customers	\$ 327,940
Cash payments for goods and services	(103,172)
Net cash provided (used) by operating activities	<u>224,768</u>
Cash Flows from Noncapital Financing Activities	
Miscellaneous	1,856
Transfer out	(135,134)
Net cash provided (used) by noncapital financing activities	<u>(133,278)</u>
Cash Flows from Capital and Related Financing Activities	
Tap fees	-
Grants	-
Acquisition of capital assets	-
Principal payment on loan	(63,847)
Net cash provided (used) by capital and related financing activities	<u>(63,847)</u>
Cash Flows from Investing Activities	
Interest on investments	<u>328</u>
Net increase (decrease) in cash and equivalents	27,971
Cash balances, January 1	<u>456,058</u>
Cash balances, December 31	<u><u>\$ 484,029</u></u>
Reconciling of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 126,503
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	92,834
Assets (increase) decrease:	
Accounts receivables	(1,406)
Liabilities increase (decrease):	
Accounts payable	6,837
Due to other funds	-
Total adjustments	<u>98,265</u>
Net cash provided (used) by operating activities	<u><u>\$ 224,768</u></u>

The accompanying notes are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Saguache, 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 more significant of the Town's accounting policies are described below:

A. Financial Reporting Entity

The Town was incorporated in 1878 and is a statutory municipality with a mayor – council form of government. The town provides the following services as authorized by its charter: Public safety, highway and streets, sanitation, culture and recreation, planning and zoning, water and sewer systems, and general administrative services. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Saguache (the primary government). 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 respect governing body.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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 is 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.

Town of Saguache
Notes to Basic Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies - (continued)

C. Fund Financial Statements - (continued)

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.

The Town reports the following two 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 **General Improvement Fund** accounts for financial resources to be used for the acquisition, improvement, or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds and trust funds).

Other Governmental Funds

The **Conservation Trust Fund** accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.

The **Recreation Fund** accounts for funds to be used for recreational services.

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.

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

The **Water and Sewer Fund** accounts for all operations of the Town's water and sewer 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 a 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 Saguache
Notes to Basic 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. 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 Saguache
Notes to Basic 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 revenue 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.

All purchased assets are valued at cost where historical records are available and at estimated historical costs 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 Depreciation</u>	<u>Life</u>
Land Improvements	10-50 years
Buildings	10-50 years
Equipment	5-25 years
Vehicles	5-10 years
Infrastructure	25-40 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. Prior to GASB 34 governments were not required to report general infrastructure assets.

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 government activities, business-type activities, or enterprise fund type statement of net assets.

Town of Saguache
Notes to Basic Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies - (continued)

J. Compensated Absences

Employees are granted personal leave time depending upon how long they have been employed by the Town. Years of services are based on the anniversary date of the employee's initial date of hire. Full-time employees within their first five years of service will accrue eight hours (one day) of personal time per month with a maximum carrying balance of 18 days. Employees between five and ten years of service will accrue ten hours (1.25 days) of personal time per month with a maximum carrying balance of 21 days. Employees over ten years of service will accrue 12 hours (1.5 days) of personal time per month with a maximum carrying balance of 24 days. Part-time employees accrue personal days at an hourly rate that pro rata from the full-time employees.

Full-time employees are granted sick leave at a rate of eight hours per month with a maximum carrying balance of 30 days. Part-time employees accrue sick leave at an hourly rate proportionate with the length of their normal workday.

Due to immaterial amount, a liability was not booked at December 31, 2023.

K. Net Position

Net position represents the difference between assets, liabilities, and deferred inflow of resources. Net assets 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 assets are 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.

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.

Note 1 - Summary of Significant Accounting Policies - (continued)

N. Fund Equity

Beginning with fiscal year 2011, the Town implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- 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.

O. Accounts Receivable

The Town considers accounts receivable for the 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.

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. The enterprise fund statement of net position and statement of revenues, expenses and changes in net position also includes reconciliation to the government-wide statement of net position and activities.

Town of Saguache
Notes to Basic Financial Statements
December 31, 2023

Note 2 - Reconciliation of Government-wide and Fund Financial Statements - (continued)

These reconciliations detail items that require adjustment to convert from the current resources' measurement and modified accrual basis for government 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 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 Governmental Fund's fund balance is classified as restricted for emergencies as required by the Amendment.

Note 4 - Budgets

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

- A. Each year, the Town Clerk gives public notice of the budget calendar for the next fiscal year. The Town Clerk 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 held by the Council in early November.
- D. The Council 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 Council 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.
- E. If during the fiscal year the Town Clerk determines that there are expenses in excess of those estimated in the budget, the Council 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 Council 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 Council, indicating the estimated amount of deficit, any remedial action already taken, and a recommendation as to any other steps to be taken.

Town of Saguache
Notes to Basic Financial Statements
December 31, 2023

Note 4 – Budgets - (continued)

- F. Budget appropriations lapse at the end of each year.
- G. Expenditures may not exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget.
- H. 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.

Note 5 – Deposits and Investments

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 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 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 \$ 1,661,612 of which \$ 250,000 was covered by federal depository insurance and \$ 1,411,612 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's investment policy follows Colorado statutes. At December 31, 2023, the Town's investments included certificates of deposit and funds held in Colotrust.

The Town had invested \$121,012 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities.

A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's funds are rated AAA by Standard and Poor's, Fitch's, and Moody's rating services.

Town of Saguache
Notes to Basic Financial Statements
December 31, 2023

Note 5 – Deposits and Investments - (continued)

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 - Capital Assets

Capital assets activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Dispositions	Balance December 31, 2023
Governmental Activities				
Capital assets not being depreciated				
Water rights	\$ 303,737	\$ -	\$ -	\$ 303,737
	<u>303,737</u>	<u>-</u>	<u>-</u>	<u>303,737</u>
Capital assets being depreciated				
Land improvements	88,707	-	-	88,707
Buildings and improvements	400,354	19,276	-	419,630
Vehicles and equipment	232,277	8,769	-	241,046
Infrastructure	926,556	140,755	-	1,067,311
	<u>1,647,894</u>	<u>168,800</u>	<u>-</u>	<u>1,816,694</u>
Less accumulated depreciation				
Land improvements	(63,313)	(1,417)	-	(64,730)
Buildings and improvements	(150,562)	(9,469)	-	(160,031)
Vehicles and equipment	(185,951)	(8,170)	-	(194,121)
Infrastructure	(278,040)	(29,137)	-	(307,177)
	<u>(677,866)</u>	<u>(48,193)</u>	<u>-</u>	<u>(726,059)</u>
Capital assets being depreciated, net	<u>970,028</u>	<u>120,607</u>	<u>-</u>	<u>1,090,635</u>
Total Governmental Activities capital assets	<u>\$ 1,273,765</u>	<u>\$ 120,607</u>	<u>\$ -</u>	<u>\$ 1,394,372</u>

Town of Saguache
Notes to Basic Financial Statements
December 31, 2023

Note 6 - Capital Assets - (continued)

	Balance January 1, 2023	Additions	Dispositions	Balance December 31, 2023
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 1,599	\$ -	\$ -	\$ 1,599
Total	<u>1,599</u>	<u>-</u>	<u>-</u>	<u>1,599</u>
Capital assets being depreciated				
Buildings	108,521	-	-	108,521
Utility plant systems	3,834,083	-	-	3,834,083
Equipment	205,071	-	-	205,071
Less accumulated depreciation	<u>(1,444,723)</u>	<u>(92,834)</u>	<u>-</u>	<u>(1,537,557)</u>
Capital assets being depreciated, net	<u>2,702,952</u>	<u>(92,834)</u>	<u>-</u>	<u>2,610,118</u>
Total Business-Type Activities Capital Assets	<u>\$ 2,704,551</u>	<u>\$ (92,834)</u>	<u>\$ -</u>	<u>\$ 2,611,717</u>

Depreciation expense charged to governmental functions:

		Enterprise Functions:	
General government	\$ 6,111	Water	\$ 7,666
Highway and streets	32,851	Sewer	<u>85,168</u>
Culture and recreation	<u>9,231</u>		<u>\$ 92,834</u>
Total	<u>\$ 48,193</u>		

Note 7 - Reconciliation of Budget Basis to GAAP Basis for Enterprise Funds

	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures			
GAAP-based expenses	\$	\$ 202,843	\$
Add (deduct):			
Depreciation		(92,834)	
Capital Outlay		-	
Debt payments		<u>63,847</u>	
Total budgetary based Expenditures	<u>\$ 221,630</u>	<u>\$ 173,856</u>	<u>\$ 47,774</u>

Town of Saguache
Notes to Basic Financial Statements
December 31, 2023

Note 8 - Risk Management

The Town is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage, settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

Note 9 – Long term debt on new upgrades to wastewater system

The Town on June 5, 2018, borrowed \$1,938,262 from the Colorado Water Resources and Development Authority to help finance the new upgrades to the wastewater system. Total project costs were estimated to be at \$2,603,372. As of December 31, 2023, total costs incurred on the project were \$2,386,729. The loan with Colorado Water Resources and Development Authority is an interest free loan, with payments of \$31,924, payable on May 1, and November 1. The following are the principal payments on the loan.

	Principal
2024	63,847
2025	63,847
2026	63,847
2027	63,847
2028	63,847
2029-2033	319,235
2034-2038	319,235
2039-2043	319,235
2044-2048	319,235
Total	<u>\$ 1,596,175</u>

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due within one year
Enterprise Activities					
Loans payable	\$ 1,660,022	\$ -	\$ (63,847)	\$ 1,596,175	\$ 63,847
Total	<u>\$ 1,660,022</u>	<u>\$ -</u>	<u>\$ (63,847)</u>	<u>\$ 1,596,175</u>	<u>\$ 63,847</u>

Town of Saguache
Notes to Basic Financial Statements
December 31, 2023

Note 10 - 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>
General	General Improvement	\$ 11,684

The outstanding balance between funds result 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 and Sewer Fund	\$ -	\$ 135,134
General Fund	202,701	1,500
Recreation Fund	1,500	
General Improvement Fund	-	67,567
Totals	<u>\$ 204,201</u>	<u>\$ 204,201</u>

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

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

Revenues	Budgeted		Actual	Favorable (Unfavorable)
	Original	Final		
Taxes	\$ 211,542	\$ 211,542	\$ 239,451	\$ 27,909
Licenses and permits	7,280	7,280	8,794	1,514
Intergovernmental revenues	29,727	29,727	30,148	421
Fines and forfeitures	450	450	400	(50)
Grant	133,000	133,000	18,500	(114,500)
Miscellaneous revenue	21,651	21,651	41,318	19,667
Total revenues	403,650	403,650	338,611	(65,039)
Expenditures				
General government	381,103	381,103	266,334	114,769
Auxiliary services	5,150	5,150	11,180	(6,030)
Public safety	53,250	53,250	47,473	5,777
Highways and Streets	155,953	155,953	86,250	69,703
Sanitation	1,200	1,200	-	1,200
Culture and recreation	9,125	9,125	24,963	(15,838)
Total Expenditures	605,781	605,781	436,200	169,581
Excess of revenues over (under) expenditures	(202,131)	(202,131)	(97,589)	104,542
Other financing sources				
Transfers in (out)	201,198	201,198	201,201	3
Excess of revenues and sources over (under) expenditures and other (uses)	(933)	(933)	103,612	104,545
Fund balance, January 1	540,882	540,882	745,587	204,705
Fund balance, December 31	\$ 539,949	\$ 539,949	\$ 849,199	\$ 309,250

The accompanying notes are an integral part of this statement.

Town of Saguache
General Improvements Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Sales tax	\$ 225,000	\$ 225,000	\$ 146,252	\$ (78,748)
Miscellaneous	5,000	5,000	5,773	773
Grants	5,000	5,000	5,000	-
Interest income	250	250	278	28
Total revenues	<u>235,250</u>	<u>235,250</u>	<u>157,303</u>	<u>(77,947)</u>
Expenditures				
Highways and Streets	120,700	180,836	160,334	20,502
Culture and Recreation	15,000	15,000	19,300	(4,300)
Capital outlay	10,000	10,000	-	10,000
Total expenditures	<u>145,700</u>	<u>205,836</u>	<u>179,634</u>	<u>26,202</u>
Excess of revenues over (under) expenditures	89,550	29,414	(22,331)	(51,745)
Other financing sources				
Transfers (out)	<u>(180,067)</u>	<u>(180,067)</u>	<u>(67,567)</u>	<u>112,500</u>
Excess of revenues and sources over (under) expenditures and other (uses)	(90,517)	(150,653)	(89,898)	60,755
Fund balance, January 1	<u>519,682</u>	<u>519,682</u>	<u>505,666</u>	<u>(14,016)</u>
Fund balance, December 31	<u><u>\$ 429,165</u></u>	<u><u>\$ 369,029</u></u>	<u><u>\$ 415,768</u></u>	<u><u>\$ 46,739</u></u>

The accompanying notes are an integral part of this statement.

**Town of Saguache
Combining Balance Sheet
Other Governmental Funds
December 31, 2023**

	Conservation Trust Fund	Recreation Fund	Total Other Governmental Funds
Assets			
Cash and cash equivalents	\$ 33,737	\$ 5,498	\$ 39,235
Total assets	<u>33,737</u>	<u>5,498</u>	<u>39,235</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Undesignated	33,737	5,498	39,235
Total fund balance	<u>33,737</u>	<u>5,498</u>	<u>39,235</u>
Total liabilities and fund balance	<u>\$ 33,737</u>	<u>\$ 5,498</u>	<u>\$ 39,235</u>

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

	Conservation Trust Fund	Recreation Fund	Total Governmental Funds
Revenues			
Intergovernmental	\$ 7,607	\$ -	\$ 7,607
Miscellaneous	26	5,000	5,026
Total revenues	<u>7,633</u>	<u>5,000</u>	<u>12,633</u>
Expenditures			
Current:			
Culture and recreation	22,400	4,492	26,892
Total expenditures	<u>22,400</u>	<u>4,492</u>	<u>26,892</u>
Excess of revenues over expenditures	(14,767)	508	(14,259)
OTHER FINANCING (USES)			
Transfers in (out)	-	1,500	1,500
Total other financing (uses)	<u>-</u>	<u>1,500</u>	<u>1,500</u>
Net change to fund balance	(14,767)	2,008	(12,759)
Fund balance, January 1	48,504	3,490	51,994
Fund balance, December 31	<u><u>\$ 33,737</u></u>	<u><u>\$ 5,498</u></u>	<u><u>\$ 39,235</u></u>

Town of Saguache
Conservation Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Lottery	\$ 5,600	\$ 5,600	\$ 7,607	\$ 2,007
Contribution from county	15,000	15,000	-	(15,000)
Miscellaneous	5,000	5,000	26	(4,974)
Total revenues	<u>25,600</u>	<u>25,600</u>	<u>7,633</u>	<u>(17,967)</u>
Expenditures				
Parks	1,500	1,500	251	1,249
Capital outlay	20,000	28,678	22,149	6,529
Miscellaneous	126	126	-	126
Total expenditures	<u>21,626</u>	<u>30,304</u>	<u>22,400</u>	<u>7,904</u>
Excess of revenues over (under) expenditures	3,974	(4,704)	(14,767)	(10,063)
Fund balance, January 1	<u>35,863</u>	<u>35,863</u>	<u>48,504</u>	<u>12,641</u>
Fund balance, December 31	<u><u>\$ 39,837</u></u>	<u><u>\$ 31,159</u></u>	<u><u>\$ 33,737</u></u>	<u><u>\$ 2,578</u></u>

**Town of Saguache
Recreation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2023**

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Fall Festival- Fundraising	\$ 5,000	\$ 5,000	\$ 6,500	\$ 1,500
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>6,500</u>	<u>1,500</u>
Expenditures				
Culture and Recreation	-	-	2,485	(2,485)
Christmas tree lighting	900	900	2,007	(1,107)
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>5,900</u>	<u>5,900</u>	<u>4,492</u>	<u>1,408</u>
Excess of revenues over (under) expenditures	(900)	(900)	2,008	2,908
Other financing sources				
Transfers in	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
Excess of revenues and sources over (under) expenditures and other (uses)	600	600	2,008	1,408
Fund balance, January 1	<u>3,173</u>	<u>3,173</u>	<u>3,490</u>	<u>317</u>
Fund balance, December 31	<u><u>\$ 3,773</u></u>	<u><u>\$ 3,773</u></u>	<u><u>\$ 5,498</u></u>	<u><u>\$ 1,725</u></u>

Town of Saguache
Water and Sewer Fund
Schedule of Revenues, Expenditures and Changes in Available Resources
Budget and Actual
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Water sales	\$ 167,000	\$ 167,000	\$ 176,166	\$ 9,166
Sewer sales	165,000	165,000	153,180	(11,820)
Water tap fees	1,500	1,500	-	(1,500)
Sewer tap fees	1,500	1,500	-	(1,500)
Miscellaneous	5,050	5,050	1,856	(3,194)
Interest Income	502	502	328	(174)
Total revenues	<u>340,552</u>	<u>340,552</u>	<u>331,530</u>	<u>(9,022)</u>
Expenditures				
Water department	105,783	105,783	83,592	22,191
Sewer department	42,000	42,000	26,417	15,583
Capital outlay	10,000	10,000	-	10,000
Debt Service payments	63,847	63,847	63,847	-
Total expenditures	<u>221,630</u>	<u>221,630</u>	<u>173,856</u>	<u>47,774</u>
Other financing sources				
Transfers in (out)	<u>(135,134)</u>	<u>(135,134)</u>	<u>(135,134)</u>	<u>-</u>
Excess of revenues over (under) expenditures	(16,212)	(16,212)	22,540	38,752
Available Resources-January 1	<u>485,866</u>	<u>485,866</u>	<u>458,487</u>	<u>(27,379)</u>
Available Resources-December 31	<u>\$ 469,654</u>	<u>\$ 469,654</u>	<u>\$ 481,027</u>	<u>\$ 11,373</u>