

CITY OF DAcono, COLORADO
BASIC FINANCIAL STATEMENTS
December 31, 2023

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Honorable Mayor and Members of the City Council
City of Dacono
Dacono, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dacono as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison schedules for the general and major special revenue funds, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Dacono, and to meet our 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 the 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 City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of the effectiveness of the City'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 required budgetary and pension information on pages 35-41 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 (GASB) 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and State Compliance information as listed in the table of contents, 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 combining and individual fund financial statements and State Compliance have 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 and individual fund financial statements and State Compliance are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

John Cutler & Associates, LLC

July 19, 2024



Management's Discussion and Analysis

Fiscal Year Ending December 31, 2023

As management of the City of Dacono (the City), we offer readers of the City's basic financial statements this narrative and analysis of the financial activities of the City of Dacono for the year ended December 31, 2023. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented in conjunction with additional information provided by auditors in the Independent Auditor's Report.

2023 FINANCIAL HIGHLIGHTS

The City's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources by \$83,633,769. This is referred to as the total net position. The City's net position includes all Funds; General, Water, Capital Equipment, Street, Impact Fee, Conservation Trust, and the Urban Renewal Authority of Dacono (URAD) Fund.

Total net position is comprised of the following:

- Net investment in capital assets of \$58,582,183 which includes all property and equipment, net of accumulated depreciation, and is reduced by the amount of outstanding debt related to the purchase and construction of those capital assets.
- \$1,222,995 is restricted by constraints imposed from outside the City by law or regulation.
- Unrestricted net position of \$23,828,591 represents the portion of assets available to maintain the City's continued obligations to creditors and the community.

The City's governmental funds reported total ending fund balance of \$20,647,419 which is an increase of \$5,051,288 from the prior year's total governmental fund balance of \$15,596,131.

At the end of the current calendar year, the unassigned portion of the General Fund balance was \$4,733,414; 81% of total General Fund expenditures. The presence of a high fund balance to expense ratio indicates a strong, healthy General Fund able to support most of the year's expenses without issue.

Overview of Financial Statements

This discussion and analysis report is intended to serve as an introduction to the City'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 City's finances in a manner similar to a private-sector business. These statements provide both short-term and long-term information about the City's overall financial status.

The Statement of Net Position presents information on all the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the categories 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 City is improving or deteriorating. This statement, among other non-financial factors such as diversification of the taxpayer base (commercial vs. residential), and the age and condition of the City infrastructure, would need to be evaluated to judge the City's overall condition.

The Statement of Activities presents information showing how the City's net position changed during the 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 the related cash flows, otherwise known as accrual accounting. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods; for example, salaries and benefits earned but unpaid as of year-end or capital assets acquired through lease purchase agreements or bond issuances.

Both aforementioned documents separate the activities performed by those supported through collection of taxes and business-type activities whereby the vast majority of the expenses are paid with user fees and charges. Governmental activities include general government, public safety, public works, parks, and recreation. Business-type activities include water and trash.

The government-wide financial statements are found on pages 1-2 of this report.

Fund Financial Statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City keeps track of these funds to ensure and demonstrate compliance with finance-related legal and code requirements. The City maintains two types of funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Major funds are reported separately while the smaller funds may be reported in combination.

Both the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds provide a reconciliation to assist in understanding the difference between them and the government-wide financial statements.

The basic governmental fund financial statements are found on pages 3-5 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary fund is classified as an enterprise fund or more specifically, the Water Fund. The Water Fund encompasses the same functions reported as business-type activities in the government-wide financial statements.

The basic proprietary fund financial statements are located on pages 6-8 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements, both government-wide and at the fund level. The notes to the basic financial statements begin on page 9 of this report.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information concerning the City's budget presentations.

Budgetary comparison schedules for the General Fund and the major special revenue funds are included as required supplementary information and can be found on pages 35-39 of this report.

Also included in the supplementary information section is the net pension asset (liability) calculation to comply with GASB statement 68 requirements. A ten-year chart of City contributions to the defined benefit plan (FPPA) is presented. These items are found on pages 40-41 of this report.

Included in other supplementary information section are the individual fund schedules of non-major fund types and the Proprietary Fund which can be found on pages 42-43 of this report.

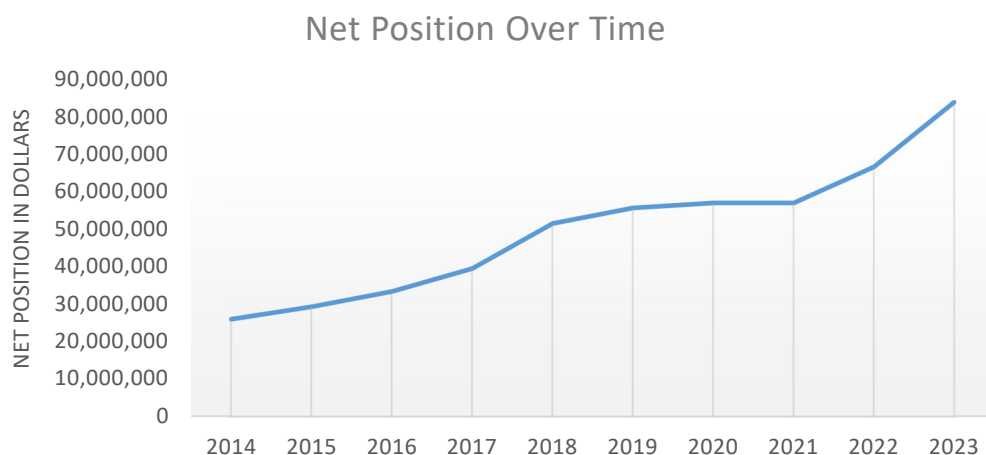
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's net position at calendar year end is \$83,895,845. The following table shows a summary of the City's net position:

Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$49,669,708	\$50,482,917	\$4,631,152	\$5,651,993	\$54,300,860	\$56,134,910
Capital assets	32,288,884	30,897,357	37,184,884	36,948,951	69,473,768	67,846,308
Net pension assets	-	744,367	-	-	-	744,367
Total assets	\$81,958,592	82,124,641	41,816,036	42,600,944	\$123,774,628	124,725,585
Deferred outflow of resources						
Deferred loss on refunding	22,834	34,250	-	-	22,834	34,250
Deferred outflows - pension	822,711	396,376	-	-	822,711	396,376
Total deferred outflow of resources	845,545	430,626	-	-	845,545	430,626
Liabilities:						
Current liabilities	3,769,783	3,262,141	376,690	312,316	4,146,473	3,574,457
Noncurrent liabilities:						
Due in one year	688,112	594,601	200,540	172,492	888,652	767,093
Due in more than one year	9,998,077	21,365,695	254,036	360,271	10,252,113	21,725,966
Net Pension Liability	116,981	-	-	-	116,981	-
Total liabilities	14,572,953	25,222,437	831,266	2,850,950	15,404,219	26,067,516
Deferred inflow of resources						
Unearned revenue -property taxes	25,520,892	31,921,672	-	-	25,520,892	31,921,672
Deferred inflows - pension	61,293	569,734	-	-	61,293	569,734
Total deferred inflow of resources	25,582,185	32,491,406	-	-	25,582,185	32,491,406
Net Position:						
Net investment in capital assets	21,579,861	8,902,811	37,002,322	36,588,680	58,582,183	45,491,491
Restricted	1,222,995	748,448	-	-	1,222,995	748,448
Unrestricted	19,846,143	15,190,165	3,982,448	5,167,185	23,828,591	20,357,350
Total net position	\$42,648,999	\$24,841,424	\$40,984,770	\$41,755,865	\$83,633,769	\$66,597,289

The following chart depicts the total net position balance from fiscal years 2014-2023:



Prior to 2022, in more recent years, the City’s net position leveled out or flattened. This illustrated the slowdown in housing development, and the effects of COVID-19 on the City’s overall economy. The city accumulated more capital assets in those years than previous years, but also accumulated more debt which offset the assets value when calculating net position. In 2022, the increase in net position illustrates how paying down a significant portion of that debt affected net position. In 2023, the Urban Renewal Authority paid off that bond issuance which lowered the government’s overall debt obligations long-term. Couple that with a modest increase in cash reserves and that provided for another healthy upswing in net position.

The financial statements report a significant increase of net position in governmental activities and a decrease in business-type activities in 2023. Net position increased by \$17,807,575 in governmental activities and decreased by \$771,095 in business-type activities. The City’s overall net position increased during calendar year 2023 by \$17,036,480.

Note that approximately 51% of the City’s governmental activities’ total net position is invested in capital assets. The remainder of the net position is available to pay current and future liabilities and is unrestricted for future use or restricted for specific uses such as emergency needs or for parks and recreation. Conversely, 90% of the City’s business-type activities’ net position is invested in capital assets leaving a smaller portion available to meet current and future obligations. The assets of the City’s business enterprise are used to provide water and trash removal services to Dacono businesses and residents and generate reserves for the Water Fund. Combining governmental activities and business-type activities, the City has invested 70% of its total net position in capital assets, leaving 30% to pay existing liabilities and future expenses. The following table provides a summary of the City’s change in net position as it relates to the statement of activities:

Change in Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2023	2022	2023	2022	2023	2022
Program revenues						
Charges for services	\$750,031	\$862,257	\$2,263,087	\$2,412,783	\$3,013,118	\$3,275,040
Operating grants and contributions	586,720	266,464			586,720	266,464
Capital grants and contributions	428,827	404,207	-	390,732	428,827	794,939
General revenues						
Sales and Use taxes	3,382,228	3,385,973			3,382,228	3,385,973
Property taxes	32,094,080	16,633,593			32,094,080	16,633,593
Franchise taxes	327,367	234,134			327,367	234,134
Other taxes	288,495	260,907			288,495	260,907
Interest	1,131,954	339,297	233,186	81,940	1,365,140	421,237
Other	743,221	428,731	275,554	46,393	1,018,775	475,124
Loss on Disposal of Capital Assets	(191,934)	-				
Total revenues	\$39,540,989	\$22,815,563	\$2,771,827	\$2,931,848	42,504,750	25,747,411
Expenses						
General government	12,473,447	7,921,607			12,473,447	7,921,607
Public safety	3,036,115	1,650,190			3,036,115	1,650,190
Public works	5,181,929	1,890,688			5,181,929	1,890,688
Parks and recreation	158,266	101,520			158,266	101,520
Interest on long term debt	883,657	1,310,884	15,576	15,643	899,233	1,326,527
Water			3,527,346	3,240,592	3,527,346	3,240,592
Total expenses	21,733,414	12,874,889	3,542,922	3,256,235	25,276,336	16,131,124
Change in net position	17,807,575	9,940,674	(\$771,095)	(\$324,387)	17,036,480	9,616,287
Net position, beginning	\$24,841,424	14,900,750	41,755,865	42,080,252	\$66,597,289	56,981,002
Net position, ending	<u>\$42,648,999</u>	<u>\$24,841,424</u>	<u>\$40,984,770</u>	<u>\$41,755,865</u>	<u>\$83,633,769</u>	<u>\$66,597,289</u>

Governmental Activity Revenues

The operations of the City are funded primarily by local property tax revenues and sales tax. Other funding sources are use tax, franchise and admissions tax and building permits to name a few. Tax revenue for the year was \$36,475,446 an increase of 76% from the prior year. The combination of sales and use tax remained flat in 2023. Property tax collections increased 93% and all other taxes increased by 24%. In total, tax revenue increased \$15,766,370 in 2023. Property tax increased extraordinarily due to increases in tax increment funding through the URAD, which was the result of oil and gas production. Overall, total revenue increased across all governmental funds from 2022 to 2023 by \$16,917,360.

Governmental Activity Expenses

The following table represents the cost of each of the City's programs, including the net cost (total cost less revenues generated by the activities). Net cost illustrates the burden placed on taxpayers by each of these functions.

Governmental Activities				
	Total Cost of Service	Percentage of Total	Net Cost of Service	Percentage of Total
General Government	\$12,473,447	57.4%	(\$10,684,451)	54.2%
Public Safety	\$3,036,115	14.0%	(\$2,740,541)	13.9%
Public Works	\$5,181,929	23.8%	(\$5,234,433)	26.6%
Parks and Recreation	\$158,266	0.7%	(\$162,678)	0.8%
Long-term Debt Interest	\$883,657	4.1%	(\$883,657)	4.5%
Total	\$21,733,414	100.0%	(\$19,705,760)	100.0%

The table illustrates that without tax, the services required to maintain vital City functions would not be covered by service fees and grants alone.

Proprietary-type funds

Proprietary-type funds are used to account for activities that have the characteristics of business activities. The balances in these types of funds are similar to retained earnings in the private sector. TABOR limits governmental grants and outside sources of funding to 10% of the total revenues for an enterprise fund. TABOR is the commonly used acronym for the Taxpayers Bill of Rights, which is an amendment to the Colorado Constitution known as Article X, Section 20.

The City's only proprietary fund, the Water Fund, reported \$40,984,770 as net position at the end of 2023, down \$771,095 from the prior year's ending balance of \$41,775,865. The decrease in net position is primarily attributed to increased administrative and operational expenses. The unreserved portion of net position as of December 31, 2023, was \$3,982,448, down from \$5,167,185 as of December 31, 2022. The unreserved portion of the net position is that amount that is currently not invested in capital assets or held to cover liabilities (excluding bonds payable). All expenses occurring in the Water Fund are supported by revenues generated by the fund itself.

Proprietary funds supply and support services for which the City charges customers a fee. The City's Water Fund receives its revenue from water distribution services, capital improvement fees, and trash collection services. Trash collections fees are passed through the Water Fund as an expense and therefore do not create any additional revenue for the City. Capital improvement

fees are committed funds for the maintenance and construction of water system capital and infrastructure, including bond payments.

The Water Fund maintained cash and cash equivalents at the end of the calendar year of \$4,273,873, a decrease of 20% from the prior year's balance of \$5,353,468. The cash and cash equivalents value are the liquid resources available to maintain current operations and pay its creditors. The Water Fund's reserves decreased due to higher expenses in 2023 compared to the prior year. Water distribution and administration costs increased significantly between the two comparable years. Major changes are forthcoming in the City's water enterprise. Rate increases in the coming years will ease the tension on the operating budget. Capital reserves will improve extraordinarily as developers apply for cash-in lieu program water delivery to support new development. Further into the future, expansion of the City's water portfolio and potential outside partnerships to increase usage capabilities, plus infrastructure to improve capacity, distribution, and storage, are all being considered to promote the growth that leadership and the community desire. Various engineers, consultants and legal professionals are providing assistance with these prospective plans. The goal is to come up with a plan that is capable of meeting future water demands that is also financially attainable.

FUND ANALYSIS

Governmental Funds

The focus for the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of the City's net resources available for ongoing service delivery requirements.

As of the end of the year, the City's governmental funds reported a combined ending fund balance of \$20,647,419 up from the fund balance of \$15,596,131 as of December 31, 2022. Of that fund balance, \$6,984,290 is unassigned and available for future needs. Non-spendable funds include \$1,940 held in deposit by a vendor for postage liability. Restricted fund balances are those whose purpose is specifically designated by law and include the Conservation Trust for parks and open space of \$47,995, money set aside to meet the TABOR emergency reserve requirement of \$1,175,000 and URAD funds of \$6,352,949 restricted for capital improvement projects. The committed fund balances are those that are earmarked by resolution, or ordinance as established by the governing board; highway and street funds of \$2,931,137, impact fees for roadways, drainage, parks, and city facilities of \$3,151,362, and \$2,746 for capital assets and projects.

General Fund – The General Fund is the City's primary operating fund. The General Fund balance was \$5,910,354, a 12% increase from the prior year fund balance of \$5,270,489. The ending unassigned fund balance of \$4,733,414 represents the equivalent of 81% of annual expenditures.

Though lower than the prior year's ratio of 95% this ratio is good and represents stable General Fund reserves. In other words, if the general fund received no revenue in 2024, the current reserves would support 81% of yearly expenses.

Total tax revenue appropriated to the General Fund increased by 13% compared to 2022. Higher property taxes and franchise taxes were the main contributors to this increase.

Licensing and permit fees increased from 2022 levels as well, improving by 8%. The revenue collected for encroachment license agreements (ELA) made up 24% of all licensing and permit fees collected during 2023. The ELA payments in 2023 totaled \$119,612 in license revenue; this is an ongoing stream of revenue with an indefinite expiration date. Excluding all ELA revenue, licensing and permit revenue was \$381,862, up from \$344,220 of the prior year. There were 40 new home permits pulled and paid for in 2023. The remainder of the revenue was from business licenses, liquor licenses, plan review fees, commercial applications, and other residential building permits and penalties.

Court fines decreased in 2023 by 14% from the prior year. All other income revenue increased by 44% in 2023, the bulk of that increase stemming from interest income, which increased 197% from 2022.

General fund operating expenses increased by 20% overall, a difference of \$958,298.

General government expenditures increased by \$273,920 or 11%. This expense type includes several departments including legislative, municipal court, community development, administration, and information technology.

- Legislative Dept – Expenses in general increased with notable differences to professional services which includes attorneys, and consultants and community relations efforts including special events and public surveys.
- Municipal Court Dept – Expenses increased marginally, a new court clerk was hired late in the year causing a slight increase from the prior year personnel expense and related costs.
- Community Development Dept – Personnel costs and marketing services were the primary cause of the increase in expenses of this department.
- Administrative Depts – The termination of the City manager created an increase in the administrative expenses for 2023. Due to this event, personnel costs went up to cover the cost of a severance payment. The sudden discord created by the events surrounding the termination brought about a recall election which created additional costs to coordinate a special election.
- Information Technology – Expenses related to monthly network maintenance, and annual software purchases and renewals increased overall IT expenses.

Public Safety expenditures increased by \$635,365 or 27%. This increase is mainly due to increased personnel costs, higher professional service fees, vehicle maintenance, crime control and communications fees. Professional services include everything from attorney fees to transcription and interpretation services, victims' assistance, to EMC and EOC support services. Communication fees are primarily paid to Weld County dispatch who responds to almost all calls to the police and code enforcement. The major jump in crime control costs relates to a new piece of forensic equipment used to access smartphones and tablets for investigation purposes. The full cost of the equipment and software was offset by a grant from the Department of Justice.

Parks and recreation expenditures increased \$49,013 or 56%. Most of the year's increase came from modifying the distribution of personnel costs of employees in Public Works to provide a truer distribution between parks, street and water maintenance. The remaining increase was due to park maintenance in general.

Street Fund - This fund is used primarily to track revenue and expenses directly related to the building, repair and maintenance of the streets and sidewalks within the City limits. Sales and use tax revenue is the main source of revenue for the Street Fund. The property tax Dacono voters approved in 2005 for a street improvement project is directly related to bond payments which will be paid in full in 2025. This revenue does not affect net position or fund balance. The Street Fund receives 45% of all sales and use tax generated by the City. The fund also receives 100% of the highway user's tax supplied by CDOT and road and bridge fees paid through vehicle registrations. In 2023 Street Fund revenue increased by \$350,632, 16% over 2022 revenue however, Taxes were not responsible for the increase in 2023. Taxes remained flat between 2022 and 2023. Interest income and grant revenue were the driving forces of revenue increases in 2023. A Community Development Block Grant (CDBG) used to cover some of the cost to pave Glen Dale Street in the Glens was the largest contributor to the increase. \$1.525 million was transferred to the Capital Fund to support that project and other Capital projects supported by the Street Fund.

In 2023, Street Fund operating costs increased \$552,715, 47% higher than 2022. Higher personnel costs and street maintenance costs made for the majority of the increase followed by professional services. In this case, professional services included a pavement analysis of all the roads in the city and surveying for right of way easements. The ending fund balance of the Street Fund is \$2,931,137, a decrease of \$706,578 or 19% from the prior year fund balance of \$3,637,715.

Capital Fund – This fund is used exclusively for purchasing capital assets. The main revenue source for this fund is sales and use tax; 10% of all sales and use tax collections have been committed to this fund by Council resolution. Additional funds are transferred in from other governmental funds depending on the primary classification of the asset being purchased.

General Fund supported capital expenses included ADA doors and openers at City Hall and the Police Department, updates to the Sally port at the PD including new concrete floor and a new garage door, additional security equipment installed in the Annex building and new listening devices purchased for council meetings, furniture for the new Court Clerk's office in City Hall.

Installation of a bi-directional antenna in the Annex for better connectivity, docking stations for mobile units in police vehicles, and two new server installs on the City's IT system. Other General Fund supported activities include COP financing debt payments and lease payments for police vehicles. In total, the General fund transferred \$721,550 to support capital expenses and debt service related to general government activity in the Capital Fund.

The Street Fund also transferred revenue to the Capital Fund to support Public Works capital expenses including the paving of Glen Dale Street and Glen Heather Street, design costs in preparation of the future ice slicer bin to be built at the Public Works facility, beginning work on paving Forest Avenue, acquisition costs for a right of way for a Ridgeland access road, a new air conditioning system for the Public Works shop along with a computer center, and a box spreader. The transfer from the Street Fund totaled \$1,525,000. The fund balance at year end was \$2,746, down \$291,808 or 99% from the prior year fund balance of \$294,554. A low balance is expected in this fund since the primary function of this fund is to capture transferred revenue for capital asset purchases of government funds.

Impact Fee Fund – This fund is a special revenue fund created to pay for amenities required for future growth and expansion. There are four designated accounts in this fund: Arterial roads, drainage, parks, and city facilities. Impact fees are a requirement of new development to cover the cost of necessary infrastructure and amenities to support additional growth. Developers are offered a credit on certain impact fees if improvements required by service agreements are paid directly by the developer. Those credits typically cover arterial road impact fees. In 2023, \$191,760 in impact fees were received for parks and city facilities. The remaining revenue proceeds came from interest income, \$155,917. There were \$63,890 in roadway expenses in 2023 for the design of York Street. The ending fund balance is \$3,151,362, an increase of 10% from the 2022 fund balance of \$2,867,575.

Conservation Trust Fund – This fund is a restricted fund with the main revenue source being lottery ticket sales from the state of Colorado. The proceeds received were \$45,551. The funds are to be spent on building, restoring, and maintaining parks and open space within the City limits. In 2023, the City used reserves from this fund to repair the engine of a tractor mower, purchase upgraded lights for Centennial Field, complete the installation of a new flagpole next to the water tower, and BMX track improvements. The ending balance in this fund is \$47,995 down 35% from 2022's balance of \$73,448.

Dacono Urban Renewal Authority – This special district is a component unit of the City of Dacono and maintains autonomy from the financial reporting of the City. Even though the URAD maintains a separate accounting of its finances it is added into the City's audit and treated as a component unit in governmental funds. In 2023, URAD collected \$28,476,528 in tax increment funding, \$20,770 in royalty payments and \$407,700 in interest income. URAD has intergovernmental agreements with all the taxing districts in the service area to refund some, all, or none of the tax increment revenue paid by each district.

In total, the URAD incurred operating costs of \$11,840,946 and covered capital expenses of \$369,577. The URAD had an ending fund balance of \$8,603,825 up 149% from the prior year's balance of \$3,452,350.

Proprietary Funds

As previously explained, proprietary funds are established as a business-type activity, therefore are accounted for much like a privately held business and net position is essentially retained earnings. The City of Dacono maintains only one proprietary fund.

Water Fund – This fund is responsible for maintaining the entire water system utilizing customer fees as the main source of revenue. Total water revenue for 2023 was \$2,771,464, down 5% from 2022. In comparison, expenses for the year were \$3,712,325 up 20% from 2022, resulting in a net loss of \$940,498 on a budgetary basis. A wet spring equated to lower water sales while operating costs and capital costs increased. The city leased storage in Dry Creek reservoir to hold 500-acre feet of Windy Gap water as reserves, the cost of which doubled in 2023 from \$75,000 to \$150,000. Operational costs for participation in NISP increased from \$593,750 in 2022 to \$722,375 in 2023. Capital purchases included replacing a water line on Glen Dale Street, replacing a water valve on Forest Ave, ½ the replacement cost of an air conditioning unit in the Public Works building and vehicle lease payments shared with the Street Fund.

The unreserved net position in the Water Fund at the end of 2023 is \$3,982,448, a 23% decrease from the prior year's unreserved net position of \$5,167,185.

BUDGETARY HIGHLIGHTS

Council approved one amendment for the 2023 budget which accomplished several goals:

- Updated the beginning funds balances to the prior year audited financial statements.
- Modified revenues to adjust for changes to taxes, interest income, intergovernmental funding, water sales, and transferred funds.
- Adjusted appropriations in all funds reducing yearly expenses, project reclassification, capital additions, and carrying forward incomplete projects to 2024.

This budget amendment did not include the Urban Renewal Authority.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of accumulated depreciation as of December 31, 2023 was \$32,288,884 for governmental activities and \$37,184,884 for business-type activities. This investment in capital assets consists of land, buildings, water rights, water system, improvements/infrastructure, and vehicles/equipment. The summary of this investment is in Note 4 to the financial statements and additions to capital were addressed in the Fund Analysis section of this document.

Long-term Debt

As of December 31, 2023, the City's long-term debt consisted of \$420,101 in general obligation bonds, \$360,271 in water revenue bonds, \$10,012,140 in certificates of participation, \$348,253 in vehicle leases, and \$270,463 in accrued compensated employee absences (earned paid time off). \$11,771,404 in long-term debt was paid during 2023. The detail of long-term debt is in note 5 to the financial statements.

ECONOMIC CONDITIONS AFFECTING THE CITY

- In 2023 the US inflation rate was 4.06% compared to 9.59% in 2022. In 2024, the inflation rate dropped to 3.3% and is projected to drop further in 2025 to 1.8%. Comparatively, Colorado's consumer price index for the Denver area is currently tracking at 2.6% which is lower than the US rate.
- The Feds continue to hold interest rates steady since the middle of 2023. A rate cut is not expected until possibly September 2024.
- The GDP Growth rate has slowed since 2023 from 2.5% to 2.3% and continues to trend downward with 2025 projections at 1.8% nationally. The growth rate remains below trend.
- While prices gains have slowed significantly, housing prices in Colorado continue to apply upward pressure.

The City is currently experiencing positive momentum in residential growth, but economic pressures are keeping that growth in slow motion. Residential development will continue to move forward in 2024 and 2025.

Employment levels continue to be a factor of concern for the City of Dacono. Low levels of qualified workers competing for a high level of jobs available in the market makes for long-term vacancies, high turnover and low application submittals. There are still vacancies in upper-level management, administration, police, and maintenance positions.

Budget Impact

The Economic indicators are reflected in the modest increases to overall General Fund revenue in the 2024 budget. The largest impact on revenues for 2024 is expected to be property tax with very little movement in sales tax. Total funds available for appropriation are just over \$13 million. The additional funds will be used to cover inflationary increases in overall operating costs and debt service requirements.

General Fund budget expenditures are expected to rise significantly, by 40% to \$8.1 million. The major sources of the increase are personnel costs across all departments, contracted professional services including GIS services, engineering, attorneys, and planning consultant firms, insurance premiums, developer expenses (which generally are reimbursed) and increases to the cost of events and outreach programs provided to the community.

Despite slow economic recovery, the City continues to push forward a vast amount of new capital projects in 2024 and beyond, using other cash resources.

The Urban Renewal Authority of Dacono continues to produce high levels of property tax income due to high oil and gas production. This added revenue stream is being used to fund capital projects across the City in 2024 and 2025. Major road paving projects such as Colorado Boulevard, York Street, Grandview Boulevard are some of the projects made possible using URAD funding sources. Other projects include the 6th Street round-a-bout, Speedway Boulevard reconstruction, and upgrades to the splash pad.

The Water fund will provide resources to paint the iconic blue water tower to include the City's logo. American Rescue Plan Act (ARPA) funds will be transferred to the Water Fund as revenue recovery funds used to cover operating costs until the new water rates offset increasing expenses.

Impact fee funds will be utilized to cover the cost of capital projects directly related to growth. A new fitness park will add amenities at Clem Dufour park offering fitness equipment in an outdoor setting, the City Hall basement will be restored to include a breakroom, and storage areas, and the old Mountain View Firehouse will be transformed into added office and conference room space for Public Works employees. Master planning for transportation, outfall systems, and facilities will also be funded by impact fees.

Residential growth- High interest rates and slow market absorption continue to dictate timelines for residential development in 2024. Developers continue to plan projects, but movement is slow due to ongoing market factors. The expectation is that these projects will break ground in 2024 and begin pulling permits late 2024 or early 2025.

Not only is the current housing market a factor but the cost, and availability of water and sewer infrastructure have historically, and continue to be a significant obstacle to growth in the City. A large percentage of Dacono's plan area is raw land and does not have the infrastructure necessary for mass development. Finding affordable solutions to the City's infrastructure issues is crucial to enable development to continue.

The City's cash-in-lieu program remains active through a Water Rights Dedication Assistance Policy adopted by Resolution 18-106. This Resolution allows the City to sell water at market-rate via cash-in-lieu. Cash-in-lieu water provides certainty to the development process instead of developers having to source water shares.

Business growth – Commercial and industrial development remained slow in 2023. There were no new commercial building permit applications in 2023. The council is committed to working with staff to carve out specific areas in the City and designating them for commercial endeavors. Approximately 4-square miles of Dacono is part of the Federal Opportunity Zone. The Opportunity Zones incentive is a new community investment tool established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. The City is proactively marketing this program through international publications, trade show journals, and creating a community prospectus.

Additionally, in 2019 development of the ChooseDacono.com economic development website further supported the City of Dacono's business recruitment and retention efforts. The City continues to partner with Upstate Colorado for the State of Colorado-Weld County Enterprise Zone administration. The Enterprise Zone provides state income tax credits to encourage businesses to locate/expand in designated areas of the state.

Urban Renewal Authority - In 2019, the Urban Renewal Authority of Dacono adopted the Dacono II Urban Renewal Plan. The Dacono II Plan includes 19 legal parcels comprising approximately 1,278 acres, as well as adjacent rights-of-way. Dacono II Urban Renewal Plan intends to provide incremental revenues to facilitate investment and reinvestment in the plan area. The principal objective of the Plan is to use available resources to eliminate and prevent the development or spread of blight, and to encourage needed rehabilitation of improvements within designated locations.

Oil and Gas – As oil and gas facilities approved in 2018 entered the production phase, the URAD and the City of Dacono benefitted from significant increases in property tax in 2023. Oil and gas production is expected to remain strong in 2024 but will start a rapid decline in subsequent years.

REQUESTS FOR INFORMATION

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

City of Dacono
Attn: Kelly Stroh
512 Cherry Ave, Bldg A
Dacono, CO 80514

BASIC FINANCIAL STATEMENTS

CITY OF DACONO, COLORADO

STATEMENT OF NET POSITION
As of December 31, 2023

	GOVERNMENTAL	BUSINESS	TOTAL	
	ACTIVITIES	TYPE	2023	2022
		ACTIVITIES		
ASSETS				
Cash and Investments	\$ 13,345,243	\$ 857,078	\$ 14,202,321	\$ 14,798,983
Restricted Cash and Investments	10,079,485	3,416,795	13,496,280	8,709,047
Receivables				
Property Taxes	25,520,892	-	25,520,892	31,921,672
Sales and Other	722,148	-	722,148	404,743
Accounts	-	250,988	250,988	258,465
Deposits	1,940	-	1,940	1,940
Prepaid Expenses	-	106,291	106,291	40,060
Net Pension Asset	-	-	-	744,367
Capital Assets, Not Depreciated	10,264,990	28,108,839	38,373,829	36,358,840
Capital Assets, Depreciated				
Net of Accumulated Depreciation	22,023,894	9,076,045	31,099,939	31,487,468
TOTAL ASSETS	81,958,592	41,816,036	123,774,628	124,725,585
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	22,834	-	22,834	34,250
Related to SWDB Pension	818,105	-	818,105	396,376
TOTAL DEFERRED OUTFLOWS OF RESOURCES	840,939	-	840,939	430,626
LIABILITIES				
Accounts Payable	771,032	314,338	1,085,370	402,871
Accrued Salaries and Benefits	53,205	3,731	56,936	15,301
Due to Other Governments	54,326	-	54,326	50,834
Accrued Interest	25,553	804	26,357	101,105
Accrued Compensated Absences	242,833	27,630	270,463	231,296
Unearned Revenues	1,600,419	18,687	1,619,106	1,664,309
Developer Escrow	973,379	-	973,379	974,379
Deposits	49,036	11,500	60,536	134,362
Noncurrent Liabilities				
Net Pension Liability	116,981	-	116,981	-
Due within One Year	688,112	200,540	888,652	767,093
Due in More Than One Year	9,998,077	254,036	10,252,113	21,725,966
TOTAL LIABILITIES	14,572,953	831,266	15,404,219	26,067,516
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenues	25,520,892	-	25,520,892	31,921,672
Related to SWDB Pension	56,687	-	56,687	569,734
TOTAL DEFERRED INFLOWS OF RESOURCES	25,577,579	-	25,577,579	32,491,406
NET POSITION				
Investment in Capital Assets	21,579,861	37,002,322	58,582,183	45,491,491
Restricted for Emergencies	1,175,000	-	1,175,000	675,000
Restricted for Parks and Recreation	47,995	-	47,995	73,448
Unrestricted	19,846,143	3,982,448	23,828,591	20,357,350
TOTAL NET POSITION	\$ 42,648,999	\$ 40,984,770	\$ 83,633,769	\$ 66,597,289

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

CITY OF DAcono, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 12,473,447	\$ 693,234	\$ 121,341	\$ -
Public Safety	3,036,115	47,297	248,277	-
Public Works	5,181,929	9,500	217,102	383,276
Parks and Recreation	158,266	-	-	45,551
Interest on Long-Term Debt	883,657	-	-	-
Total Governmental Activities	21,733,414	750,031	586,720	428,827
Business-Type Activities				
Water	3,527,346	2,263,087	-	167,255
Interest on Long-Term Debt	15,576	-	-	-
Total Business-Type Activities	3,542,922	2,263,087	-	167,255
Total Primary Government	\$ 25,276,336	\$ 3,013,118	\$ 586,720	\$ 596,082

GENERAL REVENUES

Sales and Use Taxes
Property Taxes
Franchise Taxes
Other Taxes
Interest
Other
Loss on Disposal of Assets

TOTAL GENERAL REVENUES

CHANGE IN NET ASSETS

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET ASSETS

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
		2023	2022
\$ (11,658,872)	\$ -	\$ (11,658,872)	\$ (6,862,305)
(2,740,541)	-	(2,740,541)	(1,585,771)
(4,572,051)	-	(4,572,051)	(1,522,024)
(112,715)	-	(112,715)	(60,977)
(883,657)	-	(883,657)	(1,310,884)
(19,967,836)	-	(19,967,836)	(11,341,961)
-	(1,097,004)	(1,097,004)	(437,077)
-	(15,576)	(15,576)	(15,643)
-	(1,112,580)	(1,112,580)	(452,720)
(19,967,836)	(1,112,580)	(21,080,416)	(11,794,681)
3,382,228	-	3,382,228	3,385,973
32,094,080	-	32,094,080	16,633,593
327,367	-	327,367	234,134
288,496	-	288,496	260,907
1,131,954	233,186	1,365,140	421,237
743,220	108,299	851,519	475,124
(191,934)	-	(191,934)	-
37,775,411	341,485	38,116,896	21,410,968
17,807,575	(771,095)	17,036,480	9,616,287
24,841,424	41,755,865	66,597,289	56,981,002
\$ 42,648,999	\$ 40,984,770	\$ 83,633,769	\$ 66,597,289

CITY OF DACONO, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2022

	GENERAL FUND	STREET FUND	IMPACT FEE FUND
ASSETS			
Cash and Investments	\$ 8,114,024	\$ 2,710,589	\$ -
Restricted Cash and Investments	438,249	-	3,151,362
Taxes Receivable	3,208,250	215,837	-
Accounts Receivable	233,094	355,520	-
Deposits	1,940	-	-
TOTAL ASSETS	<u>\$ 11,995,557</u>	<u>\$ 3,281,946</u>	<u>\$ 3,151,362</u>
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 206,374	\$ 129,512	\$ -
Accrued Salaries and Benefits	47,745	5,460	-
Due to Other Governments	-	-	-
Unearned Revenues	1,600,419	-	-
Deposits	49,036	-	-
Developer Escrow	973,379	-	-
TOTAL LIABILITIES	<u>2,876,953</u>	<u>134,972</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenues	<u>3,208,250</u>	<u>215,837</u>	<u>-</u>
FUND EQUITY			
Fund Balance			
Nonspendable	1,940	-	-
Restricted for Emergencies	1,175,000	-	-
Restricted for Parks and Recreation	-	-	-
Restricted for Debt Service	-	-	-
Restricted for Capital Improvement Projects	-	-	-
Committed for Highway and Streets	-	2,931,137	-
Committed for Roadways, Drainage, Parks, and Facilities	-	-	3,151,362
Committed for Capital Projects and Equipment	-	-	-
Committed for Subsequent Year's Expenditures	-	-	-
Unassigned	4,733,414	-	-
TOTAL FUND BALANCE	<u>5,910,354</u>	<u>2,931,137</u>	<u>3,151,362</u>
TOTAL LIABILITIES, DEFERRED INFLOWS and FUND BALANCE	<u>\$ 11,995,557</u>	<u>\$ 3,281,946</u>	<u>\$ 3,151,362</u>

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

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

Long-term liabilities and related assets are not due and payable in the current period and are not reported in the funds.

These include bonds and lease payable (\$10,686,189), deferred loss on refunding \$22,834, accrued interest payable (\$25,553), accrued compensated absences (\$242,833), net pension liability of (\$116,981), deferred outflows related to pensions \$818,105, and deferred inflows related to pensions (\$56,687).

Net position of governmental activities

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

URBAN RENEWAL AUTHORITY	CAPITAL EQUIPMENT FUND	NONMAJOR CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS	
			2023	2022
\$ 2,302,889	\$ 169,746	\$ 47,995	\$ 13,345,243	\$ 12,869,969
6,404,233	85,641	-	10,079,485	5,284,593
22,096,805	-	-	25,520,892	31,921,672
-	133,534	-	722,148	404,743
-	-	-	1,940	1,940
<u>\$ 30,803,927</u>	<u>\$ 388,921</u>	<u>\$ 47,995</u>	<u>\$ 49,669,708</u>	<u>\$ 50,482,917</u>

\$ 48,971	\$ 386,175	\$ -	\$ 771,032	\$ 191,442
-	-	-	53,205	10,476
54,326	-	-	54,326	50,834
-	-	-	1,600,419	1,612,621
-	-	-	49,036	125,362
-	-	-	973,379	974,379
<u>103,297</u>	<u>386,175</u>	<u>-</u>	<u>3,501,397</u>	<u>2,965,114</u>

<u>22,096,805</u>	<u>-</u>	<u>-</u>	<u>25,520,892</u>	<u>31,921,672</u>
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-	-	-	1,940	1,940
-	-	-	1,175,000	675,000
-	-	47,995	47,995	73,448
-	-	-	-	23,626
6,352,949	-	-	6,352,949	-
-	-	-	2,931,137	3,637,715
-	-	-	3,151,362	2,867,575
-	2,746	-	2,746	2,190,230
-	-	-	-	1,113,115
<u>2,250,876</u>	<u>-</u>	<u>-</u>	<u>6,984,290</u>	<u>5,013,482</u>
<u>8,603,825</u>	<u>2,746</u>	<u>47,995</u>	<u>20,647,419</u>	<u>15,596,131</u>

<u>\$ 30,803,927</u>	<u>\$ 388,921</u>	<u>\$ 47,995</u>
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32,288,884 30,897,357

(10,287,304) (21,652,064)

\$ 42,648,999 \$ 24,841,424

CITY OF DAcono, COLORADO

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

	GENERAL FUND	STREET FUND	IMPACT FEE FUND
REVENUES			
Taxes	\$ 5,529,873	\$ 2,130,802	\$ -
Impact Fees	-	-	191,760
Licenses and Permits	501,474	9,500	-
Royalties	-	-	-
Intergovernmental	369,618	217,102	-
Court	47,297	-	-
Interest	389,789	172,742	155,917
Miscellaneous	335,017	5,607	-
TOTAL REVENUES	7,173,068	2,535,753	347,677
EXPENDITURES			
General Government	2,693,035	-	-
Public Safety	2,982,668	-	-
Public Works	-	1,501,680	-
Parks and Recreation	135,950	-	-
Debt Service			
Principal	-	199,601	-
Interest	-	16,050	-
Capital Outlay	-	-	63,890
TOTAL EXPENDITURES	5,811,653	1,717,331	63,890
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,361,415	818,422	283,787
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(721,550)	(1,525,000)	-
TOTAL OTHER FINANCING SOURCES	(721,550)	(1,525,000)	-
NET CHANGE IN FUND BALANCES	639,865	(706,578)	283,787
FUND BALANCES, Beginning	5,270,489	3,637,715	2,867,575
FUND BALANCES, Ending	\$ 5,910,354	\$ 2,931,137	\$ 3,151,362

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

URBAN RENEWAL AUTHORITY	CAPITAL EQUIPMENT FUND	NONMAJOR CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS	
			2023	2022
\$ 28,476,528	\$ 338,243	\$ -	\$ 36,475,446	\$ 20,709,076
-	-	-	191,760	338,266
-	-	-	510,974	638,207
20,770	-	-	20,770	143,712
-	-	45,551	632,271	257,007
-	-	-	47,297	54,979
407,700	5,781	25	1,131,954	339,297
-	381,827	-	722,451	335,019
28,904,998	725,851	45,576	39,732,923	22,815,563
11,840,946	-	-	14,533,981	7,925,180
-	-	-	2,982,668	2,347,303
-	-	-	1,501,680	944,465
-	-	9,414	145,364	86,937
10,864,000	453,892	-	11,517,493	5,762,948
679,000	309,150	-	1,004,200	2,515,615
369,577	2,501,167	61,615	2,996,249	1,043,899
23,753,523	3,264,209	71,029	34,681,635	20,626,347
5,151,475	(2,538,358)	(25,453)	5,051,288	2,189,216
-	2,246,550	-	2,246,550	740,427
-	-	-	(2,246,550)	(740,427)
-	2,246,550	-	-	-
5,151,475	(291,808)	(25,453)	5,051,288	2,189,216
3,452,350	294,554	73,448	15,596,131	13,406,915
\$ 8,603,825	\$ 2,746	\$ 47,995	\$ 20,647,419	\$ 15,596,131

CITY OF DAcono, COLORADO

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

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 5,051,288
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 outlay, \$2,809,882, exceeded depreciation expense (\$1,527,402) and loss on disposal of assets of (\$191,934).	1,090,546
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These include bond and lease payments of \$11,575,088, change in accrued interest payable \$62,948 and change in accrued compensated absences (\$45,723).	11,592,313
Deferred Charges related to pension are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>73,428</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 17,807,575</u></u>

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

CITY OF DAcono, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
As of December 31, 2023

	2023	2022
ASSETS		
Current Assets		
Cash and Investments	\$ 857,078	\$ 1,929,014
Restricted Cash and Investments	3,416,795	3,424,454
Accounts Receivable	250,988	258,465
Prepaid Expenses	106,291	40,060
Total Current Assets	4,631,152	5,651,993
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	37,184,884	36,948,951
Total Noncurrent Assets	37,184,884	36,948,951
TOTAL ASSETS	41,816,036	42,600,944
LIABILITIES		
Current Liabilities		
Accounts Payable	314,338	211,429
Accrued Salaries and Benefits	3,731	4,825
Unearned Revenues	18,687	51,688
Accrued Interest Payable	804	1,188
Current Portion of Lease Payable	22,831	-
Current Portion of Bonds Payable	177,709	172,492
Total Current Liabilities	538,100	441,622
Noncurrent Liabilities		
Deposits	11,500	9,000
Accrued Compensated Absences	27,630	34,186
Lease Payable	71,474	-
Bonds Payable	182,562	360,271
Total Noncurrent Liabilities	293,166	403,457
TOTAL LIABILITIES	831,266	845,079
NET POSITION		
Investment in Capital Assets	37,002,322	36,588,680
Unreserved	3,982,448	5,167,185
TOTAL NET POSITION	\$ 40,984,770	\$ 41,755,865

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

CITY OF DACONO, COLORADO

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

	2023	2022
OPERATING REVENUES		
Water Sales	\$ 1,951,950	\$ 2,116,451
Trash Charges	311,137	296,332
Miscellaneous Income	108,299	46,393
TOTAL OPERATING REVENUES	2,371,386	2,459,176
OPERATING EXPENSES		
Water Distribution and Trash Collection	1,675,854	1,762,000
General and Administrative	1,474,073	1,132,586
Depreciation and Amortization	377,419	346,006
TOTAL OPERATING EXPENSES	3,527,346	3,240,592
OPERATING INCOME	(1,155,960)	(781,416)
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	233,186	81,940
Interest Expense	(15,576)	(15,643)
TOTAL NON-OPERATING REVENUES (EXPENSES)	217,610	66,297
INCOME BEFORE CAPITAL CONTRIBUTIONS	(938,350)	(715,119)
Capital Contributions	167,255	390,732
NET INCOME	(771,095)	(324,387)
NET POSITION, Beginning	41,755,865	42,080,252
NET POSITION, Ending	\$ 40,984,770	\$ 41,755,865

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

CITY OF DACONO, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE

Year Ended December 31, 2023

Increase (Decrease) in Cash and Cash Equivalents

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 2,378,863	\$ 2,490,698
Cash Paid to Suppliers	(2,687,655)	(2,307,269)
Cash Paid to Employees	(466,245)	(457,775)
Net Cash Provided by Operating Activities	<u>(775,037)</u>	<u>(274,346)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(613,352)	(414,438)
Bond Payments	(189,758)	(172,036)
Proceeds from debt	111,571	-
Interest Payments	(15,960)	(16,027)
Capital Contributions	167,255	390,732
Deposits from Customers	2,500	(10,000)
Net Cash Used by Capital and Related Financing Activities	<u>(537,744)</u>	<u>(221,769)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	233,186	81,940
Net Cash Provided by Investing Activities	<u>233,186</u>	<u>81,940</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,079,595)	(414,175)
CASH AND CASH EQUIVALENTS, Beginning	<u>5,353,468</u>	<u>5,767,643</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 4,273,873</u>	<u>\$ 5,353,468</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	<u>\$ (1,155,960)</u>	<u>\$ (781,416)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	377,419	346,006
Changes in Assets and Liabilities		
Accounts Receivable	7,477	31,522
Inventory	(66,231)	17,532
Accounts Payable	102,909	68,690
Accrued Salaries and Benefits	(1,094)	1,041
Accrued Compensated Absences	(6,556)	(221)
Deferred Revenues	(33,001)	42,500
Total Adjustments	<u>380,923</u>	<u>507,070</u>
Net Cash Provided by Operating Activities	<u>\$ (775,037)</u>	<u>\$ (274,346)</u>

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

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Dacono, Colorado was formed in 1908, and became a home rule city in 1994. The City is governed by a Mayor and six-member council elected by the residents.

The accounting policies of the City of Dacono, Colorado (the “City”) conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

Reporting Entity

In accordance with governmental accounting standards, the City of Dacono has considered the possibility of inclusion of additional entities in its basic financial statements.

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

Based upon the application of these criteria, the following organization is included in the City’s reporting entity.

Urban Renewal Authority of Dacono

The Economic Development Authority was established in June 2016 and an agreement was entered into between the City and Authority for administrative services. In June 2022, a resolution was passed to change the name of the organization to the Urban Renewal Authority of Dacono (the “Authority”). The Authority intends to provide financial assistance and deliver public improvements on as shown to be necessary, in partnership with property owners and other affected parties, in order to accomplish the objectives stated in the Dacono Area Urban Renewal Plan. The activity of the Authority is blended into the City’s financial statements as a special revenue fund. Separate audited financial statements for the Authority may be obtained from the City.

Government-Wide and Fund Financial Statements

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

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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

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

In the fund financial statements, the City reports the following major governmental funds:

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

The *Street Fund* accounts for allocated sales tax revenues which by City Ordinance must be used for Public Works projects.

The *Impact Fee Fund* accounts for impact fee revenues from developers which by City Ordinance must be used for specific purposes.

The *Urban Renewal Authority Fund* is a blended component unit and is reported as a special revenue fund of the City. It reports the activities of the Authority.

The *Capital Equipment Fund* accounts for revenues and expenditures which may only be used to purchase capital assets.

The City reports the following major proprietary fund:

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

Cash and Investments

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Buildings	20 - 50 years
Water Tower	40 years
Water System	10 - 50 years
Machinery and Equipment	5 - 10 years
Vehicles	5 - 10 years
Infrastructure	10 - 30 years

Deferred Outflows/Inflows of Resources

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

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

Unearned Revenues

Unearned revenues include grant or other funds that have been collected but the corresponding expenditures have not been incurred.

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Compensated Absences

Employees of the City are allowed to accumulate a maximum of paid time off ranging from 352 to 512 hours depending on the employees' years of service. Upon termination of employment from the City, an employee will be compensated for accrued time off for the first 80 to 160 hours, depending on the employees' years of service. Remaining hours accrued above the limits will be paid at a ratio of one hour for every two hours accrued. Accrued time off is paid at the employee's current pay rate.

These compensated absences are recognized as current salary costs when earned in the proprietary fund types and when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund type 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 proprietary fund type statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

Net Position

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

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

Restricted Net Position - are liquid assets, which have third party limitations on their use.

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – amounts that cannot be spent because they are either not in a spendable form (such as inventories, deposits, and prepaid amounts) or are legally or contractually required to be maintained intact. The City has classified deposits paid as nonspendable as of December 31, 2023.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The City has also restricted the fund balance of the Conservation Trust because their use is restricted by the State for parks and recreation. The Authority has classified a portion of its fund balance as being restricted as their used is restricted by bondholders.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has classified fund balances in the Street Fund, Impact Fee Fund, and URA Fund, and Capital Equipment Fund as committed because revenues are committed by ordinance.

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Fund Balance Classification (continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

NOTE 2: **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets and Budgetary Accounting

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

- In October, the City staff submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.

CITY OF DAcono, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY(Continued)

Budgets and Budgetary Accounting

- The City Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- Budgets are legally adopted for all funds of the City. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the Enterprise Fund is presented on a non-GAAP budgetary basis. Capital outlay and debt payments are budgeted as expenditures.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the City Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2023, follows:

Petty Cash	\$ 950
Cash Deposits	3,465,953
Investments	<u>24,231,697</u>
Total	<u>\$ 27,698,601</u>

Cash and investments are reported in the financial statements as follows:

Governmental Activities – Unrestricted	\$ 13,345,243
Governmental Activities – Restricted	10,079,485
Business-type Activities – Unrestricted	857,078
Business-type Activities – Restricted	<u>3,416,795</u>
Total	<u>\$ 27,698,601</u>

CITY OF DAcono, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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 regulations. At December 31, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for the City are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 uninsured deposits.

The City has no policy regarding custodial credit risk for deposits.

At December 31, 2023, the City had deposits with financial institutions with a carrying amount of \$3,465,953. The bank balances with the financial institutions were \$3,276,806. Of these balances, \$312,603 was covered by federal depository insurance and \$2,964,203 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

- Obligations of the United States and certain U.S. government agency securities
- General obligation and revenue bonds of U.S. local government entities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

CITY OF DAcono, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Local Government Investment Pools

The City had invested \$6,061,899 in the Colorado Surplus Asset Fund Trust CORE Fund (“Colorado Core”) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. Colorado Core is an ultra-short duration enhanced cash fund seeking to maintain a constant share price of \$2.00 with an emphasis placed on limiting the risk of negative fair market valuations while maintaining high credit quality and adequate liquidity. The fund operates under GASB Statements 31 and 72 methodology for calculating fair market values and maintains a weighted average maturity of 180 days or less and a weighted average life of 365 days or less.

Colorado Core is rated AAf/S1 by Fitch Ratings. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Colorado Core investments primarily included, highly rated commercial paper, Colorado depositories in which the deposits are collateralized at 102% of market value under the provisions of the Public Depository Protection Act, and other Colorado LGIP funds inclusive of other funds offered by the Trust as allowed for by C.R.S 24-75-601.1(1)(i). Redemption requests must be made at least one day in advance and are limited to three per month

The City had invested \$18,169,798 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor’s. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions.

Substantially all securities owned 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 the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool’s share price multiplied by the number of shares held. The government-investor does not “look through” the pool to report a pro rata share of the pool’s investments, receivables, and payables.

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**Restricted Cash**

Cash is restricted for the following purposes:

Arterial Roadway	\$ 1,433,577
Regional Drainage	305,705
Parks	1,119,574
City Facilities	293,153
2021 COPs – Bond Proceeds	523,243
URA	6,404,233
Water Tower and Related Expenditures	<u>3,416,795</u>
Total	<u>\$ 13,496,280</u>

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2023, is summarized below:

	Balances 12/31/2022	Additions	Deletions	Balances 12/31/2023
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 7,551,902	\$ -	\$ -	\$ 7,551,902
Construction in Progress	<u>678,644</u>	<u>2,170,955</u>	<u>136,511</u>	<u>2,713,088</u>
Total Capital Assets, not depreciated	<u>8,230,546</u>	<u>2,170,955</u>	<u>136,511</u>	<u>10,264,990</u>
Capital Assets, depreciated				
Buildings	6,652,010	79,437	193,742	6,537,705
Machinery, Equipment, and Vehicles	3,908,990	296,860	297,249	3,908,601
Lease Assets	-	300,981	-	300,981
Improvements/Infrastructure	<u>24,768,751</u>	<u>279,360</u>	<u>-</u>	<u>25,048,111</u>
Total Capital Assets, depreciated	<u>35,329,751</u>	<u>956,638</u>	<u>490,991</u>	<u>35,795,398</u>
Less Accumulated Depreciation				
Buildings	728,593	148,622	132,149	745,066
Machinery, Equipment, and Vehicles	1,905,081	377,186	286,689	1,995,578
Lease Assets	-	55,293	-	55,293
Improvements/Infrastructure	<u>10,029,266</u>	<u>946,301</u>	<u>-</u>	<u>10,975,567</u>
Total Accumulated Depreciation	<u>12,662,940</u>	<u>1,527,402</u>	<u>418,838</u>	<u>13,771,504</u>
Total Capital Assets, depreciated, Net	<u>22,666,811</u>	<u>(570,764)</u>	<u>72,153</u>	<u>22,023,894</u>
Governmental Activities, Capital Assets, Net	<u>\$ 30,897,357</u>	<u>\$ 1,600,191</u>	<u>\$ 208,664</u>	<u>\$ 32,288,884</u>

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4: CAPITAL ASSETS (Continued)

	Balances <u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/2023</u>
Business-Type Activities				
Capital Assets, not depreciated				
Water Rights	\$ 28,108,839	\$ -	\$ -	\$ 28,108,839
Construction in Progress	<u>19,455</u>	<u>-</u>	<u>19,455</u>	<u>-</u>
Total Capital Assets, not depreciated	<u>28,128,294</u>	<u>-</u>	<u>19,455</u>	<u>28,108,839</u>
Capital Assets, depreciated				
Water Tower	1,507,400	-	-	1,507,400
Water System	11,729,014	513,263	-	12,242,277
Lease Assets	-	111,571	-	111,571
Buildings	228,341	-	7,606	220,735
Machinery, Equipment, and Vehicles	<u>274,747</u>	<u>9,425</u>	<u>30,329</u>	<u>253,843</u>
Total Capital Assets, depreciated	<u>13,739,502</u>	<u>634,259</u>	<u>37,935</u>	<u>14,335,826</u>
Less: Accumulated Depreciation				
Water Tower	1,281,601	37,685	-	1,319,286
Water System	3,319,361	303,162	-	3,622,523
Lease Assets	-	20,662	-	20,662
Buildings	70,745	6,057	6,154	70,648
Machinery, Equipment, and Vehicles	<u>247,138</u>	<u>9,853</u>	<u>30,329</u>	<u>226,662</u>
Total Accumulated Depreciation	<u>4,918,845</u>	<u>377,419</u>	<u>36,483</u>	<u>5,259,781</u>
Total Capital Assets, depreciated, Net	<u>8,820,657</u>	<u>256,840</u>	<u>1,452</u>	<u>9,076,045</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 36,948,951</u>	<u>\$ 256,840</u>	<u>\$ 20,907</u>	<u>\$ 37,184,884</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities

General Government	\$ 194,310
Public Safety	285,659
Public Works	972,916
Parks and Recreation	<u>74,517</u>
Total	<u>\$ 1,527,402</u>

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2023**NOTE 5: LONG-TERM DEBT****Governmental Activities**

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

	Balance <u>12/31/2022</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/2023</u>	Due In <u>One Year</u>
2020 COPs	\$ 5,610,000	\$ -	\$ 240,000	\$ 5,370,000	\$ 245,000
2020 COPs Premium	347,731	-	33,782	313,949	-
2021 COPs	4,150,000	-	155,000	3,995,000	160,000
2021 COPs Premium	368,863	-	35,672	333,191	-
Debt from Direct Placements					
General Obligation Bonds	619,702	-	199,601	420,101	205,020
Vehicle Leases	-	300,982	47,034	253,948	78,092
2020 Series TIF Bonds	10,864,000	-	10,864,000	-	-
Other Obligations					
Compensated Absences	<u>197,110</u>	<u>45,723</u>	<u>-</u>	<u>242,833</u>	<u>-</u>
Total	<u>\$ 22,157,406</u>	<u>\$ 346,705</u>	<u>\$ 11,575,089</u>	<u>\$ 10,929,022</u>	<u>\$ 688,112</u>

Accrued Compensated Absences are being paid from resources generated by the General Fund.

2020 Certificates of Participation

In November 2020, the City issued \$6,060,000 in Series 2021 Certificates of Participation for the purpose of financing the acquisition, improvement and equipping of facilities to be used as part of the City Hall complex and paying the costs of issuance of the Certificates. The Certificates have been issued in connection with a lease of the City Hall complex and the surrounding area from the City to UMB Bank N.A. Principal payments are due annually on December 1 and interest payments are due semi-annually on June 1 and December 1, through December 1, 2040. Interest accrues at rate of 3.00%.

Pursuant to the provisions of the lease, the Certificates shall be called for redemption if the lease is terminated due to the occurrence of an Event of Non-appropriation or the occurrence and continuation of an Event of Default under the Lease. The redemption price will be equal to the principal amount of the Certificates, plus accrued interest to the redemption date.

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 5: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

2020 Certificates of Participation (Continued)

The Certificates maturing on and after December 1, 2029 are subject to redemption prior to their respective maturity dates, in whole or in part in integral multiples of \$5,000, at a redemption price equal to the principal amount of the Certificates, plus accrued interest to the redemption date (without redemption premium), on December 1, 2028 and any date thereafter, in the event of, and to the extent that moneys are actually received by the Trustee from, the exercise by the City of its option to purchase the Leased Property.

2021 Certificates of Participation

In November 2021, the City issued \$4,300,000 in Series 2021 Certificates of Participation for the purpose of financing the acquisition, improvement and equipping of facilities to be used as part of the City Hall complex and paying the costs of issuance of the Certificates. The Certificates have been issued in connection with a lease of the City Hall complex and the surrounding area from the City to UMB Bank N.A. Principal payments are due annually on November 15 and interest payments are due semi-annually on May 15 and November 15, through November 15, 2041. Interest accrues at rate of 4.00 and 3.00%.

Pursuant to the provisions of the lease, the Certificates shall be called for redemption if the lease is terminated due to the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under the Lease. The redemption price will be equal to the principal amount of the Certificates, plus accrued interest to the redemption date.

The Certificates maturing in the years 2032 and thereafter are subject to redemption at the option of the City on December 1, 2022 and any date thereafter at a redemption price of 100% of their principal amount, without redemption premium, plus accrued interest to the date of redemption.

CITY OF DAcono, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 5: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Debt from Direct Placements

2014 General Obligation Bonds

In June 2014, the City issued \$1,943,579 in Series 2014 General Obligation Refunding Bonds to advance refund \$1,770,000 of the outstanding Series 2005A bonds. The Series 2014 bonds are a private placement loan refunding. The net proceeds were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2005A series bonds. As a result, \$1,770,000 of the Series 2005A bonds are considered defeased, and the City has removed this portion of the liability. Principal payments are due annually on December 1 and interest payments are due semi-annually on June 1 and December 1, through December 1, 2025. Interest accrues at rate of 2.59%.

The Bonds are subject to redemption prior to maturity, at the option of the City, as a whole or in integral multiples of \$100,000, in any order of maturity and in whole or partial maturities, on June 1, 2019, or on any date thereafter at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date, without a redemption premium.

2020 Tax Increment Revenue (TIF) Bonds

In October 2020, the Authority issued \$16,043,000 in Tax Increment Revenue Bonds, Series 2020. Proceeds from the bonds will be used to acquire certain water rights known as the Windy Gap Units, to finance a portion of the costs of the design, construction, acquisition, and equipping of certain water and sewer infrastructure within the TIF Area and elsewhere within the City, and to pay costs of issuing the bonds.

The bonds bear interest rate of 6.250% per annum and are payable annually on December 1, beginning on December 1, 2020 from and to the extent of available pledged revenue. The bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date.

The bonds mature on December 1, 2039 and are subject to mandatory redemption on December 1 of each year to the extent of available pledged revenue. In the event that principal of any bonds is not paid when due, such principal shall remain outstanding until the termination date of December 2, 2044 and shall continue to bear interest at the rate then borne by the bonds. To the extent interest on any bonds is not paid when due, such interest shall compound annually on each interest payment date at the rate then borne by the bonds. The bonds will be deemed discharged on the termination date. These bonds were paid in full as of December 31, 2023.

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 5: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Vehicle Leases

The Town entered into non-cancelable 48-and 60-month leases for vehicles. The leases require individual monthly payments ranging from \$704 to \$1,305. The 48-month leases will have a final payment on December 31, 2027, and the 60-month lease payments will end December 31, 2028. The vehicles are capitalized under lease assets.

Future Debt Service Requirements

Annual debt service requirements for the long-term debt, excluding compensated absences, vehicle leases and the Series 2020 TIF Bonds, at December 31, 2023 are as follows:

<u>Year ended</u> <u>December 31,</u>	<u>Certificates of</u> <u>Participation</u>		<u>Direct Placement</u> <u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 405,000	\$ 295,750	\$ 205,020	\$ 10,881	\$ 916,651
2025	420,000	282,000	215,081	5,571	922,652
2026	435,000	267,750	-	-	702,750
2027	450,000	252,950	-	-	702,950
2028	470,000	237,650	-	-	707,650
2029-2033	2,575,000	470,275	-	-	3,045,275
2034-2038	2,995,000	258,600	-	-	3,253,600
2039-2041	<u>1,615,000</u>	<u>42,900</u>	<u>-</u>	<u>-</u>	<u>1,657,900</u>
	<u>\$ 9,365,000</u>	<u>\$ 2,107,875</u>	<u>\$ 420,101</u>	<u>\$ 16,452</u>	<u>\$11,909,428</u>
Total					

Annual debt service requirements for the outstanding lease vehicles as of December 31, 2023, are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 78,092	\$ 10,006	\$ 88,098
2025	65,739	6,929	72,668
2026	68,329	4,339	72,668
2027	<u>41,788</u>	<u>1,646</u>	<u>43,434</u>
Total	<u>\$ 253,948</u>	<u>\$ 22,920</u>	<u>\$ 276,868</u>

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities

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

	Balance <u>12/31/2022</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/2023</u>	Due In <u>One Year</u>
Debt from Direct Placements					
Water Enterprise					
Refunding Bonds	\$ 532,763	\$ -	\$ 172,492	\$ 360,271	\$ 177,709
Vehicle Leases	-	111,572	17,267	94,305	22,831
Other Obligations					
Compensated Absences	<u>34,186</u>	<u>-</u>	<u>6,556</u>	<u>27,630</u>	<u>-</u>
Total	<u>\$ 566,949</u>	<u>\$ 111,572</u>	<u>\$ 196,315</u>	<u>\$ 482,206</u>	<u>\$ 200,540</u>

2014 Water Enterprise Revenue Bonds

In June 2014, the City issued \$1,772,092 in Series 2014 Water Enterprise Revenue Refunding Bonds to advance refund \$1,790,000 of the outstanding Series 2005 Water Revenue Bonds. The Series 2014 bonds are a private placement loan refunding. The net proceeds were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2005 Revenue Bonds. As a result, the Series 2005 Revenue Bonds are considered defeased, and the City has removed this portion of the liability. Principal payments are due annually on June 1 and interest payments are due semi-annually on June 1 and December 1, through June 1, 2025. Interest accrues at rate of 2.59%.

The Bonds are subject to redemption prior to maturity, at the option of the City, as a whole or in integral multiples of \$100,000, in any order of maturity and in whole or partial maturities, on June 1, 2019, or on any date thereafter at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date, without a redemption premium.

Vehicle Leases

The Town entered into non-cancelable 48- and 60-month leases for vehicles. The leases require individual monthly payments ranging from \$704 to \$1,305. The 48-month leases will have a final payment on December 31, 2027, and the 60-month lease payments will end December 31, 2028. The vehicles are capitalized under lease assets.

CITY OF DAcono, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 5: LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

Future Debt Service Requirements

Annual debt service requirements for the long-term debt, excluding compensated absences and vehicle leases, at December 31, 2023 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 177,709	\$ 7,030	\$ 184,739
2025	<u>182,562</u>	<u>2,364</u>	<u>184,926</u>
Total	<u>\$ 360,271</u>	<u>\$ 9,394</u>	<u>\$ 369,665</u>

Annual debt service requirements for the outstanding lease vehicles as of December 31, 2023, are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 22,831	\$ 3,716	\$ 26,547
2025	23,731	2,816	26,547
2026	24,665	1,881	26,546
2027	<u>23,078</u>	<u>909</u>	<u>23,987</u>
Total	<u>\$ 94,305</u>	<u>\$ 9,322</u>	<u>\$ 103,627</u>

NOTE 6: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The City purchases commercial insurance for these risks of loss. Settled claims have not exceeded insurance coverage in the last three years.

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: DEFINED BENEFIT PENSION PLAN

Statewide Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The City contributes to the Statewide Defined Benefit Pension Plan ("SWDB Plan"), a cost-sharing multiple-employer defined benefit pension plan, which is administered by the FPPA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB Plan have been determined using the economic resources measurement focus and the accrual basis of accounting.

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

General Information about the Pension Plan

Plan description. The SWDB Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by FPPA's Pension Fund Board of Trustees. Colorado Revised Statutes ("CRS"), as amended, establishes basic benefit provisions under the SWDB Plan. FPPA issues an annual, publicly available financial report that includes the assets of the SWDB Plan. That report may be obtained on FPPA's website at <http://www.fppaco.org>.

Benefits provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. Effective January 1, 2022, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually.

Effective January 1, 2007, members covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

CITY OF DAcono, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

A member is eligible for early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions. The SWDB Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2022, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2023 to a total of 12 percent of pensionable earnings. Employer contributions will increase 0.5 percent annually beginning in 2023 through 2030 to a total of 13 percent of pensionable earnings. In 2022, members of the SWDB plan and their employers are contributing at the rate of 12 percent and 9 percent, respectively, of pensionable earnings for a total contribution rate of 21 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reflect the actual cost of reentry by department. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

CITY OF DAcono, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

The contribution rate for members and employers of affiliated social security employers is 5.75 percent and 4.25 percent, respectively, of pensionable earnings for a total contribution rate of 10.00 percent in 2021. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6.00 percent of pensionable earnings. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.50 percent of pensionable earnings.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023, the City reported a liability in the amount of \$116,981 for its proportionate share of the net pension liability. The net pension asset was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2023. Standard update procedures were used to roll forward the total pension liability to December 31, 2023. The City's proportion of the net pension asset was based on the City's contributions to the SWDB Plan for the calendar year 2022 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2022, the City's proportion was 0.13179%, which was a decrease of 0.00556% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2022, the City recognized a pension expense of \$56,982. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$253,224	\$14,359
Net difference between projected and actual earnings on pension plan investments	\$264,725	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$19,877	\$42,328
Change in assumptions and other inputs	\$149,869	N/A
Contributions subsequent to the measurement date	\$130,410	N/A
Total	\$818,105	\$56,687

\$130,410 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	
2023	\$58,642
2024	\$108,642
2025	\$154,617
2026	\$215,152
2027	\$42,159
Thereafter	\$51,795

Actuarial assumptions. The actuarial valuations for the SWDB Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2022. The valuations used the following actuarial assumptions and other inputs:

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions** (Continued)

Total Pension Liability:

Actuarial Valuation Date	January 1, 2023
Actuarial Method	Entry Age Normal
Amortization Method	N/A
Amortization Period	N/A
Long-term investment Rate of Return*	7.00 percent
Projected salary increases*	4.25 – 11.25 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

Actuarially Determined Contributions:

Actuarial Valuation Date	January 1, 2022
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.0 percent
Projected salary increases*	4.25-11.25 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected to projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years, the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to Pensions** (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.00%	8.93%
Equity Long/Short	6.00%	7.47%
Private Markets	34.00%	10.31%
Fixed Income - Rates	10.00%	5.45%
Fixed Income - Credit	5.00%	6.90%
Absolute Return	9.00%	6.49%
Cash	1.00%	3.92%
Total	100.00%	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

CITY OF DAcono, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.05 percent (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan’s net pension liability/(asset), calculated using a Single Discount Rate of 7.00 percent, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	\$806,454	\$116,981	(\$454,125)

Pension plan fiduciary net position. Detailed information about the SWDB Plan’s fiduciary net position is available in FPPA’s comprehensive annual financial report which can be obtained at <http://www.fppaco.org>.

NOTE 8: DEFINED CONTRIBUTION PENSION PLANS

General Money Purchase Pension Plan

The City contributes to a single employer defined contribution money purchase pension plan on behalf of all employees other than police, which is administered by Security Benefit. Each Employee will be enrolled as a participant of this plan on the first day of the calendar month immediately following or coincident with the completion of three months of continuous employment with the City. Employee and employer contributions are always 100% vested. The contribution requirements of Plan participants and the City are established and may be amended by City Council. The City contributes 8% of an employee’s salary. The City contributed \$114,029, \$103,646 and \$135,510 to the plan for the years ended December 31, 2021, 2022 and 2023, respectively, equal to the required contribution.

CITY OF DAcono, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 9: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. On November 5, 1996, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1996 and subsequent years for street improvement projects, capital projects, basic municipal services and/or lawful municipal purposes, notwithstanding the provisions of the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2023, the emergency reserve of \$1,175,000 was recorded in the General Fund.

NOTE 10: SUBSEQUENT EVENTS

Potential subsequent events were considered through July 19, 2024. It was determined that no events are required to be disclosed through this date.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DACONO, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2023

	2023			VARIANCE	2022 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 5,306,050	\$ 5,646,425	\$ 5,529,873	\$ (116,552)	\$ 4,898,081
Licenses and Permits	488,115	500,095	501,474	1,379	464,012
Intergovernmental	279,000	369,640	369,618	(22)	216,464
Court	86,630	49,980	47,297	(2,683)	54,979
Interest	150,000	389,800	389,789	(11)	131,177
Miscellaneous	499,195	334,655	335,017	362	422,334
TOTAL REVENUES	<u>6,808,990</u>	<u>7,290,595</u>	<u>7,173,068</u>	<u>(117,527)</u>	<u>6,187,047</u>
EXPENDITURES					
Current					
General Government	3,166,675	2,708,720	2,693,035	15,685	2,419,115
Public Safety	3,305,860	3,007,160	2,982,668	24,492	2,347,303
Parks and Recreation	180,080	146,735	135,950	10,785	86,937
TOTAL EXPENDITURES	<u>6,652,615</u>	<u>5,862,615</u>	<u>5,811,653</u>	<u>50,962</u>	<u>4,853,355</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>156,375</u>	<u>1,427,980</u>	<u>1,361,415</u>	<u>(66,565)</u>	<u>1,333,692</u>
OTHER FINANCING SOURCED (USES)					
Transfers In (Out)	<u>(1,011,550)</u>	<u>(721,550)</u>	<u>(721,550)</u>	<u>-</u>	<u>(662,719)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,011,550)</u>	<u>(721,550)</u>	<u>(721,550)</u>	<u>-</u>	<u>(662,719)</u>
CHANGE IN FUND BALANCE	(855,175)	706,430	639,865	(66,565)	670,973
FUND BALANCE, Beginning	<u>5,369,706</u>	<u>5,270,489</u>	<u>5,270,489</u>	<u>-</u>	<u>4,599,516</u>
FUND BALANCE, Ending	<u>\$ 4,514,531</u>	<u>\$ 5,976,919</u>	<u>\$ 5,910,354</u>	<u>\$ (66,565)</u>	<u>\$ 5,270,489</u>

See the accompanying independent auditors' report.

CITY OF DACONO, COLORADO

STREET FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2023

	2023			VARIANCE	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES					
Taxes	\$ 2,100,085	\$ 2,150,285	\$ 2,130,802	\$ (19,483)	\$ 1,963,612
Licenses and Permits	-	9,500	9,500	-	174,195
Intergovernmental	-	217,000	217,102	102	-
Interest	63,600	172,600	172,742	142	46,688
Miscellaneous	-	5,625	5,607	(18)	625
TOTAL REVENUES	<u>2,163,685</u>	<u>2,555,010</u>	<u>2,535,753</u>	<u>(19,257)</u>	<u>2,185,120</u>
EXPENDITURES					
Public Works	1,761,500	1,504,450	1,501,680	2,770	944,465
Debt Service					
Principal	199,600	199,600	199,601	(1)	198,948
Interest	<u>16,050</u>	<u>16,050</u>	<u>16,050</u>	<u>-</u>	<u>21,203</u>
TOTAL EXPENDITURES	<u>1,977,150</u>	<u>1,720,100</u>	<u>1,717,331</u>	<u>2,769</u>	<u>1,164,616</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>186,535</u>	<u>834,910</u>	<u>818,422</u>	<u>(16,488)</u>	<u>1,020,504</u>
OTHER FINANCING SOURCES					
Transfers In (Out)	<u>(2,948,950)</u>	<u>(1,500,000)</u>	<u>(1,525,000)</u>	<u>(25,000)</u>	<u>(77,708)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,948,950)</u>	<u>(1,500,000)</u>	<u>(1,525,000)</u>	<u>(25,000)</u>	<u>(77,708)</u>
CHANGE IN FUND BALANCE	<u>(2,762,415)</u>	<u>(665,090)</u>	<u>(706,578)</u>	<u>(41,488)</u>	<u>942,796</u>
FUND BALANCE, Beginning	<u>3,587,309</u>	<u>3,637,715</u>	<u>3,637,715</u>	<u>-</u>	<u>2,694,919</u>
FUND BALANCE, Ending	<u>\$ 824,894</u>	<u>\$ 2,972,625</u>	<u>\$ 2,931,137</u>	<u>\$ (41,488)</u>	<u>\$ 3,637,715</u>

See the accompanying independent auditors' report.

CITY OF DACONO, COLORADO

IMPACT FEE FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2023

	2023				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES					
Impact Fees	\$ 819,810	\$ 191,760	\$ 191,760	\$ -	\$ 338,266
Intergovernmental	800,000	-	-	-	-
Interest	25,000	155,900	155,917	17	47,096
TOTAL REVENUES	1,644,810	347,660	347,677	17	385,362
EXPENDITURES					
Capital Outlay	2,400,000	64,000	63,890	110	-
TOTAL EXPENDITURES	2,400,000	64,000	63,890	110	-
FUND BALANCE, Beginning	2,874,933	2,867,575	2,867,575	-	2,482,213
FUND BALANCE, Ending	\$ 2,119,743	\$ 3,151,235	\$ 3,151,362	\$ 127	\$ 2,867,575

See the accompanying independent auditors' report.

CITY OF DAcono, COLORADO

URBAN RENEWAL AUTHORITY (FORMERLY EDAD)
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2023

	2023			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2022 ACTUAL
REVENUES				
Taxes	\$ 28,490,429	\$ 28,476,528	\$ (13,901)	\$ 13,508,780
Royalties	45,000	20,770	(24,230)	55,747
Interest	122,000	407,700	285,700	-
Miscellaneous	-	-	-	109,815
TOTAL REVENUES	28,657,429	28,904,998	247,569	13,674,342
EXPENDITURES				
General Government	23,725,461	23,383,946	341,515	12,856,869
Capital Outlay	3,804,471	369,577	3,434,894	21,496
TOTAL EXPENDITURES	27,529,932	23,753,523	3,776,409	12,878,365
CHANGE IN FUND BALANCE	1,127,497	5,151,475	4,023,978	795,977
FUND BALANCE, Beginning	3,338,927	3,452,350	113,423	2,656,373
FUND BALANCE, Ending	\$ 4,466,424	\$ 8,603,825	\$ 4,137,401	\$ 3,452,350

See the accompanying independent auditors' report.

CITY OF DACONO, COLORADO

CAPITAL EQUIPMENT FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2023

	2023			VARIANCE	
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	2022 ACTUAL
REVENUES					
Taxes	\$ 344,515	\$ 339,015	\$ 338,243	\$ (772)	\$ 338,603
Intergovernmental	800,000	-	-	-	-
Miscellaneous	-	400,000	381,827	(18,173)	-
Interest	3,000	5,800	5,781	(19)	4,510
TOTAL REVENUES	<u>1,147,515</u>	<u>744,815</u>	<u>725,851</u>	<u>(18,964)</u>	<u>343,113</u>
EXPENDITURES					
Capital Outlay	6,225,235	2,722,560	2,501,167	221,393	960,169
Debt Service					
Principal	825,050	450,100	453,892	(3,792)	385,000
Interest and Other Charges	-	309,150	309,150	-	322,608
TOTAL EXPENDITURES	<u>7,050,285</u>	<u>3,481,810</u>	<u>3,264,209</u>	<u>217,601</u>	<u>1,667,777</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,902,770)</u>	<u>(2,736,995)</u>	<u>(2,538,358)</u>	<u>198,637</u>	<u>(1,324,664)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Capital Lease	220,910	220,910	-	(220,910)	-
Transfers In (Out)	5,689,375	2,229,065	2,246,550	17,485	740,427
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,910,285</u>	<u>2,449,975</u>	<u>2,246,550</u>	<u>(203,425)</u>	<u>740,427</u>
CHANGE IN FUND BALANCE	7,515	(287,020)	(291,808)	(4,788)	(584,237)
FUND BALANCE, Beginning	<u>102,661</u>	<u>294,554</u>	<u>294,554</u>	<u>-</u>	<u>878,791</u>
FUND BALANCE, Ending	<u>\$ 110,176</u>	<u>\$ 7,534</u>	<u>\$ 2,746</u>	<u>\$ (4,788)</u>	<u>\$ 294,554</u>

See the accompanying independent auditors' report.

CITY OF DAcono, COLORADO

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
City's proportionate share of the Net Pension Liability (Asset)	0.110%	0.110%	0.115%	0.129%	0.100%	0.118%	0.122%	0.139%	0.137%	0.132%
City's proportionate share of the Net Pension Liability (Asset)	\$ (137,851)	\$ (124,456)	\$ (2,028)	\$ 46,589	\$ (144,052)	\$ 148,622	\$ (69,024)	\$ (301,649)	\$ (744,367)	\$ 116,981
City's covered payroll	\$ 476,888	\$ 495,913	\$ 533,488	\$ 635,190	\$ 639,365	\$ 787,450	\$ 899,521	\$ 1,116,009	\$ 1,174,245	\$ 1,372,737
City's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered payroll	-28.9%	-25.1%	-0.4%	7.3%	-22.5%	18.9%	-7.7%	-27.0%	-63.4%	8.5%
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%	100.1%	98.2%	106.3%	95.2%	101.9%	106.7%	116.2%	97.6%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

See the accompanying independent auditors' report.

CITY OF DACONO, COLORADO

SCHEDULE OF THE CITY'S CONTRIBUTIONS
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Statutorily required contributions	\$ 39,673	\$ 42,679	\$ 50,815	\$ 51,149	\$ 62,996	\$ 71,960	\$ 89,281	\$ 93,986	\$ 91,895	\$ 130,410
Contributions in relation to the statutorily required contributions	<u>39,673</u>	<u>42,679</u>	<u>50,815</u>	<u>51,149</u>	<u>62,996</u>	<u>71,960</u>	<u>89,281</u>	<u>93,986</u>	<u>91,895</u>	<u>130,410</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 495,913	\$ 533,488	\$ 635,190	\$ 639,365	\$ 787,450	\$ 899,521	\$ 1,116,009	\$ 1,174,245	\$ 1,148,812	\$ 1,372,737
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	9.50%

See the accompanying independent auditors' report.

INDIVIDUAL FUND SCHEDULES

CITY OF DACONO, COLORADO

CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2023

	2023			VARIANCE	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES					
Intergovernmental	\$ 38,000	\$ 38,000	\$ 45,551	\$ 7,551	\$ 40,543
Interest	20	7,520	25	(7,495)	36
TOTAL REVENUES	38,020	45,520	45,576	56	40,579
EXPENDITURES					
Parks and Recreation	85,000	71,300	71,029	271	62,234
CHANGE IN FUND BALANCE	(46,980)	(25,780)	(25,453)	327	(21,655)
FUND BALANCE, Beginning	70,893	73,448	73,448	-	95,103
FUND BALANCE, Ending	<u>\$ 23,913</u>	<u>\$ 47,668</u>	<u>\$ 47,995</u>	<u>\$ 327</u>	<u>\$ 73,448</u>

See the accompanying independent auditors' report.

CITY OF DACONO, COLORADO

WATER FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2023

	2023			VARIANCE	2022
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES					
Water Sales	\$ 11,838,175	\$ 1,951,950	\$ 1,951,950	\$ -	\$ 2,116,451
Trash Charges	308,600	310,400	311,137	737	296,332
Tap Fees and Other Contributions	100,000	73,000	73,000	-	29,500
Interest	105,000	233,000	233,186	186	81,940
Other Revenues	44,745	227,650	202,554	(25,096)	16,893
TOTAL REVENUES	12,396,520	2,796,000	2,771,827	(24,173)	2,541,116
EXPENDITURES					
Water Distribution	2,012,500	1,684,165	1,675,854	8,311	1,762,000
General and Administrative	2,156,040	1,490,025	1,474,073	15,952	1,132,586
Debt Service					
Principal	172,495	193,745	191,387	2,358	172,036
Interest	17,175	11,180	15,576	(4,396)	15,643
Capital Outlay	1,245,000	367,425	355,435	11,990	23,705
TOTAL EXPENDITURES	5,603,210	3,746,540	3,712,325	34,215	3,105,970
NET INCOME, Budget Basis	\$ 6,793,310	\$ (950,540)	(940,498)	\$ 10,042	(564,854)
GAAP BASIS ADJUSTMENTS					
Capital Outlay			355,435		23,705
Capital Contributions			-		390,732
Depreciation Expense			(377,419)		(346,006)
Principal Paid on Long-Term Debt			191,387		172,036
NET INCOME, GAAP Basis			(771,095)		(324,387)
NET ASSETS, Beginning			41,755,865		42,080,252
NET ASSETS, Ending			\$ 40,984,770		\$ 41,755,865

See the accompanying independent auditors' report.

STATE COMPLIANCE

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

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. EXPENDITURES FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 1,525,000.00
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 523,939.00
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 9,451.00
2. General fund appropriations		b. Snow and ice removal	\$ 53,363.00
3. Other local imposts (from page 2)	\$ 1,885,647.00	c. Other	\$ 7,860.00
4. Miscellaneous local receipts (from page 2)	\$ 187,849.00	d. Total (a. through c.)	\$ 70,674.00
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 907,067.00
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 3,026,680.00
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	\$ 16,050.00
7. Total (1 through 6)	\$ 2,073,496.00	b. Redemption	\$ 199,601.00
B. Private Contributions		c. Total (a. + b.)	\$ 215,651.00
C. Receipts from State government (from page 2)	\$ 245,155.00	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ 217,102.00	a. Interest	
E. Total receipts (A.7 + B + C + D)	\$ 2,535,753.00	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ 215,651.00
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 3,242,331.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	\$ 619,702.00	\$ -	\$ 199,601.00	\$ 420,101.00
1. Bonds (Refunding Portion)				\$ -
B. Notes (Total)				\$ -

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 3,637,715.00	\$ 2,535,753.00	\$ 3,242,331.00	\$ 2,931,137.00	\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO YEAR ENDING (mm/yy): 12/2023	
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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	\$ 202,813.00	a. Interest on investments	\$ 172,742.00
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	\$ 1,522,098.00	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	\$ 731.00
4. Licenses		f. Charges for Services	\$ 9,500.00
5. Specific Ownership &/or Other	\$ 160,736.00	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 1,682,834.00	h. Other	\$ 4,876.00
c. Total (a. + b.)	\$ 1,885,647.00	i. Total (a. through h.)	\$ 187,849.00
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 222,540.00	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	\$ 22,615.00	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal CDBG	\$ 217,102.00
f. Total (a. through e.)	\$ 22,615.00	g. Total (a. through f.)	\$ 217,102.00
4. Total (1. + 2. + 3.f)	\$ 245,155.00	3. Total (1. + 2.g)	\$ 217,102.00
(Carry forward to page 1)		(Carry forward to page 1)	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs			\$ 373,651.00
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation			\$ -
(4). System Enhancement And Operation			\$ 1,151,349.00
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ -	\$ 1,151,349.00
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ -	\$ 1,525,000.00
(Carry forward to page 1)			
Notes and Comments:			