
City of Ouray
Financial Statements and
Independent Auditor's Report
as of
December 31, 2023

**City of Ouray
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INDEPENDENT AUDITOR’S REPORT

To the City Council
City of Ouray, Colorado

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-11), budgetary comparison information (page 39) and schedules of activity net pension asset and contributions to pension plan (pages 40-41) 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ouray, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements (pages 42-52) and Local Highway Finance Report (pages 53-57) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Blair and Associates, P.C.

Cedaredge, Colorado
August 16, 2024

CITY OF OURAY
Management's Discussion and Analysis
Year Ended December 31, 2023

The Ouray City Council and Administration are responsible for the management of the City's activities, and thus their financial results. We therefore offer the following analysis and discussion of the accompanying financial statements.

FINANCIAL HIGHLIGHTS

As of December 31, 2023

Change in Net Position:

Total Assets and Deferred Outflows		\$ 62,325,137
Total Liabilities and Deferred Resources		<u>39,585,917</u>
Net Position	12/31/23	\$ 22,739,220
	12/31/22	<u>20,487,374</u>
Increase (Decrease)		\$ 2,251,846

Governmental Fund Balance:

	<u>1/1/23</u>	<u>12/31/23</u>	Increase (Decrease)
General Fund	\$ 3,045,799	\$ 4,164,656	\$ 1,118,857
Capital Improvements Fund	1,578,180	1,429,042	(149,138)
Non-major Funds	<u>1,131,340</u>	<u>1,216,223</u>	84,883
	<u>\$ 5,755,319</u>	<u>\$ 6,809,921</u>	<u>\$ 1,054,602</u>

Capital Assets, net of accumulated depreciation:

	<u>1/1/23</u>	<u>12/31/23</u>	Increase (Decrease)
Governmental Activities	\$ 3,685,563	\$ 3,543,987	\$ (141,576)
Business-type Activities	16,413,030	31,438,791	15,025,761
Total Capital Assets	<u>\$ 20,098,593</u>	<u>\$ 34,982,778</u>	<u>\$ 14,884,185</u>

Cash and Cash Equivalents:

	<u>12/31/23</u>
Governmental Activities	\$ 6,747,176
Business-type Activities	<u>1,399,655</u>
Total Cash and Cash Equivalents	<u>\$ 8,146,831</u>

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis 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.

The **statement of net position** presents information on all the City's assets and liabilities, with the difference between the two 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.

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of the City include general government administration, police, fire, public works, and community center. The Business-type Activities of the City include the following utilities: water, sewer, refuse/recycling, and utilities-capital improvements; in addition to parks and recreation.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The City's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains one major government fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund.

Proprietary Funds – The City maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses a separate enterprise fund to account for each of its utility funds: Water, Sewer, Refuse/Recycling, and Utilities – Capital Improvements Fund, Parks and Recreation Fund.

Notes to Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted previously, net position may serve over time as a useful indicator of the City’s financial position. For the year ended December 31, 2023, the City’s combined assets exceeded liabilities by \$ 22,739,220. Of this amount, \$ 6,769,119 is unrestricted and available to meet the City’s ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of \$ 15,760,666 (69% of net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the City’s governmental and business-type net position for 2023:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
ASSETS						
Cash and cash equivalents	\$ 6,747,176	\$ 5,893,350	\$ 1,399,655	\$ 2,569,227	\$ 8,146,831	\$ 8,462,577
Property taxes receivable	749,163	647,992	-	-	749,163	647,992
Accounts receivables	244,930	133,000	276,296	241,804	521,226	374,804
Other receivables	-	-	16,862,344	29,430,308	16,862,344	29,430,308
Due from other governments	408,586	210,937	-	-	408,586	210,937
Prepaid and deposits	28,335	28,335	-	-	28,335	28,335
Inventories	7,321	7,321	25,524	25,524	32,845	32,845
Net pension assets	570,398	570,398	-	-	570,398	570,398
Capital assets, net	3,543,987	3,685,563	31,438,791	16,413,030	34,982,778	20,098,593
Total assets	<u>\$ 12,299,896</u>	<u>\$ 11,176,896</u>	<u>\$ 50,002,610</u>	<u>\$ 48,679,893</u>	<u>\$ 62,302,506</u>	<u>\$ 59,856,789</u>

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Deferred outflows						
Pension contributions made after measurement date	\$ 22,631	\$ 22,631	\$ -	\$ -	\$ 22,631	\$ 22,631
Total deferred outflows	<u>\$ 22,631</u>	<u>\$ 22,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,631</u>	<u>\$ 22,631</u>
LIABILITIES						
Accounts payable	\$ 575,419	\$ 478,483	\$ 1,526,500	\$ 691,041	\$ 2,101,919	\$ 1,169,524
Accrued wages	15,993	6,465	174,520	164,331	190,513	170,796
Performance bonds and deposits	-	-	11,372	9,260	11,372	9,260
Unearned revenue	35,014	32,675	5,181,409	5,441,305	5,216,423	5,473,980
Current portion of debt						
Loans and leases payable	32,994	32,112	659,579	433,347	692,573	465,459
Bonds payable	-	-	165,000	165,000	165,000	165,000
Compensated absences	165,147	142,179	-	-	165,147	142,179
Long-term liabilities						
Due more than one year:						
Bonds payable	-	-	4,190,000	4,360,000	4,190,000	4,360,000
Loans and leases payable	34,057	67,051	25,704,610	26,359,189	25,738,667	26,426,240
Total liabilities	<u>858,624</u>	<u>758,965</u>	<u>37,612,990</u>	<u>37,623,473</u>	<u>38,471,614</u>	<u>38,382,438</u>
Deferred inflows of resources						
Deferred property tax revenue	749,163	647,992	-	-	749,163	647,992
Pension difference between expected & actual experience	365,140	361,619	-	-	365,140	361,619
Total deferred inflows	<u>1,114,303</u>	<u>1,009,611</u>	<u>-</u>	<u>-</u>	<u>1,114,303</u>	<u>1,009,611</u>
NET POSITION						
Invested in capital assets	3,476,936	3,586,400	12,283,730	8,304,576	15,760,666	11,890,976
Restricted for:						
Emergencies	209,435	193,498	-	-	209,435	193,498
Unrestricted	6,663,229	5,651,053	105,890	2,751,844	6,769,119	8,402,897
Total net position	<u>\$ 10,349,600</u>	<u>\$ 9,430,951</u>	<u>\$ 12,389,620</u>	<u>\$ 11,056,420</u>	<u>\$ 22,739,220</u>	<u>\$ 20,487,371</u>

A portion of net position, \$209,435, represents resources that are subject to constitutional restrictions on how they may be used. The unrestricted net position of \$6,769,119 (30% of net position) may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position

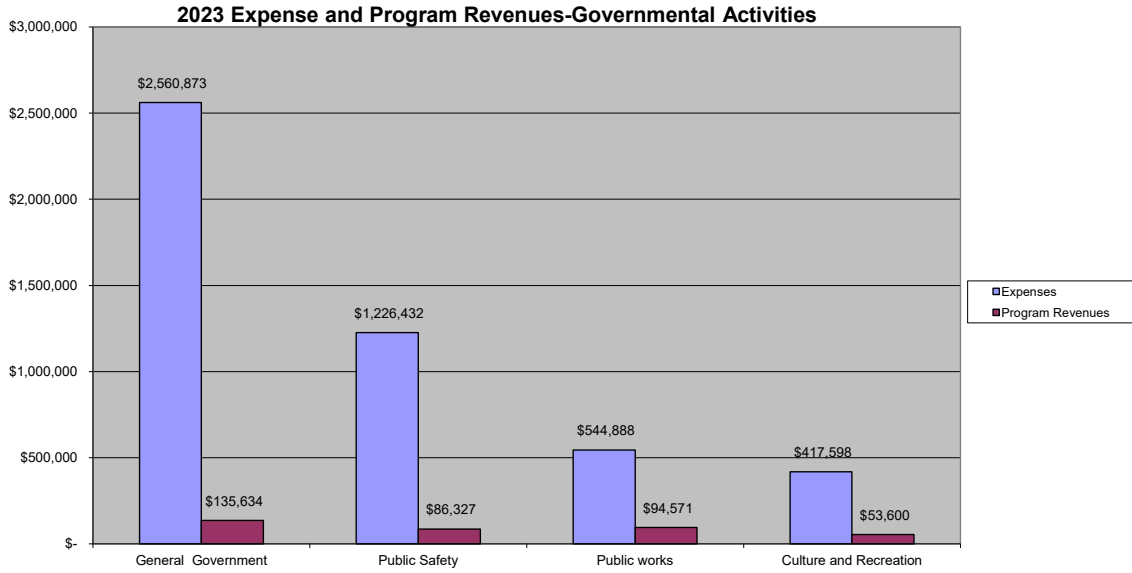
Governmental and business-type activities increased the City's net position by \$2,251,846 in 2023.

City of Ouray
For the Year Ended December 31, 2023 and 2022
Changes in Net Position

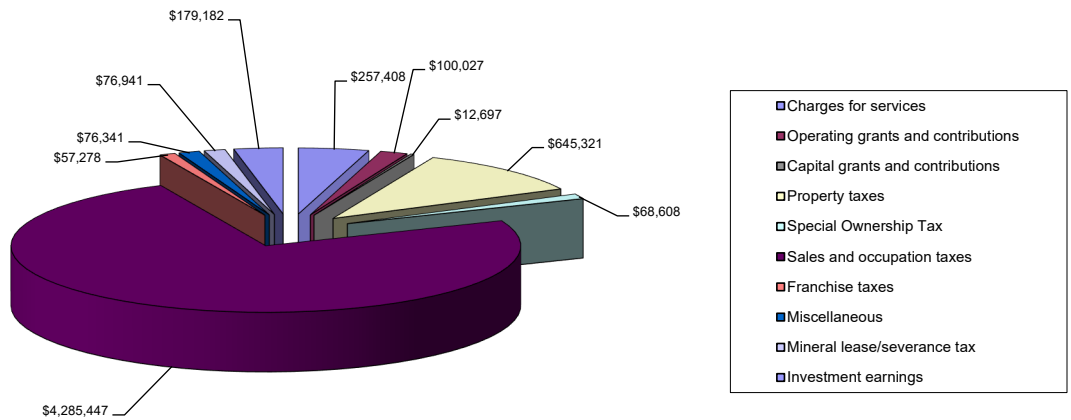
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program revenues						
Charges for services	\$ 257,408	\$ 269,469	\$ 6,908,731	\$ 5,546,624	\$ 7,166,139	\$ 5,816,093
Operating grants	100,027	515,128	368,051	122,609	468,078	637,737
Capital grants	12,697	11,498	19,688	33,361	32,385	44,859
General Revenues						
Property taxes	645,321	660,432	-	-	645,321	660,432
Specific ownership	68,608	69,750	-	-	68,608	69,750
Sales taxes and other	4,285,447	3,927,451	-	-	4,285,447	3,927,451
Franchise taxes	57,278	40,853	-	-	57,278	40,853
Miscellaneous	76,341	86,158	-	20,276	76,341	106,434
Mineral lease/severance tax	76,941	73,123	-	-	76,941	73,123
Gain (loss) on assets	(134,583)	-	(22,058)	-	(156,641)	-
Investment earnings	179,182	42,920	81,331	27,066	260,513	69,986
Transfers In (Out)	43,773	821	(43,773)	(821)	-	-
Totals	5,668,440	5,697,603	7,311,970	5,749,115	12,980,410	11,446,718
Expenses						
General government	2,560,873	1,633,184	-	-	2,560,873	1,633,184
Public safety	1,226,432	1,136,958	-	-	1,226,432	1,136,958
Public works	544,888	526,310	5,978,773	4,883,868	6,523,661	5,410,178
Culture and recreation	417,598	473,194	-	-	417,598	473,194
Total Expenses	4,749,791	3,769,646	5,978,773	4,883,868	10,728,564	8,653,514
Changes in net position	918,649	1,927,957	1,333,197	865,247	2,251,846	2,793,204
Beginning	9,430,951	7,502,994	11,056,423	10,191,173	20,487,374	17,694,167
Ending	\$ 10,349,600	\$ 9,430,951	\$ 12,389,620	\$ 11,056,420	\$ 22,739,220	\$ 20,487,371

Governmental Activities

Governmental activities increased the City's net position by \$918,649.



Revenues by Source-Governmental Activities



Business-type Activities

Business-type activities for the year resulted in an increase in net position of \$ 1,333,197. Charges for services accounted for 94% of total revenues.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

Governmental funds. The focus of 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. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of 2023, the City's governmental funds reported combined ending fund balances of \$ 6,809,922, an increase of \$ 1,054,602 in comparison with the prior year. Of the combined ending fund balances for all governmental funds 52% of this total amount, \$ 3,526,810, constitutes unassigned fund balance, which is available for appropriation at the City's discretion; committed fund balance is 44%, or \$ 3,030,050, of governmental fund balances. There is \$ 36,306 of fund balance that is statutorily restricted to capital spending for parks and recreation. Non-spendable fund balance of \$ 7,321 represents inventoried materials. The remaining fund balance is restricted to indicate that it is not available for new spending, because it is already committed to meet a state constitution mandated emergency reserve of \$ 209,435.

The City has one major governmental fund, the General Fund, which is the primary operating fund for the City. At the end of 2023, the unassigned fund balance of the General Fund was \$ 3,526,810, while the total fund balance was \$ 4,164,657. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the City's General Fund increased by \$ 1,118,857 during 2023.

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

The City has five enterprise funds: Water Fund, Sewer Fund, Refuse/Recycling Fund, Utilities – Capital Improvements Fund, and Parks and Recreation Fund. At the end of 2021, these funds represented the following net position amounts:

Fund:	Water	Sewer	Refuse/Rcycl.	Utilities – CI	Parks & Rec.
Unrestricted net position	243,392	985,846	59,238	(2,495,785)	1,313,199
Total net position	3,146,777	2,089,596	59,238	3,138,034	3,955,975
Increase (decrease) in net position	(96,336)	168,489	18,377	1,025,459	217,208

GENERAL FUND BUDGETARY HIGHLIGHTS

The City budgeted \$ 3,958,553 for 2023 expenditures. Actual expenditures were \$ 3,025,456, or 24% less than the budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

The City's investment in capital assets, net of depreciation, for its governmental and business-type activities as of December 31, 2023, was \$ 34,982,778, an increase of \$ 14,884,185 from the prior year, representing \$ 16,146,708 of acquisitions offset by \$ 1,105,882 of depreciation expense. As required by GASB34, the investment in capital assets includes land, buildings, building improvements, and equipment.

Long-term Debt

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

	Balance			Balance	Due Within
	January 1, 2023	Additions	Reductions	December 31, 2023	One Year
Governmental Activities					
Fire Truck	\$ 99,163	\$ -	\$ (32,112)	\$ 67,051	\$ 32,994
Accrued compensated absences	142,179	22,968	-	165,147	165,147
Total	<u>\$ 241,342</u>	<u>\$ 22,968</u>	<u>\$ (32,112)</u>	<u>\$ 232,198</u>	<u>\$ 198,141</u>
Enterprise Activities					
Sales Tax Revenue Bonds	\$ 4,525,000	\$ -	\$ (165,000)	\$ 4,360,000	\$ 170,000
Loan Water Fund - CWRPDA	7,100,000	-	(136,735)	6,963,265	159,614
Loan Sewer Fund - CWRPDA	17,241,536	-	(184,612)	17,056,924	378,965
Zion Bank Loan	2,451,000	-	(112,000)	2,339,000	116,000
Total	<u>\$ 31,317,536</u>	<u>\$ -</u>	<u>\$ (598,347)</u>	<u>\$ 30,719,189</u>	<u>\$ 824,579</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The City is in good financial condition.

REQUEST FOR INFORMATION

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

City Administrator: City of Ouray, PO Box 468, Ouray, CO 81427

CITY OF OURAY, COLORADO

Statement of Net Position

December 31, 2023

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 6,747,176	\$ 1,399,655	\$ 8,146,831
Property taxes receivable	749,163	-	749,163
Accounts receivable	244,930	276,296	521,226
Other receivables	-	16,862,344	16,862,344
Due from other governments	408,586	-	408,586
Prepaid and deposits	28,335	-	28,335
Inventories	7,321	25,524	32,845
Net pension assets	570,398	-	570,398
Capital assets, net	3,543,987	31,438,791	34,982,778
Total assets	12,299,896	50,002,610	62,302,506
Deferred outflows of resources			
Contributions subsequent to the measurement date	22,631	-	22,631
LIABILITIES			
Accounts payable	575,419	1,526,500	2,101,919
Accrued wages	15,993	174,520	190,513
Performance bonds and deposits	-	11,372	11,372
Unearned revenue	35,014	5,181,409	5,216,423
Current portion of debt			
Loans and leases payable	32,994	659,579	692,573
Bonds payable	-	165,000	165,000
Compensated absences	165,147	-	165,147
Long-term liabilities			
Bonds payable	-	4,190,000	4,190,000
Loans and leases payable	34,057	25,704,610	25,738,667
Total liabilities	858,624	37,612,990	38,471,614
Deferred inflow of resources			
Deferred property tax revenue	749,163	-	749,163
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-	-
Pension difference between expected and actual experience	365,140	-	365,140
Total Deferred inflow of resources	1,114,303	-	1,114,303
NET POSITION			
Invested in capital assets	3,476,936	12,283,730	15,760,666
Restricted for:			
Emergencies	209,435	-	209,435
Unrestricted	6,663,229	105,890	6,769,119
Total net position	\$ 10,349,600	\$ 12,389,620	\$ 22,739,220

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Service and Fees	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,560,873	\$ 122,134	\$ 13,500	\$ -
Public Safety	1,226,432	75,514	10,813	-
Public Works	544,888	19,217	75,354	-
Culture and Recreation	417,598	40,543	360	12,697
Total governmental activities	<u>4,749,791</u>	<u>257,408</u>	<u>100,027</u>	<u>12,697</u>
Business-type activities:				
Water	750,493	662,091	-	9,844
Sewer	750,095	864,741	-	9,844
Refuse	273,841	307,984	-	-
Utilities-Capital Improvements	779,404	1,418,864	358,896	-
Parks	3,424,940	3,655,051	9,155	-
Total business- type activities	<u>5,978,773</u>	<u>6,908,731</u>	<u>368,051</u>	<u>19,688</u>
Total primary government	<u>\$ 10,728,564</u>	<u>\$ 7,166,139</u>	<u>\$ 468,078</u>	<u>\$ 32,385</u>

General Revenues

Taxes:

Property taxes

Specific ownership

Sales taxes and miscellaneous

Franchise taxes

Miscellaneous

Mineral leasing and severance taxes

Loss on disposal of assets

Investment earnings

Transfers In (out)

Total General Revenues and Transfers

Changes in Net Position

Net Position-January 1

Net Position-December 31

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental	Business-Type	
Activities	Activities	Total
\$ (2,425,239)	\$ -	\$ (2,425,239)
(1,140,105)	-	(1,140,105)
(450,317)	-	(450,317)
(363,998)	-	(363,998)
<u>(4,379,659)</u>	<u>-</u>	<u>(4,379,659)</u>
-	(78,558)	(78,558)
-	124,490	124,490
-	34,143	34,143
-	998,356	998,356
-	239,266	239,266
<u>-</u>	<u>1,317,697</u>	<u>1,317,697</u>
<u>(4,379,659)</u>	<u>1,317,697</u>	<u>(3,061,962)</u>
645,321	-	645,321
68,608	-	68,608
4,285,447	-	4,285,447
57,278	-	57,278
76,341	-	76,341
76,941	-	76,941
(134,583)	(22,058)	(156,641)
179,182	81,331	260,513
43,773	(43,773)	-
<u>5,298,308</u>	<u>15,500</u>	<u>5,313,808</u>
918,649	1,333,197	2,251,846
9,430,951	11,056,423	20,487,374
<u>\$ 10,349,600</u>	<u>\$ 12,389,620</u>	<u>\$ 22,739,220</u>

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Governmental Funds
Balance Sheet
December 31, 2023

	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,034,118	\$ 1,515,373	\$ 1,197,685	\$ 6,747,176
Taxes receivable	749,163	-	-	749,163
Due from other governments	408,586	-	-	408,586
Accounts receivable	204,930	-	40,000	244,930
Inventory	7,321	-	-	7,321
Prepaid expenses	(665)	29,000	-	28,335
Total assets	\$ 5,403,453	\$ 1,544,373	\$ 1,237,685	\$ 8,185,511
Liabilities, Deferred inflows of resources and Fund Balance				
Liabilities:				
Accounts payable	\$ 438,626	\$ 115,331	\$ 21,462	\$ 575,419
Accrued wages	15,993	-	-	15,993
Unearned revenue	35,014	-	-	35,014
Total liabilities	489,633	115,331	21,462	626,426
Deferred inflow of resources				
Deferred property tax revenue	749,163	-	-	749,163
Fund balances:				
Non-spendable	7,321	-	-	7,321
Restricted				
Emergencies	209,435	-	-	209,435
Parks and recreation	-	-	36,306	36,306
Committed				
Flumes, streets and drainage	421,091	-	-	421,091
Capital improvements	-	1,429,042	-	1,429,042
Tourism	-	-	1,053,558	1,053,558
Beautification	-	-	126,359	126,359
Unassigned	3,526,810	-	-	3,526,810
Total fund balance	4,164,657	1,429,042	1,216,223	6,809,922
Total liabilities, deferred inflows of resources and fund balance	\$ 5,403,453	\$ 1,544,373	\$ 1,237,685	\$ 8,185,511

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
December 31, 2023

Total fund balance, governmental funds \$ 6,809,922

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

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

Cost of capital assets	\$11,784,740	
Less accumulated depreciation	<u>(8,240,753)</u>	3,543,987

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

Capital leases	\$ (67,051)	
Compensated absences	<u>(165,147)</u>	(232,198)

Net pension assets and related deferred inflows and outflows of resources are not recorded in the funds.

227,889

Net Position of Governmental Activities in the Statement of Net Position

\$ 10,349,600

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Property Taxes	\$ 645,321	\$ -	\$ -	\$ 645,321
Sales and miscellaneous taxes	2,742,692	773,940	837,423	4,354,055
Fees and fines	26,724	-	-	26,724
Licenses and permits	106,492	-	-	106,492
Intergovernmental	285,735	-	13,057	298,792
Charges for services	21,475	-	-	21,475
Investment earnings	183,522	-	9,060	192,582
Miscellaneous	35,869	-	68,440	104,309
Total revenues	<u>4,047,830</u>	<u>773,940</u>	<u>927,980</u>	<u>5,749,750</u>
EXPENDITURES				
Current:				
General government	982,002	-	799,887	1,781,889
Public safety	1,075,367	-	-	1,075,367
Public works	379,023	-	-	379,023
Culture and recreation	414,093	-	-	414,093
Debt service payments	34,988	-	-	34,988
Capital outlay	139,983	923,078	-	1,063,061
Total expenditures	<u>3,025,456</u>	<u>923,078</u>	<u>799,887</u>	<u>4,748,421</u>
Excess (deficiency) of revenues over expenditures	<u>1,022,374</u>	<u>(149,138)</u>	<u>128,093</u>	<u>1,001,329</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	9,500	-	-	9,500
Transfers In (out)	86,983	-	(43,210)	43,773
Total other financing sources (uses)	<u>96,483</u>	<u>-</u>	<u>(43,210)</u>	<u>53,273</u>
Net change to fund balance	1,118,857	(149,138)	84,883	1,054,602
Fund balance, January 1	3,045,799	1,578,180	1,131,340	5,755,319
Fund balance, December 31	<u>\$ 4,164,656</u>	<u>\$ 1,429,042</u>	<u>\$ 1,216,223</u>	<u>\$ 6,809,921</u>

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds \$ 1,054,602

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Fixed assets current additions	\$ 324,324	
Depreciation expense	(331,317)	
Excess of capital outlay over depreciation		(6,993)

Some expenses reported in the statement of activities do not require the use of current financial resources: therefore, are not reported as expenditures in governmental funds.		(22,968)
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Pension expenses reported in the statement of activities do not require the use of current financial resources: therefore, are not reported as expenditures in governmental funds.		(3,521)
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Repayment of long-term debt principal is reported as an expenditure in the governmental funds but reduces long-term liabilities in the statement of net position.		32,112
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Loss on disposal of assets		(134,583)
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Change in net position of governmental funds		\$ 918,649
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The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Statement of Net Position
Enterprise Funds
December 31, 2023

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Utilities-CI Fund</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 260,122	\$ 960,513	\$ (1,374,312)
Receivables:			
Accounts	70,159	157,669	-
Other	-	-	16,862,344
Inventories	19,901	5,319	-
Total current assets	<u>350,182</u>	<u>1,123,501</u>	<u>15,488,032</u>
Capital assets:			
Land and improvements	149,131	-	-
Construction in progress	-	-	18,089,880
Utility system	5,471,273	2,996,442	-
Geothermal wells	-	-	-
Swimming pool	-	-	-
Pool filtration system	-	-	-
Box Cañon	-	-	-
Parks and other assets	-	-	-
Buildings	75,020	14,497	-
Equipment and furniture	303,483	363,888	-
Less accumulated depreciation	(3,095,522)	(2,271,077)	-
Total capital assets	<u>2,903,385</u>	<u>1,103,750</u>	<u>18,089,880</u>
Total Assets	<u>3,253,567</u>	<u>2,227,251</u>	<u>33,577,912</u>
LIABILITIES			
Current liabilities:			
Accounts payable	10,592	21,387	1,389,689
Accrued payroll	34,977	44,100	-
Customer deposits	375	-	-
Unearned revenues	60,846	72,168	5,030,000
Current portion of long term debt	-	-	538,579
Total current liabilities	<u>106,790</u>	<u>137,655</u>	<u>6,958,268</u>
Noncurrent liabilities			
Bonds payable	-	-	-
Loans and leases payable	-	-	23,481,610
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>23,481,610</u>
NET POSITION			
Invested in capital assets, net of related debt	2,903,385	1,103,750	5,633,819
Unrestricted	243,392	985,846	(2,495,785)
Total net position	<u>\$ 3,146,777</u>	<u>\$ 2,089,596</u>	<u>\$ 3,138,034</u>

Refuse Fund	Parks Fund	Total Enterprise Funds
\$ 86,521	\$ 1,466,811	\$ 1,399,655
13,927	34,541	276,296
-	-	16,862,344
-	304	25,524
<u>100,448</u>	<u>1,501,656</u>	<u>18,563,819</u>
-	-	149,131
-	-	18,089,880
-	-	8,467,715
-	167,138	167,138
-	12,714,708	12,714,708
-	5,202	5,202
-	473,224	473,224
-	1,663,279	1,663,279
-	-	89,517
-	-	667,371
-	(5,681,775)	(11,048,374)
-	<u>9,341,776</u>	<u>31,438,791</u>
<u>100,448</u>	<u>10,843,432</u>	<u>50,002,610</u>
22,815	82,017	1,526,500
-	95,443	174,520
-	10,997	11,372
18,395	-	5,181,409
-	286,000	824,579
<u>41,210</u>	<u>474,457</u>	<u>7,718,380</u>
-	4,190,000	4,190,000
-	<u>2,223,000</u>	<u>25,704,610</u>
-	<u>6,413,000</u>	<u>29,894,610</u>
-	2,642,776	12,283,730
59,238	1,313,199	105,890
<u>\$ 59,238</u>	<u>\$ 3,955,975</u>	<u>\$ 12,389,620</u>

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Statement of Revenues, Expenses and Changes in Net Position
Enterprise Funds
Year Ended December 31, 2023

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Utilities-CI Fund</u>
Operating Revenues			
Charges for services	\$ 662,091	\$ 864,741	\$ 1,418,864
Miscellaneous	-	-	-
Total operating revenues	<u>662,091</u>	<u>864,741</u>	<u>1,418,864</u>
Operating Expenses			
Personal services	429,823	487,694	-
Contractual services	30,577	37,156	3,175
Utilities	7,488	45,898	-
Repairs and maintenance	27,671	45,112	36,757
Other supplies and expenses	80,223	65,117	-
Insurance claims and expenses	9,477	13,352	-
Depreciation	165,234	55,766	-
Total operating expenses	<u>750,493</u>	<u>750,095</u>	<u>39,932</u>
Operating income (loss)	<u>(88,402)</u>	<u>114,646</u>	<u>1,378,932</u>
Nonoperating revenues (expenses)			
Interest income	10,229	43,999	27,103
Loss on sale of assets	-	-	-
Operating grants and contributions	-	-	358,896
Interest expense	-	-	(739,472)
Total nonoperating revenues (expenses)	<u>10,229</u>	<u>43,999</u>	<u>(353,473)</u>
Income (loss) before transfers and and Capital Contributions	(78,173)	158,645	1,025,459
Transfers in (out)	(28,007)	-	-
Capital contributions-Investment Fees	<u>9,844</u>	<u>9,844</u>	<u>-</u>
Change in net position	(96,336)	168,489	1,025,459
Total net position, January 1	<u>3,243,113</u>	<u>1,921,107</u>	<u>2,112,575</u>
Total net position, December 31	<u>\$ 3,146,777</u>	<u>\$ 2,089,596</u>	<u>\$ 3,138,034</u>

<u>Refuse Fund</u>	<u>Parks Fund</u>	<u>Total Enterprise Funds</u>
\$ 307,984	\$ 3,655,051	\$ 6,908,731
-	-	-
<u>307,984</u>	<u>3,655,051</u>	<u>6,908,731</u>
-	1,618,127	2,535,644
273,841	29,956	374,704
-	152,171	205,557
-	230,403	339,943
-	589,106	734,446
-	15,805	38,634
-	553,565	774,565
<u>273,841</u>	<u>3,189,133</u>	<u>5,003,494</u>
<u>34,143</u>	<u>465,918</u>	<u>1,905,237</u>
-	-	81,331
-	(22,058)	(22,058)
-	9,155	368,051
-	(235,807)	(975,279)
<u>-</u>	<u>(248,710)</u>	<u>(547,955)</u>
34,143	217,208	1,357,282
(15,766)	-	(43,773)
<u>-</u>	<u>-</u>	<u>19,688</u>
18,377	217,208	1,333,197
40,861	3,738,767	11,056,423
<u>\$ 59,238</u>	<u>\$ 3,955,975</u>	<u>\$ 12,389,620</u>

The accompanying notes are an integral part of this statement.

CITY OF OURAY, COLORADO
Statement of Cash Flows
Enterprise Funds
Year Ended December 31, 2023

	Water Fund	Sewer Fund
Cash Flows From Operating Activities		
Cash received from charges for services	\$ 687,676	\$ 830,340
Cash payments for goods and services	(164,953)	(193,935)
Cash payments to employees for services	(429,823)	(487,694)
Net cash provided (used) by operating activities	92,900	148,711
Cash Flows from Noncapital Financing Activities		
Grants and contributions	-	-
Transfers from (to) other funds	(28,007)	-
Net cash provided (used) by noncapital financing activities	(28,007)	-
Cash Flows from Capital and Related Financing Activities		
Investment fees	9,844	9,844
Acquisition of capital assets	-	(67,029)
Principal paid on loans and leases	-	-
Proceeds from Loans	-	-
Interest expense	-	-
Net cash provided (used) by capital and related financing activities	9,844	(57,185)
Cash Flows from Investing Activities		
Interest on investments	10,229	43,999
Net increase (decrease) in cash and equivalents	84,966	135,525
Cash balances, January 1	175,156	824,988
Cash balances, December 31	\$ 260,122	\$ 960,513
Reconciling of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (88,402)	\$ 114,646
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	165,234	55,766
Assets (increase) decrease:		
Accounts receivables	23,311	(38,901)
Liabilities increase (decrease):		
Accounts payable	(9,517)	12,700
Accrued payroll	2,274	4,500
Unearned revenues	-	-
Total adjustments	181,302	34,065
Net cash provided (used) by operating activities	\$ 92,900	\$ 148,711

Utilities-CI Fund	Refuse Fund	Parks Fund	Total Enterprise Funds
\$ 1,158,968	\$ 298,240	\$ 3,649,311	\$ 6,624,535
838,090	(270,541)	(1,064,375)	(855,714)
-	-	(1,618,127)	(2,535,644)
<u>1,997,058</u>	<u>27,699</u>	<u>966,809</u>	<u>3,233,177</u>
358,896	-	9,155	368,051
-	(15,766)	-	(43,773)
<u>358,896</u>	<u>(15,766)</u>	<u>9,155</u>	<u>324,278</u>
-	-	-	19,688
(15,553,559)	-	(201,796)	(15,822,384)
(321,347)	-	(277,000)	(598,347)
12,567,964	-	-	12,567,964
<u>(739,472)</u>	<u>-</u>	<u>(235,807)</u>	<u>(975,279)</u>
<u>(4,046,414)</u>	<u>-</u>	<u>(714,603)</u>	<u>(4,808,358)</u>
27,103	-	-	81,331
(1,663,357)	11,933	261,361	(1,169,572)
289,045	74,588	1,205,450	2,569,227
<u>\$ (1,374,312)</u>	<u>\$ 86,521</u>	<u>\$ 1,466,811</u>	<u>\$ 1,399,655</u>
\$ 1,378,932	\$ 34,143	\$ 465,918	\$ 1,905,237
-	-	553,565	774,565
-	(9,744)	(9,155)	(34,489)
878,022	3,300	(49,046)	835,459
-	-	3,415	10,189
(259,896)	-	2,112	(257,784)
<u>618,126</u>	<u>(6,444)</u>	<u>500,891</u>	<u>1,327,940</u>
<u>\$ 1,997,058</u>	<u>\$ 27,699</u>	<u>\$ 966,809</u>	<u>\$ 3,233,177</u>

The accompanying notes are an integral part of this statement.

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

Note 1 - Summary of Significant Accounting Policies

The financial statements of the City of Ouray, Colorado (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Financial Reporting Entity

The City adopted a home rule charter on May 5, 2009, with a council – administrator form of government with five elected Council members. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Ouray (the primary government). The City has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing body.

Related Organizations

- The City and the Ouray Volunteer Fire Department provided fire protection to the citizens of Ouray. The volunteer fire department has a special fund that receives donations and fund-raising monies, which are also used to cover fire protection services. This fund is not included in these financial statements of the City of Ouray.

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the City and its component units. These statements include the financial activities of the overall government, except fiduciary activities. For the most part, the effect of inter-fund activity has been removed from these statements. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

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

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

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

C. Fund Financial Statements

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

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

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

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all the financial resources of the City, except those required to be accounted for in another fund.
- The Capital Improvement Fund, which accounts for the Town's additional sales tax, is to be used for capital improvements.

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

- The Conservation Trust Fund, which accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.
- Beautification Fund, which accounts for lodging tax collections to be used for City beautification projects.
- Tourism Promotion Fund, which accounts for lodging tax collections for the promotion of tourism.

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

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

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

C. Fund Financial Statements - (continued)

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the City are charges for water, sewer, refuse, pool, park, and other fees. Operating expenses for the enterprise funds include personnel services, contract services, utilities, repairs and maintenance, supplies, insurance, and depreciation cost. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

- Water, Sewer and Refuse Funds, which account for all operations of the City's water, sewer, and refuse services. They are primarily financed by user charges.
- Utility Capital Improvement Fund, which accounts for the investment fees of water and sewer taps to be used for water and sewer capital expenditures.
- Park Fund, which accounts for all operations of the City's Hot Springs Pool and Box Cañon Park. They are primarily financed by user charges at the Hot Springs Pool and Box Cañon Park.
- Pool Renovation Fund, which accounts for the renovation of the City's Hot Springs Pool.

D. Measurement Focus and Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due, and compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

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

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

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

D. Measurement Focus and Basis of Accounting - (continued)

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

Deferred Outflows / Inflows of Resources

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

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

E. Cash and Cash Equivalents

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

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Property Taxes

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

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

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

H. Capital Assets

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

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

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

<u>Asset Class</u>	<u>Useful Life</u>
Improvements	10-20 years
Building and Other Improvements	40-50 years
Water and Sewer Systems	40-50 years
Furniture and Equipment	5-20 years
Swimming Pool	20-50 years
Infrastructure	15-40 years

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

I. Long-Term Liabilities

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise fund type statement of net position.

J. Compensated Absences

It is the City's policy for employees to accumulate earned but unused vacation and sick pay benefits, but employees are not entitled to be paid for sick leave upon termination. In the government-wide statements, vacation and unused compensation time is accrued when incurred and reported as a liability of the governmental and business-type activities. In the governmental funds, vacation and unused compensation time is not expected to be liquidated with expendable available financial resources and therefore are not reported as expenditure.

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

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

K. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

L. Interfund Transactions

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

M. Encumbrances

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

N. Inventory

Inventory is valued at lower of cost (first-in, first-out) or market. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

O. Fund Equity

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

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

O. Fund Equity - (continued)

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

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

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

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

Note 3 - Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments, excluding "enterprises." The City's voters on November 8, 1994, approved a ballot measure to permit the City to collect, retain and expend the full proceeds of the City's 3% sales tax, existing lodging occupation tax and nonfederal grants.

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

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending. A portion of the General Fund's fund balance is classified as restricted for emergencies as required by the Amendment.

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

Note 4 - Budgets

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

- A. By mid August of each year, the City Administrator gives public notice of the budget calendar for the next fiscal year. The City Administrator asks that all City departments, boards, commissions, or citizens submit within thirty days from the notice any request for funds under the budget being prepared. The City Administrator, with assistance from the City Treasurer, then prepares a proposed budget for the ensuing fiscal year and submits it to the Council no later than forty-five days prior to any date required by state law for the certification to the County of the tax levy.
- B. The budget provides a complete financial plan of all City funds and activities for the ensuing fiscal year indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies, and anticipated net surplus or deficit for the ensuing fiscal year.
- C. A public hearing on the proposed budget is held by the Council in early November.
- D. The Council adopts the budget by resolution on or before the final day established by law for the certification of the ensuing year's tax levy to the County. Adoption of the budget by the Council shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.
- E. If during the fiscal year the City Administrator determines that there are expenses in excess of those estimated in the budget, the Council by resolution may make supplemental appropriations for the year up to the amount of such excess. To meet an emergency affecting public property, health, peace or safety, the Council may make emergency appropriations. If at any time during the fiscal year it appears probable to the City Administrator that the revenues available will be insufficient to meet the amount appropriated, the City Administrator reports to the Council, indicating the estimated amount of deficit, any remedial action already taken, and a recommendation as to any other steps to be taken. At any time during the fiscal year the City Administrator may transfer part or all of any unencumbered appropriation balance within a department.
- F. Budget appropriations lapse at the end of each year.
- G. Expenditures may not exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. The City could be in violation of Colorado Budget Law because expenditures exceed budgetary amounts in the Sewer and Refuse Funds.
- H. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except for long-term receivables and advances and capital lease financing which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

Note 5 - Deposits and Investments

A. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2023, the bank balance of the City's deposits was \$7,932,486 of which \$361,418 was covered by federal depository insurance and \$7,571,068 was collateralized under PDPA.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and, guaranteed investment contracts. The City's investment policy follows Colorado statutes. At December 31, 2022 the City's investments included funds held in COLOTRUST.

The City had invested \$218,103 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. COLOTRUST's funds are rated AAA by Standard and Poor's, Fitch's, and Moody's rating services.

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

Note 5 - Deposits and Investments - (continued)

A. Deposits - (continued)

The City maintains a cash pool that is available to the General Fund, Special Revenue Funds and Enterprise Funds.

Cash and cash equivalents	
Cash on hand	\$ 2,800
Deposits	7,913,031
Certificate of deposits	-
Cash with county treasurer	12,897
COLOTRUST	<u>218,103</u>
Total	<u>\$ 8,146,831</u>

Statement of Net Position

Cash and cash equivalents	<u>\$ 8,146,831</u>
Total	<u>\$ 8,146,831</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; errors and omissions; injuries to employees; and natural disasters.

The City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for property/casualty and workers' compensation coverage. CIRSA is to be self-sustaining through member contributions and reinsures through commercial companies for claims in excess of certain limits for each insured event. CIRSA members are subject to a supplemental assessment in the event of a deficiency.

Note 7 - Long-term Liabilities

	Balance			Balance	Due Within
	January 1, 2023	Additions	Reductions	December 31, 2023	One Year
Governmental Activities					
Fire Truck	\$ 99,163	\$ -	\$ (32,112)	\$ 67,051	\$ 32,994
Accrued compensated absences	142,179	22,968	-	165,147	165,147
Total	<u>\$ 241,342</u>	<u>\$ 22,968</u>	<u>\$ (32,112)</u>	<u>\$ 232,198</u>	<u>\$ 198,141</u>
Enterprise Activities					
Sales Tax Revenue Bonds	\$ 4,525,000	\$ -	\$ (165,000)	\$ 4,360,000	\$ 170,000
Loan Water Fund - CWRPDA	7,100,000	-	(136,735)	6,963,265	159,614
Loan Sewer Fund - CWRPDA	17,241,536	-	(184,612)	17,056,924	378,965
Zion Bank Loan	2,451,000	-	(112,000)	2,339,000	116,000
Total	<u>\$ 31,317,536</u>	<u>\$ -</u>	<u>\$ (598,347)</u>	<u>\$ 30,719,189</u>	<u>\$ 824,579</u>

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

Note 7 - Long-term Liabilities – (continued)

Fire Truck

\$ 300,000, July 2015, due in annual payments of \$ 34,988 each on July 31 starting on July 31 of 2016 at an interest rate of 2.90%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 32,994	\$ 1,994	\$ 34,988
2025	34,057	931	34,988
Total	<u>\$ 67,051</u>	<u>\$ 2,925</u>	<u>\$ 69,996</u>

Sales Tax Revenue Bonds, Series 2016

On November 3, 2015, the City's electorate approved the issuance of \$5,300,000 in sales tax revenue bonds, for the purpose planning, constructing, acquiring, and equipping improvements to the City's Hot Springs Pool Facility. The sales tax revenue bonds are payable from revenues generated by sales tax increase and also payable from any other legally available City revenues and pledge the full faith and credit of the City. The annual coupon interest ranges from 2% to 4%.

The following is a breakdown of the payments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 170,000	\$ 174,400	\$ 344,400
2025	175,000	167,600	342,600
2026	185,000	160,600	345,600
2027	190,000	153,200	343,200
2028	200,000	145,600	345,600
2029-3033	1,120,000	602,000	1,722,000
2034-2038	1,365,000	359,400	1,724,400
2039-2040	955,000	77,400	1,032,400
	<u>\$ 4,360,000</u>	<u>\$ 1,840,200</u>	<u>\$ 6,200,200</u>

Zion Bank

The City refinanced the Certificate of Participation loan in 2021, that was for part of the construction of the City's Hot Springs Pool Facility Renovation Project, with Zion Bank. The loan requires semi-annual payments on June 1 and December 1 of each year until the loan is paid off on December 1, 2040. The annual interest rate on the loan is 2.35% through December 1, 2035, and 2.31% through December 1, 2040.

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

Note 7 - Long-term Liabilities – (continued)

Zion Bank – (continued)

The following is a breakdown of the payments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 116,000	\$ 54,650	\$ 170,650
2025	115,000	51,924	166,924
2026	119,000	49,222	168,222
2027	123,000	46,425	169,425
2028	127,000	43,535	170,535
2029-2033	661,000	172,506	833,506
2034-2038	751,000	90,909	841,909
2039-2040	327,000	11,411	338,411
	<u>\$ 2,339,000</u>	<u>\$ 520,582</u>	<u>\$ 2,859,582</u>

Loan Water Fund #DBS22F097

On December 15, 2022, the City entered into a loan agreement with Colorado Water Resources and Power Development Authority for a total loan amount of \$12,100,000 of which \$5,000,000 of the loan is forgiven with the repayable loan principal amount of \$7,100,000 at an annual interest rate of 2.75% over a term of 30 years. The purpose of the loan is for construction, maintenance, repair, and operating the water system for the City. The Pledge Property shall be the net revenue of the water revenues after deducting the operation and maintenance expenses for the Water Fund.

The following is a breakdown of the payments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 159,614	\$ 190,400	350,014
2025	164,033	185,980	350,013
2026	168,575	181,439	350,014
2027	173,243	176,771	350,014
2028	178,040	171,974	350,014
2029-3033	966,933	783,135	1,750,068
2034-2038	1,108,422	641,646	1,750,068
2039-2043	1,270,614	479,454	1,750,068
2044-2048	1,456,540	293,528	1,750,068
2049-2052	1,317,251	82,803	1,400,054
	<u>\$ 6,963,265</u>	<u>\$ 3,187,130</u>	<u>\$ 10,150,395</u>

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

Note 7 - Long-term Liabilities – (continued)

Loan Sewer Fund

On May 1, 2022, the City entered into a loan agreement with Colorado Water Resources and Power Development Authority for a total loan amount of \$18,485,000 of which \$1,154,692 of the loan is forgiven with the repayable loan principal amount of \$17,330,308 at an annual interest rate of 2.55% over a term of 30 years, with an administrative fee of .8% on the initial loan of \$17,330,308. The purpose of the loan is for construction, maintenance, repair, and operating the sewer system for the City. The Pledge Property shall be the net revenue of the water revenues after deducting the operation and maintenance expenses for the Sewer Fund.

The following is a breakdown of the payments:

	Principal	Interest	Service Fee	Total
2024	\$ 378,965	\$ 432,250	\$ 138,642	\$ 949,857
2025	391,009	420,000	138,642	949,651
2026	408,432	407,500	138,642	954,574
2027	417,617	394,500	138,642	950,759
2028	433,176	381,500	138,642	953,318
2029-3033	2,366,684	1,700,250	693,212	4,760,146
2034-2038	2,724,270	1,337,000	693,212	4,754,482
2039-2043	3,113,190	953,000	693,212	4,759,402
2044-2048	3,504,503	564,500	693,212	4,762,215
2049-2052	3,319,078	174,250	311,946	3,805,274
	<u>\$ 17,056,924</u>	<u>\$ 6,764,750</u>	<u>\$ 3,778,004</u>	<u>\$ 27,599,678</u>

Note 8 - Defined Benefit Pension Plans

All volunteer fire fighters participate in the Defined Benefit Pension Plan administrated by the FPPA for plan administration and investment only. The plan has a plan document, actuarial valuation and is governed by the local pension board.

Any fire fighter who has reached the age of 50 years and completed 20 years of active service, including 36 hours of training per year, is eligible for \$90 per month. In addition, there are survivor benefits of \$45 per month and a one-time only lump sum death benefit of \$180.

At December 31, 2023, the City reported an asset of \$570,398 for its proportionate share of the net pension asset. The net pension asset was measured as of January 1, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial study as of December 31, 2022. Standard update procedures were used to roll forward the total pension liability to December 31, 2021. The City's proportion of the net asset was based on City's contributions to FPPA for the calendar year 2023 relative to the total contributions of participating employers to FPPA.

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

Note 8 - Defined Benefit Pension Plans – (continued)

For the year ended December 31, 2023, the City recognized pension expense of \$3,521. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 365,140
Net difference between projected and actual earnings on pension plan investments	-	
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	22,631	-
Total	\$ 22,631	\$ 365,140

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 Ending December 31	Net Deferred Outflows/ (Inflows) of Resources
2024	\$ (365,140)
2025	-
2026	-
2027	-
2028	-
Thereafter	-
Total	\$ (365,140)

Actuarial assumptions. The total pension asset in January 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2023, determines the contribution amounts for 2022 and 2021.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year smoothed market
Inflation	3.00%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off- duty mortality.
	Post-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment.
	Disabled: RP-2000 Disabled Mortality Table
	All tables projected with Scale AA

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

Note 8 - Defined Benefit Pension Plans – (continued)

*Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

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 7.50%, 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:

Sensitivity of Net Pension Liability/(Asset)
to the Single Discount Rate Assumption

	Current Single Discount	
1% Decrease	Rate Assumption	1% Increase
6.00%	7.00%	8.00%
<u>\$ (488,913)</u>	<u>\$ (570,398)</u>	<u>\$ (651,883)</u>

The Fire & Police Pension Association (FPPA) administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at:<http://www.fppaco.org>.

Note 9 - Defined Contribution Plan

All full-time permanent employees of the City must participate in the City's group-retirement plan and may participate in the City's deferred compensation plan, after twelve (12) months of continuous employment. The plans are administered by Colorado Retirement Association (CRA) plan. The employees' contributions are fully vested, and the City's contributions are vested at the rate of 20% per year. The Plan may be amended by resolution of the City Council, but it may not be amended beyond the limits established by state statute.

Under the group retirement plan, the City contributes 3% of eligible employees' base salary, matching the amount contributed by the employees. In 2023 the City's total payroll was \$3,353,173. The City's contribution was calculated using a base salary amount of \$2,567,767. The City and the covered employees made the following contributions, amounting to \$77,033 and \$77,033 respectively for a total of \$154,066.

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

Note 10 - Capital Assets

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

	Balance January 1, 2023	Additions	Dispositions	Balance December 31, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 325,094	\$ -	\$ -	\$ 325,094
Construction in progress	83,775	-	-	83,775
	<u>408,869</u>	<u>-</u>	<u>-</u>	<u>408,869</u>
Capital assets being depreciated				
Buildings	861,672	-	(68,354)	793,318
Improvements other than building	56,359	-	(43,900)	12,459
Infrastructure	6,980,403	-	(72,009)	6,908,394
Equipment and vehicles	3,563,000	324,324	(225,624)	3,661,700
	<u>11,461,434</u>	<u>324,324</u>	<u>(409,887)</u>	<u>11,375,871</u>
Less accumulated depreciation				
Buildings	(632,281)	(3,677)	10,978	(624,980)
Improvements	(15,761)	-	3,302	(12,459)
Infrastructure	(5,485,496)	(128,312)	166,261	(5,447,547)
Equipment and vehicles	(2,051,202)	(199,328)	94,763	(2,155,767)
	<u>(8,184,740)</u>	<u>(331,317)</u>	<u>275,304</u>	<u>(8,240,753)</u>
Capital asset being depreciated, net	<u>3,276,694</u>	<u>(6,993)</u>	<u>(134,583)</u>	<u>3,135,118</u>
 Total Governmental Activities Capital Assets	 <u>\$ 3,685,563</u>	 <u>\$ (6,993)</u>	 <u>\$ (134,583)</u>	 <u>\$ 3,543,987</u>

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

Note 10 - Capital Assets – (continued)

Business - Type Activities	<u>2023</u>	<u>Additions</u>	<u>Dispositions</u>	<u>2023</u>
Capital assets not being depreciated				
Land	\$ 149,131	\$ -	\$ -	\$149,131
Construction in progress	2,536,322	15,553,558	-	18,089,880
	<u>2,685,453</u>	<u>15,553,558</u>	<u>-</u>	<u>18,239,011</u>
Capital assets being depreciated				
Utility system	8,460,806	67,029	(60,120)	8,467,715
Geothermal wells	167,138	-	-	167,138
Swimming pool	12,638,244	107,204	(30,740)	12,714,708
Pool filtration system	5,202	-	-	5,202
Box Cañon	467,699	5,526	-	473,225
Other Parks assets	1,625,310	89,067	(51,098)	1,663,279
Buildings	89,517	-	-	89,517
Equipment and furniture	667,371	-	-	667,371
Less accumulated depreciation	<u>(10,393,710)</u>	<u>(774,565)</u>	<u>119,900</u>	<u>(11,048,375)</u>
Capital assets being depreciated, net	<u>13,727,577</u>	<u>(505,739)</u>	<u>(22,058)</u>	<u>13,199,780</u>
Total Business-Type Activities Capital Assets	<u>\$ 16,413,030</u>	<u>\$ 15,047,819</u>	<u>\$ (22,058)</u>	<u>\$ 31,438,791</u>

Depreciation expense was charged to governmental activities of the City as follows:

General Government	\$ 17,279
Public Safety	144,668
Public Works	165,865
Culture and Recreation	<u>3,505</u>
Total depreciation	<u>\$ 331,317</u>

Note 11 - Contingent Liabilities

Lawsuits and Claims

Various claims and lawsuits are pending against the City. In the opinion of the City's management, after consulting with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

City of Ouray
Notes to Basic Financial Statements
December 31, 2023

Note 12 - Transfers

The following are the interfund transfers that occurred in 2023:

Funds	Transfers	
	In	Out
Water Fund	\$ -	\$ 28,007
General Fund	86,983	-
Refuse Fund	-	15,766
Beautification Fund	-	43,210
Totals	\$ 86,983	\$ 86,983

Note 13 – Subsequent events

In 2022, the city started constructing the new water and sewer systems, with loans from Colorado Water Resources and Power Development Authority. Total estimated cost of the new water treatment plant will be \$12,100,000 and for the new sewer plant will be \$18,485,000. As of December 31, 2023, the City has construction in progress of \$18,089,880.

In 2023, the city received a IHOI grant for affordable housing of \$1,050,000 which was passed through for construction of affordable housing.

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Property taxes	\$ 650,292	\$ 650,292	\$ 645,321	\$ (4,971)
Sales taxes and other taxes	2,251,148	2,251,148	2,742,692	491,544
Licenses and permits	134,400	134,400	106,492	(27,908)
Intergovernmental revenues	182,166	182,166	285,735	103,569
Fees and fines	41,100	41,100	26,724	(14,376)
Charges for services	21,330	21,330	21,475	145
Miscellaneous revenue	320,920	320,920	35,869	(285,051)
Interest income	22,000	22,000	183,522	161,522
Total revenues	<u>3,623,356</u>	<u>3,623,356</u>	<u>4,047,830</u>	<u>424,474</u>
Expenditures				
General government	1,074,725	1,074,725	982,002	92,723
Capital outlay	168,750	168,750	79,127	89,623
Public safety	1,118,397	1,118,397	1,075,367	43,030
Capital outlay	49,000	49,000	21,697	27,303
Public works	474,118	474,118	379,023	95,095
Capital outlay	515,000	515,000	37,549	477,451
Culture and recreation	511,438	511,438	414,093	97,345
Capital outlay	6,425	6,425	1,610	4,815
Debt service payments	40,700	40,700	34,988	5,712
Total Expenditures	<u>3,958,553</u>	<u>3,958,553</u>	<u>3,025,456</u>	<u>933,097</u>
Excess of Revenues over (under) Expenditures	(335,197)	(335,197)	1,022,374	1,357,571
Other financing sources (uses)				
Sale of assets	-	-	9,500	9,500
Transfers in	138,227	138,227	86,983	(51,244)
Total other financing sources (uses)	<u>138,227</u>	<u>138,227</u>	<u>96,483</u>	<u>(41,744)</u>
Excess of Revenues and sources over or (under) Expenditures and uses	(196,970)	(196,970)	1,118,857	1,315,827
Fund balance, January 1	2,720,352	2,720,352	3,045,799	325,447
Fund balance, December 31	<u>\$ 2,523,382</u>	<u>\$ 2,523,382</u>	<u>\$ 4,164,656</u>	<u>\$ 1,641,274</u>

Schedules of Required Supplementary Information
Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios Multiyear

Last 10 Fiscal Years (to be built prospectively)

Measurement period ending December 31,	2022	2021	2020	2019	2018	2017
Total Pension Liability						
Service Cost	\$ 1,978	\$ 2,113	\$ 2,130	\$ 2,130	\$ 2,130	
Interest on the Total Pension Liability			28,351	28,351	28,351	
Contributions		-	67,599	67,599	67,599	
Difference between Expected and Actual Experience			(29,625)	(29,625)	(29,625)	
Benefit Payments			(24,158)	(24,158)	(24,158)	
Net Change in Total Pension Liability	1,978	2,113	44,297	44,297	44,297	-
Total Pension Liability - Beginning		307,888	263,591	263,591	263,591	
Total Pension Liability - Ending (a)	\$ 311,946	\$ 310,001	\$ 307,888	\$ 307,888	\$ 307,888	\$ -
Plan Fiduciary Net Position						
Employer Contributions	\$ 22,631	\$ 20,027	\$ 20,027	\$ 18,000	\$ 18,000	\$ 18,000
Pension Plan Net Investment Income	(25,935)	121,543	93,517	90,654	37,358	43,524
Benefit Payments	(19,584)	(20,736)	(20,844)	(21,843)	(23,094)	(22,248)
Pension Plan Administrative Expense	(16,440)	(16,305)	(13,356)	(17,022)	(11,185)	(10,497)
State of Colorado supplemental discretionary payment	18,024	34,065	-	16,200	15,756	15,843
Net Change in Plan Fiduciary Net Position	(21,304)	138,594	79,344	85,989	36,835	44,622
Plan Fiduciary Net Position - Beginning	903,648	765,054	685,709	599,720	590,538	545,916
Plan Fiduciary Net Position - Ending (b)	\$ 882,344	\$ 903,648	\$ 765,053	\$ 685,709	\$ 627,373	\$ 590,538
Net Pension Liability/(Asset) - Ending (a) - (b)	(570,398)	(593,647)	(457,165)	(377,821)	(319,485)	(590,538)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	282.85%	291.50%	248.48%	222.71%	203.77%	
Covered Payroll	N/A	N/A	N/A	N/A	N/A	
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	

Schedules of Required Supplementary Information
Schedule of Contributions to Pension Plan

Required State Contributions	December 31, 2017	\$33,190
Required State Contributions	December 31, 2018	\$33,843
Required State Contributions	December 31, 2019	\$34,200
Required State Contributions	December 31, 2020	\$36,227
Required State Contributions	December 31, 2021	\$54,092
Required State Contributions	December 31, 2022	\$40,655
Required State Contributions	December 31, 2023	\$40,655

CITY OF OURAY, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	<u>Conservation Trust Fund</u>	<u>Tourism Promotion Fund</u>	<u>Beautification Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 39,746	\$ 1,031,580	\$ 126,359	\$ 1,197,685
Accounts Receivable	-	40,000	-	40,000
Total assets	<u>\$ 39,746</u>	<u>\$ 1,071,580</u>	<u>\$ 126,359</u>	<u>\$ 1,237,685</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 3,440	\$ 18,022	\$ -	\$ 21,462
Total liabilities	<u>3,440</u>	<u>18,022</u>	<u>-</u>	<u>21,462</u>
Fund balances:				
Unreserved:	<u>36,306</u>	<u>1,053,558</u>	<u>126,359</u>	<u>1,216,223</u>
Total fund balances	<u>36,306</u>	<u>1,053,558</u>	<u>126,359</u>	<u>1,216,223</u>
Total liabilities and fund balances	<u>\$ 39,746</u>	<u>\$ 1,071,580</u>	<u>\$ 126,359</u>	<u>\$ 1,237,685</u>

CITY OF OURAY, COLORADO
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
December 31, 2023

	Conservation Trust Fund	Tourism Promotion Fund	Beautification Fund	Total Nonmajor Governmental Funds
REVENUES				
Lodging taxes	\$ -	\$ 736,720	\$ 100,703	\$ 837,423
Intergovernmental	12,697	-	360	13,057
Interest earnings	2,600	-	6,460	9,060
Miscellaneous	-	68,440	-	68,440
Total revenues	<u>15,297</u>	<u>805,160</u>	<u>107,523</u>	<u>927,980</u>
EXPENDITURES				
Current:				
General government	<u>35,542</u>	<u>686,688</u>	<u>77,657</u>	<u>799,887</u>
Total expenditures	<u>35,542</u>	<u>686,688</u>	<u>77,657</u>	<u>799,887</u>
Excess revenues over (under) expenditures	(20,245)	118,472	29,866	128,093
Fund balance, January 1	56,551	935,086	139,703	1,131,340
Fund balance, December 31	<u>\$ 36,306</u>	<u>\$ 1,053,558</u>	<u>\$ 126,359</u>	<u>\$ 1,216,223</u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Conservation Trust Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
State entitlement	\$ 12,000	\$ 12,000	\$ 12,697	\$ 697
Interest Income	250	250	2,600	2,350
Total revenues	<u>12,250</u>	<u>12,250</u>	<u>15,297</u>	<u>3,047</u>
Expenditures				
Culture and recreation	40,000	40,000	35,542	4,458
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>35,542</u>	<u>4,458</u>
Excess of Revenues over (under) Expenditures	(27,750)	(27,750)	(20,245)	7,505
Fund balance, January 1	<u>51,278</u>	<u>51,278</u>	<u>56,551</u>	<u>5,273</u>
Fund balance, December 31	<u><u>\$ 23,528</u></u>	<u><u>\$ 23,528</u></u>	<u><u>\$ 36,306</u></u>	<u><u>\$ 12,778</u></u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Tourism Promotion Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Favorable
	Original	Final	Actual	(Unfavorable)
Taxes	\$ 622,657	\$ 622,657	\$ 736,720	\$ 114,063
Miscellaneous revenue	35,500	35,500	68,440	32,940
Total revenues	<u>658,157</u>	<u>658,157</u>	<u>805,160</u>	<u>147,003</u>
 Expenditures				
General government	1,032,170	1,032,170	686,688	345,482
Total expenditures	<u>1,032,170</u>	<u>1,032,170</u>	<u>686,688</u>	<u>345,482</u>
 Excess of revenues over				
(under) expenditures	(374,013)	(374,013)	118,472	492,485
 Fund balance, January 1	<u>756,025</u>	<u>756,025</u>	<u>935,086</u>	<u>179,061</u>
 Fund balance, December 31	<u><u>\$ 382,012</u></u>	<u><u>\$ 382,012</u></u>	<u><u>\$ 1,053,558</u></u>	<u><u>\$ 671,546</u></u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Beautification Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
Revenues				Favorable
Lodging taxes	\$ 85,112	\$ 85,112	\$ 100,703	\$ 15,591
Interest income	600	600	6,460	5,860
Grants and donations	1,000	1,000	360	(640)
Total revenues	<u>86,712</u>	<u>86,712</u>	<u>107,523</u>	<u>20,811</u>
Expenditures				
General government	101,000	101,000	77,657	23,343
Total expenditures	<u>101,000</u>	<u>101,000</u>	<u>77,657</u>	<u>23,343</u>
Excess of Revenues over				
(under) Expenditures	(14,288)	(14,288)	29,866	44,154
OTHER FINANCING SOURCES (USES)				
Transfer out	(38,000)	(38,000)	(43,210)	(5,210)
Total other financing sources (uses)	<u>(38,000)</u>	<u>(38,000)</u>	<u>(43,210)</u>	<u>(5,210)</u>
Net change to fund balance	(52,288)	(52,288)	(13,344)	38,944
Fund balance, January 1	<u>80,689</u>	<u>80,689</u>	<u>139,703</u>	<u>59,014</u>
Fund balance, December 31	<u>\$ 28,401</u>	<u>\$ 28,401</u>	<u>\$ 126,359</u>	<u>\$ 97,958</u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
Capital Improvement Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues				Favorable
Sales tax	\$ 661,341	\$ 661,341	\$ 773,940	\$ 112,599
Total revenues	<u>661,341</u>	<u>661,341</u>	<u>773,940</u>	<u>112,599</u>
Expenditures				
Capital Improvements	1,320,226	1,320,226	923,078	397,148
Total expenditures	<u>1,320,226</u>	<u>1,320,226</u>	<u>923,078</u>	<u>397,148</u>
Excess of Revenues over (under) Expenditures	(658,885)	(658,885)	(149,138)	509,747
Fund balance, January 1	<u>1,333,923</u>	<u>1,333,923</u>	<u>1,578,180</u>	<u>244,257</u>
Fund balance, December 31	<u>\$ 675,038</u>	<u>\$ 675,038</u>	<u>\$ 1,429,042</u>	<u>\$ 754,004</u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
Water Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Revenues				Favorable
Water services	\$ 648,641	\$ 648,641	\$ 662,091	\$ 13,450
Investment fees	37,500	37,500	9,844	(27,656)
Interest revenue	600	600	10,229	9,629
Total revenues	<u>686,741</u>	<u>686,741</u>	<u>682,164</u>	<u>(4,577)</u>
Expenditures				
Salaries and wages	312,666	312,666	322,148	(9,482)
Taxes and benefits	125,122	125,122	107,675	17,447
Overhead	38,406	38,406	42,356	(3,950)
Operating maintenance	124,020	124,020	99,640	24,380
Capital expenditures	12,000	12,000	13,440	(1,440)
Debt service	5,543	5,543	-	5,543
Total expenditures	<u>617,757</u>	<u>617,757</u>	<u>585,259</u>	<u>32,498</u>
Excess of Revenues over				
(under) Expenditures	68,984	68,984	96,905	27,921
Other Financing Sources (Uses)				
Transfers in/Out	<u>(27,345)</u>	<u>(27,345)</u>	<u>(28,007)</u>	<u>(662)</u>
Net change to fund balance	41,639	41,639	68,898	27,259
Available resources, January 1	<u>126,724</u>	<u>126,724</u>	<u>174,494</u>	<u>47,770</u>
Available resources, December 31	<u>\$ 168,363</u>	<u>\$ 168,363</u>	<u>\$ 243,392</u>	<u>\$ 75,029</u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
Sewer Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
Revenues				Favorable
Sewer services	\$ 856,789	\$ 856,789	\$ 864,741	\$ 7,952
Investment fees	37,500	37,500	9,844	(27,656)
Interest	2,600	2,600	43,999	41,399
Total revenues	<u>896,889</u>	<u>896,889</u>	<u>918,584</u>	<u>21,695</u>
Expenditures				
Salaries and wages	312,924	312,924	369,561	(56,637)
Taxes and benefits	126,030	126,030	118,133	7,897
Overhead	62,730	62,730	80,818	(18,088)
Operating maintenance	134,020	134,020	118,640	15,380
Capital expenditures	9,500	76,529	74,201	2,328
Debt service	5,543	5,543	-	5,543
Total expenditures	<u>650,747</u>	<u>717,776</u>	<u>761,353</u>	<u>(43,577)</u>
Excess of Revenues over				
(under) Expenditures	246,142	179,113	157,231	(21,882)
Available resources, January 1	<u>1,073,146</u>	<u>1,073,146</u>	<u>828,616</u>	<u>(244,530)</u>
Available resources, December 31	<u>\$ 1,319,288</u>	<u>\$ 1,252,259</u>	<u>\$ 985,847</u>	<u>\$ (266,412)</u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
Utilities-Capital Improvement Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
Revenues				(Unfavorable)
Water Fund				
Charges for services	553,626	553,626	542,349	\$ (11,277)
SRF Loan and grant	9,600,000	9,600,000	5,534,127	(4,065,873)
EIAF Grant	-	-	358,896	358,896
Interest Income	4,400	4,400	27,103	22,703
Sewer Fund				
Charges for services	876,420	876,420	876,515	95
SRF Loan	14,000,000	14,000,000	9,832,366	(4,167,634)
Total revenues	<u>25,034,446</u>	<u>25,034,446</u>	<u>17,171,356</u>	<u>(7,863,090)</u>
Expenditures				
Capital expenditures/Transfers	23,675,000	23,675,000	15,593,491	8,081,509
Debt service payments	1,111,629	1,111,629	1,060,819	50,810
Total expenditures	<u>24,786,629</u>	<u>24,786,629</u>	<u>16,654,310</u>	<u>8,132,319</u>
Excess of Revenues over				
(under) Expenditures	247,817	247,817	517,046	269,229
Available resources, January 1	2,079,516	2,079,516	(3,521,244)	(5,600,760)
Principal payments on loans	-	-	321,347	321,347
Accruals	-	-	187,066	187,066
Available resources, December 31	<u>\$ 2,327,333</u>	<u>\$ 2,327,333</u>	<u>\$ (2,495,785)</u>	<u>\$ (4,823,118)</u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
Refuse Fund
For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
Revenues				Favorable
Refuse collection service	\$ 218,248	\$ 218,248	\$ 224,608	\$ 6,360
Recycling	81,907	81,907	83,376	1,469
Total revenues	<u>300,155</u>	<u>300,155</u>	<u>307,984</u>	<u>7,829</u>
Expenditures				
Contract hauling	273,323	273,323	273,841	(518)
Total expenditures	<u>273,323</u>	<u>273,323</u>	<u>273,841</u>	<u>(518)</u>
Excess of revenues over				
(under) expenditures	26,832	26,832	34,143	7,311
Other Financing Sources (Uses)				
Transfers out	<u>(15,766)</u>	<u>(15,766)</u>	<u>(15,766)</u>	<u>-</u>
Net change to fund balance	11,066	11,066	18,377	7,311
Available funds, January 1	<u>33,854</u>	<u>33,854</u>	<u>40,861</u>	<u>7,007</u>
Available funds, December 31	<u>\$ 44,920</u>	<u>\$ 44,920</u>	<u>\$ 59,238</u>	<u>\$ 14,318</u>

CITY OF OURAY, COLORADO
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
Parks Fund
For the Year Ended December 31, 2023

Revenues	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Swimming pool	\$ 2,586,698	\$ 2,586,698	2,955,068	\$ 368,370
Box Cañon	628,350	628,350	618,876	(9,474)
Ice rink	11,000	11,000	23,488	12,488
Gym	24,000	24,000	57,619	33,619
Grants and contributions	15,000	15,000	9,155	(5,845)
Total revenues	3,265,048	3,265,048	3,664,206	399,158
Expenditures				
Salaries and wages	1,442,122	1,442,122	1,291,774	(150,348)
Taxes and benefits	374,543	374,543	326,353	(48,190)
Overhead	264,828	264,828	307,256	42,428
Operating maintenance	416,080	416,080	493,204	77,124
Capital expenditures	746,375	746,375	418,779	(327,596)
Debt Service	512,807	512,807	512,807	-
Total expenditures	3,756,755	3,756,755	3,350,173	406,582
Excess of Revenues over (under) expenditures	(491,707)	(491,707)	314,033	805,740
Available resources, January 1	744,717	744,717	999,165	254,448
Available resources, December 31	\$ 253,010	\$ 253,010	\$ 1,313,198	\$ 1,060,188