

CITY OF VICTOR, COLORADO

Financial Statements and
Independent Auditors' Report

December 31, 2023




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Independent Auditors' Report

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

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Victor, Colorado, as of December 31, 2023, and the respective changes in financial position and cash flows 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 opinion. 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, including omissions, 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'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's ability to continue as a going concern for a reasonable period of time.

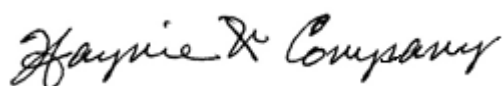
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information for the General Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 City of Victor, Colorado's basic financial statements. The accompanying budgetary comparison information for the Capital Projects Fund and the Utility Enterprise Fund, and the Local Highway Finance Report, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.



Littleton, Colorado

July 30, 2024

City of Victor Management's Discussion and Analysis For the Year Ended December 31, 2023

This section of the annual financial report offers readers of the City of Victor's (City) financial statements an analysis of the City's financial performance during the year ended December 31, 2023. We encourage readers to consider the information here in conjunction with additional information furnished in the City's financial statements which immediately follow this section.

Financial Highlights

- Assets exceeded liabilities and deferred inflows of resources by \$17.5 million at the close of 2023. Of the City's total assets, 70% consisted of capital assets and 27% consisted of cash and investments. Of the City's total liabilities, 67% consisted of deposits and 28% consisted of accounts payable to vendors.
- Total net position increased by \$1.08 million, or 7%, from 2022. The increase in net position is primarily due to an increase in capital assets. Of the City's total net position at the close of 2023, (i) \$12.7 million, or 72%, represents the City's investment in capital assets net of debts that are attributable to the acquisition, construction or improvements of those assets, (ii) \$74.4 thousand, or 0.4%, represents restricted funds related to conservation trust and emergencies, and (iii) \$4.8 million, or 27%, represents unrestricted net position.
- At the close of 2023, the City's governmental funds reported combined ending fund balances of \$3.3 million. Of this amount: (i) \$74.4 thousand was restricted for emergencies (TABOR) and parks and recreation expenditures (Conservation Trust), (ii) \$2.6 million was committed for capital projects, (iii) \$60 thousand was assigned for Main Street projects and the Fire Department's discretionary expenditures, and (iv) \$534 thousand was unassigned and available for general government expenditures.
- At the close of 2023, the Utility Enterprise Fund had net investment in capital assets totaling \$5.5 million and unrestricted net position totaling \$1.6 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information and schedules in addition to the basic 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 of the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, and the difference is reported as net position. Over time, 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 are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

City of Victor
Management's Discussion and Analysis
For the Year Ended December 31, 2023

The statement of net position and the statement of activities report City activities in two categories – governmental activities and business-type activities. Both of the government-wide financial statements identify functions of the City that are principally to be supported by intergovernmental revenues (governmental activities). The governmental activities of the City include most of the basic services such as general government, public safety, public works, community development and parks and recreation. The basic government-wide financial statements can be found on pages 1 – 2 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The *funds* of the City include both governmental funds and a proprietary fund.

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 near-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 near-term financing requirements.

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 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 near-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.

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 and Capital Projects Fund. These two funds are considered to be major funds.

The City adopts an annual appropriated budget for its General Fund and Capital Projects Fund. A budgetary comparison schedule has been provided for each of these funds to demonstrate compliance with the State's Budget Law. The basic governmental fund financial statements can be found on pages 3 and 5 of this report.

Proprietary fund. The City maintains one proprietary fund. A proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a proprietary fund, called the Utility Enterprise Fund, to account for its water and wastewater operations. The basic proprietary fund financial statements can be found on pages 7 – 9 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements, as well as the proprietary fund financial statements. The notes to the financial statements can be found on pages 10 – 20 of this report.

**City of Victor
Management's Discussion and Analysis
For the Year Ended December 31, 2023**

Required Supplemental Information

A budgetary comparison schedule has been provided in this section for the General Fund to demonstrate compliance with the State's Budget Law. The budget schedule is found after the notes to the financial statements on page 21 of this report.

Supplementary Information

This section includes the budgetary comparison schedule for the Capital Projects Fund and the Utility Enterprise Fund, and the Local Highway Finance Report, on pages 22 – 25.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position increased from December 31, 2022, by \$1.08 million, a 7% increase.

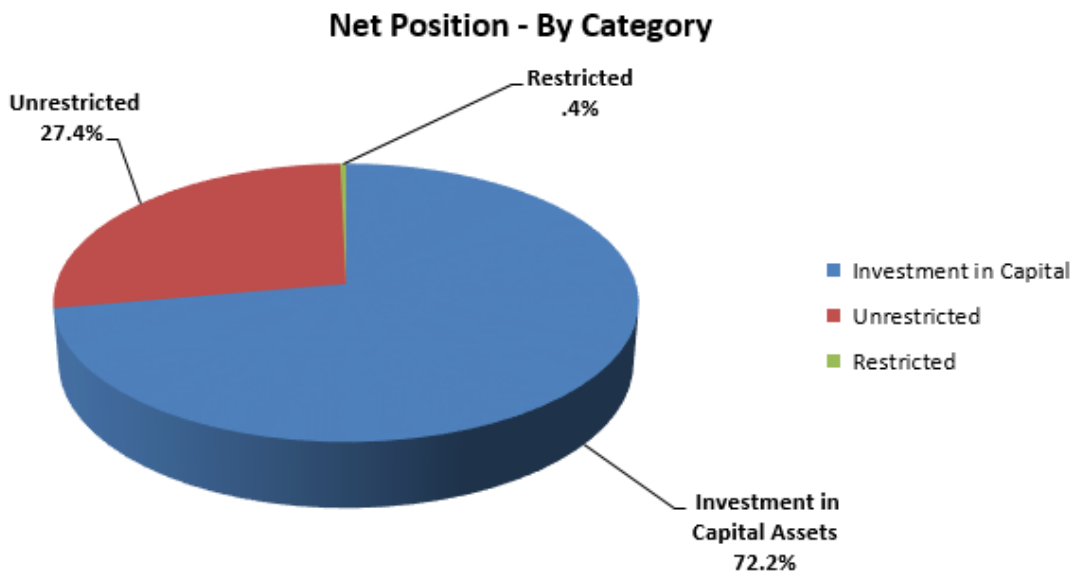
Net Position - Governmental Activities

	2023	2022
Current assets	\$ 3,798,035	\$ 4,308,560
Capital assets	7,133,160	6,919,740
Total assets	10,931,195	11,228,300
Current liabilities	122,337	37,649
Noncurrent liabilities	323,800	330,020
Total liabilities	446,137	367,669
Property tax revenues	87,057	76,778
Total deferred inflows of resources	87,057	76,778
Net investment in capital assets	7,133,160	6,919,740
Restricted net position	74,475	58,974
Unrestricted net position	3,190,366	3,805,139
Total net position	\$ 10,398,001	\$ 10,783,853

**City of Victor
Management's Discussion and Analysis
For the Year Ended December 31, 2023**

Net Position - Business-Type Activities

	<u>2023</u>	<u>2022</u>
Current assets	\$ 1,615,851	\$ 880,552
Capital assets	5,544,350	4,819,118
Total assets	<u>7,160,201</u>	<u>5,699,670</u>
Current liabilities	3,539	1,939
Noncurrent liabilities	2,944	8,002
Total liabilities	<u>6,483</u>	<u>9,941</u>
Net investment in capital assets	5,544,350	4,819,118
Unrestricted net position	<u>1,609,368</u>	<u>870,611</u>
Total net position	<u>\$ 7,153,718</u>	<u>\$ 5,689,729</u>



The largest portion of the City's net position (72.2%) reflects its net investment in capital assets. The City utilizes these capital assets to provide services to citizens. These assets are not available for future spending.

Approximately .4% of the City's net position represents resources that are subject to restrictions on how they can be used (e.g., emergency reserve) and are not currently available for the City's ongoing obligations.

Approximately 27.4% of the City's net position is unrestricted and may be used to meet the City's future expenditures.

At the end of 2023, the City is able to report positive balances in all three categories of net position.

**City of Victor
Management's Discussion and Analysis
For the Year Ended December 31, 2023**

Change in Net Position - Governmental Activities

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues:		
Charges for services	\$ 40,070	\$ 37,195
Operating grants and contributions	549,026	118,053
Capital grants and contributions	69,465	66,216
General revenues		
Taxes	328,077	260,632
Franchise fees	27,044	23,154
Intergovernmental	29,415	2,264
Net investment income	148,230	36,501
Other revenues and transfers in	97,267	2,083,027
Total revenues	<u>1,288,594</u>	<u>2,627,042</u>
Expenses		
General government	588,343	420,202
Public safety	468,763	241,671
Public works	476,451	313,942
Community development	72,270	573,515
Parks and recreation	68,619	68,994
Total expenses	<u>1,674,446</u>	<u>1,618,324</u>
Change in Net Position	<u>\$ (385,852)</u>	<u>\$ 1,008,718</u>

Change in Net Position - Business-Type Activities

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues:		
Charges for services	\$ 2,572,584	\$ 2,518,996
Capital grants and contributions	34,949	34,935
General revenues		
Other revenues/(expenses)	1,371	1,810
Transfer of capital assets	1,043,201	2,788
Total revenues	<u>3,652,105</u>	<u>2,558,529</u>
Expenses		
Water and wastewater operations	1,123,116	1,105,597
Transfers out and other expenses	1,065,000	2,050,000
Total expenses	<u>2,188,116</u>	<u>3,155,597</u>
Change in Net Position	<u>\$ 1,463,989</u>	<u>\$ (597,068)</u>

**City of Victor
Management's Discussion and Analysis
For the Year Ended December 31, 2023**

All capital grants and contributions received by the City were recorded in the Capital Projects Fund. Since the Capital Projects Fund, a governmental fund, is used to account for all capital projects, transfers are recorded between the Capital Projects Fund and other funds, which are included as part of the *Transfers out and other expenses* above. The capital assets acquired within the governmental fund were then transferred to the proprietary fund which is reflected above as *Transfer of capital assets*.

Financial Analysis of City's Funds

General Fund

The General Fund was established and is continually funded to provide for the daily activities of the City. The primary funding sources for the General Fund are property and sales taxes, intergovernmental revenues and grants. The primary projects or program efforts for 2023 were public safety, public works and general government.

General Fund Budgetary Highlights

The City's budget is prepared in accordance with the Colorado Budget Law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The actual total expenditure for the year was \$63,062 less than the budget.

Section 20 of the Colorado Constitution (TABOR) requires the City to maintain an emergency reserve equivalent to at least 3% of fiscal year spending. At December 31, 2023, the City's emergency reserve amounted to \$37,200.

Capital Assets

The City added \$1.67 million to its capital assets for governmental activities and business- type activities during calendar year 2023. This investment in capital assets during 2023 primarily consisted of construction in process for the Sidewalk Project and Dam #2 Modifications. The net increase of \$938K in capital assets was due to 2023 additions along with the depreciation expense.

Additional information on the City's capital assets can be found in Note 7 on pages 17 and 18 of this report.

Long-Term Debt

At the end of 2023 the City held no debt.

Next Year's Budgets

The 2023 budget reflects the Council's endeavor for a fiscally responsible budget built on conservative revenue projections, necessary and discretionary expenditure levels, and required and reasonable reserves.

The City has appropriated \$4.86 million for spending in 2024. Of this amount, \$1.39 million is budgeted for spending in the General Fund, \$2.22 million is budgeted in the Utility Enterprise Fund for the operations of water and wastewater systems, and \$1.25 million is budgeted in the Capital Projects Fund.

City of Victor
Management's Discussion and Analysis
For the Year Ended December 31, 2023

Requests for Information

This financial report is designed to provide a general overview of the City of Victor's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk and Treasurer at: City of Victor, PO Box 86, 500 Victor Avenue, Victor, CO 80860.

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Basic Financial Statements

City of Victor
Statement of Net Position
December 31, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	\$ 3,648,433	\$ 1,114,524	\$ 4,762,957
Cash and investments - Restricted	51,762	-	51,762
Receivables:			
From other governments	-	14,302	14,302
Property taxes	87,057	-	87,057
Utility fees	-	487,025	487,025
Other	10,783	-	10,783
Capital assets, not being depreciated	591,155	1,189,225	1,780,380
Capital assets, net of accumulated depreciation	6,542,005	4,355,125	10,897,130
TOTAL ASSETS	<u>10,931,195</u>	<u>7,160,201</u>	<u>18,091,396</u>
LIABILITIES			
Accounts payable	122,337	3,539	125,876
Deposits	305,162	-	305,162
Compensated absences	18,638	2,944	21,582
TOTAL LIABILITIES	<u>446,137</u>	<u>6,483</u>	<u>452,620</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes revenue	87,057	-	87,057
TOTAL DEFERRED INFLOW OF RESOURCES	<u>87,057</u>	<u>-</u>	<u>87,057</u>
NET POSITION			
Net investment in capital assets	7,133,160	5,544,350	12,677,510
Restricted for:			
Emergencies	37,200	-	37,200
Conservation Trust	37,275	-	37,275
Unrestricted	3,190,366	1,609,368	4,799,734
TOTAL NET POSITION	<u>\$ 10,398,001</u>	<u>\$ 7,153,718</u>	<u>\$ 17,551,719</u>

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

City of Victor
Statement of Activities
For the Year Ended December 31, 2023

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT:							
Governmental activities:							
General Government	\$ 588,343	\$ 39,826	\$ 549,026	\$ 69,465	\$ 69,974	\$ -	\$ 69,974
Public Safety	468,763	244	-	-	(468,519)	-	(468,519)
Public Works	476,451	-	-	-	(476,451)	-	(476,451)
Community Development	72,270	-	-	-	(72,270)	-	(72,270)
Parks and Recreation	68,619	-	-	-	(68,619)	-	(68,619)
Total Governmental Activities	<u>1,674,446</u>	<u>40,070</u>	<u>549,026</u>	<u>69,465</u>	<u>(1,015,885)</u>	<u>-</u>	<u>(1,015,885)</u>
Business-Type Activities:							
Water and Wastewater Operations	1,123,116	2,572,584	-	34,949	-	1,484,417	1,484,417
Total Business-Type Activities	<u>1,123,116</u>	<u>2,572,584</u>	<u>-</u>	<u>34,949</u>	<u>-</u>	<u>1,484,417</u>	<u>1,484,417</u>
Total Primary Government	<u>\$ 2,797,562</u>	<u>\$ 2,612,654</u>	<u>\$ 549,026</u>	<u>\$ 104,414</u>	<u>\$ (1,015,885)</u>	<u>\$ 1,484,417</u>	<u>\$ 468,532</u>
General Revenues:							
Taxes					\$ 328,077	\$ -	\$ 328,077
Franchise Fees					27,044	-	27,044
Intergovernmental					29,415	-	29,415
Net Investment Income					148,230	-	148,230
Other Revenues (Expenses)					75,468	1,371	76,839
Transfers					1,065,000	(1,065,000)	-
Transfer of Capital Assets					(1,043,201)	1,043,201	-
Total General Revenues					<u>630,033</u>	<u>(20,428)</u>	<u>609,605</u>
Change in Net Position					<u>(385,852)</u>	<u>1,463,989</u>	<u>1,078,137</u>
Net Position Beginning					<u>10,783,853</u>	<u>5,689,729</u>	<u>16,473,582</u>
Net Position Ending					<u>\$ 10,398,001</u>	<u>\$ 7,153,718</u>	<u>\$ 17,551,719</u>

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

City of Victor
Balance Sheet
Governmental Funds
December 31, 2023

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 943,779	\$ 2,704,654	\$ 3,648,433
Cash and investments - restricted	51,762	-	51,762
Receivables:			
Property taxes	87,057	-	87,057
Other	10,783	-	10,783
Total Assets	<u>\$ 1,093,381</u>	<u>\$ 2,704,654</u>	<u>\$ 3,798,035</u>
 LIABILITIES			
Accounts Payable	32,463	89,874	122,337
Deposits	305,162	-	305,162
Total Liabilities	<u>337,625</u>	<u>89,874</u>	<u>427,499</u>
 DEFERRED INFLOWS OF RESOURCES			
Property taxes revenues	87,057	-	87,057
Total Deferred Inflows of Resources	<u>87,057</u>	<u>-</u>	<u>87,057</u>
 FUND BALANCES			
Restricted:			
Emergencies	\$ 37,200	\$ -	\$ 37,200
Conservation Trust Fund	37,275	-	37,275
Committed:			
Capital projects	-	2,614,780	2,614,780
Assigned:			
Public safety - Fire Department Discretionary Fund	39,019	-	39,019
MainStreet Discretionary Fund	21,127	-	21,127
Unassigned:			
General government	534,078	-	534,078
Total Fund Balances	<u>668,699</u>	<u>2,614,780</u>	<u>3,283,479</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,093,381</u>	<u>\$ 2,704,654</u>	<u>\$ 3,798,035</u>

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

City of Victor
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
December 31, 2023

Total Fund Balances - Governmental Funds	\$ 3,283,479
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	
Capital assets, not being depreciated	591,155
Capital assets, net of accumulated depreciation	6,542,005
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued compensated absences	<u>(18,638)</u>
 Net Position of Governmental Activities	 <u>\$ 10,398,001</u>

City of Victor
Governmental Funds
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES:			
Taxes	\$ 328,077	\$ -	\$ 328,077
Franchise fees	27,044	-	27,044
Intergovernmental	29,415	-	29,415
Licenses, fees and charges	39,826	-	39,826
Fines and forfeitures	244	-	244
Administrative grants	275,000	274,026	549,026
Other revenue	29,495	45,973	75,468
Net investment income	1,324	146,906	148,230
Capital grants	-	69,465	69,465
	730,425	536,370	1,266,795
EXPENDITURES:			
Current:			
Legislative	63,620	-	63,620
Administrative	254,341	-	254,341
Facility maintenance	4,554	-	4,554
Revitalization and marketing	91,994	-	91,994
Police department	353,209	-	353,209
Fire department	56,106	-	56,106
Community development and planning	72,270	-	72,270
Public works	274,035	139,639	413,674
Parks and cemetery	68,619	-	68,619
Capital outlay	-	1,539,562	1,539,562
	1,238,748	1,679,201	2,917,949
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(508,323)	(1,142,831)	(1,651,154)
OTHER FINANCING SOURCES (USES)			
Operating transfer in	640,000	425,000	1,065,000
TOTAL OTHER FINANCING SOURCES (USES)	640,000	425,000	1,065,000
NET CHANGE IN FUND BALANCE	131,677	(717,831)	(586,154)
FUND BALANCES, BEGINNING	537,022	3,332,611	3,869,633
FUND BALANCES, ENDING	\$ 668,699	\$ 2,614,780	\$ 3,283,479

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

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

Net change in fund balances - total governmental funds	\$	(586,154)
<p>Amounts reported for governmental activities in the statement of activities activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost capitalized assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital assets		496,361
Depreciation expense		(282,941)
<p>Certain revenues and expenses reported in the Statement of Activities do not provide or use current financial resources and, therefore, are not reported as revenues and expenditures in governmental funds</p>		
Change in compensated absences		<u>(13,118)</u>
Change in net position of governmental activities	\$	<u>(385,852)</u>

City of Victor
Proprietary Funds
Statement of Net Position
December 31, 2023

	Utility Enterprise Fund
Assets	
Cash and investments	\$ 1,114,524
Utility fees receivable	487,025
Other receivables	14,302
Capital assets, not being depreciated	1,189,225
Capital assets, net of accumulated depreciation	<u>4,355,125</u>
Total Assets	<u>\$ 7,160,201</u>
Liabilities	
Accounts payable	\$ 3,539
Compensated absences	<u>2,944</u>
Total Liabilities	<u>6,483</u>
Net Position	
Net investment in capital assets	5,544,350
Unrestricted	<u>1,609,368</u>
Total Net Position	<u><u>\$ 7,153,718</u></u>

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

City of Victor
Proprietary Funds
Statement of Revenues, Expenses
and Changes in Net Position
For the Year Ended December 31, 2023

	<u>Utility Enterprise Fund</u>
Operating Revenues	
Raw water sales	\$ 2,112,606
Raw water miscellaneous sales	203,530
Treated water sales - Residential	74,149
Treated water sales - Commercial	12,296
Wastewater sales - Residential	120,108
Wastewater sales - Commercial	25,564
Liquid waste disposal fees	24,331
Other operating revenues	7,377
Total Operating Revenues	<u>2,579,961</u>
Operating Expenses	
General and administration	352,109
Operations:	
Raw water	205,902
Treated water	100,330
Wastewater	146,807
Depreciation	325,346
Total Operating Expenses	<u>1,130,493</u>
Income (Loss) From Operations	<u>1,449,468</u>
Other Income (Expenses)	
Treated water - Capital replacement fees	21,751
Wastewater - Capital replacement fees	13,198
Interest and other fees	1,371
Total Other Income (Expenses)	<u>36,320</u>
Net Income Before Transfers	1,485,788
Capital Asset Transfer In	1,043,201
Transfers In (Out)	<u>(1,065,000)</u>
CHANGE IN NET POSITION	<u>1,463,989</u>
NET POSITION, BEGINNING OF YEAR	<u>5,689,729</u>
NET POSITION, END OF YEAR	<u><u>\$ 7,153,718</u></u>

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

City of Victor
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2023

	<u>Utility Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers and other sources	\$ 2,572,727
Cash paid to suppliers	(535,198)
Cash paid to employees	<u>(279,153)</u>
Net Cash From Operating Activities	<u>1,758,376</u>
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers in (out)	<u>(1,065,000)</u>
Net Cash From Non-Capital Financing Activities	<u>(1,065,000)</u>
 CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Fees	<u>(195,525)</u>
Net Cash From Capital and Financing Activities	<u>(195,525)</u>
 Net Change in Cash and Cash Equivalents	 497,851
 Cash and Cash Equivalents - Beginning of Year	 <u>616,673</u>
 Cash and Cash Equivalents - End of Year	 <u>\$ 1,114,524</u>
 Reconciliation of Operating Income (Loss) to Net Cash From Operating Activities	
Net Operating Income (Loss)	\$ 1,449,468
Adjustments to reconcile operationg income (loss) to net	
Depreciation	325,346
Disposal of asset	(7,377)
(Increase) Decrease in Accounts Receivable, Net	143
Increase (Decrease) in Accounts Payable and Other Accrued Liabilities	<u>(9,204)</u>
Net Cash From Operating Activities	<u>\$ 1,758,376</u>

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

City of Victor, Colorado

Notes to Financial Statements

December 31, 2023

1. Definition of Reporting Entity

The City of Victor, Colorado (the “City”) was founded in 1893. It operates under a Mayor/Council statutory form of government and provides the following services: public safety (police and fire services), public works (highway and streets), water, sewer, parks and recreation, cemetery, community development (including planning, building and zoning), downtown revitalization and general government.

The City follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

2. Summary of Significant Accounting Policies

The more significant accounting policies of the City are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. For the most part, the effect of interfund activity has been removed from these statements. Both statements distinguish between governmental activities, which are normally supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for services.

The statement of net position reports all financial and capital resources of the primary government and its component units. The difference between the assets plus deferred outflows of resources and liabilities plus deferred inflows of resources of the City is reported as net position.

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

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

City of Victor, Colorado
Notes to Financial Statements (continued)
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property, equipment and infrastructure are shown as increases in assets, while the redemption of bonds and/or payment of debts (principal portion) are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within a reasonable period (typically within 60 days) following the end of the current fiscal period. The major sources of revenue susceptible to accrual are taxes and intergovernmental revenues. All other revenue items are considered to be measurable and available only when cash is received by the City. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation due.

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

The City reports the following major governmental funds:

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

The Capital Projects Fund is used to account for financial resources to be used for the acquisition and construction of capital improvements and equipment.

The City reports the following major proprietary fund:

The Utility Enterprise Fund accounts for activities related to the offering of water and wastewater services to the City's residents and certain outside users.

Budgets

In accordance with the State Budget Law, the City Council holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The City Council can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting, unless otherwise indicated.

City of Victor, Colorado
Notes to Financial Statements (continued)
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Pooled Cash and Investments

The City follows the practice of pooling cash and investments of all funds to maximize interest earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Investments are carried at fair value or net asset value.

Cash Equivalents

For purposes of the statement of cash flows, the City considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable and Allowance for Doubtful Accounts

Tap fees, water and sewer fees and other similar fees constitute a perpetual lien on or against the property served until paid. Such fees, when uncollectible, can be certified to the County Treasurer and attach to the tax rolls. Therefore, no provision for doubtful accounts has been provided in the financial statements.

Property Taxes

Property taxes are levied by the City Council. The levy is based on assessed valuations determined by Teller County Assessor generally as of January of each year. The levy is set no later than December 15 by certifications to the Teller County Commissioners to put the tax lien on the property as of January 1 of the following year. Teller County bills and collects taxes for the City. At the option of the taxpayer, property taxes may be paid either in full on April 30, or two installments on February 28 and June 15. The County remits the taxes collected to the City on a monthly basis. Delinquent taxpayers are notified in August and sale of the tax liens on delinquent properties are generally held in November or December.

Property taxes, net of estimated uncollectible taxes, are recorded as deferred inflows of resources in the year they are levied and measurable. The unearned property tax revenue is recorded as revenue in the year it is available and collected.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

City of Victor, Colorado
Notes to Financial Statements (continued)
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Buildings and improvements	30 - 50 years
Machinery, equipment and computers	5 - 15 years
Infrastructure	30 - 40 years

The City has elected to not retroactively report infrastructure.

Compensated Absences

Employees of the City are allowed to accumulate unused vacation time up to one year's accrual plus 40 hours. Upon termination of employment, an employee will be compensated for all eligible accrued vacation time at their current rate of pay. Vacation accrual is recorded in the government-wide financial statements.

New Accounting Pronouncements

For 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements. GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. There was no impact to the City's financial statements related to this implementation.

Fund Equity/Fund Balance

In the government-wide financial statements, fund equity is classified as net position. Net position may be classified into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction or improvement of those assets. If there are significant unspent debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in this component.
- Restricted - This component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed through constitutional provisions or enabling legislation.

City of Victor, Colorado
Notes to Financial Statements (continued)
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Fund Equity/Fund Balance (continued)

- Unrestricted - The component of net position that does not meet the definition above.

In the governmental funds, fund balances should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.
- Restricted fund balance* – The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- Committed fund balance* – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, City Council. The constraint may be removed or changed only through formal action of City Council.
- Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the City Council to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- Unassigned fund balance* – The residual portion of fund balance that does not meet any of the criteria described above.

If more than one classification of fund balances is available for use when an expenditure is incurred, it is the City’s practice to use the least restrictive classification first.

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City of Victor, Colorado
Notes to Financial Statements (continued)
December 31, 2023

3. Cash and Cash Equivalents

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

	Governmental Activities	Business-type Activities
Statement of net position:		
Cash and investments	\$ 3,648,433	\$ 1,114,524
Cash and investments - Restricted	<u>51,762</u>	<u>-</u>
Total cash and investments	<u>\$ 3,700,195</u>	<u>\$ 1,114,524</u>

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

	Governmental Activities	Business-type Activities
Cash on hand	\$ 300	\$ -
Deposits with financial institutions	1,585,841	241,310
Investments	<u>2,114,054</u>	<u>873,214</u>
Total cash and investments	<u>\$ 3,700,195</u>	<u>\$ 1,114,524</u>

Deposits with Financial Institutions

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

None of the City's deposits are subject to custodial risk since they are deposited in certified eligible public depositories under the PDPA.

As of December 31, 2023, the City's cash deposits for governmental and business-type activities had a bank balance totaling \$1,855,442 and a carrying balance totaling \$1,827,151.

Investments

The City has not adopted a formal investment policy; however, the City follows state statutes regarding investments.

City of Victor, Colorado
Notes to Financial Statements (continued)
December 31, 2023

3. Cash and Cash Equivalents (continued)

The City generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the City is not subject to concentration risk disclosure requirements or to investment custodial credit risk for investments that are in the possession of another party.

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the City Council. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

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

As of December 31, 2023, the City had investments totaling \$2,987,268 as follows:

Investment	Maturity	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Colorado Local Government Liquid Asset Trust (Colostrust)	Weighted average under 60 days	\$ <u>2,114,054</u>	\$ <u>873,214</u>

COLOTRUST

The City invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (The Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

City of Victor, Colorado
Notes to Financial Statements (continued)
December 31, 2023

3. Cash and Cash Equivalents (continued)

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional price share. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS-24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolio pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAM by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

4. Capital Assets

Changes in governmental capital assets for the year ended December 31, 2023, follow:

<u>Governmental Activities</u>	Balance December 31, 2022	Additions	Conveyances or Retirements	Balance December 31, 2023
Capital assets, not being depreciated:				
Land	\$ 232,662	\$ -	\$ -	\$ 232,662
Construction in process	-	358,493		358,493
Capital Assets, being depreciated:				
Buildings and improvements	6,029,510	14,279	-	6,043,789
Machinery, equipment and computers	1,694,821	153,602	(30,013)	1,818,410
Infrastructure	2,742,941	-	-	2,742,941
Total depreciable assets	<u>10,467,272</u>	<u>167,881</u>	<u>(30,013)</u>	<u>10,605,140</u>
Total capital assets	<u>10,699,934</u>	<u>526,374</u>	<u>(30,013)</u>	<u>11,196,295</u>
Less accumulated depreciation:				
Total accumulated depreciation	<u>(3,780,194)</u>	<u>(297,696)</u>	<u>14,755</u>	<u>(4,063,135)</u>
Depreciable assets, net	<u>6,687,078</u>	<u>(129,815)</u>	<u>(15,258)</u>	<u>6,542,005</u>
Governmental activities assets, net	<u>\$ 6,919,740</u>	<u>\$ 228,678</u>	<u>\$ (15,258)</u>	<u>\$ 7,133,160</u>

City of Victor, Colorado
Notes to Financial Statements (continued)
December 31, 2023

4. Capital Assets (continued)

Depreciation expense for the governmental capital assets was allocated as follows:

	Governmental Activities
General government	\$ 160,716
Public safety	74,203
Public works	62,777
Total depreciation expense	\$ 297,696

Changes in business-type fixed assets for the year ended December 31, 2023, follow:

	Balance December 31, 2022	Additions	Conveyances or Retirements	Balance December 31, 2023
<u>Business-Type Activities</u>				
Capital assets, not being depreciated:				
Land and water rights	\$ 151,120	\$ -	\$ -	\$ 151,120
Construction in progress	89,935	1,038,105	(89,935)	1,038,105
Total non-depreciable assets	241,055	1,038,105	(89,935)	1,189,225
Capital Assets, being depreciated:				
Machinery, equipment and computers	522,270	8,010	(15,007)	515,273
Infrastructure	1,078,793	89,935	-	1,168,728
Water plant and systems	4,149,145	-	-	4,149,145
Wastewater plant and systems	6,468,230	12,093	-	6,480,323
Total depreciable assets	12,218,438	110,038	(15,007)	12,313,469
Total capital assets	12,459,493	1,148,143	(104,942)	13,502,694
Less accumulated depreciation:				
Total accumulated depreciation	(7,640,375)	(325,346)	7,377	(7,958,344)
Depreciable assets, net	4,578,063	(215,308)	(7,630)	4,355,125
Business-type activities capital assets, net	\$ 4,819,118	\$ 822,797	\$ (97,565)	\$ 5,544,350

Depreciation expense for the business-type capital assets was allocated as follows:

	Business-Type Activities
Water	\$ 72,925
Wastewater	252,421
Total depreciation expense	\$ 325,346

City of Victor, Colorado
Notes to Financial Statements (continued)
December 31, 2023

5. Net Position

The City has net position consisting of three components - net investment in capital assets, restricted and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, capital leases and other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2023, the City had net investment in capital assets calculated as follows:

	Governmental Activities	Business-type Activities
Capital assets, net	\$ 7,133,160	\$ 5,544,350
Net investment in capital assets	\$ 7,133,160	\$ 5,544,350

The restricted component of net position consists of assets that are restricted for use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislations. As of December 31, 2023, the City had restricted net position as follows:

	Governmental Activities
Restricted net position:	
Emergency reserve	\$ 37,200
Conservation Trust	37,275
	\$ 74,475

As of December 31, 2023, the City's unrestricted net position totaled \$4,799,734.

6. Commitments, Contingencies and Economic Dependency

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or Capital Projects Fund. However, in the opinion of the City, any such disallowed claims will not have a material effect on the financial statements of the individual fund type or on the overall financial position of the City at December 31, 2023.

The City has only one major employer within its City limits, the Cripple Creek & Victor Gold Mining Company, which accounts for a significant portion of the City's utility fees revenue.

City of Victor, Colorado

Notes to Financial Statements (continued)

December 31, 2023

7. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God.

The City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self-insurance pool created by intergovernmental agreement to provide property, liability and workers' compensation coverage to its members. CIRSA is governed by a seven-member Board elected by and from its members.

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and that amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

Settled claims have not exceeded insurance coverage in the last three years.

8. Tax, Spending, Revenue and Debt Limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. At December 31, 2023, the City has reserved \$37,200 for emergencies.

The City's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

City of Victor, Colorado

Required Supplemental Information

City of Victor
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances—Budget and Actual
For the Year Ended December 31, 2023

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues			
Taxes	\$ 211,778	\$ 328,077	\$ 116,299
Franchise fees	23,150	27,044	3,894
Intergovernmental	42,707	29,415	(13,292)
Licenses, fees and charges	16,020	39,826	23,806
Fines and forfeitures	50	244	194
Administrative grants	303,000	275,000	(28,000)
Other revenue	14,200	29,495	15,295
Net investment income	<u>700</u>	<u>1,324</u>	<u>624</u>
Total Revenues	<u>611,605</u>	<u>730,425</u>	<u>118,820</u>
Expenditures			
Legislative	67,795	63,620	4,175
Administrative	222,732	254,341	(31,609)
Facility maintenance	46,500	4,554	41,946
Revitalization and marketing	86,909	91,994	(5,085)
Police department	352,813	353,209	(396)
Fire department	58,473	56,106	2,367
Community development and planning	86,158	72,270	13,888
Public works	297,536	274,035	23,501
Parks and cemetery	<u>82,893</u>	<u>68,619</u>	<u>14,274</u>
Total Expenditures	<u>1,301,810</u>	<u>1,238,748</u>	<u>63,062</u>
Excess Revenues over (under) Expenditures	(690,205)	(508,323)	55,758
Other Financing Sources (Uses)			
Transfers from other funds	<u>640,000</u>	<u>640,000</u>	<u>-</u>
Net Change in Fund Balance	(50,205)	131,677	181,882
Fund Balances, Beginning of Year	<u>417,178</u>	<u>537,022</u>	<u>119,844</u>
Fund Balances, End of Year	<u>\$ 366,973</u>	<u>\$ 668,699</u>	<u>\$ 301,726</u>

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

City of Victor, Colorado

Supplementary Information

City of Victor
Capital Projects Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues			
Federal grants	\$ 230,000	\$ -	\$ (230,000)
State grants	853,376	274,026	(579,350)
Other grants and contributions	305,000	69,465	(235,535)
Net investment income	25,000	146,906	121,906
Other revenue	-	45,973	45,973
Total Revenues	<u>1,413,376</u>	<u>536,370</u>	<u>(877,006)</u>
Expenditures			
Capital improvements - General	788,500	406,724	381,776
Capital equipment - General	124,734	155,159	(30,425)
Land - Raw water	-	1,314	(1,314)
Capital improvements - Raw water	715,000	1,024,981	(309,981)
Capital improvements - Treated water	50,000	55,959	(5,959)
Capital equipment - Treated water	-	4,005	(4,005)
Capital improvements - Wastewater	416,000	27,054	388,946
Capital equipment - Wastewater	-	4,005	(4,005)
Total Expenditures	<u>2,094,234</u>	<u>1,679,201</u>	<u>415,033</u>
Excess of Revenues over (under) Expenditures	(680,858)	(1,142,831)	(461,973)
Other Financing Sources (Uses)			
Transfers from other funds	<u>425,000</u>	<u>425,000</u>	<u>-</u>
Net Change in Fund Balance	(255,858)	(717,831)	(461,973)
Fund Balance, Beginning of Year	<u>3,254,628</u>	<u>3,332,611</u>	<u>77,983</u>
Fund Balance, End of Year	<u>\$ 2,998,770</u>	<u>\$ 2,614,780</u>	<u>\$ (383,990)</u>

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

City of Victor
Utility Fund
Schedule of Revenues, Expenditures
And Changes in Net Position—Budget and Actual
For the Year Ended December 31, 2023

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
Revenues			
Raw water sales	\$ 1,455,000	\$ 2,112,606	\$ 657,606
Raw water miscellaneous sales	195,703	203,530	7,827
Raw water wheeling and storage fees	25,000	-	(25,000)
Treated water sales - Residential	72,000	74,149	2,149
Treated water sales - Commercial	12,500	12,296	(204)
Wastewater sales - Residential	117,600	120,108	2,508
Wastewater sales - Commercial	26,600	25,564	(1,036)
Liquid waste disposal fees	30,000	24,331	(5,669)
Total Revenues	<u>1,934,403</u>	<u>2,572,584</u>	<u>638,181</u>
Expenses			
General and administration	413,037	352,109	60,928
Operations:			
Raw water	272,703	205,902	66,801
Treated water	113,825	100,330	13,495
Wastewater	122,149	146,807	(24,658)
Debt Service - Principal and interest - Water	45,000	-	45,000
Total Expenses	<u>966,714</u>	<u>805,147</u>	<u>161,567</u>
Excess of Revenues Over (Under) Expenses	<u>967,689</u>	<u>1,767,437</u>	<u>476,614</u>
Other Income (Expenses)			
Treated water - Capital replacement fees	21,000	21,751	751
Wastewater - Capital replacement fees	12,500	13,198	698
Other	2,095	8,748	6,653
Total Other Income (Expenses), net	<u>35,595</u>	<u>43,697</u>	<u>8,102</u>
Net Income (Loss) Before Transfers	<u>1,003,284</u>	<u>1,811,134</u>	<u>484,716</u>
Transfers			
Transfers to other funds	(1,065,000)	(1,065,000)	-
Total Transfers, net	<u>(1,065,000)</u>	<u>(1,065,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (61,716)</u>	<u>746,134</u>	<u>\$ 484,716</u>
Budget to GAAP-Basis Adjustments:			
Depreciation		(325,346)	
Capital assets transferred from Governmental Funds		1,043,201	
Change in Net Position GAAP Basis		<u>\$ 1,463,989</u>	

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

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Victor
	YEAR ENDING : December 2023
This Information From The Records Of : City of Victor	Prepared By: Nancy Hanks, Deputy Clerk

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	213,808
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	277,788	b. Snow and ice removal	53,452
3. Other local imposts (from page 2)	9,856	c. Other	
4. Miscellaneous local receipts (from page 2)		d. Total (a. through c.)	53,452
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	194,135
a. Bonds - Original Issues		6. Total (1 through 5)	461,395
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	-	a. Interest	
7. Total (1 through 6)	287,644	b. Redemption	
B. Private Contributions	0	c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	173,752	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	461,395	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	461,395

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	0	0	0	0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	0	461,395	(461,395)	0	0

Notes and Comments:

FORM FHWA-536 (Rev. 1-05)

PREVIOUS EDITIONS OBSOLETE

(Next Page)

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2023	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	1,612	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	8,244	g. Other Misc Gravel Sales	
6. Total (1. through 5.)	9,856	h. Other	
c. Total (a. + b.)	9,856	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	20,351	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	2,151	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	151,250	e. U.S. Corps of Engineers	
e. Other (Specify) - DOLA EIAF	0	f. Other Federal	
f. Total (a. through e.)	153,401	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	173,752	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)
Notes and Comments:			