
CITY OF WALSENBURG,
COLORADO
FINANCIAL STATEMENTS
DECEMBER 31, 2023



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Independent Auditors' Report

City Council
City of Walsenburg, Colorado

Report On The Audit Of The Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Walsenburg, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City 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 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 opinions.

Emphasis Of A Matter

As discussed in Note 14, the City restated beginning net position and fund balance for the inclusion of a fund which should have been included historically in the primary government. Our opinion is not modified with respect to this matter.

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 for 12 months beyond the financial statement 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 auditors' 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 on pages i through vii and budgetary comparison information on pages 39 and 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, which 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's basic financial statements. The accompanying individual fund financial statements and schedules and the Local Highway Finance Report are presented for the purpose 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 individual fund financial statements and schedules and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RubinBrown LLP

October 4, 2024

City of Walsenburg, Colorado
Management's Discussion and Analysis
December 31, 2023

This discussion and analysis of the City of Walsenburg's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The City of Walsenburg's overall financial position continues to be strong, increasing by \$1.72 million (5.63%) during 2023.
- The assets of the City exceeded its liabilities at the close of 2023 by approximately \$32.24 million (net position). Of this amount, approximately \$2.70 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- At December 31, 2023, the combined net position of the City's governmental activities was approximately \$13.95 million, an increase of approximately \$1.82 million, (see page 5 – Governmental Activities). The total governmental fund balance increased by approximately \$2.02 million. Of the \$8,674,879 fund balance, 54% is held in the Street Improvement fund, 25% is held in the Capital Improvement fund, 18% is held in the General Fund, and the remaining 2%, excluding the General Fund, is in other non-major funds. The fund balance in the General Fund increased by \$582,971 in 2023. The Street Improvement fund balance increased by \$891,739 and the Capital Improvement fund balance increased by \$587,316. The Northlands GID was reported as a major fund in 2023 and had a fund balance decrease of \$77,778.
- At December 31, 2023, the combined net position of the City's business-type activities was approximately \$18.29 million, a decrease of approximately \$165,100 (see page 4 – Business-type Activities).
- Total tax revenues, which include real property taxes and on-going sales and use tax remittances, increased by approximately \$114,000 (3.4%) over 2022 collections.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City of Walsenburg's basic financial statements. The City's basic financial statements comprise three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other and required supplementary information in addition to the basic financial statements themselves.

CITY OF WALSENBURG, COLORADO

Management's Discussion and Analysis (*Continued*)

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Walsenburg's finances, in a manner similar to a private-sector business.

The ***statement of net position*** presents information on all of the City of Walsenburg's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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 of Walsenburg is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Walsenburg 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 of Walsenburg include general government, public safety (code enforcement), public works administration, streets, planning and economic development, and parks and recreation. The Business-type Activities of the City of Walsenburg include Gas, Water & Sewer and the Wild Waters Park.

The government-wide financial statements include only the City of Walsenburg.

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. Some funds are required to be established by State law and bond covenants, however, City Council establishes other funds to help control and manage spendable resources for particular purposes (i.e. Street Improvement Fund). All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds — Some important basic services are reported in governmental funds, which focus on how spendable resources flow into and out of those funds and the balances left at year-end that are available for future years. The funds are reported using an accounting method called modified accrual accounting,

CITY OF WALSENBURG, COLORADO

Management's Discussion and Analysis (*Continued*)

which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation that accompanies the fund financial statements. Walsenburg's government funds are the following: General Fund, Capital Improvement Fund, Streets Improvement Fund, Northlands General Improvement District Fund, and Conservation Trust Fund.

Proprietary funds — The City maintains governmental proprietary funds as well as the business-type proprietary funds. Financial activity in these funds wholly comprises all relationships between the operational costs for the particular services each fund represents and all fees that are collected to compensate these service expenditures. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. For the business-type proprietary funds the City provides several utilities, or enterprise funds. All are reported in the government-wide statements, but more detail and additional information are provided in the fund statements including statements of cash flows. Walsenburg's proprietary funds are the Gas Fund, Water & Sewer Fund, Wild Waters Fund.

Fiduciary funds — Resources held for the benefit of parties outside the government are reported in fiduciary funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's operations. The accounting used for fiduciary funds is similar to that used for proprietary funds. The City maintains a Volunteer Firefighters' Pension Fund.

The basic fiduciary fund financial statements can be found within the basic financial statements, just before the Notes to the Financial Statements.

Notes to 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. The notes to the financial statements can be found immediately after the basic financial statements.

CITY OF WALSENBURG, COLORADO

Management's Discussion and Analysis (Continued)

Other Supplementary Information

Schedules that compare actual revenues and expenditures/expenses to budgeted amounts are also included and can be found after the Notes in the financial section. The non-major government fund is the Conservation Trust Fund.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by approximately \$32.03 million at the close of 2023. A condensed Statement of Net Position follows:

	Governmental Activities		Business-type Activities		Total Primary	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 9,703,401	\$ 7,426,919	\$ 5,611,172	\$ 6,040,033	\$ 15,314,573	\$ 13,466,952
Capital assets	5,282,473	5,497,217	29,253,274	29,792,118	34,535,747	35,289,335
Total Assets	14,985,874	12,924,136	34,864,446	35,832,151	49,850,320	48,756,287
Deferred Outflows of Resources	—	—	75,317	84,735	75,317	84,735
Current liabilities	758,687	534,005	1,686,877	1,695,880	2,445,564	2,229,885
Long-term liabilities	4,218	22,722	14,962,159	15,765,144	14,966,377	15,787,866
Total Liabilities	762,905	556,727	16,649,036	17,461,024	17,411,941	18,017,751
Deferred Inflows of Resources	269,835	297,589	—	—	269,835	297,589
Net Position:						
Net investment						
in capital assets	5,282,473	5,497,217	15,619,710	14,206,515	20,902,183	19,703,732
Restricted	7,167,447	5,670,865	1,318,628	1,488,722	8,486,075	7,159,587
Unrestricted	1,503,214	901,738	1,352,389	2,760,625	2,855,603	3,662,363
Total Net Position	\$ 13,953,134	\$ 12,069,820	\$ 18,290,727	\$ 18,465,862	\$ 32,243,861	\$ 30,525,682

Restricted net position at the end of 2023 was \$8.49 million and is available only for specific projects as identified in the fund financial statements. Net investment in capital assets totaled \$20.99 million at December 31, 2023, leaving unrestricted net position of \$2.69 million, which may be used to meet the City's ongoing obligations to citizens and creditors.

The City continues to maintain positive net position for the primary government, as well as for the governmental and business-type activities.

CITY OF WALSENBURG, COLORADO

Management's Discussion and Analysis (Continued)

CHANGES IN NET POSITION

The City's total revenues of \$8.71 million exceeded program expenditures of \$7.12 million. The total increase in net position for 2022 is approximately \$1.60 million.

	Governmental Activities		Business-type Activities		Total Primary	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for services	\$ 141,403	\$ 123,881	\$ 4,326,830	\$ 3,975,811	\$ 4,468,233	\$ 4,099,692
Operating Grants	101,432	81,021	—	24	101,432	81,045
Capital Grants & Contribution	44,140	19,280	100,200	108,137	144,340	127,417
General Revenues:						
Taxes	3,447,092	3,333,067	—	—	3,447,092	3,333,067
Paid in lieu of taxes	259,612	246,092	—	—	259,612	246,092
Earnings on Investments	43,958	15,398	182,034	103,857	225,992	119,255
Other revenues	46,213	168,901	21,561	147,218	67,774	316,119
Total Revenues	4,083,850	3,987,640	4,630,625	4,335,047	8,714,475	8,322,687
Program expenses:						
General Government	676,532	653,522	—	—	676,532	653,522
Public Safety	818,259	713,856	—	—	818,259	713,856
Public works	384,369	954,850	—	—	384,369	954,850
Culture, parks and recreation	77,063	123,593	—	—	77,063	123,593
Economic Development	11,279	—	—	—	11,279	—
Donations	—	—	—	—	—	—
Debt Service	—	—	—	—	—	—
Interest	—	—	—	—	—	—
Gas	—	—	1,647,602	1,658,773	1,647,602	1,658,773
Water/Sewer	—	—	3,370,714	3,457,494	3,370,714	3,457,494
Wild Waters	—	—	73,190	96,454	73,190	96,454
Total Expenses	1,967,502	2,445,821	5,091,506	5,212,721	7,059,008	7,658,542
Excess (deficiency) of revenue over expenditures	2,116,348	1,541,819	(460,881)	(877,674)	1,655,467	664,145
Transfers In (Out)	(295,746)	(335,662)	295,746	335,662	—	—
Change in net position	1,820,602	1,206,157	(165,135)	(542,012)	1,655,467	664,145
Beginning net position, as restated	12,132,532	10,863,663	18,455,862	18,997,874	30,588,394	29,861,537
Ending net position	\$ 13,953,134	\$ 12,069,820	\$ 18,290,727	\$ 18,455,862	\$ 32,243,861	\$ 30,525,682

Governmental Activities

Governmental activities increased Walsenburg's net position by approximately \$1.82 million during the year 2023. This was largely due to tax revenues in the General Capital Improvement and Street Improvement Funds.

CITY OF WALSENBURG, COLORADO

Management's Discussion and Analysis (*Continued*)

Business-type Activities

Business-type activities decreased Walsenburg's net position by \$165,135 during the year 2023. The gas, water & sewer and wild water funds generated net operating losses and decreases in net position before fund transfers.

Budgetary Highlights

The City's budgets are prepared in accordance with the Colorado Revised Statutes.

Differences between the original and final budgets result from transfers between departments and supplemental appropriations made during the year. The transfers between departments are generally the result of the City's budget management process which monitors department budgets and the budget in total. The City Council, upon request of the City Administrator, may transfer funds from departments with anticipated budget surpluses to those with anticipated budget shortfalls. Transfers of this type have no impact on the budget in total.

General Fund revenues in 2023 were less than the anticipated budget by \$630,684 primarily due less than anticipated intergovernmental revenue. General fund budgeted expenditures exceeded actual expenditures by \$462,457 primarily due to decreased general government expenditures and delayed capital expenditures.

Capital Asset and Debt Administration

Capital Assets - The City of Walsenburg invested approximately \$0 and \$497,217 in capital assets for its governmental-type and business-type activities, respectively, during the year ended December 31, 2023. The City's total investment in land, buildings, equipment and vehicles is \$34.54 million city-wide after applying depreciation.

The City depreciates all capital assets except land utilizing straight-line depreciation applied to the useful life of each respective asset.

Long-term Debt - At the end of 2023, the City has long-term debt totaling \$14.93 million which applies to business-type activities. The amount of principal scheduled to be retired in 2023 was approximately \$740,000, and all currently recorded debt should be retired by 2057.

Other Matters

Factors which are expected to have a significant impact on the City's 2024 budget include:

CITY OF WALSENBURG, COLORADO

Management's Discussion and Analysis (*Continued*)

1. Tax revenues will provide a favorable result

Sales taxes collections in 2023 increased over 2022 receipts due the consistent improving economy. This has reduced the pressure on the City to seek additional revenues to meet the needs of its citizens and is expected to be consistent through 2024.

2. Capital and Maintenance Initiatives

A general assessment of repair and maintenance issues have been identified in all areas of the City. Priority will be given to water and sewer infrastructure, the water treatment plant, the filter media project based on State mandates, waste water treatment plant and streets and parks.

3. Water and Sewer Rates

During 2023 and 2024, a rate study was done to determine if water and sewer rates covered debt payments along with operating expenses. The rate study was completed in early 2024 and water and sewer rates are set to increase starting August 1, 2024.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to show the City's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the City's Administrator at City of Walsenburg, 525 South Albert Street, Walsenburg, CO 81089, or at cityadmin@walsenburg.org.

CITY OF WALSENBURG, COLORADO

STATEMENT OF NET POSITION

December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Assets			
Cash and investments	\$ 8,633,579	\$ 2,448,090	\$ 11,081,669
Accounts receivable, net of allowance	536,446	1,444,758	1,981,204
Property tax receivable	270,056	—	270,056
Internal balances	263,121	(263,121)	—
Current portion of notes receivable	—	212,060	212,060
Prepaid expenses	199	—	199
Inventory	—	148,000	148,000
Restricted cash and cash equivalents	—	1,318,628	1,318,628
Noncurrent assets:			
Notes receivable	—	302,757	302,757
Capital assets, net	5,282,473	29,253,274	34,535,747
Total Assets	14,985,874	34,864,446	49,850,320
Deferred Outflows of Resources			
Deferred charges on refunding	—	75,317	75,317
Liabilities and Deferred Inflows of Resources			
Liabilities			
Accounts payable and accrued expenses	758,687	658,727	1,417,414
Deposits and escrows	—	314,841	314,841
Unearned revenue	—	713,309	713,309
Noncurrent liabilities:			
Due within one year	4,218	799,777	803,995
Due in more than one year	—	14,162,382	14,162,382
Total Liabilities	762,905	16,649,036	17,411,941
Deferred Inflows of Resources			
Deferred property taxes	269,835	—	269,835
Net Position			
Net Investment in Capital Assets	5,282,473	15,632,710	20,915,183
Restricted for:			
Emergencies	71,000	—	71,000
Capital improvements	6,893,802	—	6,893,802
Asset replacement	—	83,417	83,417
Other	202,645	—	202,645
Unrestricted	1,503,214	2,574,600	4,077,814
Total Net Position	\$ 13,953,134	\$ 18,290,727	\$ 32,243,861

See the notes to the financial statements.

CITY OF WALSENBURG, COLORADO

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 676,532	\$ 131,851	\$ 74,358	\$ 22,500	\$ (447,823)	\$ —	\$ (447,823)
Public safety	818,259	9,552	27,074	—	(781,633)	—	(781,633)
Public works	384,369	—	—	—	(384,369)	—	(384,369)
Culture, parks and recreation	77,063	—	—	21,640	(55,423)	—	(55,423)
Economic Development	11,279	—	—	—	(11,279)	—	(11,279)
Total Governmental Activities	1,967,502	141,403	101,432	44,140	(1,680,527)	—	(1,680,527)
Business-type activities:							
Gas	1,647,602	1,872,671	—	—	—	225,069	225,069
Water/Sewer	3,370,714	2,454,159	—	100,200	—	(816,355)	(816,355)
Water park	73,190	—	—	—	—	(73,190)	(73,190)
Total Business-Type Activities	5,091,506	4,326,830	—	100,200	—	(664,476)	(664,476)
Total Primary Government	\$ 7,059,008	\$ 4,468,233	\$ 101,432	\$ 144,340	(1,680,527)	(664,476)	(2,345,003)
General Revenues							
Taxes:							
Property taxes					323,041	—	323,041
Specific ownership taxes					31,243	—	31,243
Sales and use taxes					2,733,239	—	2,733,239
Franchise taxes					322,246	—	322,246
Other taxes					37,323	—	37,323
Paid in lieu of taxes					259,612	—	259,612
Earnings on investments					43,958	182,034	225,992
Other revenues					46,213	21,561	67,774
Transfers					(295,746)	295,746	—
Total General Revenues and Transfers					3,501,129	499,341	4,000,470
Changes in Net Position					1,820,602	(165,135)	1,655,467
Net Position At Beginning Of Year, As Previously Stated					12,069,820	18,455,862	30,525,682
Restatement					62,712	—	62,712
Net Position at Beginning Of Year, balance as restated					12,132,532	18,455,862	30,588,394
Net Position at End Of Year					\$ 13,953,134	\$ 18,290,727	\$ 32,243,861

See the notes to the financial statements.

CITY OF WALSENBURG, COLORADO

**BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023**

	Capital Projects			Special Revenue	Nonmajor Governmental	Total
	General	Capital Improvement	Street Improvement	Northlands GID	Governmental	Governmental Funds
Assets						
Cash and investments	\$ 713,904	\$ 2,313,888	\$ 4,550,334	\$ 856,129	\$ 199,324	\$ 8,633,579
Accounts receivable	530,854	—	—	5,592	221	536,667
Property tax receivable	269,835	—	—	—	—	269,835
Due from other funds	796,124	162,663	162,663	—	—	1,121,450
Prepaid items	199	—	—	—	—	199
Total Assets	\$ 2,310,916	\$ 2,476,551	\$ 4,712,997	\$ 861,721	\$ 199,545	\$ 10,561,730
Liabilities, Deferred Inflows Of Resources And Fund Balances						
Liabilities						
Accounts payable	\$ 67,478	\$ —	\$ —	\$ 641,194	\$ 4	\$ 708,676
Accrued liabilities	50,011	—	—	—	—	50,011
Due to other funds	345,160	295,746	—	206,486	10,937	858,329
Total Liabilities	462,649	295,746	—	847,680	10,941	1,617,016
Deferred Inflows Of Resources						
Unavailable property tax revenue	269,835	—	—	—	—	269,835
Fund Balances						
Nonspendable	199	—	—	—	—	199
Restricted for emergencies	71,000	—	—	—	—	71,000
Restricted for capital improvements	—	2,180,805	4,712,997	—	—	6,893,802
Restricted for economic development	—	—	—	—	68,959	68,959
Restricted for parks and recreation	—	—	—	—	119,645	119,645
Restricted for Northlands District	—	—	—	14,041	—	14,041
Unassigned	1,507,233	—	—	—	—	1,507,233
Total Fund Balances	1,578,432	2,180,805	4,712,997	14,041	188,604	8,674,879
Total Liabilities, Deferred Inflows Of Resources And Fund Balances	\$ 2,310,916	\$ 2,476,551	\$ 4,712,997	\$ 861,721	\$ 199,545	\$ 10,561,730

See the notes to the financial statements.

CITY OF WALSENBURG, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET WITH THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
December 31, 2023

Total Fund Balances - Governmental Funds **\$ 8,674,879**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements, but are reported in the governmental activities of the statement of net position.

Capital assets	\$ 8,820,166	
Less: Accumulated depreciation	<u>(3,537,693)</u>	5,282,473

Long-term liabilities are not due and payable from current financial resources and, therefore, are not reported as liabilities on the fund financial statements. Long-term liabilities at year end consist of:

Accrued compensated absences		<u>(4,218)</u>
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Total Net Position Of Governmental Activities **\$ 13,953,134**

CITY OF WALSENBURG, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES -
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2023**

	Capital Projects			Special Revenue	Nonmajor Governmental	Total Governmental Funds
	General	Capital Improvement	Street Improvement	Northlands GID		
Revenues						
Taxes	\$ 1,680,976	\$ 874,295	\$ 874,295	\$ —	\$ 17,526	\$ 3,447,092
Licenses and permits	126,734	—	—	—	—	126,734
Intergovernmental	27,074	—	—	—	21,640	48,714
Grants and contributions	22,500	—	—	74,358	—	96,858
Fines and forfeitures	14,114	—	—	—	—	14,114
Paid in lieu of taxes	259,612	—	—	—	—	259,612
Earnings on investments	336	8,767	19,252	10,896	4,706	43,957
Miscellaneous	46,768	—	—	—	—	46,768
Total Revenues	2,178,114	883,062	893,547	85,254	43,872	4,083,849
Expenditures						
Current:						
General government	379,704	—	—	163,032	—	542,736
Public safety	818,259	—	—	—	—	818,259
Public works	320,117	—	1,808	—	—	321,925
Economic Development	—	—	—	—	11,279	11,279
Culture, parks and recreation	77,063	—	—	—	—	77,063
Total Expenditures	1,595,143	—	1,808	163,032	11,279	1,771,262
Excess Of Revenues Over Expenditures	582,971	883,062	891,739	(77,778)	32,593	2,312,587
Other Financing Sources (Uses)						
Transfers out	—	(295,746)	—	—	—	(295,746)
Net Change In Fund Balances	582,971	587,316	891,739	(77,778)	32,593	2,016,841
Fund Balance At Beginning Of Year, As Previously Stated	995,461	1,593,489	3,821,258	91,819	93,299	6,595,326
Restatement	—	—	—	—	62,712	62,712
Fund Balance At Beginning Of Year, balance as restated	995,461	1,593,489	3,821,258	91,819	156,011	6,658,038
Fund Balance At End Of Year	\$ 1,578,432	\$ 2,180,805	\$ 4,712,997	\$ 14,041	\$ 188,604	\$ 8,674,879

See the notes to the financial statements.

CITY OF WALSENBURG, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2023

Total Net Change in Fund Balance - Governmental Funds	\$ 2,016,841
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those capital assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.	
Depreciation expense	(214,744)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in accrued compensated absences	<u>18,504</u>
Change In Net Position of Governmental Activities	<u>\$ 1,820,601</u>

See the notes to the financial statements.

CITY OF WALSENBURG, COLORADO

**STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2023**

	Business-Type Activities				
			Non-Major		
			Gas	Water & Sewer	
Assets					
Current Assets					
Cash and investments	\$ 2,086,037	\$ 362,053	\$ —	\$ 2,448,090	
Accounts receivable, net of allowance	398,732	1,046,026	—	1,444,758	
Due from other funds	7,012	515,054	—	522,066	
Current portion of notes receivable	—	212,060	—	212,060	
Inventory	148,000	—	—	148,000	
Restricted cash and investments	—	1,318,628	—	1,318,628	
Total Current Assets	2,639,781	3,453,821	—	6,093,602	
Noncurrent Assets					
Notes receivable	—	302,757	—	302,757	
Capital assets, being depreciated, net	1,483,871	22,663,324	1,286,686	25,433,881	
Capital assets, not being depreciated	35,500	3,710,792	73,101	3,819,393	
Total Noncurrent Assets	1,519,371	26,676,873	1,359,787	29,556,031	
Total Assets	4,159,152	30,130,694	1,359,787	35,649,633	
Deferred Outflows					
Deferred charges on refunding	—	75,317	—	75,317	
Liabilities					
Current Liabilities					
Due to other funds	112,360	147,252	525,575	785,187	
Accounts payable	238,949	222,350	2,678	463,977	
Accrued expenses	28,831	166,188	(270)	194,749	
Deposits and escrows	183,117	131,725	—	314,842	
Accrued compensated absences	20,897	10,170	—	31,067	
Unearned revenue	261,338	451,971	—	713,309	
Current portion of long-term debt	—	768,710	—	768,710	
Total Current Liabilities	845,492	1,898,366	527,983	3,271,841	
Noncurrent Liabilities					
Long-term debt	—	14,162,382	—	14,162,382	
Total Liabilities	845,492	16,060,748	527,983	17,434,223	
Net Position					
Net investment in capital assets	1,519,371	12,753,552	1,359,787	15,632,710	
Restricted	—	83,417	—	83,417	
Unrestricted	1,794,289	1,308,294	(527,983)	2,574,600	
Total Net Position	\$ 3,313,660	\$ 14,145,263	\$ 831,804	\$ 18,290,727	

See the notes to the financial statements.

CITY OF WALSENBURG, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION -
PROPRIETARY FUNDS**

For The Year Ended December 31, 2023

	Business-Type Activities				
	Gas	Water & Sewer	Non-Major		Total
			Wild Waters		
Operating Revenues					
Charges for services	\$ 1,872,671	\$ 2,454,159	\$ —	\$ —	\$ 4,326,830
Miscellaneous	5,070	16,491	—	—	21,561
Total Operating Revenues	1,877,741	2,470,650	—	—	4,348,391
Operating Expenses					
Personnel services	357,685	545,055	6,008	—	908,748
Administrative/office expenses	22,869	21,374	—	—	44,243
Contract services	130,690	644,061	—	—	774,751
Commodity charges	799,176	—	—	—	799,176
Utilities	16,482	201,579	4,969	—	223,030
Repairs and maintenance	23,378	145,954	(759)	—	168,573
Other supplies and expenses	31,043	302,374	15	—	333,432
Insurance expense	39,960	98,068	—	—	138,028
Payment in lieu of taxes	112,360	147,252	—	—	259,612
Miscellaneous	2,995	1,213	—	—	4,208
Depreciation	110,964	862,140	62,957	—	1,036,061
Total Operating Expenses	1,647,602	2,969,070	73,190	—	4,689,862
Operating Income (Loss)	230,139	(498,420)	(73,190)	—	(341,471)
Nonoperating Revenues (Expenses)					
Investment income	84,942	97,092	—	—	182,034
Tap fees	—	58,426	—	—	58,426
Interest expense	—	(401,644)	—	—	(401,644)
Total Nonoperating Revenues (Expenses)	84,942	(246,126)	—	—	(161,184)
Capital Contributions And Transfers					
Capital contributions	—	41,774	—	—	41,774
Transfers in	—	295,746	—	—	295,746
Change In Net Position	315,081	(407,026)	(73,190)	—	(165,135)
Net Position At Beginning Of Year	2,998,579	14,552,289	904,994	—	18,455,862
Net Position At End Of Year	\$ 3,313,660	\$ 14,145,263	\$ 831,804	\$ —	\$ 18,290,727

See the notes to the financial statements.

CITY OF WALSENBURG, COLORADO

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
For The Year Ended December 31, 2023**

	Business-Type Activities			Total
	Gas	Water & Sewer	Non-Major Wild Waters	
Cash Flows From Operating Activities				
Cash received from customers	\$ 1,926,885	\$ 2,256,958	\$ —	\$ 4,183,843
Cash payments to suppliers	(1,214,167)	(1,491,583)	(4,544)	(2,710,294)
Cash payments to employees	(382,955)	(574,705)	(6,658)	(964,318)
Net Cash Provided By (Used In) Operating Activities	329,763	190,670	(11,202)	509,231
Cash Flows From Noncapital Financing Activities				
Cash from other funds	131,970	2,072,956	11,202	2,216,128
Cash to other funds	—	(1,581,138)	—	(1,581,138)
Net Cash Provided By (Used In) Noncapital Financing Activities	131,970	491,818	11,202	634,990
Cash Flows From Capital And Related Financing Activities				
Capital contributions	—	100,200	—	100,200
Principal paid on debt	—	(739,246)	—	(739,246)
Interest paid on debt	—	(389,136)	—	(389,136)
Acquisition of capital assets	(128,479)	(368,738)	—	(497,217)
Net Cash Provided by (Used In) Capital And Related Financing Activities	(128,479)	(1,396,920)	—	(1,525,399)
Cash Flows From Investing Activities				
Earnings on investments	84,942	97,092	—	182,034
Net Cash Provided By (Used In) Investing Activities	84,942	97,092	—	182,034
Net Change In Cash And Cash Equivalents	418,196	(617,340)	—	(139,438)
Cash And Cash Equivalents At Beginning Of Year	1,667,841	2,298,021	—	3,965,862
Cash And Cash Equivalents At End Of Year	\$ 2,086,037	\$ 1,680,681	\$ —	\$ 3,766,718
Cash and investments	\$ 2,086,037	\$ 362,053	\$ —	\$ 2,448,090
Restricted cash and investments	—	1,318,628	—	1,318,628
Total Cash And Cash Equivalents	\$ 2,086,037	\$ 1,680,681	\$ —	\$ 3,766,718
Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used In) Operating Activities				
Operating income (loss):	\$ 230,139	\$ (498,420)	\$ (73,190)	\$ (341,471)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	110,964	862,140	62,957	1,036,061
Bad debt expense	49,922	43,749	—	93,671
(Increase) decrease in:				
Receivables	2,217	(235,415)	—	(233,198)
Prepaid expenses	—	—	—	—
Inventory	30,000	—	—	30,000
Increase (decrease) in:				
Accounts payable	(67,143)	95,638	(319)	28,176
Accrued expenses	(25,270)	(29,650)	(650)	(55,570)
Deferred revenue	—	(48,755)	—	(48,755)
Deposits and escrows	(1,066)	1,383	—	317
Net Cash Provided By (Used In) Operating Activities	\$ 329,763	\$ 190,670	\$ (11,202)	\$ 509,231

See notes to the financial statements.

CITY OF WALSENBURG, COLORADO

STATEMENT OF FIDUCIARY NET POSITION

December 31, 2023

	Volunteer Firefighters' Pension Fund
Assets	
Cash and investments	<u>\$ 23,705</u>
Net Position	
Net position held in trust for pension benefits	<u>\$ 23,705</u>

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

CITY OF WALSENBURG, COLORADO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For The Year Ended December 31, 2023

	<u>Volunteer Firefighters' Pension Fund</u>
Additions	
Earnings on investments	\$ 2,578
Deductions	
Benefits paid	2,400
Change In Net Position	178
Net Position At Beginning Of Year	<u>23,527</u>
Net Position At End Of Year	<u>\$ 23,705</u>

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

CITY OF WALSENBURG, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2023

1. Summary of Significant Accounting Policies

The City of Walsenburg, Colorado (the City), a municipal corporation, as defined by Colorado Revised Statutes (CRS), was established in 1873. An elected Mayor and City Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The City is located in Huerfano County, Colorado, and its major operations include police protection, road maintenance, utilities and culture and recreation.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The reporting entity consists of (a) the primary government, i.e., the City and (b) organizations for which the City is financially accountable. The City is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. Consideration is also given to other organizations which are fiscally dependent, i.e., unable to adopt a budget, levy taxes or issue debt without approval by the City. Organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Based on the criteria above, the City has one component unit. The Northlands General Improvement District (the Northlands GID) has the power to acquire, construct or install public improvements within its own boundaries and to finance such improvements by levying a general property tax upon the benefiting property. The Northlands GID is a blended component unit presented as a major special revenue fund. The district is an entity which is legally separate from the City. The City Council, as required by state statute, sits as the Board of Directors for the district. Services provided by the district are entirely for the benefit of the citizens of the district. The fiscal year end for the district is December 31.

The City is not considered a component unit of any other government.

Basis of Presentation

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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

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

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds, rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Measurement Focus and Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary 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 for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payments are due.

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

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds) and the capital projects funds. The following are the City's major and nonmajor governmental funds:

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

The *Street Improvement Fund* is a major fund, categorized as a capital projects fund used to fund maintenance and/or capital outlay relating specifically to street improvements, supported by a designated 1.0% sales tax.

The *Capital Improvement Fund* is a major fund, categorized as a capital projects fund that is used to account for capital projects that are supported by a 1.0% sales tax, appropriations and/or advances from the General Fund or donations from private or public sources.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

The *Northlands GID Fund* is a major fund, categorized as a special revenue fund. Revenue sources include a Public Improvement Fee collected by District businesses, pledges from residents and sales taxes. It accounts for the resources used to pay for services provided and potential further capital projects within the District's boundaries.

Non-Major Governmental Funds -

The *Conservation Trust Fund*, a nonmajor special revenue fund, accounts for lottery proceeds required to be expended solely on park and recreation activities.

The *Urban Renewal Fund*, a nonmajor special revenue fund, accounts for sales taxes required to be expended for economic development within the City.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as enterprise funds or internal service funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City reports the following proprietary or business-type funds:

The *Water & Sewer Fund* is a major enterprise fund used to account for the purchase and delivery of water to the citizens of the City.

The *Gas Fund* is a major enterprise fund used to account for the purchase and delivery of natural gas to the citizens of the City.

Non-Major Proprietary Funds –

The *Wild Waters Fund* is a nonmajor enterprise fund used to account for the membership, admissions and concessions revenues received by the City for the operation of a seasonal municipal swimming pool and water park.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

fund's principal ongoing operations. Cost reimbursement grants are recorded as unearned revenue when proceeds are received in advance.

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governments and for other funds. The City reports the following fiduciary trust fund that is not included in the government-wide statements since the resources of the fund are not available to the City:

The *Volunteer Firefighters' Pension Fund* accounts for the volunteer firefighters' pension investments.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and participation in local government investment pools. All cash equivalents have an original maturity date of less than three months. Cash balances from different funds are combined and invested to the extent possible in local government investment pools.

To improve cash management, cash received by the City is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Investments of the City's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments

Investments are stated at fair value based on quoted market values, with the exception of certificates of deposit. These are stated at cost plus accrued interest, which approximates fair value.

Accounts Receivable

Receivables are reported net of an allowance for uncollectible accounts. The City writes off bad debts when accounts are deemed uncollectible. Receivables are reviewed annually to determine accounts that should be written off and to make any adjustments to allowance for doubtful accounts. As of December 31, 2023, the City had an allowance for uncollectible accounts relating to the Water & Sewer Fund of \$19,318 and Gas Fund of \$53,441 totaling \$72,759.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (Continued)

Property Taxes

Annual property taxes are levied and assessed on January 1 and are certified by the City by November 1 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer also collects the property taxes and remits the collections on a monthly basis to the City. The City recognizes a receivable, net of estimated uncollectible accounts, for property tax levied upon certification by the County Treasurer. Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses. Therefore, a deferred inflow of resources is recorded in the same amount since the taxes are not available at year end to fund expenditures of the current year.

Inventory

Inventory consists of supplies for the City's use and, in the Gas Fund, natural gas held in storage. Inventories are carried at the lower of cost or market using the first-in, first-out method.

Capital Assets

Capital assets, which include land, land improvements, distribution systems, buildings, equipment and vehicles, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and enterprise funds. Capital assets are defined by the City as assets with an initial cost of \$4,000 or more and an estimated useful life in excess of one year for all assets. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Years</u>
Land	N/A
Utility plant	40
Streets	40
Buildings and improvements	15 - 40
Equipment and furniture	3 - 15
Software	3 - 5

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position and governmental funds balance sheet will sometimes include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period or periods and so will not be recognized as an outflow of resources until then, such as deferred charges related to debt refunding.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period or periods and so will not be recognized as an inflow of resources until then. On the modified accrual basis of accounting, the City has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet. Unearned property taxes were recorded as deferred inflows of resources for governmental activities on the government-wide statement of net position.

Accrued Compensated Absences Payable

In accordance with accounting standards, vested or accumulated vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements and the enterprise fund financial statements. Compensated absences are reported in governmental funds only if they have matured.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statement, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements if they will be liquidated with current resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Bond Premium and Debt Issuance Costs

In the government-wide and proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using a method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period in which the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period in which the debt is issued. The face amount of debt issued and any related premiums or discounts are reported as other financing sources/uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures during the year they are incurred.

Fund Balance and Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the City which is not restricted for any project or other purpose. A deficit will require future funding.

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

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Accounting standards define the different types of fund balances that a governmental entity must use for governmental fund financial reporting purposes. These standards require the fund balance amounts to be reported within one of the categories listed below:

Nonspendable Fund Balance - cannot ever be spent, such as fund balance associated with inventories, prepaid items, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned)

Restricted Fund Balance - indicates constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislations

Committed Fund Balance - includes amounts that can be used only for the specific purposes determined by a resolution approved by the City Council.

Assigned Fund Balance - intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned fund balance allows City Council to delegate the authority to spend to the City Manager or designee.

Unassigned Fund Balance - the residual classification for the government's General Fund and includes all spendable amounts not contained in the other classifications

Based on the definitions above, the City only has nonspendable, restricted and unassigned fund balances. When both restricted and unassigned resources are available for use, it is the City's policy to use restricted resources first, then unassigned resources as they are needed.

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (Continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standards

The GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) which provides guidance on the accounting and financial reporting for 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. The City implemented this standard in the year ended December 31, 2023 which had no effect on the financial reporting of the City.

2. Cash, Cash Equivalents and Investments

The composition of the City's cash, cash equivalents and investments, including restricted cash and investments on December 31, 2023, is as follows:

Cash on hand	\$ 370
Cash deposits	6,745,179
Money market funds	1,184,286
Certificates of deposit	248,310
Local government investment pools	<u>4,245,857</u>
Total	<u>\$ 12,424,002</u>

The above amounts are classified in the government-wide statement of net position and in the fiduciary statement of net position as follows:

Cash and investments	\$ 11,081,669
Restricted cash and investments	1,318,628
Fiduciary cash and investments	<u>23,705</u>
Total	<u>\$ 12,424,002</u>

Custodial Credit Risk - Deposits

There is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits. The City's deposit policy is in accordance with CRS 11-10.5-101, the Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance limits must be collateralized by eligible collateral as determined by PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is maintained by another institution or held in trust for all of the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor, and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. As of December 31, 2023, the City's cash deposits had a bank balance of \$8,125,022. Of the bank balance, \$593,161 was covered by the Federal Deposit Insurance Corporation (FDIC) federal depository insurance. The remainder of the bank balance, \$7,623,097, was collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by the PDPA.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (Continued)

3. Investments

Investments

At December 31, 2023, the City's investments in debt securities, certificates of deposit and other investments consisted of the following:

Investment Type	Amount	Investment Maturities		
		Up To 120 Days	121 Days To 5 Years	5 Years To 20 Years
Certificates of deposit	\$ 248,310	\$ —	\$ 248,310	\$ —
COLOTRUST	4,245,857	4,245,857	—	—
Total	\$ 4,494,167	\$ 4,245,857	\$ 248,310	\$ —

Investments Measured at Net Asset Value

COLOTRUST \$ 4,245,857

Investments Measured at Amortized Cost

Certificates of deposit \$ 248,310

**Total Investments Controlled
by the City \$ 4,494,167**

Local Government Investment Pool

At December 31, 2023, the City had invested \$4,245,857 in the Colorado Government Liquid Asset Trust (COLOTRUST), a local government investment pool established in Colorado to pool surplus funds for investment purposes. These funds operate similarly to a money market fund, and each share is equal in value to \$1.00. The designated custodial bank of the pooled investment provides safekeeping and depository services in connection with the direct investment and withdrawal functions of the pooled investment. All securities owned by pooled investments are held by the Federal Reserve Bank in the account maintained for the custodial bank. Investments of pooled investments consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes. The final maturity of any and all securities purchased by pooled investments may not exceed one year. COLOTRUST is rated AAAM by Standard & Poor's. The investment policy of COLOTRUST does not include investing in derivatives.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Credit Risk

The City's investment policy defines allowable investment instruments including:

- U.S. Treasury obligations
- U.S. instrumentality obligations
- Certificates of deposit with original maturities of three months or more
- Commercial paper rated in the highest tier by a nationally recognized rating agency
- Repurchase agreements
- Investment grade obligations of state, county and local governments and public authorities
- Money market mutual funds regulated by the Securities and Exchange Commission whose portfolios consist of only dollar-denominated securities
- Local government investment pools

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that, in the event of a failure of a counterparty, the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a specific policy for custodial credit risk. As of December 31, 2023, the City has substantially mitigated its exposure to credit risk by investing the majority of its assets in local government investment pools.

Interest Rate Risk

Colorado Revised Statutes (CRS) and the City's investment policies limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates.

Restricted Cash and Investments

At December 31, 2023, the Water & Sewer restricted cash and investments of \$1,318,628, represents the required debt service reserves in accordance the Series 2017A, 2017B and 2017C revenue bond ordinances and Colorado Water Conservancy Board note payable and community agreements with Northlands GID.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (Continued)

4. Interfund Transfers and Balances

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

Following is a schedule of operating transfers during the year:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
Capital Improvement Fund	\$ —	\$ 295,746
Enterprise Funds		
Water/Sewer Fund	295,746	—
Total	<u>\$ 295,746</u>	<u>\$ 295,746</u>

Following is a schedule of outstanding interfund balances at December 31, 2023:

	<u>Due To</u>	<u>Due From</u>
Governmental Funds		
General Fund	\$ 345,160	\$ 796,124
Capital Improvement Fund	295,746	162,663
Street Improvement Fund	—	162,663
Northlands GID Fund	206,486	—
Conservation Trust Fund	—	—
Urban Renewal	10,937	—
Enterprise Funds		
Gas Fund	112,360	7,012
Water/Sewer Fund	147,252	515,054
Wild Waters Fund	525,575	—
Total	<u>\$ 1,643,516</u>	<u>\$ 1,643,516</u>

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (Continued)

5. Note Receivable

In December 2015, the City entered into a loan agreement with Martra Operating Partnership, L.P. in the amount of \$1,066,160 for the sale of property owned by the City's Water & Sewer Fund. The loan bears interest at 8% with the first year's interest added to the loan balance for a total principal balance of \$1,151,453. The loan then requires 120 monthly payments of \$13,970 through December 2026. The outstanding balance of the loan is \$514,817 as of December 31, 2023 with \$212,060 of principal anticipated to be repaid during 2024.

6. Capital Assets

The following is a summary of changes in capital assets in the governmental activities for the year ended December 31, 2023:

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 2,023,373	\$ —	\$ —	\$ 2,023,373
Total Capital Assets, Not Being Depreciated	2,023,373	—	—	2,023,373
Capital assets, being depreciated:				
Land improvements	1,523,828	—	—	1,523,828
Buildings and improvements	1,759,356	—	—	1,759,356
Streets	2,497,743	—	—	2,497,743
Equipment and furniture	995,271	—	—	995,271
Software	20,595	—	—	20,595
Total Capital Assets, Being Depreciated	6,796,793	—	—	6,796,793
Less accumulated depreciation for:				
Land improvements	182,859	60,953	—	243,812
Buildings and improvements	1,420,599	32,004	—	1,452,603
Streets	931,535	62,444	—	993,979
Equipment and furniture	767,361	59,343	—	826,704
Software	20,595	—	—	20,595
Total Accumulated Depreciation	3,322,949	214,744	—	3,537,693
Capital Assets Being Depreciated, Net	3,473,844	(214,744)	—	3,259,100
Total Governmental Activities Capital Assets	\$ 5,497,217	\$ (214,744)	\$ —	\$ 5,282,473

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (Continued)

Depreciation expense was charged to functions of the primary government as follows:

General government	\$ 152,300
Public works	<u>62,444</u>
	<u>\$ 214,744</u>

The following is a summary of changes in capital assets in the business-type activities for the year ended December 31, 2023:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets, not being depreciated:				
Land, easements and water rights	\$ 3,700,893	\$ —	\$ —	\$ 3,700,893
Construction in progress	56,962	61,538	—	118,500
Total Capital Assets, Not Being Depreciated	<u>3,757,855</u>	<u>61,538</u>	<u>—</u>	<u>3,819,393</u>
Capital assets, being depreciated:				
Utility plant	30,894,620	—	—	30,894,620
Buildings and improvements	12,667,947	17,979	—	12,685,926
Equipment and furniture	1,800,214	417,700	—	2,217,914
Total Capital Assets, Being Depreciated	<u>45,362,781</u>	<u>435,679</u>	<u>—</u>	<u>45,798,460</u>
Less: Accumulated depreciation	19,328,518	1,036,061	—	20,364,579
Capital Assets, Being Depreciated, Net	<u>26,034,263</u>	<u>(600,382)</u>	<u>—</u>	<u>25,433,881</u>
Total Business-Type Activities				
Capital Assets	<u>\$ 29,792,118</u>	<u>\$ (538,844)</u>	<u>\$ —</u>	<u>\$ 29,253,274</u>
		Plus deferred amount on refunding		75,317
		Plus restricted cash to service debt		1,235,211
		Less outstanding financial purchases		<u>(14,931,092)</u>
		Net investment in capital assets		<u>\$ 15,632,710</u>

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

7. Long-Term Liabilities

Business-Type Activities

Series 2017A/Series 2017B Water and Sewer Revenue Refunding Bonds

In April 2017, the City issued \$3,626,000 of Series 2017A and \$72,000 of Series 2017B Water and Sewer Revenue Refunding Bonds through the U.S. Department of Agriculture Rural Utility Service (RUS). The bonds are special limited obligations of the City payable solely from the net revenue derived by the City from operation of the City's water and sewer systems. The Bonds constitute an irrevocable lien (but not necessarily an exclusive such lien) upon the net revenue. The bonds do not constitute a general obligation of the City or an obligation of the State of Colorado or Huerfano County. The City has committed to a rate maintenance provision equal to 120% of annual debt service related to the bonds and any parity debt. The bonds were issued by the City to repay the construction loan related to the City's Northlands sewer project.

The Series 2017A bonds carry a 2.75% interest rate and are payable in monthly installments of \$12,747 maturing in April 2057. The Series 2017B bonds bear a 2.25% interest rate and are payable in monthly installments of \$229, also maturing in April 2057. The Series 2017A bonds require a reserve equal to an annual installment of \$149,688 while the Series 2017B bonds require a \$2,748 reserve. The reserves were funded through monthly deposits of \$12,474 and \$229, respectively, commencing in 2017 until fully funded. The bonds also require a "Short-lived Asset Replacement Reserve Account" in the amount of \$13,000 per year. This money can be used for short-lived asset replacement upon advance approval of RUS.

While this loan is secured by a pledge of water and sewer revenues and constitutes debt of the Water/Sewer Fund, the City has an agreement with the property owners located within the Northlands GID to provide funding for all debt service related to capital improvements located with the improvement district.

Series 2017C Water and Sewer Revenue Refunding Bonds

In September 2017, the City issued \$8,045,000 of Series 2017C Water and Sewer Revenue Refunding Bonds. The bonds are special limited obligations of the City payable solely from the net revenue derived by the City from operation of the City's water and sewer systems. The bonds constitute an irrevocable lien (but not necessarily an exclusive such lien) upon the net revenue. The bonds do not constitute a general obligation of the City or an obligation of the State of Colorado or Huerfano County. The City has committed to a rate maintenance provision equal to 120% of annual debt service related to the bonds and any parity debt. The

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

bonds were issued by the City to fully refund the City’s 2007 Water and Sewer Bonds.

The Series 2017C bonds carry a 2.80% interest rate and are payable in monthly installments of \$54,726 through November 2031. There is a balloon payment due in December 2031 of \$714,726 representing final maturity. The Series 2017C bonds require a reserve of \$710,000. The City incurred \$221,236 of costs related to the issuance, which were expensed in the year incurred, and recognized a deferred charge of \$131,852 on refunding that will be amortized through December 2031, the shorter of the remaining repayment period of the original bonds and the refunding bonds.

Colorado Water Conservation Board (CWCB) Loan

In October 2018, the City entered in to an agreement with CWCB for a loan to be used for City Lake Dam improvements. The project was completed in 2020. The final loan amount was \$6,889,210, and includes a 1% loan origination fee. The loan carries a 2% interest rate and is payable in annual installments of \$307,603 through February 2050.

Changes in long-term debt for the year ended December 31, 2023 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Compensated absences	\$ 22,722	\$ 5,475	\$ (23,979)	\$ 4,218	\$ 4,218
Total Governmental Activities	\$ 22,722	\$ 5,475	\$ (23,979)	\$ 4,218	\$ 4,218
Business-Type Activities					
Revenue bonds:					
2017A revenue bonds	\$ 3,325,561	\$ —	\$ (58,983)	\$ 3,266,578	\$ 60,626
2017B revenue bonds	66,294	—	(956)	65,338	987
2017C revenue bonds	5,732,305	—	(502,628)	5,229,677	526,884
Colorado Water Conservation Board (CWCB) note payable	6,546,178	—	(176,679)	6,369,499	180,213
Compensated absences	94,807	30,260	(94,000)	31,067	31,067
Total Business-Type Activities	\$ 15,765,145	\$ 30,260	\$ (833,246)	\$ 14,962,159	\$ 799,777

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements *(Continued)*

The following table represents future debt service requirements of the City's long-term liabilities:

Year Ending December 31,	Business-Type Activities	
	Principal	Interest
2024	768,710	358,043
2025	778,697	338,057
2026	799,249	317,535
2027	820,291	296,462
2028	841,929	274,825
2029 - 2033	3,903,783	1,026,555
2034 - 2038	1,572,316	727,878
2039 - 2043	1,754,634	545,560
2044 - 2048	1,958,660	341,534
2049 - 2053	1,245,668	131,718
2054 - 2058	487,156	23,531
Total	\$ 14,931,092	\$ 4,381,697

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (Continued)

8. Rate Maintenance - Water & Sewer Fund

The City has pledged future water and sewer customer revenues, as discussed in Note 7, to repay the outstanding revenue refunding bonds, equal to 120% of the amount necessary to pay the principal and interest on the bonds. The City has not complied with these requirements in the aggregate. The computation for compliance for the year ended December 31, 2023 is as follows:

	<u>Water & Sewer Fund</u>
Revenues	
Charges for services	2,454,159
Investment income	97,092
Miscellaneous	16,491
Capital contributions	41,774
Tap fees	58,426
Transfers in	295,746
Total Revenues	2,963,688
Expenses	
Operating expenses	2,969,070
Less: Depreciation	(862,140)
Total Expenses	2,106,930
Net Operating Revenues	856,758
Debt Service Requirements	
2017A bond payment due in 2024	149,688
2017B bond payment due in 2024	2,748
2017C bond payment due in 2024	656,715
CWCB bond payment due in 2024	307,603
Total Debt Service	1,116,754
Debt Coverage Ratio Requirement	120%
Debt Coverage Requirement	1,340,105
Coverage Excess (Shortfall)	\$ (483,347)

The City has initiated a comprehensive rate study in partnership with staff of the Colorado Rural Water Association and the City has raised rates effective August 1, 2024, based on recommendations to address future shortfalls.

9. Retirement Plans

Volunteer Firefighters' Pension Fund

The Volunteer Firefighters' Pension Fund is a closed defined benefit plan. The City Council established a \$75 per month payout to participants. As of December 31, 2023, the fund had one participant. The City is no longer contributing to the fund. The fund will continue to exist until the death of the beneficiaries. The City has not yet established a policy on the payout of any remaining funds at the end of the payout period. Due to the inactivity and size, no actuarial valuation has been prepared.

Defined Contribution Plan

In October 1995, the City adopted a single-employer defined contribution retirement plan for City employees. The plan is maintained by Principal Mutual Life Insurance Company.

Participants are required to contribute 3% of their eligible wages. Additional contributions can be made to the plan by employees. The maximum amount allowable is the lesser of 25% of eligible compensation or \$30,000. The City is required to contribute 3% of eligible wages. Eligible wages were \$1,003,258 for 2023. Employee and employer contributions were \$72,498 for 2023.

All City employees are covered under the plan if they meet eligibility requirements specified in the plan document.

The employee contribution is fully refundable. Participants become vested in employer contributions at 20% per year after two years of service and are fully vested after seven years or more. Participants are eligible for retirement benefits upon death, retirement or termination of employment. A lump sum distribution or an annuity of vested benefits is payable upon death. Retirement benefits may be made in a single life payment or joint life payments. The employee may elect to receive a lump sum payment of all vested benefits upon termination of employment.

10. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for member towns and cities. The City pays an annual premium to CIRSA for its property/casualty, workers compensation, boiler and machinery and volunteer accident medical insurance coverage. The agreement for the formation of CIRSA provides that it will be self-sustaining through member premiums and will provide members the coverage authorized through joint self-insurance, insurance, reinsurance or any combination thereof, provide claims services related to such coverage and provide risk management and loss control services.

The City continues to contribute toward commercial insurance for employee health and accident insurance. The City, in its opinion, has obtained adequate coverage as required by CRS to settle claims in the ordinary course of business. However, due to the unknown nature of potential liability, some claims may arise that fall outside the coverage limits for which the City would be financially responsible. Settled claims resulting from these risks have not exceeded commercial insurance the past three years.

11. Commitments and Contingencies

Litigation

The City is currently involved in legal proceedings which, in the opinion of management, will not have a material adverse effect upon the financial position of the City.

Grants

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (*Continued*)

Environmental Matters

It is likely that several City buildings contain asbestos, and the City is a potentially responsible party regarding environmental impacts. Although a loss is probable, it is not possible to reasonably estimate the amount of any obligation for remediation that would be material to the City's financial statements at December 31, 2023.

Landfill

The City is required to comply with the Colorado Department of Health under CRS 30-20-100.5 through 30-20-119 in regards to its municipal solid waste landfill. State and federal laws and regulations require that the City perform certain maintenance and monitoring functions at the landfill sites for a period of time after closure. The City closed the landfill in 1996 and has not incurred any additional costs for the landfill. Although a liability is probable, it is not possible to reasonably estimate the amount of any obligation for post-closure care costs that would be material to the City's financial statements at December 31, 2023.

12. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR required advance voter approval for the creation of any multiple-fiscal-year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved \$71,000 for TABOR.

13. Subsequent Events

Management has reviewed the effect of subsequent events on the financial statements through the financial statement date, which is the date of the Independent Auditors' Report.

CITY OF WALSENBURG, COLORADO

Notes To Financial Statements (Continued)

14. Restatement

The City has included the Urban Renewal Fund as a nonmajor fund, which was not included in previously issued financial statements. The effects of the restatement are detailed below.

The beginning fund balance in the nonmajor funds has been restated to reflect this change to the prior year:

Governmental fund balance –

Nonmajor Funds	December 31, 2022,		January 1, 2023,	
	As Previously Stated	Restatement	As Restated	
Conservation Trust	\$ 93,299	—	\$ 93,299	
Urban Renewal Authority	—	62,712	62,712	
Nonmajor Governmental funds	<u>\$ 93,299</u>	<u>\$ 62,712</u>	<u>\$ 156,011</u>	

Government-wide Net Position –

The effects of the restatements detailed above and been reflected in the beginning government-wide net position as follows:

	<u>Governmental Activities</u>
Net position as previously reported at December 31, 2022	\$ 12,069,820
Addition of Urban Renewal Authority fund	<u>62,712</u>
Net position as restated January 1, 2023	<u>\$ 12,132,532</u>

Required Supplementary Information

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE -

GENERAL FUND

For The Year Ended December 31, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget
Revenues				
Taxes and fees	\$ 1,781,000	\$ 1,781,000	\$ 1,680,976	\$ (100,024)
Licenses and permits	120,000	120,000	126,734	6,734
Intergovernmental	75,000	75,000	27,074	(47,926)
Grants and contributions	200,000	200,000	22,500	(177,500)
Fines and forfeitures	4,900	4,900	14,114	9,214
Charges for services	3,100	3,100	—	(3,100)
Paid in lieu of taxes	612,000	612,000	259,612	(352,388)
Earnings on investments	400	400	336	(64)
Miscellaneous	12,300	12,300	46,770	34,470
Total Revenues	2,808,700	2,808,700	2,178,116	(630,584)
Expenditures				
Current:				
General government	355,900	355,900	379,704	(23,804)
Public safety	872,150	872,150	818,259	53,891
Public works	318,900	318,900	320,117	(1,217)
Culture, parks and recreation	165,650	165,650	77,063	88,587
Economic Development	200,000	200,000	—	200,000
Capital outlay	145,000	145,000	—	145,000
Total Expenditures	2,057,600	2,057,600	1,595,143	462,457
Excess Of Revenues Over Expenditures	751,100	751,100	582,973	(168,127)
Other Financing Sources (Uses)				
Transfers in	221,600	221,600	—	(221,600)
Transfer out	(121,800)	(121,800)	—	121,800
Total Other Financing Sources (Uses)	99,800	99,800	—	(99,800)
Total Other Financing Sources	99,800	99,800	—	(99,800)
Net Change In Fund Balance	\$ 850,900	\$ 850,900	582,973	\$ (267,927)
Fund Balance At Beginning Of Year			995,461	
Fund Balance At End Of Year			\$ 1,578,432	

See the independent auditors' report and notes to required supplementary information.

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE -

NORTHLANDS GID FUND

For The Year Ended December 31, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget
Revenues				
Charges for services	\$ 30,000	\$ 30,000	\$ —	\$ (30,000)
Fines and forfeitures	76,000	76,000	74,358	(1,642)
Earnings on investments	3,000	3,000	10,896	7,896
Total Revenues	109,000	109,000	85,254	(23,746)
Expenditures				
Current:				
Public works	—	—	163,032	(163,032)
Deficiency Of Revenues Over Expenditures	109,000	109,000	(77,778)	(186,778)
Other Financing Sources				
Transfers in	80,000	80,000	—	(80,000)
Total Other Financing Sources	80,000	80,000	—	(80,000)
Change In Fund Balance	\$ 189,000	\$ 189,000	(77,778)	\$ (266,778)
Fund Balance At Beginning Of Year			<u>91,819</u>	
Fund Balance At End Of Year			<u>\$ 14,041</u>	

See the independent auditors' report.

CITY OF WALSENBURG, COLORADO

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION For The Year Ended December 31, 2023

1. Budgetary Information and Budget Violations

An annual budget and appropriation ordinance is adopted by the City Council in accordance with CRS. The budget is prepared on a basis consistent with GAAP for governmental and fiduciary funds and on a budgetary basis for proprietary funds.

On or about October 15, the City staff submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted at a special meeting and at regular City Council meetings to obtain taxpayer comments. Prior to December 15, the budget is legally adopted by the City Council.

Colorado law requires that all funds have legally adopted budgets and that total expenditures for each fund cannot exceed the amount appropriated. The fund level of classification is the level of classification at which expenditures may not legally exceed appropriations.

All appropriations lapse at the end of each fiscal year. Appropriations for a fund may be increased provided they are offset by unanticipated resources.

Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the City Council throughout the year.

During 2023, the expenditure estimates were not amended, however, expenditures exceeded final budgeted amounts in the Northlands General Improvement District fund.

Other Supplementary Information

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE - CAPITAL IMPROVEMENT FUND For The Year Ended December 31, 2023

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget
Revenues			
Taxes and fees	\$ 570,000	\$ 874,295	\$ 304,295
Earnings on investments	1,200	8,767	7,567
Total Revenues	571,200	883,062	311,862
Expenditures			
Current:			
Public works	—	—	—
Excess Of Revenues Over Expenditures	571,200	883,062	311,862
Other Financing Uses			
Transfers out	(1,801,899)	(295,746)	1,506,153
Net Change In Fund Balance	\$ (1,230,699)	587,316	\$ 1,818,015
Fund Balance At Beginning Of Year		<u>1,593,489</u>	
Fund Balance At End Of Year		<u>\$ 2,180,805</u>	

See the independent auditors' report.

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE -

STREET IMPROVEMENT FUND

For The Year Ended December 31, 2023

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget
Revenues			
Taxes	\$ 570,000	\$ 874,295	\$ 304,295
Earnings on investments	2,500	19,252	16,752
Total Revenues	572,500	893,547	321,047
Expenditures			
Current:			
Public works	222,000	1,808	220,192
Capital outlay	1,060,000	—	1,060,000
Total Expenditures	1,282,000	1,808	1,280,192
Excess Of Revenues Over Expenditures	(709,500)	891,739	1,601,239
Change In Fund Balance	\$ (709,500)	891,739	\$ 1,601,239
Fund Balance At Beginning Of Year		<u>3,821,258</u>	
Fund Balance At End Of Year		<u>\$ 4,712,997</u>	

CITY OF WALSENBURG, COLORADO
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS -
GAS FUND
For The Year Ended December 31, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget
Operating Revenues				
Charges for services	\$ 1,868,300	1,868,300	\$ 1,872,671	\$ 4,371
Miscellaneous revenue	—	—	5,070	5,070
Total Operating Revenues	1,868,300	1,868,300	1,877,741	9,441
Operating Expenses				
Personnel services	350,200	350,200	357,685	(7,485)
Administrative/office expenses	276,300	276,300	22,869	253,431
Contract services	100,300	100,300	130,690	(30,390)
Gas expense	850,000	850,000	799,176	50,824
Utilities	18,500	18,500	16,482	2,018
Repairs and maintenance	44,400	44,400	23,378	21,022
Other supplies and expenses	35,400	35,400	31,043	4,357
Insurance expense	42,300	42,300	39,960	2,340
Payment in lieu of taxes	189,500	189,500	112,360	77,140
Miscellaneous expense	—	—	2,995	(2,995)
Depreciation	112,000	112,000	110,964	1,036
Capital outlay	1,332,000	1,332,000	128,479	1,203,521
Total Operating Expenses	3,350,900	3,350,900	1,776,081	1,574,819
Operating Income (Loss)	(1,482,600)	(1,482,600)	101,660	1,584,260
Other Revenue (Expense) And Transfers				
Investment income	30,000	30,000	84,942	54,942
Grants and contributions	40,000	40,000	—	(40,000)
Total Other Revenue (Expense) And Transfers	70,000	70,000	84,942	14,942
Change In Net Position - Budgetary Basis	\$ (1,412,600)	\$ (1,412,600)	186,602	\$ 1,599,202
Reconciliation To GAAP Basis				
Capital outlay			128,479	
Change In Net Position - GAAP Basis			315,081	
Net Position At Beginning Of Year			2,998,579	
Net Position At End Of Year			\$ 3,313,660	

See the independent auditors' report.

CITY OF WALSENBURG, COLORADO
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS -
WATER & SEWER FUND
For The Year Ended December 31, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget
Operating Revenues				
Charges for services	\$ 2,827,500	\$ 2,827,500	\$ 2,454,159	\$ (373,341)
Miscellaneous	1,500	1,500	16,491	14,991
Total Operating Revenues	2,829,000	2,829,000	2,470,650	(358,350)
Operating Expenses				
Personnel services	545,500	545,500	545,055	445
Administrative/office expenses	58,600	58,600	21,374	37,226
Contract services	586,650	586,650	644,061	(57,411)
Utilities	168,300	168,300	201,579	(33,279)
Repairs and maintenance	318,450	318,450	145,954	172,496
Other supplies and expenses	230,200	230,200	302,374	(72,174)
Insurance expense	84,600	84,600	98,068	(13,468)
Payment in lieu of taxes	422,500	422,500	147,252	275,248
Miscellaneous expense	-	-	1,213	(1,213)
Depreciation	840,000	840,000	862,140	(22,140)
Principal paid	720,000	720,000	739,246	(19,246)
Capital outlay	2,603,000	2,603,000	368,738	2,234,262
Total Operating Expenses	6,577,800	6,577,800	4,077,054	2,500,746
Operating Loss	(3,748,800)	(3,748,800)	(1,606,404)	2,142,396
Other Revenue (Expense) And Transfers				
Investment income	53,100	53,100	97,092	43,992
Tap fees	45,000	45,000	58,426	13,426
Capital contributions	1,247,000	1,247,000	41,774	(1,205,226)
Transfers in	1,424,800	1,424,800	295,746	(1,129,054)
Interest expense	(396,300)	(396,300)	(401,644)	(5,344)
Total Other Expense And Transfers	2,373,600	2,373,600	91,394	(2,282,206)
Change In Net Position - Budgetary Basis	\$ (1,375,200)	\$ (1,375,200)	(1,515,010)	\$ (139,810)
Reconciliation To GAAP Basis				
Principal paid			739,246	
Capital outlay			368,738	
Change In Net Position - GAAP Basis			(407,026)	
Net Position At Beginning Of Year			14,552,289	
Net Position At End Of Year			\$ 14,145,263	

See the independent auditors' report.

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS -

WILD WATERS FUND

For The Year Ended December 31, 2023

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget
Operating Revenues			
Charges for services	\$ 60,000	\$ —	\$ (60,000)
Total Operating Revenues	60,000	—	(60,000)
Operating Expenses			
Personnel services	110,700	6,008	104,692
Administrative/office expenses	6,900	—	6,900
Contract services	2,500	—	2,500
Insurance	3,000	—	3,000
Repairs and maintenance	259,000	(759)	259,759
Other supplies and expenses	34,000	15	33,985
Utilities	21,700	4,969	16,731
Total Operating Expenses	437,800	10,233	427,567
Operating Loss	(377,800)	(10,233)	367,567
Other Revenue (Expense) And Transfers			
Transfers in	377,800	—	(377,800)
Total Other Revenue And Transfers	377,800	—	(377,800)
Change In Net Position - Budgetary Basis	\$ —	(10,233)	\$ (10,233)
Reconciliation To GAAP Basis			
Depreciation		(62,957)	
Change In Net Position - GAAP Basis		(73,190)	
Net Position At Beginning Of Year		904,994	
Net Position At End Of Year		\$ 831,804	

See the independent auditors' report.

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE - FIDUCIARY FUND - VOLUNTEER FIREFIGHTERS' PENSION FUND For The Year Ended December 31, 2023

	<u>Budgeted Amounts Final</u>	<u>Actual Budget Basis</u>	<u>Variance With Final Budget</u>
Revenues			
Earnings on investments	\$ 500	\$ 2,578	\$ 2,078
Total Revenues	<u>500</u>	<u>2,578</u>	<u>2,078</u>
Expenditures			
Benefits paid	4,600	2,400	2,200
Total Expenses	<u>4,600</u>	<u>2,400</u>	<u>2,200</u>
Change In Net Position	<u>\$ (4,100)</u>	<u>178</u>	<u>\$ 4,278</u>
Net Position At Beginning Of Year		<u>23,527</u>	
Net Position At End Of Year		<u>\$ 23,705</u>	

See the independent auditors' report.

CITY OF WALSENBURG, COLORADO

**BUDGETARY COMPARISON SCHEDULE -
NONMAJOR GOVERNMENTAL FUNDS -
CONSERVATION TRUST FUND
For The Year Ended December 31, 2023**

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget
Revenues			
Intergovernmental:			
State-shared revenue	\$ 20,000	\$ 21,640	\$ 1,640
Earnings on investments	2,200	4,706	2,506
Total Revenues	22,200	26,346	4,146
Expenditures			
Culture, parks and recreation	—	—	—
Total Expenditures	—	—	—
Excess Of Revenues Over Expenditures	22,200	26,346	4,146
Other Financing Uses			
Transfers out	(28,000)	—	28,000
Total Other Financing Uses	(28,000)	—	28,000
Change In Fund Balance	\$ (5,800)	26,346	\$ 32,146
Fund Balance At Beginning Of Year		93,299	
Fund Balance At End Of Year		\$ 119,645	

CITY OF WALSENBURG, COLORADO

BUDGETARY COMPARISON SCHEDULE - NONMAJOR GOVERNMENTAL FUNDS - URBAN RENEWAL FUND For The Year Ended December 31, 2023

	Budgeted Amounts Final	Actual Budget Basis	Variance With Final Budget
Revenues			
Taxes	\$ 42,000	\$ 17,526	\$ (24,474)
Grant revenue	10,000	—	(10,000)
Total Revenues	52,000	17,526	(34,474)
Expenditures			
Economic development	36,000	11,279	24,721
Total Expenditures	36,000	11,279	24,721
Excess Of Revenues Over Expenditures	16,000	6,247	(9,753)
Change In Fund Balance	\$ 16,000	6,247	\$ (9,753)
Fund Balance At Beginning Of Year		<u>62,712</u>	
Fund Balance At End Of Year		<u>\$ 68,959</u>	

CITY OF WALSENBURG, COLORADO

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2023**

	Special Revenue		Total
	Conservation Trust	Urban Renewal Authority	
	Assets		
Cash and investments	\$ 119,645	\$ 79,679	\$ 199,324
Taxes receivable	—	221	221
Total Assets	\$ 119,645	\$ 79,900	\$ 199,545
	Liabilities		
Accounts payable	\$ —	\$ 4	\$ 4
Due to other funds	—	10,937	10,937
Total Liabilities	—	10,941	10,941
	Fund Balance		
Restricted	119,645	68,959	188,604
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 119,645	\$ 79,900	\$ 199,545

CITY OF WALSENBURG, COLORADO

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

	Special Revenue		Total
	Conservation Trust	Urban Renewal Authority	
Revenues			
Taxes	\$ —	\$ 17,526	\$ 17,526
Intergovernmental	21,640	—	21,640
Earnings on investments	4,706	—	4,706
Total Revenues	26,346	17,526	43,872
Expenditures			
Economic Development	—	11,279	11,279
Total Expenditures	—	11,279	11,279
Excess Of Revenues Over Expenditures	26,346	6,247	32,593
Change In Fund Balance	26,346	6,247	32,593
Fund Balance At Beginning of Year, as restated	93,299	62,712	156,011
Fund Balance At End of Year	\$ 119,645	\$ 68,959	\$ 188,604

See the independent auditors' report.

Special Reports Section

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

LOCAL HIGHWAY FINANCE REPORT

STATE:
COLORADO
YEAR ENDING (mm/yy):
12/23

This Information From The Records Of:
CITY OF WALSENBURG

Prepared By:
JIM MOORE

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 1,808.00
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	
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		b. Snow and ice removal	
3. Other local imposts (from page 2)	\$ 905,538.00	c. Other	
4. Miscellaneous local receipts (from page 2)	\$ 19,252.00	d. Total (a. through c.)	\$ -
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 170,403.00
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 172,211.00
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)	\$ 924,790.00	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	\$ -
C. Receipts from State government (from page 2)	\$ 139,160.00	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ -	a. Interest	
E. Total receipts (A.7 + B + C + D)	\$ 1,063,950.00	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 172,211.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

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

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 3,821,326.00	\$ 1,063,950.00	\$ 172,211.00	\$ 4,713,065.00	\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO YEAR ENDING (mm/yy): 12/23
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This Information From The Records Of: CITY OF WALSENBURG	Prepared By: JIM MOORE
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. EXPENDITURES FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 1,808.00
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	
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		b. Snow and ice removal	
3. Other local imposts (from page 2)	\$ 905,538.00	c. Other	
4. Miscellaneous local receipts (from page 2)	\$ 19,252.00	d. Total (a. through c.)	\$ -
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 170,403.00
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 172,211.00
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)	\$ 924,790.00	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	\$ -
C. Receipts from State government (from page 2)	\$ 139,160.00	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ -	a. Interest	
E. Total receipts (A.7 + B + C + D)	\$ 1,063,950.00	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 172,211.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 3,821,326.00	\$ 1,063,950.00	\$ 172,211.00	\$ 4,713,065.00	\$ -

Notes and Comments: