Town of Otis, Colorado

Financial Statements

For the Year Ended December 31, 2024

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Independent Auditors' Report

To the Honorable Mayor and Members of Town Council
Town of Otis
Otis, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Otis (the Town), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2024, 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 Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 other supplementary information and the local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
July 24, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Town of Otis, Colorado's annual financial report presents the discussion and analysis of the financial performance for the fiscal year that ended December 31, 2024.

FINANCIAL HIGHLIGHTS

- The Town of Otis remains in good financial condition.
- The assets and deferred outflows of resources of the Town of Otis exceeded its liabilities and deferred inflows of resources at the close of 2024 by $1,392,136 (net position). Of this amount $195,733 or 14% is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- During the year, the Town's total revenues exceeded expenses by $830,520.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Otis's basic financial statements. The Town of Otis's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements.
- Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies.

The **statement of net position** presents information on all the Town of Otis's assets and liabilities and deferred inflows of resources, with the difference between the two 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 Town of Otis is improving or deteriorating.

The **statement of activities** presents information showing how the Town of Otis'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.)

The government-wide financial statements of the Town are divided into two categories:

- **Governmental activities**. Most of the Town's basic services are included here, such as public works, parks, recreation, and general administration. Property tax, sales tax and intergovernmental revenue finance most of these activities.
- **Business-type activities**. The Town charges fees to customers to recover most of the costs of certain services provided. The Town's water system is included here.

The government-wide financial statements can be found starting on page 12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law, however, the Town Council has established other funds to help control and manage money for particular purposes or to show that it is properly using certain revenue (the Conservation Trust Fund). All the funds of the Town of Otis can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end are available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statement provides 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 Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statement is provided, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found starting on page 16 of this report.

Proprietary funds. When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The basic proprietary fund financial statements can be found starting on page 20 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

The Town has no fiduciary funds to report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 23 of this report.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Otis, assets exceed liabilities and deferred inflows of resources by $1,392,136 at the close of 2024.

Net Position

Combined net position of the Town of Otis as of December 31, 2024, are shown in Table 1 below. The Town did not issue financial statements prepared in accordance with generally accepted accounting principles in the prior year, therefore, a detailed comparison to the prior year is not possible.

Table 1
NET POSITION

	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	154,805	241,654	396,459
Capital assets	1,048,568	115,929	1,164,497
Total assets	1,203,373	357,583	1,560,956
Current liabilities	83,173	35,884	119,057
Total liabilities	83,173	35,884	119,057
Deferred inflows of resources	49,763	-	49,763
Net position			
Net investment in capital assets	1,048,568	115,929	1,164,497
Restricted	31,906	-	31,906
Unrestricted (deficit)	(10,037)	205,770	195,733
Total net position	1,070,437	321,699	1,392,136
Total liabilities, deferred inflows and net position	1,203,373	357,583	1,560,956

The largest portion of the Town of Otis's net position, 84%, reflects its investment in capital assets (land, buildings and equipment). The Town of Otis uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. In addition, a portion of the Town of Otis's net position, 2%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, 14%, may be used to meet the government's ongoing obligations to citizens and creditors.

Changes in net position

The Town's total revenue of $1,314,704 was more than program expenses of $484,184 for an increase in net position of $830,520.

Combined changes in net position of the Town of Otis as of December 31, 2024 are shown in Table 2 below. The Town did not issue financial statements prepared in accordance with generally accepted accounting principles in the prior year, therefore, a detailed comparison to the prior year is not possible.

Table 2
CHANGES IN NET POSITION

	Governmental Activities	Business-type Activities	Total Primary Government
Program revenues			
Charges for services	1,680	141,032	142,712
Operating grants	66,849	2,642	69,491
Capital grants	852,172	-	852,172
General revenues and transfers			
Property taxes	79,037	-	79,037
Specific ownership taxes	6,010	-	6,010
Sales and use taxes	101,553	-	101,553
Franchise taxes	25,133	-	25,133
Other taxes	4,948	-	4,948
Interest earnings	896	1,491	2,387
Miscellaneous	31,261	-	31,261
Transfers	52,000	(52,000)	-
Total revenues	1,221,539	93,165	1,314,704
Program expenses			
General government	266,791	-	266,791
Public safety	48,145	-	48,145
Public works	29,018	-	29,018
Culture and recreation	34,222	-	34,222
Business-type activities			
Water services	-	106,008	106,008
Total expenses	378,176	106,008	484,184
Change in net position	843,363	(12,843)	830,520
Net position at beginning of year	227,074	334,542	561,616
Net position at end of year	1,070,437	321,699	1,392,136

Governmental Activities

Revenue for the Town's governmental activities totaled $1,221,539 for 2024. Tax revenue produced 18% of these revenues. Tax revenue includes property taxes, sales and other taxes.

Table 3
GOVERNMENTAL ACTIVITIES

	Total Cost of Services	Net Cost of Services
General government	$ 266,791	$ 236,657
Public safety	48,145	45,710
Public works	29,018	(639)
Culture and recreation	34,222	(824,253)

Table 3 presents the cost and revenue of each of the Town's three largest programs – general government, public works, and culture recreation – as well as each program's *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Business-type Activities

Net position in business-type activities decreased by $12,843 in 2024. Business-type activities include water services.

Table 4
BUSINESS-TYPE ACTIVITIES

	Total Cost of Services	Net Cost of Services
Water services	$ 106,008	$ (37,666)

Table 4, above, presents the cost and revenue of each of the Town's business-type activities – water – as well as the program *net* cost (total cost less revenues generated by activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

THE TOWN'S FUNDS

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of $21,869. The general and conservation trust funds reported fund balance increases of $21 and $2,331, respectively.

General Fund Budgetary Highlights

The actual charges to appropriations (expenditures) were $220,366 below the final budget amounts largely due to other utility services and contingency reserve being lower than originally anticipated.

Additionally, resources available for appropriation (revenues) were $2,655 more than the final budgeted amount, as tax and intergovernmental revenues collected were greater than anticipated.

CAPITAL ASSETS AND DEBT ADMINSTRATION

Capital Assets. The Town of Otis's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to $1,164,497 (net of accumulated depreciation). This amount includes a broad range of capital assets, including public works equipment, water and other infrastructure.

The Town remains committed to the upkeep and maintenance of the Town's largest assets. More detailed information about the Town's capital assets is presented in Table 5.

Table 5
CAPITAL ASSETS ON DECEMBER 31, 2024

	Governmental Activities	Business-type Activities	Total Primary Government
Land and improvements	903,366	-	903,366
Buildings	101,598	-	101,598
Equipment	43,604	3,700	47,304
Infrastructure and systems	-	112,229	112,229
Total	1,048,568	115,929	1,164,497

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town of Otis is in a good financial position. The Town completed the park improvement project in 2024 with the help of local donations and GOCO grant funds. The remaining funds' revenues and expenditures should be consistent with prior years. At this time the Town does not anticipate any major projects in the future.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact Town of Otis, 425 N Washington, P.O. Box 95, Otis, Colorado 80743.

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Basic Financial Statements

The basic financial statements of the Town include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

TOWN OF OTIS, COLORADO
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	$ 30,731	$ 155,165	$ 185,896
Cash with county treasurer	956		956
Certificates of deposit	30,312	72,909	103,221
Receivables	92,806	13,580	106,386
Capital assets, net of depreciation	1,048,568	115,929	1,164,497
Total assets	$ 1,203,373	$ 357,583	$ 1,560,956
Liabilities			
Accounts payable	$ 16,690	$ 16,239	$ 32,929
Unearned grant revenue	66,483		66,483
Refundable deposits		19,645	19,645
Total liabilities	83,173	35,884	119,057
Deferred inflows of resources			
Deferred property tax revenues	49,763		49,763
Total deferred inflows of resources	49,763	-	49,763
Net position			
Net investment in capital assets	1,048,568	115,929	1,164,497
Restricted for:			
Emergencies	11,000		11,000
Culture and recreation	20,906		20,906
Unrestricted (deficit)	(10,037)	205,770	195,733
Total net position	1,070,437	321,699	1,392,136
Total liabilities, deferred inflows of resources and net position	$ 1,203,373	$ 357,583	$ 1,560,956

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

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TOWN OF OTIS, COLORADO
Statement of Activities
For the Year Ended December 31, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities				
General government	$ 266,791	$ 245	$ 29,889	
Public safety	48,145	1,435	1,000	
Public works	29,018		29,657	
Culture and recreation	34,222		6,303	$ 852,172
Total governmental activities	378,176	1,680	66,849	852,172
Business-type activities				
Water	106,008	141,032	2,642	
Total business-type activities	106,008	141,032	2,642	-
Total	$ 484,184	$ 142,712	$ 69,491	$ 852,172

General revenues and transfers
Taxes
Property taxes, levied for general purposes
Specific ownership taxes
Sales taxes
Franchise taxes
Other taxes
Unrestricted earnings on investments
Miscellaneous
Transfers

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

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

Governmental Activities	Business-type Activities	Total
Net (Expenses) Revenues and Changes in Net Position		
$ (236,657)		$ (236,657)
(45,710)		(45,710)
639		639
824,253		824,253
542,525	$ -	542,525
	37,666	37,666
-	37,666	37,666
542,525	37,666	580,191
79,037		79,037
6,010		6,010
101,553		101,553
25,133		25,133
4,948		4,948
896	1,491	2,387
31,261		31,261
52,000	(52,000)	-
300,838	(50,509)	250,329
843,363	(12,843)	830,520
227,074	334,542	561,616
$ 1,070,437	$ 321,699	$ 1,392,136

TOWN OF OTIS, COLORADO
Balance Sheet
Governmental Funds
December 31, 2024

	General Fund	Conservation Trust Fund	Total Governmental Funds
Assets			
Cash	$ 9,825	$ 20,906	$ 30,731
Cash with county treasurer	956		956
Certificates of deposit	30,312		30,312
Property taxes receivable	49,763		49,763
Accounts receivable	43,043		43,043
Total assets	$ 133,899	$ 20,906	$ 154,805
Liabilities			
Accounts payable	$ 16,690		$ 16,690
Unearned grant revenue	66,483		66,483
Total liabilities	83,173	$ -	83,173
Deferred inflows of resources			
Deferred property tax revenues	49,763		49,763
Total deferred inflows of resources	49,763	-	49,763
Fund balance			
Restricted for:			
Emergencies	11,000		11,000
Culture and recreation		20,906	20,906
Unassigned (deficit)	(10,037)		(10,037)
Total fund balance	963	20,906	21,869
Total liabilities, deferred inflows of resources and fund balance	$ 133,899	$ 20,906	$ 154,805

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

TOWN OF OTIS, COLORADO
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2024

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

Total fund balance - governmental funds	$ 21,869
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	1,048,568
Net position of governmental activities	$ 1,070,437

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

TOWN OF OTIS, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2024

	General Fund	Conservation Trust Fund	Total Governmental Funds
Revenues			
Taxes	$ 211,933		$ 211,933
Licenses and permits	210		210
Intergovernmental	863,601	$ 6,303	869,904
Charges for services	1,470		1,470
Miscellaneous	85,994	28	86,022
Total revenues	1,163,208	6,331	1,169,539
Expenditures			
Current			
General government	263,838		263,838
Public safety	49,939		49,939
Public works	26,501		26,501
Culture and recreation	874,909	4,000	878,909
Total expenditures	1,215,187	4,000	1,219,187
Excess of revenues over (under) expenditures	(51,979)	2,331	(49,648)
Other financing sources			
Transfers in	52,000		52,000
Net change in fund balance	21	2,331	2,352
Fund balance at beginning of year	942	18,575	19,517
Fund balance at end of year	$ 963	$ 20,906	$ 21,869

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

TOWN OF OTIS, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2024

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - governmental funds	$ 2,352
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	841,011
In the statement of activities, compensated absences are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	
Change in net position of governmental activities	$ 843,363

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

TOWN OF OTIS, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2024

	Water Fund
Assets	
Current assets	
Cash	$ 155,165
Certificates of deposit	72,909
Accounts receivable	13,580
Total current assets	241,654
Noncurrent assets	
Vehicles and equipment	64,378
Systems	891,647
Accumulated depreciation	(840,096)
Total noncurrent assets	115,929
Total assets	$ 357,583
Liabilities	
Current liabilities	
Accounts payable	$ 16,239
Refundable deposits	19,645
Total liabilities	35,884
Net position	
Net investment in capital assets	115,929
Unrestricted	205,770
Total net position	321,699
Total liabilities and net position	$ 357,583

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

TOWN OF OTIS, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	Water Fund
Operating revenues	
Charges for services	$ 141,032
Operating expenses	
Salaries and benefits	14,529
Conferences and training	788
Office supplies and expenses	4,302
Operating supplies and expenses	39,860
Vehicle expense	2,191
Utilities and lighting	21,482
Telephone and postage	490
Miscellaneous expenses	684
Testing	1,552
Depreciation	20,130
Total operating expenses	106,008
Operating income	35,024
Nonoperating revenues	
Earnings on investments	1,491
Federal grants	2,642
Total nonoperating revenues	4,133
Income before transfers	39,157
Transfers out	(52,000)
Change in net position	(12,843)
Net position at beginning of year	334,542
Net position at end of year	$ 321,699

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

TOWN OF OTIS, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Water Fund
Cash flows from operating activities	
Receipts from customers	$ 134,393
Payments to suppliers	(63,787)
Payments to employees	(9,029)
Net cash provided by operating activities	61,577
Cash flows from noncapital financing activities	
Transfers to other funds	(52,000)
Federal grants	2,642
Net cash used by noncapital financing activities	(49,358)
Net change in cash	12,219
Cash at beginning of year	142,946
Cash at end of year	$ 155,165
Reconciliation of operating income to net cash provided by operating activities	
Operating income	$ 35,024
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	20,130
Changes in assets and liabilities	
Accounts receivable	4,020
Inventories	10,642
Accounts payable	2,420
Refundable deposits	(10,659)
Net cash provided by operating activities	$ 61,577

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

Note A – Summary of significant accounting policies

This summary of the Town of Otis's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Town's accounting policies are described below.

A.1 – Reporting entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The Town has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Town has no component units.

A.2 – Fund accounting

The Town uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The Town does not have any fiduciary funds.

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), major capital projects (capital projects fund), and the servicing of general long-term debt (debt service fund). The following are the Town's major governmental funds:

Note A – Summary of significant accounting policies (Continued)

General Fund – The General Fund is the operating fund of the Town. It is used to account for most of the day-to-day operations of the Town which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the Town, except for activities of the enterprise funds.

Conservation Trust Fund – This fund is a special revenue fund established to account for state lottery proceeds and allowable expenditures.

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

Water Fund – This fund was established to account for all operations of the water utility services provided by the Town.

A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the Town that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function or program of the Town's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues

Note A – Summary of significant accounting policies (Continued)

of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Town.

Fund financial statements – Fund financial statements report detailed information about the Town. 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.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the Town finances and meets the cash flow needs of its proprietary activities.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

Revenues – exchange and nonexchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available.

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year-end, except for state and federal grant revenues, which are considered available if collection is expected within six months of year end.

Note A – Summary of significant accounting policies (Continued)

Nonexchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item that qualifies for reporting in this category. Accordingly, the item, deferred property tax revenues, is reported on both the statement of net position and the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period for which they are levied and that the amounts become available.

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Note A – Summary of significant accounting policies (Continued)

A.5 – Encumbrances

Encumbrances outstanding at year-end are considered immaterial and thus are not reported as reservations of fund balance.

A.6 – Cash and cash equivalents

For the purposes of the statement of cash flows, the Town considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

A.7 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.8 – Receivables

Monthly charges for electric, water and sewer services are included with monthly utility billings. No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

A.9 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets with a unit cost greater than $1,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) will be capitalized on a prospective basis.

Note A – Summary of significant accounting policies (Continued)

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities	Business-type Activities
Buildings	25-50 years	n/a
Equipment	5-25 years	5-10 years
Improvements other than buildings	10-50 years	n/a
Infrastructure	50 years	10-50 years

A.10 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 101 “Compensated Absences.”

Effective upon the first day of employment, regular full-time employees will start accruing 120 hours a per in PTO. These hours will be given to employees for personal use. Full-time employees can accrue up to 40 hours of PTO, to be carried into the following year.

Employees working for the Town for 2 years or more will be eligible to accrue 12 hours of PTO per month. Employees working for the Town for 5 years or more will be eligible to accrue 15 hours of PTO per month up to 120 hours. If time is not used the employee will lose the time. If an employee does not use the PTO time, the employee will be paid out before the last pay period of the year.

No liability is shown in the financial statements due to the immateriality of the amount.

A.11 – Accrued liabilities and long-term obligations

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

Note A – Summary of significant accounting policies (Continued)

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable 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.

A.12 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the town council (the Town's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the Town's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the town council through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

Note A – Summary of significant accounting policies (Continued)

When both restricted and unrestricted resources are available in governmental funds, the Town applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

A.13 – Net position

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

The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

A.14 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are service charges for water utility services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

A.15 – Interfund transactions

Quasi-external transactions 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, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

A.16 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the town council and that are either unusual in nature or infrequent in occurrence. The Town had no transactions that qualify as extraordinary or special items during the year.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the Town's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year-end, the Town had total deposits of $295,800, of which $250,000 were insured and $45,800 were collateralized with securities held by the pledging institution's trust department or agent in the Town's name.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the Town's own investment policies and procedures. Investments of the Town may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Note C – Receivables

Receivables at year-end consist of the following:

	Governmental Activities	Business-type Activities	Total Receivables
Property taxes receivable	$ 49,763	$ -	$ 49,763
Accounts receivable	43,043	13,580	56,623
Total	$ 92,806	$ 13,580	$ 106,386

Note C – Receivables (Continued)

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Washington County bills and collects property taxes for all taxing entities within the county. The tax receipts collected by the county are remitted to the Town in the subsequent month.

Note D – Interfund transactions

The following is a summary of interfund transfers for the year as presented in the fund financial statements:

Transfers In	Transfers Out	Amount
General Fund	Water Fund	$ 52,000

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. The Town transferred funds from the Water Fund to provide support for various departments within the General Fund.

Note E – Capital assets

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 39,286	$ -	$ -	$ 39,286
Total capital assets, not being depreciated	39,286	-	-	39,286
Capital assets, being depreciated:				
Land improvements	49,565	852,523	-	902,088
Buildings	163,349	-	-	163,349
Equipment	205,333	3,200	-	208,533
Total capital assets, being depreciated	418,247	855,723	-	1,273,970
Total capital assets	457,533	855,723	-	1,313,256

Note E – Capital assets (Continued)

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Less accumulated depreciation for:				
Land improvements	(32,966)	(5,042)	-	(38,008)
Buildings	(58,535)	(3,216)	-	(61,751)
Equipment	(158,475)	(6,454)	-	(164,929)
Total accumulated depreciation	(249,976)	(14,712)	-	(264,688)
Governmental activities capital assets, net	$ 207,557	$ 841,011	$ -	$ 1,048,568
Business-type activities				
Capital assets, being depreciated:				
Utility systems	$ 891,647	$ -	$ -	$ 891,647
Equipment	64,378	-	-	64,378
Total capital assets	956,025	-	-	956,025
Less accumulated depreciation for:				
Utility systems	(762,338)	(17,080)	-	(779,418)
Equipment	(57,628)	(3,050)	-	(60,678)
Total accumulated depreciation	(819,966)	(20,130)	-	(840,096)
Business-type activities capital assets, net	$ 136,059	$ (20,130)	$ -	$ 115,929

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

Governmental activities	
General government	$ 2,953
Public safety	1,406
Public works	2,517
Culture and recreation	7,836
Total governmental activities	14,712
Business-type activities	
Water	20,130
Total depreciation expense	$ 34,842

Note F – Short-Term Debt

The Town entered into a short-term borrowing arrangement with a local lender to provide financing needs related to the park improvement project. The Town borrowed and repaid with interest, by December 31, 2024, $125,000 related to this arrangement. There are no short-term debt outstanding at year-end.

Note G – Risk management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Town participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA/PC) and the Colorado Intergovernmental Risk Sharing Agency for Worker's Compensation (CIRSA/WC). CIRSA/PC and CIRSA/WC provide member municipalities within the State of Colorado, property, liability and workmen's compensation coverages and related services. CIRSA's general objectives are to provide member municipalities defined property and liability and/or worker's compensation coverages through self-insurance and excess insurance purchased from commercial companies. The Town pays an annual contribution to CIRSA for its insurance coverages. For the year ended, the Town's financial contribution to CIRSA/PC and CIRSA/WC was $13,915 and $4,552, respectively. Settled claims resulting from any of the above risks have not exceeded the coverages provided. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note H – Commitments and contingencies

Taxpayer's Bill of Rights (TABOR)

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate. On November 2, 1999, the voters of the Town approved a ballot initiative permitting the Town to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR. However, the Town has made certain interpretations of TABOR's language in order to determine its compliance.

Note H – Commitments and contingencies (Continued)

TABOR requires an emergency reserve to be set aside in the amount of 3% or more of its fiscal year spending for 1995 and subsequent years thereafter. At year-end, the Town has reserved funds in the General Fund in the amount of $11,000 for the emergency reserve.

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Required Supplementary Information

Budgetary comparison schedules are required to be presented for the General Fund and each major special revenue fund. The Town has no major special revenue funds.

- General Fund – The General Fund is the operating fund of the Town. It is used to account for most of the day-to-day operations of the Town which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the Town, except for activities of the enterprise funds.

- Conservation Trust Fund – This fund is a special revenue fund established to account for state lottery proceeds and allowable expenditures.

TOWN OF OTIS, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Taxes	$ 113,107	$ 113,107	$ 211,933	$ 98,826
Licenses and permits	4,600	4,600	210	(4,390)
Intergovernmental revenue	795,185	795,185	863,601	68,416
Charges for services	5,900	5,900	1,470	(4,430)
Miscellaneous revenue	241,761	241,761	85,994	(155,767)
Total revenues	1,160,553	1,160,553	1,163,208	2,655
Expenditures				
Current				
General government	148,133	148,133	263,838	(115,705)
Public safety	54,855	54,855	49,939	4,916
Public works	83,929	83,929	26,501	57,428
Culture and recreation	907,164	907,164	874,909	32,255
Other utility services	198,357	198,357		198,357
Contingency reserve	43,115	43,115		43,115
Total expenditures	1,435,553	1,435,553	1,215,187	220,366
Excess of revenues over (under) expenditures	(275,000)	(275,000)	(51,979)	(217,711)
Other financing sources				
Transfers in			52,000	52,000
Net change in fund balance	$ (275,000)	$ (275,000)	21	$ 275,021
Fund balance at beginning of year			942	
Fund balance at end of year			$ 963	

TOWN OF OTIS, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
State lottery funds	$ 4,000	$ 4,000	$ 6,303	$ 2,303
Interest on investments	6	6	28	22
Total revenues	4,006	4,006	6,331	2,325
Expenditures				
Culture and recreation	5,000	5,000	4,000	1,000
Contingency reserve	18,900	18,900		18,900
Total expenditures	23,900	23,900	4,000	19,900
Net change in fund balance	$ (19,894)	$ (19,894)	2,331	$ 22,225
Fund balance at beginning of year			18,575	
Fund balance at end of year			$ 20,906	

Note A – Budgetary data

Annual budgets are established for all funds of the Town. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the enterprise funds (electric, water and sewer) in which capital and principal retirement expenses are treated as operating expenses and depreciation expense is not budgeted.

An appropriated budget for the entity as a whole is prepared on a detailed basis. Revenues are budgeted by source. Expenditures are budgeted by department and the major divisions thereof and by each independent office and agency and by the principal objects of expenditure. The legal level of control is considered to be the entity as a whole and expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by Town council. Within these control levels, management may transfer appropriations without Town council approval.

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

- On or before October 15, the Town Clerk submits to the Town board of trustees, a proposed budget for the following calendar year.
- A proposed budget is made available for public inspection, and public hearings are conducted to obtain taxpayer comments.
- Prior to December 15, the Town must adopt the budget by formal resolution and certify the mill levies to the County Commissioners.
- On or before December 31, the Town must enact a resolution making appropriations for the following calendar year.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – General Fund Revenues and Expenditures
- Budgetary Comparison Schedules – Water Fund

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Budgetary Comparison Schedules – General Fund

The General Fund accounts for all transactions of the Town not required to be accounted for in other funds. This fund represents an accounting of the Town's ordinary operations financed primarily from tax dollars and intergovernmental aid. It is the most significant fund in relation to the Town's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

TOWN OF OTIS, COLORADO
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Taxes				
Property taxes	$ 50,139	$ 50,139	$ 79,037	$ 28,898
Specific ownership taxes	4,500	4,500	6,010	1,510
Delinquent taxes and interest			200	200
Sales and use taxes	36,000	36,000	101,553	65,553
Franchise taxes	22,468	22,468	25,133	2,665
Total taxes	113,107	113,107	211,933	98,826
Licenses and permits	4,600	4,600	210	(4,390)
Intergovernmental revenues				
Highway users tax	26,500	26,500	24,482	(2,018)
Motor vehicle assessment			2,117	2,117
Road and bridge tax	500	500	2,833	2,333
Cigarette tax	350	350	225	(125)
Severance tax	1,000	1,000	3,786	2,786
Mineral lease funds	1,131	1,131	962	(169)
Grant revenue	765,704	765,704	829,196	63,492
Total intergovernmental revenues	795,185	795,185	863,601	68,416
Charges for services				
General government			35	35
Public safety	3,400	3,400	1,435	(1,965)
Culture and recreation	2,500	2,500		(2,500)
Total charges for services	5,900	5,900	1,470	(4,430)
Miscellaneous revenues				
Interest on investments	300	300	868	568
Contributions	20,511	20,511	53,865	33,354
Administrative fees	5,650	5,650		(5,650)
Reimbursements	28,400	28,400		(28,400)
Collections for other agencies	183,530	183,530		(183,530)
Miscellaneous	3,370	3,370	31,261	27,891
Total miscellaneous revenues	241,761	241,761	85,994	(155,767)
Total revenues	$ 1,160,553	$ 1,160,553	$ 1,163,208	$ 2,655

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TOWN OF OTIS, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
General government				
Salaries and benefits	$ 89,655	$ 89,655	$ 160,619	$ (70,964)
Conferences and training	1,545	1,545	1,637	(92)
Dues	1,648	1,648	1,288	360
Publishing and legal notices	6,000	6,000	7,635	(1,635)
Supplies and meetings expense	2,500	2,500	940	1,560
Office supplies and expenses	5,000	5,000	38,385	(33,385)
Phone and postage	3,605	3,605	3,517	88
Audit	18,100	18,100	3,400	14,700
Insurance and bonds	6,600	6,600	18,467	(11,867)
Interest			2,274	(2,274)
Miscellaneous	2,000	2,000	18,915	(16,915)
Elections	800	800		800
Legal	4,000	4,000	3,613	387
Municipal court	2,000	2,000	1,643	357
Insurance deductible	1,000	1,000		1,000
County treasurer's fees	1,500	1,500	1,064	436
Community development	2,180	2,180	441	1,739
Total general government	148,133	148,133	263,838	(115,705)
Public safety				
Police				
Dog pound expense	500	500	(110)	610
Police contract	30,000	30,000	30,000	-
Total police	30,500	30,500	29,890	610
Fire department and ambulance				
Operating supplies and expense	8,500	8,500	4,325	4,175
Vehicle expense	250	250	76	174
Utilities and lighting	8,500	8,500	8,648	(148)
Insurance and bonds	4,105	4,105		4,105
Donation	2,000	2,000	5,000	(3,000)
Pension contribution	1,000	1,000	2,000	(1,000)
Total fire department and ambulance	24,355	24,355	20,049	4,306
Total public safety	54,855	54,855	49,939	4,916

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Public works				
Streets and highways				
Operating supplies and expense	23,087	23,087	3,516	19,571
Vehicle expense	3,500	3,500	6,695	(3,195)
Street lighting	19,000	19,000	15,690	3,310
Telephone and postage	200	200		200
Road repairs and maintenance	10,000	10,000	600	9,400
Insurance and bonds	1,642	1,642		1,642
Reserve for master plan	26,500	26,500		26,500
Total public works	83,929	83,929	26,501	57,428
Culture and recreation				
Town hall and senior center				
Operating supplies and expense	4,000	4,000		4,000
Utilities and lighting	4,402	4,402		4,402
Insurance and bonds	6,386	6,386		6,386
Reserve for master plan	22,162	22,162		22,162
Total town hall and senior center	36,950	36,950	-	36,950
Parks department				
Salaries and benefits	31,037	31,037		31,037
Operating supplies and expense	16,000	16,000	5,876	10,124
Vehicle expense	2,000	2,000	460	1,540
Utilities and lighting	1,200	1,200	1,996	(796)
Telephone and postage	200	200		200
Insurance and bonds	2,000	2,000		2,000
Reserve for master plan	23,950	23,950		23,950
Total parks department	76,387	76,387	8,332	68,055

(Continued)

TOWN OF OTIS, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2024

(Continued)	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Recreation department				
Salaries and benefits	4,700	4,700	3,000	1,700
Capital improvement grant	765,704	765,704	852,548	(86,844)
Lighting	1,200	1,200		1,200
Operating supplies and expense	20,511	20,511	11,029	9,482
Insurance and bonds	1,712	1,712		1,712
Total recreation department	793,827	793,827	866,577	(72,750)
Total culture and recreation	907,164	907,164	874,909	32,255
Other utility services				
Remittances to other agencies	172,000	172,000		172,000
Sanitation operating supplies and expense	2,500	2,500		2,500
Reserve for master plan	23,857	23,857		23,857
Total other utility services	198,357	198,357	-	198,357
Contingency reserve	43,115	43,115		43,115
Total expenditures	$ 1,435,553	$ 1,435,553	$ 1,215,187	$ 220,366

Budgetary Comparison Schedules – Enterprise Fund

The Town reports the following major proprietary funds:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Water Fund – This fund was established to account for all operations of the water utility service provided by the Town.

TOWN OF OTIS, COLORADO
Water Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Operating revenues				
Charges for services	$ 108,875	$ 108,875	$ 141,032	$ 32,157
Operating expenses				
Salaries and benefits	49,330	49,330	14,529	34,801
Conferences and training	1,500	1,500	788	712
Office supplies and expenses	2,000	2,000	4,302	(2,302)
Operating supplies and expenses	37,905	37,905	39,860	(1,955)
Vehicle expense	2,200	2,200	2,191	9
Utilities and lighting	28,000	28,000	21,482	6,518
Telephone and postage	1,500	1,500	490	1,010
Insurance and bonds	4,025	4,025		4,025
Miscellaneous expenses	2,250	2,250	684	1,566
Testing	3,500	3,500	1,552	1,948
Reserve for deductible	1,000	1,000		1,000
Master plan reserve	20,800	20,800		20,800
Contingency reserve	47,699	47,699		47,699
Total operating expenses	201,709	201,709	85,878	115,831
Operating income (loss)	(92,834)	(92,834)	55,154	147,988
Nonoperating revenues				
Earnings on investments			1,491	1,491
Federal grants			2,642	2,642
Total nonoperating revenues	-	-	4,133	4,133
Income (loss) before transfers	(92,834)	(92,834)	59,287	152,121
Transfers out			(52,000)	(52,000)
Change in net position	$ (92,834)	$ (92,834)	7,287	$ 100,121
Adjustments to GAAP Basis				
Deduct depreciation			(20,130)	
Change in net position - GAAP Basis			(12,843)	
Net position at beginning of year			334,542	
Net position at end of year			$ 321,699	

Colorado Department of Highways
Local Highway Finance Report

This calendar-year report of receipts and expenditures is required by the Colorado Department of Highways to maintain Statewide accountability for moneys used for highway and street purposes. To ensure data accuracy, House Bill 1008 mandates that this report be included in the Town's financial statements.

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

Form Approved
OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO
	YEAR ENDING (mm/yy): 12/24
This Information From The Records Of: Town of Otis, Colorado	Prepared By: BreAnn Brown

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	$ 9,837.00
3. Other local imposts (from page 2)	$ 8,843.00
4. Miscellaneous local receipts (from page 2)	$ 435.00
5. Transfers from toll facilities	$ -
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	$ -
b. Bonds - Refunding Issues	$ -
c. Notes	$ -
d. Total (a. + b. + c.)	$ -
7. Total (1 through 6)	$ 19,115.00
B. Private Contributions	$ -
C. Receipts from State government (from page 2)	$ 26,599.00
D. Receipts from Federal Government (from page 2)	$ -
E. Total receipts (A.7 + B + C + D)	$ 45,714.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital outlay (from page 2)	$ -
2. Maintenance:	$ 8,242.00
3. Road and street services:	
a. Traffic control operations	$ 1,053.00
b. Snow and ice removal	$ 6,419.00
c. Other	$ -
d. Total (a. through c.)	$ 7,472.00
4. General administration & miscellaneous	$ -
5. Highway law enforcement and safety	$ 30,000.00
6. Total (1 through 5)	$ 45,714.00
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	$ -
b. Redemption	$ -
c. Total (a. + b.)	$ -
2. Notes:	
a. Interest	$ -
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)	$ 45,714.00

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
$ -	$ 45,714.00	$ 45,714.00	$ -	$ -

Notes and Comments:
The beginning balance of $58,323 has been restated to $0 to exclude property tax, sales tax, and other revenues from prior years that should not have been reported as their use was not restricted or dedicated to road and street purposes.

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO YEAR ENDING (mm/yy): 12/24

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assesments	$ -	a. Interest on investments	$ -
b. Other local imposts:		b. Traffic Fines & Penalties	$ 435.00
1. Sales Taxes	$ -	c. Parking Garage Fees	$ -
2. Infrastructure & Impact Fees	$ -	d. Parking Meter Fees	$ -
3. Liens	$ -	e. Sale of Surplus Property	$ -
4. Licenses	$ -	f. Charges for Services	$ -
5. Specific Ownership &/or Other	$ 8,843.00	g. Other Misc. Receipts	$ -
6. Total (1. through 5.)	$ 8,843.00	h. Other	$ -
c. Total (a. + b.)	$ 8,843.00	i. Total (a. through h.)	$ 435.00
(Carry forward to page 1)		*(Carry forward to page 1)*	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes (from Item I.C.5.)	$ 24,482.00	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	$ -
a. State bond proceeds		b. FEMA	$ -
b. Project Match	$ -	c. HUD	$ -
c. Motor Vehicle Registrations	$ 2,117.00	d. Federal Transit Administration	$ -
d. DOLA Grant	$ -	e. U.S. Corps of Engineers	$ -
e. Other	$ -	f. Other Federal ARPA	$ -
f. Total (a. through e.)	$ 2,117.00	g. Total (a. through f.)	$ -
4. Total (1. + 2. + 3.f)	$ 26,599.00	3. Total (1. + 2.g)	$ -
(Carry forward to page 1)		*(Carry forward to page 1)*	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	$ -	$ -	$ -
b. Engineering Costs	$ -	$ -	$ -
c. Construction:			
(1). New Facilities	$ -	$ -	$ -
(2). Capacity Improvements	$ -	$ -	$ -
(3). System Preservation	$ -	$ -	$ -
(4). System Enhancement And Operation	$ -	$ -	$ -
(5). Total Construction (1)+(2)+(3)+(4)	$ -	$ -	$ -
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	$ -	$ -	$ -
(Carry forward to page 1)			

Notes and Comments:

FORM FHWA-536