

**CITY OF DACONO, COLORADO**

**FINANCIAL STATEMENTS  
AND THE INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2024**

**CITY OF DACONO, COLORADO**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Dacono, Colorado (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City 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.

We did not audit the financial statements of the Dacono Urban Renewal Authority, a blended component unit of the City, which represent 32%, 27%, and 62% percent, respectively, of the assets, net position / fund balance, and revenues of the governmental activities and each major fund as of December 31, 2024. Those statements were audited by other auditors whose report(s) has been furnished to us, and our opinion(s), insofar as it relates to the amounts included for the Urban Renewal Authority, is based solely on the report(s) of the other auditors.

#### Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 Matter

As described in Note 11 to the financial statements, as of and for the year ended December 31, 2024, have been restated to correct a misstatement. 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary 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 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.

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

### **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 budgetary comparison schedules, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 the 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 budgetary comparison schedules, schedule of expenditures of federal awards, and the local highway finance report, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*DMC Auditing and Consulting, LLC*

July 24, 2025  
Bailey, Colorado  
DMC Auditing and Consulting, LLC



## Management's Discussion and Analysis Fiscal Year Ending December 31, 2024

As the management of the City of Dacono (the City), we are pleased to present this narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2024. This Management's Discussion and Analysis (MD&A) is intended to offer an accessible explanation of the City's financial performance, allowing residents, officials, and stakeholders to understand the City's current financial position and outlook. We encourage readers to review this report in conjunction with the City's audited financial statements and the Independent Auditor's Report for a comprehensive understanding of our financial condition.

### Overview of Financial Statements

This report introduces and explains the three major components of the City's basic financial statements:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

Together, these elements provide a comprehensive view of the City's finances, from broad government-wide activity to individual fund-level operations and detail.

### Government-Wide Financial Statements

The government-wide financial statements are designed to give readers a broad overview of the City's finances in a manner similar to a private-sector business. These statements present financial information for the City as a whole, distinguishing between:

- Governmental Activities – Services largely funded by taxes such as general government, public safety, public works, and parks and recreation.
- Business-Type Activities – Services funded primarily through user fees and charges, such as water and trash services.

The two key statements are:

- The Statement of Net Position shows the City's financial position at year-end, including assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The

net difference represents the City's net position. Over time, changes in net position help indicate whether the City's financial condition is improving or deteriorating. This statement, among other non-financial factors such as diversification of the taxpayer base (commercial vs. residential), and the age and condition of the City infrastructure, would need to be evaluated to judge the City's overall condition.

- The Statement of Activities provides a comprehensive overview of the City's operations in a fiscal year focusing on how public funds are used to provide essential services and how the City manages resources. This report follows the accrual basis of accounting, meaning revenues and expenses are recorded when they are earned or incurred, regardless of when cash is exchanged. Revenues are displayed as either program revenues, directly linked to a specific government function or program (fees, permits) or general revenues, not tied to specific programs and used to support services (taxes). Expenses are categorized by function (e.g, public safety, general government, public works).

Both statements clearly differentiate between governmental activities supported by taxes and business-type activities supported by service charges and fees.

You can find the government-wide financial statements on pages 4–5 of this report.

## **Fund Financial Statements**

The City uses fund accounting to ensure proper stewardship of specific resources and compliance with legal and financial mandates. A fund is a grouping of related accounts used to track and control resources for particular activities or goals.

The City maintains two types of funds:

- Governmental Funds are used for general government functions. These include the General Fund and other funds focused on specific public services. These funds use the modified accrual basis of accounting, recognizing revenues when they are measurable and available, and expenditures when liabilities are incurred. Reconciliations between the governmental fund statements and government-wide statements help readers understand the differences in how financial data is reported.

Governmental fund statements can be found on pages 6–11 of this report.

- Proprietary Funds track business-like activities where the City charges fees for services. Dacono operates one proprietary fund: the Water Fund. This fund is accounted for using the accrual basis of accounting, similar to private businesses, and mirrors the business-type activity reported in the government-wide statements.

Proprietary fund financial statements are located on pages 12–14 of this report.

### **Notes to Financial Statements**

The notes provide essential additional context for understanding the financial statements. They detail significant accounting policies, breakdowns of complex financial data, and other important disclosures.

The notes section begins on page 15 of this report.

### **Required and Other Supplementary Information (RSI)**

In addition to the core financial statements, the report includes:

- Budgetary comparison schedules for the General Fund, major special revenue funds, and the Urban Renewal Authority of Dacono (URAD), located on pages 33-38.
- Pension information, including the City’s net pension asset/liability calculations and ten-year contribution history under GASB 68.
- Additional schedules for non-major funds and proprietary funds, located in the supplementary information section on pages 39-47.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As of December 31, 2024, the City of Dacono's total net position stood at \$114,657,473, representing a notable increase of \$31,002,612 from the prior year. This increase reflects positive results in both governmental and business-type activities, as summarized in the following table:

**Table 1: Summary of Changes in Net Position (2023 vs. 2024)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Assets:</b>						
Current and other assets	\$42,238,371	\$49,669,708	\$16,568,281	\$4,631,152	\$58,806,652	\$54,300,860
Capital assets	41,392,966	32,288,884	38,832,596	37,184,884	80,225,562	69,473,768
Net pension assets	-	-	-	-	-	-
<b>Total assets</b>	<b>\$83,631,337</b>	<b>81,958,592</b>	<b>55,400,877</b>	<b>41,816,036</b>	<b>\$139,032,214</b>	<b>123,774,628</b>
<b>Deferred outflow of resources</b>						
Deferred loss on refunding		22,834	-	-	-	22,834
Deferred outflows - pension	806,190	822,711	-	-	806,190	822,711
<b>Total deferred outflow of resources</b>	<b>806,190</b>	<b>845,545</b>	<b>-</b>	<b>-</b>	<b>806,190</b>	<b>845,545</b>
<b>Liabilities:</b>						
Current liabilities	1,536,223	3,769,783	174,766	376,690	1,710,989	4,146,473
Noncurrent liabilities:						
Due in one year	721,639	688,112	211,188	200,540	932,827	888,652
Due in more than one year	9,524,194	9,998,077	101,876	254,036	9,626,070	10,252,113
Net Pension Liability		116,981			-	116,981
<b>Total liabilities</b>	<b>11,782,056</b>	<b>14,572,953</b>	<b>487,830</b>	<b>831,266</b>	<b>12,269,886</b>	<b>15,404,219</b>
<b>Deferred inflow of resources</b>						
Unearned revenue -property taxes	12,648,816	25,520,892	-	-	12,648,816	25,520,892
Lease Receivable	87,852	-	87,852	-	175,704	-
Deferred inflows - pension	86,525	61,293	-	-	86,525	61,293
<b>Total deferred inflow of resources</b>	<b>12,823,193</b>	<b>25,582,185</b>	<b>87,852</b>	<b>-</b>	<b>12,911,045</b>	<b>25,582,185</b>
<b>Net Position:</b>						
Net investment in capital assets	31,365,798	21,579,861	38,431,271	37,002,322	69,797,069	58,582,183
Correction of errors (restatement)	-	124,232	-	(103,140)	-	21,092
Restricted	17,433,347	1,222,995	-	-	17,433,347	1,222,995
Unrestricted	11,033,133	19,846,143	16,393,924	3,982,448	27,427,057	23,828,591
<b>Total net position</b>	<b>\$59,832,278</b>	<b>\$42,773,231</b>	<b>\$54,825,195</b>	<b>\$40,881,630</b>	<b>\$114,657,473</b>	<b>\$83,654,861</b>

This growth in net position reflects strategic investments in infrastructure, disciplined financial management, and revenue enhancements, particularly through development-related activity.

The following chart depicts the total net position from fiscal years 2015-2024:

**Chart 1: City of Dacono – Total Net Positions, 2015-2024**



Historically, the City’s net position plateaued during periods of slow development and economic uncertainty. While capital investment continued during those years, debt liabilities offset much of the gain in asset value. More recently, much of the city’s investment in capital resources has been financed through tax increment revenues from the Urban Renewal Authority of Dacono, rather than new debt issuance. This approach has led to improved long-term financial stability. In 2024, the Water Fund also experienced a significant infusion of cash due to multiple cash-in-lieu water dedication agreements with developers. These agreements provided immediate funding for infrastructure expansion without requiring the developers to dedicate physical water rights for their projects.

The financial statements report a significant increase of net position in both governmental activities and business-type activities in 2024. Net position increased by \$17,059,047 in governmental activities and by \$13,943,565 in business-type activities. The City’s overall net position increased during calendar year 2024 by \$31,002,612.

### **Capital Investment and Asset Allocation**

A closer look at how the City’s resources are allocated reveals the following:

- 52% of governmental activities net position is invested in capital assets such as land, buildings, infrastructure, and equipment.

- The remaining 48% is comprised of restricted funds (for specific future uses such as parks or emergency reserves) and unrestricted resources that may be used for operations or other needs.
- In business-type activities (the Water Fund), 70% of the net position is invested in capital assets used to support essential utility services.
- The remaining 30% is unrestricted and available to fund operations, maintain reserves, or invest in capital improvements.

The following table provides a summary of the City’s change in net position as it relates to the statement of activities:

**Table 2: Statement of Activities Recap**

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2024	2023	2024	2023	2024	2023
<b>Program revenues</b>						
Charges for services	\$1,192,642	\$750,031	\$2,436,820	\$2,263,087	\$3,629,462	\$3,013,118
Operating grants and contributions	508,620	586,720			508,620	586,720
Capital grants and contributions	3,866,220	428,827	14,958,605	-	18,824,825	428,827
<b>General revenues</b>						
Sales and Use taxes	3,423,828	3,382,228			3,423,828	3,382,228
Property taxes	26,038,250	32,094,080			26,038,250	32,094,080
Franchise taxes	365,290	327,367			365,290	327,367
Impact and Other Fees	109,583	288,495			109,583	288,495
Interest	1,327,622	1,131,954	620,869	233,186	1,948,491	1,365,140
Other	43,406	743,221		275,554	43,406	1,018,775
Loss on Disposal of Capital Assets		(191,934)				
<b>Total revenues</b>	<b>\$36,875,461</b>	<b>\$39,540,989</b>	<b>\$18,016,294</b>	<b>\$2,771,827</b>	<b>54,891,755</b>	<b>42,504,750</b>
<b>Expenses</b>						
General government	12,945,558	12,473,447			12,945,558	12,473,447
Public safety	3,564,766	3,036,115			3,564,766	3,036,115
Public works	2,715,971	5,181,929			2,715,971	5,181,929
Parks and recreation	314,444	158,266			314,444	158,266
Interest on long term debt	275,675	883,657	13,046	15,576	288,721	899,233
Water			4,059,683	3,527,346	4,059,683	3,527,346
<b>Total expenses</b>	<b>19,816,414</b>	<b>21,733,414</b>	<b>4,072,729</b>	<b>3,542,922</b>	<b>23,889,143</b>	<b>25,276,336</b>
Change in net position	\$17,059,047	\$17,807,575	\$13,943,565	(\$771,095)	\$31,002,612	\$17,036,480
Net Position Correction, Restated	\$124,232	-	(\$103,140)	\$0	\$21,092	-
Net position, beginning	\$42,648,999	24,841,424	40,984,770	41,755,865	\$83,633,769	66,597,289
Net position, ending	<u>\$59,832,278</u>	<u>\$42,648,999</u>	<u>\$54,825,195</u>	<u>\$40,984,770</u>	<u>\$114,657,473</u>	<u>\$83,633,769</u>

## Governmental Activities – Revenues and Expenses

### Revenues

The City’s governmental activities are primarily funded through local property tax, sales and use taxes, and intergovernmental revenues. In 2024, total tax revenue for governmental operations was \$29,836,778, marking an overall 18% decrease from the prior year. The following breakdown provides more context:

- Property Tax Revenue decreased by 20% in 2024. This decline is mainly attributed to reduced Tax Increment Financing (TIF) revenues through the Urban Renewal Authority of Dacono (URAD), due to a slowdown in oil and gas production.
- Sales and Use Tax Revenue remained relatively flat year-over-year, reflecting consistent consumer activity and commercial development trends.

Despite these declines, the City continued to invest in critical services and infrastructure, aided by fund balances, developer contributions, and strategic use of restricted revenues.

Total revenue from all governmental funds declined by \$481,295 from 2023 to 2024, highlighting the importance of maintaining flexible reserves and conservative budgeting practices.

### Expenses

Governmental expenses are categorized by department or function to illustrate the cost of providing specific services. These costs include personnel, operations, maintenance, contract services, and capital outlays. The following table presents the gross cost of each program area and the net cost to the City’s taxpayers after accounting for any revenues earned through fees, grants, or other program-specific sources.

**Table 3: Governmental Activities – Cost of Services**

Governmental Activities			
	Total Cost of Service	Program Revenues	Net Cost of Service
General Government	\$12,945,558	\$1,132,640	\$11,812,918
Public Safety	\$3,564,766	\$83,609	\$3,481,157
Public Works	\$2,715,971	\$4,261,568	(\$1,545,597)
Parks and Recreation	\$314,444	\$89,665	\$224,779
Long-term Debt Interest	\$275,675	\$0	\$275,675
<b>Total</b>	<b>\$19,816,414</b>	<b>\$5,567,482</b>	<b>\$14,248,932</b>

## Analysis

This table underscores that most City services are not self-sustaining through fees or grants alone. Essential functions like public safety, street maintenance, and administration depend significantly on general tax support. For example:

- **General Government** functions, including legislative services, administration, planning and municipal court, plus many capital projects, were the largest area of need; having a net cost of \$11.8 million.
- **Public Safety**, which includes police and emergency services, had a net cost of over \$3.4 million, reflecting its high personnel and operating demands.
- **Parks and Recreation** had a net cost of \$224,779 after receiving lottery proceeds from the State of Colorado.

Only a small portion of expenses were offset through licensing, permit fees, or state-shared revenues.

This financial structure is typical for municipalities where core services exist to meet broad community needs rather than generate revenue. The City continues to monitor expenditures closely, ensuring resources are aligned with strategic priorities and long-term sustainability.

## Proprietary-type funds

Proprietary funds operate similarly to private businesses and are used to account for services where the City charges fees to recover costs. The City of Dacono maintains one such fund: the Water Fund, which includes operations for both water distribution and trash collection services.

Under Colorado's Taxpayer Bill of Rights (TABOR), enterprise funds like the Water Fund are limited in the amount of outside funding they can receive from governmental sources—no more than 10% of total revenues can come from grants or general government transfers. The City carefully manages this threshold to ensure compliance and preserve enterprise fund status.

## Water Fund – Overview

As of December 31, 2024, the Water Fund reported a net position of \$54,825,195, an increase of \$13,943,565 compared to the restated 2023 year-end balance of \$40,881,630.

This substantial increase is primarily due to:

- Cash-in-lieu of water dedication payments from developers, which provide funds in exchange for the right to use City-owned water shares for new development projects.

- Federal relief funding from the American Rescue Plan Act (ARPA), used as revenue recovery to offset pandemic-related revenue loss. In 2024, the City allocated \$1.5 million in ARPA funds to the Water Fund.

## **Net Position Details**

At the end of 2024, the Water Fund’s unrestricted net position was \$16,393,924, compared to \$3,982,448 in 2023—a 312% increase. This figure represents available resources not tied up in capital assets or needed to cover liabilities.

All Water Fund expenses are currently supported by the fund’s own revenues, without reliance on General Fund subsidies or other transfers. This includes costs related to water operations, capital improvements, and trash services (which are billed through the Water Fund but pass through as expenses).

## **Water Fund Revenues and Cash Reserves**

- Total water-related revenues in 2024 were \$17,116,568, representing a 518% increase over 2023.
- Operating revenue (excluding one-time developer payments and grants) totaled \$3.8 million, up 38% year-over-year.
- At year-end, the Water Fund held \$15,969,175 in cash and cash equivalents, a 274% increase from \$4,273,873 in 2023.

These cash reserves are essential for maintaining service levels, funding capital investments, and preparing for future system demands as the City grows.

## **Expenses and Capital Investments**

Total expenses in 2024 were \$5,900,043, up 59% from the prior year. Key drivers of the increase included:

- Water storage lease payments for Dry Creek Reservoir increased to \$225,000 (up from \$150,000).
- Participation costs for the Northern Integrated Supply Project (NISP) rose to \$853,125 (up from \$722,375).
- Water treatment and distribution costs rose 68%, from \$511,026 in 2023 to \$858,582 in 2024.

The Water Fund also invested in several key capital improvements:

- Repainting of the water tower
- Upgrades to the SCADA system (for automated system control)

- Equipment purchases, including a backhoe and partial cost of leased public works vehicles

Additionally, \$899,726 in dedicated infrastructure—such as water lines installed by developers—was added to the Water Fund’s assets during 2024.

## Summary

The Water Fund continues to perform well, with revenues exceeding expenses and robust reserves to support upcoming system enhancements. The significant cash-in-lieu receipts in 2024 have placed the fund in a strong financial position as the City prepares for large-scale infrastructure needs related to growth and development.

## FUND ANALYSIS

The City of Dacono uses individual governmental funds to track revenues and expenditures for specific programs and purposes. These funds help the City comply with legal and financial requirements while also providing transparency and accountability for how public resources are used.

As of December 31, 2024, the combined ending fund balance for all governmental funds was \$27,989,445, up from \$20,771,651 in 2023. Of this balance:

- \$5,331,886 is unassigned, meaning it is available for general purposes.
- \$1,940 is non-spendable (deposits held with a vendor).
- \$66,291 is prepaid and therefore non-spendable.
- \$77,777 is restricted for parks and open space (Conservation Trust).
- \$780,000 is restricted for emergency reserves (TABOR).
- \$16,575,570 is restricted for URAD capital improvement projects.
- \$2,361,223 is committed for street maintenance and highway use.
- \$2,656,506 is committed for future capital needs (impact fees).
- \$138,252 is committed for other capital improvements.

## General Fund

The General Fund is the City’s primary operating fund, supporting general government services such as administration, police, municipal court, planning, and facilities.

- Ending Fund Balance (2024): \$6,148,349
- Unassigned Fund Balance: \$5,331,886 (79% of annual expenditures)

This represents a modest 4% increase from the prior year's balance of \$5,919,181. The City's reserve ratio (unassigned fund balance to expenditures) slightly declined from 81% in 2023 to 79%, still reflecting strong fiscal health.

### **Revenue Highlights:**

- Total tax revenue increased, by 3%.
- Licensing and permit revenue declined by 22% from 2023, totaling \$389,797.
  - Encroachment License Agreements (ELA) made up 31% of this revenue.
  - 12 new home permits were issued in 2024.
- Court fines increased by 20%.
- Miscellaneous revenues remained essentially flat.

### **Expenditure Highlights:**

Total General Fund expenditures increased by 16%, or \$908,550.

- General Government costs rose by 17% (\$471,219), primarily due to increased legal and consulting services and personnel costs.
- Public Safety expenses increased by 12% (\$367,227) due to rising personnel costs.
- Parks and Recreation saw a 52% increase (\$70,103), mostly related to staffing and prairie dog control.

## **Street Fund**

The Street Fund tracks revenue and expenses related to road and sidewalk maintenance and construction plus operational cost of the Public Works department.

- Ending Fund Balance (2024): \$2,372,991
- Change from 2023: Decreased by \$555,823 (19%)

### **Revenue Highlights:**

- Street Fund revenue declined by 11% (\$275,488) due to reduced grant and interest income.
- Sales and use tax contributions remained flat.
- A transfer of \$1.26 million was made to the Capital Fund to support road projects.

### **Expenditure Highlights:**

- Operating expenses decreased by \$161,755 (9%) due to reduced dust control and road base costs.

## Capital Fund

The Capital Fund is used exclusively for capital asset purchases and infrastructure projects.

- Ending Fund Balance (2024): \$138,252
- Change from 2023: Increased by \$17,778 (15%)

### Funding Sources:

- 10% of sales and use tax collections are dedicated to this fund.
- \$626,116 transferred from the General Fund for police equipment, signage, building improvements, and debt payments.
- \$1.26 million transferred from the Street Fund for equipment and road paving.
- \$2.4 million reimbursed by URAD for projects including:
  - Colorado Blvd mill and overlay
  - Speedway Blvd reconstruction
  - Clem Dufour splash pad improvements
  - Design of the 6th Street roundabout and Grandview Blvd

## Impact Fee Fund

This fund collects development impact fees to finance infrastructure expansion necessary for population growth. It includes four subaccounts: arterial roads, drainage, parks, and city facilities.

- Ending Fund Balance (2024): \$2,656,506
- Change from 2023: Decreased by 16% (from \$3,151,362)

### Revenue Sources:

- \$109,583 in new impact fees (parks and facilities)
- \$167,073 in interest earnings

### Project Highlights:

- Funded studies for:
  - Transportation Master Plan
  - Outfall System Plan
  - City Facilities Master Plan
- Funded capital projects:
  - Clem DuFour fitness park
  - York Street paving (primarily funded by URAD at \$2.78 million)
  - Public Works engineering building design

## **Conservation Trust Fund**

This restricted fund is supported by State of Colorado lottery proceeds and is used for park and open space improvements.

- Ending Fund Balance (2024): \$77,777
- Change from 2023: Increased by 62% (from \$47,995)

Key Use: Provided support to BMX of the Rockies for track improvements.

## **Urban Renewal Authority of Dacono (URAD)**

Although URAD is a separate legal entity, it is reported as a blended component unit in the City's financial statements.

- Ending Fund Balance (2024): \$16,595,570
- Change from 2023: Increased by 93% (from \$8,603,825)

### **Revenues:**

- \$22,072,795 in TIF collections
- \$691,676 in interest income
- \$11,067 in oil and gas royalties

### **Expenditures:**

- \$14,783,793 in operating costs, including capital project reimbursements to the City and refunded incremental property taxes to taxing districts.

URAD continues to support major capital improvements without issuing new debt, playing a critical role in Dacono's infrastructure development.

You can find the full URAD 2024 audit on the City website at [www.CityofDacono.com](http://www.CityofDacono.com).

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

As of December 31, 2024, the City of Dacono reported net capital assets totaling:

- \$41,392,966 for governmental activities
- \$38,822,716 for business-type activities (Water Fund)

This results in a combined capital asset investment of \$80,215,682, net of accumulated depreciation.

The City's capital assets include:

- Land
- Buildings and improvements
- Water rights and infrastructure
- Streets and roadways
- Vehicles and equipment
- Parks and recreation facilities

These assets are essential to providing services to residents and supporting future growth. The City continues to invest in infrastructure across departments, and many of these investments are discussed throughout the Fund Analysis section.

## **Capital Additions in 2024**

Notable additions and projects in 2024 included:

- Water tower repainting
- SCADA system upgrades for real-time utility monitoring and control
- Backhoe purchase shared between the Street and Water Funds
- New police equipment, including in-car cameras, body-worn cameras, and a speed trailer
- Public building upgrades, such as keyless entry systems and lighting improvements
- Paving projects funded through URAD and impact fees, including York Street, Colorado Boulevard and Forest Avenue, plus early design work for Grandview Boulevard and 6th Street roundabout
- Splash pad improvements

A full summary of capital assets, including additions and disposals, is provided in Note 4 to the financial statements

## **Long-Term Debt**

As of December 31, 2024, the City's total long-term debt obligations were:

- General Obligation Bonds: \$215,081
- Water Revenue Bonds: \$182,562
- Certificates of Participation (COPs): \$9,540,701
- Leases (primarily vehicles): \$372,760
- Accrued Compensated Absences: \$247,793

In total, the City had approximately \$10.56 million in long-term liabilities at year-end. During 2024, the City paid \$971,991 toward reducing these obligations.

### **Planned Debt Activity – 2025**

In 2025, the City plans to defease (pay off in advance) the 2021 Certificate of Participation (COP) issuance. This will be accomplished by depositing sufficient funds into a trustee-held escrow account at UMB Bank, allowing principal and interest payments to be covered over time through investment earnings.

These funds will come from a land sale transaction between the City and the Urban Renewal Authority of Dacono. Once the defeasance is complete, the COP will be fully retired, further improving the City’s debt position.

Details regarding all debt instruments and related amortization schedules can be found in Note 5 to the financial statements.

## **ECONOMIC CONDITIONS AND BUDGET IMPACTS**

### **Economic Overview**

As of the end of 2024, national and regional economic indicators show a cautiously stable environment, though some challenges remain:

- U.S. inflation rate: 2.67%, down slightly from 2.89% at the end of 2023
- Denver-Aurora-Lakewood CPI: 2.7%, tracking closely with national inflation trends
- Federal Reserve interest rate: Held steady since December 2024; a rate cut is not expected in the immediate term
- Gross Domestic Product (GDP): Growth has slowed by 0.5% on an annual basis, attributed to increased imports and decreased government spending—partially offset by strong consumer activity and private investment
- Housing market: Prices remain high across Colorado; mortgage interest rates are hovering between 6.8% and 7.0%, making homeownership less accessible

These trends affect Dacono’s fiscal environment by influencing development timelines, consumer spending, and oil and gas activity—each of which directly impact local tax collections and capital investment potential.

### **General Fund Revenue and Expense Outlook (2025 and beyond)**

Based on current conditions, 2025 budget projections for the General Fund are as follows:

- Property tax revenue is expected to decline by 21%, largely due to continued softening in oil and gas production and corresponding reductions in assessed valuation.
- Sales tax revenue is projected to remain flat, reflecting economic caution in retail and construction sectors.

In contrast, General Fund expenditures are expected to rise by 23% in 2025. Major drivers include:

- Increases in personnel costs across all departments
- Cleanup and mitigation activities, including the removal of dead trees and demolition of condemned properties

These opposing trends reinforce the importance of maintaining adequate fund balances and strategic reserve planning.

## **Investment in Employee Culture and Engagement**

In 2025, the City placed a renewed emphasis on strengthening employee culture and internal engagement. Recognizing that high-performing staff are the backbone of quality public service, the City invested in:

- Recruitment and onboarding of key positions elevating Dacono's staffing levels
- Professional development, training, and retention strategies
- Internal communication
- Premium benefit offerings with greater employer contributions

Employee engagement is critical for maintaining responsive service delivery, building community trust, and retaining institutional knowledge. These efforts support the City's long-term capacity to serve residents efficiently and sustainably.

## **Capital Projects Moving Forward**

Despite economic headwinds, the City is moving ahead with a wide range of capital improvements, funded through a combination of existing reserves and strategic support from the Urban Renewal Authority of Dacono (URAD).

URAD is also affected by lower oil and gas output, which will reduce Tax Increment Financing (TIF) revenue in both 2025 and 2026. However, it remains a key partner in funding high-impact public projects.

Major 2025 capital projects include:

- Sidewalk installation along Forest Avenue

- Paving Grandview Boulevard (Phase 1)
- Design of the 6th Street roundabout
- Design of the Grandview waterline

Planned 2026 projects include:

- Paving Summit Boulevard east of Colorado Boulevard
- Construction of the Grandview waterline
- Completion of Grandview Boulevard (Phase 2)
- Building of the 6th Street roundabout

The City is committed to ensuring these projects move forward despite fluctuations in development pace or funding sources.

In 2025, the Water Fund will finance the complete replacement of all water meters across the City, ensuring more accurate billing and enhanced monitoring of water usage. The fund will also contribute 25% of the costs to remodel the former firehouse into a new office building for the Public Works Department.

Additional Water Fund investments in 2025 include:

- Completion of the SCADA system upgrade, improving automation and operational oversight of the water distribution network
- Replacement of inoperable fire hydrants to enhance public safety and fire protection
- Shared purchase of a front-end loader, with half of the equipment cost funded by the Water Fund

The Street Fund will also support the firehouse remodel, contributing to facility improvements for public works operations. Additionally, the fund will cover half the cost of the new front-end loader.

A major initiative beginning in 2025 is a multi-year roadway maintenance program, which will start with slurry sealing various City streets to extend pavement life and reduce long-term repair costs. In 2026, the Street Fund will allocate resources for the purchase of additional equipment to support ongoing maintenance and capital efforts.

The Impact Fee Fund will be used to finance 50% of the firehouse renovation in partnership with the Water and Street Funds. In addition, it will be used to:

- Complete the Transportation Master Plan
- Finalize the City Facilities Master Plan, both of which were initiated in 2024

Looking ahead to 2026, the City Council and staff will begin discussions around two new strategic initiatives:

- Development of a City Center Recreational Amenities Plan
- Evaluation of a City-wide Parks, Trails, and Open Space Services Plan

These forward-looking projects will help shape future investments in community amenities and guide long-term planning for Dacono’s evolving needs.

## **Residential Growth**

While the City of Dacono is experiencing positive momentum in residential development, economic headwinds—especially elevated interest rates—have moderated the pace of construction. In 2024, mortgage rates remained high, averaging between 6.8% and 7.0%, which has delayed some projects and reduced housing affordability for many prospective buyers.

Nevertheless, developer interest remains strong. Even amid economic uncertainty, projects continue to progress through the entitlement and planning phases. More than 8,000 residential lots are active within the entitlement process. Although a few developers postponed groundbreaking, others are moving forward:

- Century Communities is scheduled to begin construction in Filing 5 of the Sweetgrass subdivision in 2025, marking a significant step in continued residential buildout.

Another major limiting factor for Dacono’s residential growth has long been the availability and cost of water and infrastructure. Much of the City’s future growth area remains undeveloped and lacks the necessary utility extensions to support large-scale residential expansion. To address this challenge, the City continues to engage in active pursuit of alternative sources of water, including plans for transmission, distribution, and treatment.

So as not to impede on immediate growth potential, the City continues to implement its Cash-in-Lieu Water Rights Dedication Assistance Policy (Resolution 18-106). This program allows developers to pay for the right to use City-owned water shares rather than acquiring their own water rights on the open market. This structure:

- Provides certainty and predictability for developers
- Ensures the City maintains control over water resources
- Helps stimulate responsible, well-planned growth

With stable policies in place and infrastructure planning underway, residential development is expected to continue, though paced by prevailing market and capital conditions.

## **Commercial Development and Land Use Entitlements**

In 2024, the City of Dacono made important progress on long-term commercial and mixed-use development objectives. A key milestone was advancing a large-scale mixed-use project along the I-25 and SH-52 corridor, a prime location for regional commercial investment.

Perhaps the most significant initiative of the year was the launch of the City Center Vision Plan. This transformative plan encompasses approximately 157 acres and aims to establish a vibrant, walkable downtown core featuring:

- Municipal facilities
- Public gathering spaces
- Retail and dining establishments
- Mixed-use residential communities

As part of the City Center implementation strategy, the City is working closely with the Urban Renewal Authority of Dacono (URAD) to:

- Acquire and assemble key land parcels
- Develop a Master Development Agreement (MDA) to guide future phases
- Plan infrastructure to support phased construction

The City Center project reflects the City’s long-term vision for economic vitality, architectural quality, and public space integration. By promoting pedestrian-friendly design, community engagement, and smart land use, Dacono is positioning itself to become a regional destination for residents and businesses alike.

## **Urban Renewal Authority of Dacono**

The Urban Renewal Authority of Dacono (URAD) furthered its statutory mission to eliminate blight through targeted investment and public improvements. URAD funded many of the City's capital road projects and other public infrastructure improvements. These efforts combat blighted areas and lay the groundwork for future private investment. URAD continues to fulfill its statutory purpose of fostering well-planned, revitalized urban areas within the City of Dacono through this work.

## **Oil and Gas**

Weld County is a vital contributor to Colorado’s energy economy, responsible for nearly 80% of the state’s crude oil production and over 50% of its natural gas output. However, the City of Dacono has not permitted or approved any new oil and gas facilities since 2018.

Although active wells remain within City boundaries, no new drilling has occurred in recent years. The City remains focused on managing the legacy impacts of oil and gas development and collaborates regularly with state regulators to address:

- Inactive or abandoned well sites
- Sites with known spill or leak history
- Aging infrastructure with risk potential

The City continues to advocate for responsible industry oversight, environmental safety, and proactive regulation. Oil and gas revenues—particularly through URAD—still have a meaningful impact on the City’s financial position, though that influence is gradually decreasing.

#### REQUESTS FOR INFORMATION

This financial report is designed to provide Dacono residents, taxpayers, and other interested parties with a comprehensive overview of the City’s financial health and operational results for the year ending December 31, 2024. Questions or requests for additional information can be directed to:

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

## **BASIC FINANCIAL STATEMENTS**

**CITY OF DACONO, COLORADO**

**STATEMENT OF NET POSITION**

December 31, 2024

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and Investments	\$ 28,590,772	\$ 15,969,175	\$ 44,559,947
Accounts Receivable	149,867	326,611	476,478
Property Taxes Receivable	13,329,272	-	13,329,272
Lease Receivable	100,229	100,229	200,458
Deposits	1,940	-	1,940
Prepaid Expenses	66,291	172,266	238,557
Capital Assets, <i>Not Being Depreciated</i>	11,611,330	28,161,599	39,772,929
Capital Assets, <i>Net of Accumulated Depreciation / Amortization</i>	29,781,636	10,670,997	40,452,633
<b>TOTAL ASSETS</b>	<b>83,631,337</b>	<b>55,400,877</b>	<b>139,032,214</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions, <i>Net of Accumulated Amortization</i>	806,190	-	806,190
<b>LIABILITIES</b>			
Accounts Payable	507,560	109,019	616,579
Retainage Payable	283,371	-	283,371
Accrued Interest Payable	23,965	409	24,374
Salary and Benefits Payable	55,673	8,338	64,011
Developer Deposits	465,188	57,000	522,188
Unearned Revenue	200,466	-	200,466
Noncurrent Liabilities			
Due Within One Year	721,639	211,188	932,827
Due in More Than One Year	9,524,194	101,876	9,626,070
<b>TOTAL LIABILITIES</b>	<b>11,782,056</b>	<b>487,830</b>	<b>12,269,886</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	12,648,816	-	12,648,816
Lease Receivable	87,852	87,852	175,704
Pensions, <i>Net of Accumulated Amortization</i>	86,525	-	86,525
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>12,823,193</b>	<b>87,852</b>	<b>12,911,045</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	31,365,798	38,431,271	69,797,069
Restricted for:			
Emergencies	780,000	-	780,000
Conservation Trust	77,777	-	77,777
Capital Improvement Projects	16,575,570	-	16,575,570
Unrestricted	11,033,133	16,393,924	27,427,057
<b>TOTAL NET POSITION</b>	<b>\$ 59,832,278</b>	<b>\$ 54,825,195</b>	<b>\$ 114,657,473</b>

*See Notes to the Financial Statements.*

**CITY OF DACONO, COLORADO**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2024

FUNCTIONS / PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL	PRIMARY GOVERNMENT		
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>PRIMARY GOVERNMENT</b>							
<b>Governmental Activities</b>							
General Government	\$ 12,945,558	\$ 1,123,230	\$ 9,410	\$ -	\$ (11,812,918)	\$ -	\$ (11,812,918)
Public Safety	3,564,766	56,912	26,697	-	(3,481,157)	-	(3,481,157)
Public Works	2,715,971	12,500	382,848	3,866,220	1,545,597	-	1,545,597
Parks and Recreation	314,444	-	89,665	-	(224,779)	-	(224,779)
Interest on Long-Term Debt	275,675	-	-	-	(275,675)	-	(275,675)
Total Governmental Activities	19,816,414	1,192,642	508,620	3,866,220	(14,248,932)	-	(14,248,932)
<b>Business-Type Activities</b>							
Water	4,072,729	2,436,820	-	14,958,605	-	13,322,696	13,322,696
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 23,889,143</b>	<b>\$ 3,629,462</b>	<b>\$ 508,620</b>	<b>\$ 18,824,825</b>	<b>(14,248,932)</b>	<b>13,322,696</b>	<b>(926,236)</b>
<b>GENERAL REVENUES</b>							
Property Taxes					25,734,401	-	25,734,401
Specific Ownership Taxes					303,849	-	303,849
Sales and Use Taxes					3,423,828	-	3,423,828
Franchise Fees					365,290	-	365,290
Impact Fees					109,583	-	109,583
Investment Income					1,327,622	620,869	1,948,491
Miscellaneous					43,406	-	43,406
<b>TOTAL GENERAL REVENUES</b>					<b>31,307,979</b>	<b>620,869</b>	<b>31,928,848</b>
<b>CHANGE IN NET POSITION</b>					<b>17,059,047</b>	<b>13,943,565</b>	<b>31,002,612</b>
<b>NET POSITION, Beginning, as Originally Stated</b>					<b>42,648,999</b>	<b>40,984,770</b>	<b>83,633,769</b>
Restatement - Correction of Errors					124,232	(103,140)	21,092
<b>NET POSITION, Beginning, as Restated</b>					<b>42,773,231</b>	<b>40,881,630</b>	<b>83,654,861</b>
<b>NET POSITION, Ending</b>					<b>\$ 59,832,278</b>	<b>\$ 54,825,195</b>	<b>\$ 114,657,473</b>

See Notes to the Financial Statements.

**CITY OF DACONO, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2024

	GENERAL	IMPACT FEE	STREET
<b>ASSETS</b>			
Cash and Investments	\$ 6,480,767	\$ 2,416,859	\$ 2,245,342
Accounts Receivable	39,202	-	-
Taxes Receivable	3,016,322	-	449,413
Lease Receivable	100,229	-	-
Deposits	1,940	-	-
Interfund Receivables	69,223	463,752	-
Prepaid Expenditures	34,523	-	11,768
<b>TOTAL ASSETS</b>	<b>\$ 9,742,206</b>	<b>\$ 2,880,611</b>	<b>\$ 2,706,523</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 178,115	\$ 91,491	\$ 32,263
Retainage Payable		132,614	71,911
Accrued Liabilities	46,959	-	8,714
Due to Other Governments	-	-	-
Developer Escrow and Deposits	465,188	-	-
Interfund Payable	-	-	-
Unearned Revenue	200,466	-	-
<b>TOTAL LIABILITIES</b>	<b>890,728</b>	<b>224,105</b>	<b>112,888</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	2,615,277	-	220,644
Lease Receivable	87,852	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,703,129</b>	<b>-</b>	<b>220,644</b>
 <b>FUND BALANCES</b>			
<b>Nonspendable:</b>			
Prepaid Expenditures	34,523	-	11,768
Deposits	1,940	-	-
<b>Restricted for:</b>			
Emergencies	780,000	-	-
Conservation Trust	-	-	-
Capital Improvement Projects	-	-	-
<b>Committed to:</b>			
Highways and Streets	-	-	-
Roadways, Drainage, Parks, and Facilities	-	2,656,506	-
Capital Projects and Equipment	-	-	2,361,223
Unassigned	5,331,886	-	-
<b>TOTAL FUND BALANCES</b>	<b>6,148,349</b>	<b>2,656,506</b>	<b>2,372,991</b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
	<b>\$ 9,742,206</b>	<b>\$ 2,880,611</b>	<b>\$ 2,706,523</b>

CAPITAL EQUIPMENT	URBAN RENEWAL AUTHORITY	NONMAJOR GOVERNMENTAL FUND		TOTAL
		CONSERVATION TRUST FUND		
\$ 59,495	\$ 17,306,229	\$ 82,080	\$	28,590,772
110,665	-	-		149,867
50,444	9,813,093	-		13,329,272
-	-	-		100,229
-	-	-		1,940
96,499	-	-		629,474
-	20,000	-		66,291
<u>\$ 317,103</u>	<u>\$ 27,139,322</u>	<u>\$ 82,080</u>	<u>\$</u>	<u>42,867,845</u>
\$ 100,005	\$ 101,383	\$ 4,303	\$	507,560
78,846	-	-		283,371
-	-	-		55,673
-	-	-		-
-	-	-		465,188
-	629,474	-		629,474
-	-	-		200,466
<u>178,851</u>	<u>730,857</u>	<u>4,303</u>		<u>2,141,732</u>
-	9,812,895	-		12,648,816
-	-	-		87,852
<u>-</u>	<u>9,812,895</u>	<u>-</u>		<u>12,736,668</u>
-	20,000	-		66,291
-	-	-		1,940
-	-	-		780,000
-	-	77,777		77,777
-	16,575,570	-		16,575,570
-	-	-		-
-	-	-		2,656,506
138,252	-	-		2,499,475
-	-	-		5,331,886
<u>138,252</u>	<u>16,595,570</u>	<u>77,777</u>		<u>27,989,445</u>
<u>\$ 317,103</u>	<u>\$ 27,139,322</u>	<u>\$ 82,080</u>	<u>\$</u>	<u>42,867,845</u>

See Notes to the Financial Statements.

**CITY OF DACONO, 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 Balances of Governmental Funds	\$ 27,989,445
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	41,392,966
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Long-Term Debt Payable	(9,842,340)
Leases Payable	(184,828)
Accrued Compensated Absences	(218,665)
Accrued Interest Payable	(23,965)
Pension-Related Deferred Outflows of Resources	806,190
Pension-Related Deferred Inflows of Resources	(86,525)
	(9,433,033)
Total Net Position of Governmental Activities	\$ <u><u>59,832,278</u></u>

**CITY OF DACONO, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended December 31, 2024

	<u>GENERAL</u>	<u>IMPACT FEE</u>	<u>STREET</u>
<b>REVENUES</b>			
Taxes	\$ 5,681,283	\$ -	\$ 1,748,953
Intergovernmental	676,182	2,775,929	382,848
Licenses and Permits	389,796	-	12,500
Impact Fees	-	109,583	-
Royalties	-	-	-
Court	56,912	-	-
Investment Income	361,875	167,073	101,284
Miscellaneous	409,438	-	14,679
	<u>7,575,486</u>	<u>3,052,585</u>	<u>2,260,264</u>
<b>EXPENDITURES</b>			
Current			
General Government	3,164,254	-	-
Public Safety	3,349,895	-	-
Public Works	-	-	1,339,676
Parks and Recreation	206,053	-	-
Capital Outlay	-	3,547,441	-
Debt Service			
Principal	-	-	205,020
Interest and Fiscal Charges	-	-	10,881
	<u>6,720,202</u>	<u>3,547,441</u>	<u>1,555,577</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<u>855,284</u>	<u>(494,856)</u>	<u>704,687</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Lease Proceeds	-	-	-
Transfers In	-	-	-
Transfers Out	(626,116)	-	(1,260,510)
	<u>(626,116)</u>	<u>-</u>	<u>(1,260,510)</u>
<b>CHANGE IN FUND BALANCES</b>	229,168	(494,856)	(555,823)
FUND BALANCES, Beginning, as Originally Stated	5,910,354	3,151,362	2,931,137
Reclassification - Major to Nonmajor	-	-	-
Restatement - Correction of Errors	8,827	-	(2,323)
	<u>5,919,181</u>	<u>3,151,362</u>	<u>2,928,814</u>
FUND BALANCES, Beginning, as Restated			
	<u>5,919,181</u>	<u>3,151,362</u>	<u>2,928,814</u>
FUND BALANCES, Ending	<u>\$ 6,148,349</u>	<u>\$ 2,656,506</u>	<u>\$ 2,372,991</u>

CAPITAL EQUIPMENT	URBAN RENEWAL AUTHORITY	NONMAJOR GOVERNMENTAL FUND		TOTAL
		CONSERVATION TRUST FUND		
\$ 333,747	\$ 22,072,795	\$ -	\$ -	\$ 29,836,778
3,208,629	-	39,665	-	7,083,253
-	-	-	-	402,296
-	-	-	-	109,583
-	11,067	-	-	11,067
-	-	-	-	56,912
5,691	691,676	23	-	1,327,622
-	-	-	-	424,117
<u>3,548,067</u>	<u>22,775,538</u>	<u>39,688</u>		<u>39,251,628</u>
-	14,783,793	-	-	17,948,047
-	-	-	-	3,349,895
-	-	-	-	1,339,676
-	-	9,906	-	215,959
4,719,366	-	-	-	8,266,807
482,217	-	-	-	687,237
309,987	-	-	-	320,868
<u>5,511,570</u>	<u>14,783,793</u>	<u>9,906</u>		<u>32,128,489</u>
<u>(1,963,503)</u>	<u>7,991,745</u>	<u>29,782</u>		<u>7,123,139</u>
94,655	-	-	-	94,655
1,886,626	-	-	-	1,886,626
-	-	-	-	(1,886,626)
<u>1,981,281</u>	<u>-</u>	<u>-</u>		<u>94,655</u>
17,778	7,991,745	29,782	-	7,217,794
2,746	8,603,825	47,995	-	20,647,419
-	-	-	-	-
117,728	-	-	-	124,232
<u>120,474</u>	<u>8,603,825</u>	<u>47,995</u>		<u>20,771,651</u>
<u>\$ 138,252</u>	<u>\$ 16,595,570</u>	<u>\$ 77,777</u>	<u>\$ -</u>	<u>\$ 27,989,445</u>

**CITY OF DACONO, COLORADO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net Change in Fund Balances of Governmental Funds	\$	7,217,794
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as:		
Depreciation / Amortization Expense		(1,997,888)
Capital Outlay		11,101,970
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		
		753,676
Long-term debt and lease proceeds provide current financial resources to governmental funds, but increases in long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt / lease proceeds and related items.		
		(94,655)
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. This includes the changes in the following:		
Loss on Refunding		(22,834)
Accrued Interest Payable		1,588
Accrued Compensated Absences		24,168
Net Pension Liability		-
Pension-Related Deferred Outflows of Resources		(11,915)
Pension-Related Deferred Inflows of Resources		87,143
		87,143
Change in Net Position of Governmental Activities	\$	17,059,047

**CITY OF DACONO, COLORADO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
December 31, 2024

	<b>BUSINESS-TYPE ACTIVITIES WATER FUND</b>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 15,969,175
Accounts Receivable	326,611
Lease Receivable	100,229
Prepaid Expense	172,266
Total Current Assets	16,568,281
Noncurrent Assets	
Capital Assets, <i>Not Being Depreciated</i>	28,161,599
Capital Assets, <i>Net of Accumulated Depreciation / Amortization</i>	10,670,997
Total Noncurrent Assets	38,832,596
<b>TOTAL ASSETS</b>	<b>55,400,877</b>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	109,019
Accrued Liabilities	8,338
Accrued Interest Payable	409
Deposits	57,000
Lease Payable, <i>Current</i>	28,626
Bonds Payable, <i>Current</i>	182,562
Total Current Liabilities	385,954
Noncurrent Liabilities	
Compensated Absences	29,128
Lease Payable	72,748
Total Noncurrent Liabilities	101,876
<b>TOTAL LIABILITIES</b>	<b>487,830</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Lease Receivable	87,852
<b>NET POSITION</b>	
Net Investment in Capital Assets	38,431,271
Unrestricted	16,393,924
<b>TOTAL NET POSITION</b>	<b>\$ 54,825,195</b>

**CITY OF DACONO, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
**PROPRIETARY FUND**  
Year Ended December 31, 2024

	BUSINESS-TYPE ACTIVITIES
	WATER FUND
<b>OPERATING REVENUES</b>	
Charges for Services - Water and Trash	\$ 2,357,118
Miscellaneous	79,702
	2,436,820
<b>OPERATING EXPENSES</b>	
Administration	2,521,493
Operations	1,104,432
Depreciation	433,758
	4,059,683
<b>NET OPERATING INCOME (LOSS)</b>	<b>(1,622,863)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment Income	620,869
Grants	1,516,644
Interest Expense	(13,046)
	2,124,467
<b>NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND CAPITAL CHARGES</b>	<b>501,604</b>
<b>CAPITAL CONTRIBUTIONS AND CAPITAL CHARGES</b>	
Sale of Water Credits	11,787,888
Tap Fees	754,347
Capital Contributions	899,726
	13,441,961
<b>CHANGE IN NET POSITION</b>	<b>13,943,565</b>
NET POSITION, Beginning, as Originally Stated	40,984,770
Restatement - Correction of an Error	(103,140)
	40,881,630
<b>NET POSITION, Ending</b>	<b>\$ 54,825,195</b>

**CITY OF DACONO, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
Year Ended December 31, 2024

	<b>BUSINESS-TYPE ACTIVITIES</b>
	<b>WATER FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from User Charges	\$ 2,361,197
Cash Payments to Employees	(612,075)
Cash Payments to Suppliers	<u>(3,347,225)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(1,598,103)</u>
<b>CASH FLOWS FROM NONCAPITAL OPERATING ACTIVITIES</b>	
Grants	<u>1,516,644</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Cash Received from Sale of Water Credits	11,787,888
Leases	(20,518)
Water Tap Fees Received	754,347
Acquisition of Capital Assets	(1,181,744)
Lease Proceeds	23,507
Debt Principal Paid	(194,147)
Debt Interest Paid	<u>(13,441)</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>11,155,892</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Income	<u>620,869</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	11,695,302
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<u>4,273,873</u>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<u><u>\$ 15,969,175</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Net Operating Income (Loss)	(1,622,863)
Depreciation Expense	405,369
Amortization Expense	28,389
Adjustments to reconcile operating income (loss) to net cash and cash equivalents provided (used) by operating activities:	
(Increase) Decrease in Accounts Receivable	(75,623)
(Increase) Decrease in Prepaid Expenses	(65,975)
Increase (Decrease) in Accounts Payable	(319,005)
Increase (Decrease) in Accrued Liabilities	4,607
Increase (Decrease) in Deposits	45,500
Increase (Decrease) in Compensated Absences	1,498
Total Adjustments	<u>(408,998)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (1,598,103)</u></u>
<b>CAPITAL CONTRIBUTIONS</b>	<u><u>\$ 899,726</u></u>

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 1: Summary of Significant Accounting Policies**

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

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City’s more significant policies.

**Reporting Entity**

The financial reporting entity consists of the City, organizations for which the City is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the City. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the City. Legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the City.

Based on the application of these criteria, the Urban Renewal Authority of Dacono is a component unit over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City. In addition, the majority of the Board of Directors of the Urban Renewal Authority of Dacono consists of the Mayor and all six members of the City Council. The component unit is reported as a blended component unit and, therefore, reported as a funds of the City. Separate financial statements are issued for the blended component unit. The Urban Renewal Authority of Dacono’s annual audited financial statements may be obtained from the City of Dacono at 512 Cherry Avenue, Dacono, Colorado 80514 or <https://www.cityofdacono.com/1079/Urban-Renewal-Authority-of-Dacono>.

**Government-wide and Fund Financial Statements**

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

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

The *Street Fund* accounts for allocated sales tax revenue which by City Ordinance must be used for public works projects.

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

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

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

The City reports the following major proprietary fund:

The *Water Fund* accounts for all activities necessary to provide water and trash services to City residents.

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

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

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the City.

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

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

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

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance / Net Position**

*Cash and Investments* – Cash and investments of each of the City’s funds are pooled and invested by the City. Investments are reported at fair value. For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

*Receivables* – Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied in the current year for collection in the subsequent year are recorded as receivables and deferred inflows of resources at year end. Taxes are due in the subsequent year on April 30, or in two installments on February 28 and June 15. Taxes are collected by the County Treasurer and remitted to the City on a monthly basis. Grant reimbursements not received before year-end for which eligibility has been met and expenditures have been incurred are reported as grants receivable.

*Lease Receivable* – The City is a lessor for noncancellable periods in excess of twelve months, including exercised extensions. Lease receivable is measured at the present value of lease payments expected to be received during the lease term based on the City’s implicit interest rate unless the interest rate is provided in the agreement. Leases are recognized at the present value of cash flows as a lease receivable and a deferred inflow of resources. Payments on the lease reduce lease receivable and recognize interest as revenue. Deferred inflows of resources are amortized over the life of the lease term on a straight-line basis.

*Interfund Receivables and Payables* – Certain transactions between individual funds result in receivables and payables, which are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

*Prepaid Expenses / Expenditures* – Certain payments to vendors reflect costs applicable to future years and reported as prepaid expenditures or prepaid expenses.

*Capital Assets* - Capital assets include property, equipment, water infrastructure and governmental activities infrastructure acquired since 1980. These are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. They are also reported in the proprietary fund in the fund financial statements.

Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

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

*Deferred Outflows of Resources* - This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then. This includes pension-related balances.

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance / Net Position (Continued)**

*Deferred Inflows of Resources* – This separate financial statement element represents an acquisition of net assets by the City that is applicable to a future reporting period. Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources and pension-related balances.

*Long-Term Debt* - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

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

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

*Pensions* - The City participates in the Statewide Retirement Plan, a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the plans' fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the Statewide Retirement Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

*Postemployment Benefits Other Than Pensions (OPEB)* - The City contributes to the Statewide Death & Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). The plan is funded by member contributions or contributions made on behalf of members. The City has no requirement to contribute to the plan and does not receive contributions from a non-employer entity. Therefore, the City does not report a net OPEB liability, or deferred outflows and inflows of resources related to OPEB.

*Net Position/Fund Balances* - In the government-wide financial statements, net position is restricted when constraints placed on the use of resources are externally imposed. Governmental fund balances are classified as restricted when constraints are placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Committed fund balances include resources which are subject to limitations the City imposes on itself by action of City Council through ordinances. Committed fund balances also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance / Net Position (Continued)**

Commitments may be established, modified, or rescinded only through ordinances approved by City Council. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed.

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

**Property Taxes**

Property taxes normally attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer’s Office collects property taxes and remits to the City on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

**NOTE 2: Cash and Investments**

At December 31, 2024, the City had the following cash and investments:

Cash on Hand	\$ 1,325
Deposits	4,255,495
Investments	<u>40,303,127</u>
Total	<u>\$ 44,559,947</u>

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2024, the City had bank deposits of \$2,095,449 collateralized with securities held by the financial institution’s agent but not in the City’s name.

**Investments**

The City is required to comply with State statutes and investment policy which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 2: Cash and Investments (Continued)**

*Interest Rate Risk* - State statutes generally limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

*Credit Risk* - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

*Concentration of Credit Risk* - State statutes do not limit the amount the City may invest in a single issuer of investment securities, except for corporate securities.

*Local Government Investment Pools* - At December 31, 2024, the City had \$6,394,421 invested in the Colorado Surplus Asset Fund Trust (CSAFE), and \$33,908,706 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust), investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pools. The Pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The Pools are reported at the net asset value per share, with each share valued at \$1. The Pools are rated AAAM by Standard and Poor's. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**NOTE 3: Interfund Balances and Transfers**

During the year ended December 31, 2024, the Street Fund and the General Fund contributed \$1,260,510 and \$626,116, respectively, to the Capital Equipment Fund for capital projects. At December 31, 2024, the Urban Renewal Authority owed \$69,223, \$463,752, and \$96,499 to the General Fund, Impact Fee Fund and Capital Equipment Fund, respectively, to reimburse expenditures.

**NOTE 4: Risk Management**

*Public Entity Risk Pool*

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members with defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees, and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity, and the City does not approve budgets, nor does it have the ability to significantly affect the operations of CIRSA.

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 5: Capital Assets**

Capital asset activity for the year ended December 31, 2024, is summarized below:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 7,551,902	\$ 81,014	\$ -	\$ 7,632,916
Construction in Progress	2,713,088	3,052,660	(1,787,334)	3,978,414
Total Capital Assets, Not Being Depreciated	<u>10,264,990</u>	<u>3,133,674</u>	<u>(1,787,334)</u>	<u>11,611,330</u>
Capital Assets, Being Depreciated / Amortized:				
Buildings	6,537,705	296,907	-	6,834,612
Machinery, Equipment and Vehicles	3,908,601	189,740	(103,461)	3,994,880
Right-to-Use Lease Vehicle Asset	300,981	94,655	-	395,636
Improvements/Infrastructure	25,048,111	9,174,328	-	34,222,439
Total Capital Assets, Being Depreciated / Amortized	<u>35,795,398</u>	<u>9,755,630</u>	<u>(103,461)</u>	<u>45,447,567</u>
Accumulated Depreciation / Amortization:				
Buildings	(745,066)	(156,702)	-	(901,768)
Machinery, Equipment and Vehicles	(1,995,578)	(426,332)	103,461	(2,318,449)
Right-to-Use Lease Vehicle Asset	(55,293)	(77,762)	-	(133,055)
Improvements/Infrastructure	(10,975,567)	(1,337,092)	-	(12,312,659)
Total Accumulated Depreciation / Amortization	<u>(13,771,504)</u>	<u>(1,997,888)</u>	<u>103,461</u>	<u>(15,665,931)</u>
Capital Assets, Being Depreciated / Amortized, Net	<u>22,023,894</u>	<u>7,757,742</u>	<u>-</u>	<u>29,781,636</u>
Capital Assets, Governmental Activities, Net	<u>\$ 32,288,884</u>	<u>\$ 10,891,416</u>	<u>\$ (1,787,334)</u>	<u>41,392,966</u>

Depreciation expense / amortization expense for governmental activities was charged by function as follows:

General Government	\$ 214,582
Public Safety	235,678
Public Works	1,448,623
Parks and Recreation	99,005
Total	<u>\$ 1,997,888</u>

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 5: Capital Assets (Continued)**

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
<b>Business Type Activities:</b>				
Capital Assets, Not Being Depreciated				
Water Rights	\$ 28,108,839	\$ -	\$ -	\$ 28,108,839
Construction in Process	-	52,760	-	52,760
Total Capital Assets, Not Being Depreciated	28,108,839	52,760	-	28,161,599
Capital Assets, Being Depreciated / Amortized:				
Water Tower	1,507,400	998,951	-	2,506,351
Water System	12,242,277	899,727	-	13,142,004
Buildings	220,735	-	-	220,735
Machinery, Equipment, and Vehicles	253,843	95,841	(68,680)	281,004
Right-to-Use Lease Vehicle Asset	111,571	23,507	-	135,078
Total Capital Assets, Being Depreciated / Amortized	14,335,826	2,018,026	(68,680)	16,285,172
Accumulated Depreciation / Amortization:				
Water Tower	(1,319,286)	(58,485)	-	(1,377,771)
Water System	(3,622,523)	(322,615)	-	(3,945,138)
Buildings	(70,648)	(5,884)	-	(76,532)
Machinery, Equipment, and Vehicles	(226,662)	(18,385)	68,680	(176,367)
Right-to-Use Lease Vehicle Asset	(20,662)	(27,585)	-	(48,247)
Total Accumulated Depreciation / Amortization	(5,259,781)	(432,954)	68,680	(5,624,055)
Capital Assets, Being Depreciated / Amortized, Net	9,076,045	1,585,072	-	10,661,117
Capital Assets, Business-Type Activities, Net	\$ 37,184,884	\$ 1,637,832	\$ -	38,822,716

Depreciation / amortization expense for business-type activities was charged to the Water Fund.

**NOTE 6: Lease Receivable**

In 2016, the City has entered into a site lease agreement as a lessor with Verizon Wireless, LLC (lessee) for the right to use City's property for a period of five years with two additional five-year renewal options to be exercised by Verizon Wireless, LLC. The City accrued a receivable for this lease including all renewal options. Payments are received annually with a 3% escalator through July 31, 2026. The implied interest rate on the lease was 3.80% per annum based on the City's incremental borrowing rate at implementation date. At December 31, 2023, the balance of the lease receivable was \$225,678 and deferred inflows of resources was \$204,586, shared equally between governmental activities and business-type activities. This caused a restated net balance of \$10,546 in, both, the governmental activities and business-type activities for a total restatement to net position of \$21,092 (Note 11). In 2024, the City collected annual payments of \$33,362, including principal and interest of \$25,221 and \$8,141, respectively, and amortized \$28,883. At December 31, 2024, the lease receivable and deferred inflows of resources balances were \$200,458 and \$175,704, respectively, with \$100,229 in lease receivable and \$87,852 in deferred inflows of resources applied to, both, the General Fund and Water Fund.

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 6: Lease Receivable (Continued)**

Lease receivable payments to maturity are as follows:

**Governmental Activities**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 13,607	\$ 3,574	\$ 17,181
2026	14,658	3,039	17,697
2027	15,765	2,463	18,228
2028	16,931	1,844	18,775
2029	18,159	1,179	19,338
2030-2031	21,109	472	21,581
Total	<u>\$ 100,229</u>	<u>12,571</u>	<u>112,800</u>

**Business-Type Activities**

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 13,607	\$ 3,574	\$ 17,181
2026	14,658	3,039	17,697
2027	15,765	2,463	18,228
2028	16,931	1,844	18,775
2029	18,159	1,179	19,338
2030-2031	21,109	472	21,581
Total	<u>\$ 100,229</u>	<u>\$ 12,571</u>	<u>\$ 112,800</u>

**NOTE 7: Long-Term Debt**

**Governmental Activities**

Following is a summary of long-term debt transactions for governmental activities the year ended December 31, 2024.

	<u>Balance</u>			<u>Balance</u>	<u>Due in</u>
	<u>12/31/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2024</u>	<u>One Year</u>
<b>Governmental Activities</b>					
COPs, Series 2020	\$ 5,370,000	\$ -	\$ 245,000	\$ 5,125,000	\$ 255,000
2020 COPs Premium	313,949	-	32,337	281,612	-
COPs, Series 2021	3,995,000	-	160,000	3,835,000	165,000
2021 COPs Premium	333,191	-	34,102	299,089	-
G.O. Bonds, Series 2014	420,101	-	205,020	215,081	215,081
Leases Payable	253,948	94,655	77,217	271,386	86,558
Compensated Absences	242,833	-	24,168	218,665	-
Total Long-Term Debt	<u>\$ 10,929,022</u>	<u>\$ 94,655</u>	<u>\$ 777,844</u>	<u>\$ 10,245,833</u>	<u>\$ 721,639</u>

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 7: Long-Term Debt (Continued)**

**Governmental Activities (Continued)**

*Certificates of Participation, Series 2020*

On November 10, 2020, the City issued Certificates of Participation, Series 2020, in the amount of \$6,060,000 for the purpose of financing the acquisition, improvement, and equipping of facilities to be used as part of the City Hall complex. Principal payments are due annually on December 1, through 2040. Principal payments began in December 2021. Interest payments are due semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, with interest accruing at a fixed rate of 3% per annum. The City utilizes the facility as collateral on the Certificates of Participation. Pursuant to the provisions of the lease, the Certificates shall be called for redemption if the lease is terminated due to the occurrence of an Event of Non-appropriation or the occurrence and continuation of an Event of Default under the Lease. The redemption price will be equal to the principal amount of the Certificates, plus accrued interest to the redemption date.

*Certificates of Participation, Series 2021*

On November 30, 2021, the City issued Certificates of Participation, Series 2021, in the amount of \$4,300,000 for the purpose of financing the acquisition of two parcels of vacant land located generally near the intersection of Grandview Boulevard and Colorado Boulevard and near the intersection of 2<sup>nd</sup> Street and Forest Avenue. Principal payments are due annually on December 1, through 2041. Principal payments began in December 2022. Interest payments are due semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, with interest accruing at a fixed rate of 4% per annum. The City utilizes the parcels as collateral on the Certificates of Participation. Pursuant to the provisions of the lease, the Certificates shall be called for redemption if the lease is terminated due to the occurrence of an Event of Non-appropriation or the occurrence and continuation of an Event of Default under the Lease. The redemption price will be equal to the principal amount of the Certificates, plus accrued interest to the redemption date.

*General Obligation Bonds, Series 2014*

In June 2014, the City issued General Obligation Refunding Bonds, Series 2014, in the amount of \$1,943,579 to advance refund \$1,770,000 of the outstanding General Obligation Bonds, Series 2005A. The Series 2014 bonds are a private placement loan refunding. The net proceeds were deposited in an irrevocable trust to provide for all future debt service on the refunded bonds with \$1,770,000 fully defeased. Principal payments are due annually on December 1, through 2025. Interest payments are due semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, with interest accruing at a fixed rate of 2.59% per annum. The full faith and credit of the City is pledged for the payment of the principal and interest on these bonds with ad valorem taxes on all of the taxable property in the City.

Debt service payments to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 635,081	\$ 287,571	\$ 922,652
2026	435,000	267,750	702,750
2027	450,000	252,950	702,950
2028	470,000	237,650	707,650
2029	480,000	221,650	701,650
2030-2034	2,660,000	857,200	3,517,200
2035-2039	3,085,000	427,350	3,512,350
2040-2041	960,000	37,350	997,350
Total	<u>\$ 9,175,081</u>	<u>\$ 2,589,471</u>	<u>\$ 11,764,552</u>

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 7: Long-Term Debt (Continued)**

**Governmental Activities (Continued)**

*Vehicle Leases*

The City entered into non-cancelable 48-month leases for six vehicles. The leases require individual monthly payments ranging from \$602 to \$1,299, through April 30, 2029. The implied interest rates range from 1.54% to 10.28%. The vehicles are recorded as right-to-use assets and amortized in Note 4.

Lease payments to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 86,558	\$ 12,809	\$ 99,367
2026	91,431	7,936	99,367
2027	66,941	3,291	70,232
2028	24,655	735	25,390
2029	1,801	23	1,824
<b>Total</b>	<b>\$ 271,386</b>	<b>\$ 24,794</b>	<b>\$ 296,180</b>

**Business-Type Activities**

Following is a summary of long-term debt transactions for business-type activities the year ended December 31, 2024.

	<u>Balance</u>		<u>Balance</u>	<u>Due in</u>
	<u>12/31/2023</u>	<u>Additions</u>	<u>12/31/2024</u>	<u>One Year</u>
<b>Business-Type Activities</b>				
Revenue Bonds, Series 2014	\$ 360,271	\$ -	\$ 182,562	\$ 182,562
Leases Payable	94,305	23,507	101,374	28,626
Compensated Absences	27,630	1,498	29,128	-
<b>Total Long-Term Debt</b>	<b>\$ 482,206</b>	<b>\$ 25,005</b>	<b>\$ 313,064</b>	<b>\$ 211,188</b>

*2014 Water Enterprise Revenue Bonds*

In June 2014, the City issued Water Enterprise Revenue Refunding Bonds, Series 2014, in the amount of \$1,772,092 to advance refund \$1,790,000 of the Water Revenue Bonds, Series 2005. The Series 2014 bonds are a private placement loan refunding. The net proceeds were deposited in an irrevocable trust to provide for all future debt service on the refunded bonds and were fully defeased on June 1, 2015. Principal payments are due annually on December 1, through 2025. Interest payments are due semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup>, with interest accruing at a fixed rate of 2.59% per annum. These bonds constitute an irrevocable and first lien upon the net revenues of the Water Fund. If revenues are insufficient to meet the requirements to cover debt service costs, the City may be required to perform a rate study to adjust water rates to meet debt service and other requirements.

Debt service payments to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 182,562	\$ 2,364	\$ 184,926

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 7: Long-Term Debt (Continued)**

**Business-Type Activities (Continued)**

*Vehicle Leases*

The City entered into non-cancelable 48-month leases for six vehicles. The leases require individual monthly payments ranging from \$602 to \$1,299, through April 30, 2029. The implied interest rates range from 1.54% to 10.28%. The vehicles are recorded as right-to-use assets and amortized in Note 4.

Lease payments to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 28,626	\$ 4,992	\$ 33,618
2026	30,244	3,373	33,617
2027	29,383	1,675	31,058
2028	11,320	465	11,785
2029	1,801	23	1,824
Total	<u>\$ 101,374</u>	<u>\$ 10,528</u>	<u>\$ 111,902</u>

**NOTE 8: Employee Retirement Plans**

**Police Pension Plan**

*Plan Description* - The City contributes to the Statewide Retirement Plan (the SRP Plan), a cost-sharing multiple-employer defined benefit pension plan. The SRP Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). All police officers are required to participate in the plans on the first day of employment.

Eligible employees hired after April 1, 2007, are required to participate in the SRP Plan. Title 31, Article 31 of the Colorado Revised Statutes (CRS) grants the authority to establish and amend benefit terms to the FPPA Board of Directors. FPPA issues a publicly available financial report that includes information on the plans. That report may be obtained at [www.fppaco.org](http://www.fppaco.org).

*Benefits Provided* - An SRP Plan member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55. A member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual retirement benefit component is 2% of the average number of the member's highest three years' salary for each year of credit service up to ten years, plus 2.5% of the average of the member's highest three years' base salary for each year of service thereafter. Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1% of the average of the member's highest three years base salary for each year of credited service up to ten years plus 1.25% of the average of the members' highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62.

Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 8: Employee Retirement Plans (Continued)**

**Police Pension Plan (Continued)**

A member is eligible for early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 1% of the member’s average highest three years’ pensionable earnings for each year of credited service up to ten years, plus 1.25% for each year of service thereafter.

*Contributions* – The FPPA Board of Directors sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees are required to contribute to the SRP Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature.

Members contribute 12% of base salary. Employer contribution rates will increase 0.5% annually beginning in 2023 through 2030 to a total of 13% of pensionable earnings. Increases will result in a combined contribution rate of 25% of pensionable earnings in 2030. In 2024, the City’s contribution to the SRP plan was \$165,582. The City and eligible employees each contributed 10% and 12% of base salary, respectively, for the year ended December 31, 2024.

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

At December 31, 2024, the City reported a net pension liability of \$0 for its proportionate share of the SRP Plan. The net pension liability was measured at December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. The City’s proportion of the net pension liability was based on a projection of the City’s contributions to the Plan for the calendar year ended December 31, 2023, relative to the projected contributions of all participating employers. At December 31, 2023, the City’s proportion was 0.13972694%, which was an increase of 0.0079337% from its proportion measured at December 31, 2022. For the year ended December 31, 2024, the City recognized pension expense (income) of \$153,161.

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 266,103	\$ 12,786
Changes of assumptions	154,350	-
Net difference between projected and actual earnings on plan investments	191,037	-
Changes in proportion	29,118	73,739
Contributions subsequent to the measurement date	165,582	-
Total	\$ 806,190	\$ 86,525

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 8: Employee Retirement Plans (Continued)**

**Police Pension Plan (Continued)**

City contributions subsequent to the measurement date of \$165,582 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	
2025	\$ 89,561
2026	139,204
2027	203,569
2028	29,827
2029	29,969
Thereafter	<u>61,953</u>
Total	<u>\$ 554,083</u>

*Actuarial Assumptions* - The actuarial valuation as of January 1, 2024, determined the total pension liability using the following actuarial assumptions and other inputs.

Actuarial Method	Entry Age Normal
Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.0%
Inflation	2.5%
Projected salary increases, including inflation	4.25% - 11.25%
Cost of living adjustments (COLA)	0.0%

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

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 8: Employee Retirement Plans (Continued)**

**Police Pension Plan (Continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35%	8.33%
Equity Long/Short	6%	7.27%
Private Markets	34%	10.31%
Fixed Income	10%	5.35%
Absolute Return	5%	5.89%
Managed Futures	9%	6.39%
Cash	1%	4.32%
Total	<u>100%</u>	

*Discount Rate* - The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SRP plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

As of the measurement period ending December 31, 2023, the COLA assumption, which was previously 0%, was revised to reflect the true nature of Board’s Benefit Policy, which includes a variable COLA and supplemental payments. Consistent with the Board’s policy, the new COLA assumption will fluctuate from year-to-year depending on the plan experience and long-term COLA assumption of greater than 0%, then a COLA assumption of 0% will be used and a Net Pension Liability will be reported.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7%; the municipal bond rate is 3.77% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7%.

Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the plan’s net pension liability/(asset), calculated using a single discount rate of 7%, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 8: Employee Retirement Plans (Continued)**

**Police Pension Plan (Continued)**

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Proportionate share of the SRP net pension (asset) liability	\$ 783,504	\$ -	\$ -

**Defined Contribution Pension Plan**

The City contributes to a single employer defined contribution money purchase pension plan on behalf of all employees other than police, which is administered by Security Benefit. Each employee will be enrolled as a participant of this plan on the first day of the calendar month immediately following or coincident with the completion of three months of continuous employment with the City. Employee and employer contributions are always 100% vested. The contribution requirements of Plan participants and the City are established and may be amended by City Council. The City contributes 8% of an employee’s salary. During the year ending December 31, 2024, the City contributed \$143,650 to the plan, equal to its required contributions.

**NOTE 9: Other Postemployment Benefits**

**Statewide Death & Disability Plan**

*Plan Description* - The City contributes to the Statewide Death and Disability Plan (the SD&D Plan), cost sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). All full-time police officers are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained at [www.fppaco.org](http://www.fppaco.org).

Benefits Provided - The plan provides pre-retirement death benefits, as follows:

- Off-duty: 40% of the base salary paid to the member prior to death, with an additional 10% of base salary if a surviving spouse has two or more dependent children.
- On-duty: 70% of the base salary paid to the member prior to death.

Disability benefits are as follows:

- 70% of the base salary preceding disability.
- Permanent occupational disability: 50% of the base salary preceding disability.
- Temporary occupational disability: 40% of the base salary preceding disability for up to 5 years.

Benefit adjustments are granted periodically at the discretion of the FPPA Board of Directors. Total disability retirees receive an automatic increase of 3%. For other annuitants, the increase may reflect CPI, but in no case may be higher than 3%. Once a member is eligible to retire, all plan benefit obligations cease.

*Contributions* - The contribution requirements are established by State statutes. However, in accordance with Colorado Revised Statutes (CRS) 31-31-811(4), the FPPA Board of Directors, based on an annual actuarial valuation, may adjust the contribution rate every two years, but in no event may the adjustment for any two-year period exceed one-tenth of one percent of the member's salary. As of 2020, the FPPA Board may adjust the required contribution rate annually by a maximum of 0.2%.

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 9: Other Postemployment Benefits (Continued)**

**Statewide Death & Disability Plan (Continued)**

City Council determines the required contributions for the City and the members to the SD&D Plan and whether the contributions are paid individually or jointly. No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the City contributed 1.8% of base salaries on behalf of the members during the year ended December 31, 2024, in the amount of \$26,276. Members also contributed 1.06% of base salaries, for a total joint contribution of 2.12%, equal to the required contributions.

The City has no requirement to contribute to the plan and does not receive contributions from a non-employer entity. Therefore, the City does not report a net OPEB liability, or deferred outflows and inflows of resources related to OPEB. Any contributions to the SD&D Plan are considered to be “member contributions.”

OPEB Plan Fiduciary Net Position - Detailed information about the plan’s fiduciary net position is available in FPPA’s separately issued financial report, which may be obtained at [www.fppaco.org](http://www.fppaco.org).

**NOTE 10: Commitments and Contingencies**

**Claims and Judgments**

The City participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2024, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the City.

**Tabor Amendment**

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. On November 5, 1996, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1996 and subsequent years for street improvement projects, capital projects, basic municipal services and/or lawful municipal purposes, notwithstanding the provisions of the

Amendment. The Amendment requires the City to establish a reserve for emergencies, representing 3% of qualifying expenditures. At December 31, 2024, the City’s emergency reserve was reported as restricted fund balance in the General Fund in the amount of \$780,000.

**Litigation**

The City from time to time is involved in various legal matters. In the opinion of the City’s counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the City.

**CITY OF DACONO, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 11: Restatement - Corrections of Errors**

The City identified corrections of errors to the beginning net position of the governmental activities, business-type activities, and fund balances of the General Fund, Impact Fee Fund, Streets Fund, and Capital Equipment Fund for the prior fiscal year ended December 31, 2023. The corrections of errors were related to recording of a lease receivable related to implementation of GASB Statement No. 87, *Leases*, and recording expenses in the proper fiscal year. The restatement was recorded for the fiscal year ended December 31, 2023, as follows:

	General Fund	Capital Equipment Fund	Nonmajor Governmental Funds	Total Governmental Funds
Net Position/Fund Balance, Beginning, as Originally Stated	\$ 5,910,354	\$ 2,746	\$ 47,995	\$ 20,647,419
Lease Receivable	112,839	-	-	112,839
Expenditures / Expenses	(1,719)	117,728	(2,323)	113,686
Deferred Inflows of Resources - Leases	(102,293)	-	-	(102,293)
Net Position/Fund Balance, Beginning, as Restated	<u>\$ 5,919,181</u>	<u>\$ 120,474</u>	<u>\$ 45,672</u>	<u>\$ 20,771,651</u>

  

	Governmental Activities	Business-Type Activities	Total
Net Position/Fund Balance, Beginning, as Originally Stated	\$ 42,648,999	\$ 40,984,770	\$ 83,633,769
Lease Receivable	112,839	112,839	225,678
Expenditures / Expenses	113,686	(113,686)	-
Deferred Inflows of Resources - Leases	(102,293)	(102,293)	(204,586)
Net Position/Fund Balance, Beginning, as Restated	<u>\$ 42,773,231</u>	<u>\$ 40,881,630</u>	<u>\$ 83,654,861</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF DACONO, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
Year Ended December 31, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 5,950,940	\$ 5,950,940	\$ 5,681,283	\$ (269,657)
Intergovernmental	436,000	686,000	676,182	(9,818)
Licenses and Permits	500,100	450,100	389,796	(60,304)
Court	67,280	67,280	56,912	(10,368)
Investment Income	270,000	270,000	361,875	91,875
Miscellaneous	286,680	286,680	409,438	122,758
<b>TOTAL REVENUES</b>	<b>7,511,000</b>	<b>7,711,000</b>	<b>7,575,486</b>	<b>(135,514)</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	3,375,175	3,896,360	3,164,254	732,106
Public Safety	3,894,585	3,917,584	3,349,895	567,689
Parks and Recreation	190,455	238,560	206,053	32,507
<b>TOTAL EXPENDITURES</b>	<b>7,460,215</b>	<b>8,052,504</b>	<b>6,720,202</b>	<b>1,332,302</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>50,785</b>	<b>(341,504)</b>	<b>855,284</b>	<b>1,196,788</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	250,000	250,000	-	(250,000)
Transfers Out	(537,645)	(626,116)	(626,116)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(287,645)</b>	<b>(376,116)</b>	<b>(626,116)</b>	<b>(250,000)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(236,860)</b>	<b>(717,620)</b>	<b>229,168</b>	<b>946,788</b>
<b>FUND BALANCE, Beginning,</b>				
as Originally Stated	5,610,716	5,976,919	5,910,354	(66,565)
Restatement - Correction of an Error	-	-	8,827	8,827
<b>FUND BALANCE, Beginning as Restated</b>	<b>5,610,716</b>	<b>5,976,919</b>	<b>5,919,181</b>	<b>(57,738)</b>
<b>FUND BALANCE, Ending</b>	<b>\$ 5,373,856</b>	<b>\$ 5,259,299</b>	<b>\$ 6,148,349</b>	<b>\$ 889,050</b>

**CITY OF DACONO, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**URBAN RENEWAL AUTHORITY**  
Year Ended December 31, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 22,581,350	\$ 22,072,795	\$ (508,555)
Royalties	35,000	11,067	(23,933)
Investment Income	195,000	691,676	496,676
	<u>22,811,350</u>	<u>22,775,538</u>	<u>(35,812)</u>
TOTAL REVENUES			
EXPENDITURES			
General Government	25,730,885	14,783,793	10,947,092
	<u>(2,919,535)</u>	<u>7,991,745</u>	<u>10,911,280</u>
CHANGE IN FUND BALANCE			
FUND BALANCE, Beginning	8,613,688	8,603,825	(9,863)
FUND BALANCE, Ending	<u>\$ 5,694,153</u>	<u>\$ 16,595,570</u>	<u>\$ 10,901,417</u>

**CITY OF DACONO, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**STREETS FUND**  
Year Ended December 31, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 1,830,150	\$ 1,830,150	\$ 1,748,953	\$ (81,197)
Intergovernmental	385,830	385,830	382,848	(2,982)
Licenses and Permits	12,000	12,000	12,500	500
Investment Income	65,500	65,500	101,284	35,784
Miscellaneous	-	-	14,679	14,679
<b>TOTAL REVENUES</b>	<b>2,293,480</b>	<b>2,293,480</b>	<b>2,260,264</b>	<b>(33,216)</b>
<b>EXPENDITURES</b>				
Public Works	1,826,540	1,896,835	1,339,676	557,159
Debt Service				
Principal	205,020	205,020	205,020	-
Interest	11,000	11,000	10,881	119
<b>TOTAL EXPENDITURES</b>	<b>2,042,560</b>	<b>2,112,855</b>	<b>1,555,577</b>	<b>557,278</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>250,920</b>	<b>180,625</b>	<b>704,687</b>	<b>524,062</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	250,000	250,000	-	(250,000)
Transfers Out	(896,000)	(1,219,000)	(1,260,510)	(41,510)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(646,000)</b>	<b>(969,000)</b>	<b>(1,260,510)</b>	<b>(291,510)</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(395,080)</b>	<b>(788,375)</b>	<b>(555,823)</b>	<b>232,552</b>
<b>FUND BALANCE, Beginning, as Originally Stated</b>	<b>2,327,240</b>	<b>2,972,625</b>	<b>2,931,137</b>	<b>(41,488)</b>
Restatement - Correction of an Error	-	-	(2,323)	(2,323)
<b>FUND BALANCE, Beginning, as Restated</b>	<b>2,327,240</b>	<b>2,972,625</b>	<b>2,928,814</b>	<b>(43,811)</b>
<b>FUND BALANCE, Ending</b>	<b>\$ 1,932,160</b>	<b>\$ 2,184,250</b>	<b>\$ 2,372,991</b>	<b>\$ 188,741</b>

**CITY OF DACONO, COLORADO**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS**  
**FPPA STATEWIDE DEFINED BENEFIT PLAN**  
December 31, 2024

MEASUREMENT YEAR	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Plan Measurement Year End	December 31,	December 31,	December 31,	December 31,
<b>PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>				
City's Proportion of the Net Pension (Asset) Liability	0.13972694%	0.13179357%	0.13735388%	0.13894425%
City's Proportionate Share of the Net Pension (Asset) Liability	\$ -	\$ 116,981	\$ (744,367)	\$ (301,649)
City's Covered Payroll	\$ 1,372,737	\$ 1,148,812	\$ 1,174,245	\$ 1,116,009
City's Proportionate Share of the Net Pension Asset / Liability as a Percentage of Covered Payroll	0.0%	10.2%	-63.4%	-27.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset / Liability	100.0%	97.6%	116.2%	106.7%
<b>FISCAL YEAR</b>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>CITY CONTRIBUTIONS</b>				
Statutorily Required Contribution	\$ 165,582	\$ 130,410	\$ 91,895	\$ 93,986
Contributions in Relation to the Statutorily Required Contribution	<u>(165,582)</u>	<u>(130,410)</u>	<u>(91,895)</u>	<u>(93,986)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,658,830	\$ 1,372,737	\$ 1,148,812	\$ 1,174,245
Contributions as a Percentage of Covered Payroll	10.0%	9.5%	8.0%	8.0%

<u>2019</u> <u>December 31,</u>	<u>2018</u> <u>December 31,</u>	<u>2017</u> <u>December 31,</u>	<u>2016</u> <u>December 31,</u>	<u>2015</u> <u>December 31,</u>	<u>2014</u> <u>December 31,</u>
0.12204512%	0.11755489%	0.10012957%	0.12893416%	0.11503335%	0.11027572%
\$ (69,024)	\$ 148,622	\$ (144,052)	\$ 46,589	\$ (2,028)	\$ (124,456)
\$ 899,521	\$ 787,450	\$ 639,365	\$ 635,190	\$ 533,488	\$ 495,913
-7.7%	18.9%	-22.5%	7.3%	-0.4%	-25.1%
101.9%	95.2%	106.3%	98.2%	100.1%	105.8%
<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 89,281	\$ 71,960	\$ 62,996	\$ 51,149	\$ 50,815	\$ 42,679
<u>(89,281)</u>	<u>(71,960)</u>	<u>(62,996)</u>	<u>(51,149)</u>	<u>(50,815)</u>	<u>(42,679)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,116,009	\$ 899,521	\$ 787,450	\$ 639,365	\$ 635,190	\$ 533,488
8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

**CITY OF DACONO, COLORADO**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2024

**NOTE 1: Stewardship, Compliance, and Accountability**

**Budgetary Information**

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The City adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- In October, management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Expenditures may not legally exceed appropriations at the fund level. Any budget revisions that alter the total expenditures of any fund must be approved by the City Council.
- Budgets are legally adopted for all funds of the City. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) except for certain interfund transactions that are reported as revenues and expenditures on the budgetary basis but not the GAAP basis of accounting. Budgetary comparisons presented for the Proprietary Fund are presented on a non-GAAP budgetary basis. Debt principal is recognized as an expenditure for budgetary purposes. Capital outlay is budgeted as an expenditure, and depreciation and amortization are not budgeted.
- All budget appropriations lapse at fiscal year-end.

**Budget Compliance**

At December 31, 2024, the City's Capital Equipment Fund actual expenditures/expenses exceeded budgeted appropriations by \$106,494. This may be a violation of state statutes.

**NOTE 2: Significant Assumptions in the Actuarially Determined Pension Plan**

An actuarial valuation is performed every two years to determine the pension benefit obligation. The latest available actuarial valuation was performed as of January 1, 2024. The measurement date was December 31, 2023. The following assumptions were used in computing the pension benefit obligation for this plan:

Actuarial Valuation Date	January 1, 2024
Actuarial Method	Entry Age Normal
Amortization Period	30 Years
Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.0%
Inflation	2.5%
Projected salary increases, including inflation	4.25% - 11.25%
Cost of living adjustments (COLA)	0.0%
includes inflation at	2.5%

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

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

**CITY OF DACONO, COLORADO**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2024

**NOTE 2: Significant Assumptions in the Actuarially Determined Pension Plan (Continued)**

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future.

The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

Disabled mortality assumptions were based upon the 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales and then projected prospectively using the ultimate rates of the scale for all years.

The actuarial assumptions shown above are associated with the Actuarially Determined Contribution for the Fiscal Year Ending December 31, 2023. The actuarial assumptions were changed for the Actuarial Valuation as of January 1, 2024, and as such, the Total Pension Liability was measured using those assumptions for the fiscal year ended December 31, 2024, with a one-year lag.

## **BUDGETARY COMPARISON SCHEDULES**

**CITY OF DACONO, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**CONSERVATION TRUST FUND**  
Year Ended December 31, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 39,665	\$ (335)
Investment Income	25	23	23	-
<b>TOTAL REVENUES</b>	<b>40,025</b>	<b>40,023</b>	<b>39,688</b>	<b>(335)</b>
EXPENDITURES				
Parks and Recreation	20,000	20,000	9,906	10,094
<b>CHANGE IN FUND BALANCE</b>	<b>20,025</b>	<b>20,023</b>	<b>29,782</b>	<b>9,759</b>
FUND BALANCE, Beginning	40,403	47,668	47,995	327
FUND BALANCE, Ending	<u>\$ 60,428</u>	<u>\$ 67,691</u>	<u>\$ 77,777</u>	<u>\$ 10,086</u>

**CITY OF DACONO, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**IMPACT FEE FUND**  
Year Ended December 31, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
REVENUES				
Impact Fees	\$ 195,590	\$ 195,590	\$ 109,583	\$ (86,007)
Contributions from URAD	2,800,000	2,800,000	2,775,929	(24,071)
Investment Income	90,000	90,000	167,073	77,073
<b>TOTAL REVENUES</b>	<b>3,085,590</b>	<b>3,085,590</b>	<b>3,052,585</b>	<b>(33,005)</b>
EXPENDITURES				
Capital Outlay	4,200,000	3,990,000	3,547,441	442,559
<b>CHANGE IN FUND BALANCE</b>	<b>(1,114,410)</b>	<b>(904,410)</b>	<b>(494,856)</b>	<b>409,554</b>
FUND BALANCE, Beginning	3,162,985	3,151,235	3,151,362	127
FUND BALANCE, Ending	<u>\$ 2,048,575</u>	<u>\$ 2,246,825</u>	<u>\$ 2,656,506</u>	<u>\$ 409,681</u>

**CITY OF DACONO, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL EQUIPMENT FUND**  
Year Ended December 31, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 353,555	\$ 353,555	\$ 333,747	\$ (19,808)
Intergovernmental	800,000	5,150,000	3,208,629	(1,941,371)
Investment Income	1,000	1,000	5,691	4,691
<b>TOTAL REVENUES</b>	<b>1,154,555</b>	<b>5,504,555</b>	<b>3,548,067</b>	<b>(1,956,488)</b>
<b>EXPENDITURES</b>				
Capital Outlay	8,531,450	6,648,920	4,719,366	1,929,554
Debt Service				
Principal	405,000	405,000	482,217	(77,217)
Interest	295,750	295,750	309,987	(14,237)
<b>TOTAL EXPENDITURES</b>	<b>9,232,200</b>	<b>7,349,670</b>	<b>5,511,570</b>	<b>1,838,100</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(8,077,645)</b>	<b>(1,845,115)</b>	<b>(1,963,503)</b>	<b>(118,388)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease Proceeds	-	-	94,655	94,655
Transfers In	7,783,645	1,845,115	1,886,626	41,511
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>7,783,645</b>	<b>1,845,115</b>	<b>1,981,281</b>	<b>136,166</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(294,000)</b>	<b>-</b>	<b>17,778</b>	<b>17,778</b>
<b>FUND BALANCE, Beginning, as Originally Stated</b>	<b>294,554</b>	<b>7,534</b>	<b>2,746</b>	<b>(4,788)</b>
Restatement - Correction of an Error	-	-	117,728	117,728
<b>FUND BALANCE, Beginning, as Restated</b>	<b>294,554</b>	<b>7,534</b>	<b>120,474</b>	<b>112,940</b>
<b>FUND BALANCE, Ending</b>	<b>\$ 554</b>	<b>\$ 7,534</b>	<b>\$ 138,252</b>	<b>\$ 130,718</b>

**CITY OF DACONO, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**WATER FUND (BUDGETARY BASIS TO GAAP BASIS)**  
Year Ended December 31, 2024

	BUDGET		ACTUAL	VARIANCE
	ORIGINAL	FINAL		Positive (Negative)
<b>REVENUES</b>				
Charges for Services - Water and Trash \$	2,368,525	\$ 2,368,525	\$ 2,357,118	\$ (11,407)
Tap Fees	822,990	822,990	754,347	(68,643)
Sale of Water Credits	-	11,765,000	11,787,888	22,888
Investment Income	200,000	200,000	620,869	420,869
Grants	1,516,650	1,516,650	1,516,644	(6)
Miscellaneous	32,955	32,955	79,702	46,747
<b>TOTAL REVENUES</b>	<u>4,941,120</u>	<u>16,706,120</u>	<u>17,116,568</u>	<u>410,448</u>
<b>EXPENDITURES</b>				
Administration	2,893,935	2,891,265	2,522,991	368,274
Operations	1,057,205	1,130,280	1,104,432	25,848
Capital Outlay	1,250,000	1,259,000	2,081,470	(822,470)
Principal	177,710	177,710	177,709	(1)
Interest and Fiscal Charges	8,000	8,000	13,441	5,441
<b>TOTAL EXPENDITURES</b>	<u>5,386,850</u>	<u>5,466,255</u>	<u>5,900,043</u>	<u>(422,908)</u>
<b>CHANGE IN NET POSITION (BUDGETARY BASIS)</b>	<u>\$ (445,730)</u>	<u>\$ 11,239,865</u>	<u>\$ 11,216,525</u>	<u>\$ 833,356</u>
<b>RECONCILIATION TO GAAP BASIS</b>				
Capital Outlay			2,081,470	
Capital Contributions			899,726	
Debt Principal Paid			177,709	
Change in Accrued Interest			395	
Change in Compensated Absences			1,498	
Depreciation Expense			(405,369)	
Amortization Expense			(28,389)	
<b>CHANGE IN NET POSITION (GAAP BASIS)</b>			<u>13,943,565</u>	

## **COMPLIANCE SECTION**

## **SINGLE AUDIT**

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Dacono, Colorado (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City and have issued our report thereon dated July 24, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City’s internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the City’s internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

### **City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*DMC Auditing and Consulting, LLC*

July 24, 2025  
Bailey, Colorado  
DMC Auditing and Consulting, LLC

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,  
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the City of Dacono’s (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended December 31, 2024. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City’s compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City’s federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the City's internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*DMC Auditing and Consulting, LLC*

July 24, 2025  
Bailey, Colorado  
DMC Auditing and Consulting, LLC

**CITY OF DACONO, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended December 31, 2024

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
Direct			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ <u>1,516,644</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u><u>1,516,644</u></u>

**CITY OF DACONO, COLORADO**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2024

**NOTE 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The City does not charge a de minimis indirect cost rate. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting.

**NOTE 2: Summary of Significant Accounting Policies**

Governmental fund types account for the majority of the City's federal grant activity. Expenditures reported in the schedule of expenditures of federal awards are recognized on a modified basis of accounting. Subrecipient expenditures are recorded on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Non-cash expenditures are included in the schedule.

**NOTE 3: Indirect Cost Rate**

The City has not elected to use the 10% de minimis cost rate.

**NOTE 4: Subrecipient Distributions**

The City did not provide any federal awards to subrecipients.

**CITY OF DACONO, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2024

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None Reported

Noncompliance material to the financial statements noted?

- Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

- Yes  No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Cluster/Program</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

**CITY OF DACONO, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2024

**SECTION II: FINANCIAL STATEMENT FINDINGS**

**2024-001: Material Audit Adjusting Journal Entries in the Financial Statements**

**Criteria:** AU-C Section 265, A.11 in part states that indicators of material weaknesses in internal control include an identification by the auditor of a restatement of previously issued financial statements to reflect the correction of a material misstatement due to fraud or error.

**Condition:** We have identified restatement of the fund balance as of December 31, 2023, as a result of correction of errors related to lease receivable agreement that was not reported in the prior year in accordance with GASB Statement No. 87, *Leases*, and timing of payables.

**Cause:** The internal controls related to lease receivables (lessor) and year-end accruals were designed properly but were not effective to identify the lease receivable and certain year-end accruals in the prior fiscal year.

**Effect:** The City's prior year financial statements were materially misstated and required a restatement due to corrections of errors and lack of internal controls related to financial reporting.

**Repeat Finding:** No.

**Recommendation:** The City should closely monitor and review lease agreements and design and implement internal controls to identify various leases and year-end in order to avoid future restatements.

**Corrective Action Plan:** Reported on page 57.

**SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No findings or questioned costs were reported for the fiscal year ended December 31, 2024.



July 24,2025

**Corrective Action Plan:**

Finding: 2024-001

Type of Finding: Material weakness in internal controls causing restatement of prior year financial statements.

City of Dacono had the following regarding internal controls:

- A material error in the prior year financial statements related to the calculation and presentation of lease receivables and certain year-end accruals. The internal controls were not effective to identify the lease receivable and year-end accruals causing the misstatement.

The City of Dacono concurs with finding 2024-001 and will implement the following corrective steps:

- The finance team will create a process for monitoring and reviewing all lease agreements and further, will modify existing internal controls to ensure proper evaluation of all year-end accruals and adjustments.

## **STATE COMPLIANCE**

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: <b>COLORADO</b>
	YEAR ENDING (mm/yy): <b>12/2024</b>

This Information From The Records Of: <b>City of Dacono</b>	Prepared By: <b>Kelly Stroh</b>
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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
<b>A. Receipts from local sources:</b>		<b>A. Local highway expenditures:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 7,036,970.00
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 371,947.00
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 14,246.00
2. General fund appropriations		b. Snow and ice removal	\$ 54,190.00
3. Other local imposts (from page 2)	\$ 1,828,050.00	c. Other	\$ 8,819.00
4. Miscellaneous local receipts (from page 2)	\$ 5,104,925.00	d. Total (a. through c.)	\$ 77,255.00
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 890,475.00
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 8,376,647.00
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	\$ 10,881.00
7. Total (1 through 6)	\$ 6,932,975.00	b. Redemption	\$ 205,020.00
<b>B. Private Contributions</b>		c. Total (a. + b.)	\$ 215,901.00
<b>C. Receipts from State government</b> (from page 2)	\$ 1,079,628.00	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	\$ 24,123.00	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	\$ 8,036,726.00	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ 215,901.00
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total expenditures (A.6 + B.3 + C + D)</b>	\$ 8,592,548.00

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>	\$ 420,101.00		\$ 205,020.00	\$ 215,081.00
1. Bonds (Refunding Portion)				\$ -
<b>B. Notes (Total)</b>				\$ -

**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
	\$ 2,931,137.00	\$ 8,036,726.00	\$ 8,592,548.00	\$ 2,375,315.00	\$ -

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
**COLORADO**  
 YEAR ENDING (mm/yy):  
**12/2024**

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	\$ 224,045.00	a. Interest on investments	101,284.00
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	\$ 1,501,629.00	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	\$ 655.00
4. Licenses		f. Charges for Services	\$ 12,500.00
5. Specific Ownership &/or Other	\$ 102,376.00	g. Other Misc. Receipts	\$ 4,976,462.00
6. Total (1. through 5.)	\$ 1,604,005.00	h. Other	\$ 14,024.00
c. Total (a. + b.)	\$ 1,828,050.00	i. Total (a. through h.)	\$ 5,104,925.00
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes (from Item I.C.5.)	\$ 256,349.00	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	\$ 23,279.00	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other	\$ 800,000.00	f. Other Federal CDBG	\$ 24,123.00
f. Total (a. through e.)	\$ 823,279.00	g. Total (a. through f.)	\$ 24,123.00
4. Total (1. + 2. + 3.f)	\$ 1,079,628.00	3. Total (1. + 2.g)	\$ 24,123.00
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

**III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs		\$ 54,701.00	\$ 54,701.00
b. Engineering Costs		\$ 420,557.00	\$ 420,557.00
c. Construction:			
(1). New Facilities		\$ 258,150.00	\$ 258,150.00
(2). Capacity Improvements		\$ 2,775,929.00	\$ 2,775,929.00
(3). System Preservation		\$ 2,041,251.00	\$ 2,041,251.00
(4). System Enhancement And Operation		\$ 1,486,382.00	\$ 1,486,382.00
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 6,561,712.00	\$ 6,561,712.00
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 7,036,970.00	\$ 7,036,970.00
<i>(Carry forward to page 1)</i>			

Notes and Comments: