

TOWN OF MANCOS COLORADO

Independent Accountants' Reports
and
Basic Financial Statements

December 31, 2020

TOWN OF MANCOS, COLORADO

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Town of Mancos, Colorado
Mancos, Colorado 81328

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Town of Mancos, Colorado as of and for the year ended December 31, 2020, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Mancos, Colorado, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other matters

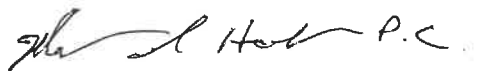
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 13 and pages 36 through 37 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mancos, Colorado's basic financial statements. The accompanying other supplementary information and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information and Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Majors and Haley, P.C.
June 15, 2021

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2020

FINANCIAL HIGHLIGHTS

Key financial highlights for the Town in 2020 are as follows:

- In total, net position increased by \$271,487. Net position of governmental activities increased \$601,300, which represents a 14.1 percent increase from 2019. Net position of business type activities decreased \$329,813 or 6.8 percent from 2019.
- General revenues accounted for \$1,398,754 in revenue or 54 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$1,206,503 or 46 percent of total revenues of \$2,605,257.
- Governmental activities total assets increased by \$592,251. Liabilities and deferred inflows of resources decreased by \$9,049.
- The Town incurred \$1,471,184 in expenses related to government activities. \$469,450 of these expenses was offset by program specific charges for services, grants and contributions. General revenues (primarily property taxes, sales taxes, franchise taxes, and mineral leasing revenues) of \$1,603,034 were adequate to cover the balance of the costs of these programs.
- Among the major funds, the General Fund had \$2,057,789 in revenues and other financing sources and \$1,449,438 in expenditures and other financing uses. Its fund balance increased by \$608,351 from \$2,135,503 to \$2,743,854.
- Net position of the Enterprise Funds decreased from \$4,815,970 to \$4,486,157.

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include two kinds of statements that present different views of the Town.

- The first two statements are Town-wide financial statements that provide both short-term and long-term information about the Town's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Town, reporting the Town's operations in more detail than the Town-wide statements.
- The governmental funds statements tell how basic services such as general government were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the Town operates like businesses, such as water and sanitation services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the Town's budget for the year.

Town-wide Statements

The Town-wide statements report information about the Town as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the Town's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2020

The two Town-wide statements report the Town's net position and how it has changed. Net position (the difference between the Town's assets and deferred outflows of resources less liabilities and deferred inflows of resources) is one way to measure the Town's financial position.

- Over time, increases or decreases in the Town's net position is an indicator of whether its financial position is improving or deteriorating.
- To assess the Town's overall health, you need to consider additional non-financial factors such as changes in the Town's property tax base and the condition of Town facilities.

In the Town-wide financial statements, the Town's activities are divided into two categories:

- **Governmental activities-** Most of the Town's basic services are included here, such as general government, public safety, public works and culture and recreation. These activities are financed mainly through property taxes and sales taxes.
- **Business-type activities-** The Town charges fees to help cover the costs of certain services it provides. The Town's water and sanitation facilities are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's funds, focusing on its most significant or "major" funds, not the Town as a whole. Funds are accounting devices the Town uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the Town establishes other funds to help it manage and control its finances to achieve certain results.

The Town uses two types of funds:

- **Governmental funds-** Most of the Town's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2020

a detailed short-term view of the Town's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the Town-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

- **Proprietary funds-** Services for which the Town charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Town-wide financial statements. The Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information such as cash flow analysis.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Total assets increased by \$61,669. Current assets increased by \$83,661. Net capital assets decreased by \$21,992. Current liabilities decreased by \$142,350. Deferred inflows of resources increased by \$5,128. Non-current liabilities decreased by \$72,556.

The Town's combined net position was larger on December 31, 2020 than it was at December 31, 2019, increasing by \$271,847 to \$9,344,308. The Town's governmental type activities net position increased by \$601,300 to \$4,858,151. The net position of the Town's business-type activities decreased by \$329,813 to \$4,486,157.

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2020

Table 1 provides a summary of the Town's net position for 2020 compared to 2019:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities		Business-type Activities		Total Town	
	2020	2019	2020	2019	2020	2019
Assets						
Current assets	\$ 2.907	\$ 2.277	\$ 0.268	\$ 0.816	\$ 3.175	\$ 3.093
Capital assets	2.081	2.119	5.159	5.142	7.240	7.261
Total assets	4.988	4.396	5.427	5.958	10.415	10.354
Liabilities						
Current liabilities	0.028	0.030	0.068	0.209	0.096	0.239
Noncurrent liabilities		0.012	0.873	0.933	0.873	0.965
Deferred inflows of resources	0.102	0.097			0.102	0.097
Net Position						
Net investment in capital assets	2.074	2.085	4.226	4.149	6.300	6.234
Restricted	0.090	0.086	0.022	0.022	0.112	0.108
Unrestricted	2.694	2.086	0.238	0.645	2.932	2.731
Total net position	\$ 4.858	\$ 4.257	\$ 4.486	\$ 4.816	\$ 9.344	\$ 9.073

TOWN OF MANCOS, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2020**

Table 2 shows the changes in net position for fiscal year 2020 as compared to 2019.

**Table 2
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Town	
	2020	2019	2020	2019	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 301,227	\$ 278,803	\$ 737,053	\$ 824,042	\$ 1,038,280	\$ 1,102,845
Operating grants & contributions	168,223	192,666			168,223	192,666
Capital grants & contributions		155,115			-	155,115
General revenues						
Property taxes	96,169	92,166			96,169	92,166
Sales taxes	1,093,070	877,365			1,093,070	877,365
Other	413,795	398,539	(204,280)	(143,094)	209,515	255,445
Total revenues	2,072,484	1,994,654	532,773	680,948	2,605,257	2,675,602
Expenses						
General government	568,407	585,112			568,407	585,112
Public safety	553,494	465,124			553,494	465,124
Public works	250,259	276,198	862,586	804,851	1,112,845	1,081,049
Culture and recreation	99,024	87,587			99,024	87,587
Total expenses	1,471,184	1,414,021	862,586	804,851	2,333,770	2,218,872
Increase (decrease) in net position	\$ 601,300	\$ 580,633	\$ (329,813)	\$ (123,903)	\$ 271,487	\$ 456,730

TOWN OF MANCOS, COLORADO

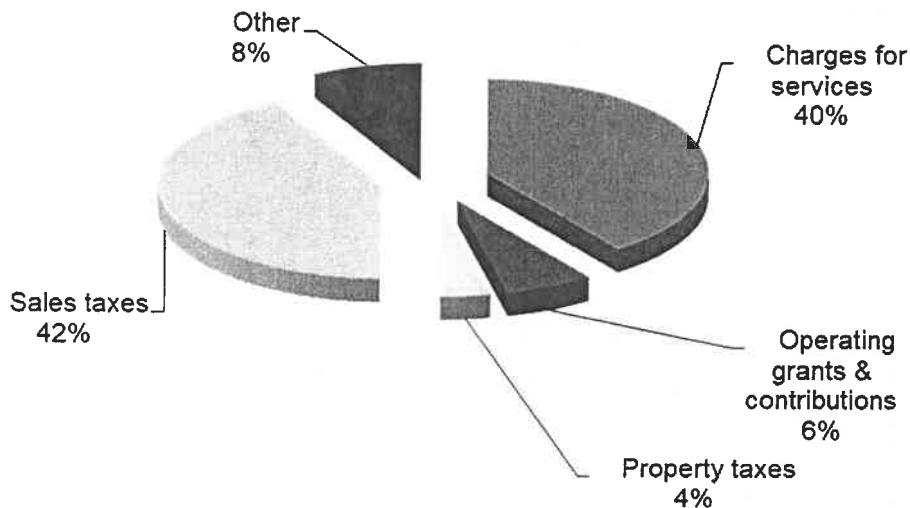
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2020

Charges for services and sales taxes accounted for most of the Town's total revenue, with each contributing 40 percent and 42 percent respectively (See Table 3). Another 4 percent came from property taxes and the remainder from operating grants, capital grants and other revenues.

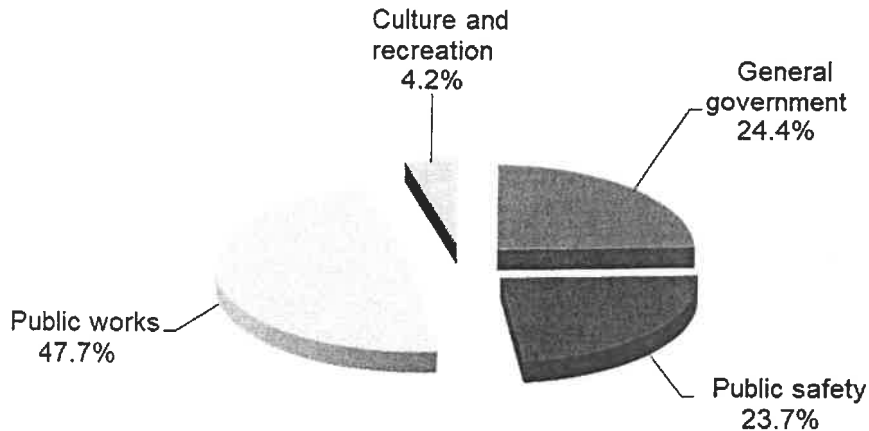
The Town's expenses are predominately related to, public works (47.7 percent), general government (24.4 percent), and public safety (23.7 percent) (See Table 4). The Town's culture and recreation activities accounted for the balance of total costs.

Table 3
Sources of Revenue for Fiscal Year 2020



TOWN OF MANCOS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2020

Table 4
Expenses for Fiscal Year 2020



Governmental Activities

The primary sources of operating revenue for the Town come from charges for services, general property taxes, and sales taxes. The Town receives approximately 86 percent of this funding from these sources while the remaining amounts come from operating grants and other revenue sources.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by general revenues including general property taxes and sales taxes.

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2020

Table 5
Government Activities

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
General government	\$ 568,407	\$ 585,112	\$ 164,007	\$ 188,525
Public safety	553,494	465,124	542,287	451,644
Public works	250,259	276,198	212,862	123,026
Culture and recreation	99,024	87,587	82,578	24,242
Total	\$ 1,471,184	\$ 1,414,021	\$ 1,001,734	\$ 787,437

- The cost of all governmental activities during the year was \$1,471,184.
- Some of the cost was financed by the users of the Town's programs (\$301,227)
- Federal and state government subsidized certain programs with grants and contributions (\$168,223).
- However, \$1,603,034 was financed by state and town taxpayers. This portion of governmental activities was financed with \$1,093,070 in sales taxes, \$112,400 in property and specific ownership taxes, \$90,156 in franchise taxes and \$307,408 in other general revenues.

Business-type Activities

Business-type activities are made up of the Water Fund and the Sewer Fund. These programs had revenues net of transfers of \$532,773 and expenses of \$862,586.

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2020

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Information about the Town's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues and other financing sources of \$2,072,484 and expenditures and other financing uses of \$1,459,475.

General Fund Budgetary Highlights

The Town's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Over the course of the year, the Town made no revisions to the annual operating budget.

- Actual expenditures were \$1,472,070 less than budget, primarily because the Town budgeted for a street improvement grant that did not occur in 2020.

CAPITAL ASSET ADMINISTRATION

By the end of 2020 the Town has invested \$12.88 million in land, buildings, and equipment (including vehicles), of this total \$3.38 million was from governmental activities.

Table 6 shows capital assets for 2020 compared to 2019:

Table 6
Capital Assets at December 31

	Governmental Activities		Business-Type Activities		Total Town	
	2020	2019	2020	2019	2020	2019
Land	\$ 138,081	\$ 138,081	\$ 6,984	\$ 6,984	\$ 145,065	\$ 145,065
Buildings/Facilities	2,809,567	2,783,322	9,199,207	8,847,727	12,008,774	11,631,049
Equipment	433,888	341,191	293,961	293,961	727,849	635,152
Total	\$ 3,381,536	\$ 3,262,594	\$ 9,500,152	\$ 9,148,672	\$ 12,881,688	\$ 12,411,266

TOWN OF MANCOS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2020

Additional information on the Town's capital assets can be found in the Notes to the Financial Statements on page 29 of this report.

FACTORS BEARING ON THE TOWN'S FUTURE

At the time these financial statements were prepared and audited, the Town is not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Town's citizens, taxpayers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Mancos Administration Office, PO Box 487 Mancos, Colorado 81328.

TOWN OF MANCOS, COLORADO
Statement of Net Position

December 31, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash	\$ 2,696,039	\$ 206,482	\$ 2,902,521
Cash with county treasurer	1,216		1,216
Property tax receivable	102,619		102,619
Accounts receivable	107,955	61,803	169,758
Capital assets	3,381,536	9,500,152	12,881,688
Accumulated depreciation	(1,300,976)	(4,341,038)	(5,642,014)
Total capital assets, net of depreciation	<u>2,080,560</u>	<u>5,159,114</u>	<u>7,239,674</u>
Total Assets	<u>4,988,389</u>	<u>5,427,399</u>	<u>10,415,788</u>
Liabilities			
Accounts payable	20,829	6,208	27,037
Accrued interest		1,687	1,687
Long-term liabilities			
Due within one year	6,790	60,344	67,134
Due in more than one year		873,003	873,003
Total Liabilities	<u>27,619</u>	<u>941,242</u>	<u>968,861</u>
Deferred inflows of resources			
Unearned property tax revenue	<u>102,619</u>		<u>102,619</u>
Net Position			
Net investment in capital assets	2,073,770	4,225,767	6,299,537
Restricted			
TABOR	50,000		50,000
Debt service		22,022	22,022
Parks and recreation	40,528		40,528
Unrestricted	2,693,853	238,368	2,932,221
Total Net Position	<u>\$ 4,858,151</u>	<u>\$ 4,486,157</u>	<u>\$ 9,344,308</u>

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO
Statement of Activities

For the Year Ended December 31, 2020

	Program Revenues			Net (Expenses) Revenue And Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities							
General government	\$ 568,407	\$ 282,579	\$ 121,821		\$ (164,007)		\$ (164,007)
Public safety	553,494	11,207			(542,287)		(542,287)
Public works	250,259	5,670	31,727		(212,862)		(212,862)
Culture and recreation	99,024	1,771	14,675		(82,578)		(82,578)
Total Governmental Activities	1,471,184	301,227	168,223	-	(1,001,734)		(1,001,734)
Business-Type Activities							
Water operations	363,624	466,748				\$ 103,124	103,124
Sewer operations	498,962	270,305				(228,657)	(228,657)
Total Business-Type Activities	862,586	737,053	-	-		(125,533)	(125,533)
Total Town	\$ 2,333,770	\$ 1,038,280	\$ 168,223	\$ -	(1,001,734)	(125,533)	(1,127,267)

General Revenues

Property taxes	96,169		96,169
Specific ownership taxes	16,231		16,231
Sales tax	1,093,070		1,093,070
Road and bridge tax	11,312		11,312
Franchise tax	90,156		90,156
Severance tax	9,032		9,032
Intergovernmental			
Mineral leasing	76,249		76,249
Tobacco taxes	1,329		1,329
Earnings on investments	1,290	720	2,010
Miscellaneous	3,196		3,196
Transfers	205,000	(205,000)	-

Total General Revenues	1,603,034	(204,280)	1,398,754
Changes in Net Position	601,300	(329,813)	271,487
Net Position Beginning of the Year	4,256,851	4,815,970	9,072,821
Net Position End of the Year	\$ 4,858,151	\$ 4,486,157	\$ 9,344,308

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO

Balance Sheet
Governmental Funds

December 31, 2020

	General Fund	Other Governmental Funds Conservation Trust Fund	Total Governmental Funds
Assets			
Cash	\$ 2,655,511	\$ 40,528	\$ 2,696,039
Cash with county treasurer	1,216		1,216
Property tax receivable	102,619		102,619
Accounts receivable	107,955		107,955
Total assets	\$ 2,867,301	\$ 40,528	\$ 2,907,829
Liabilities			
Accounts payable	\$ 20,829		\$ 20,829
Total liabilities	20,829	-	20,829
Deferred inflows of resources			
Unearned property tax revenue	102,619	-	102,619
Fund balance			
Restricted			
TABOR	50,000		50,000
Parks and recreation		\$ 40,528	40,528
Unrestricted			
Assigned for subsequent year's expenditures	1,841,310		1,841,310
Unassigned	852,543		852,543
Total fund balance	2,743,853	40,528	2,784,381
Total liabilities, deferred inflows of resources and fund balance	\$ 2,867,301	\$ 40,528	\$ 2,907,829

Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

Total fund balance governmental funds \$ 2,784,381

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets	\$ 3,381,536	
Accumulated depreciation	(1,300,976)	
		2,080,560

Long term liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet.

Due in one year	(6,790)	
Due in more than one year		
		(6,790)

Total net position governmental activities **\$ 4,858,151**

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2020

	General Fund	Other Governmental Funds Conservation Trust Fund	Total Governmental Funds
Revenues			
Taxes	\$ 1,315,970		\$ 1,315,970
Intergovernmental revenues	231,126	\$ 14,674	245,800
Licenses and permits	282,579		282,579
Fines and forfeitures	11,207		11,207
Earnings on investments	1,270	21	1,291
Other	10,637		10,637
Total revenues	1,852,789	14,695	1,867,484
Expenditures			
General government	559,407		559,407
Public safety	593,260		593,260
Public works	227,131		227,131
Culture and recreation	41,936	10,037	51,973
Total expenditures	1,421,734	10,037	1,431,771
Other financing sources (uses)			
Transfers in	205,000		205,000
Debt service principal	(26,973)		(26,973)
Debt service interest	(731)		(731)
Total other financing sources (uses)	177,296	-	177,296
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	608,351	4,658	613,009
Fund Balances beginning of the year	2,135,503	35,870	2,171,373
Fund balances end of the year	\$ 2,743,854	\$ 40,528	\$ 2,784,382

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities**

For the Year Ended December 31, 2020

Net Change in Fund Balances Governmental Funds **\$ 613,009**

Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	\$ 118,942	
Depreciation expense	<u>(157,624)</u>	(38,682)

Repayment of debt principal is an expenditure in the governmental funds but the repayment reduced long term liabilities in the Statement of Net Position

Principal payments on capital leases	26,973
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Change in Net Position of Governmental Activities **\$ 601,300**

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO

Statement of Net Position
 Proprietary Fund Type-Enterprise Funds
December 31, 2020

	Business-type Activities		
	Water	Sewer	Total
Assets			
Current assets			
Cash	\$ 88,018	\$ 118,464	\$ 206,482
Accounts receivable	33,794	28,009	61,803
Total current assets	<u>121,812</u>	<u>146,473</u>	<u>268,285</u>
Noncurrent assets			
Capital assets	3,895,384	5,604,768	9,500,152
Accumulated depreciation	(1,587,001)	(2,754,037)	(4,341,038)
Total noncurrent assets	<u>2,308,383</u>	<u>2,850,731</u>	<u>5,159,114</u>
Total assets	<u>2,430,195</u>	<u>2,997,204</u>	<u>5,427,399</u>
Liabilities			
Current liabilities			
Accounts payable	2,425	3,783	6,208
Accrued interest	1,687		1,687
Current portion of long term debt	7,419	52,925	60,344
Total current liabilities	<u>11,531</u>	<u>56,708</u>	<u>68,239</u>
Noncurrent liabilities			
Notes and bonds payable	443,757	429,246	873,003
Total noncurrent liabilities	<u>443,757</u>	<u>429,246</u>	<u>873,003</u>
Total liabilities	<u>455,288</u>	<u>485,954</u>	<u>941,242</u>
Net position			
Net investment in capital assets	1,857,207	2,368,560	4,225,767
Restricted for debt service	22,022		22,022
Unrestricted	95,678	142,690	238,368
Total net position	<u>\$ 1,974,907</u>	<u>\$ 2,511,250</u>	<u>\$ 4,486,157</u>

The accompanying notes are an integral part of this statement

TOWN OF MANCOS, COLORADO

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type-Enterprise Funds

For the Year Ended December 31, 2020

	Business-type Activities		
	Water	Sewer	Total
Operating revenues			
Charges for services	\$ 451,827	\$ 255,343	\$ 707,170
Total operating revenues	<u>451,827</u>	<u>255,343</u>	<u>707,170</u>
Operating expenses			
Water administration	147,838		147,838
Plant and storage	34,990		34,990
Disbribution	32,325		32,325
Sewer administration		154,312	154,312
Plant operation		140,900	140,900
Collection		2,612	2,612
Depreciation	133,653	201,138	334,791
Total operating expenses	<u>348,806</u>	<u>498,962</u>	<u>847,768</u>
Operating income (loss)	<u>103,021</u>	<u>(243,619)</u>	<u>(140,598)</u>
Nonoperating revenues (expenses)			
Interest revenue	360	360	720
Tap fees	14,921	14,962	29,883
Transfers out	(155,000)	(50,000)	(205,000)
Debt service			
Interest	(14,818)		(14,818)
Total nonoperating revenues (expenses)	<u>(154,537)</u>	<u>(34,678)</u>	<u>(189,215)</u>
Change in net position	(51,516)	(278,297)	(329,813)
Net Position - beginning of the year	2,026,423	2,789,547	4,815,970
Net Position - end of the year	<u>\$ 1,974,907</u>	<u>\$ 2,511,250</u>	<u>\$ 4,486,157</u>

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO

Statement of Cash Flows
Proprietary Fund Type
Enterprise Funds

For the Year Ended December 31, 2020

	Business-type Activities		
	Water	Sewer	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 452,111	\$ 255,530	\$ 707,641
Cash payments to employees for services	(67,490)	(67,490)	(134,980)
Cash payments to suppliers for goods and services	(149,038)	(227,720)	(376,758)
Net Cash Flows provided (used) by Operating Activities	235,583	(39,680)	195,903
Cash Flows From Capital and Related Financing Activities			
Tap fees	14,921	14,962	29,883
Principal paid on debt	(7,184)	(52,925)	(60,109)
Interest paid on debt	(14,845)		(14,845)
Net Cash Flows provided (used) by Capital and Financing Activities	(7,108)	(37,963)	(45,071)
Cash Flows from Noncapital Financing Activities			
Transfers out	(155,000)	(50,000)	(205,000)
Equipment and facilities purchased	(472,648)	(20,704)	(493,352)
Total Cash Flows provided (used) by Noncapital Financing Activities	(627,648)	(70,704)	(698,352)
Cash flows from Investing Activities			
Earnings on investments	360	360	720
Net Increase (Decrease) in Cash and Cash Equivalents	(398,813)	(147,987)	(546,800)
Cash and Cash Equivalents - Beginning	486,831	266,451	753,282
Cash and Cash Equivalents - Ending	\$ 88,018	\$ 118,464	\$ 206,482
Reconciliation of operating income (loss) to Net Cash provided (used) by Operating Activities			
Operating income (loss)	\$ 103,021	\$ (243,619)	\$ (140,598)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	133,653	201,138	334,791
Changes in assets and liabilities related to operations:			
(Increase) Decrease in			
Operating accounts receivable	284	187	471
Increase (Decrease) in			
Operating accounts payable	(1,375)	2,614	1,239
Net Cash provided (used) by Operating Activities	\$ 235,583	\$ (39,680)	\$ 195,903

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

Summary of Significant Accounting Policies - The Town of Mancos, Colorado's (the Town) financial statements are prepared in accordance with U.S. generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statement of Interpretations).

The following significant accounting policies were applied to the preparation of the accompanying financial statements.

Reporting Entity – Town of Mancos, Colorado is a statutory (non-home-rule) Town and serves as an administrative unit of the State of Colorado.

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

The Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

Fund Accounting – The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and in the means by which spending activities are controlled. The various funds are grouped into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

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

General Fund – is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, sales taxes and franchise taxes.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

Special Revenue Funds- accounts for revenue derived from specific taxes or other earmarked revenue sources that are legally restricted to expenditures for specific purposes.

Conservation Trust Fund- is used to account for revenues from sources that are restricted for parks and recreation.

Proprietary Funds-

Enterprise Funds – focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The Town's enterprise funds are:

Water Fund- is used to account for the financial transactions related to the water treatment and distribution operations of the Town.

Sewer Fund- accounts for the sanitation services provided by the Town.

Basis of Presentation-

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

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

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

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

Fund Financial Statements- Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

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

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

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

Revenues- Exchange and Non-exchange Transactions- Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Town, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the Town receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when used is first permitted, matching requirements, in which the Town must provide local resources to be used for a specified purpose, and expenditure requirements, in which the

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

resources are provided to the Town on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, interest, and certain grants.

Operating Income-Proprietary Funds- operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Unearned Revenue- arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

Expenses/Expenditures- On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund net position as an expense with a like amount reported as donated commodities revenue.

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

Budgets and Budgetary Accounting – The Town is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (U.S. GAAP basis) as that used for accounting purposes, except for the Proprietary Funds, which are prepared essentially on the modified accrual basis of accounting. This basis of accounting is at variance with U.S. GAAP.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the Budget Officer submits to the Town Board 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 comments.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

Prior to December 31, the budget is legally adopted through passage of adoption and appropriations resolutions.

Formal budgetary integration is employed as a management control device during the year.

Department directors are authorized to transfer budget amounts within the department. However, the Town Board must approve any revisions that alter the total expenditures of any department.

Appropriations are adopted by resolution for each fund in total and lapse at the end of each year. Over-expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations.

Cash and Cash Equivalents – for the purpose of the Statement of Cash Flows of the Enterprise Funds is considered to be all of the highly liquid investments with a maturity of six months or less.

Short-term Inter-fund Receivables/Payables- During the course of operations, certain transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the Town -wide statement of net position and, classified as due from other funds or due to other funds on the balance sheet.

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

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated general fixed assets are valued at their estimated fair value on the date donated. The Town maintains a capitalization threshold of five thousand dollars.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Facilities	15 to 40 Years	15 to 40 Years
Equipment	5 to 15 Years	5 to 15 Years

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

Property Tax Revenue Recognition – Property taxes are billed and collected on behalf of the Town by the Montezuma County Treasurer. The property taxes are levied and certified in December of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year. Secured property taxes are due in two equal installments on February 28 and June 15, and are delinquent after February 28 and June 15 respectively. The entire balance can be paid by April 30 without penalty. Property taxes levied are recorded as deferred revenues in the year levied, as they are not due until the following year. An allowance for un-collectible taxes is not provided as the un-collectible amounts were determined to be negligible based upon an analysis of historical trends.

Compensated absences- Compensated absences arise from policies concerning vacation leave and compensatory days. Vacation pay is payable at termination after one year of employment up to 200 hours. Compensatory time is payable at termination. As of December 31, 2020, the amount of accrued vacation and compensatory time is not material. Therefore, no amount is reflected in the financial statements for accrual of compensated absences.

Accrued Liabilities and General Long-Term Obligations- All payables, accrued liabilities and long-term obligations are reported in the Town -wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements.

Governmental Fund Balances- In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable- Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted- Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. This includes the Town's TABOR emergency reserve, debt service reserves required by creditors and restrictions for parks and recreation required by certain granting agencies.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

Committed- Amounts that can be used only for specific purposes determined by a formal action by the Town Board.

Assigned- Amounts that are designated by the Town Board for a particular purpose but are not spendable until appropriated. This includes assignments for subsequent year's expenditures.

Unassigned- All amounts not included in the other spendable classifications

Use of Restricted Resources- When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other less restrictive classifications- committed and then assigned fund balances before using unassigned fund balances

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

Operating Revenues and Expenses- Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are sales related to water and sanitation services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Inter-fund Transactions- Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

Cash and Investments – The Town maintains its cash in the form of deposits in financial institutions.

Deposits- The Colorado Public Deposit Protection Act (PDPA) governs the Town's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a fair market value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in collateral pools.

At December 31, the carrying amount of the Town's deposits was \$2,902,521 and the bank balance was \$3,041,181. The Town's bank balances at December 31, 2020 and during the year then ended were entirely covered by FDIC insurance or pledged collateral held by the Town's agent bank in the name of governmental accounts of which the Town is a part.

Capital Assets – Capital asset activity for the fiscal year ended December 31, 2020 follows:

	<u>Balance Jan 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec 31, 2020</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 138,081			\$ 138,081
Capital assets, being depreciated:				
Buildings and improvements	2,744,844	\$ 26,245		2,771,089
Equipment	341,191	92,697		433,888
Infrastructure	38,478			38,478
Total capital assets being depreciated	<u>3,124,513</u>	<u>118,942</u>	<u>-</u>	<u>3,243,455</u>
Less accumulated depreciation	<u>(1,143,352)</u>	<u>(157,624)</u>		<u>(1,300,976)</u>
Net capital assets being depreciated	1,981,161	(38,682)	-	1,942,479
Governmental Activities Capital Assets, net	<u>\$ 2,119,242</u>	<u>\$ (38,682)</u>	<u>\$ -</u>	<u>\$ 2,080,560</u>

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

	Balance Jan 1, 2020	Additions	Deletions	Balance Dec 31, 2020
Business Type Activities				
Capital assets, not being depreciated:				
Land	\$ 6,984			\$ 6,984
Total capital assets, not depreciated	6,984			6,984
Capital assets being depreciated				
Improvements	8,847,727	\$ 351,480		9,199,207
Machinery and equipment	293,961			293,961
Total capital assets being depreciated	9,141,688	351,480	-	9,493,168
Less accumulated depreciation	(4,006,247)	(334,791)		(4,341,038)
Net capital assets being depreciated	5,135,441	16,689	-	5,152,130
Business Type Activities Capital Assets net	\$ 5,142,425	\$ 16,689	\$ -	\$ 5,159,114

Depreciation expense was charged as a direct expense to the following governmental programs:

General government	\$ 9,000
Public works	42,748
Public safety	52,412
Culture and recreation	53,464
Total depreciation government activities	\$ 157,624

Retirement Plans- In 1999, the Town adopted a deferred compensation plan under Internal Revenue Code Section 457. The plan is a defined contribution plan and participation is voluntary. An eligible employee may make an election to have their pay reduced by a percentage each pay period. The Town pays a matching contribution to each employee's account, up to a limit of 4.5% of the employee's compensation for the calendar year. For the year ending December 31, 2020, the Town's matching contributions totaled \$17,200.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

General Long-Term Debt- The Town has incurred the following long-term debt.

Governmental Activities:

Capital Leases Payable-

In 2016 the Town entered into a lease agreement for two police vehicles. The lease is payable in 20 quarterly installments of \$4,241 beginning in July of 2016. The vehicles are included in the capital assets at a cost of \$73,132, with accumulated depreciation of \$73,132. The lease is serviced by the General Fund and the vehicles serve as collateral.

In 2016 the Town entered into a lease agreement for a truck. The lease is payable in 20 quarterly installments of \$1,300 beginning in September of 2016. The truck is included in the capital assets at a cost of \$24,265, with accumulated depreciation of \$24,265. The lease is serviced by the General Fund and the vehicle serves as collateral.

Business-type Activities:

Water Fund: The following items are obligations of and repaid through the Water Fund.

Revenue Bonds Payable- \$491,000, 2014 Series Revenue Bonds bearing interest at 3.25% with principal and interest payable semi-annually. These bonds were issued on November 19, 2014 to the USDA Rural Utilities Service to facilitate improvements to the Town's water system. The following are the annual requirements to service the bonds:

Year Ending December 31	Principal	Interest	Total
2021	\$ 7,419	\$ 14,609	\$ 22,028
2022	7,662	14,366	22,028
2023	7,913	14,115	22,028
2024	8,172	13,856	22,028
2025	8,440	13,588	22,028
2026-2030	46,534	63,606	110,140
2031-2035	54,673	55,467	110,140
2036-2040	64,236	45,904	110,140
2041-2045	75,472	34,668	110,140
2046-2050	88,673	21,467	110,140
2051-2054	81,982	6,130	88,112
Total	\$ 451,176	\$ 297,776	\$ 748,952

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

Sewer Fund: The following items are obligations and repaid through the Sewer Fund:

Note Payable- \$850,000 loan from the Colorado Water Resources and Power Development Association to construct a new wastewater treatment facility. Total authorized amount is \$1,000,000. Interest is computed at 0% with semi-annual principal installments of \$25,000, due May 1 and November 1 of each year through 2029. The following are the annual requirements to service this debt:

Year Ending December 31	Principal	Interest	Total
2021	\$ 50,000		\$ 50,000
2022	50,000		50,000
2023	50,000		50,000
2024	50,000		50,000
2025	50,000		50,000
2026-2029	200,000		200,000
Total	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ 450,000</u>

Note Payable- Loan from the Colorado Water Resources and Power Development Authority. Total amount authorized is \$500,000. The loan calls for \$441,507 of the debt to be forgiven by the lender. The remaining balance is to be repaid in semi-annual installments of \$1,462 with no interest due May 1 and November 1 of each year through 2031.

Year Ending December 31	Principal	Interest	Total
2021	\$ 2,925		\$ 2,925
2022	2,925		2,925
2023	2,925		2,925
2024	2,925		2,925
2025	2,925		2,925
2026-2030	14,625		14,625
2031	2,921		2,921
Total	<u>\$ 32,171</u>	<u>\$ -</u>	<u>\$ 32,171</u>

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

Changes in General Long-Term Debt- A summary of changes in general long-term debt follows:

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
<u>Governmental Activities</u>				
Capital Leases	\$ 33,763		\$ 26,973	\$ 6,790
<u>Business Type Activities</u>				
Notes and Bonds from Direct Placement				
Water Revenue Bonds	458,360		7,184	451,176
Sewer CWRPDA	35,096		2,925	32,171
Sewer Loan CWRPDA	500,000		50,000	450,000
 Total	<u>\$ 1,027,219</u>	<u>\$ -</u>	<u>\$ 87,082</u>	<u>\$ 940,137</u>

The Town's outstanding water revenue bonds from direct placement of \$451,176 are secured by the net revenue of the Water Fund. The outstanding notes from direct placement of \$482,171 are secured by the net revenue of the Sewer Fund.

Annual requirements to amortize the long-term debt is as follows:

	Governmental Activities	Notes and Bonds from Direct Placement Business -type Activities
<u>Year Ending December 31,</u>		
2021	\$ 6,841	\$ 74,953
2022		74,953
2023		74,953
2024		74,953
2025		74,953
2026-2030		324,765
2031-2035		113,061
2036-2040		110,140
2041-2045		110,140
2046-2050		110,140
2051-2054		88,112
Total	6,841	1,231,123
Less Interest	(51)	(297,776)
Outstanding principal	<u>\$ 6,790</u>	<u>\$ 933,347</u>

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

Fund Balance Restrictions and Assignments – Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose by the Town Board but are not spendable until appropriated. The Town uses the following restrictions and assignments:

Restricted for TABOR- indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance restricted for TABOR consists of \$50,000 in the General Fund.

Restricted for Debt Service- indicates that a portion of the fund balance has been restricted for debt service by outside creditors. The USDA Rural Utilities Service requires a debt service reserve equal to \$22,022 in the Sewer Fund.

Restricted for Parks and Recreation- indicates that the fund balance of \$40,528 in the Conservation Trust Fund has been restricted for use on parks and recreation by Greater Outdoors Colorado which is the granting agency which supplies the revenue for this fund.

Assigned for subsequent year's expenditures- indicates anticipated fund balance available for appropriation in the next budget year. Fund balance assigned for subsequent year's expenditures consists of \$1,841,310 in the General Fund.

Commitments and Contingent Liabilities – There appear to be no commitments or contingencies that would pose a threat of significant liability to the Town.

Tax Spending, Revenue and Debt Limitations- Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

On the November 5, 1996 municipal election ballot, the voters authorized the Town to collect, retain and expend, without imposing any new taxes or increases in its present mill levy on general property or its sales and use tax rates, the full revenues generated by the Town's sales and use tax, non-federal grants, its existing mill levy and any other excess revenues, commencing January 1, 1995, and each subsequent year, notwithstanding any state restriction on fiscal year spending, including without limitation the restrictions of Article X, Section 20 of the Colorado Constitution and spent as voter approved change and exception to the limits which would otherwise apply for: (a) street construction, repair, and maintenance; (b) capital improvements; (c) parks and recreation; (d) police protection; (e) storm drainage; (f) snow removal; (g) street sweeping; and (h) other municipal services.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2020

The amendment also requires the Town to establish an Emergency Reserve, which must be equal to three percent of the current allowed revenue. Conditions under which these reserves may be spent are severally limited.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment. However, the Town has made certain interpretations of the amendment's language in order to determine its compliance.

Risk Management – The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The Town has purchased commercial insurance for such risks including worker's compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three years.

TOWN OF MANCOS, COLORADO
Required Supplementary Information

December 31, 2020

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

Budgetary Comparison Schedule
General Fund

TOWN OF MANCOS, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 97,491	\$ 97,491	\$ 96,169	\$ (1,322)
Specific ownership taxes	13,000	13,000	16,231	3,231
Road and bridge taxes	11,000	11,000	11,312	312
Sales and use taxes	680,000	680,000	1,093,070	413,070
Severance taxes	5,000	5,000	9,032	4,032
Franchise taxes	68,400	68,400	90,156	21,756
Total taxes	874,891	874,891	1,315,970	441,079
Licenses, permits and fees				
Permits and fees	8,000	8,000	19,449	11,449
Liquor licenses	4,000	4,000	4,800	800
Other licenses	11,000	11,000	12,510	1,510
Marijuana transaction fees	200,000	200,000	245,820	45,820
Total licenses and permits	223,000	223,000	282,579	59,579
Intergovernmental revenues				
Mineral leasing	65,000	65,000	76,249	11,249
Highway users tax	31,500	31,500	31,727	227
Grants	1,198,975	1,198,975	121,821	(1,077,154)
Tobacco product taxes	1,000	1,000	1,329	329
Total intergovernmental revenues	1,296,475	1,296,475	231,126	(1,065,349)
Fines and forfeitures	15,500	15,500	11,207	(4,293)
Earnings on investments	800	800	1,270	470
Miscellaneous revenues	3,500	3,500	10,637	7,137
Total revenues	2,414,166	2,414,166	1,852,789	(561,377)
Expenditures				
General government				
Legislative	86,500	86,500	155,374	(68,874)
Planning and zoning	34,000	34,000	26,321	7,679
Administration	391,895	391,895	377,712	14,183
Total general government	512,395	512,395	559,407	(47,012)
Public safety				
Marshal's office	648,069	648,069	593,260	54,809
Total public safety	648,069	648,069	593,260	54,809
Public works				
Public works administration	179,800	179,800	158,225	21,575
Streets	1,472,200	1,472,200	68,906	1,403,294
Total public works	1,652,000	1,652,000	227,131	1,424,869
Culture and recreation				
Parks and recreation	81,340	81,340	41,936	39,404
Total culture and recreation	81,340	81,340	41,936	39,404
Total expenditures	2,893,804	2,893,804	1,421,734	1,472,070
Other financing sources (uses)				
Transfers in	205,660	205,660	205,000	(660)
Debt service principal			(26,973)	(26,973)
Debt service interest			(731)	(731)
Total other financing sources (uses)	205,660	205,660	177,296	(28,364)
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	(273,978)	(273,978)	608,351	882,329
Fund balance, beginning of the year	1,771,070	1,771,070	2,135,503	364,433
Fund balance, end of the year	\$ 1,497,092	\$ 1,497,092	\$ 2,743,854	\$ 1,246,762

TOWN OF MANCOS, COLORADO
Other Supplementary Information

December 31, 2020

Other supplementary information includes financial statements and schedules not required by the GASB, or a part of the basic financial statements, but are presented for purposes of additional analysis.

These statements and schedules include:

Budgetary Comparison Schedules

Non major governmental funds

Conservation Trust Fund

Enterprise Funds

Water Fund

Sewer Fund

TOWN OF MANCOS, COLORADO
Non Major Governmental Funds

December 31, 2020

Special Revenue Funds- are used to account for revenues from specific taxes or other designated revenue sources which are legally restricted to expenditures for specific purposes.

Conservation Trust Fund-accounts for the revenues and expenditures related to the Town's parks and recreation activities

TOWN OF MANCOS, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
Conservation Trust Fund

For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental Lottery	\$ 13,200	\$ 13,200	\$ 14,674	\$ 1,474
Total intergovernmental revenues	<u>13,200</u>	<u>13,200</u>	<u>14,674</u>	<u>1,474</u>
Earnings on investments	30	30	21	(9)
Total revenues	<u>13,230</u>	<u>13,230</u>	<u>14,695</u>	<u>1,465</u>
Expenditures				
Culture and recreation Parks and improvements	15,795	15,795	10,037	5,758
Total expenditures	<u>15,795</u>	<u>15,795</u>	<u>10,037</u>	<u>5,758</u>
Excess of revenues over (under) expenditures	(2,565)	(2,565)	4,658	7,223
Fund balance, beginning	31,814	31,814	35,870	4,056
Fund balance, ending	<u>\$ 29,249</u>	<u>\$ 29,249</u>	<u>\$ 40,528</u>	<u>\$ 11,279</u>

TOWN OF MANCOS, COLORADO
Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual
Proprietary Fund
Enterprise Fund
Water Fund

For the Year Ended December 31, 2020

	Budgeted Amounts		(Non GAAP Basis)	Variance
	Original	Final	Actual Amounts	Favorable (Unfavorable)
Operating Revenues				
General water fees	\$ 398,000	\$ 398,000	\$ 405,968	\$ 7,968
Water dock	25,000	25,000	42,154	17,154
Penalties	3,500	3,500	3,705	205
Total operating revenues	<u>426,500</u>	<u>426,500</u>	<u>451,827</u>	<u>25,327</u>
Operating Expenses				
Water administration	184,359	209,359	147,838	61,521
Plant and storage	46,200	46,200	34,990	11,210
Distribution	21,800	21,800	32,325	(10,525)
Capital outlay	86,500	535,000	333,122	201,878
Total Operating Expenses	<u>338,859</u>	<u>812,359</u>	<u>548,275</u>	<u>264,084</u>
Operating income (loss)	<u>87,641</u>	<u>(385,859)</u>	<u>(96,448)</u>	<u>289,411</u>
Non-Operating Revenue (Expenses)				
Tap fees	11,326	11,326	14,921	3,595
Earnings on investments	300	300	360	60
Grants	-	-	-	-
Transfers out	(155,660)	(155,660)	(155,000)	660
Debt Service				
Principal		-	(7,184)	(7,184)
Interest		-	(14,818)	(14,818)
Total Non-Operating Revenue (Expenses)	<u>(144,034)</u>	<u>(144,034)</u>	<u>(161,721)</u>	<u>(17,687)</u>
Change in net position non GAAP basis	(56,393)	(529,893)	(258,169)	271,724
Add debt service-principal			7,184	7,184
Add capital outlay			333,122	333,122
Less depreciation expense			(133,653)	(133,653)
Change in net position	<u>(56,393)</u>	<u>(529,893)</u>	<u>(51,516)</u>	<u>478,377</u>
Net position beginning of the year	1,667,851	1,667,851	2,026,423	358,572
Net position end of the year	<u>\$ 1,611,458</u>	<u>\$ 1,137,958</u>	<u>\$ 1,974,907</u>	<u>\$ 836,949</u>

TOWN OF MANCOS, COLORADO
Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual
Proprietary Fund
Enterprise Fund
Sewer Fund

For the Year Ended December 31, 2020

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenues				
General sewer fees	\$ 300,000	\$ 300,000	\$ 255,343	\$ (44,657)
Penalties	3,000	3,000		(3,000)
Total operating revenues	<u>303,000</u>	<u>303,000</u>	<u>255,343</u>	<u>(47,657)</u>
Operating Expenses				
Sewer administration	121,053	299,753	154,312	145,441
Plant operation	75,500	90,500	140,900	(50,400)
Collection	7,500	7,500	2,612	4,888
Capital outlay	37,500	27,500	18,358	9,142
Total Operating Expenses	<u>241,553</u>	<u>425,253</u>	<u>316,182</u>	<u>109,071</u>
Operating income (loss)	<u>61,447</u>	<u>(122,253)</u>	<u>(60,839)</u>	<u>61,414</u>
Non-Operating Revenue (Expenses)				
Tap fees	11,326	11,326	14,962	3,636
Earnings on investments	300	300	360	60
Transfers out	(50,000)	(50,000)	(50,000)	-
Debt Service				
Principal	(53,000)	(53,000)	(52,925)	75
Total Non-Operating Revenue	<u>(91,374)</u>	<u>(91,374)</u>	<u>(87,603)</u>	<u>3,771</u>
Change in net position non GAAP basis	<u>(29,927)</u>	<u>(213,627)</u>	<u>(148,442)</u>	<u>65,185</u>
Add capital outlay			18,358	18,358
Add debt service-principal			52,925	52,925
Less depreciation expense			(201,138)	(201,138)
Change in net position	<u>(29,927)</u>	<u>(213,627)</u>	<u>(278,297)</u>	<u>(64,670)</u>
Net position beginning of the year	2,864,158	2,864,158	2,789,547	(74,611)
Net position end of the year	<u>\$ 2,834,231</u>	<u>\$ 2,650,531</u>	<u>\$ 2,511,250</u>	<u>\$ (139,281)</u>

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

LOCAL HIGHWAY FINANCE REPORT

City or County:
Town
YEAR ENDING :
December 31, 2020

This Information From The Records Of (example - City of _ or County of _)
Town of Mancos, Colorado Prepared By: Majors and Haley P.C.
Phone: 970-565-9521

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	167,861
3. Other local imposts (from page 2)	16,231
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	184,092
B. Private Contributions	
C. Receipts from State government (from page 2)	43,039
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	227,131

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	19,620
2. Maintenance:	180,913
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other	15,559
d. Total (a. through c.)	15,559
4. General administration & miscellaneous	11,039
5. Highway law enforcement and safety	
6. Total (1 through 5)	227,131
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	227,131

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		227,131	227,131		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 31, 2020

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	16,231	g. Other Misc. Receipts	
6. Total (1. through 5.)	16,231	h. Other	
c. Total (a. + b.)	16,231	i. Total (a. through h.)	0
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	31,727	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	11,312	d. Federal Transit Admin	
d. Other (Specify) -		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	11,312	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	43,039	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		19,620	19,620
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	19,620	19,620
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	19,620	19,620
			(Carry forward to page 1)

Notes and Comments: