

TOWN OF MANCOS COLORADO

Independent Accountants' Reports
and
Basic Financial Statements

December 31, 2021

TOWN OF MANCOS, COLORADO

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INDEPENDENT AUDITORS' REPORT

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

Opinions

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, 2021, and the related notes to the financial statements which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Mancos, Colorado, as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Mancos, Colorado, and to meet other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Supplementary 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. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basis financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and 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.
May 19, 2022

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2021

FINANCIAL HIGHLIGHTS

Key financial highlights for the Town in 2021 are as follows:

- In total, net position increased by \$2,063,160. Net position of governmental activities increased \$2,003,711, which represents a 41.2 percent increase from 2020. Net position of business type activities increased \$59,449 or 1.3 percent from 2020.
- General revenues accounted for \$1,598,300 in revenue or 35 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$2,956,407 or 65 percent of total revenues of \$4,554,707.
- Governmental activities total assets increased by \$2,461,943. Liabilities and deferred inflows of resources increased by \$458,231.
- The Town incurred \$1,571,589 in expenses related to government activities. \$1,820,647 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 \$1,754,653 were adequate to cover the balance of the costs of these programs.
- Among the major funds, the General Fund had \$3,562,381 in revenues and other financing sources and \$3,319,591 in expenditures and other financing uses. Its fund balance increased by \$242,790 from \$2,743,854 to \$2,986,644.
- Net position of the Enterprise Funds increased from \$4,486,157 to \$4,545,606.

TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2021

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, 2021

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, 2021

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 \$3,970,910. Current assets increased by \$2,305,949. Net capital assets increased by \$1,664,961. Current liabilities increased by \$485,781. Deferred inflows of resources increased by \$6,131. Non-current liabilities increased by \$1,415,837.

The Town's combined net position was larger on December 31, 2021 than it was at December 31, 2020, increasing by \$2,063,160 to \$11,407,469. The Town's governmental type activities net position increased by \$2,003,711 to \$6,861,863. The net position of the Town's business-type activities increased by \$59,449 to \$4,545,606.

TOWN OF MANCOS, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2021**

Table 1 provides a summary of the Town's net position for 2021 compared to 2020:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities		Business-type Activities		Total Town	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 3.615	\$ 2.907	\$ 1.866	\$ 0.268	\$ 5.481	\$ 3.175
Capital assets	3.835	2.081	5.070	5.159	8.905	7.240
Total assets	<u>7.450</u>	<u>4.988</u>	<u>6.936</u>	<u>5.427</u>	<u>14.386</u>	<u>10.415</u>
Liabilities						
Current liabilities	0.479	0.028	0.101	0.068	0.580	0.096
Noncurrent liabilities			2.289	0.873	2.289	0.965
Deferred inflows of resources	0.109	0.102			0.109	0.102
Net Position						
Net investment in capital assets	3.835	2.074	2.697	4.226	6.532	6.300
Restricted	0.140	0.090	1.445	0.022	1.585	0.112
Unrestricted	2.887	2.694	0.404	0.238	3.291	2.932
Total net position	<u>\$ 6.862</u>	<u>\$ 4.858</u>	<u>\$ 4.546</u>	<u>\$ 4.486</u>	<u>\$ 11.408</u>	<u>\$ 9.344</u>

TOWN OF MANCOS, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2021**

Table 2 shows the changes in net position for fiscal year 2021 as compared to 2020.

**Table 2
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Town	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 293,842	\$ 301,227	\$ 841,691	\$ 737,053	\$ 1,135,533	\$ 1,038,280
Operating grants & contributions	484,905	168,223			484,905	168,223
Capital grants & contributions	1,041,900		294,069		1,335,969	-
General revenues						
Property taxes	102,833	96,169			102,833	96,169
Sales taxes	1,317,424	1,093,070			1,317,424	1,093,070
Other	334,396	413,795	(156,353)	(204,280)	178,043	209,515
Total revenues	3,575,300	2,072,484	979,407	532,773	4,554,707	2,605,257
Expenses						
General government	554,532	568,407			554,532	568,407
Public safety	529,586	553,494			529,586	553,494
Public works	390,000	250,259	919,958	862,586	1,309,958	1,112,845
Culture and recreation	97,471	99,024			97,471	99,024
Total expenses	1,571,589	1,471,184	919,958	862,586	2,491,547	2,333,770
Increase (decrease) in net position	\$ 2,003,711	\$ 601,300	\$ 59,449	\$ (329,813)	\$ 2,063,160	\$ 271,487

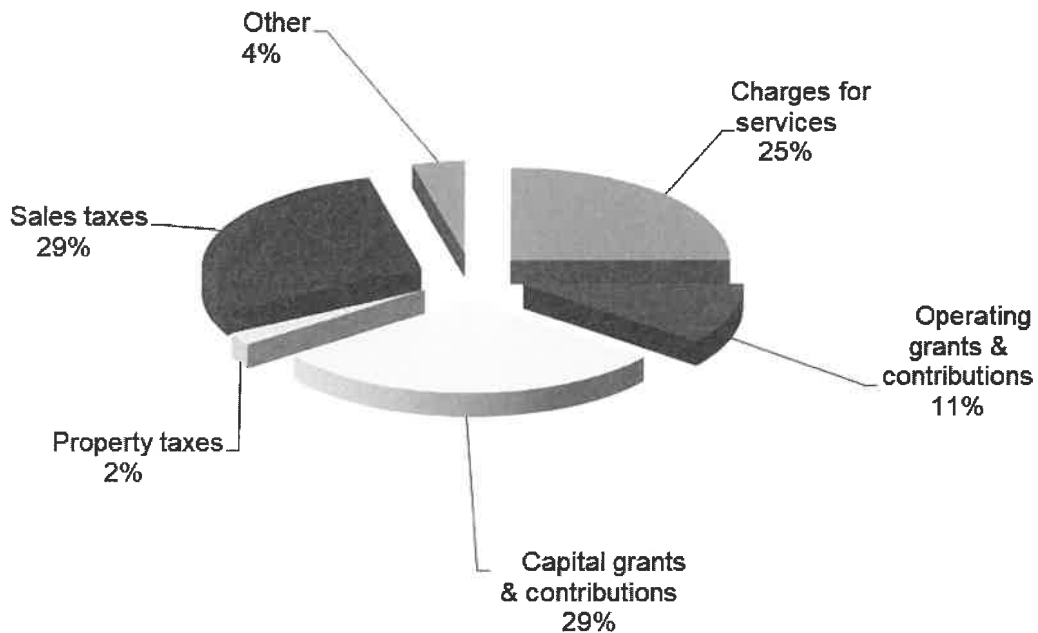
TOWN OF MANCOS, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2021

Sales taxes and capital grants accounted for most of the Town's total revenue, with each contributing 29 percent and 29 percent respectively (See Table 3). Another 25 percent came from charges for services and the remainder from operating grants, property taxes and other revenues.

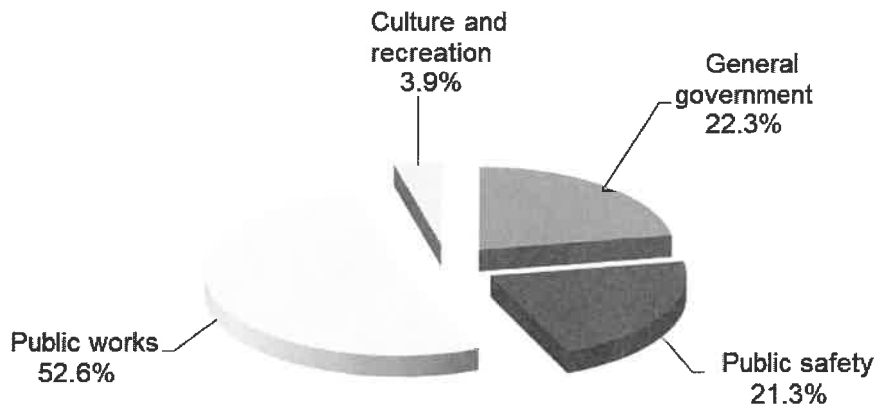
The Town's expenses are predominately related to, public works (52.6 percent), general government (22.3 percent), and public safety (21.3 percent) (See Table 4). The Town's culture and recreation activities accounted for the balance of total costs.

Table 3
Sources of Revenue for Fiscal Year 2021



TOWN OF MANCOS, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2021

Table 4
Expenses for Fiscal Year 2021



Governmental Activities

The primary sources of operating revenue for the Town come from sales taxes, charges for services, and capital grants. The Town receives approximately 83 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, 2021

Table 5
Government Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
General government	\$ 554,532	\$ 568,407	\$ (145,183)	\$ 164,007
Public safety	529,586	553,494	522,114	542,287
Public works	390,000	250,259	(707,899)	212,862
Culture and recreation	97,471	99,024	81,910	82,578
Total	\$ 1,571,589	\$ 1,471,184	\$ (249,058)	\$ 1,001,734

- The cost of all governmental activities during the year was \$1,571,589.
- Some of the cost was financed by the users of the Town's programs (\$293,842)
- Federal and state government subsidized certain programs with grants and contributions (\$1,526,805).
- However, \$1,754,653 was financed by state and town taxpayers. This portion of governmental activities was financed with \$1,317,424 in sales taxes, \$120,413 in property and specific ownership taxes, \$91,971 in franchise taxes and \$224,845 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 \$979,407 and expenses of \$919,958.

TOWN OF MANCOS, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2021**

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 \$3,575,300 and expenditures and other financing uses of \$3,332,608.

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 \$353,435 more than budget, primarily because the Town failed to budget for the purchase of a building for the marshal's office.

CAPITAL ASSET ADMINISTRATION

By the end of 2021 the Town has invested \$15.1 million in land, buildings, and equipment (including vehicles), of this total \$5.4 million was from governmental activities.

Table 6 shows capital assets for 2021 compared to 2020:

**Table 6
Capital Assets at December 31**

	Governmental Activities		Business-Type Activities		Total Town	
	2021	2020	2021	2020	2021	2020
Land	\$ 138,081	\$ 138,081	\$ 6,984	\$ 6,984	\$ 145,065	\$ 145,065
Buildings/Facilities	4,773,061	2,809,567	9,451,708	9,199,207	14,224,769	12,008,774
Equipment	433,888	433,888	293,961	293,961	727,849	727,849
Total	\$ 5,345,030	\$ 3,381,536	\$ 9,752,653	\$ 9,500,152	\$ 15,097,683	\$ 12,881,688

TOWN OF MANCOS, COLORADO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2021**

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, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 2,989,556	\$ 296,501	\$ 3,286,057
Cash with county treasurer	1,409		1,409
Property tax receivable	108,750		108,750
Accounts receivable	114,683	59,976	174,659
Grants receivable	401,145	87,222	488,367
Undistributed loan proceeds		1,422,821	1,422,821
Capital assets	5,345,030	9,752,653	15,097,683
Accumulated depreciation	(1,510,241)	(4,682,807)	(6,193,048)
Total capital assets, net of depreciation	3,834,789	5,069,846	8,904,635
Total Assets	7,450,332	6,936,366	14,386,698
Liabilities			
Accounts payable	479,719	16,097	495,816
Accrued interest		1,660	1,660
Long-term liabilities			
Due within one year		84,163	84,163
Due in more than one year		2,288,840	2,288,840
Total Liabilities	479,719	2,390,760	2,870,479
Deferred inflows of resources			
Unearned property tax revenue	108,750		108,750
Net Position			
Net investment in capital assets	3,834,789	2,696,843	6,531,632
Restricted			
TABOR	100,000		100,000
Debt service		22,022	22,022
Parks and recreation	40,430		40,430
System improvements		1,422,821	1,422,821
Unrestricted	2,886,644	403,920	3,290,564
Total Net Position	\$ 6,861,863	\$ 4,545,606	\$ 11,407,469

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO
Statement of Activities

For the Year Ended December 31, 2021

	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	\$ 554,532	\$ 271,333	\$ 428,382		\$ 145,183		\$ 145,183
Public safety	529,586	4,450	3,022		(522,114)		(522,114)
Public works	390,000	15,388	40,611	\$ 1,041,900	707,899		707,899
Culture and recreation	97,471	2,671	12,890		(81,910)		(81,910)
Total Governmental Activities	1,571,589	293,842	484,905	1,041,900	249,058		249,058
Business-Type Activities							
Water operations	398,815	517,842		294,069		\$ 413,096	413,096
Sewer operations	521,143	323,849				(197,294)	(197,294)
Total Business-Type Activities	919,958	841,691	-	294,069		215,802	215,802
Total Town	\$ 2,491,547	\$ 1,135,533	\$ 484,905	\$ 1,335,969	249,058	215,802	464,860

General Revenues			
Property taxes		102,833	102,833
Specific ownership taxes		17,580	17,580
Sales tax		1,317,424	1,317,424
Road and bridge tax		14,016	14,016
Franchise tax		91,971	91,971
Severance tax		686	686
Intergovernmental			
Mineral leasing		35,552	35,552
Tobacco taxes		1,915	1,915
Earnings on investments		1,236	475
Miscellaneous		14,612	14,612
Transfers		156,828	(156,828)
Total General Revenues		1,754,653	(156,353)
Changes in Net Position		2,003,711	59,449
Net Position Beginning of the Year		4,858,152	4,486,157
Net Position End of the Year		\$ 6,861,863	\$ 4,545,606
			\$ 11,407,469

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO

Balance Sheet
Governmental Funds

December 31, 2021

	General Fund	Other Governmental Funds Conservation Trust Fund	Total Governmental Funds
Assets			
Cash	\$ 2,949,126	\$ 40,430	\$ 2,989,556
Cash with county treasurer	1,409		1,409
Property tax receivable	108,750		108,750
Accounts receivable	114,683		114,683
Grants receivable	401,145		401,145
Total assets	\$ 3,575,113	\$ 40,430	\$ 3,615,543
Liabilities			
Accounts payable	\$ 479,719		\$ 479,719
Total liabilities	479,719	-	479,719
Deferred inflows of resources			
Unearned property tax revenue	108,750	-	108,750
Fund balance			
Restricted			
TABOR	100,000		100,000
Parks and recreation		\$ 40,430	40,430
Unrestricted			
Assigned for subsequent year's expenditures	2,425,443		2,425,443
Unassigned	461,201		461,201
Total fund balance	2,986,644	40,430	3,027,074
Total liabilities, deferred inflows of resources and fund balance	\$ 3,575,113	\$ 40,430	\$ 3,615,543

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

Total fund balance governmental funds \$ 3,027,074

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	\$ 5,345,030	
Accumulated depreciation	(1,510,241)	
		3,834,789

Total net position governmental activities **\$ 6,861,863**

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, 2021

	General Fund	Other Governmental Funds <u>Conservation Trust Fund</u>	Total Governmental Funds
Revenues			
Taxes	\$ 1,544,510		\$ 1,544,510
Intergovernmental revenues	1,551,382	\$ 12,890	1,564,272
Licenses and permits	271,309		271,309
Fines and forfeitures	4,450		4,450
Earnings on investments	1,207	29	1,236
Other	32,695		32,695
Total revenues	<u>3,405,553</u>	<u>12,919</u>	<u>3,418,472</u>
Expenditures			
General government	545,477		545,477
Public safety	795,318		795,318
Public works	1,936,106		1,936,106
Culture and recreation	35,845	13,017	48,862
Total expenditures	<u>3,312,746</u>	<u>13,017</u>	<u>3,325,763</u>
Other financing sources (uses)			
Transfers in	156,828		156,828
Debt service principal	(6,790)		(6,790)
Debt service interest	(55)		(55)
Total other financing sources (uses)	<u>149,983</u>	<u>-</u>	<u>149,983</u>
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	<u>242,790</u>	<u>(98)</u>	<u>242,692</u>
Fund Balances beginning of the year	2,743,854	40,528	2,784,382
Fund balances end of the year	<u>\$ 2,986,644</u>	<u>\$ 40,430</u>	<u>\$ 3,027,074</u>

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, 2021

Net Change in Fund Balances Governmental Funds \$ 242,692

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	\$ 1,963,494	
Depreciation expense	<u>(209,265)</u>	
		1,754,229

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		6,790
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Change in Net Position of Governmental Activities \$ 2,003,711

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, 2021

	Business-type Activities		
	Water	Sewer	Total
Assets			
Current assets			
Cash	\$ 237,878	\$ 58,623	\$ 296,501
Accounts receivable	33,580	26,396	59,976
Grants receivable	87,222		87,222
Undistributed loan proceeds	1,422,821		1,422,821
Total current assets	1,781,501	85,019	1,866,520
Noncurrent assets			
Capital assets	4,135,681	5,616,972	9,752,653
Accumulated depreciation	(1,728,732)	(2,954,075)	(4,682,807)
Total noncurrent assets	2,406,949	2,662,897	5,069,846
Total assets	4,188,450	2,747,916	6,936,366
Liabilities			
Current liabilities			
Accounts payable	11,621	4,476	16,097
Accrued interest	1,660		1,660
Current portion of long term debt	31,238	52,925	84,163
Total current liabilities	44,519	57,401	101,920
Noncurrent liabilities			
Notes and bonds payable	1,912,519	376,321	2,288,840
Total noncurrent liabilities	1,912,519	376,321	2,288,840
Total liabilities	1,957,038	433,722	2,390,760
Net position			
Net investment in capital assets	463,192	2,233,651	2,696,843
Restricted for debt service	22,022		22,022
Restricted for system improvements	1,422,821		1,422,821
Unrestricted	323,377	80,543	403,920
Total net position	\$ 2,231,412	\$ 2,314,194	\$ 4,545,606

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, 2021

	Business-type Activities		
	Water	Sewer	Total
Operating revenues			
Charges for services	\$ 499,940	\$ 306,680	\$ 806,620
Total operating revenues	499,940	306,680	806,620
Operating expenses			
Water administration	170,248		170,248
Plant and storage	50,984		50,984
Disribution	21,271		21,271
Sewer administration		137,305	137,305
Plant operation		108,692	108,692
Collection		22,210	22,210
Depreciation	141,731	200,038	341,769
Total operating expenses	384,234	468,245	852,479
Operating income (loss)	115,706	(161,565)	(45,859)
Nonoperating revenues (expenses)			
Interest revenue	237	238	475
Tap fees	17,902	17,169	35,071
Grants	294,069		294,069
Transfers out	(156,828)		(156,828)
Debt service			
Interest	(14,581)		(14,581)
Legal settlement expenses		(52,898)	(52,898)
Total nonoperating revenues (expenses)	140,799	(35,491)	105,308
Change in net position	256,505	(197,056)	59,449
Net Position - beginning of the year	1,974,907	2,511,250	4,486,157
Net Position - end of the year	\$ 2,231,412	\$ 2,314,194	\$ 4,545,606

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, 2021

	Business-type Activities		
	Water	Sewer	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 500,154	\$ 308,293	\$ 808,447
Cash payments to employees for services	(85,102)	(85,100)	(170,202)
Cash payments to suppliers for goods and services	(148,205)	(182,414)	(330,619)
Net Cash Flows provided (used) by Operating Activities	<u>266,847</u>	<u>40,779</u>	<u>307,626</u>
Cash Flows From Capital and Related Financing Activities			
Tap fees	17,902	17,169	35,071
Grants received	206,847		206,847
Principal paid on debt	(7,419)	(52,925)	(60,344)
Interest paid on debt	(14,608)		(14,608)
Net Cash Flows provided (used) by Capital and Financing Activities	<u>202,722</u>	<u>(35,756)</u>	<u>166,966</u>
Cash Flows from Noncapital Financing Activities			
Transfers out	(156,828)	-	(156,828)
Legal settlement expenses paid		(52,898)	(52,898)
Equipment and facilities purchased	(163,118)	(12,204)	(175,322)
Total Cash Flows provided (used) by Noncapital Financing Activities	<u>(319,946)</u>	<u>(65,102)</u>	<u>(385,048)</u>
Cash flows from Investing Activities			
Earnings on investments	237	238	475
Net Increase (Decrease) in Cash and Cash Equivalents	149,860	(59,841)	90,019
Cash and Cash Equivalents - Beginning	88,018	118,464	206,482
Cash and Cash Equivalents - Ending	<u>\$ 237,878</u>	<u>\$ 58,623</u>	<u>\$ 296,501</u>
Reconciliation of operating income (loss) to Net Cash provided (used) by Operating Activities			
Operating income (loss)	\$ 115,706	\$ (161,565)	\$ (45,859)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	141,731	200,038	341,769
Changes in assets and liabilities related to operations:			
(Increase) Decrease in			
Operating accounts receivable	214	1,613	1,827
Increase (Decrease) in			
Operating accounts payable	9,196	693	9,889
Net Cash provided (used) by Operating Activities	<u>\$ 266,847</u>	<u>\$ 40,779</u>	<u>\$ 307,626</u>
Equipment purchased through issuance of debt	<u>\$ 77,179</u>		

The accompanying notes are an integral part of this statement.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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, 2021, 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, 2021

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, 2021

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 \$3,286,057 and the bank balance was \$3,404,580. The Town’s bank balances at December 31, 2021 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, 2021 follows:

	<u>Balance Jan 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec 31, 2021</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 138,081			\$ 138,081
Capital assets, being depreciated:				
Buildings and improvements	2,771,089	\$ 308,438		3,079,527
Equipment	433,888			433,888
Infrastructure	38,478	1,655,056		1,693,534
Total capital assets being depreciated	<u>3,243,455</u>	<u>1,963,494</u>	<u>-</u>	<u>5,206,949</u>
Less accumulated depreciation	<u>(1,300,976)</u>	<u>(209,265)</u>		<u>(1,510,241)</u>
Net capital assets being depreciated	1,942,479	1,754,229	-	3,696,708
Governmental Activities Capital Assets, net	<u>\$ 2,080,560</u>	<u>\$ 1,754,229</u>	<u>\$ -</u>	<u>\$ 3,834,789</u>

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

	Balance Jan 1, 2021	Additions	Deletions	Balance Dec 31, 2021
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	9,199,207	\$ 252,501		9,451,708
Machinery and equipment	293,961			293,961
Total capital assets being depreciated	9,493,168	252,501	-	9,745,669
Less accumulated depreciation	(4,341,038)	(341,769)		(4,682,807)
Net capital assets being depreciated	5,152,130	(89,268)	-	5,062,862
Business Type Activities Capital Assets net	\$ 5,159,114	\$ (89,268)	\$ -	\$5,069,846

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

General government	\$ 9,000
Public works	108,950
Public safety	42,706
Culture and recreation	48,609
Total depreciation government activities	\$ 209,265

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, 2021, the Town's matching contributions totaled \$18,726.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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 was retired by the General Fund in 2021.

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 was retired by the General Fund in 2021.

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
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	8,717	13,311	22,028
2027-2031	48,058	62,082	110,140
2032-2036	56,465	53,675	110,140
2037-2041	66,341	43,799	110,140
2042-2046	77,945	32,195	110,140
2047-2051	91,578	18,562	110,140
2052-2054	62,466	3,618	66,084
Total	\$ 443,757	\$ 283,167	\$ 726,924

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Note Payable- Loan from the Colorado Water Resources and Power Development Authority for improvements to the Town's water system. Total amount authorized is \$1,500,000 with funds to be advanced as expenditures are incurred. The Town has been advanced \$77,179 at December 31, 2021 the unexpended funds available of \$1,422,821 are reflected as Undistributed Loan Proceeds in the Water Fund. The loan bears interest at 1.5% with principal and interest payable semi-annually. The following are the annual requirements to service the loan:

Year Ending December 31	Principal	Interest	Total
2022	\$ 23,576	\$ 13,100	\$ 36,676
2023	40,979	21,993	62,972
2024	41,596	21,376	62,972
2025	42,222	20,750	62,972
2026	42,858	20,114	62,972
2027-2031	224,166	90,696	314,862
2032-2036	241,558	73,304	314,862
2037-2041	260,298	54,564	314,862
2042-2046	280,493	34,369	314,862
2047-2051	302,254	12,608	314,862
Total	<u>\$ 1,500,000</u>	<u>\$ 362,874</u>	<u>\$ 1,862,874</u>

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
2022	\$ 50,000		\$ 50,000
2023	50,000		50,000
2024	50,000		50,000
2025	50,000		50,000
2026	50,000		50,000
2027-2029	150,000		150,000
Total	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 400,000</u>

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

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
2022	\$ 2,925		\$ 2,925
2023	2,925		2,925
2024	2,925		2,925
2025	2,925		2,925
2026	2,925		2,925
2027-2031	14,622		14,622
Total	<u>\$ 29,247</u>	<u>\$ -</u>	<u>\$ 29,247</u>

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

	Balance January 1, 2021	Additions	Deletions	Balance December 31, 2021
<u>Governmental Activities</u>				
Capital Leases	\$ 6,790		\$ 6,790	\$ -
<u>Business Type Activities</u>				
Notes and Bonds from Direct Placement				
Water Loan CWRPDA		\$ 1,500,000		1,500,000
Water Revenue Bonds	451,176		7,419	443,757
Sewer CWRPDA	32,171		2,925	29,246
Sewer Loan CWRPDA	450,000		50,000	400,000
Total	<u>\$ 940,137</u>	<u>\$ 1,500,000</u>	<u>\$ 67,134</u>	<u>\$ 2,373,003</u>

The Town's outstanding water revenue bonds and loans payable from direct placement of \$1,943,757 are secured by the net revenue of the Water Fund. The outstanding notes from direct placement of \$429,246 are secured by the net revenue of the Sewer Fund.

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

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

<u>Year Ending December 31,</u>	<u>Notes and Bonds from Direct Placement Business -type Activities</u>
2022	\$ 111,629
2023	137,925
2024	137,925
2025	137,925
2026	137,925
2027-2031	589,624
2032-2036	425,002
2037-2041	425,002
2042-2046	425,002
2047-2051	425,002
2052-2054	66,084
Total	<u>3,019,045</u>
Less Interest	<u>(646,042)</u>
Outstanding principal	<u><u>\$ 2,373,003</u></u>

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 \$100,000 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 System Improvements- indicates that a portion of the fund balance represented by Undistributed Loan Proceeds in the Water Fund has been restricted for improvements to the Town’s water systems.

TOWN OF MANCOS, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

Restricted for Parks and Recreation- indicates that the fund balance of \$40,430 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 \$2,425,443 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, it's existing mill levy and any other excess revenues, commencing January 1, 1995, and each subsequent year, notwithstanding any stat 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.

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.

Compliance with Laws and Regulations- The Town may be in violation of State Statute. Expenditures exceeded appropriations in the General Fund.

TOWN OF MANCOS, COLORADO
Required Supplementary Information

December 31, 2021

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, 2021

	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 102,619	\$ 102,619	\$ 102,833	\$
Specific ownership taxes	10,000	10,000	17,580	
Road and bridge taxes	11,000	11,000	14,016	3,016
Sales and use taxes	610,000	610,000	1,317,424	707,424
Severance taxes	5,000	5,000	686	(4,314)
Franchise taxes	73,000	73,000	91,971	18,971
Total taxes	811,619	811,619	1,544,510	732,891
Licenses, permits and fees				
Permits and fees	8,000	8,000	20,503	12,503
Liquor licenses	4,000	4,000	1,234	(2,766)
Other licenses	9,000	9,000	24,053	15,053
Marijuana transaction fees	215,000	215,000	225,519	10,519
Total licenses and permits	236,000	236,000	271,309	35,309
Intergovernmental revenues				
Mineral leasing	65,000	65,000	35,552	(29,448)
Highway users tax	28,000	28,000	40,611	12,611
Grants	1,266,475	1,266,475	1,473,304	206,829
Tobacco product taxes	1,000	1,000	1,915	915
Total intergovernmental revenues	1,360,475	1,360,475	1,551,382	190,907
Fines and forfeitures	18,000	18,000	4,450	(13,550)
Earnings on investments	800	800	1,207	407
Miscellaneous revenues	3,000	3,000	32,695	29,695
Total revenues	2,429,894	2,429,894	3,405,553	975,659
Expenditures				
General government				
Legislative	96,500	96,500	80,596	15,904
Planning and zoning	24,000	24,000	16,455	7,545
Administration	405,137	405,137	448,426	(43,289)
Total general government	525,637	525,637	545,477	(19,840)
Public safety				
Marshal's office	542,350	542,350	795,318	(252,968)
Total public safety	542,350	542,350	795,318	(252,968)
Public works				
Public works administration	185,365	185,365	213,269	(27,904)
Streets	1,610,500	1,610,500	1,722,837	(112,337)
Total public works	1,795,865	1,795,865	1,936,106	(140,241)
Culture and recreation				
Parks and recreation	80,140	80,140	35,845	44,295
Total culture and recreation	80,140	80,140	35,845	44,295
Total expenditures	2,943,992	2,943,992	3,312,746	(368,754)
Other financing sources (uses)				
Transfers in	216,828	216,828	156,828	(60,000)
Debt service principal	(20,898)	(20,898)	(6,790)	14,108
Debt service interest	(1,266)	(1,266)	(55)	1,211
Total other financing sources (uses)	194,664	194,664	149,983	(44,681)
Excess (deficit) of revenues and other sources over (under) expenditures and other uses	(319,434)	(319,434)	242,790	562,224
Fund balance, beginning of the year	1,841,310	1,841,310	2,743,854	902,544
Fund balance, end of the year	\$ 1,521,876	\$ 1,521,876	\$ 2,986,644	\$ 1,464,768

TOWN OF MANCOS, COLORADO
Other Supplementary Information

December 31, 2021

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, 2021

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, 2021

	Budgeted Amounts		Actual	
	Original	Final		
Revenues				
Intergovernmental				
Lottery	\$ 15,200	\$ 15,200	\$ 12,890	\$ (2,310)
Total intergovernmental revenues	<u>15,200</u>	<u>15,200</u>	<u>12,890</u>	<u>(2,310)</u>
Earnings on investments	<u>30</u>	<u>30</u>	<u>29</u>	<u>(1)</u>
Total revenues	<u>15,230</u>	<u>15,230</u>	<u>12,919</u>	<u>(2,311)</u>
Expenditures				
Culture and recreation				
Parks and improvements	25,120	25,120	13,017	12,103
Total expenditures	<u>25,120</u>	<u>25,120</u>	<u>13,017</u>	<u>12,103</u>
Excess of revenues over (under) expenditures	(9,890)	(9,890)	(98)	9,792
Fund balance, beginning	33,305	33,305	40,528	7,223
Fund balance, ending	<u>\$ 23,415</u>	<u>\$ 23,415</u>	<u>\$ 40,430</u>	<u>\$ 17,015</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, 2021

	Budgeted Amounts		(Non GAAP Basis) Actual	
	Original	Final	Amounts	(
Operating Revenues				
General water fees	\$ 398,000	\$ 398,000	\$ 459,478	\$ 61,478
Water dock	30,000	30,000	36,829	6,829
Penalties	3,500	3,500	3,633	133
Total operating revenues	<u>431,500</u>	<u>431,500</u>	<u>499,940</u>	<u>68,440</u>
Operating Expenses				
Water administration	167,098	167,098	170,248	(3,150)
Plant and storage	46,200	46,200	50,984	(4,784)
Distribution	24,800	24,800	21,271	3,529
Capital outlay	1,870,000	1,870,000	240,297	1,629,703
Total Operating Expenses	<u>2,108,098</u>	<u>2,108,098</u>	<u>482,800</u>	<u>1,625,298</u>
Operating income (loss)	<u>(1,676,598)</u>	<u>(1,676,598)</u>	<u>17,140</u>	<u>1,693,738</u>
Non-Operating Revenue (Expenses)				
Tap fees	11,446	11,446	17,902	6,456
Earnings on investments	300	300	237	(63)
Grants	1,233,177	1,233,177	294,069	(939,108)
Proceeds from long term debt			1,500,000	1,500,000
Transfers out	(156,828)	(156,828)	(156,828)	-
Debt Service				
Principal		-	(7,419)	(7,419)
Interest	(23,716)	(23,716)	(14,581)	9,135
Total Non-Operating Revenue (Expenses)	<u>1,064,379</u>	<u>1,064,379</u>	<u>1,633,380</u>	<u>569,001</u>
Change in net position non GAAP basis	(612,219)	(612,219)	1,650,520	2,262,739
Add debt service-principal			7,419	7,419
Add capital outlay			240,297	240,297
Less depreciation expense			(141,731)	(141,731)
Less proceeds from long term debt			(1,500,000)	(1,500,000)
Change in net position	<u>(612,219)</u>	<u>(612,219)</u>	<u>256,505</u>	<u>868,724</u>
Net position beginning of the year	1,483,444	1,483,444	1,974,907	491,463
Net position end of the year	<u>\$ 871,225</u>	<u>\$ 871,225</u>	<u>\$ 2,231,412</u>	<u>\$ 1,360,187</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, 2021

	Budgeted Amounts		(Non GAAP Basis)	Variance
	Original	Final	Actual Amounts	Favorable (Unfavorable)
Operating Revenues				
General sewer fees	\$ 300,000	\$ 300,000	\$ 305,705	\$ 5,705
Penalties	3,000	3,000	975	(2,025)
Total operating revenues	<u>303,000</u>	<u>303,000</u>	<u>306,680</u>	<u>3,680</u>
Operating Expenses				
Sewer administration	124,808	402,000	137,305	264,695
Plant operation	73,500	73,500	108,692	(35,192)
Collection	11,500	11,500	22,210	(10,710)
Capital outlay	20,000	20,000	12,204	7,796
Total Operating Expenses	<u>229,808</u>	<u>507,000</u>	<u>280,411</u>	<u>226,589</u>
Operating income (loss)	<u>73,192</u>	<u>(204,000)</u>	<u>26,269</u>	<u>230,269</u>
Non-Operating Revenue (Expenses)				
Tap fees	11,446	11,446	17,169	5,723
Earnings on investments	300	300	238	(62)
Transfers out	(60,000)	(60,000)		60,000
Debt Service				
Principal	(53,000)	(53,000)	(52,925)	75
Legal settlement expenses			(52,898)	(52,898)
Total Non-Operating Revenue	<u>(101,254)</u>	<u>(101,254)</u>	<u>(88,416)</u>	<u>12,838</u>
Change in net position non GAAP basis	(28,062)	(305,254)	(62,147)	243,107
Add capital outlay			12,204	12,204
Add debt service-principal			52,925	52,925
Less depreciation expense			(200,038)	(200,038)
Change in net position	(28,062)	(305,254)	(197,056)	108,198
Net position beginning of the year	2,362,303	2,362,303	2,511,250	148,947
Net position end of the year	<u>\$ 2,334,241</u>	<u>\$ 2,057,049</u>	<u>\$ 2,314,194</u>	<u>\$ 257,145</u>

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City
	YEAR ENDING : December 2021

This Information From The Records Of (example - City of _ or County of _)
Town of Mancos, Colorado Prepared By: Majors and Haley PC
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

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,655,056
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	248,507
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	821,999	b. Snow and ice removal	
3. Other local imposts (from page 2)	17,580	c. Other	14,564
4. Miscellaneous local receipts (from page 2)	0	d. Total (a. through c.)	14,564
5. Transfers from toll facilities		4. General administration & miscellaneous	17,979
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,936,106
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	839,579	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	1,096,527	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,936,106	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)	1,936,106

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
		1,936,106	1,936,106		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2021

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	17,580	g. Other Misc. Receipts	
6. Total (1. through 5.)	17,580	h. Other	
c. Total (a. + b.)	17,580	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	40,611	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	14,016	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	183,120	e. U.S. Corps of Engineers	
e. Other (Specify)-CDOT Grant	858,780	f. Other Federal	
f. Total (a. through e.)	1,055,916	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	1,096,527	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		1,655,056	1,655,056
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,655,056	1,655,056
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,655,056	1,655,056
			(Carry forward to page 1)

Notes and Comments: