

CITY OF DACONO, COLORADO
BASIC FINANCIAL STATEMENTS
December 31, 2020

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Title Page

Table of Contents

FINANCIAL SECTION

Independent Auditors' Report

Management's Discussion and Analysis

i - xiii

Basic Financial Statements

Government—Wide Financial Statements

Statement of Net Position

1

Statement of Activities

2

Fund Financial Statements

Balance Sheet— Governmental Funds

3

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds

4

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

5

Statement of Net Position - Proprietary Fund Type

6

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

7

Statement of Cash Flows - Proprietary Fund Type

8

Notes to Financial Statements

9 – 33

TABLE OF CONTENTS
(Continued)

	<u>PAGE</u>
FINANCIAL SECTION (Continued)	
Required Supplementary Information	
General Fund - Budgetary Comparison Schedule	34
Street Fund - Budgetary Comparison Schedule	35
Impact Fee Fund - Budgetary Comparison Schedule	36
Urban Renewal Authority - Budgetary Comparison Schedule	37
Capital Equipment Fund – Budgetary Comparison Schedule	38
Schedule of the City’s Proportionate Share	39
Schedule of the City’s Contributions	40
Individual Fund Schedules	
Conservation Trust Fund - Budgetary Comparison Schedule	41
Water Fund - Budgetary Comparison Schedule	42
STATE COMPLIANCE	
Local Highway Finance Report	43 - 44

FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dacono, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City'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.

Auditor's 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 from 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 auditor's 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 auditor considers 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 audit 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 City of Dacono as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 and pension information on pages 33 - 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund schedules and State Compliance listed in the table of contents 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 relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

John Cutler & Associates, LLC

July 21, 2021



Management's Discussion and Analysis
Fiscal Year Ending December 31, 2020

As management of the City of Dacono (the City), we offer readers of the City's basic financial statements this narrative and analysis of the financial activities of the City of Dacono for the year ended December 31, 2020. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented in conjunction with additional information provided by auditors in the Independent Auditor's Report.

2020 FINANCIAL HIGHLIGHTS

The City's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources by \$56,953,078 (total net position). The City's net position includes all Funds; General, Water, Capital Equipment, Street, Impact Fee, Conservation Trust, and the Urban Renewal Authority of Dacono (URAD) Fund.

Total net position is comprised of the following:

- The net investment in capital assets of \$33,102,173 which includes all property and equipment, net of accumulated depreciation, and is reduced by the amount of outstanding debt related to the purchase and construction of capital assets.
- Net position of \$263,258 is restricted by constraints imposed from outside the City by law or regulation.
- Unrestricted net position of \$23,587,647 represents the portion of assets available to maintain the City's continued obligations to creditors and the citizens.

The City's governmental funds reported total ending fund balance of \$18,339,249 which is an increase of \$8,867,015 from the prior year's total governmental fund balance of \$9,472,234.

At the end of the current calendar year, the unassigned portion of the General Fund balance was \$4,399,668; 102.5% of total General Fund expenditures.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. These statements provide both short-term and long-term information about the City's overall financial status.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the categories being reported as net position. Over time, the increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. This statement among other non-financial factors such as diversification of the taxpayer base (commercial vs. residential), and the age and condition of the City infrastructure, would need to be evaluated to judge the City's overall condition.

The Statement of Activities presents information showing how the City's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows, otherwise known as accrual accounting. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (for example, salaries and benefits earned but unpaid as of year-end or capital proceeds funded through lease purchase agreements).

Both government-wide financial statements separate the activities performed by those supported by taxes and those business-type activities intended to recover most all of the costs through user fees and charges. Governmental activities include general government, public safety, public works, parks and recreation. Business-type activities include water and trash.

The government-wide financial statements are found on pages 1-2 of this report.

Fund Financial Statements

A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City keeps track of these funds to ensure and demonstrate compliance with finance-related legal and code requirements.

The City has two types of funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Major funds are reported separately while the smaller funds are reported in combination.

Both the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds provide a reconciliation to assist in understanding the difference between them and the government-wide financial statements.

The basic governmental fund financial statements are found on pages 3-5 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the City charges customers a fee. The City's proprietary fund is classified as an enterprise fund or more specifically, the Water Fund. The Water Fund encompasses the same functions reported as business-type activities in the government-wide financial statements.

The basic proprietary fund financial statements are located on pages 6-8 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements, both government-wide and at the fund level. The notes to the basic financial statements begin on page 9 of this report.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information concerning the City's budget presentations.

Budgetary comparison schedules for the General Fund and the major special revenue funds are included as required supplementary information and can be found on pages 34-38 of this report.

Also included in the supplementary information section is the net pension liability (asset) calculation to comply with GASB statement 68 requirements. A ten-year chart of City contributions to the defined benefit plan (FPPA) is presented. Because this is a fairly recent GASB pronouncement, only eight years of data exist. These items are found on pages 39-40 of this report.

Included in other supplementary information section are the individual fund schedules of non-major fund types and the proprietary fund which can be found on pages 41-42 of this report.

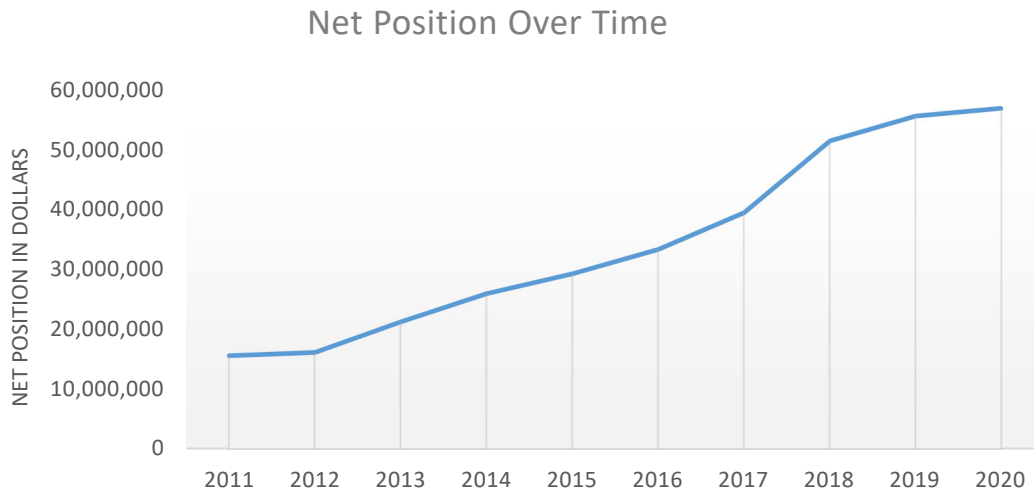
FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City's net position at calendar year end is \$56,953,078. The following table shows a summary of the City's net position:

Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$22,797,499	\$13,151,670	\$5,783,188	\$6,684,990	\$28,580,687	\$19,836,660
Capital assets	34,141,035	19,224,902	23,342,767	22,874,754	57,483,802	42,099,656
Net pension assets	69,024				69,024	-
Total assets	\$57,007,558	32,376,572	29,125,955	29,559,744	\$86,133,513	61,936,316
Deferred outflow of resources						
Deferred loss on refunding	57,082	68,498	-	-	57,082	68,498
Deferred outflows - pension	462,864	510,981	-	-	462,864	510,981
Total deferred outflow of resources	519,946	579,479	-	-	519,946	579,479
Liabilities:						
Current liabilities	1,965,073	1,767,860	194,640	405,492	2,159,713	2,173,352
Noncurrent liabilities:						
Due in one year	486,619	323,468	166,231	159,773	652,850	483,241
Due in more than one year	23,133,129	1,093,544	704,799	871,030	23,837,928	1,964,574
Net Pension Liability		148,622	-	-	-	148,622
Total liabilities	25,584,821	3,333,494	1,065,670	2,850,950	26,650,491	4,769,789
Deferred inflow of resources						
Unearned revenue -property taxes	2,909,855	2,080,152	-	-	2,909,855	2,080,152
Deferred inflows - pension	140,035	24,052	-	-	140,035	24,052
Total deferred inflow of resources	3,049,890	2,104,204	-	-	3,049,890	2,104,204
Net Position:						
Net investment in capital assets	10,464,205	17,739,392	22,637,968	22,003,724	33,102,173	39,743,116
Restricted	263,258	321,451			263,258	321,451
Unrestricted	18,165,330	9,457,510	5,422,317	6,119,725	23,587,647	15,577,235
Total net position	\$28,892,793	\$27,518,353	\$28,060,285	\$28,123,449	\$56,953,078	\$55,641,802

The following chart depicts the total net position balance from fiscal years 2011-2020:



Since 2012, the City has been on a positive trajectory upward, improving net position and growth. With the exception of 2018, the increase year to year has been relatively steady and even. 2018 was an exceptional year which included some one-time gains and additional public improvements listed under donated capital. 2019 and 2020 the trend of the chart shows a flattening of the growth rate. This illustrates the slowdown in housing development, and the effects of COVID-19 on the City's economy.

The City reported positive gains in net position for both governmental and business-type activities. During 2020, net position increased by \$1,374,440 for governmental activities and decreased by \$63,164 for business-type activities. The City's overall financial position increased during calendar year 2020 by \$1,311,276.

Note that approximately 59.9% of the governmental activities total assets are invested in capital assets. The City uses these capital assets to provide services to its citizens. 80.2% of the business-type activity assets are tied up in capital assets. Those assets are used to provide water and trash removal services to the citizens and generate revenues for the Water fund. Combining governmental activities and business-type activities, the City has invested 66.8% of its total assets in capital assets.

The following table provides a summary of the City's changes in net position:

Change in Net Position

	Governmental		Business-type		Total	
	Activities		Activities		Primary Government	
	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	\$883,219	\$2,920,244	\$2,280,271	\$2,169,086	\$3,163,490	\$5,089,330
Operating grants and contributions	284,057	55,890			284,057	55,890
Capital grants and contributions	310,582	324,924	544,850	664,120	855,432	989,044
General revenues						
Sales and Use taxes	2,455,345	2,595,751			2,455,345	2,595,751
Property taxes	2,588,918	2,190,133			2,588,918	2,190,133
Franchise taxes	223,984	219,874			223,984	219,874
Other taxes	118,705	215,471			118,705	215,471
Interest	79,085	197,401	41,050	120,992	120,135	318,393
Other	270,541	581,982	14,820	14,392	285,361	596,374
Capital Contributions	1,199,959					
Total revenues	\$8,414,395	\$9,301,670	\$2,880,991	\$2,968,590	10,095,427	12,270,260
Expenses						
General government	1,964,824	2,220,350			1,964,824	2,220,350
Public safety	2,360,750	1,972,646			2,360,750	1,972,646
Public works	1,620,081	1,647,419			1,620,081	1,647,419
Parks and recreation	152,360	146,662			152,360	146,662
Interest on long term debt	941,940	59,079	24,284	27,801	966,224	86,880
Water			2,919,871	2,037,040	2,919,871	2,037,040
Total expenses	7,039,955	6,046,156	2,944,155	2,064,841	9,984,110	8,110,997
Change in net position	1,374,440	3,255,514	(63,164)	\$903,749	1,311,276	4,159,263
Net position, beginning	\$27,518,353	24,262,839	28,123,449	27,219,700	\$55,641,802	51,482,539
Net position, ending	<u>\$28,892,793</u>	<u>\$27,518,353</u>	<u>\$28,060,285</u>	<u>\$28,123,449</u>	<u>\$56,953,078</u>	<u>\$55,641,802</u>

Governmental Activity Revenues

The operations of the City are funded primarily by local property tax revenues and sales tax. Other funding sources are use tax, franchise and admissions tax and building permits. Tax revenue for the year was \$5,386,952, an increase of 3.2% from the prior year. Sales tax decreased in 2020 by 5.4%, property tax collections increased 18.2% and all other taxes decreased by 21.3%. In total, tax revenue increased \$165,723 for the 2020 calendar year. Property tax increased due to large increases in 2019 assessed value in the residential, commercial, and industrial sectors compared 2018. Overall, total revenue decreased across all governmental funds from 2019 to 2020 by \$887,275. Capital contributions helped to bolster revenue by producing \$1,199,959 in additional capital assets the City holds.

When looking strictly at taxes, charges for service and other minor sources of revenue, 2020 fell short from 2019 by \$2,087,234. Charges for services took the hardest hit dropping 69.8% from 2019;

this amount is a misrepresentation of normal activity in service charges due to a large influx of one-time revenues provided by encroachment license agreements initiated in 2019.

Governmental Activity Expenses

The following table represents the cost of each of the City’s programs, including the net cost (total cost less revenues generated by the activities). The net cost illustrates the burden placed on the taxpayers by each of these functions.

Governmental Activities				
	Total Cost of Service	Percentage of Total	Net Cost of Service	Percentage of Total
General Government	\$1,898,857	27.0%	(\$870,403)	15.6%
Public Safety	\$2,360,750	33.5%	(\$2,221,928)	39.9%
Public Works	\$1,687,620	24.0%	(\$1,406,687)	25.3%
Parks and Recreation	\$150,788	2.1%	(\$121,139)	2.2%
Long-term Debt Interest	\$941,940	13.4%	(\$941,940)	16.9%
Total	<u>\$7,039,955</u>	<u>100.0%</u>	<u>(\$5,562,097)</u>	<u>100.0%</u>

The table illustrates that without property tax and sales tax, the services required to maintain vital City functions would not be covered by service fees and grants alone.

Proprietary-type funds

Proprietary-type funds are used to account for activities that have the characteristics of business activities. Fund balances in these funds are similar to retained earnings in the private sector. TABOR limits governmental grants and outside sources of funding to 10% of the total revenues for an enterprise fund. TABOR is the commonly used acronym for the Taxpayers Bill of Rights, which is an amendment to the Colorado Constitution known as Article X, Section 20.

The City’s only proprietary fund, the Water Fund reported \$28,060,285 in net position at the end of 2020, down \$63,164 from the prior year’s ending balance of \$28,123,449. The unrestricted portion of net position as of December 31, 2020 was \$5,422,317 down from \$6,119,725 as of December 31, 2019. The unrestricted portion of net position is that amount that is currently not invested in capital assets, or held to cover liabilities. All costs in the Fund are supported by the Fund itself.

Proprietary funds generally report services for which the City charges customers a fee. The City’s Water Fund receives its revenue from water distribution services, capital improvement fees, and trash collection services. Trash collections fees are passed through the Water Fund as an expense and therefore do not create any additional revenue for the City.

Capital improvement fees are committed funds for the maintenance and construction of water system capital and infrastructure, including bond payments.

The Water Fund maintained cash and cash equivalents at the end of the calendar year of \$5,477,992 a decrease of 14.2% from the prior year's balance of \$6,383,595. The cash and cash equivalents value is the liquid resources available to maintain current operations and pay its creditors. The Water Fund's reserves decreased due to a slowed growth rate. The cash-in-lieu program would normally provide a stream of revenue that would improve the Water Fund's reserves however, there was no activity in this program. To analyze future demand, sustainability and infrastructure requirements the City will kick-off a water study in 2021. This will help determine potential fee increases that are needed to meet future operating and capital requirements.

FUND ANALYSIS

Governmental Funds

The focus for the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for ongoing service delivery requirements.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$18,339,249 up from the fund balance of \$9,472,234 as of December 31, 2019. Of that fund balance, \$4,709,205 is unassigned and available for future needs. Non-spendable funds include \$1,245 held in deposit by a vendor for postage liability. Restricted fund balances are those whose purpose is specifically designated by law and include the Conservation Trust for parks and open space of \$64,258, money set aside to meet the TABOR emergency reserve requirement of \$199,000 and URAD funds of \$2,018,276 restricted for capital improvements. The committed fund balances are those that are earmarked by resolution, or ordinance as established by City Council; highway and street funds of \$2,297,017, impact fees for roadways, drainage, parks and City facilities of \$3,171,511, and \$5,878,737 for capital assets and projects,

The total ending fund balance of governmental funds increased 93.7% from the prior year. The drastic increase came from special financing mechanisms used to procure funds for capital projects in the Capital Fund and the URAD Fund. These funds will be used for building an additional building at the City Hall complex, remodeling the two existing buildings and to fund the expansion of the City's sewer system for future growth. Most of the URAD financing has already been applied to the purchase of Windy Gap water shares to meet future demands.

General Fund – The General Fund is the City's primary operating fund. The General Fund balance is \$4,599,913, an .4% increase from the prior year fund balance of \$4,585,174. The ending unassigned fund balance represents the equivalent of 107% of annual expenditures; compared to 106% at December 31, 2019, this ratio is strong, and represents stable General Fund reserves.

Total tax revenue appropriated to the General Fund decreased from 2020 levels by 1.6%. This minor change created very little impact to overall revenue. Sales tax and admission tax declined slightly from effects of COVID-19 but property tax increases recovered that loss.

Licensing and permit fees decreased drastically from 2019 levels, down 79.3%. In 2019 new encroachment license agreements created a distortion of licensing fees the City generally procures. The first year fees produced by these ELAs are larger than the yearly fees captured through these agreements. The one time payments in 2019 totaled \$1,669,123 in revenue; in 2020 the ELA revenue was \$119,612 from yearly recurring payments. Excluding all ELA revenue, licensing and permit revenue was still down in 2020 compared to 2019. There were 66 new home permits pulled in 2020 compared to 88 new homes in 2019.

Court fines decreased in 2020 by 52.5% from the prior year. This decline was directly related to COVID-19; overall, fewer tickets were issued during the duration of the State public health orders.

General Fund expenses decreased by .6% overall, a difference of \$22,348. During the height of the pandemic, expenses were kept in-check and only included those items that were already well underway and all unfilled positions were froze and newly approved positions were left unfilled as well; the City did not have to furlough any existing positions.

General government expenditures decreased by \$128,367. This category includes several departments including administration, municipal court, planning, legislative and economic development.

Public Safety expenditures increased by \$362,973 or 18.9%. This increase is mainly due to higher personnel costs and large code enforcement expenses. The City covered the upfront cost to demolish two homes that were considered safety hazards. The cost of demolition will be collected as liens against the property.

Parks and recreation expenditures increased \$18,102 or 29.3%. This increase was due to higher personnel costs.

Capital Outlay made up only .5% of the total general fund budget. These expenditures included landscaping the Veterans Memorial Park.

Street Fund - This fund is used primarily to track revenue and expenses directly related to the building, repair and maintenance of the streets and sidewalks within the City limits. Tax revenue is the main source of revenue of the Street Fund. Dacono voters approved a tax increase in 2005 for the issuance of GO bonds for a street improvement project which were refunded in 2014. Also, the street fund receives 45% of all sales and use tax generated by the City. The fund also receives 100% of the highway user's tax supplied by CDOT and road and bridge fees paid through vehicle registrations. In 2020, Street Fund revenues were used to finish replacing the Grandview bridge deck which started in 2019. The City also hired a company to provide the City with a survey mapping the underground utilities along Colorado Blvd to indicate where the approved street lights can be installed. Signage was installed for a crosswalk at Sweetgrass on York Street.

Godding Hollow Drive (street at Furniture Row) was overlaid with asphalt while other streets were chip sealed for added longevity or patched with asphalt where the damage was much worse. Several streets were striped to improve roadway markings for visibility. The ending fund balance of the Street Fund is \$2,297,017, an increase of 24.5% from the prior year fund balance of \$1,845,319.

Capital Equipment Fund – This fund is used exclusively for purchasing capital assets. The main revenue source for this fund is sales and use tax; 10% of all sales and use tax collections have been committed to this fund by Council resolution. In 2020 the City utilized a financing mechanism known as certificates of participation to finance the construction of a new annex building and to remodel the City Hall and existing police department buildings as well. The scope of this project has grown to accommodate the need for additional office space for future personnel and also includes a place for Council meetings, court and large capacity trainings to take place. There will also be men’s and women’s locker rooms, a workout space and a large armory room for weaponry to be stored securely. The project broke ground in 2020 and is scheduled for completion at the end of 2021. \$6.3 million in long term debt proceeds was received for this project and will be paid back over a 20-year term in a similar manner as a bond. The General Fund is obligated to the payment terms of this COP debt through general revenue and will transfer the funds to the Capital Fund as payments come due beginning in June 2021. Other expenses from this fund include a new Dodge Durango and four new Chevy Tahoes for the Police Department, Public Works purchased a new sander, and finished paying debt payments for a tractor, the road grader and the dump truck. The debt payments totaled \$146,482 and bond issue costs totaled \$169,917 at year end. The ending fund balance is \$5,878,737.

Impact Fee Fund – This fund is a special revenue fund created to pay for amenities required for future growth and expansion. There are four designated accounts in this fund; arterial roads, drainage, parks, and City facilities. Impact fees are a requirement of new development to cover the cost of necessary infrastructure and amenities to support the additional growth. In 2020, the City and the Town of Frederick partnered together on a drainage study which is partially funded by an energy impact grant through DOLA. Dacono’s fee will be proportionate to the amount of area included in the study. By the end of 2020 Dacono has remitted \$65,967 to the project and it will continue in 2021. The ending fund balance is \$3,171,511, an increase of 12.6% from the 2019 fund balance of \$2,818,400.

Conservation Trust Fund – This fund is a restricted fund with the main revenue source being lottery ticket sales from the state of Colorado. The funds are to be spent on building, restoring, and maintaining parks and open space within the City limits. In 2020, the City used a portion of these funds to maintain the BMX track as provided in the IGA with the Carbon Valley Parks and Rec District. The ending balance in this fund is \$64,258 up 62.9% from 2019’s balance of \$39,451.

Dacono Urban Renewal Authority – This special district is a component unit of the City of Dacono and maintains autonomy from the financial reporting of the City. Even though the URAD maintains a completely separate accounting of its finances it is added into the City’s audit and treated as one of the governmental funds. The funds held by the Authority are committed funds which are used to develop blighted areas in the City.

The Authority issued revenue bonds to purchase Windy Gap water shares and to support a sewer infrastructure project for future growth. The bonds totaled \$16.04 million and do not mature until December 2039. Total operating expenses across the URAD's three funds were \$14,158,395. The URAD has a balance of \$2,327,813 of which \$2,018,276 is restricted for capital projects and \$309,537 is unrestricted.

Proprietary Funds

As previously explained, proprietary funds are established as a business-type activity, therefore are accounted for much like a privately held business and net assets are essentially retained earnings. The City of Dacono maintains only one proprietary fund.

Water Fund – This fund is responsible for maintaining the entire water system utilizing customer fees as the main source of revenue. Total water revenue for 2020 was \$2.42 million. In comparison, the expenses covered by that revenue reached \$3.11 million, resulting in a loss of about \$690,000 using the budget basis. In 2020, Capital projects included a water line replacement performed on a portion of Glen Dale Street and Glen Heather Street, and purchasing a new laptop for the Badger meter reading system.

The unreserved net position in the Water Fund at the end of 2020 is \$5,422,317; an 11.4% decrease from the prior year.

General Fund Budgetary Highlights

The City budgeted General Fund revenues of \$4,338,150 for the year ending December 31, 2020; actual revenues were \$4,440,169.

The City budgeted for General Fund expenditures of \$4,384,415 for the year ending December 31, 2020; actual expenditures were \$4,295,430. The difference is spread out through all departments but 56% of the savings came from decreases in Police Department costs.

The overall fund balance increased by \$191,004 more than originally budgeted (variance).

Street Fund Budgetary Highlights

The City budgeted Street Fund revenues of \$1,606,010 for the year ending December 31, 2020; actual revenues were \$1,680,079. The primary reason for the \$74,069 increase was due to a one-time payment for street damages caused by overweight vehicles used during construction of the oil and gas facilities and additional sales and use tax. This increase was offset by a budgeted grant which was moved to the Impact Fee fund during the audit.

The City budgeted for Street Fund expenditures of \$1,395,740 for the year ending December 31, 2020; actual expenditures were \$1,228,381. The main reason for the \$167,259 decrease comes over budgeting for capital projects and road maintenance.

The overall fund balance increased by \$241,428 more than originally budgeted (variance).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets as of December 31, 2020 amounts to \$34,141,035 for governmental activities and \$23,342,767 for business-type activities (net of accumulated depreciation). This investment in capital assets consists of land, buildings, water rights, water system, improvements/infrastructure, vehicles/equipment and construction in progress. The detail of this investment is in Note 4 to the financial statements.

Long-term Debt

As of December 31, 2020 the City's long-term debt consisted of \$81,943 in capital leases, \$1,011,601 in general obligation bonds, \$871,030 in water revenue bonds, \$6,483,204 in certificates of participation, \$16,043,000 in tax increment financing bonds and \$257,518 in accrued compensated employee absences (earned paid time off). The detail of Long-term debt is in Note 5 to the financial statements.

ECONOMIC CONDITIONS AFFECTING THE CITY

COVID-19 – The pandemic was the predominant economic factor to affect the City in 2020. Many businesses, shut down to prevent the spread of the infection. The City complied with State mandates issued by the Governor throughout and withheld issuing penalties to water customers who were unable to pay their water bills through these troubling times.

Residential growth- Housing starts declined in 2020, with 66 new homes permitted. This is a decrease from 88 permits issued in 2019. Interest in new development throughout the City remains high however, there is a shortfall in shovel ready projects. Century Communities completed filing 4 of Autumn Valley Ranch and Tamrick Homes continued building homes in Eagle Meadow. Sweetgrass is mitigating a soil methane gas issue so building has halted for the time being on that project. There are other developers beginning the process of site planning and development which are expected to progress in 2021.

The cost, availability, and certainty of water and sewer infrastructure have historically been the most significant obstacle to growth in the City. The City's cash-in-lieu program is still active through a Water Rights Dedication Assistance Policy adopted by Resolution 18-106. This Resolution allows the City to sell water at market-rate via cash-in-lieu. The program is competitive, and there is limited availability. Development projects deemed to have quality amenities exceeding minimum standards, enhanced architectural design standards, or other features that provide added value to the community receive the highest priority.

The URAD has issued TIF bonds to purchase shares of Windy Gap water that were conveyed to the City in 2021. The bond revenue was also used to enter into an agreement between St. Vrain Sanitation District, and the City of Dacono to extend the sewer lines through the City's eastern plan area. Establishing new infrastructure should open up much of the plan area to new development.

Business growth – Commercial and industrial development declined in 2020. The City does not have many vacant buildings and COVID-19 slowed businesses to a near standstill for most of the year.

Approximately 4-square miles of Dacono is part of the Federal Opportunity Zone. The Opportunity Zones incentive is a new community investment tool established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. The City is proactively marketing this program through international publications, trade show journals, and creating a community prospectus.

Additionally, in 2019 development of the ChooseDacono.com economic development website further supported the City of Dacono's business recruitment and retention efforts. The City continues to partner with Upstate Colorado for the State of Colorado-Weld County Enterprise Zone administration. The Enterprise Zone provides state income tax credits to encourage businesses to locate/expand in designated areas of the state.

Oil and Gas - Oil and gas activity in the City of Dacono remains strong. The City of Dacono has 96 permitted wells in various stages of development through Operator Agreements and annexation. By the end of 2020, all wells were anticipated to be producing.

Urban Renewal Authority - In 2019, the Urban Renewal Authority of Dacono adopted the Dacono II Urban Renewal Plan. The Dacono II Plan, includes 19 legal parcels comprising approximately 1,278 acres, as well as adjacent rights-of-way. Dacono II Urban Renewal Plan intends to provide for the use of incremental revenues as a tool to facilitate investment and reinvestment in the plan area. The principal objective of the Plan is to use available resources to eliminate and prevent the development or spread of blight, and to encourage needed rehabilitation of improvements within designated locations.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the City. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City of Dacono
Attn: Kelly Stroh
512 Cherry St
P. O. Box 186
Dacono, CO 80514

BASIC FINANCIAL STATEMENTS

CITY OF DACONO, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	
			2020	2019
ASSETS				
Cash and Investments	\$ 7,860,675	\$ 1,739,796	\$ 9,600,471	\$ 10,373,824
Restricted Cash and Investments	11,528,145	3,738,196	15,266,341	6,781,799
Receivables				
Property Taxes	2,909,855	-	2,909,855	2,080,152
Sales and Other	497,579	-	497,579	298,245
Accounts	-	305,196	305,196	301,395
Deposits	1,245	-	1,245	1,245
Net Pension Asset	69,024	-	69,024	-
Capital Assets, Not Depreciated	16,760,257	14,608,839	31,369,096	17,049,702
Capital Assets, Depreciated				
Net of Accumulated Depreciation	17,380,778	8,733,928	26,114,706	25,049,954
TOTAL ASSETS	57,007,558	29,125,955	86,133,513	61,936,316
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Refunding	57,082	-	57,082	68,498
Related to SWDB Pension	462,864	-	462,864	510,981
TOTAL DEFERRED OUTFLOWS OF RESOURCES	519,946	-	519,946	579,479
LIABILITIES				
Accounts Payable	336,433	127,201	463,634	673,406
Accrued Salaries and Benefits	10,418	3,633	14,051	85,222
Accrued Interest	202,398	1,880	204,278	9,483
Accrued Compensated Absences	214,280	43,238	257,518	195,615
Unearned Revenues	123,294	7,188	130,482	162,133
Developer Escrow	978,988	-	978,988	1,000,768
Deposits	99,262	11,500	110,762	46,725
Noncurrent Liabilities				
Net Pension Liability	-	-	-	148,622
Due within One Year	486,619	166,231	652,850	483,241
Due in More Than One Year	23,133,129	704,799	23,837,928	1,964,574
TOTAL LIABILITIES	25,584,821	1,065,670	26,650,491	4,769,789
DEFERRED INFLOWS OF RESOURCES				
Deferred Property Tax Revenues	2,909,855	-	2,909,855	2,080,152
Related to SWDB Pension	140,035	-	140,035	24,052
TOTAL DEFERRED INFLOWS OF RESOURCES	3,049,890	-	3,049,890	2,104,204
NET POSITION				
Investment in Capital Assets	10,464,205	22,637,968	33,102,173	39,743,116
Restricted for Emergencies	199,000	-	199,000	282,000
Restricted for Parks and Recreation	64,258	-	64,258	39,451
Unrestricted	18,165,330	5,422,317	23,587,647	15,577,235
TOTAL NET POSITION	\$ 28,892,793	\$ 28,060,285	\$ 56,953,078	\$ 55,641,802

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

CITY OF DACONO, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 1,964,824	\$ 821,501	\$ 206,953	\$ -
Public Safety	2,360,750	61,718	77,104	-
Public Works	1,620,081	-	-	280,933
Parks and Recreation	152,360	-	-	29,649
Interest on Long-Term Debt	941,940	-	-	-
Total Governmental Activities	7,039,955	883,219	284,057	310,582
Business-Type Activities				
Water	2,919,871	2,280,271	-	544,850
Interest on Long-Term Debt	24,284	-	-	-
Total Business-Type Activities	2,944,155	2,280,271	-	544,850
Total Primary Government	\$ 9,984,110	\$ 3,163,490	\$ 284,057	\$ 855,432
GENERAL REVENUES				
Sales and Use Taxes				
Property Taxes				
Franchise Taxes				
Other Taxes				
Interest				
Other				
Capital Contributions				
TOTAL GENERAL REVENUES				
TOTAL REVENUES				
CHANGE IN NET ASSETS				
NET POSITION, Beginning				
NET POSITION, Ending				

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET ASSETS

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
		2020	2019
\$ (936,370)	\$ -	\$ (936,370)	\$ 570,206
(2,221,928)	-	(2,221,928)	(1,787,068)
(1,339,148)	-	(1,339,148)	(1,353,707)
(122,711)	-	(122,711)	(115,450)
(941,940)	-	(941,940)	(59,079)
<u>(5,562,097)</u>	<u>-</u>	<u>(5,562,097)</u>	<u>(2,745,098)</u>
-	(94,750)	(94,750)	796,166
<u>-</u>	<u>(24,284)</u>	<u>(24,284)</u>	<u>(27,801)</u>
-	(119,034)	(119,034)	768,365
<u>(5,562,097)</u>	<u>(119,034)</u>	<u>(5,681,131)</u>	<u>(1,976,733)</u>
2,455,345	-	2,455,345	2,595,751
2,588,918	-	2,588,918	2,190,133
223,984	-	223,984	219,874
118,705	-	118,705	215,471
79,085	41,050	120,135	318,393
270,541	14,820	285,361	596,374
<u>1,199,959</u>	<u>-</u>	<u>1,199,959</u>	<u>-</u>
6,936,537	55,870	6,992,407	6,135,996
<u>6,936,537</u>	<u>55,870</u>	<u>6,992,407</u>	<u>6,135,996</u>
1,374,440	(63,164)	1,311,276	4,159,263
<u>27,518,353</u>	<u>28,123,449</u>	<u>55,641,802</u>	<u>51,482,539</u>
<u>\$ 28,892,793</u>	<u>\$ 28,060,285</u>	<u>\$ 56,953,078</u>	<u>\$ 55,641,802</u>

CITY OF DACONO, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2020

	GENERAL FUND	STREET FUND	IMPACT FEE FUND
ASSETS			
Cash and Investments	\$ 5,184,845	\$ 2,241,816	\$ 35,506
Restricted Cash and Investments	410,655	-	3,157,719
Taxes Receivable	1,866,624	219,138	-
Accounts Receivable	300,932	177,028	-
Deposits	1,245	-	-
TOTAL ASSETS	\$ 7,764,301	\$ 2,637,982	\$ 3,193,225
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 88,845	\$ 118,784	\$ 21,714
Accrued Salaries and Benefits	7,375	3,043	-
Unearned Revenues	123,294	-	-
Deposits	99,262	-	-
Developer Escrow	978,988	-	-
TOTAL LIABILITIES	1,297,764	121,827	21,714
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenues	1,866,624	219,138	-
FUND EQUITY			
Fund Balance			
Nonspendable	1,245	-	-
Restricted for Emergencies	199,000	-	-
Restricted for Parks and Recreation	-	-	-
Restricted for Capital Improvement Projects	-	-	-
Committed for Highway and Streets	-	2,297,017	-
Committed for Roadways, Drainage, Parks, and Facilities	-	-	3,171,511
Committed for Capital Projects and Equipment	-	-	-
Unassigned	4,399,668	-	-
TOTAL FUND BALANCE	4,599,913	2,297,017	3,171,511
TOTAL LIABILITIES, DEFERRED INFLOWS and FUND BALANCE	\$ 7,764,301	\$ 2,637,982	\$ 3,193,225

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

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

Long-term liabilities and related assets are not due and payable in the current period and are not reported in the funds.

These include bonds payable (\$23,537,805), capital leases payable (\$81,943), deferred loss on refunding \$57,082, accrued interest payable (\$202,398), accrued compensated absences (\$214,280), net pension asset of \$69,024, deferred outflows related to pensions \$462,864, and deferred inflows related to pensions (\$140,035).

Net position of governmental activities

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

URBAN RENEWAL AUTHORITY	CAPITAL EQUIPMENT FUND	NONMAJOR	TOTAL	
		CONSERVATION TRUST FUND	GOVERNMENTAL FUNDS	
			2020	2019
\$ 314,586	\$ 19,664	\$ 64,258	\$ 7,860,675	\$ 7,884,677
2,018,276	5,941,495	-	11,528,145	2,887,351
824,093	-	-	2,909,855	2,080,152
-	19,619	-	497,579	298,245
-	-	-	1,245	1,245
<u>\$ 3,156,955</u>	<u>\$ 5,980,778</u>	<u>\$ 64,258</u>	<u>\$ 22,797,499</u>	<u>\$ 13,151,670</u>
\$ 5,049	\$ 102,041	\$ -	\$ 336,433	\$ 370,993
-	-	-	10,418	68,902
-	-	-	123,294	133,446
-	-	-	99,262	25,175
-	-	-	978,988	1,000,768
<u>5,049</u>	<u>102,041</u>	<u>-</u>	<u>1,548,395</u>	<u>1,599,284</u>
824,093	-	-	2,909,855	2,080,152
-	-	-	1,245	1,245
-	-	-	199,000	282,000
-	-	64,258	64,258	39,451
2,018,276	-	-	2,018,276	-
-	-	-	2,297,017	1,845,319
-	-	-	3,171,511	2,818,400
309,537	5,878,737	-	6,188,274	183,890
-	-	-	4,399,668	4,301,929
<u>2,327,813</u>	<u>5,878,737</u>	<u>64,258</u>	<u>18,339,249</u>	<u>9,472,234</u>
<u>\$ 3,156,955</u>	<u>\$ 5,980,778</u>	<u>\$ 64,258</u>		
			34,141,035	19,224,902
			(23,587,491)	(1,178,783)
			<u>\$ 28,892,793</u>	<u>\$ 27,518,353</u>

CITY OF DACONO, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	GENERAL FUND	STREET FUND	IMPACT FEE FUND
REVENUES			
Taxes	\$ 3,399,033	\$ 1,333,771	\$ -
Impact Fees	-	-	359,210
Licenses and Permits	456,291	6,000	-
Intergovernmental	284,057	245,426	35,507
Court	61,718	-	-
Interest	44,541	8,882	24,361
Miscellaneous	194,529	86,000	-
TOTAL REVENUES	4,440,169	1,680,079	419,078
EXPENDITURES			
General Government	1,908,391	-	65,967
Public Safety	2,287,994	-	-
Public Works	-	818,031	-
Parks and Recreation	81,554	-	-
Bond Issue Costs	-	-	-
Debt Service			
Principal	-	186,286	-
Interest	-	31,025	-
Capital Outlay	17,491	193,039	-
TOTAL EXPENDITURES	4,295,430	1,228,381	65,967
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	144,739	451,698	353,111
OTHER FINANCING SOURCES (USES)			
Proceeds of Long-Term Debt	-	-	-
Transfers In	-	-	-
Transfers Out	(130,000)	-	-
TOTAL OTHER FINANCING SOURCES	(130,000)	-	-
NET CHANGE IN FUND BALANCES	14,739	451,698	353,111
FUND BALANCES, Beginning	4,585,174	1,845,319	2,818,400
FUND BALANCES, Ending	<u>\$ 4,599,913</u>	<u>\$ 2,297,017</u>	<u>\$ 3,171,511</u>

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

URBAN RENEWAL AUTHORITY	CAPITAL EQUIPMENT FUND	NONMAJOR	TOTAL	
		CONSERVATION TRUST FUND	GOVERNMENTAL FUNDS	
			2020	2019
\$ 410,975	\$ 243,173	\$ -	\$ 5,386,952	\$ 5,221,229
-	-	-	359,210	576,672
-	-	-	462,291	2,213,884
-	-	29,649	594,639	380,814
-	-	-	61,718	129,688
-	1,293	8	79,085	197,401
418	-	-	280,947	581,982
<u>411,393</u>	<u>244,466</u>	<u>29,657</u>	<u>7,224,842</u>	<u>9,301,670</u>
133,253	-	-	2,107,611	2,134,845
-	-	-	2,287,994	1,925,021
-	-	-	818,031	801,917
-	-	4,850	86,404	89,285
525,142	169,917	-	695,059	-
-	137,182	-	323,468	471,669
-	9,300	-	40,325	50,380
<u>13,500,000</u>	<u>814,609</u>	<u>-</u>	<u>14,525,139</u>	<u>651,882</u>
<u>14,158,395</u>	<u>1,131,008</u>	<u>4,850</u>	<u>20,884,031</u>	<u>6,124,999</u>
<u>(13,747,002)</u>	<u>(886,542)</u>	<u>24,807</u>	<u>(13,659,189)</u>	<u>3,176,671</u>
16,043,000	6,483,204	-	22,526,204	-
-	130,000	-	130,000	77,000
-	-	-	(130,000)	(77,000)
<u>16,043,000</u>	<u>6,613,204</u>	<u>-</u>	<u>22,526,204</u>	<u>-</u>
2,295,998	5,726,662	24,807	8,867,015	3,176,671
<u>31,815</u>	<u>152,075</u>	<u>39,451</u>	<u>9,472,234</u>	<u>6,295,563</u>
<u>\$ 2,327,813</u>	<u>\$ 5,878,737</u>	<u>\$ 64,258</u>	<u>\$ 18,339,249</u>	<u>\$ 9,472,234</u>

CITY OF DACONO, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 8,867,015
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$16,063,557 exceeded depreciation expense (\$1,137,018) and loss on disposal of assets (\$10,406), in the current period.	14,916,133
Debt proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities. These include amount of bond proceeds issued in the current year.	(22,526,204)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. These include bond payments of \$186,286, payments of capital leases of \$137,182, change in accrued interest payable (\$195,140), amortization of deferred loss on refunding (\$11,416), and change in accrued compensated absences of (\$52,962).	63,950
Deferred Charges related to pension are not recognized in the governmental funds. However, for the government-wide funds that amount is capitalized and amortized.	<u>53,546</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 1,374,440</u></u>

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

CITY OF DACONO, COLORADO

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE
 As of December 31, 2020

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 1,739,796	\$ 2,489,147
Restricted Cash and Investments	3,738,196	3,894,448
Accounts Receivable	305,196	301,395
Total Current Assets	<u>5,783,188</u>	<u>6,684,990</u>
Noncurrent Assets		
Capital Assets, net of accumulated depreciation	<u>23,342,767</u>	<u>22,874,754</u>
Total Noncurrent Assets	<u>23,342,767</u>	<u>22,874,754</u>
TOTAL ASSETS	<u>29,125,955</u>	<u>29,559,744</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	127,201	302,413
Accrued Salaries and Benefits	3,633	16,320
Unearned Revenues	7,188	28,687
Accrued Interest Payable	1,880	2,225
Current Portion of Bonds Payable	166,231	159,773
Total Current Liabilities	<u>306,133</u>	<u>509,418</u>
Noncurrent Liabilities		
Deposits	11,500	21,550
Accrued Compensated Absences	43,238	34,297
Bonds Payable	704,799	871,030
Total Noncurrent Liabilities	<u>759,537</u>	<u>926,877</u>
TOTAL LIABILITIES	<u>1,065,670</u>	<u>1,436,295</u>
NET POSITION		
Investment in Capital Assets	22,637,968	22,003,724
Unreserved	5,422,317	6,119,725
TOTAL NET POSITION	<u>\$ 28,060,285</u>	<u>\$ 28,123,449</u>

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

CITY OF DACONO, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Water Sales	\$ 2,010,257	\$ 1,917,561
Trash Charges	270,014	251,525
Miscellaneous Income	14,820	14,392
	<u>2,295,091</u>	<u>2,183,478</u>
OPERATING EXPENSES		
Water Distribution and Trash Collection	756,065	695,887
General and Administrative	1,839,126	1,023,697
Depreciation and Amortization	324,680	317,456
	<u>2,919,871</u>	<u>2,037,040</u>
OPERATING INCOME	<u>(624,780)</u>	<u>146,438</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	41,050	120,992
Interest Expense	(24,284)	(27,801)
	<u>16,766</u>	<u>93,191</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	(608,014)	239,629
Capital Contributions	<u>544,850</u>	<u>664,120</u>
NET INCOME	(63,164)	903,749
NET POSITION, Beginning	<u>28,123,449</u>	<u>27,219,700</u>
NET POSITION, Ending	<u>\$ 28,060,285</u>	<u>\$ 28,123,449</u>

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

CITY OF DACONO, COLORADO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE
 Year Ended December 31, 2020

Increase (Decrease) in Cash and Cash Equivalents

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 2,269,791	\$ 2,158,905
Cash Paid to Suppliers	(2,133,319)	(1,019,214)
Cash Paid to Employees	(640,830)	(559,668)
Net Cash Provided by Operating Activities	<u>(504,358)</u>	<u>580,023</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	13,165,157	(102,894)
Bond Payments	(159,773)	(158,117)
Interest Payments	(24,629)	(28,746)
Capital Contributions	(13,413,000)	187,500
Deposits from Customers	(10,050)	(102,500)
Net Cash Used by Capital and Related Financing Activities	<u>(442,295)</u>	<u>(204,757)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	41,050	120,992
Net Cash Provided by Investing Activities	<u>41,050</u>	<u>120,992</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(905,603)	496,258
CASH AND CASH EQUIVALENTS, Beginning	<u>6,383,595</u>	<u>5,887,337</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 5,477,992</u>	<u>\$ 6,383,595</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	<u>\$ (624,780)</u>	<u>\$ 146,438</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and Amortization	324,680	317,456
Changes in Assets and Liabilities		
Accounts Receivable	(3,801)	(42,072)
Inventory	-	2,813
Accounts Payable	(175,212)	128,529
Accrued Salaries and Benefits	(12,687)	3,420
Accrued Compensated Absences	8,941	5,940
Deferred Revenues	(21,499)	17,499
Total Adjustments	<u>120,422</u>	<u>433,585</u>
Net Cash Provided by Operating Activities	<u>\$ (504,358)</u>	<u>\$ 580,023</u>

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

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies of the City of Dacono, Colorado (the “City”) conform to generally accepted accounting principles as applicable to governments. Following is a summary of the more significant policies.

Reporting Entity

In accordance with governmental accounting standards, the City of Dacono has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if City officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. The City may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based upon the application of these criteria, the following organization is included in the City’s reporting entity.

Urban Renewal Authority of Dacono

The Economic Development Authority was established in June 2016 and an agreement was entered into between the City and Authority for administrative services. In June 2020, a resolution was passed to change the name of the organization to the Urban Renewal Authority of Dacono (the “Authority). The Authority intends to provide financial assistance and deliver public improvements on as shown to be necessary, in partnership with property owners and other affected parties, in order to accomplish the objectives stated in the Dacono Area Urban Renewal Plan. The activity of the Authority is blended into the City’s financial statements as a special revenue fund. Separate audited financial statements for the Authority may be obtained from the City.

Government-Wide and Fund Financial Statements

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

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The *Street Fund* accounts for allocated sales tax revenues which by City Ordinance must be used for Public Works projects.

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

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

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

The City reports the following major proprietary fund:

The *Water Fund* accounts for the financial activities associated with the provision of water services.

Cash and Investments

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment of the City is depreciated using the straight line method over the following estimated useful lives:

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to the liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned Revenues

Unearned revenues include grant or other funds that have been collected but the corresponding expenditures have not been incurred.

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets - is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position - are liquid assets, which have third party limitations on their use.

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted Net Position - represents assets that do not have any third party limitation on their use. While City management may have categorized and segmented portion for various purposes, the City Council has the unrestricted authority to revisit or alter these managerial decisions.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – amounts that cannot be spent because they are either not in a spendable form (such as inventories, deposits, and prepaid amounts) or are legally or contractually required to be maintained intact. The City has classified \$1,245 for deposits paid as nonspendable as of December 31, 2020.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. The City has also restricted the fund balance of the Conservation Trust because their use is restricted by the State for parks and recreation. The Authority has classified a portion of its fund balance as being restricted as their used is restricted by bondholders.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City has classified fund balances in the Street Fund, Impact Fee Fund, and URA Fund, and Capital Equipment Fund as committed because revenues are committed by ordinance.

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification (continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the City on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- In October, the City staff submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY(Continued)

Budgets and Budgetary Accounting

- The City Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- Budgets are legally adopted for all funds of the City. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the Enterprise Fund is presented on a non-GAAP budgetary basis. Capital outlay and debt payments are budgeted as expenditures.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the City Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2020 follows:

Petty Cash	\$ 750
Cash Deposits	2,280,354
Investments	<u>22,585,708</u>
Total	<u>\$ 24,866,812</u>

Cash and investments are reported in the financial statements as follows:

Governmental Activities – Unrestricted	\$ 7,860,675
Governmental Activities – Restricted	11,528,145
Business-type Activities – Unrestricted	1,739,796
Business-type Activities – Restricted	<u>3,738,196</u>
Total	<u>\$ 24,866,812</u>

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2020, State regulatory commissioners have indicated that all financial institutions holding deposits for the City are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The City has no policy regarding custodial credit risk for deposits.

At December 31, 2020, the City had deposits with financial institutions with a carrying amount of \$2,280,354. The bank balances with the financial institutions were \$2,475,411. Of these balances, \$500,000 was covered by federal depository insurance and \$1,975,411 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

Investments

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 3: **DEPOSITS AND INVESTMENTS** (Continued)

The above investments are authorized for all funds and fund types used by Colorado municipalities.

Local Government Investment Pools

The City had invested \$5,651,512 in the Colorado Surplus Asset Fund Trust CORE Fund (“Colorado Core”) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. Colorado Core is an ultra-short duration enhanced cash fund seeking to maintain a constant share price of \$2.00 with an emphasis placed on limiting the risk of negative fair market valuations while maintaining high credit quality and adequate liquidity. The fund operates under GASB Statements 31 and 72 methodology for calculating fair market values and maintains a weighted average maturity of 180 days or less and a weighted average life of 365 days or less.

Colorado Core is rated AAf/S1 by Fitch Ratings. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Colorado Core investments primarily included, highly rated commercial paper, Colorado depositories in which the deposits are collateralized at 102% of market value under the provisions of the Public Depository Protection Act, and other Colorado LGIP funds inclusive of other funds offered by the Trust as allowed for by C.R.S 24-75-601.1(1)(i). Redemption requests must be made at least one day in advance and are limited to three per month

The City had invested \$16,934,196 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor’s. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions.

Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool’s share price multiplied by the number of shares held. The government-investor does not “look through” the pool to report a pro rata share of the pool’s investments, receivables, and payables.

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Restricted Cash

Cash is restricted for the following purposes:

Arterial Roadway	\$ 1,381,297
Regional Drainage	404,823
Parks	1,200,603
City Facilities	170,996
2020 COPS – Bond Proceeds	6,352,150
URA – Bond Proceeds	2,018,276
Water Tower and Related Expenditures	<u>3,738,196</u>
 Total	 <u>\$ 15,266,341</u>

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020 is summarized below:

	<u>Balances</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/2020</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 2,335,099	\$ 153,664	\$ -	\$ 2,488,763
Construction in Progress	<u>344,200</u>	<u>13,969,585</u>	<u>42,291</u>	<u>14,271,494</u>
Total Capital Assets, not depreciated	<u>2,679,299</u>	<u>14,123,249</u>	<u>42,291</u>	<u>16,760,257</u>
Capital Assets, depreciated				
Buildings	1,338,074	184,974	-	1,523,048
Machinery, Equipment, and Vehicles	2,081,008	371,380	42,485	2,409,903
Improvements/Infrastructure	<u>22,128,147</u>	<u>1,426,245</u>	<u>-</u>	<u>23,554,392</u>
Total Capital Assets, depreciated	<u>25,547,229</u>	<u>1,982,599</u>	<u>42,485</u>	<u>27,487,343</u>
Less Accumulated Depreciation				
Buildings	505,660	41,051	-	546,711
Machinery, Equipment, and Vehicles	1,096,990	260,204	32,079	1,325,115
Improvements/Infrastructure	<u>7,398,976</u>	<u>835,763</u>	<u>-</u>	<u>8,234,739</u>
Total Accumulated Depreciation	<u>9,001,626</u>	<u>1,137,018</u>	<u>32,079</u>	<u>10,106,565</u>
Total Capital Assets, depreciated, Net	<u>16,545,603</u>	<u>845,581</u>	<u>10,406</u>	<u>17,380,778</u>
Governmental Activities, Capital Assets, Net	<u>\$ 19,224,902</u>	<u>\$ 14,968,830</u>	<u>\$ 52,697</u>	<u>\$ 34,141,035</u>

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4: CAPITAL ASSETS (Continued)

	Balances <u>12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/2020</u>
Business-Type Activities				
Capital Assets, not depreciated				
Water Rights	\$ 14,370,403	\$ 238,436	\$ -	\$ 14,608,839
Total Capital Assets, not depreciated	<u>14,370,403</u>	<u>238,436</u>	<u>-</u>	<u>14,608,839</u>
Capital Assets, depreciated				
Water Tower	1,507,400	-	-	1,507,400
Water System	10,439,417	544,431	-	10,983,948
Buildings	228,341	-	-	228,341
Machinery, Equipment, and Vehicles	<u>258,852</u>	<u>9,726</u>	<u>-</u>	<u>268,578</u>
Total Capital Assets, depreciated	<u>12,434,010</u>	<u>554,257</u>	<u>-</u>	<u>12,988,267</u>
Less: Accumulated Depreciation				
Water Tower	1,168,545	37,685	-	1,206,230
Water System	2,465,164	275,015	-	2,740,179
Buildings	51,674	6,357	-	58,031
Machinery, Equipment, and Vehicles	<u>244,276</u>	<u>5,623</u>	<u>-</u>	<u>249,899</u>
Total Accumulated Depreciation	<u>3,929,659</u>	<u>324,680</u>	<u>-</u>	<u>4,254,339</u>
Total Capital Assets, depreciated, Net	<u>8,504,351</u>	<u>229,577</u>	<u>-</u>	<u>8,733,928</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 22,874,754</u>	<u>\$ 468,013</u>	<u>\$ -</u>	<u>\$ 23,342,767</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities

General Government	\$ 75,171
Public Safety	126,302
Public Works	869,589
Parks and Recreation	<u>65,956</u>
Total	<u>\$ 1,137,018</u>

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 5: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2020.

	Balance <u>12/31/2019</u>	<u>Additions</u>	<u>Payments</u>	Balance <u>12/31/2020</u>	Due In <u>One Year</u>
2020 Certificates of Participation (COPS)	\$ -	\$ 6,060,000	\$ -	\$ 6,060,000	\$ 215,000
2020 Premium – COPS	-	423,204	-	423,204	-
Capital Leases	219,125	-	137,182	81,943	78,668
Debt from Direct Placements					
General Obligation Bonds	1,197,887	-	186,286	1,101,601	192,951
2020 Series TIF Bonds	-	16,043,000	-	16,043,000	-
Other Obligations					
Compensated Absences	<u>161,318</u>	<u>52,962</u>	<u>-</u>	<u>214,280</u>	<u>-</u>
Total	<u>\$ 1,578,330</u>	<u>\$ 22,579,166</u>	<u>\$ 323,468</u>	<u>\$ 23,834,028</u>	<u>\$ 486,619</u>

Accrued Compensated Absences are being paid from resources generated by the General Fund.

2020 Certificates of Participation

In November 2020, the City issued \$6,060,000 in Series 2020 Certificates of Participation for the purpose of financing the acquisition, improvement and equipping of facilities to be used as part of the City Hall complex and paying the costs of issuance of the Certificates. The Certificates have been issued in connection with a lease of the City Hall complex and the surrounding area from the City to UMB Bank N.A. Principal payments are due annually on December 1 and interest payments are due semi-annually on June 1 and December 1, through December 1, 2040. Interest accrues at rate of 3.00%.

Pursuant to the provisions of the lease, the Certificates shall be called for redemption if the lease is terminated due to the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under the Lease. The redemption price will be the equal to the principal amount of the Certificates, plus accrued interest to the redemption date.

The Certificates maturing on and after December 1, 2029 are subject to redemption prior to their respective maturity dates, in whole or in part in integral multiples of \$5,000, at a redemption price equal to the principal amount of the Certificates, plus accrued interest to the redemption date (without redemption premium), on December 1, 2028 and any date thereafter, in the event of, and to the extent that moneys are actually received by the Trustee from, the exercise by the City of its option to purchase the Leased Property.

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 5: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Capital Leases

On December 14, 2017, the City entered into a capital lease in the amount of \$228,828 for the purchase of a dump truck. The lease requires annual payments of \$61,395 through December 2020 and bears interest at a rate of 4.924% per annum.

On February 27, 2017, the City entered into a capital lease in the amount of \$239,666 for the purchase of motor grader. The lease requires annual payments of \$51,341 through February 2021 and bears interest at a rate of 3.50% per annum.

On December 3, 2018, the City entered into a capital lease in the amount of \$96,386 for the purchase of a tractor, loader and mower. The lease requires annual payments of \$33,746 through January 2021 and bears interest at a rate of 5.00% per annum.

Debt from Direct Placements

2014 General Obligation Bonds

In June 2014, the City issued \$1,943,579 in Series 2014 General Obligation Refunding Bonds to advance refund \$1,770,000 of the outstanding Series 2005A bonds. The Series 2014 bonds are a private placement loan refunding. The net proceeds were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2005A series bonds. As a result, \$1,770,000 of the Series 2005A bonds are considered defeased, and the City has removed this portion of the liability. Principal payments are due annually on December 1 and interest payments are due semi-annually on June 1 and December 1, through December 1, 2025. Interest accrues at rate of 2.59%.

The Bonds are subject to redemption prior to maturity, at the option of the City, as a whole or in integral multiples of \$100,000, in any order of maturity and in whole or partial maturities, on June 1, 2019, or on any date thereafter at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date, without a redemption premium.

2020 Tax Increment Revenue (TIF) Bonds

In October 2020, the Authority issued \$16,043,000 in Tax Increment Revenue Bonds, Series 2020. Proceeds from the bonds will be used to acquire certain water rights known as the Windy Gap Units, to finance a portion of the costs of the design, construction, acquisition, and equipping of certain water and sewer infrastructure within the TIF Area and elsewhere within the City, and to pay costs of issuing the bonds.

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 5: LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

2020 Tax Increment Revenue Bonds (Continued)

The bonds bear interest rate of 6.250% per annum and are payable annually on December 1, beginning on December 1, 2020 from and to the extent of available pledged revenue. The bonds are structured as cash flow bonds meaning that there are no scheduled payments of principal or interest prior to the final maturity date.

The bonds mature on December 1, 2039 and are subject to mandatory redemption on December 1 of each year to the extent of available pledged revenue. In the event that principal of any bonds is not paid when due, such principal shall remain outstanding until the termination date of December 2, 2044 and shall continue to bear interest at the rate then borne by the bonds. To the extent interest on any bonds is not paid when due, such interest shall compound annually on each interest payment date at the rate then borne by the bonds. The bonds will be deemed discharged on the termination date.

Future Debt Service Requirements

Annual debt service requirements for the long-term debt, excluding compensated absences and the Series 2020 TIF Bonds, at December 31, 2020 are as follows:

<u>Year ended</u> <u>December 31,</u>	<u>Certificates of</u> <u>Participation</u>		<u>Direct Placement</u> <u>Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 215,000	\$ 191,395	\$ 192,951	\$ 26,200	\$ 625,546
2022	235,000	175,350	198,948	21,203	630,501
2023	240,000	168,300	199,601	16,050	623,951
2024	245,000	161,100	205,020	10,881	622,001
2025	255,000	153,750	215,081	5,571	629,402
2026 - 2030	1,390,000	649,650	-	-	2,039,650
2031 - 2035	1,610,000	427,950	-	-	2,037,950
2036 - 2040	<u>1,870,000</u>	<u>171,600</u>	<u>-</u>	<u>-</u>	<u>2,041,600</u>
Total	<u>\$ 6,060,000</u>	<u>\$ 2,099,095</u>	<u>\$ 1,011,601</u>	<u>\$ 79,905</u>	<u>\$ 9,250,601</u>

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 5: LONG-TERM DEBT (Continued)

Future Debt Service Requirements (Continued)

Following is a schedule of the future minimum lease payments required under the outstanding capital lease obligations at December 31, 2020.

Year Ended December 31,

2021	\$ <u>85,086</u>
Total Minimum Lease Payments	85,086
Less: Interest	<u>(3,143)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 81,943</u>

Business-Type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2020.

	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/2020</u>	<u>Due In</u> <u>One Year</u>
Debt from Direct Placements					
Water Enterprise Refunding Bonds	\$ 1,030,803	\$ -	\$ 159,773	\$ 871,030	\$ 166,231
Other Obligations					
Compensated Absences	<u>34,297</u>	<u>8,941</u>	<u>-</u>	<u>43,238</u>	<u>-</u>
Total	<u>\$ 1,065,100</u>	<u>\$ 8,941</u>	<u>\$ 159,773</u>	<u>\$ 914,268</u>	<u>\$ 166,231</u>

2014 Water Enterprise Revenue Bonds

In June 2014, the City issued \$1,772,092 in Series 2014 Water Enterprise Revenue Refunding Bonds to advance refund \$1,790,000 of the outstanding Series 2005 Water Revenue Bonds. The Series 2014 bonds are a private placement loan refunding. The net proceeds were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the Series 2005 Revenue Bonds. As a result, the Series 2005 Revenue Bonds are considered defeased, and the City has removed this portion of the liability. Principal payments are due annually on June 1 and interest payments are due semi-annually on June 1 and December 1, through June 1, 2025. Interest accrues at rate of 2.59%.

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 5: LONG-TERM DEBT (Continued)

2014 Water Enterprise Revenue Bonds (Continued)

The Bonds are subject to redemption prior to maturity, at the option of the City, as a whole or in integral multiples of \$100,000, in any order of maturity and in whole or partial maturities, on June 1, 2019, or on any date thereafter at a redemption price equal to the principal amount so redeemed plus accrued interest to the redemption date, without a redemption premium.

Future Debt Service Requirements

Annual debt service requirements for the long-term debt, excluding compensated absences, at December 31, 2020 are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 166,231	\$ 20,407	\$ 186,638
2022	172,036	16,026	188,062
2023	172,492	11,564	184,056
2024	177,709	7,030	184,739
2025	<u>182,562</u>	<u>2,364</u>	<u>184,926</u>
Total	<u>\$ 871,030</u>	<u>\$ 57,391</u>	<u>\$ 928,421</u>

NOTE 6: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The City purchases commercial insurance for these risks of loss. Settled claims have not exceeded insurance coverage in the last three years.

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 7: DEFINED BENEFIT PENSION PLAN

Statewide Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The City contributes to the Statewide Defined Benefit Pension Plan (“SWDB Plan”), a cost-sharing multiple-employer defined benefit pension plan, which is administered by the FPPA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDB Plan have been determined using the economic resources measurement focus and the accrual basis of accounting.

The Plan assets are included in the Fire & Police Members’ Benefit Investment Fund and the Fire & Police Members’ Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

General Information about the Pension Plan

Plan description. The SWDB Plan provides retirement benefits for members and beneficiaries according to plan provisions as enacted and governed by FPPA’s Pension Fund Board of Trustees. Colorado Revised Statutes (“CRS”), as amended, establishes basic benefit provisions under the SWDB Plan. FPPA issues an annual, publicly-available financial report that includes the assets of the SWDB Plan. That report may be obtained on FPPA’s website at <http://www.fppaco.org>.

Benefits provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member’s combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member’s highest three years’ pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually.

Effective January 1, 2007, members covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board’s discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions. The SWDB Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions are 8 percent in 2019 and 2020. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2019, members of the SWDB plan and their employers are contributing at the rate of 10.5 percent and 8 percent, respectively, of pensionable earnings for a total contribution rate of 18.5 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22.5 percent and 23.0 percent of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

The contribution rate for members and employers of affiliated social security employers is 5.25 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.25 percent in 2019 and 9.50 percent in 2020. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent in 2019 and 2020. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

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

At December 31, 2020, the City reported an asset in the amount of \$69,024 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2020. Standard update procedures were used to roll forward the total pension liability to December 31, 2020. The City's proportion of the net pension asset was based on the City's contributions to the SWDB Plan for the calendar year 2019 relative to the total contributions of participating employers to the SWDB Plan.

At December 31, 2019 the City's proportion was 0.12205%, which was an increase of 0.00449% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020 the City recognized a pension expense of \$35,735. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$233,591	\$1,351
Net difference between projected and actual earnings on pension plan investments	N/A	\$108,508
Changes in proportion and differences between contributions recognized and proportionate share of contributions	\$8,930	\$30,176
Change in assumptions and other inputs	\$131,062	N/A
Contributions subsequent to the measurement date	\$89,281	N/A
Total	\$462,864	\$140,035

\$89,281 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	
2021	\$21,595
2022	\$12,198
2023	\$47,498
2024	\$1,711
2025	\$48,013
Thereafter	\$102,533

Actuarial assumptions. The actuarial valuations for the SWDB Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2019. The valuations used the following actuarial assumptions and other inputs:

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Total Pension Liability:

Actuarial Valuation Date	January 1, 2020
Actuarial Method	Entry Age Normal
Amortization Method	N/A
Amortization Period	N/A
Long-term investment Rate of Return*	7.00 percent
Projected salary increases*	4.25 – 11.25 percent
Cost of Living Adjustments (COLA)	0.00 percent

*Includes Inflation at 2.5%

Actuarially Determined Contributions:

Actuarial Valuation Date	January 1, 2019
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.0 percent
Projected salary increases*	4.25-11.25 percent
Cost of Living Adjustments (COLA)	0.00 percent

*Includes Inflation at 2.5%

For determining the total pension liability and actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The preretirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38.00%	7.00%
Equity Long/Short	8.00%	6.00%
Private Markets	25.00%	9.20%
Fixed Income	15.00%	5.20%
Absolute Return	8.00%	5.50%
Managed Futures	4.00%	5.00%
Cash	2.00%	2.52%
Total	100.00%	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 7: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Defined Benefit Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.75 percent (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan’s net pension liability/(asset), calculated using a Single Discount Rate of 7.00 percent, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	\$418,509	(\$69,024)	(\$473,369)

Pension plan fiduciary net position. Detailed information about the SWDB Plan’s fiduciary net position is available in FPPA’s comprehensive annual financial report which can be obtained at <http://www.fppaco.org>.

NOTE 8: DEFINED CONTRIBUTION PENSION PLANS

General Money Purchase Pension Plan

The City contributes to a single employer defined contribution money purchase pension plan on behalf of all employees other than police, which is administered by Security Benefit. Each Employee will be enrolled as a participant of this plan on the first day of the calendar month immediately following or coincident with the completion of three months of continuous employment with the City. Employee and employer contributions are always 100% vested. The contribution requirements of Plan participants and the City are established and may be amended by City Council. The City contributes 8% of an employee’s salary. The City contributed \$90,132, \$99,324 and \$114,029 to the plan for the years ended December 31, 2018, 2019 and 2020, respectively, equal to the required contribution.

CITY OF DACONO, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 9: COMMITMENTS AND CONTINGENCIES

URA Infrastructure Agreement

In October 2020, the City entered into an Acquisition and Construction of Infrastructure Agreement with the Authority, whereby the Authority has agreed to finance the purchase of five shares of Windy Gap Water Units in the amount of \$13,500,000 and to finance certain costs related to sewer expansion. The Authority has determined that the acquisition of the Windy Gap Units and the construction of water and sewer infrastructure for use within Plan areas and elsewhere in the City are in the public interest and will further the goals of the Authority to eliminate and prevent blight which will facilitate private development attracting investment within the Plan areas and surrounding areas, which in turn will prevent and remediate blighted conditions within the City.

During the year, the Authority issued the Series 2020 Tax Increment Financing bonds to finance the purchase of the Windy Gap Units and finalized the purchase of the Windy GAP shares in the amount of \$13,500,000. Per the agreement, the Windy Gap Units will be owned by the City, and the Authority will transfer the five shares of Windy Gap Units to the City's Water Fund in 2021.

Tabor Amendment

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 government. On November 5, 1996, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1996 and subsequent years for street improvement projects, capital projects, basic municipal services and/or lawful municipal purposes, notwithstanding the provisions of the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2020, the emergency reserve of \$199,000 was recorded in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DACONO, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2020

	2020			VARIANCE	2019
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	ACTUAL
REVENUES					
Taxes	\$ 3,507,740	\$ 3,406,515	\$ 3,399,033	\$ (7,482)	\$ 3,451,631
Licenses and Permits	449,210	461,340	456,291	(5,049)	2,202,384
Intergovernmental	71,500	149,620	284,057	134,437	55,890
Court	128,000	72,000	61,718	(10,282)	129,688
Interest	90,000	55,000	44,541	(10,459)	109,185
Miscellaneous	396,815	193,675	194,529	854	567,207
TOTAL REVENUES	<u>4,643,265</u>	<u>4,338,150</u>	<u>4,440,169</u>	<u>102,019</u>	<u>6,515,985</u>
EXPENDITURES					
Current					
General Government	2,397,115	1,928,830	1,908,391	20,439	2,036,758
Public Safety	2,325,695	2,337,985	2,287,994	49,991	1,925,021
Parks and Recreation	158,960	100,100	81,554	18,546	61,880
Capital Outlay	474,740	17,500	17,491	9	294,119
TOTAL EXPENDITURES	<u>5,356,510</u>	<u>4,384,415</u>	<u>4,295,430</u>	<u>88,985</u>	<u>4,317,778</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(713,245)</u>	<u>(46,265)</u>	<u>144,739</u>	<u>191,004</u>	<u>2,198,207</u>
OTHER FINANCING SOURCED (USES)					
Transfers Out	<u>(340,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>	<u>(77,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(340,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>	<u>(77,000)</u>
CHANGE IN FUND BALANCE	(1,053,245)	(176,265)	14,739	191,004	2,121,207
FUND BALANCE, Beginning	<u>4,146,362</u>	<u>4,585,174</u>	<u>4,585,174</u>	<u>-</u>	<u>2,463,967</u>
FUND BALANCE, Ending	<u>\$ 3,093,117</u>	<u>\$ 4,408,909</u>	<u>\$ 4,599,913</u>	<u>\$ 191,004</u>	<u>\$ 4,585,174</u>

See the accompanying independent auditors' report.

CITY OF DACONO, COLORADO

STREET FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2020

	2020			VARIANCE	2019 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 1,364,115	\$ 1,320,315	\$ 1,333,771	\$ 13,456	\$ 1,401,105
Licenses and Permits	10,000	6,000	6,000	-	11,500
Intergovernmental	252,555	270,320	245,426	(24,894)	293,712
Interest	30,000	9,375	8,882	(493)	28,558
Miscellaneous	-	-	86,000	86,000	-
TOTAL REVENUES	<u>1,656,670</u>	<u>1,606,010</u>	<u>1,680,079</u>	<u>74,069</u>	<u>1,734,875</u>
EXPENDITURES					
Public Works	1,175,525	975,825	818,031	157,794	801,917
Debt Service					
Principal	186,290	186,290	186,286	4	184,429
Interest	31,025	31,025	31,025	-	35,802
Capital Outlay	209,100	202,600	193,039	9,561	217,520
TOTAL EXPENDITURES	<u>1,601,940</u>	<u>1,395,740</u>	<u>1,228,381</u>	<u>167,359</u>	<u>1,239,668</u>
CHANGE IN FUND BALANCE	54,730	210,270	451,698	241,428	495,207
FUND BALANCE, Beginning	<u>1,504,287</u>	<u>1,845,319</u>	<u>1,845,319</u>	-	<u>1,350,112</u>
FUND BALANCE, Ending	<u>\$ 1,559,017</u>	<u>\$ 2,055,589</u>	<u>\$ 2,297,017</u>	<u>\$ 241,428</u>	<u>\$ 1,845,319</u>

See the accompanying independent auditors' report.

CITY OF DACONO, COLORADO

IMPACT FEE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2020

	2020			VARIANCE	2019 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Impact Fees	616,760	\$ 352,385	\$ 359,210	\$ 6,825	\$ 576,672
Intergovernmental	-	-	35,507	35,507	-
Interest	50,000	32,000	24,361	(7,639)	57,946
TOTAL REVENUES	666,760	384,385	419,078	34,693	634,618
EXPENDITURES					
General Government	475,000	145,000	65,967	79,033	80,571
TOTAL EXPENDITURES	475,000	145,000	65,967	79,033	80,571
CHANGE IN FUND BALANCE	191,760	239,385	353,111	113,726	554,047
FUND BALANCE, Beginning	2,741,942	2,818,400	2,818,400	-	2,264,353
FUND BALANCE, Ending	<u>\$ 2,933,702</u>	<u>\$ 3,057,785</u>	<u>\$ 3,171,511</u>	<u>\$ 113,726</u>	<u>\$ 2,818,400</u>

See the accompanying independent auditors' report.

CITY OF DACONO, COLORADO

URBAN RENEWAL AUTHORITY (FORMERLY EDAD)
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2020

	2020			VARIANCE	2019 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 411,650	\$ 410,975	\$ 410,975	\$ -	\$ 111,272
Miscellaneous	-	400	418	18	14,775
TOTAL REVENUES	<u>411,650</u>	<u>411,375</u>	<u>411,393</u>	<u>18</u>	<u>126,047</u>
EXPENDITURES					
General Government	105,000	178,164	133,253	44,911	94,587
Capital Outlay	-	13,500,000	13,500,000	-	-
Bond Costs of Issuance	-	543,000	525,142	17,858	-
Debt Service					
Principal	-	-	-	-	75,543
Interest	-	-	-	-	1,465
TOTAL EXPENDITURES	<u>105,000</u>	<u>14,221,164</u>	<u>14,158,395</u>	<u>62,769</u>	<u>171,595</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>306,650</u>	<u>(13,809,789)</u>	<u>(13,747,002)</u>	<u>62,787</u>	<u>(45,548)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of Long-Term Debt	-	16,043,000	16,043,000	-	77,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>16,043,000</u>	<u>16,043,000</u>	<u>-</u>	<u>77,000</u>
CHANGE IN FUND BALANCE	306,650	2,233,211	2,295,998	62,787	31,452
FUND BALANCE, Beginning	<u>488</u>	<u>31,815</u>	<u>31,815</u>	<u>-</u>	<u>363</u>
FUND BALANCE, Ending	<u>\$ 307,138</u>	<u>\$ 2,265,026</u>	<u>\$ 2,327,813</u>	<u>\$ 62,787</u>	<u>\$ 31,815</u>

See the accompanying independent auditors' report.

CITY OF DACONO, COLORADO

CAPITAL EQUIPMENT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2020

	2020			VARIANCE	2019 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Taxes	\$ 249,770	\$ 240,000	\$ 243,173	\$ 3,173	\$ 257,221
Interest	2,000	1,000	1,293	293	1,673
TOTAL REVENUES	251,770	241,000	244,466	3,466	258,894
EXPENDITURES					
General Government	38,340	37,440	-	37,440	3,500
Capital Outlay	1,976,980	858,900	814,609	44,291	59,672
Bond Costs of Issuance	-	142,300	169,917	(27,617)	-
Debt Service					
Principal	477,475	137,475	137,182	293	211,697
Interest and Other Charges	10,610	10,610	9,300	1,310	13,113
TOTAL EXPENDITURES	2,503,405	1,186,725	1,131,008	55,717	287,982
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,251,635)	(945,725)	(886,542)	59,183	(29,088)
OTHER FINANCING SOURCES (USES)					
Proceeds of Long-Term Debt	1,803,980	6,442,300	6,483,204	40,904	-
Transfers In	340,000	130,000	130,000	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,143,980	6,572,300	6,613,204	40,904	-
CHANGE IN FUND BALANCE	(107,655)	5,626,575	5,726,662	100,087	(29,088)
FUND BALANCE, Beginning	109,633	152,075	152,075	-	181,163
FUND BALANCE, Ending	\$ 1,978	\$ 5,778,650	\$ 5,878,737	\$ 100,087	\$ 152,075

See the accompanying independent auditors' report.

CITY OF DACONO, COLORADO

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportionate share of the Net Pension Liability (Asset)	0.110%	0.110%	0.115%	0.129%	0.100%	0.118%	0.122%
City's proportionate share of the Net Pension Liability (Asset)	\$ (137,851)	\$ (124,456)	\$ (2,028)	\$ 46,589	\$ (144,052)	\$ 148,622	\$ (69,024)
City's covered payroll	\$ 476,888	\$ 495,913	\$ 533,488	\$ 635,190	\$ 639,365	\$ 787,450	\$ 899,521
City's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered payroll	-28.9%	-25.1%	-0.4%	7.3%	-22.5%	18.9%	-7.7%
Plan fiduciary net position as a percentage of the total pension liability	106.8%	105.8%	100.1%	98.2%	106.3%	95.2%	101.9%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

CITY OF DACONO, COLORADO
 SCHEDULE OF THE CITY'S CONTRIBUTIONS
 STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Statutorily required contributions	38,151	\$ 39,673	\$ 42,679	\$ 50,815	\$ 51,149	\$ 62,996	\$ 71,960	\$ 89,281
Contributions in relation to the statutorily required contributions	<u>38,151</u>	<u>39,673</u>	<u>42,679</u>	<u>50,815</u>	<u>51,149</u>	<u>62,996</u>	<u>71,960</u>	<u>89,281</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 476,888	\$ 495,913	\$ 533,488	\$ 635,190	\$ 639,365	\$ 787,450	\$ 899,521	\$ 1,116,009
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

Notes:

This schedule will report ten years of data when it is available.

See the accompanying independent auditors' report.

COMBINING AND INDIVIDUAL FUND SCHEDULES

CITY OF DACONO, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2020

	2020			VARIANCE Positive (Negative)	2019 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Intergovernmental	\$ 23,500	\$ 29,650	\$ 29,649	\$ (1)	\$ 31,212
Interest	50	10	8	(2)	39
TOTAL REVENUES	<u>23,550</u>	<u>29,660</u>	<u>29,657</u>	<u>(3)</u>	<u>31,251</u>
EXPENDITURES					
Parks and Recreation	<u>20,500</u>	<u>5,000</u>	<u>4,850</u>	<u>150</u>	<u>27,405</u>
CHANGE IN FUND BALANCE	3,050	24,660	24,807	147	3,846
FUND BALANCE, Beginning	<u>35,655</u>	<u>39,451</u>	<u>39,451</u>	<u>-</u>	<u>35,605</u>
FUND BALANCE, Ending	<u>\$ 38,705</u>	<u>\$ 64,111</u>	<u>\$ 64,258</u>	<u>\$ 147</u>	<u>\$ 39,451</u>

See the accompanying independent auditors' report.

CITY OF DACONO, COLORADO

WATER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2020

	2020			VARIANCE	2019 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Water Sales	\$ 1,902,120	\$ 1,944,400	\$ 2,010,257	\$ 65,857	\$ 1,917,561
Trash Charges	254,400	267,000	270,014	3,014	251,525
Tap Fees and Other Contributions	3,080,000	85,000	87,000	2,000	187,500
Interest	100,000	40,500	41,050	550	120,992
Other Revenues	14,815	13,556,625	14,820	(13,541,805)	14,392
TOTAL REVENUES	<u>5,351,335</u>	<u>15,893,525</u>	<u>2,423,141</u>	<u>(13,470,384)</u>	<u>2,491,970</u>
EXPENDITURES					
Water Distribution	783,367	777,840	756,065	21,775	695,887
General and Administrative	1,871,230	1,846,550	1,839,126	7,424	1,023,697
Debt Service					
Principal	159,775	159,775	159,773	2	158,117
Interest	24,630	29,000	24,284	4,716	27,801
Capital Outlay	410,100	13,825,120	334,843	13,490,277	102,895
TOTAL EXPENDITURES	<u>3,249,102</u>	<u>16,638,285</u>	<u>3,114,091</u>	<u>13,524,194</u>	<u>2,008,397</u>
NET INCOME, Budget Basis	<u>\$ 2,102,233</u>	<u>\$ (744,760)</u>	(690,950)	<u>\$ 53,810</u>	483,573
GAAP BASIS ADJUSTMENTS					
Capital Outlay			334,843		102,895
Capital Contributions			457,850		476,620
Depreciation Expense			(324,680)		(317,456)
Principal Paid on Long-Term Debt			159,773		158,117
NET INCOME, GAAP Basis			(63,164)		903,749
NET ASSETS, Beginning			<u>28,123,449</u>		<u>27,219,700</u>
NET ASSETS, Ending			<u>\$ 28,060,285</u>		<u>\$ 28,123,449</u>

See the accompanying independent auditors' report.

STATE COMPLIANCE

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Dacono
		YEAR ENDING : December 2020
This Information From The Records Of (example - City of _ or County of City of Dacono)	Prepared By: Phone:	Kelly Stroh 303-833-2317

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)	193,039
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	104,958
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	7,115
2. General fund appropriations		b. Snow and ice removal	55,312
3. Other local imposts (from page 2)	1,376,560	c. Other	15,246
4. Miscellaneous local receipts (from page 2)	100,883	d. Total (a. through c.)	77,673
5. Transfers from toll facilities		4. General administration & miscellaneous	635,400
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,011,070
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	31,025
7. Total (1 through 6)	1,477,443	b. Redemption	186,286
B. Private Contributions		c. Total (a. + b.)	217,311
C. Receipts from State government (from page 2)	202,637	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,680,080	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	217,311
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	
			1,228,381

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	1,197,887		186,286	1,011,601
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
	1,845,316	1,680,080	1,228,381	2,297,015	(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 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	215,864	a. Interest on investments	8,883
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	1,094,266	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	6,000
5. Specific Ownership &/or Other	66,430	g. Other Misc. Receipts	86,000
6. Total (1. through 5.)	1,160,696	h. Other	
c. Total (a. + b.)	1,376,560	i. Total (a. through h.)	100,883
	(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	178,996	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	23,641	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	23,641	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	202,637	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		187,117	187,117
(4). System Enhancement & Operation		5,923	5,923
(5). Total Construction (1) + (2) + (3) + (4)	0	193,039	193,039
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	193,039	193,039
			(Carry forward to page 1)

Notes and Comments: