



COUNCIL INFORMATION PACKET

Council Meeting

Monday

December 11, 2023

6:00 p.m. MDT

TOWN OF COLORADO CITY

MEETING NOTICE

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Colorado City Town Council and to the general public that the Town Council will hold a meeting open to the public on **Monday December 11, 2023**, at 6:00 p.m. at the **Colorado City Town Hall, 25 South Central Street**, Colorado City, Arizona.

AGENDA:

1. Call to Order
2. Roll Call
3. Pledge of Allegiance
4. Minutes of Previous Meeting(s)
5. Public Comments / Informational Summaries
6. Town Manager & Department Reports to the Council
7. Fiscal Year 2021-2022 Financial Audit Presentation by HintonBurdick
8. Ratify Appointments to the Town of Colorado City Municipal Airport Advisory Board
9. Consider Creekside Park Preliminary Plat
10. First Reading of Ordinance Amending Town Code Title III, Chapter 31, Section §31.41 Purchasing
11. Consider Resolution Updating the Purchasing Policy for the Town of Colorado City
12. Consider Personnel Policy 6 Attendance and Leaves Update
13. Consider Resolution Authorizing a Loan from the Risk Management Fund for Police Vehicles
14. Consider Intergovernmental Agreement with Mohave County Agencies for Arizona Department of Administration, Grants and Federal Resources (ADOA-GFR) Arizona 911 Grant Program
15. Executive Session for Discussion and Consultation with Legal Counsel for Legal Advice in Accordance with A.R.S. 38-431.03(A)(3)&(4).
16. Budget Report and Order to Pay Due Claims
17. Council Comments
18. Adjournment

Agenda items and any variables thereto are set for consideration, discussion, approval or other action. All items are set for possible action. The Town Council may, by motion, recess into executive session, which will not be open to the public, to receive legal advice from the Town's attorney(s) on any item contained in this agenda pursuant to ARS § 38-431.03 (A) (3)(4), or regarding sensitive personnel issues pursuant to ARS § 38-431.03 (A) (1), or concerning negotiations for the purchase, sale or lease of real property; ARS § 38-431.03 (A) (7). One or more Council members may be attending by telephone. Agenda may be subject to change up to 24 hours prior to the meeting. Persons with a disability may request a reasonable accommodation by contacting the Town Clerk at 928.875.2646 as early as possible to allow sufficient time to arrange for the necessary accommodations. Town of Colorado City Council Meeting Agenda.



**Town of Colorado City
COUNCIL MEETING AGENDA
STAFF SUMMARY REPORT
Monday December 11, 2023**

6:00 p.m.

4. Minutes of prior meetings

Page 1

Presented are the minutes of the November 13, 2023, meeting that needs to be reviewed and approved by the Council.

RECOMMENDATION **Motion:** _____ **2nd:** _____ **Vote:** ____/____
Motion to approve the minutes of the November 13, 2023, meeting.

5. Public Comment

The chairperson of the meeting should outline the rules of public comment and the time limit imposed according to the following guidelines:

Anyone from the public is invited to make a comment at this time. Please step up to the podium and state your name for the record. There is a standard time limit of three minutes per person. Although we welcome and invite your comments, no discussion or response from the Council is required and individuals should not anticipate any.

According to Arizona law (A.R.S. § 38-431.01(H)) the only action that may be taken as a result of public comment will be limited to directing staff to study the matter or scheduling the matter for further consideration and decision at a later date.

6. TOWN MANAGER & DEPARTMENT REPORTS

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1. Airport Manager & Advisory Committee – LaDell Bistline Sr.
2. Building Department-- Andrew Barlow
3. Police Department/ Dispatch – Robb Radley
4. Public Works/ Landfill– John T. Barlow
5. Utility Department – Jerry Postema
6. Administration Department – Vance Barlow
7. Magistrate Court -- Barbara Brown

Department reports should be treated like public comment and limited to clarifying questions directing staff to study the matter or scheduling the matter for further consideration and possible action at a later date.

7. Fiscal Year 2021-2022 Financial Audit Presentation by HintonBurdick **Page 22**

Staff from HintonBurdick CPA's & Advisors will present the results of the audit of the financial statements of the Town of Colorado City, Arizona as of June 30, 2022. They will present the audit findings and financial statements of the Town. The Town received the final audit documents on October 16, 2023.

The Council members are encouraged to review the audited financial statements, findings and responses and come prepared to ask questions.

(Audited financial statements are included in the packet)

Informational only no Council action is needed.

8. Ratify Appointment(s) to the Town of Colorado City Municipal Airport Advisory Board.

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Presenter: Mayor Ream

At the October 16, 2024, Town Council meeting the Town Council adopted a Resolution to reorganize and restructure the Colorado City Municipal Airport Advisory Board. The resolution also established a six-year term of appointment and set expiration dates for the existing members.

Two positions were set to expire December 31, 2023. The Town posted notices of opportunity to serve on the committee and received 4 applications which were reviewed by the Mayor and he has appointed Steven Black and Jared Zitting to the committee.

With this appointment the committee will consist of:

Jacob Jessop & Paul Black December 31, 2025

Darlene Stubbs December 31, 2027

Steven Black & Jared Zitting December 31, 2029

RECOMMENDATION Motion:_____ 2nd:_____ Vote:___/___

Motion to ratify the appointment of Steven Black & Jared Zitting to the Town of Colorado City Municipal Airport Advisory Committee with terms ending December 31, 2029.

9. Consider Creekside Park Preliminary Plat

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Presenter: Vance Barlow, Town Manager

Presented for Council Consideration is a preliminary plat, submitted by, Creekside Park, LLC, for a 55-unit townhome subdivision located between Hammon Street and Barlow Street North of Academy and South of Arizona.

The Town Council approved the zoning to an R2 Residential at the March 13 Council meeting.

On November 6, 2023, the Planning Commission reviewed the proposed preliminary plat and after considerable discussion recommended that the Town Council approve the preliminary plat.

After the preliminary plat is approved the developer will complete the construction drawings that will be reviewed and approved by staff prior to construction. After the construction is completed, the developer will submit a final plat with as built for final approval and recording.

RECOMMENDATION Motion:_____ 2nd:_____ Vote:___/___

Motion to approve the preliminary plat for Creekside Park Subdivision on condition that the

water flow modeling be completed and approved prior to construction drawings being approved.

10. First Reading of Ordinance Amending Town Code Title III, Chapter 31, Section §31.41 Purchasing **Page 159**

Presenter: Town Manager Vance Barlow

As part of the process for updating the Town of Colorado City Purchasing Policy a need to make a minor amendment to the Town Code was identified. When the Town Code was first adopted there was not a Town Manager position and so the Town Treasurer was designated as the purchasing agent for the Town. The recommendation is to designate the Town Manager as the purchasing agent for the Town.

This amendment to the Town Code has been reviewed by the Towns legal counsel.

RECOMMENDATION **Motion:**_____ **2nd:**_____ **Vote:**___/___

Motion to read Ordinance 2024-01 adopting amendments to the Town Code Title III, Chapter 31, Section §31.41 Purchasing in full.

After the motion is passed the Town Clerk should read the ordinance in full into the record.

11. Consider Resolution Updating Purchasing Policy for the Town of Colorado City **Page 161**
Presenter: Town Manager Vance Barlow

The Town of Colorado City purchasing policy was last updated in 2010. Staff has reviewed the policy and presented here for Council consideration is an updated purchasing policy which raises some of the limits and clarifies some areas that were ambiguous in the existing policy.

The significant changes are:

- Designating the Town Manager as the Purchasing Agent for the Town.
- Raises the amount that requires a formal bidding process from \$25,000 to \$50,000.
- Provides for a local preference.

RECOMMENDATION **Motion:**_____ **2nd:**_____ **Vote:**___/___

Motion to adopt Resolution 2023-32 updating the Town of Colorado City purchasing policy.

12. Consider Personnel Policy 6 Attendance and Leaves Update **Page 171**
Presenter: Rosie White, Town Clerk

In working with the employees on personal leave questions there were a couple of places in the policy that were ambiguous. Staff has reviewed the policy and is proposing a few edits to make it clearer.

RECOMMENDATION **Motion:**_____ **2nd:**_____ **Vote:**___/___

Motion to approve updates to Personnel Policy 6 Attendance & Leaves

13. Consider Financing for Police Vehicles **Page 182**
Presenter: Vance Barlow, Town Manager

In October 2021 the Town Council approved the use of Risk Management Fund funds for internal financing subject to certain limitations and Town Council approval.

The limitations were:

- Approval of the Town Council
- Maximum three-year payback
- Minimum interest rate at current municipal lease with minimum of 2.99%
- Fund balance maintained at \$800,000 or higher.

The Town budgeted for two police vehicles. The vehicles were purchased in July and are now getting upfitted for service. (there was a considerable delay in getting the necessary parts for upfitting delivered).

The staff is requesting permission to make a loan, not to exceed \$170,000 from the RMF and spread the cost of the two vehicles and the upfitting over three fiscal years. The proposed loan amount would leave a balance of \$828,000 in the fund.

RECOMMENDATION **Motion:**_____ **2nd:**_____ **Vote:**___/___

Motion to adopt Resolution 2023-33 authorizing a loan from the Risk Management Fund to the general fund in an amount not to exceed \$170,000 for the purchase and upfitting of two police vehicles.

14. Consider Updated Intergovernmental Agreement with Mohave County Agencies for Arizona Department of Administration, Grants and Federal Resources (ADOA-GFR) Arizona 911 Grant Program **Page 184**

Presenter: Chief Rob Radley

On May 10, 2021, an IGA with the ADOA-GFR and Mohave County and the other municipalities in Mohave County was approved and entered into by the Town. The IGA provided that each of the participating agencies would be the fiscal agent for the grant in different years. After working the process for two years the parties to the IGA decided that it would be in the best interest of all to have one agency be the fiscal agent going forward and that Mohave County would be the fiscal agent for the 911 grant funding.

The IGA has been updated to reflect that the change has been reviewed by legal counsel and is ready for Town Council action.

RECOMMENDATION **Motion:**_____ **2nd:**_____ **Vote:**___/___

Motion to approve the updated IGA with Mohave County Agencies for Arizona Department of Administration, Grants and Federal Resources (ADOA-GFR) Arizona 911 Grant Program and authorize the mayor to sign the same.

15. Executive Session for Discussion and Consultation with Legal Counsel for Legal Advice in Accordance with A.R.S. 38-431.03(A)(3)&(4).

This item will need to be discussed in executive session with legal counsel.

RECOMMENDATION **Motion:**_____ **2nd:**_____ **Vote:**___/___

Motion to go into executive session for discussion and consultation with legal counsel for legal advice in accordance with A.R.S. 38-431.03(A)(3)&(4).

16. Budget Report and Order to Pay Due Claims

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Presenter: Vance Barlow, Town Manager

The Budget Report and Payment Approval Report is presented for review and approval.

RECOMMENDATION **Motion:** _____ **2nd:** _____ **Vote:** ____/____
Motion to pay the due claims as they become due.

17. Council Comments

This time is for any Council Member to bring up other items for awareness. The Council will not be able to take action on items brought up at this time. The Council can direct staff to do additional research on matters and/or schedule them for action on a future agenda.

Per State Statute (A.R.S §38-431.02(K)(2) The public body does not propose, discuss, deliberate or take legal action at that meeting on any matter in the summary unless the specific matter is properly noticed for legal action.

18. Adjournment

SUMMARIZED MINUTES OF THE TOWN OF COLORADO CITY COUNCIL MEETING HELD MONDAY, NOVEMBER 13, 2023, AT 25 S CENTRAL STREET, COLORADO CITY, ARIZONA

The meeting was called to order at 6:00 p.m. by Mayor Howard Ream.

Roll call showed present: Mayor Howard Ream, Vice Mayor Dalton Barlow, and Council Members: John Chatwin, Jerusha Darger, Alma Hammon, Thomas Holm, and Nathan Burnham.

The Pledge of Allegiance was led by Mayor Howard Ream.

MINUTES OF PRIOR MEETINGS

The minutes of the October 16, 2023, and October 30, 2023, meetings were presented for approval. There was a name correction pointed out and a request to add a street name for clarification.

A motion was made by Nathan Burnham to approve the minutes of the October 16, and October 30, 2023, meetings, with those corrections. The motion was seconded by Alma Hammon, and all voted in favor.

PUBLIC COMMENTS

Matthew Barlow- 240 E. Johnson Ave. zoning issue to be looked at. There are many trailers and people living everywhere!

Jared Steed- Brought up a concern regarding Juniper Street and Arizona Avenue where the water has washed part of the chip seal out and created a deep hole that is crumbling away.

DEPARTMENT REPORTS

The department reports were in the information packet. Vance Barlow answered questions and clarified the reports.

Airport
Building
Police
Public Works/Parks
Utilities
Town Manager

CDBG PUBLIC HEARING NO.2—Input on Community Development & Proposed Projects Selection

Public Hearing Opened at 6:14 and closed at 6:21.

Tracy Barlow – works for the UEP and as an employee he has interest in the Hildale Street improvements.

Jesse Barlow – would like to see the Hildale Street Project take precedence.

Elissa Wall – Feels like there is a safety factor on Hildale Street. Kids walk that street. She would like to see the Hildale Street project happen.

Matthew Barlow – supports the Hildale Street project

Jared Steed – Voted for Hildale Street & if there were extra funds, he would like to see the rest of the streets done also.

Mayor Ream asked the Council if they were ready to vote on this. There were still questions by the council members that they felt needed answered before a decision could be reached.

Mayor Ream reopened the Public Hearing.

Jerusha Darger asked Jesse Barlow, as a fire fighter, if there were any fire hydrant risks right now? Jesse said yes. Cane Beds does not have any hydrants but as for our town, we have an ESO rating of 3 which is really pretty good for a rural town. We would like to be at a “2” rating though. Ideally, we would like to have a fire hydrant within 250 feet of every house.

Mayor Ream explained that there is undeveloped land on Hildale Street. He would like to protect the residences that are here now and let the developers improve Hildale Street.

Elissa Wall came back with, there are not as many private undeveloped lots were on that street as we think.

Devan Darger posed the question, “Why are you considering the fire hydrant project when that is the responsibility of the Utility Department?”

Mayor Ream pointed out that we own the “Utilities.”

Mayor Ream asked the Council Members opinions. Two felt strongly that they wanted the Hildale Street Project. Five of the members wanted the Fire Hydrant Project as safety is a priority.

Mayor Ream closed the Public Hearing

Public Hearing was closed at 6:46.

Consider Resolution Selecting CDBG Project and Authorizing Submission of CDBG SSP Application

Grants Manager/ Building Official Andrew Barlow presented this item. He explained to the Council that CDBG grant projects must either be for community wide benefit to meet low to moderate income thresholds, or a neighborhood income survey must be conducted by the Town.

The SSP activities are limited to projects that have an environmental review completed or projects that do not need an environmental review. Eligible activities must be ready to begin implementation within 30 days of execution of a grant agreement. It is important to note that any project requiring an environmental review record (ERR) may not be eligible for an SSP grant if the ERR is not completed prior to the application submittal.

A motion to adopt Resolution 2023-28 Authorizing Submission of the 2023 CDBG-Special Projects grant application for CDBG Projects as the Fire Hydrant Project as the project was made by Howard Ream, and it was seconded by Nathan Burnham. All voted in favor and the motion passed.

Consider Appointments to the Town of Colorado City Planning Commission

Mayor Howard Ream explained to the meeting members that on May 11, 2023, Charles Bradshaw's and Shem Barlow's terms as Planning Commission Members ended leaving two positions that needed to be acted upon for several months.

A notice of opportunity was posted, and the incumbents were notified that if they would like to be considered for reappointment, they needed to apply. Both incumbents applied for appointment. We also had one other applicant, outside the incumbents, apply for the appointment. The three applications for the positions were reviewed by Mayor Ream. With this appointment the Planning Commission would consist of the following:

Charles Bradshaw	5/11/2029
Charles Hammon	5/11/2027
Aaron LaCorti	5/11/2025
Carl Pavilonis	5/11/2029
Lehi Steed	5/11/2025

A motion to ratify the appointment of Charles Bradshaw and Carl Pavilonis to the Town of Colorado City Planning Commission for a six-year term ending May 11, 2029, was made by Jerusha Darger, and seconded by Alma Hammon. All voted in favor.

Consider Approval of Final Plat for Township Yard Commercial Subdivision

Town Manager Vance Barlow informed the Council regarding the status of an application for the final subdivision plat approval for the Township Commercial Subdivision, which has been received by the Town.

The application and accompanying documents have been reviewed by staff and all elements of the application have been met except for the title report which is in process.

Jerusha Darger recommended that we approve "pending a title report."

A motion to approve the final plat for Township Commercial Subdivision and authorize its recording upon final receipt of the title report was made by Alma Hammon and seconded by John Chatwin. All Voted in favor.

Consider Resolution Approving Updated IGA with Arizona Department of Revenue for TPT Collection.

Town Manager Vance Barlow presented, for Council action, a Resolution approving the 2023 IGA with the Arizona Department of Revenue (ADOR) and authorizing the mayor and staff to execute the same.

This updated IGA was negotiated by a team of City Tax Administrators, the League, and ADOR including representatives from the Arizona Attorney General's Office.

Per ARS 42-6001 the Town is required to adopt this final version and it cannot be changed by the Town. In the packet was a memo to the Council explaining the IGA and the process. Also of note, the IGA will automatically renew every calendar year until 2028 when the ADOR comes up for sunset review by the legislature.

A motion to adopt Resolution 2023-29 approving the Intergovernmental Agreement between the Arizona Department of Revenue and the Town of Colorado City was made by Nathan Burnham and seconded by Howard Ream. All voted in favor.

Consider Resolution Approving Section 218 Agreement for Social Security Coverage and Authorizing the Town Manager to Sign the Same.

Town Manager Vance Barlow explained that while in discussion with the ASRS representative they stated that the Town needed to have a Section 218 agreement before enrolling in the pension plan.

Working with the representative for ADOA who oversees the 218 agreements we were unable to find an existing agreement for the Town of Colorado City.

Before the Town can go any further with the discussion on retirement options the 218 agreement needs to be approved and executed.

When the Social Security system was first implemented, as a federal act, it excluded state and state sub entities. In 1951 an agreement was made with the state to allow the state and state sub entities to pay into the social security system. All cities and sub entities are required to adopt the enclosed agreement which is considered an amendment to the state agreement.

The agreement will be antedated back to the time of incorporation. The Town has withheld social security taxes and paid them on behalf of the employees since the inception of the Town. Vance explained that this was a requirement, and the Town is required to have it.

A motion to adopt Resolution 2023-30 Approving the Plan for Political Subdivision Social Security Coverage was made by Howard Ream and seconded by Nathan Burnham. All voted in favor.

Consider Resolution Adopting New Leasing Agreement for Unified Leasing

Vance Barlow asked the Council to consider a Resolution for Unified Leasing, who the Town leased an Administration vehicle through. They have changed the bank they work with and so the Town needs to approve the new master lease with Umpqua Bank Equipment Leasing & Finance. The new lease makes provisions for multi-year and capital leases if needed.

A motion to adopt Resolution 2023-31 approving a Municipal Lease-Purchase agreement with Umpqua Bank, pending legal review was made by Jerusha Darger and seconded by Alma Hammon. All Voted in favor.

Budget Report and Order to Pay Due Claims

Town Manager Vance Barlow presented the Budget Report and Town Clerk Rosie White touched on some of the items in the Payment Approval Report as was presented for review and approval. The Council has reviewed the budget report and a detailed report of the due claims.

A motion to accept the budget and pay the due claims as they become due was made by John Chatwin and seconded by Jerusha Darger. All voted in favor.

COUNCIL COMMENTS

No Comments.

The meeting was Adjourned at 7:12 p.m.

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the Town Council of Colorado City held on the 13th day of November 2023. I further certify that the meeting was duly called and held and that a quorum was present.

Dated December 11, 2023

Town Clerk



TOWN OF COLORADO CITY

P. O. Box 70 * Colorado City, Arizona 86021

Phone & TDD: 928-875-2646 * Fax: 928-875-2778

AIRPORT MANAGER'S REPORT

December 04, 2023

Airport Operations

Total recorded operations for November 2023, were 1671. This is a record, virtually double the operations of last month's operations of 829, which was a record month already.

November 2022 traffic counts were 408.

Fuel sold for November 2023: Jet A = 2063 gallons, Avgas = 1355 gallons.

Private Hangars:

We have finally received the Catex sign-off for the 9 new corporate sized hangars that we will be constructing in the near future. We now will be filing the FAA 7460 forms "Notice of Proposed Construction". City Manager, Vance Barlow is now getting together the cost figures for the underground and infrastructure. This will be co-ordinated by the City with the costs being passed on to the tenants. We recently gave a copy of the Airport Master Plan to Mike Bradshaw of Alliance Consulting who has done the Survey Plats and other paperwork. We hope to finally get this project underway, which has the potential for bringing in much needed revenue from the airport.

Runway 29 Taxiway

The taxiway project is now complete except for the lighting. The electrical components are now on order and are expected to be delivered about halfway through the month of December. The construction clock has been stopped until the lights and equipment are received. The clock will start again at that time. I believe there are about 8 days remaining to complete the work. The taxiway painting has been done with another coat to be applied in a month or so after the bleed through of the fresh oil has subsided. Pilots are now using the new taxiway and all are grateful. The record operations figures for November are an indication of how much these new traffic aids are needed. Thanks to JNJ Engineering for a job well done!

Airport Maintenance

We continue our regular maintenance items which include the runway inspections, FOD removal and lights replacements. The city crews have been crack sealing the runway 20 taxiways which has been needed for quite some time. We are extremely grateful for the efforts to preserve what we have.

There is a crack seal, seal coat, and painting project scheduled for runway 11/27 next spring. The project will be done with an ADOT grant which the city has matched with 10% of the total which is estimated to be \$328,000.

FBO Report

Westwing Aviation has continued to be very busy with inspections and repairs. Recently we have received maintenance requests from former customers in Cedar City, where LaDell Sr. worked for 5 years during the late 1970s & 80s. Activity seems to continue to grow along with the airport. Fuel sales are up. Activity is up.

Respectfully submitted,

LaDell Bistline Sr.
Airport Manager.

ACIP – Airport Capital Improvement Plan(ning)
ADO – Airports District Office
CATEX – Categorical Exclusion
AWOS – Automated Weather Observation System



TOWN OF COLORADO CITY

P. O. Box 70 * Colorado City, Arizona 86021

Phone & TDD: 928-875-2646 * Fax: 928-875-2778

BUILDING OFFICIALS REPORT

November 9, 2023

There are 16 building permits that are in plan review. There are 8 permits that are approved and are pending payments. There are 75 applications that have been started but not yet submitted. 7 permits have been issued within the last month. 10 permits have been completed and closed out, which includes 19 new family dwellings.

Renters have started moving into the first building in the Cottonwood Village apartments. Buildings E and F are finished, and occupancy certificates have been issued.

Construction is starting on the first building of the Mohave Townhome project.

COLORADO CITY CDBG GRANT MANAGEMENT

Regional Account (RA)

The Hildale Street project is in the final stages of construction. The asphalt has been placed and most of the concrete work is done. To complete the construction, the light pole bases with some electrical trenching and final grading will need to be done.

State Special Projects (SSP)

The engineer is starting the final drawings and bid documents for the South Central Street project. We are hoping to be able to start construction on this project as early as possible in the Spring.

We are putting together the project descriptions and location mapping for the ERR on the Fire Hydrant project.

Respectfully submitted,

Andrew J. Barlow, CBO
Building Official



Colorado City Police Department
Hildale City Police Department
Courage-Compassion-Integrity

Robbins A. Radley
Chief Marshal

Police Department Report

November 2023

Patrol: In Colorado City officers took 267 cases and in Hildale City 112 cases. Traffic citations in Colorado City 61 with 57 warnings, and Hildale City had 17 citations and 39 warnings. Driving under the influence (DUI) arrests are up including five in the last two weeks. Here are some pictures depicting the gravity of one offense:



Note; these pictures are from a driver who does not live in the community.

Dispatch:

A formal intergovernmental agreement will be coming between the Town of Apple Valley and the dispatch center. The agreement is a requirement and will be similar in nature as our IGA with Hildale City for dispatch services. At this time we are also looking at dispatch services for the Town of Fredonia. A similar IGA will be presented.

Administration: At this time the police department has begun training a staff member to be certified as a victim's advocate. There are several differences between system advocates that work within the police department and community partner advocates. There is a large advantage to having in house community neutral services. It will still take some time to have our staff member completely up and running, but we are on our way.

We are also picking up the pace on our accreditation work and look to accomplish that in the coming year.

Thank you, *Robbins A. Radley*



Public Works Report

December 5, 2023

We did cleanup back of curb on Jonson Ave. project. We are ready to see how it will work in the next rainstorm.

We were able to get enough base for the Hildale St. project.

Excavated the tie ins for the side streets off Hildale St. for the paving. The paving was finished, and they are working on the finish concrete work and manhole collars.

Removed the flood leftover on Carling St. and cleaned the creek crossing and the intersections that still had dirt on them throughout the town. Filled and compacted the washouts along the side of Garden Ave.

Paul got the front loader truck running with a little more work on the packer it will put to work so we can have a backup truck.

We have been filling the large crack with mastic tar on the taxiways on the airport.

Spent a couple days doing pothole repair. We are working on making our streets better.

Thanks for the opportunity to help improve our community.

Public Works Director



Parks Department Report

Date: December 6, 2023

HERITAGE PARK

We haven't worked much in Heritage Park as we have been busy extending our irrigation well line to the town office grounds and the community development building grounds.

We continue to have loose dogs in our parks. The police and animal control have been awesome to respond and deal with the problem.



Two dogs in Heritage Park. Ones "contained" and ones "at large".



Office Lane dealing with dogs in the Heritage Park for us.

LAURITZEN PARK

We treated the Lauritzen Park for gophers.

This includes the parking space and around the exterior of the park. We have a Boxelder tree here that has been discovered to have a boxelder beetle

infestation. We ordered a treatment for it and now we are waiting for the time and proper weather to apply the oil treatment.

POLICE DEPARTMENT

The grounds at the police department have been winterized so there has been no activity there for us.

STREET PARK STRIPS

I have been walking the streets with Vergil Jessop and gathering information on the park strips, their plumbing, their valves, and the direction the development was going in the past, or was planning on going from the past, to determine the best direction, and development needs of the park strips moving forward over the next five years, ten years, and twenty years.

We are currently working on an extension line from the well that will place irrigation water where it can be extended eastward from Central Street along the south side of Township towards Hildale street. A spur line from this will deliver irrigation water to the town office grounds.

We are studying the irrigation well line and seeing how we can extend it to change from using culinary water in the parks and park strips to our irrigation water.



Mike is bolting in our irrigation line to the main valve by the irrigation well house.

Parks Department Report

TOWN OFFICE GROUNDS



Ricky and Mike backfilling our irrigation water line extension at the town hall.

We treated the field in front of the town office for gophers.

The Irrigation Well is on the Town Office Grounds. This is where we're hoping to draw enough irrigation water to meet the needs of the park strips and town parks. The line from the well has two valves immediately south of the well house. The east line was just a valve. Here is where we tied into for our extension up to the central Street and Township Avenue intersection for future use. We have removed the town office grounds from culinary water, and it is currently tied to the irrigation line.

IRRIGATION WELL HOUSE

We turned on the heater in the well house to protect the plumbing.

- *Heber white*



Utilities Monthly Report

November 2023

Gas Operations:

Gas staff delivered and hooked up several propane tanks for customers. Staff also connected new service lines to metered natural gas customers. Staff are adjusting gas regulators to increase the flow through the Hildale/Colorado City Gate Station.

Natural Gas and Propane contracts are in place through May of 2024 to stabilize the rates.

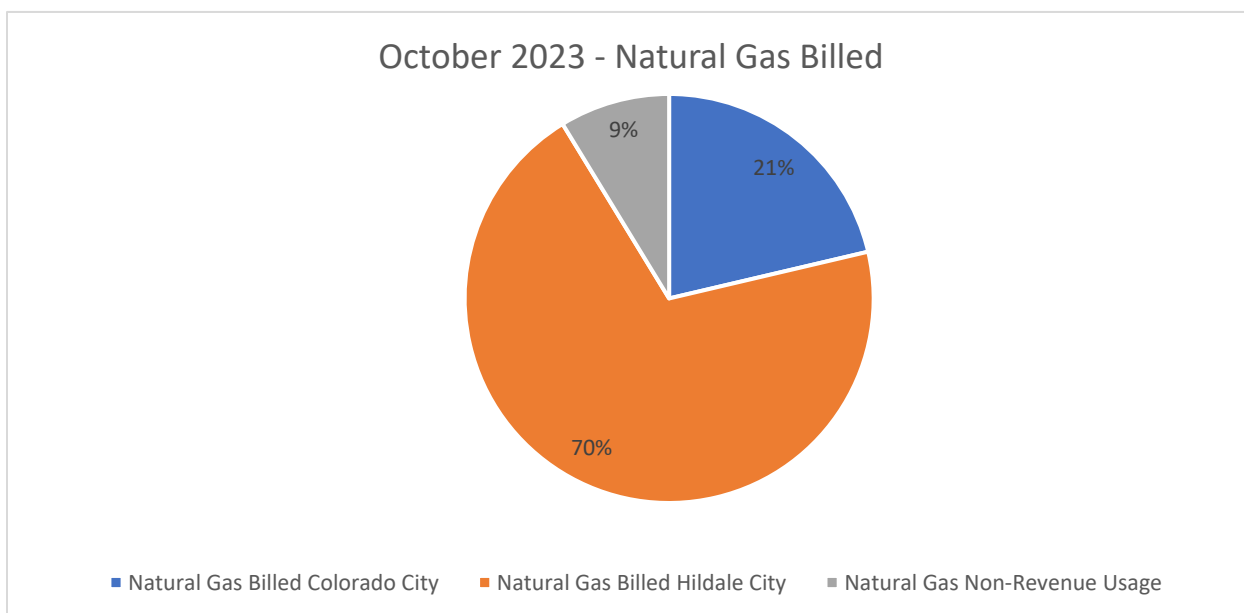




THE FOLLOWING GRAPHS FOR GAS AND WATER ARE NOT FULLY VETTED FOR ACCURACY. THEY ARE FOR FEEDBACK FROM THE COUNCILS TO DETERMINE IF MORE INFORMATION IS DESIRED.

Natural Gas billed to Colorado City and Hildale City customers for October 2023.

Description	Quantity Billed*	Number of Customers
Natural Gas Purchased	2,001,200	
Natural Gas Billed Colorado City	426,800	192
Natural Gas Billed Hildale City	1,399,800	311
Natural Gas Non-Revenue Usage	174,600	
*Numbers are in Corrected Cubic Feet (100 Corrected Cubic Feet = 1 Therm)		





Sewer Operations:

The Utility Crew cleaned approximately 15,400 feet of sewer main line this month. With the addition of the Smart Cover, the alarm alerted staff several times this past month about increased flows in the sewer manhole in Centennial Park. Staff responded to the alarms before any overflows could occur.



Staff found Sewer Lift Station Pump #2 was not pumping as much as in the past due to wear on the impellers. Crews removed the pump and replaced it with a new pump which we had on standby.

Sewer Headworks Project

The Sewer Headworks Project has been delayed until the slide gates are delivered.



Water Operations:

The crew replaced a faulty check valve and a broken butterfly valve at the Water Treatment Plant. We also replaced a booster pump that had the motor fail that will be sent out to be repaired. Crews worked with Jones DeMille staff to locate the existing Utilities in preparation for the upcoming ARPA Raw Water Line Replacement and Well Project.

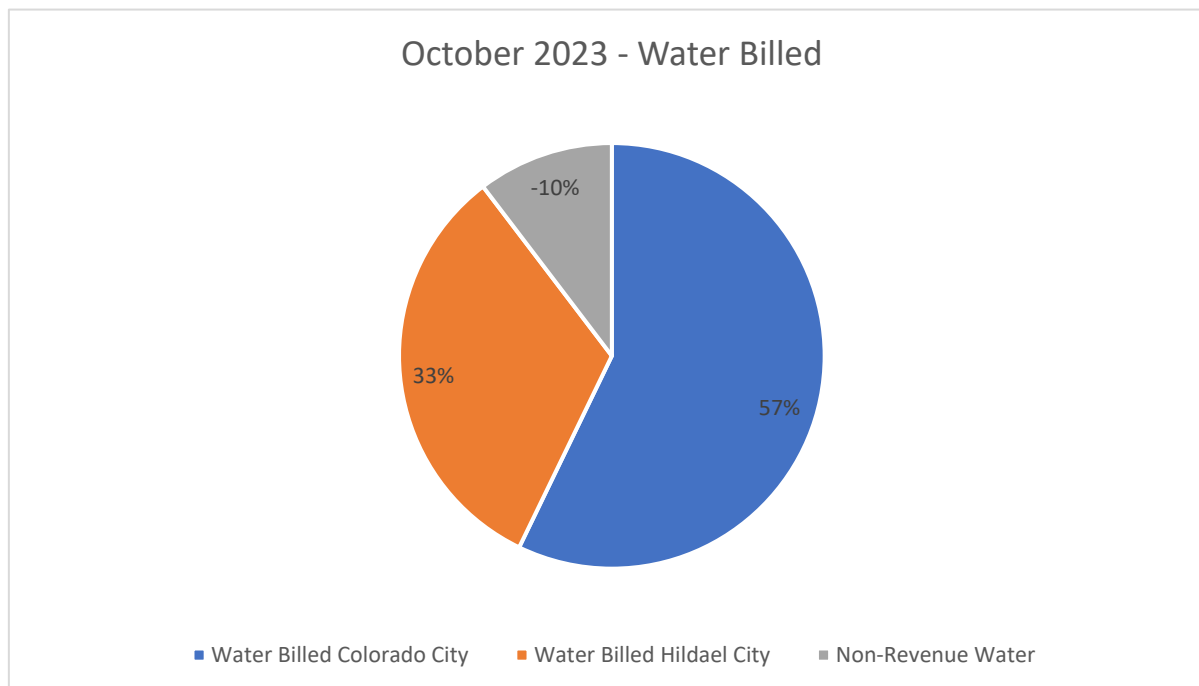




THE FOLLOWING GRAPHS FOR GAS AND WATER ARE NOT FULLY VETTED FOR ACCURACY. THEY ARE FOR FEEDBACK FROM THE COUNCILS TO DETERMINE IF MORE INFORMATION IS DESIRED.

Water billed to Colorado City and Hildale City customers for October 2023.

Description	Quantity Billed*	Number of Customers
Water Produced	21,246,000	
Water Billed Colorado City	15,320,000	781
Water Billed Hildale City	8,700,000	383
Non-Revenue Water	2,774,000	
*Numbers are in gallons		





Well 17 Drilling

Cluff Drilling has finished the drilling and casing on Well 17. Staff are getting quotes on the cost for a 24 hour pump test to see how much water the well will produce. Once the quantity of water the well can produce is determined, staff will order the pump and motor.

Grants and Administration:

Staff are working on permitting the Academy Well and Well 17. During a site visit and routine sampling of the community wells, DEQ informed us the two wells were not fully permitted and the communities will need to receive permits from the state agencies to use the wells for drinking water.

The Water Master Plan and the Impact Fee Study are vetted by staff and ready for discussion by the Utility Advisory Board and both City Councils.

The Rate Study, through the Rural Community Assistance Corporation (RCAC), is now substantially complete and will be available for discussion on the rate structure and timing of the increases in early 2024. The goal is to have the framework for the water rates in place for City Council adoption in 2024. The rate study is being prepared for the communities at no cost. The project is being funded through the United States Department of Agriculture – Rural Development (USDA-RD)

Staff have been working on design and cost for the installation of a Booster Pump Station to eliminate the low-pressure zone in the southwest portion of Hildale. The booster pumps will allow construction of buildings and provide increased fire flows for the area.

Staff are working with the Water Infrastructure Finance Authority (WIFA) Loan/Grant, for the maintenance of the 600,000 (6K) gallon and 800,000 (8K) gallon tank. The 6K tank needs to be taken out of service and the inside cleaned, painted and placed back in service. The 8K tank needs cathodic protection installed and the exterior cleaned and painted.



Work on the Mohave County American Recovery Plan Act (ARPA) Water Project is substantially designed and will include two (2) wells and a new raw water line from the new wells and eight (8) existing wells to the water treatment plant. The permits are ready for signature to begin the permitting process.

Staff is working on energy efficiency programs for the wells and treatment plant by installing Variable Frequency Drives (VFD), the investigation includes finding grants for the purchase and installation of the VFD's.

Utilities staff are researching the conversion of the current gas and water meter reading system with an updated version that will provide better service and reliability. The current system, Badger Meter, has discontinued the gas meter portion of the sales and moved the reading platform to a cloud application using a third-party vendor, Amazon. Staff recommend moving to a generic reading system that can be used on all existing meters. The price for conversion and the reading devices would be significantly cheaper than making a change to another meter and reading company. Once the costs have been received, a presentation and recommendation will be provided to the Board and Councils.



TOWN OF COLORADO CITY

25 S. Central Street • Box 70 • Colorado City, AZ 86021

Phone: 928-875-9160 Fax: 928-875-2778

Town Manager Report to the Council

December 6, 2023

Honorable Mayor & Council

We are approaching the end of the calendar year, so we are preparing to begin next the next fiscal year budgeting. I will be working with department heads on capital improvement and long range planning needs

The FY 23 financial audit is still progressing, and we hope to have it completed by end of the month. It is dependent on the completion of the Hildale and Landfill audits before we can finalize the Town's audit.

The Airport East Taxi-way project is completed except for the lighting, we have paused the time as the light components are on back order and are expected to be received and installed in the near future. The Hildale Street CDBG street improvement project is basically completed, we still have the streetlights to install and a few touch up items and then it should be completed.

The Culinary Water CIP and impact fee analysis was sent to the DOJ for review, as required by the injunctive order, and are waiting for their response. We have posted for a public hearing on January 8, 2024, with possible action at the February 12, 2024, meeting.

The title work for the title transfers to the Town for the water treatment plant yard on Township & Richard and the well sites at Mohave & Richard have been recorded and we have signed the applications for the well permits for the Mohave County ARPA funded wells. The plan is to have the projects out to bid in the near future with the plan to have them online by summer. We are also working on getting the paperwork, etc. completed on the existing wells.

Sometime has been spent on the legal issues involving the Town.

A lot of time is spent on planning & zoning questions and meeting with developers, etc. Staff are meeting, almost daily, with landowners with questions on the development of various projects, etc. we have received one preliminary plats that are in the review stage and one that is presented at this meeting for Council consideration.

I want to express my gratitude for the Department Heads who are taking an active role in overseeing and managing their departments and budgets as well as all the Staff and Employees that are making the Town work and providing municipal services to the citizens of the area.

Thank You

Vance Barlow, CPM,
Town Manager



October 3, 2023

To the Honorable Mayor and Members of the Town Council
Town of Colorado City, Arizona

We have audited the financial statements of the Town Colorado City, Arizona (the Town) as of and for the year ended June 30, 2022, and have issued our report thereon dated October 3, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 28, 2022, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Town solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material weaknesses and material noncompliance, and other matters noted during our audit in a separate letter to you dated October 3, 2023.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. Safeguards have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Town is included in Note 1 to the financial statements. As described in Note 1, the Town changed accounting policies related to the application of lease accounting and financial reporting requirements by adopting GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* in fiscal year 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of depreciation expense/accumulated depreciation is based on the assigned depreciation lives of the capital assets. We evaluated the key factors and assumptions used to develop the depreciation expense/accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

We evaluated the key factors and assumptions used to develop the above estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures that were brought to the attention of management.

Significant Difficulties Encountered during the Audit

We encountered delays in information from the Town's affiliates. We encountered no other significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified significant misstatements and a list of the adjustments noted during the audit has been provided to management. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Management has a list of the material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Town's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There are no unusual circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated October 3, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Town, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Town's auditors.

Noncompliance with Laws and Regulations, Violations of Contract Provisions or Grant Agreements

We have identified the following matters involving noncompliance with laws and regulations, violations of contract provisions or grant agreements that came to our attention during the course of the audit. The details of the items can be found in our separately issued findings and recommendations letter.

2010-001 Misstatements and Reconciliations

This report is intended solely for the information and use of the governing body and management of the Town and is not intended to be and should not be used by anyone other than these specified parties.

HintonBurdick, PLLC



Findings and Recommendations For the Year Ended June 30, 2022

Honorable Mayor and Town Council
Town of Colorado City, Arizona

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. During our audit of Colorado City for the year ended June 30, 2022, we noted an area needing corrective action for the Town to be in compliance with laws and regulations, and we identified circumstances, that, if improved, would strengthen the Town's accounting system and control over its assets. These items are discussed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material Weaknesses:

None noted

Significant Deficiencies:

2010-001 Misstatements and Reconciliations

Criteria: Auditing standards indicate that the identification by the auditor of misstatements in the financial statements may be a deficiency in the Town's internal controls. The Town should reconcile general ledger accounts on a regular basis.

Condition: Several significant adjustments to the accounting system (general ledger) were required that were not initially identified by the Town's internal control. Overall, it appears that some of the Town's general ledger accounts are not completely reconciled on a regular basis. The more significant areas lacking complete reconciliations relate to the following: revenue and expense accruals (including grant activity), certain general fund liabilities, contract service fund activity and capital assets.

Cause: A lack of formal procedures for performing regular reconciliations of certain general ledger accounts may be the cause for various adjustments. Additionally, multiple town personnel are involved with various aspects of the general ledger activity, but no one person is regularly monitoring and reconciling the activity as a whole for some of the accounts. Procedures for year-end adjustments may also need to be revised and/or improved in order to properly identify certain adjustments.

Effect: The Town's financial statements may not have been fairly stated in all material respects without the adjustments. Regular reconciliations of general ledger accounts provide important safeguards and controls to ensure the proper recording, deposit and disposition of the Town's funds.

Recommendation: We recommend management continue to review the proposed journal entries and discuss them with us to ensure that the Town understands the purpose and the underlying accounting principles. We also recommend the Town continue to develop a plan to ensure that all significant adjustments are posted to the general ledger before the annual audit takes place. The plan should address the need to perform accurate and timely reconciliations of general ledger accounts. The Town should continue to improve its internal controls to a level where they will at least identify significant misstatements. If accounting personnel are aware of additional adjustments that are needed as the audit begins, they should inform the auditors at that time.

COMPLIANCE AND OTHER MATTERS:

Compliance:

2022-001 Budgetary Compliance

Criteria: Arizona Revised Statute (A.R.S.) 42-17106 stipulates the Town may not spend money for a purpose that is not included in its budget. Also, the Town may not spend money in excess of amounts stated for each purpose in the final adopted budget.

Condition: The law enforcement department of the general fund is over budget by \$8,994 and the transfers out of the general fund is over budget by \$171,912 for the year ended June 30, 2022. Also, the final amended budget amounts per the Town's budget did not completely agree to the budget amounts in the Town's accounting software.

Cause: The cause appears to be an oversight in the budgeting process that may have occurred due to incorrect expenditure expectations in the preparation of the annual budget, unexpected expenditures and/or not appropriately amending the budget during the fiscal year.

Effect: The Town is not in compliance with state budget requirements. The Town expended funds in excess of amounts authorized in the annual budget for the one department of the general fund but not in total for the general fund.

Recommendation: We recommend the Town carefully review its expected annual expenditures at the department level when preparing or amending its annual budget. The Town should establish procedures that will enable the budget to be accurately included in Caselle.

Other Matters:

None noted

Responses

Please respond to the above findings and recommendations in letter form.

This letter is intended solely for the use of the mayor, town council, management and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the Town this past year. We would like to express special thanks to each of you who assisted us in this year's audit. We invite you to ask questions of us throughout the year as you feel it necessary and we look forward to a continued pleasant professional relationship.

Sincerely,

HintonBurdick, PLLC

October 3, 2023

TOWN OF COLORADO CITY, ARIZONA



**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS**

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Independent Auditor's Report

The Honorable Mayor and Town Council
Town of Colorado City, Arizona

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colorado City, Arizona (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in fiscal year 2022, the Town implemented the provisions of GASB Statements No. 87, *Leases* and No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 49 through 51, respectively, 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.



Investment in Affiliate

As described in Note 9 to the financial statements, the affiliate information relating to the Arizona Strip Governmental Financing Corporation is presented on a one year lag. Given the circumstances, our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

HintonBurdick, PLLC

St. George, Utah

October 3, 2023



**COLORADO CITY, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

As management of the Town of Colorado City (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total net position increased by \$735,862, which resulted in total assets in excess of total liabilities (net position) of \$14,143,563 at the close of the fiscal year.
- Total governmental expenses exceeded total governmental revenues by \$403,590.
- Total business-type revenues were more than total business-type expenses by \$332,272, which includes affiliate net income of \$328,482.
- The Town's equity in affiliates increased from \$3,105,874 at June 30, 2021 to \$3,434,356 at June 30, 2022.
- Total revenues from all sources were approximately \$8.97 million, including revenue from affiliates of approximately \$1.9 million.
- The total cost of all Town programs was approximately \$8.23 million, including expenses from affiliates of approximately \$1.78 million.
- The general fund reported an excess of revenues over expenditures of \$179,072 before other financing sources and uses and a net decrease of \$364 after other financing sources and uses.
- Actual revenues in the general fund were more than the final budget by \$52,871, while actual expenditures were \$526,835 less than the final budget. Transfers out were more than the final budget by \$171,912 and transfers in were more than the final budget by \$244,511.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,608,748 or 46% of total general fund expenditures, excluding transfers (51% including transfers out).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the financial statements.

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and its change. Net position, essentially the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the Town's property tax base or condition of the Town's roads to accurately assess the overall health of the Town.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the Town's basic services are considered to be governmental activities, including general government, public safety, public works/streets, culture and recreation, community development, and interest on long-term debt. Sales taxes, state revenue sharing, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The Town charges a fee to customers to cover all of most of the cost of the services provided.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements.
- Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined assets exceed liabilities by \$14,143,563 as of June 30, 2022 as shown in the following condensed statement of net position. The Town has chosen to account for its investment in affiliates and contract services operations in enterprise funds, which are shown as Business-type Activities.

Colorado City Statement of Net Position

	Governmental activities		Business-type activities		Total	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Current and other assets	\$ 3,555,280	\$ 3,285,246	\$ 56,587	\$ 69,949	\$ 3,611,867	\$ 3,355,195
Capital assets	8,855,948	8,344,863	-	-	8,855,948	8,344,863
Investment in affiliates	-	-	3,434,356	3,105,874	3,434,356	3,105,874
Total assets	12,411,228	11,630,109	3,490,943	3,175,823	15,902,171	14,805,932
Long-term liabilities outstanding	992,831	861,915	-	-	992,831	861,915
Other liabilities	713,173	464,485	52,604	69,756	765,777	534,241
Total liabilities	1,706,004	1,326,400	52,604	69,756	1,758,608	1,396,156
Net position:						
Net investment in capital assets and affiliates	7,949,909	7,569,740	3,434,356	3,105,874	11,384,265	10,675,614
Restricted	87,037	65,327	-	-	87,037	65,327
Unrestricted	2,668,278	2,668,642	3,983	193	2,672,261	2,668,835
Total net position	\$ 10,705,224	\$ 10,303,709	\$ 3,438,339	\$ 3,106,067	\$ 14,143,563	\$ 13,409,776

Governmental Activities

The cost of all governmental activities this year was \$4,416,859 as shown on the statement of changes in net position on the following page—\$841,145 of this cost was paid for by those who directly benefited from the programs, \$1,488,240 was subsidized by grants received from other governmental organizations and others for both capital and operating activities. Overall, governmental program revenues, including intergovernmental aid and fees for services, but excluding general revenues, were \$2,329,385. General revenues totaled \$2,438,635.

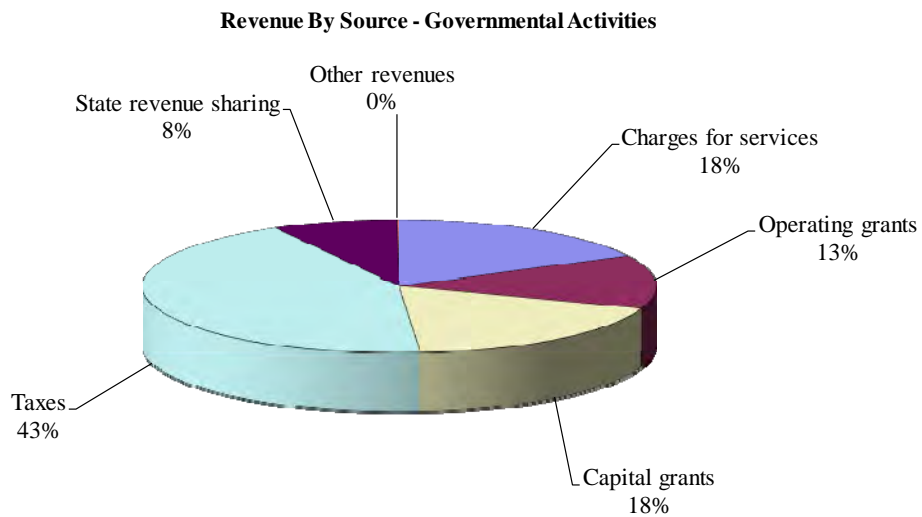
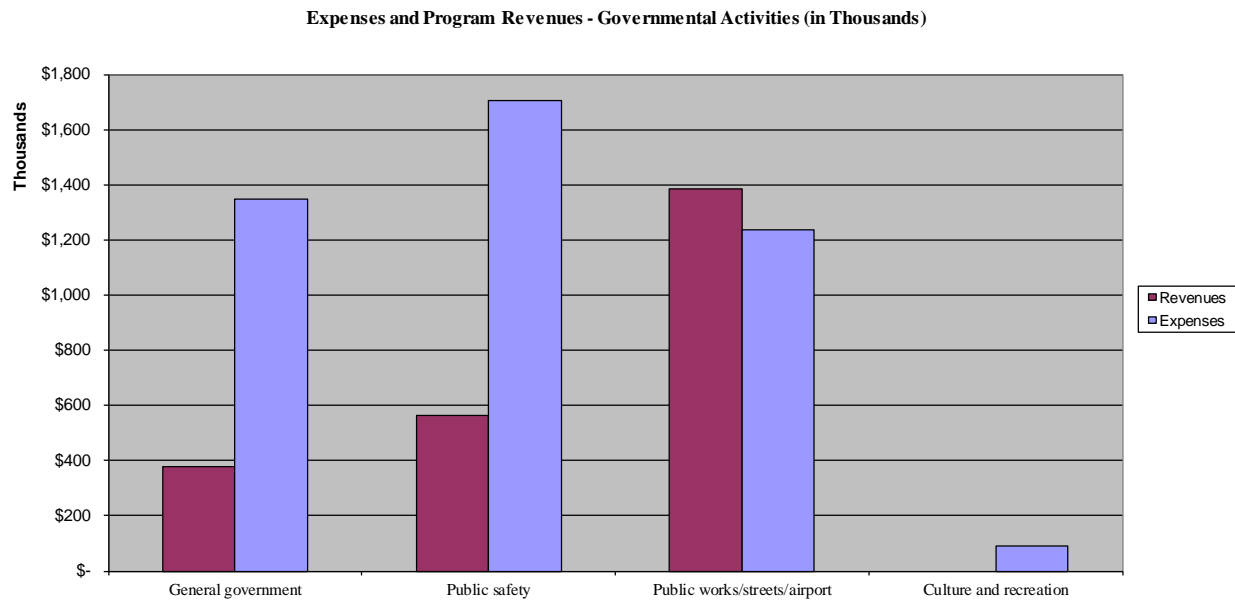
The Town's programs include: General Government, Public Safety, Public Works/Airport/Streets, Culture/Parks and Recreation, and Community Development. Program revenues and each program's expenses are presented on the following page.

Colorado City
Changes in Net Position

	Governmental activities		Business-type activities		Total	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Revenues:						
Program revenues:						
Charges for services	\$ 841,145	\$ 796,467	\$ 2,159,630	\$ 1,964,700	\$ 3,000,775	\$ 2,761,167
Operating grants and contributions	612,724	820,683	-	-	612,724	820,683
Capital grants and contributions	875,516	1,317,519	-	-	875,516	1,317,519
General revenues:						
Taxes	2,068,175	2,050,567	-	-	2,068,175	2,050,567
State revenue sharing	377,503	691,132	-	-	377,503	691,132
Other revenue (expense)	(7,043)	1,834	-	-	(7,043)	1,834
Affiliate revenue	-	-	2,042,798	1,878,034	2,042,798	1,878,034
Total revenues	<u>4,768,020</u>	<u>5,678,202</u>	<u>4,202,428</u>	<u>3,842,734</u>	<u>8,970,448</u>	<u>9,520,936</u>
Expenses:						
General government	1,346,976	1,015,964	-	-	1,346,976	1,015,964
Public safety	1,706,264	1,531,759	-	-	1,706,264	1,531,759
Public works/streets/airport	1,237,402	1,814,050	-	-	1,237,402	1,814,050
Culture and recreation	88,721	65,066	-	-	88,721	65,066
Interest on long-term debt	36,724	27,051	-	-	36,724	27,051
Contract service	-	-	2,103,411	1,942,117	2,103,411	1,942,117
Affiliate expenses	-	-	1,714,316	1,533,385	1,714,316	1,533,385
Total expenses	<u>4,416,858</u>	<u>4,453,890</u>	<u>3,817,727</u>	<u>3,475,502</u>	<u>8,234,585</u>	<u>7,929,392</u>
Increase (decrease) in net position before transfers	351,162	1,224,312	384,701	367,232	735,863	1,591,544
Transfers	52,428	22,583	(52,428)	(22,583)	-	-
Increase (decrease) in net position	403,590	1,246,895	332,272	344,649	735,862	1,591,544
Net position, beginning	<u>10,301,634</u>	<u>9,056,814</u>	<u>3,106,067</u>	<u>2,761,418</u>	<u>13,407,701</u>	<u>11,818,232</u>
Net position, ending	<u>\$ 10,705,224</u>	<u>\$ 10,303,709</u>	<u>\$ 3,438,339</u>	<u>\$ 3,106,067</u>	<u>\$ 14,143,563</u>	<u>\$ 13,409,776</u>

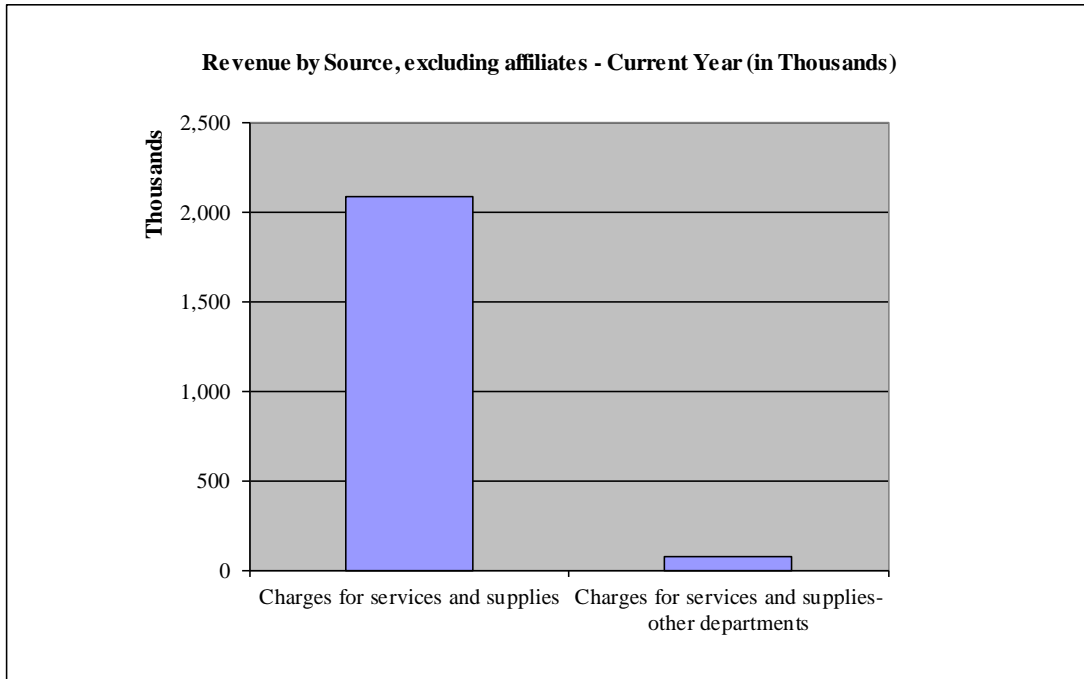
Total resources available during the year to finance governmental operations were \$15,069,655 consisting of net position at July 1, 2021 of \$10,301,634, program revenues of \$2,329,385, and general revenues and transfers of \$2,491,063. Total expenses and transfers out of governmental activities during the year were \$4,416,858; thus governmental net position increased by \$403,590 to \$10,301,634.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all governmental activities:

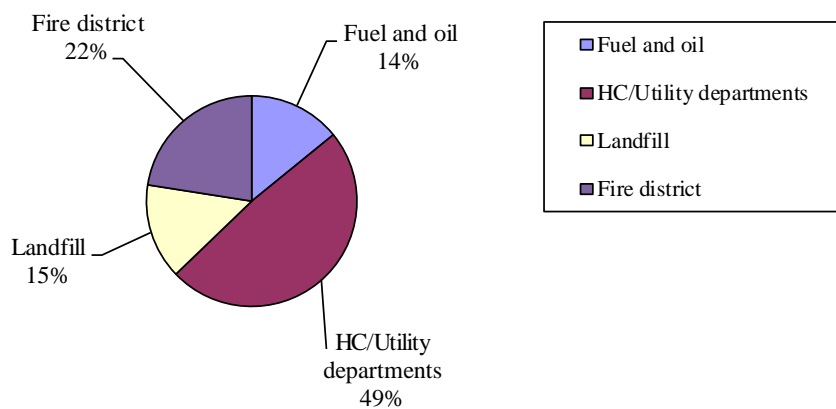


Business-type Activities

Net position of the business-type activities at June 30, 2022, as reflected in the statement of net position was \$3,438,339. The cost of providing all proprietary (business-type) activities this year was approximately \$3.8 million, which includes approximately \$1.7 million of affiliate expenses. As shown in the statement of changes in net position, the amounts paid by users of the system were approximately \$2.2 million, and revenues from affiliates were approximately \$2.0 million. Net position increased by \$332,272.



Operating Expenses, excluding affiliates- Current Year



Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$2,806,633 an increase of \$21,347 from the prior year. Approximately 59% of this total amount, or \$1,608,748, constitutes unassigned fund balance, which is available for new spending at the government's discretion. The remainder of the fund balance is in nonspendable form (e.g. prepaids), committed, or restricted because it has already been committed 1) to pay debt service, 2) to pay for capital improvements or 3) for a variety of other purposes.

The General fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance in the general fund was \$1,608,748 and total fund balance is \$2,719,596. As a measure of liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total fund balance and unassigned fund balance represents 85% and 51%, respectively, of total general fund expenditures before interfund transfers. During the fiscal year, the Town's general fund balance decreased by \$364. Key factors in this change are as follows:

- The Town budgeted for a \$652,669 decrease.
- Actual revenues were over budget by \$52,871 and expenditures were under budget by \$526,835.
- Most of the departments were under budget—particularly the administration and contingencies department.
- Transfers out were over budget by \$171,912.
- Transfers in were over budget by \$244,511.

The Highway User Revenue fund has a restricted fund balance of \$0. All activity is for road construction and maintenance. The net revenues (expenditures), before transfers, for the current fiscal year were (\$127,074) and \$22,931 for the prior fiscal year. The general fund budgets to transfer and cover any of the excess expenditures in the fund in order to maintain a zero fund balance.

The Grants fund has a fund balance of \$87,037, all of which is restricted for capital outlay (primarily flood control related). Essentially all activity is for various capital projects of the Town that are primarily funded by grants. The general fund budgets to transfer any grant matching requirements relating to these projects.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Total net position of the contract service fund and affiliates were \$3,438,339, consisting of \$3,434,356 in net investment in affiliates and \$3,983 in unrestricted net position.

General Fund Budgetary Highlights

The actual expenditures for the General fund at fiscal year-end were \$526,835 less than final appropriations. The budget to actual variance in expenditures was due in part to cost control and a budgeted amount for contingencies. Actual transfers out were \$171,912 more than the final budget. This was primarily due to a significant transfer to the HURF fund for unreimbursed costs. Actual revenues were more than the final budget by \$52,871, which is primarily due to taxes. Department budget line item adjustments and supplemental appropriations were made during the year to prevent budget overruns and to increase appropriations (not in total) for unanticipated expenditures after adoption of the original budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital assets include equipment, buildings, land, park facilities and roads. At the end of fiscal year 2022, net capital assets of the governmental activities totaled \$8,855,948. Depreciation on capital assets is recognized in the government-wide financial statements (see notes to the financial statements).

Debt

At fiscal year-end, the Town had \$992,831 in governmental-type debt and \$0 in business-type debt, excluding all affiliate debt. The debt is a liability of the government. During the current fiscal year, the Town's total debt increased by \$130,916, excluding all affiliate debt. See the notes to the financial statements for further details.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the Town's budget for fiscal year 2022/2023, the Town Council and management expect a year with little or no growth of revenues and expenditures. Overall, general fund operating expenditures were budgeted so as to anticipate a minimal or no cost increase from the level of fiscal year 2021/2022. The Town is currently not experiencing significant growth, which could affect future revenue sharing; therefore, the Town intends to budget and control expenses so that excess fund balances can be carried forward for expenditure in future years. The Town intends to continue to assign and/or commit some of these excess funds as contingency reserves.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Vance Barlow, Town Manager, Colorado City, P.O. Box 70, Colorado City, AZ, 86021.

BASIC FINANCIAL STATEMENTS

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COLORADO CITY, ARIZONA
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,498,863	\$ -	\$ 2,498,863
Receivables (net of allowance)	523,028	438,527	961,555
Prepays	86,245	-	86,245
Inventories	-	65,204	65,204
Internal balances	447,144	(447,144)	-
Investment in affiliates	-	3,434,356	3,434,356
Capital assets (net of accumulated depreciation):			
Land	411,761	-	411,761
Buildings and improvements	1,027,776	-	1,027,776
Improvements other than buildings	1,850,241	-	1,850,241
Automobiles and trucks	287,519	-	287,519
Machinery and equipment	819,175	-	819,175
Infrastructure	3,354,077	-	3,354,077
Right-to-use SBITA	258,756	-	258,756
Construction in progress	846,643	-	846,643
Total assets	<u>12,411,228</u>	<u>3,490,943</u>	<u>15,902,171</u>
Liabilities			
Accounts payable and other current liabilities	172,043	52,604	224,647
Unearned revenue	541,130	-	541,130
Noncurrent liabilities:			
Due within one year	388,351	-	388,351
Due in more than one year	604,480	-	604,480
Total liabilities	<u>1,706,004</u>	<u>52,604</u>	<u>1,758,608</u>
Net Position			
Net investment in capital assets	7,949,909	-	7,949,909
Net investment in affiliates	-	3,434,356	3,434,356
Restricted for:			
Capital projects	87,037	-	87,037
Unrestricted	2,668,278	3,983	2,672,261
Total net position	<u>\$ 10,705,224</u>	<u>\$ 3,438,339</u>	<u>\$ 14,143,563</u>

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

COLORADO CITY, ARIZONA
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,346,976	\$ 378,035	\$ 2,000	\$ -	\$ (966,941)	\$ -	\$ (966,941)
Public safety	1,706,264	463,110	97,248	5,555	(1,140,351)	-	(1,140,351)
Public works/streets/airport	1,237,402	-	513,476	869,961	146,035	-	146,035
Culture and recreation	88,721	-	-	-	(88,721)	-	(88,721)
Interest on long-term debt	36,724	-	-	-	(36,724)	-	(36,724)
Total governmental activities	4,416,858	841,145	612,724	875,516	(2,087,473)	-	(2,087,473)
Business-type activities:							
Contract service fund	2,103,411	2,159,630	-	-	-	56,219	56,219
Investment in affiliate	1,714,316	2,042,798	-	-	-	328,482	-
Total business-type activities	3,817,727	4,202,428	-	-	-	384,701	384,701
Total primary government	\$ 8,234,585	\$ 5,043,573	\$ 612,724	\$ 875,516	(2,087,473)	384,701	(1,702,772)
General Revenues:							
Taxes:							
State sales taxes					376,458	-	376,458
City sales taxes					1,293,337	-	1,293,337
Fee-in-lieu					398,380	-	398,380
State revenue sharing					377,503	-	377,503
Unrestricted investment earnings					5,719	-	5,719
Transfers					52,428	(52,429)	(1)
Total general revenues and transfers					2,491,063	(52,429)	2,438,634
Change in net position					403,590	332,272	735,862
Net position - beginning					10,301,634	3,106,067	13,407,701
Net position - ending					\$ 10,705,224	\$ 3,438,339	\$ 14,143,563

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

COLORADO CITY, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Highway User Revenue Fund	Grants Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,764,730	\$ 105,966	\$ 628,167	\$ -	\$ 2,498,863
Receivables (net of allowance)	450	-	-	-	450
Due from other governments	384,350	26,780	75,974	-	487,104
Due from other funds	646,706	-	-	-	646,706
Prepays	86,246	-	-	-	86,246
Total assets	<u>\$ 2,882,482</u>	<u>\$ 132,746</u>	<u>\$ 704,141</u>	<u>\$ -</u>	<u>\$ 3,719,369</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 63,723	\$ 1,565	\$ -	\$ -	\$ 65,288
Accrued liabilities	99,162	7,593	-	-	106,755
Due to other funds	-	123,588	75,974	-	199,562
Total liabilities	<u>162,885</u>	<u>132,746</u>	<u>617,104</u>	<u>-</u>	<u>912,735</u>
Fund balances:					
Nonspendable - prepaids	86,246	-	-	-	86,246
Restricted for:					
Capital outlay	-	-	87,037	-	87,037
Committed for:					
Risk management	1,024,602	-	-	-	1,024,602
Unassigned	1,608,748	-	-	-	1,608,748
Total fund balances	<u>2,719,596</u>	<u>-</u>	<u>87,037</u>	<u>-</u>	<u>2,806,633</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,882,481</u>	<u>\$ 132,746</u>	<u>\$ 704,141</u>	<u>\$ -</u>	<u>\$ 3,719,368</u>

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

COLORADO CITY, ARIZONA
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2022

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

Total fund balances - total governmental funds	\$	2,806,633
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	\$ 17,394,770		
Accumulated depreciation	<u>(8,538,822)</u>		8,855,948

Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.

Notes/leases payable and compensated absences	(992,831)		
Reimbursement receivable relating to comp. absences	<u>35,474</u>		<u>(957,357)</u>

Net position of governmental activities	\$	<u><u>10,705,224</u></u>
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The accompanying notes are an integral part of the financial statements.

COLORADO CITY, ARIZONA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

Revenues	General Fund	Highway User Revenue Fund	Grants Fund	Debt Service Fund	Total Governmental Funds
Taxes	\$ 2,068,174	\$ -	\$ -	\$ -	\$ 2,068,174
Licenses and permits	109,451	-	-	-	109,451
Intergovernmental revenue	377,503	513,476	991,698	-	1,882,677
Charges for services	573,943	-	-	-	573,943
Interest income	5,553	-	165	-	5,718
Fines and forfeitures	26,755	-	-	-	26,755
Miscellaneous	107,037	-	7,027	-	114,064
Total revenues	3,268,416	513,476	998,890	-	4,780,782
Expenditures					
Current:					
General government	1,322,444	-	-	-	1,322,444
Public safety	1,517,909	-	-	-	1,517,909
Public works/streets/airport	163,705	482,415	-	-	646,120
Culture and recreation	84,515	-	-	-	84,515
Community development	771	-	-	-	771
Debt service:					
Principal	-	-	-	249,319	249,319
Interest	-	-	-	36,726	36,726
Capital outlay	-	158,135	1,043,427	136,000	1,337,562
Total expenditures	3,089,344	640,550	1,043,427	422,045	5,195,366
Excess (deficiency) of revenues over (under) expenditures	179,072	(127,074)	(44,537)	(422,045)	(414,584)
Other financing sources (uses):					
Debt proceeds	-	-	247,500	136,000	383,500
Transfers in	244,511	234,119	63,258	286,045	827,933
Transfers out	(423,947)	(107,045)	(244,511)	-	(775,503)
Total other financing sources (uses)	(179,436)	127,074	66,247	422,045	435,930
Net change in fund balances	(364)	-	21,710	-	21,346
Fund balances - beginning of year	2,719,960	-	65,327	-	2,785,287
Fund balances - end of year	\$ 2,719,596	\$ -	\$ 87,037	\$ -	\$ 2,806,633

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

COLORADO CITY, ARIZONA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds	\$	21,346
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 1,416,420		
Depreciation expense	<u>(892,572)</u>		523,848

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This amount relates to compensated absences.			5,338
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued, including capital lease financing	(383,500)		
Principal paid on debt	<u>249,319</u>		<u>(134,181)</u>

Change in net position of governmental activities	\$	<u><u>403,589</u></u>
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The accompanying notes are an integral part of the financial statements.

COLORADO CITY, ARIZONA
Statement of Net Position
Proprietary Funds
June 30, 2022

	Contract Service Fund	Affiliates	Total
Assets			
Current assets:			
Due from other governments	\$ 438,527	\$ -	\$ 438,527
Fuel inventory	65,204	-	65,204
Prepays	-	-	-
Total current assets	<u>503,731</u>	<u>-</u>	<u>503,731</u>
Noncurrent assets:			
Investment in joint venture	-	3,434,356	3,434,356
Total assets	<u>503,731</u>	<u>3,434,356</u>	<u>3,938,087</u>
Liabilities			
Current liabilities:			
Accounts payable	-	-	-
Accrued liabilities	52,604	-	52,604
Due to other funds	447,144	-	447,144
Total current liabilities	<u>499,748</u>	<u>-</u>	<u>499,748</u>
Net position			
Net investment in affiliates	-	3,434,356	3,434,356
Unrestricted	<u>3,983</u>	<u>-</u>	<u>3,983</u>
Total net position	<u>\$ 3,983</u>	<u>\$ 3,434,356</u>	<u>\$ 3,438,339</u>

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

COLORADO CITY, ARIZONA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Contract Service Fund	Affiliates	Total
Operating revenues			
Charges for services and supplies	\$ 2,084,480	\$ -	\$ 2,084,480
Charges for services and supplies-other departments	75,150	-	75,150
Total operating revenues	2,159,630	-	2,159,630
Operating expenses			
Costs of sales and services:			
Fuel and oil	296,912	-	296,912
HC/Utility departments	1,024,209	-	1,024,209
Landfill	308,866	-	308,866
Fire district	473,424	-	473,424
Total operating expenses	2,103,411	-	2,103,411
Operating income (loss)	56,219	-	56,219
Nonoperating revenues (expenses)			
Net income (loss) from affiliates	-	328,482	328,482
Total nonoperating revenue (expenses)	-	328,482	328,482
Income (loss) before transfers	56,219	328,482	384,701
Transfers out	(52,429)	-	(52,429)
Change in net position	3,790	328,482	332,272
Total net position, beginning of year	193	3,105,874	3,106,067
Total net position, end of year	<u>\$ 3,983</u>	<u>\$ 3,434,356</u>	<u>\$ 3,438,339</u>

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

COLORADO CITY, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	<u>Contract Service Fund</u>
Cash flows from operating activities	
Cash received from customers, service fees	\$ 2,016,008
Cash received from quasi-external transfers	75,150
Cash paid to suppliers	(338,895)
Cash paid to employees	<u>(1,699,834)</u>
Net cash flows from operating activities	<u>52,429</u>
Cash flows from noncapital financing activities	
Transfers from (to) other funds	<u>(52,429)</u>
Net cash flows from noncapital financing activities	<u>(52,429)</u>
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash flows from operating activities:	
Net operating income (loss)	\$ 56,219
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
(Increase)/decrease in due from other governments	(7,357)
(Increase)/decrease in fuel inventory	(61,115)
(Increase)/decrease in prepaids	20,776
Increase/(decrease) in due to other funds	61,058
Increase/(decrease) in accounts payable	(27,375)
Increase/(decrease) in accrued liabilities	<u>10,223</u>
Net cash flows from operating activities	<u><u>\$ 52,429</u></u>

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

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 1. Summary of Significant Accounting Policies

Description of Government-Wide 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 primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The Town of Colorado City, Arizona (the Town) is a municipal entity governed by an elected mayor and governing council. The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Town. There are no separate component units combined to form the reporting entity. However, the Town has a joint venture equity interest in the Arizona Strip Landfill Governmental Financing Corporation, the Water Departments of Hildale/Colorado City and the Gas Departments of Hildale/Colorado City.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Town's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 1. Summary of Significant Accounting Policies, Continued

The Town reports the following major governmental funds:

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

The **Highway User Special Revenue Fund** accounts for revenue sources that are legally restricted for road construction and maintenance.

The **Grants Special Revenue Fund** accounts for federal and state grants and other contributions that are restricted to expenditure for particular purposes.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The Town reports the following major proprietary funds:

The **Contract Service Fund** accounts for operations that provide services to other departments or other agencies of the Town, or to other governments, on a cost-reimbursement basis.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 1. Summary of Significant Accounting Policies, Continued

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

The 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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, state shared revenues, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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

Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

The Town's policy allows for the investment of funds in the state treasurer's pool and other investments as allowed by Arizona State Statutes. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices. The reported value of the state treasurer's pool is the same as the fair value of the pool shares.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 1. Summary of Significant Accounting Policies, Continued

Receivables

All trade accounts receivable in the enterprise funds are shown net of an allowance for uncollectibles. Due to the nature of the accounts receivable in governmental type activities, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. However, the costs of any governmental fund-type inventories are deemed immaterial and are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$2,500 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 estimated 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-40 years
Improvements	20 years
Automobiles and trucks	5-10 years
Machinery and equipment	5-20 years
Infrastructure	20 years

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 1. Summary of Significant Accounting Policies, Continued

Leases and Subscription-Based Information Technology Arrangements

Lessee: The Town is a may be a lessee for a noncancellable lease of equipment from time to time. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements as applicable. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the [Entity Name] generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. The Town had no contracts that qualify as leases under GASB standard 87 in the year ended June 30, 2022.

Subscription-based information technology arrangements: The Town recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The Town recognizes subscription liabilities with an initial, individual value of \$5,000 or more. The Town uses its estimated incremental borrowing rate to measure subscription liabilities unless it can readily determine the interest rate implicit in the arrangement.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Town does not have any such items that qualify for reporting in this category.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 1. Summary of Significant Accounting Policies, Continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The one item that qualifies for reporting in this category arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Town itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority. The town council is the highest level of decision-making authority for the Town that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 1. Summary of Significant Accounting Policies, Continued

Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The town manager is authorized to assign amounts to a specific purpose in accordance with the Town's budget policy. The town council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

The Town does not currently have any primary or secondary real property tax levies.

Compensated Absences

For governmental funds, amounts of accumulated personal leave and compensatory time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Accumulated personal leave and compensatory time in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. 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 nonoperating revenues and expenses.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 1. Summary of Significant Accounting Policies, Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

New Pronouncements

For the year ended June 30, 2022, the Town implemented the provisions of GASB Statement No. 87, Leases. GASB Statement No. 87 improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. There was no material impact to the financial statements as a result of adoption.

The Town also implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Implementation of this new statement resulted in no restatements of beginning net position in the Town's financial statements.

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net assets. These differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 15.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 17.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 3. Stewardship, Compliance, and Accountability

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Town. The use of budgets and monitoring of equity status facilitate the Town's compliance with legal requirements.

Budgets and Budgetary Accounting

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

1. In accordance with Arizona Revised Statutes, the Town Manager submits a proposed budget for the fiscal year commencing the following July 1 to the Town Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the Town is legally enacted through passage of an ordinance. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total Town expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. State law requires that, prior to April 1, the Economic Estimates Commission provides the Town with a final expenditure limit for the coming fiscal year.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the Town adopts a budget by department for the General Fund and in total by fund for other funds. The Town Manager subject to Town Council approval, may at any time transfer any unencumbered appropriation balance or portion thereof between a department or activity. The adopted budget cannot be amended in any way without Town Council approval.
6. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The Town is subject to the State of Arizona's Spending Limitation Law for Towns and Cities. This law does not permit the Town to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The Town complied with this law during the year.

Supplementary budgetary appropriations were made during the year.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 3. Stewardship, Compliance, and Accountability, Continued

Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The individual schedules of revenues, expenditures and changes in fund balances – budget to actual reports as listed in the table of contents present all of the departments, if any, which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2022.

NOTE 4. Deposits and Investments

The Town's central treasury consists of the following at fiscal year-end:

Cash on hand	\$ 350
Cash in bank	125,373
Cash in State Treasurer's Investment Pool	<u>2,373,140</u>
Total deposits and investments	<u><u>\$ 2,498,863</u></u>

A reconciliation of cash and investments as shown in the basic financial statements follows:

Cash and cash equivalents	<u>\$ 2,498,863</u>
Total	<u><u>\$ 2,498,863</u></u>

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the Town's deposit may not be returned to it. Colorado City does not have a formal policy for custodial credit risk. As of June 30, 2022, none of the Town's bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

The Arizona State Treasurer's Office operates the Local Government Investment Pool (LGIP). The LGIP is available for investment of funds administered by any Arizona Public Treasurer.

The LGIP is not registered with the SEC as an investment company. Deposits in the LGIP are not insured or otherwise guaranteed by the State of Arizona, and participants share proportionally in any realized gain or losses on investments.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 4. Deposits and Investments, Continued

The provisions of State law (A.R.S. 35-323) govern the investment of fund in excess of \$100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations guaranteed by the United States, bonds of the State of Arizona or other local municipalities, commercial paper of prime quality that is rated “P1” by Moody’s investors or “A1” by Standard and Poor’s rating service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions. For investments of less than \$100,000, procedures as specified by local ordinance or resolution must be followed.

As of June 30, 2022 the Town had the following deposits, investments, ratings and maturities:

	Fair Value	Credit Rating (1)	Weighted Average Maturity (2)
Cash on deposit	\$ 125,373	N/A	N/A
Cash on hand	350	N/A	N/A
Local Governments Investment Pool 5	<u>2,373,140</u>	AAA f/S1+	< 90 days
	<u><u>\$ 2,498,863</u></u>		

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable.

(2) Interest rate risk is estimated using the weighted average days to maturity.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (A.R.S. 35- 323) which requires that the Town’s investment portfolio maturities do not exceed five years from the time of purchase.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town’s policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323) which limits investment in commercial paper and corporate bonds to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor’s and Moody’s Investor Services.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 4. Deposits and Investments, Continued

Fair value measurements

As noted above, the Town holds investments that are measured at fair value on a recurring basis. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The state treasurer's local governments investment pool, as listed above, is valued using inputs that are observable other than quoted market prices (Level 2 inputs).

NOTE 5. Receivables

Receivables, including due from other governments, in the governmental funds consist primarily of revenues relating to the following: sales taxes, vehicle taxes, highway urban revenues and affiliate and other reimbursements. No allowance for uncollectible accounts has been established as collection of all amounts is expected. Receivables (due from other governments) in the contract service proprietary fund consist of revenues relating to affiliate reimbursements. No allowance for uncollectible accounts has been established as collection of all amounts is expected.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 6. Capital Assets

The following summarizes the changes in capital assets for governmental activities for the year ended June 30, 2022:

Governmental Activities:	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
Capital assets, not being depreciated:				
Land	\$ 411,761	\$ -	\$ -	\$ 411,761
Construction in progress	97,443	749,200	-	846,643
Total capital assets, not being depreciated	<u>509,204</u>	<u>749,200</u>	<u>-</u>	<u>1,258,404</u>
Capital assets, being depreciated:				
Buildings and improvements	1,655,241	50,000	-	1,705,241
Improvements other than buildings	3,874,233	-	-	3,874,233
Machinery, equipment and furniture	2,478,100	258,167	(41,000)	2,695,267
Right-to-use SBITA*	352,849	-	-	352,849
Automobiles and trucks	1,368,450	123,392	-	1,491,842
Infrastructure	5,781,274	235,660	-	6,016,934
Total capital assets, being depreciated	<u>15,510,147</u>	<u>667,219</u>	<u>(41,000)</u>	<u>16,136,366</u>
Less accumulated depreciation for:				
Buildings and improvements	(612,087)	(65,377)	-	(677,464)
Improvements other than buildings	(1,829,263)	(194,729)	-	(2,023,992)
Machinery, equipment and furniture	(1,754,792)	(149,538)	28,238	(1,876,092)
SBITA assets*	(23,523)	(70,570)	-	(94,093)
Automobiles and trucks	(1,087,903)	(116,420)	-	(1,204,323)
Infrastructure	(2,366,920)	(295,937)	-	(2,662,857)
Total accumulated depreciation	<u>(7,674,488)</u>	<u>(892,571)</u>	<u>28,238</u>	<u>(8,538,821)</u>
Total capital assets, being depreciated, net	<u>7,835,659</u>	<u>(225,352)</u>	<u>(12,762)</u>	<u>7,597,545</u>
Governmental activities capital assets, net	<u>\$ 8,344,863</u>	<u>\$ 523,848</u>	<u>\$ (12,762)</u>	<u>\$ 8,855,949</u>

*The Town implemented GASB 87 and 96 in fiscal year 2022, which results in assets reported as machinery, equipment, and furniture in fiscal year 2021 now being reported as right-to-use assets in fiscal year 2022.

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

Governmental Activities:	
General government	\$ 26,399
Public safety	190,992
Public works/streets/airport	670,974
Parks and recreation	4,206
Total depreciation expense - governmental activities	<u>\$ 892,571</u>

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 7. Long-term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

	<u>Balance 6/30/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2022</u>	<u>Current Portion</u>
Governmental Activities:					
Notes payable*	\$ 422,274	\$ 383,500	\$ 180,945	\$ 624,829	\$ 285,881
SBITA payable*	352,849	-	68,376	284,473	69,465
Compensated absences	86,792	81,144	84,407	83,529	33,005
Total governmental activities	<u>861,915</u>	<u>464,644</u>	<u>333,728</u>	<u>992,831</u>	<u>388,351</u>
Total long-term liabilities	<u>\$ 861,915</u>	<u>\$ 464,644</u>	<u>\$ 333,728</u>	<u>\$ 992,831</u>	<u>\$ 388,351</u>

* The Town implemented GASB 87 and 96 in fiscal year 2022, which results in debt reported as capital leases in fiscal year 2021 now being reported as notes payable (not leases under GASB 87) or SBITA payable in fiscal year 2022.

The following is a listing of long-term liabilities as of June 30, 2022:

Notes Payable:

1.74% note payable due in semi-annual principal and interest installments, maturing July 2041. Secured by net revenues of the system.	\$ 247,500
5.90% note payable due in annual principal and interest installments, maturing May 2025. Secured by underlying property/equipment.	112,525
6.00% note payable due in quaterly principal and interest installments, maturing October 2023. Secured by underlying property/equipment.	78,054
5.05% note payable due in annual principal and interest installments, maturing July 2022. Secured by underlying property/equipment.	86,731
2.99% note payable due in annual principal and interest installments, maturing November 2024. Secured by underlying property/equipment.	<u>100,019</u>
Total notes payable	624,829

SBITA Payable	284,473
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Compensated Absences	<u>83,529</u>
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Total long-term liabilities	992,831
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Less current portions:

Governmental activities	<u>(388,351)</u>
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Net long-term liabilities	<u>\$ 604,480</u>
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There are no significant unused lines of credit as of June 30, 2022.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 7. Long-term Liabilities, Continued

Long term debt service requirements to maturity are as follows:

Year Ending June 30,	Governmental		Business-Type	
	Notes Payable		Notes Payable	
	Principal	Interest	Principal	Interest
2023	\$ 216,417	\$ 20,335	\$ -	\$ -
2024	108,471	11,215	-	-
2025	84,352	7,207	-	-
2026	11,009	3,653	-	-
2027	11,200	3,460	-	-
2028 - 2032	58,991	14,285	-	-
2033 - 2037	64,302	8,928	-	-
2038 - 2042	70,087	3,089	-	-
	<u>\$ 624,829</u>	<u>\$ 72,172</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 8. Subscription-based Information Technology Arrangements (SBITAs)

The Town has obtained the right to use dispatch software under the provisions of a subscription-based information technology arrangement.

The total amount of subscription assets is \$352,849 with related accumulated amortization of 94,093 leaving a carrying value of \$258,756.

The following schedule details minimum subscription payments to maturity for the Town's subscriptions liability at June 30, 2022:

Year Ending June 30,	SBITA payable	
	Principal	Interest
2023	\$ 69,465	\$ 4,467
2024	70,556	3,376
2025	71,664	2,268
2026	72,788	1,143
	<u>\$ 284,473</u>	<u>\$ 11,254</u>

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 9. Investment in Affiliates

The Town has the following investments that are accounted for using the equity method:

Water Departments of Hildale/Colorado City

The Twin City Water Joint Management, Operations and Maintenance Agreement (the Water Departments) was formed on February 22, 1996 by the Town of Colorado City, Arizona and Hildale City, Utah (the Cities).

The Town of Colorado City, Arizona, pursuant to the provisions of Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended (the “Arizona Joint Exercise of Powers Act”) and the City of Hildale, Utah, pursuant to the provisions of Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the “Utah Interlocal Co-operation Act”) entered into the “Inter-Governmental Agreement.” An updated intergovernmental cooperative agreement for utilities systems management, operations and maintenance became effective in May 2014 and another updated intergovernmental cooperative agreement became effective in March 2023.

The Water Departments’ proportionate shares are based on the proportionate amount of water system utility customers and usage for each of the municipalities. The proportionate shares allocation did not change as of and for the year ended June 30, 2022 resulting in no proportionate shares allocation percentage adjustment. There is an offsetting adjustment in the financial statements of Hildale City, Utah, when applicable. See further details in the Water Departments’ financial statements for the year ended June 30, 2022.

The administrative board consists of five members—two members appointed by the mayor and council of Hildale City, two members appointed by the mayor and council of Colorado City and one member appointed by the joint designation of both municipalities. Each member is entitled to one vote. The Hildale City council consists of a mayor and five council members. The Colorado City council consists of a mayor and six council members. Budgeting and financing is done by the board and is ratified by each municipality’s council.

The Water Departments' audited financial statements as of June 30, 2022 are available at the following address:

Hildale City
320 E. Newel Avenue
Hildale, Utah 84784

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 9. Investment in Affiliates, Continued

Water Departments, Continued

Notes payable for the Waters Departments consist of the following at June 30, 2022:

	<u>Hildale City</u>	<u>Colorado City</u>	<u>Total</u>
Note payable to Hildale City/Colorado City Gas Departments, bearing interest at 2.50%, due in monthly principal and interest installments of \$3,258, maturing June 25, 2026.	<u>\$ 52,034</u>	<u>\$ 96,636</u>	<u>\$ 148,670</u>

Maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Combined</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 35,787	\$ 3,309
2024	36,692	2,404
2025	37,620	1,476
2026	38,571	524
2027	-	-
	<u>\$ 148,670</u>	<u>\$ 7,713</u>

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 9. Investment in Affiliates, Continued

Water Departments, Continued

The following is a summary of the total assets, liabilities, revenues, and expenses associated with the Water Departments and the allocation between the municipalities for the year ended June 30, 2022:

	Hildale City	Colorado City	Total
Total assets	\$ 1,131,532	\$ 2,101,418	\$ 3,232,950
Current liabilities	\$ 135,137	\$ 250,969	\$ 386,106
Long-term liabilities	40,946	76,044	116,990
Total liabilities	176,083	327,013	503,096
Net position	955,449	1,774,405	2,729,854
Total net position	955,449	1,774,405	2,729,854
Total liabilities and net assets	\$ 1,131,532	\$ 2,101,418	\$ 3,232,950
 Total operating revenues	 \$ 385,851	 \$ 716,580	 \$ 1,102,431
Total operating expenses	283,437	526,384	809,821
Operating income (loss)	102,414	190,196	292,610
Nonoperating revenue (expense)	25,106	46,625	71,731
Capital contributions	28,079	52,147	80,226
Change in net position	\$ 155,599	\$ 288,968	\$ 444,567

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 9. Investment in Affiliates, Continued

Gas Departments of Hildale/Colorado City

The Gas Distribution Systems Management, Operations and Maintenance Agreement (the Gas Departments) was formed on June 22, 2009 by the Town of Colorado City, Arizona and Hildale City, Utah (the Cities). The Town of Colorado City, Arizona, pursuant to the provisions of Title 11, Chapter 7, Article 3, Arizona Revised Statutes, as amended (the “Arizona Joint Exercise of Powers Act”) and the City of Hildale, Utah, pursuant to the provisions of Title 11, Chapter 13, Utah Code Annotated 1953, as amended (the “Utah Interlocal Cooperation Act”) entered into the “Inter-Governmental Agreement.” An updated intergovernmental cooperative agreement for utilities systems management, operations and maintenance became effective in May 2014 and another updated intergovernmental cooperative agreement became effective in March 2023.

The Gas Departments’ proportionate shares are based on the proportionate amount of gas system utility customers and usage for each of the municipalities. The proportionate shares allocation did not change as of and for the year ended June 30, 2022 resulting in no proportionate shares allocation percentage adjustment. There is an offsetting adjustment in the financial statements of Hildale City, Utah, when applicable. See further details in the Gas Departments’ financial statements for the year ended June 30, 2022.

The board of trustees consists of five members—two members appointed by the mayor and council of Hildale City, two members appointed by the mayor and council of Colorado City and one member appointed by the joint designation of both municipalities. Each member is entitled to one vote. The Hildale City council consists of a mayor and five council members. The Colorado City council consists of a mayor and six council members. Budgeting and financing is done by the board and is ratified by each municipality’s council.

The Gas Departments' audited financial statements as of June 30, 2022 are available at the following address:

Hildale City
320 E. Newel Avenue
Hildale, Utah 84784

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 9. Investment in Affiliates, Continued

Gas Departments, Continued

The following is a summary of the total assets, liabilities, revenues, and expenses associated with the Gas Departments and the allocation between the municipalities for the year ended June 30, 2022:

	Hildale City	Colorado City	Total
Total assets	\$ 956,122	\$ 1,434,180	\$ 2,390,302
Current liabilities	\$ 40,600	\$ 60,897	\$ 101,497
Long-term liabilities	625	938	1,563
Total liabilities	41,225	61,835	103,060
Net position	914,897	1,372,345	2,287,242
Total net position	914,897	1,372,345	2,287,242
Total liabilities and net position	\$ 956,122	\$ 1,434,180	\$ 2,390,302
Total operating revenues	\$ 460,075	\$ 690,114	\$ 1,150,189
Total operating expenses	462,119	693,181	1,155,300
Operating income (loss)	(2,044)	(3,067)	(5,111)
Nonoperating revenue (expense)	3,338	5,008	8,346
Capital contributions	25,049	37,573	62,622
Change in net position	\$ 26,343	\$ 39,514	\$ 65,857

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 9. Investment in Affiliates, Continued

Arizona Strip Landfill Governmental Financing Corporation

The Arizona Strip Governmental Financing Corporation (the Corporation) was incorporated on May 4, 1996 pursuant to an interlocal agreement between the Town of Colorado City, Arizona and the Town of Fredonia, Arizona. The Corporation is a nonprofit corporation/joint venture formed by the two towns for the purpose of financing, permitting, constructing and operating a landfill and municipal solid waste collection system. The respective shares of the Corporation are 76% for the Town and 24% for Fredonia. The Town guarantees the Corporation in case of closure, post-closure, and corrective action.

The Corporation has entered into lease agreements that are considered capital leases in accordance with accounting standards. The Corporation's fiscal years 2021 and 2022 financial information was not available as of the date these financial statements were available to be issued. The following is the Town's estimated proportionate share (76%) of the Corporation's future minimum lease payments as of June 30, 2020:

	Year Ending June 30,	Total
	2021	\$ 45,598
	2022	38,677
	2023	38,677
	2024	<u>2,881</u>
Total remaining lease payments		125,833
Less: amount representing interest		<u>8,883</u>
Present value of net remaining minimum lease payments		<u><u>\$ 116,950</u></u>

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 9. Investment in Affiliates, Continued

Arizona Strip Landfill Governmental Financing Corporation, Continued

Each municipality appoints two members to the board of directors. The board exercises full power to conduct, manage and direct the business and affairs of the Corporation.

The Corporation's financial statements can be obtained at the following address:

Town of Colorado City
25 South Central Street
Colorado City, Arizona 86021

The following is a summary of the total assets, liabilities, revenues and expenses associated with the Corporation and the allocation between the municipalities for the year ended June 30, 2020 (the Corporation's fiscal years 2021 and 2022 audited financial statements were not available as of the date these financial statements were available to be issued):

	Fredonia Town	Colorado City	Total
Total assets	\$ 198,709	\$ 629,239	\$ 827,948
Current liabilities	\$ 50,887	\$ 161,138	\$ 212,025
Long-term liabilities	56,999	180,495	237,494
Total liabilities	107,886	341,633	449,519
Net position	90,823	287,606	378,429
Total net position	90,823	287,606	378,429
Total liabilities and net position	\$ 198,709	\$ 629,239	\$ 827,948
Total operating revenues	\$ 160,201	\$ 507,305	\$ 667,506
Total operating expenses	179,689	569,019	748,708
Operating income (loss)	(19,488)	(61,714)	(81,202)
Nonoperating revenue (expense)	(2,383)	(7,546)	(9,929)
Affiliate adjustment*	21,871	69,260	91,131
Change in net position	\$ -	\$ -	\$ -

*Since the Corporation's fiscal year 2020 financial information is presented and included in these financial statements rather than fiscal year 2022, the fiscal year 2020 net amount previously recognized in the Town's fiscal year 2020 financial statement is not included again. The \$69,260 affiliate adjustment is shown above to reflect this.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 10. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the Arizona Strip Landfill Corporation (see Note 9) to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill began accepting waste May 1, 1997. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Arizona Strip Landfill Corporation (the Corporation) reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$139,120 reported as landfill closure and postclosure care liability at June 30, 2020 (see Note 9 regarding the two year lag) on the Corporation's financial statements represents the cumulative amount of closure and postclosure costs reported to date based on the use of the estimated capacity of the landfill. An estimated 68% of the landfill capacity had been used by June 30, 2020. The Corporation will recognize the remaining estimated cost of closure and postclosure care of \$65,542 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in 2020. The Corporation expects to close the landfill in the year 2032. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Corporation will record the remaining estimated cost of closure and postclosure care as the estimated capacity is filled. The Corporation has utilized a local government guarantee rather than establishing a trust fund or other financial mechanism to demonstrate financial responsibility for closure and postclosure care costs.

NOTE 11. Restricted Fund Balance

At June 30, 2022 the Town's restricted fund balance consists of the following:

Grants Fund - SRF	
County Flood Control	\$ 86,962
Economic development	75
Total	<u>\$ 87,037</u>

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 12. Interfund Balances and Transfers

As of June 30, 2022 the Town's interfund balances consist of the following:

Due To	Due From		Total
	Highway User Revenue Fund	Contract Service Fund	
General Fund	\$ 123,588	\$ 447,144	\$ 646,706
Total	<u>\$ 123,588</u>	<u>\$ 447,144</u>	<u>\$ 646,706</u>

The interfund balances resulted from the lag time between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are expected to be repaid within the next fiscal year.

The Town made the following interfund transfers for the year ended June 30, 2022:

Transfers in	Transfers out				Total
	General fund	Highway user revenue fund	Grants fund	Contract service fund	
General fund	\$ -	\$ -	\$ 244,511	\$ -	\$ 244,511
Highway user revenue fund	234,119	-	-	-	234,119
Grants fund	63,257	-	-	-	63,257
Debt service fund	126,570	107,045	-	52,429	286,044
Total	<u>\$ 423,946</u>	<u>\$ 107,045</u>	<u>\$ 244,511</u>	<u>\$ 52,429</u>	<u>\$ 827,931</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in certain funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

COLORADO CITY, ARIZONA
Notes to the Financial Statements
June 30, 2022

NOTE 13. Commitments, Contingencies and Uncertainties

The Town, in connection with Hildale City, Utah and the joint utility departments of Hildale City, Utah and Colorado City, Arizona (see Note 9), is operating under a court ordered injunction (United States Department of Justice). The injunction began in April 2017 and requires the Town to make certain changes to its policies and procedures, hire new police officers and obtain the guidance of a monitor, mentor and consultant. The Town is currently operating under the injunction and implementing the required changes. The injunction remains in effect for ten years (beginning 2017) or until otherwise ordered by the court.

NOTE 14. Risk Management

Town maintains insurance for property damage, general liability, auto liability, airport liability, crime and employee theft, directors and officers employment related practices liability, police errors and omissions and workers compensation.

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REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information

Budgetary Comparison Schedules

For the Following Major Funds:

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditures for a particular purpose.

The **Highway User Revenue Fund** accounts for the Town's share of motor fuel tax revenues and lottery proceeds that are set aside for the maintaining, repairing and upgrading of streets.

The **Grants Fund** accounts for federal and state grants and other contributions that are restricted to expenditures for particular purposes. More specifically, this fund accounts for the following projects:

- The County Flood Control fund accounts for federal and state grants and other contributions that are restricted for use toward flood control.
- The ADOT Aeronautics fund accounts for federal and state grants and other contributions that are restricted for a specific purpose.
- The FAA Airport Grant fund accounts for revenue from FAA grants and expenses related to those revenues.
- The Economic Development fund accounts for federal and state grants and other contributions that are to be used for economic development.
- The CDBG funds account for revenue from CDBG grants for street and water well projects and expenses related to those revenues.

COLORADO CITY, ARIZONA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
General Fund
Budget-and-Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues				
Taxes	\$ 1,250,000	\$ 1,801,131	\$ 2,068,174	\$ 267,043
Licenses and permits	53,800	53,800	109,451	55,651
Intergovernmental revenue	1,773,983	630,982	377,503	(253,479)
Charges for services	638,132	638,132	573,943	(64,189)
Interest income	5,000	5,000	5,553	553
Fines and forfeitures	30,000	31,500	26,755	(4,745)
Miscellaneous	55,000	55,000	107,037	52,037
Total revenues	3,805,915	3,215,545	3,268,416	52,871
Expenditures				
Current:				
Administration and contingencies	1,621,439	1,582,239	1,201,632	380,607
Airport	114,846	179,846	163,705	16,141
Building department	91,820	90,820	59,000	31,820
Community development	-	67,500	771	66,729
Law enforcement	944,613	989,313	998,307	(8,994)
Parks and recreation	120,924	98,424	84,515	13,909
Dispatch	498,377	477,877	460,602	17,275
Magistrate court	114,660	130,160	120,812	9,348
Total expenditures	3,506,679	3,616,179	3,089,344	526,835
Excess (deficiency) of revenues over (under) expenditures	299,236	(400,634)	179,072	579,706
Other financing sources (uses):				
Transfers in	-	-	244,511	244,511
Transfers out	(299,236)	(252,035)	(423,947)	(171,912)
Total other financing sources and uses	(299,236)	(252,035)	(179,436)	72,599
Net change in fund balance	-	(652,669)	(364)	652,305
Fund balance - beginning of year	2,719,960	2,719,960	2,719,960	-
Fund balance, end of year	\$ 2,719,960	\$ 2,067,291	\$ 2,719,596	\$ 652,305

COLORADO CITY, ARIZONA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Highway User Revenue Special Revenue Fund
Budget-and-Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues				
Intergovernmental revenue	\$ 482,003	\$ 482,003	\$ 513,476	\$ 31,473
Miscellaneous	60,000	60,000	-	(60,000)
Total revenues	542,003	542,003	513,476	(28,527)
Expenditures				
Salaries and employee benefits	265,981	359,217	274,259	84,958
Service, supplies and other	216,022	208,522	208,156	366
Capital outlay	-	159,000	158,135	865
Total expenditures	482,003	726,739	640,550	86,189
Excess of revenues over (under) expenditures	60,000	(184,736)	(127,074)	57,662
Other financing sources (uses):				
Transfers in	299,236	289,073	234,119	(54,954)
Transfers out	-	(108,091)	(107,045)	1,046
Total other financing sources (uses)	299,236	180,982	127,074	(53,908)
Net change in fund balance	359,236	(3,754)	-	3,754
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ 359,236	\$ (3,754)	\$ -	\$ 3,754

COLORADO CITY, ARIZONA
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Grants Special Revenue Fund
Budget-and-Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Revenues				
Intergovernmental revenue	\$ 6,203,442	\$ 8,732,346	\$ 991,697	\$ (7,740,649)
Interest income	-	-	166	166
Miscellaneous	-	-	7,027	7,027
Total revenues	6,203,442	8,732,346	998,890	(7,733,456)
Expenditures				
Capital outlay	6,203,442	8,591,956	1,043,427	7,548,529
Total expenditures	6,203,442	8,591,956	1,043,427	7,548,529
Excess of revenues over (under) expenditures	-	140,390	(44,537)	(184,927)
Other financing sources (uses):				
Debt proceeds	-	-	247,500	247,500
Transfers in	-	-	63,258	63,258
Transfers out	-	-	(244,511)	(244,511)
Net change in fund balance	-	140,390	21,710	(118,680)
Fund balance, beginning of year	65,327	65,327	65,327	-
Fund balance, end of year	\$ 65,327	\$ 205,717	\$ 87,037	\$ (118,680)

OTHER COMMUNICATIONS FROM INDEPENDENT AUDITORS



**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and Town Council
Town of Colorado City, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colorado City, Arizona (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town's basic financial statements and have issued our report thereon dated October 3, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in a separate findings and recommendations letter, dated October 3, 2023, that we consider a significant deficiency.

2010-001 Misstatements and Reconciliations

Compliance and Other Matters

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

Purpose of this Report

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

HintonBurdick, PLLC

St. George, Utah
October 3, 2023



Independent Auditor's Report on State Legal Compliance

The Honorable Mayor and Town Council
Town of Colorado City, Arizona

We have audited the basic financial statements of the Town of Colorado City, Arizona for the year ended June 30, 2022, and have issued our report thereon dated October 3, 2023. Our audit also included test work on the Town of Colorado City's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 28, Chapter 18, Article 2.

The management of the Town of Colorado City is responsible for the Town's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit; accordingly, we make the following statements:

The Town has established separate funds to account for Highway User Revenue funds. Highway user revenue fund monies received by the Town pursuant to Title 28, Chapter 18, Article 2 and other dedicated state transportation revenues received during the current fiscal year appear to have been used solely for authorized purposes. The funds are administered in accordance with generally accepted accounting principles. Sources of revenues available and fund balances are reflected in the individual fund financial statements.

Our opinion regarding the Town's compliance with annual expenditure limitations has been issued separately with the Town's Annual Expenditure Limitation Report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Town of Colorado City complied, in all material respects, with the requirements identified above for the year ended June 30, 2022.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

HintonBurdick, PLLC

St. George, Utah
October 3, 2023

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TOWN OF COLORADO CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2022
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF COLORADO CITY, ARIZONA
Annual Expenditure Limitation Report
June 30, 2022

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Independent Accountants' Report

The Auditor General of the State of Arizona and
The Honorable Mayor and Town Council
Town of Colorado City, Arizona

We have examined the accompanying Annual Expenditure Limitation Report (report) of the Town of Colorado City, Arizona for the year ended June 30, 2022, and the related notes to the report. The Town's management is responsible for presenting this report in accordance with the Uniform Expenditure Reporting System as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the Uniform Expenditure Reporting System in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures this report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Annual Expenditure Limitation Report referred to above is presented in accordance with the Uniform Expenditure Reporting System as described in Note 1 in all material respects.

HintonBurdick, PLLC

St. George, Utah
October 3, 2023

TOWN OF COLORADO CITY, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2022

1. Economic Estimates Commission expenditure limitation	\$ 8,922,423
2. Voter-approved alternative expenditure limitation	<u>-</u>
3. Enter applicable amount from line 1 or line 2	\$8,922,423
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>5,070,858</u>
5. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u><u>\$3,851,565</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of Chief Fiscal Officer: 

Name and Title: Vance Barlow, Town Manager

Telephone Number: 928-875-9160 Date: October 3, 2023

See accompanying notes to report.

TOWN OF COLORADO CITY, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2022

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 5,195,366	\$ 1,179,620	\$ 2,103,411	\$ 8,478,397
B. Less exclusions claimed:				
2. Debt service requirements on other long-term obligations	286,045	25,412	-	311,457
3. Dividends, interest and gains on the sale or redemption of investment securities	5,718	7,721	-	13,439
5. Grants and aid from the Federal government	318,608	-	-	318,608
7. Amounts received from the State of Arizona	651,546	-	-	651,546
8. Quasi-external interfund transactions	-	-	1,321,121	1,321,121
10. Highway user revenues in excess of those received in fiscal year 1979-80	513,476	-	-	513,476
11. Contracts with other political subdivisions	277,892	-	-	277,892
16. Total exclusions claimed	2,053,285	33,133	1,321,121	3,407,539
C. Amount subject to the expenditure limitation	\$ 3,142,081	\$ 1,146,487	\$ 782,290	\$ 5,070,858
(If an individual fund type amount is negative, reduce exclusions claimed to net to zero.)	\$ 3,142,081	\$ 1,146,487	\$ 782,290	\$ 5,070,858

See accompanying notes to report.

TOWN OF COLORADO CITY, ARIZONA
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2022

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses reported within the fund financial statements	\$ 5,195,366	\$ 1,222,289	\$ 2,103,411	\$ 8,521,066
B. Subtractions:				
1. Items not requiring use of current financial resources:				
Depreciation	-	143,697	-	143,697
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-	-
3. Required fees paid to the Arizona Dept. of Revenue	-	-	-	-
4. Present value of net minimum lease, financed purchase and SBITA contract payments recorded as expenditures at the agreements' inception	-	-	-	-
5. Involuntary court judgments	-	-	-	-
6. Total subtractions	-	143,697	-	143,697
C. Additions:				
1. Principal payments on long-term debt	-	22,688	-	22,688
2. Capital asset acquisitions	-	78,340	-	78,340
3. Amounts paid in the current year but reported as expenses in previous years:				
Claims previously recognized as IBNR	-	-	-	-
Landfill closure and postclosure costs	-	-	-	-
4. Pension and OPEB contributions paid in the current year	-	-	-	-
5. Total additions	-	101,028	-	101,028
D. Amounts reported on Part II, Line A	\$ 5,195,366	\$ 1,179,620	\$ 2,103,411	\$ 8,478,397

See accompanying notes to report.

TOWN OF COLORADO CITY, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2022

Note 1. Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07, which excludes expenditures/expenses of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures/expenses reported in the fund-based financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed in part II and each deduction or addition in the Reconciliation that cannot be traced directly to an amount reported in the annual fund-based financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds, statement of revenues, expenses, and changes in net position for the proprietary funds, statement of cash flows for the proprietary funds, and the statement of fiduciary net position for the fiduciary funds, as applicable.

Note 2. Enterprise Funds

The amounts included in the enterprise fund column are attributable to the Town's gas utility fund and water utility fund, which are shown in the basic financial statement Note 9. The following table summarizes the enterprise fund column of the Reconciliation for the AELR.

<u>Description</u>	<u>Gas Departments</u>	<u>Water Departments</u>	<u>Total</u>
Operating expenses	\$ 693,181	\$ 526,384	\$ 1,219,565
Interest expense	-	2,724	2,724
Total expenses	<u>\$ 693,181</u>	<u>\$ 529,108</u>	<u>\$ 1,222,289</u>
Depreciation	\$ 81,010	\$ 62,687	\$ 143,697
Principal payments on long-term debt	-	22,688	22,688
Acquisition of capital assets	-	78,340	78,340
Interest income	5,008	2,713	7,721

TOWN OF COLORADO CITY, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2022

Note 3. Part II Exclusions – Items 2 and 3

The exclusions in Part II for debt service in the Governmental Funds consists of principal and interest on notes and leases payable as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds. The exclusions in Part II for debt service in the Enterprise Funds consists of principal and interest on notes and leases payable for the affiliate entities. See Note 2 above.

The exclusions claimed in Part II for dividends, interest, and gains on the sale or redemption on investment securities consists of interest earned on investments with the State Pool.

Note 4. Part II Exclusions – Items 5, 7 and 10

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, and highway user revenues in the Governmental Funds. The amounts excluded do not exceed expenditures for such revenues.

<u>Description</u>	<u>Governmental Funds</u>
Grants and aid from the Federal government	\$ 318,608
Amounts received from the State	651,546
Highway user revenues in excess of those received in fiscal year 1979-80	513,476
County Flood Control	21,544
State Revenue Sharing	377,503
Amount carried forward	<u>-</u>
Total intergovernmental revenues as reported in the financial statements	<u><u>\$ 1,882,677</u></u>

Note 5. Part II Exclusions – Item 11

The exclusions in Part II for the Governmental Funds contracts with other political subdivisions of \$277,892 is for charges for services for the Hildale City police and dispatch contracts, the Hildale City and HC/CC Utilities Departments court ordered monitoring contract, and the HC/CC Utilities Departments insurance contract.

TOWN OF COLORADO CITY, ARIZONA
Notes to the Annual Expenditure Limitation Report
June 30, 2022

Note 6. Part II Exclusions – Item 8

The exclusions claimed in Part II for Internal Service Fund quasi-external interfund transactions of \$1,321,121 is for charges for fuel and oil to other departments of the Town and payroll and other charges to the HC/CC Utilities Departments (joint ventures) and other entities.

RESOLUTION NO. 2023-25

RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF COLORADO CITY, ARIZONA, REORGANIZING AND RESTRUCTURING THE COLORADO CITY MUNICIPAL AIRPORT ADVISORY BOARD

WHEREAS, the Town of Colorado City, a municipal corporation, is the owner of the Colorado City Municipal Airport; and

WHEREAS, the Town is subject to various continuing obligations made to the Federal Government as a condition of FAA grants for Airport Improvement Projects; and

WHEREAS, the Town has established the Colorado City Municipal Airport Advisory Board, and

WHEREAS, The Mayor and Council desire to establish defined terms for service on the Colorado City Municipal Airport Advisory Board

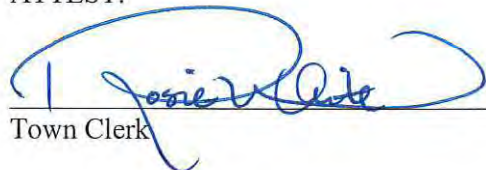
NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF COLORADO CITY, ARIZONA, THAT

1. The Advisory Board shall consist of five members appointed by the Mayor with the consent of the Town Council. Members shall be selected without respect to political affiliation and shall receive stipend pay for each advisory board meeting or event attended, as set by the Council.
2. The Colorado City Municipal Airport Manager shall not be appointed as a member of the Colorado City Municipal Airport Advisory Board.
3. The terms of appointment for the existing members of the Advisory Board shall expire as follows:
 - December 31, 2023, for two members: Daniel Barlow Jr. and Jeffery Jessop
 - December 31, 2025, for two members: Jacob Jessop and Paul Black
 - December 31, 2027, for one member: Darlene StubbsThereafter, the terms of office for each appointive member shall be six years.
4. Appointed members with expiring terms are eligible for reappointment, by completing an application and being screened along with any other applicants for the position.
5. Vacancies occurring otherwise than through the expiration of term shall be filled by appointment by the Mayor, with the consent of the Town Council. Notwithstanding the length of term, Members shall serve at the pleasure of the Town Council and may be removed at any time with or without cause.

PASSED AND ADOPTED by the Mayor and Council of the Town of Colorado City, Arizona, this 16th day of October 2023.


Mayor

ATTEST:


Town Clerk

