

DRAFT

TOWN OF PALMER LAKE, COLORADO

FINANCIAL STATEMENTS

December 31, 2021



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INDEPENDENT AUDITOR'S REPORT

Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Town of Palmer Lake, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Palmer Lake, Colorado as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Town of Palmer Lake, Colorado's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Palmer Lake, Colorado as of December 31, 2021, and the respective changes in financial position and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Financial Statements* section of our report. We are required to be independent of the Town of Palmer Lake, Colorado 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 opinion

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Palmer Lake, Colorado's basic financial statements. The budgetary comparison schedule for the Conservation Trust Fund, and the Water Fund, and the Local Highway Finance Report, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules for the Conservation Trust Fund, and the Water Fund, and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DRAFT

Longmont, Colorado
July xx, 2022

Management's Discussion and Analysis

Town of Palmer Lake, Colorado

Management's Discussion and Analysis

Introduction:

Management's Discussion and Analysis is intended to provide the reader and user of our financial statements with a narrative overview of the Town's financial activities. Management's Discussion and Analysis (MD&A) should be read in conjunction with the Town's financial statements and notes to the financial statements, beginning on page 8.

The Town of Palmer Lake was founded in 1871 by General William Jackson Palmer and was incorporated in 1889 as a political subdivision of the State of Colorado. The Town operates under a Mayor-Council form of government. Under the guidance of the central administration which includes financial and technical support, the Town provides a range of services. The services include public safety (police and volunteer fire), public utilities (water), infrastructure (drainage, streets and public buildings) and cultural and recreational activities (parks, trails, recreation programs and library). The Town is nestled at the base of the pike National Forest in the northwest corner of El Paso County, Colorado. The population of Palmer Lake, Colorado is estimated at approximately 2,420 people.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (Net Position) by \$10,111,894 at December 31, 2021. Of this amount \$2,715,428 was unrestricted and available to fund future obligations of the Town.
- Net position of governmental activities increased by \$408,147 and net position of business-type activities increased by \$510,027.
- As of December 31, 2021, the General Fund had a fund balance of \$2,749,080. Of this amount \$2,541,930 was unassigned and available for use to meet the Town's current obligations.
- As of December 31, 2021, the Water Enterprise Fund had a fund balance of \$4,339,801 which is an increase of \$510,027 from December 31, 2020.

Overview of the Financial Statements of the Town:

The audited financial statements of the Town are:

- Statement of Net Position
- Statement of Activities
- Balance Sheet – Governmental Funds
- Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds
- Statement of Net Position – Proprietary Fund
- Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
- Statement of Cash Flows – Proprietary Fund
- Notes to the Financial Statements

The financial statements of the Town are presented as a special purpose government engaged in business and government type activities. These financial statements distinguish between the functions of the Town that will be principally supported by taxes.

The **Statement of Net Position** is prepared using the full accrual basis of accounting and provides information about what is owned (assets) by the Town, what is owed (liabilities) by the Town, and what is the Town's equity in its assets (net position). Over time, the comparison of changes in net position may provide a useful method of evaluating whether the financial position of the Town is improving, deteriorating, or maintaining a status quo.

The **Statement of Activities** provides information about the components – Program Expenses, Program Revenue and General Revenue – of the Town's annual operating activities and how those activities affected net position during the current fiscal year.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are governmental or proprietary funds.

Governmental Funds

The **Balance Sheet – Governmental Funds** presents the financial position of the Town's funds using the traditional government modified accrual method of accounting, which does not reflect capital assets and debt obligations.

The **Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds** presents the activities of the Town's funds using the modified accrual method of accounting which includes expenditures for capital assets and debt service obligations. This method approximates the reporting on a cash basis and closely follows the budgetary method.

The two reconciliations, which accompany these governmental funds statements, provide explanations of the specific differences in these statements as compared to the Statement of Net position and the Statement of Activities.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

Enterprise funds are used to report any activity for which it is primarily funded by charging a fee to external users for goods and services, and operate in a manner similar to private sector businesses. The Town utilizes one enterprise fund to account for water operations. The proprietary fund financial statements provide the same type of information as shown in the government-wide financial statements.

The **Notes to Financial Statements** provide additional, required disclosures about the Town, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

Condensed Comparative Financial Information:

Statement of Net Position

	Governmental Activities		Business-type Activities		Primary Government	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 3,481,311	\$ 3,547,591	\$ 1,098,910	\$ 986,478	\$ 4,580,221	\$ 4,534,069
Noncurrent Assets	3,598,550	2,823,268	5,848,206	5,380,698	9,446,756	8,203,966
Total Assets	<u>7,079,861</u>	<u>6,370,859</u>	<u>6,947,116</u>	<u>6,367,176</u>	<u>14,026,977</u>	<u>12,738,035</u>
Deferred Outflows	<u>183,436</u>	<u>133,862</u>	-	-	<u>167,585</u>	<u>133,862</u>
Long-Term Debt	98,907	140,244	2,306,404	2,444,690	2,405,311	2,584,934
Other Liabilities	285,139	141,868	300,911	92,712	586,050	234,580
Total Liabilities	<u>384,046</u>	<u>282,112</u>	<u>2,607,315</u>	<u>2,537,402</u>	<u>2,991,361</u>	<u>2,819,514</u>
Deferred Inflows	<u>1,107,158</u>	<u>856,663</u>	-	-	<u>1,107,158</u>	<u>856,663</u>
Net Position						
Net investment in capital assets	2,935,088	2,214,799	4,041,802	3,436,008	6,976,890	5,650,807
Restricted	210,288	153,086	209,288	209,288	419,576	362,374
Unrestricted	<u>2,626,717</u>	<u>2,996,061</u>	<u>88,711</u>	<u>184,478</u>	<u>2,715,428</u>	<u>3,180,539</u>
Total Net Position	<u>\$ 5,772,093</u>	<u>\$ 5,363,946</u>	<u>\$ 4,339,801</u>	<u>\$ 3,829,774</u>	<u>\$ 10,111,894</u>	<u>\$ 9,193,720</u>

Statement of Activities

	Governmental Activities		Business-type Activities		Primary Government	
	2021	2020	2021	2020	2021	2020
Program Expenses	\$ 2,210,136	\$ 2,135,627	\$ 1,061,177	\$ 1,168,390	\$ 3,271,313	\$ 3,304,017
Program Revenue	<u>262,507</u>	<u>656,746</u>	<u>1,372,231</u>	<u>1,195,019</u>	<u>1,634,738</u>	<u>1,851,765</u>
Net Program Expense(Revenue)	<u>1,947,629</u>	<u>1,478,881</u>	<u>(311,054)</u>	<u>(26,629)</u>	<u>1,636,575</u>	<u>1,452,252</u>
General Revenue	<u>2,355,776</u>	<u>2,613,049</u>	<u>198,973</u>	<u>151,831</u>	<u>2,554,749</u>	<u>2,764,880</u>
Change in Net Position	408,147	1,134,168	510,027	178,460	918,174	1,312,628
Net Position, Beginning of Year	5,363,946	4,229,778	3,829,774	3,651,314	9,193,720	7,881,092
Net Position, End of Year	<u>\$ 5,772,093</u>	<u>\$ 5,363,946</u>	<u>\$ 4,339,801</u>	<u>\$ 3,829,774</u>	<u>\$ 10,111,894</u>	<u>\$ 9,193,720</u>

This foregoing information is a summary of the financial information contained in the Town's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 8

Discussion of Financial Position and Operating Activities

The Town restricted three percent (3%) of its general revenues for emergencies in accordance with TABOR requirements. The Town had a TABOR reserve of \$90,000 at December 31, 2021.

The Town's total assets are comprised primarily cash and equivalents, receivables for water service and long-term capital assets. The Town's total liabilities are comprised primarily of long-term debt and current liabilities related to ongoing operations.

In 2021, program expense exceeded program revenues by \$1,947,629 for the primary government. This was offset by net general revenues of \$2,355,776, which resulted in an overall increase in net position. See page 8 of the accompanying Financial Statements for details of these revenues and expenses.

Fund Discussion

Governmental Funds

The Governmental Fund – General Fund balance decreased to \$2,749,080 in 2021, primarily due to increased capital outlay spending in 2021 versus 2020. The fund balance includes \$90,000 for emergencies in accordance with TABOR requirements. The assets and liabilities are comprised primarily of cash and property tax revenues to be realized in 2022. As of December 31, 2021, the Town's combined fund balance for all governmental funds was \$2,785,220.

General Fund Budgetary Discussion

Actual revenues for 2021 were \$137,684 more than the final budget primarily due to increased sales tax revenue. Actual expenditures for 2021 were \$260,269 less than the final budget primarily due to capital outlay expenditures being less than anticipated. See page 33 of the accompanying financial statements for more detail.

Proprietary Fund

The Water Enterprise Fund balance was \$4,339,801 at December 31, 2021. The assets and liabilities are comprised primarily of cash, water accounts receivable and capital assets. Actual revenues for 2021 were \$114,954 higher than the final budget. Actual expenses for 2021 were \$134,424 less than the final budget. See the accompanying financial statements for more detail.

Capital Assets and Long-term Obligations

Capital Assets.

At the end of 2021, the Town had \$8,862,608 invested in a broad range of capital assets including major infrastructure such as buildings, roads, bridges, storm water drainage, parks and recreation facilities and water lines and distribution systems. More detailed information on the Town's capital assets is presented in the accompanying notes to the financial statements.

Long-term Debt.

In 2019, the General Fund loaned the Water Enterprise Fund \$500,000. The proceeds of the loan were used to complete the Water Tank project. The loan is secured by a twenty year note that bears interest at 2% per annum. The remaining activity relating to long-term debt was the scheduled payment of debt.

Economic Factors and Next Year's Budget

Continuing a conservative approach to budgeting, the Town of Palmer Lake continues to provide all services to its citizens.

Requests for Information. This financial report is designed to provide a general overview of the Town of Palmer Lake, Colorado's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Town of Palmer Lake 42 Valley Crescent, PO Box 208, Palmer Lake, CO 80133.

Basic Financial Statements

TOWN OF PALMER LAKE
STATEMENT OF NET POSITION
December 31, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,214,732	\$ 990,979	\$ 3,205,711
Cash and cash equivalents, restricted	141,598	-	141,598
Prepaid expense	11,692	1,789	13,481
Accounts receivable - County Treasurer	24,228	-	24,228
Accounts receivable	119,073	106,142	225,215
Interest receivable	1,646	-	1,646
Property taxes receivable	968,342	-	968,342
Total Current Assets	<u>3,481,311</u>	<u>1,098,910</u>	<u>4,580,221</u>
Noncurrent Assets			
Due from other funds	500,000	-	500,000
Net pension asset - SDWB	84,148	-	84,148
Capital assets			
Nondepreciable	891,555	1,367,443	2,258,998
Depreciable	3,920,742	9,126,032	13,046,774
Total Capital Assets	<u>4,812,297</u>	<u>10,493,475</u>	<u>15,305,772</u>
Less accumulated depreciation	<u>(1,797,895)</u>	<u>(4,645,269)</u>	<u>(6,443,164)</u>
Total Net Capital Assets	<u>3,014,402</u>	<u>5,848,206</u>	<u>8,862,608</u>
Total Noncurrent assets	<u>3,598,550</u>	<u>5,848,206</u>	<u>9,446,756</u>
Total Assets	<u>7,079,861</u>	<u>6,947,116</u>	<u>14,026,977</u>
DEFERRED OUTFLOWS OF RESOURCES			
Volunteer fireman's pension	17,663	-	17,663
SWDB pension	165,773	-	165,773
Total Deferred Outflows of Resources	<u>183,436</u>	<u>-</u>	<u>183,436</u>
LIABILITIES			
Current Liabilities			
Accounts payable	202,244	39,770	242,014
Prepaid fees	-	3,177	3,177
Other accrued liabilities	25,505	7,829	33,334
Compensated absences	57,390	33,475	90,865
Accrued interest	-	7,629	7,629
Deferred revenue - ARP funds		209,031	209,031
Lease purchase - current portion	12,889	3,222	16,111
Loans payable - current portion	-	137,898	137,898
Total Current Liabilities	<u>298,028</u>	<u>442,031</u>	<u>740,059</u>
Noncurrent Liabilities			
Due to other funds	-	500,000	500,000
Loans payable	-	1,657,202	1,657,202
Lease purchase agreement	66,425	8,082	74,507
Net pension liability - volunteer	19,593	-	19,593
Total Noncurrent Liabilities	<u>86,018</u>	<u>2,165,284</u>	<u>2,251,302</u>
Total Liabilities	<u>384,046</u>	<u>2,607,315</u>	<u>2,991,361</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	968,342	-	968,342
Volunteer fireman's pension	11,760	-	11,760
SWDB pension	127,056	-	127,056
Total deferred inflows of resources	<u>1,107,158</u>	<u>-</u>	<u>1,107,158</u>
NET POSITION			
Net investment in capital assets	2,935,088	4,041,802	6,976,890
Restricted			
Loan operating reserve requirement	-	209,288	209,288
Emergency reserve (TABOR)	90,000	-	90,000
Conservation Trust	36,140	-	36,140
Pension	84,148	-	84,148
Unrestricted	<u>2,626,717</u>	<u>88,711</u>	<u>2,715,428</u>
Total net position	<u>\$ 5,772,093</u>	<u>\$ 4,339,801</u>	<u>\$ 10,111,894</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF PALMER LAKE
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

Functions/Programs	Program Revenue		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 578,804	\$ 83,586	\$ -	\$ -
Public safety	1,104,420	92,810	21,397	29,577
Highways and streets	412,752	-	-	-
Culture and recreation	114,160	-	35,137	-
Total General government	2,210,136	176,396	56,534	29,577
Business-type activities:				
Water operations	1,061,177	1,205,117	-	167,114
Total Business-Type Activities	1,061,177	1,205,117	-	167,114
TOTAL PRIMARY GOVERNMENT	3,271,313	1,381,513	56,534	196,691
General revenues:				
Property taxes				815,308
Specific ownership taxes				108,234
Sales and use taxes				1,133,167
Franchise fees and other taxes				142,989
Intergovernmental				114,404
Tap fees and development charges				-
Net investment income				12,098
Miscellaneous income				29,576
Total General Revenue				2,355,776
Change in net position				408,147
Net position - Beginning				5,363,946
Net position - Ending				\$ 5,772,093
				\$ 4,339,801
				198,973
				510,027
				918,174
				3,829,774
				9,193,720
				\$ 10,111,894
				2,554,749
				40,119
				12,278
				188,250
				114,404
				142,989
				1,133,167
				108,234
				815,308
				-
				-
				-
				-
				188,250
				311,054
				311,054
				311,054
				(1,947,629)
				(1,947,629)
				(1,947,629)
				311,054
				311,054
				311,054
				(1,636,575)
				311,054
				311,054
				311,054
				(495,218)
				(960,636)
				(412,752)
				(79,023)
				(1,947,629)
				(1,947,629)

These financial statements should be read only in connection with the accompanying notes to financial statements.

Fund Financial Statements

TOWN OF PALMER LAKE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	Major Fund General	Non-Major Fund Conservation Trust	Total
ASSETS			
Cash and investments	\$ 2,214,732	\$ -	\$ 2,214,732
Restricted cash and cash investments	105,458	36,140	141,598
Prepaid expense	11,692	-	11,692
Accounts receivable - County Treasurer	24,228	-	24,228
Accounts receivable - Other entities	119,073	-	119,073
Interest receivable	1,646	-	1,646
Due from Enterprise Fund	500,000	-	500,000
Property taxes receivable	968,342	-	968,342
Total Assets	<u>\$ 3,945,171</u>	<u>\$ 36,140</u>	<u>\$ 3,981,311</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE			
Accounts payable	\$ 202,244	\$ -	\$ 202,244
Other accrued liabilities	25,505	-	25,505
Total Liabilities	<u>227,749</u>	<u>-</u>	<u>227,749</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	968,342	-	968,342
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>968,342</u>	<u>-</u>	<u>968,342</u>
FUND BALANCE			
Nonspendable:			
Prepaid expenditures	11,692	-	11,692
Restricted:			
Emergency reserves	90,000	-	90,000
Conservation Trust	-	36,140	36,140
Assigned:			
Fire	105,458	-	105,458
Unassigned	2,541,930	-	2,541,930
Total Fund Balance	<u>2,749,080</u>	<u>36,140</u>	<u>2,785,220</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 3,945,171</u>	<u>\$ 36,140</u>	<u>\$ 3,981,311</u>

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

Total fund balances - governmental funds	\$ 2,785,220
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	
Capital assets	4,812,297
Accumulated depreciation	(1,797,895)
Pension related assets, liabilities, deferred inflow and deferred outflows of resources are not current resources and are not reported in the governmental funds.	109,175
Long-term liabilities are not due and payable in the current year and, therefore, are reported in the funds.	(79,314)
Compensated absences	(57,390)
Net position of governmental activities	<u>\$ 5,772,093</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF PALMER LAKE
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended December 31, 2021

	Major Fund General	Non-Major Fund Conservation Trust	Total
REVENUE			
Property taxes	\$ 815,308	\$ -	\$ 815,308
Specific ownership taxes	108,234	-	108,234
Sales and use tax	1,133,167	-	1,133,167
Highway user tax	108,034	-	108,034
Franchise fees and other taxes	142,989	-	142,989
Licenses and permits	83,586	-	83,586
Intergovernmental	6,370	35,137	41,507
Fines and forfeits	92,810	-	92,810
Interest income	12,085	13	12,098
Grants	50,974	-	50,974
Miscellaneous revenue	29,563	13	29,576
Total revenues	<u>2,583,120</u>	<u>35,163</u>	<u>2,618,283</u>
EXPENDITURES			
Current			
General government	473,112	-	473,112
Public Safety	1,186,658	-	1,186,658
Highways and streets	322,188	-	322,188
Culture and recreation	33,693	35,433	69,126
County treasurer fees	8,169	-	8,169
Debt service			
Principal	12,330	-	12,330
Interest	3,352	-	3,352
Capital outlay	874,204	7,996	882,200
Total expenditures	<u>2,913,706</u>	<u>43,429</u>	<u>2,957,135</u>
NET CHANGE IN FUND BALANCE	<u>(330,586)</u>	<u>(8,266)</u>	<u>(338,852)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>3,079,666</u>	<u>44,406</u>	<u>3,124,072</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,749,080</u>	<u>\$ 36,140</u>	<u>\$ 2,785,220</u>

A reconciliation reflecting the differences between the governmental funds net change in fund balances and change in net position reported for governmental activities in the Statement of Activities as follows:

Net change in Fund Balances - total governmental funds	\$ (338,852)
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities	
Capital outlay	882,200
Depreciation	(174,241)
Changes in pension related assets, liabilities, deferred inflows and deferred outflows of resources do not utilize current resources and are not reported in the governmental funds.	52,223
Principal payments on debt are reported as expenditures in governmental funds	12,330
Accrued vacation is not considered a current economic resource and therefore is not included in the governmental funds. Change in compensated absences for the year ended:	<u>(25,513)</u>
Change in net position - governmental activities	<u>\$ 408,147</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF PALMER LAKE
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2021

	<u>Water Enterprise Fund</u>
ASSETS	
Current Assets	
Cash and investments	\$ 990,979
Prepaid expense	1,789
Accounts receivable	106,142
Total Current Assets	<u>1,098,910</u>
Capital Assets	
Capital assets, not being depreciated	1,367,443
Capital assets, being depreciated	9,126,032
Total Capital Assets	<u>10,493,475</u>
Less accumulated depreciation	<u>(4,645,269)</u>
Net Capital Assets	<u>5,848,206</u>
Total Noncurrent Assets	<u>5,848,206</u>
Total Assets	<u>6,947,116</u>
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable	39,770
Prepaid fees	3,177
Other accrued liabilities	7,829
Compensated absences	33,475
Accrued interest payable	7,629
Deferred revenue - ARP funds	209,031
Lease purchase agreement - current portion	3,222
Loans payable - current portion	137,898
Total Current Liabilities	<u>442,031</u>
Long Term Liabilities	
Due to General Fund	500,000
Lease purchase agreement	8,082
Loans payable, net of current portion	1,657,202
Total Long Term Liabilities	<u>2,165,284</u>
Total Liabilities	<u>2,607,315</u>
NET POSITION	
Net investment in capital assets	4,041,802
Restricted	
Loan operating reserve requirement - CWR&PDA	209,288
Unrestricted	88,711
Total Net Position	<u>\$ 4,339,801</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF PALMER LAKE
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2021

	Water Enterprise Fund
OPERATING REVENUE	
Water sales and fees	\$ 1,205,117
Total operating revenue	1,205,117
OPERATING EXPENSES	
General and Administrative	295,271
Operations	426,815
Depreciation expense	290,770
Total operating expenses	1,012,856
OPERATING INCOME (LOSS)	192,261
NONOPERATING REVENUE (EXPENSE)	
Water tap fees and development charges	188,250
Grant income	167,114
Miscellaneous income	10,543
Interest income	180
Interest expense	(48,321)
Total nonoperating revenue (expense), net	317,766
CHANGE IN NET POSITION	510,027
NET POSITION - BEGINNING OF YEAR	3,829,774
NET POSITION - END OF YEAR	\$ 4,339,801

These financial statements should be read only in connection with
the accompanying notes to financial statements.

TOWN OF PALMER LAKE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2021

	Water Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,198,175
Cash payments to suppliers for goods and services	(493,771)
Cash payments to employees for services	(233,662)
Net cash provided by operating activities	470,742
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	180
Net cash provided by investing activities	180
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash received from connection charges	188,250
Other receipts	10,543
Net cash provided by noncapital financing activities	198,793
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisitions and construction of capital assets	(758,278)
Grant proceeds	379,322
Principal paid on debt	(138,286)
Interest and fiscal charges paid on debt	(48,772)
Net cash (used) in capital and related financing activities	(566,014)
NET CHANGE IN CASH	103,701
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	887,278
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 990,979
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 192,261
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	290,770
Effects of changes in operating assets and liabilities:	
Accounts receivable	(6,942)
Prepaid expense	(1,789)
Accounts payable	(18,818)
Other accrued liabilities	15,260
Total adjustments	278,481
Net Cash Provided by Operating Activities	\$ 470,742

These financial statements should be read only in connection with the accompanying notes to financial statements.

Town of Palmer Lake, Colorado
Notes to Financial Statements
December 31, 2021

Note 1 Summary of Significant Accounting Policies

Financial Reporting Entity

The Town of Palmer Lake, Colorado (the Town) was organized as a statutory town in Colorado. The Town provides general government, public works (roads and streets), police, fire and water for the geographical area organized as the Town of Palmer Lake, Colorado.

The Governmental Accounting Standards Board (GASB) is the authoritative body and the Town follows all GASB accounting pronouncements, which provides guidance for determining which governmental activities, organization and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency. The Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial position of the governmental and proprietary fund activities at the end of the year. The statement of activities presents a comparison between program expenses and the program revenue for each program or function of the primary government activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the Town, with certain limited exceptions. The comparison of program expenses with program revenue identifies the extent to which each function is self-financing or draws from the general revenue of the Town.

Fund Accounting

During the year the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

The accounts of the Town are organized on the basis of funds each of which is considered a separate accounting entity. In the fund financial statements, the Town reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial activities except those required to be accounted for in another fund.

Enterprise Funds are used to account for operations that are financed in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public be recovered primarily through user charges. The Town reports the following major enterprise funds:

Water Fund – The Water fund accounts for the costs related to providing water services to the Town.

Measurement Focus and Basis of Accounting

Government-wide Financial Statement

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Town are included in the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance.

The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (revenue and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds is recorded as a reduction of liabilities.

Revenue

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period, which is typically within sixty days of realization.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

Non-exchange transactions, in which the Town receives value without directly giving value in return, include sales taxes, grants, entitlements and donations. Revenue from sales tax is recognized in the fiscal year for which the taxes are collected by the vendor. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Program revenues consist of revenues that are associated with the governmental services such as licenses, permits and water sales.

Expenses/Expenditures

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

Property Taxes

Property taxes attach an enforceable lien on property as of January 1st. Taxes are levied on January 1st and are payable either in one installment on or before April 30th, or in two installments due on or before February 28th and June 15th of each year. The collections and assessments are done by El Paso County and are remitted to the Town monthly. Property taxes, which are due to be paid in the next period and representing an enforceable lien at January 1st of the next year, have been recorded as a receivable and a deferred inflow of resources in the year in which they are levied. Property tax revenues are recognized when they are collected by El Paso County.

Assets and Liabilities

Cash and cash equivalents- The Town follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based on each fund's average equity balance in total cash. The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with maturities of 90 days or less at the date of their acquisition.

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets - are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of more than one year and exceed the following dollar amount:

<u>Assets</u>	<u>Dollar Value</u>	<u>Useful Life</u>
Land	No minimum	30 years
Buildings	No minimum	5-10 years
Building improvements	\$ 5,000	5-10 years
Furniture and equipment	\$ 5,000	30 years
Infrastructure	\$ 5,000	10 years

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

Assets and Liabilities (Continued)

Capital assets are recorded at cost except for those assets which have been contributed, which are stated at estimated fair market value at the date of contribution or at developer's cost. Depreciation is computed using the straight-line method over the asset's estimated economic useful life. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets since their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Long-Term Obligations

In the government-wide financial statements and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities or enterprise fund type statement of net position. Bond issuance costs are expensed during the current period. Bond premiums and discounts are amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances and discounts are reported as other financing sources. The issuance costs related to the debt is reported as an expenditure in the current period.

Compensated absences – The Town's personnel policy states that employees may accrue unused vacation and sick pay benefits. The amount each employee can accrue varies depending on length of service. In the government-wide statements, vacation and sick pay is accrued when earned by the employee and reported as a liability. In the governmental funds vacation pay that is expected to be liquidated with current financial resources are reported as a fund liability. Amounts not expected to be liquidated with current financial resources are not reported in the governmental funds.

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

Net Position

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

Assets and Liabilities (Continued)

The Town utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

c.Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” The net position is available for future operations or distributions.

Fund Balance

Nonspendable- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was \$11,692 as of December 31, 2021.

Restricted - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the Town to establish Emergency reserves (see Note 4). A reservation of \$90,000 of the General Fund balance has been made in compliance with this requirement. The Town has \$36,140 restricted for conservation trust programs.

Committed- General Fund - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees formally removes or changes the specified uses. The Town had a committed fund balance of \$0 as of December 31, 2021.

Assigned – Includes all amounts that are constrained by the Town’s intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Trustee’s. As of December 31, 2021, the assigned fund balance was \$105,458.

Unassigned- consists of the residual classification for each fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

The Town has not adopted fund balance policies; therefore, the Town follows the guidance in accordance with GASB 54 and apply resources in the following order: restricted, committed, assigned and unassigned.

Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year-end outstanding balances are reported as due to / due from other funds. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as transfers. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Interfund balances represent amounts paid or received by the General Fund on behalf of the Water Fund as of December 31, 2021 and total \$0. The balances result from the time lag between the dates of the transactions and the dates of the reimbursements. In 2019, the General Fund loaned the Water Enterprise Fund \$500,000, (see Note 4).

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices and utility billings. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The Town Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Town Board or revised by the Town Board.

Use of Estimates in the Preparation of Financial Statements

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 amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

The Town maintains a cash pool that is available for use by all funds. Each fund's portion of the pool is displayed on their respective balance sheet as "Cash and Cash equivalents". As of December 31, 2021, the Town's cash deposits had a carrying balance of \$1,862,962 with corresponding bank balance of \$1,909,662 of which \$250,000 is federally insured.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 2 Cash and Investments (Continued)

another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Town had \$1,659,662 collateralized under PDPA.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2021, none of the Town's bank deposits were exposed to custodial credit risk.

Investments

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

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

At December 31, 2021 the Town had \$1,484,347 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement.

The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 2 Cash and Investments (Continued)

A summary of cash and cash equivalents at December 31, 2021 is as follows:

	<u>Deposits</u>	<u>Colotrust</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,826,822	\$ 1,378,889	\$ 3,205,711
Restricted cash and cash equivalents	36,140	105,458	141,598
Total	<u>\$ 1,862,962</u>	<u>\$ 1,484,347</u>	<u>\$ 3,347,309</u>
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
Cash and cash equivalents	\$ 2,214,732	\$ 990,979	\$ 3,205,711
Restricted cash and cash equivalents	141,598	-	141,598
Total	<u>\$ 2,356,330</u>	<u>\$ 990,979</u>	<u>\$ 3,347,309</u>

Note 3 Capital Assets

A summary of changes to capital assets for 2021 is as follows:

	<u>Balance at December 31, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at December 31, 2021</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 11,005	\$ -	\$ -	\$ 11,005
Construction in progress	118,971	761,579	-	880,550
Total capital assets, not being depreciated	<u>129,976</u>	<u>761,579</u>	<u>-</u>	<u>891,555</u>
Capital assets, being depreciated:				
Buildings	175,830	-	-	175,830
Roads and drainage	1,413,716	-	-	1,413,716
Equipment	2,210,575	120,621	-	2,331,196
Total capital assets being depreciated	<u>3,800,121</u>	<u>120,621</u>	<u>-</u>	<u>3,920,742</u>
Less accumulated depreciation for:				
Buildings	(94,507)	(8,286)	-	(102,793)
Roads and drainage	(537,381)	(82,195)	-	(619,576)
Equipment	(991,766)	(83,760)	-	(1,075,526)
Total accumulated depreciation	<u>(1,623,654)</u>	<u>(174,241)</u>	<u>-</u>	<u>(1,797,895)</u>
Total capital assets being depreciated, net	<u>2,176,467</u>	<u>(53,620)</u>	<u>-</u>	<u>2,122,847</u>
Total capital assets, net	<u>\$ 2,306,443</u>	<u>\$ 707,959</u>	<u>\$ -</u>	<u>\$ 3,014,402</u>
Depreciation Expense by Function				
General Government		\$ 11,706		
Public Safety		26,937		
Highways and Streets		90,564		
Culture and Recreation		45,034		
Total Depreciation Expense		<u>\$ 174,241</u>		

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 3 Capital Assets (Continued)

	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Business-type activities:				
Capital assets, not being depreciated:				
Land/water rights	\$ 560,000	\$ -	\$ -	\$ 560,000
Construction in progress	62,897	744,546	-	807,443
Total capital assets, not being depreciated	<u>622,897</u>	<u>744,546</u>	<u>-</u>	<u>1,367,443</u>
Capital assets, being depreciated:				
Reservoirs, lakes	150,233	-	-	150,233
Water facility	5,505,295	13,732	-	5,519,027
Shop building	121,825	-	-	121,825
Collection/transmission/distribution	2,145,676	-	-	2,145,676
Wells	846,767	-	-	846,767
General equipment	342,504	-	-	342,504
Total capital assets being depreciated	<u>9,112,300</u>	<u>13,732</u>	<u>-</u>	<u>9,126,032</u>
Less accumulated depreciation for:				
Reservoirs, lakes	(99,770)	-	-	(99,770)
Water facility	(2,529,152)	(188,897)	-	(2,718,049)
Shop building	(116,954)	(4,873)	-	(121,827)
Collection/transmission/distribution	(1,035,473)	(40,849)	-	(1,076,322)
Wells	(311,500)	(20,699)	-	(332,199)
General equipment	(261,650)	(35,452)	-	(297,102)
Total accumulated depreciation	<u>(4,354,499)</u>	<u>(290,770)</u>	<u>-</u>	<u>(4,645,269)</u>
Total capital assets being depreciated, net	<u>4,757,801</u>	<u>(277,038)</u>	<u>-</u>	<u>4,480,763</u>
Total capital assets, net	<u>\$ 5,380,698</u>	<u>\$ 467,508</u>	<u>\$ -</u>	<u>\$ 5,848,206</u>

Note 4 Long-Term Liabilities

Changes in Long-term Debt for the year ended December 31, 2021 were:

	Balance at December 31, 2020	Additions	Reductions	Balance at December 31, 2021	Amount Due Within One Year
Governmental activities					
Lease purchase	\$ 91,644	\$ -	\$ 12,330	\$ 79,314	\$ 12,889
Total Long-term Debt	<u>\$ 91,644</u>	<u>\$ -</u>	<u>\$ 12,330</u>	<u>\$ 79,314</u>	<u>\$ 12,889</u>
Business-type activities					
CWRPDA Bond - 2009	\$ 904,115	\$ -	\$ 87,323	\$ 816,792	\$ 89,053
CWRPDA Bond - 2018	1,026,189	-	47,883	978,306	48,845
Loan - General Fund	500,000	-	-	500,000	-
Lease purchase	14,386	-	3,080	11,306	3,222
Total Long-term Debt	<u>\$ 2,444,690</u>	<u>\$ -</u>	<u>\$ 138,286</u>	<u>\$ 2,306,404</u>	<u>\$ 141,120</u>

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 4 Long-Term Liabilities (Continued)

Drinking Water Revolving Fund Direct Loan

On July 22, 2009, the Town borrowed \$1,862,552 through the Colorado Water Resources & Power Development Authority – Drinking Water Revolving Fund Direct Loan, with an interest rate of 2% to fund water resource projects. The loan is payable from and collateralized by the Town’s water revenues in the amount of approximately \$1,731,536 through 2030. Principal and interest paid for the current year and pledged revenues received were each \$104,971. The proportion of the pledged revenue to total water revenues is not estimable because annual total fees collected fluctuate. Interest on the bonds is due each May 1 and November 1 commencing November 1, 2010. Principal is due annually on November 1 through 2030. Future maturities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 89,053	\$ 15,918	\$ 104,971
2023	90,844	14,127	104,971
2024	92,695	12,276	104,971
2025	94,558	10,413	104,971
2026	96,459	8,512	104,971
2027 - 2030	353,183	14,266	367,449
Total	<u>\$ 816,792</u>	<u>\$ 75,512</u>	<u>\$ 892,304</u>

Drinking Water Revolving Fund Direct Loan

On March 16, 2018, the Town borrowed \$1,100,000 through the Colorado Water Resources & Power Development Authority – Drinking Water Revolving Fund Direct Loan, with an interest rate of 2% to fund water resource projects. The loan is payable from and collateralized by the Town’s water revenues in the amount of approximately \$1,300,000 through 2038. The proportion of the pledged revenue to total water revenues is not estimable because annual total fees collected fluctuate. Interest on the bonds is due each May 1 and November 1 commencing May 1, 2020. Principal is due annually on November 1 through 2038. Future maturities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 48,845	\$ 19,323	\$ 68,168
2023	49,827	18,341	68,168
2024	50,828	17,340	68,168
2025	51,850	16,318	68,168
2026	52,892	15,276	68,168
2027 - 2031	280,844	59,996	340,840
2032 - 2036	310,224	30,616	340,840
2037 - 2038	132,996	3,341	136,337
Total	<u>\$ 978,306</u>	<u>\$ 180,551</u>	<u>\$ 1,158,857</u>

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 4 Long-Term Liabilities (Continued)

Vehicle Lease Purchase Agreement

On July 13, 2018, the Town borrowed \$160,000 through NBH Bank, with an interest rate of 4.03% to fund the lease purchase of vehicles. The loan is collateralized by the vehicles purchased. Payments on the lease are due on January and July of each year commencing on January 15, 2020 in the amount of \$9,801. The carrying value of the collateral was \$83,655 as of December 31, 2020. Future maturities are as follows:

Year	Principal	Interest	Total
2022	\$ 16,111	\$ 3,491	\$ 19,602
2023	16,601	3,002	19,603
2024	17,269	2,334	19,603
2025	17,966	1,637	19,603
2026	18,690	913	19,603
2027	3,983	160	4,143
Total	<u>\$ 90,620</u>	<u>\$ 11,537</u>	<u>\$ 102,157</u>

General Fund Loan to Water Enterprise Fund

On May 23, 2019, the Town's Board of Trustees approved a loan of \$500,000 from the General Fund to the Water Enterprise Fund. The loan is a twenty year term and bears interest at a rate of 2%. The loan proceeds were utilized to assist in the funding of the Town's Water Tank project. Interest payment are due semi-annually on May 1st and November 1st. Semi-annual Principal payments commence November 1, 2024. Future maturities are as follows:

Year	Principal	Interest	Total
2022	\$ -	\$ 10,000	\$ 10,000
2023	-	10,000	10,000
2024	14,374	10,000	24,374
2025	29,181	9,567	38,748
2026	29,766	8,982	38,748
2027 - 2031	158,056	35,684	193,740
2032 - 2036	174,591	19,149	193,740
2037 - 2039	94,032	2,840	96,872
Total	<u>\$ 500,000</u>	<u>\$ 106,222</u>	<u>\$ 606,222</u>

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 5 Pension Plans

FPPA - Statewide Defined Benefit Pension Plan- Police Officers and Firefighters

The Town contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan (SWDB) provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, paid police officers of the Town are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for firefighters hired on or after January 1, 1997.

Colorado statutes assign the Town to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

Description of Benefits

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated

Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

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

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 5 Defined Benefit Pension Plan (Continued)

Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Members of the SWDB plan and their employers contributing at the rate of 10 percent and 8 percent, respectively, of base salary for a total contribution rate of 18 percent in 2020. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2016. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will increase .5 percent annually beginning in 2021 through 2030 until it reaches 13 percent of pensionable earnings. Contributions to the SWDB plan from the Town were \$44,883 for the year ended December 31, 2021.

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

At December 31, 2021, the Town reported an asset of \$84,148 for its proportionate share of the net pension liability. The net pension asset was measured as of December 31, 2020, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Town's proportion of the net pension asset was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2021, the Town's proportion was .0387601570 percent, which was an increase of .009009106 percent from its proportion measured as of December 31, 2020.

For the year ended December 31, 2021, the Town recognized pension expense of \$25,502. At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 71,366	\$ 335
Changes in assumptions	35,789	0
Net difference between actual and projected earnings on pension plan investments	0	86,432
Net impact in change in proportionate share	13,735	40,289
Contributions subsequent to the measurement date	44,883	0
Total	\$ 165,773	\$ 127,056

\$44,883 in total reported as deferred outflows of resources related to pension resulting from Town's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 5 Defined Benefit Pension Plan (Continued)

outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	Net Deferred Outflows/ (Inflows) of Resources
2021	\$ (13,588)
2022	(2,377)
2023	(16,918)
2024	(2,213)
2025	11,640
Thereafter	17,290
Total	\$ (6,166)

Actuarial Assumptions

The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2021	January 1, 2020
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases*	4.25-11.25%	4.25-11.25%
Cost of Living Adjustments (COLA)	0.0%	0.0%

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 5 Defined Benefit Pension Plan (Continued)

class included in the Fund’s target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	39.00%	8.23%
Equity Long/Short	8.00%	6.87%
Private Markets	26.00%	10.63%
Fixed Income - Rates	10.00%	4.01%
Fixed Income - Credit A	5.00%	5.25%
Absolute Return	10.00%	5.60%
Cash	2.00%	2.32%
Total	100%	

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

Discount Rate

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

For the purpose fo this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.00 percent (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15): and the resulting single discount rate is 7.00 percent.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

The following presents the Town's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share

Note 5 Pension Plans (Continued)

of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

<u>Discount Rate:</u>	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Proportionate share of the net pension liability (asset)	<u>\$84,681</u>	<u>\$(84,148)</u>	<u>\$(223,960)</u>

Pension Plan Fiduciary Net Position

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

Volunteer Fire Department Pension Fund

At December 31, 2020, the Department reported a liability of \$19,593 for its net pension liability / (asset). The net pension liability / (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The plan membership consists of 8 retirees and beneficiaries and 0 active members.

For the year ended December 31, 2020, the Department recognized pension income of \$26,721. At December 31, 2020, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 0	\$ 8,646
Changes in assumptions	926	0
Net difference between actual and projected earnings on pension plan investments	886	3,114
Department contributions subsequent to the measurement date	15,851	0
Total	\$17,663	\$ 11,760

\$15,851 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. *Actuarial assumptions.* The total pension

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Note 5 Pension Plans (Continued)

Future pension expense from the amortization of deferred outflows and inflows of resources are:

Fiscal Year Ending December 31,	Net Deferred Outflows/ (Inflows) of Resources
2022	\$ (3,777)
2023	(3,292)
2024	(2,535)
2025	(344)
2026	-
Thereafter	-
Total	\$ (9,948)

Investment rate of return	7.0 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	N/A
Cost of Living Adjustment	0.0 percent
Inflation	2.5 percent

On-duty related mortality is assumed to be 0.00020 per year for all members. The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study in 2020. The Fund's target allocation is as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.00%	8.23%
Long/Short	8.00%	6.87%
Private Markets	26.00%	10.63%
Fixed Income	15.00%	9.26%
Absolute Return	10.00%	5.60%
Cash	2.00%	2.32%
Total	100.00%	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

class included in the Plans target asset allocation as of December 31, 2020, are summarized in the above table.

Note 5 Pension Plans (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Department’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Department’s net pension liability/(asset) calculated using the discount rate of 7.00 percent, as well as what the Department’s net pension Liability/(Asset) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
Department’s net pension liability/(asset)	\$23,926	\$19,593	\$15,796

* The long-term rate of return used was 7.00 percent. The municipal bond rate used was 2.00 percent. The single discount rate for the plans was 7.00 percent.

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Note 6 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer’s Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR.

Spending and revenue limits are determined based on the prior year’s fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish emergency reserves, which must be at least 3% of fiscal year spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. This Town had an emergency reserve of \$90,000 as of December 31, 2021.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2021

Note 7 Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Town maintains commercial insurance to mitigate their risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Required Supplemental Information

TOWN OF PALMER LAKE
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Variance with Budget Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual</u>	
REVENUE			
Property taxes	\$ 814,652	\$ 815,308	\$ 656
Specific ownership taxes	95,000	108,234	13,234
Sales and use tax	650,000	1,133,167	483,167
Highway user tax	89,605	108,034	18,429
Franchise fees and other taxes	168,109	142,989	(25,120)
Licenses, fees and permits	58,500	83,586	25,086
Intergovernmental	27,500	6,370	(21,130)
Fines and forfeits	51,800	92,810	41,010
Interest income	12,000	12,085	85
Grants	426,000	50,974	(375,026)
Miscellaneous revenue	52,270	29,563	(22,707)
Total Revenues	<u>2,445,436</u>	<u>2,583,120</u>	<u>137,684</u>
EXPENDITURES			
General wages and benefits	171,275	206,100	(34,825)
Training and travel	8,000	2,781	5,219
Professional fees	133,000	130,388	2,612
Contract services	22,200	24,023	(1,823)
Operating supplies	20,800	26,829	(6,029)
Repairs and maintenance	11,500	2,806	8,694
Office expense	18,500	20,467	(1,967)
Utilities	18,900	16,975	1,925
Insurance	20,000	30,847	(10,847)
Grants expense	15,000	27,559	(12,559)
Police	594,551	599,003	(4,452)
Fire	556,724	562,614	(5,890)
Roads	369,789	322,188	47,601
Parks	90,486	31,443	59,043
County Treasurer fees	10,000	8,169	1,831
Other expenses	-	11,628	(11,628)
Capital outlay	1,087,700	874,204	213,496
Debt service	25,550	15,682	9,868
Contingency	-	-	-
Total Expenditures	<u>3,173,975</u>	<u>2,913,706</u>	<u>260,269</u>
NET CHANGE IN FUND BALANCE	<u>\$ (728,539)</u>	<u>\$ (330,586)</u>	<u>\$ 397,953</u>

See the accompanying Independent Auditor's report.

TOWN OF PALMER LAKE
SCHEDULE OF CONTRIBUTIONS MULTI-YEAR
Last 10 Fiscal Year**

FY Ending December 31, (a)	Actuarially Determined Contribution (b)	Actual Contribution (c)	Contribution Deficiency (Excess) (d) = (b) - (c)	Covered Payroll (e)	Actual Contribution as a % of Covered Payroll (f)
2014	\$ 8,844	\$ 8,406	\$ 438	N/A	N/A
2015	\$ 8,844	\$ 18,168	\$ (9,324)	N/A	N/A
2016	\$ 8,925	\$ 8,925	-	N/A	N/A
2017	\$ 8,925	\$ 13,662	\$ (4,737)	N/A	N/A
2018	\$ 7,691	\$ 24,649	\$ (16,958)	N/A	N/A
2019	\$ 7,691	-	\$ 7,691	N/A	N/A
2020	\$ 8,160	\$ 30,805	\$ (22,645)	N/A	N/A

*Includes both employer and State of Colorado Supplemental Discretionary Payment

Notes to the Schedule of Contributions

Valuation Date

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2020, determines the contribution amounts for 2020 and 2021.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year smoothed market
Inflation	2.50%
Salary Increases	N/A
Rate of Return	7.50%
Retirement Age	'50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Collar Healthy Annuitants. For ages 55 through 64 a blend of the previous tables. All tables are projected with Scale BB.

*Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

**The report is intended to show 10 years of data. Additional years will be presented when they become available.

See the accompanying Independent Auditor's report.

TOWN OF PALMER LAKE
Required Supplementary Information
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS MULTIYEAR
Last 10 Fiscal Years**

<u>Measurement Period Ending December 31,</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability							
Service Cost	\$ 264	\$ 264	\$ 1,265	\$ 1,265	\$ 853	\$ 2,571	\$ 1,292
Interest Cost	4,741	5,075	6,662	6,891	6,750	4,928	7,310
Changes of benefit terms	-	-	-	-	-	-	-
Difference Between Expected and Actual Experiences	(2,213)	-	(15,268)	-	134	-	(617)
Changes of assumptions	-	-	2,012	-	5,504	(39,273)	39,622
Benefit Payments, including refunds of employee contributions	(9,600)	(10,600)	(10,400)	(12,000)	(11,143)	(11,500)	(12,000)
Net Change in Total Pension Liability	(6,808)	(5,261)	(15,729)	(3,844)	2,098	(43,274)	35,607
Total Pension Liability - Beginning	<u>72,321</u>	<u>77,582</u>	<u>93,311</u>	<u>97,155</u>	<u>95,057</u>	<u>138,331</u>	<u>102,724</u>
Total Pension Liability - Ending	<u>\$ 65,513</u>	<u>\$ 72,321</u>	<u>\$ 77,582</u>	<u>\$ 93,311</u>	<u>\$ 97,155</u>	<u>\$ 95,057</u>	<u>\$ 138,331</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 15,851	\$ -	\$ 16,616	\$ -	\$ 8,925	\$ 8,560	\$ -
Net Investment Income	4,006	3,993	(12)	4,128	1,074	331	\$ 1,138
Benefit Payments, including refunds of employee contributions	(9,600)	(10,600)	(10,400)	(12,000)	(11,143)	(11,500)	(12,000)
Administrative Expenses	(3,012)	(4,098)	(4,303)	(6,464)	(314)	(1,173)	(413)
State of Colorado Supplemental Discretionary Payment	14,954	-	8,033	13,662	-	9,608	8,406
Net Change in Plan Fiduciary Net Position	22,199	(10,705)	9,934	(674)	(1,458)	5,826	(2,869)
Plan Fiduciary Net Position - Beginning	<u>23,721</u>	<u>34,426</u>	<u>24,492</u>	<u>25,166</u>	<u>26,624</u>	<u>20,798</u>	<u>23,667</u>
Plan Fiduciary Net Position - Ending	<u>45,920</u>	<u>23,721</u>	<u>34,426</u>	<u>24,492</u>	<u>25,166</u>	<u>26,624</u>	<u>20,798</u>
Net Pension Liability/(Asset) - Ending	<u>\$ 19,593</u>	<u>\$ 48,600</u>	<u>\$ 43,156</u>	<u>\$ 68,819</u>	<u>\$ 71,989</u>	<u>\$ 68,433</u>	<u>\$ 117,533</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.09%	32.80%	44.37%	26.25%	25.90%	28.01%	15.03%
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**The report is intended to show 10 years of data. Additional years will be presented when they become available.

See the accompanying Independent Auditor's report.

TOWN OF PALMER LAKE
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - FPPA
 Last 10 Fiscal Years**
 Years Ended December 31,

	2020	2019	2018	2017	2016	2014	2014	2013
Town's proportion of the Net Pension Liability (Asset)	0.0387601570%	0.0297510510%	0.0300101242%	0.0384426613%	0.0219331444%	0.0098164611%	0.0105819994%	1.0829630600%
Town's proportionate share of the Net Pension Liability (Asset)	\$ (84,148)	\$ (16,825)	\$ 37,941	\$ (55,306)	\$ 7,925	\$ (173)	\$ (11,943)	\$ (12,222)
Town's covered payroll	293,012	277,813	208,036	115,692	107,003	47,590	47,590	45,084
Total pension liability	3,230,485,701	2,919,378,738	2,653,120,261	2,021,526,883	2,021,526,883	1,846,961,999	1,652,901,084	1,533,631,141
Plan fiduciary net position	3,447,586,098	2,975,935,079	2,526,692,808	1,985,393,043	1,985,393,043	1,848,724,853	1,765,758,630	1,623,049,809
Net pension liability (asset)	\$ (217,100,397)	\$ (56,556,341)	\$ 126,427,453	\$ 36,133,840	\$ 36,133,840	\$ (1,762,854)	\$ (112,857,546)	\$ (89,418,668)
Plan fiduciary net position as a percentage of the total pension	1.07	1.02	0.95	0.98	0.98	1.00	1.07	1.06
Net pension liability (asset) as a percentage of covered payroll	-29%	-6%	18%	-48%	7%	0%	-25%	-27%

**The report is intended to show 10 years of data. Additional years will be presented when they become available.

See the accompanying Independent Auditor's report.

TOWN OF PALMER LAKE
SCHEDULE OF PENSION CONTRIBUTIONS - FPPA
 Last 10 Fiscal Years**
 Years Ended December 31,

	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 24,906	\$ 22,225	\$ 16,082	\$ 8,560	\$ 8,560	\$ 3,807	\$ 3,807
Contributions in Relation to the Statutorily Required Contribution	\$ 24,906	\$ 22,225	\$ 16,082	\$ 8,560	\$ 8,560	\$ 3,807	\$ 3,807
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 293,012	\$ 277,813	\$ 208,036	\$ 115,692	\$ 107,003	\$ 47,590	\$ 47,590
Contributions as a Percentage of Covered Payroll	8.50%	8.00%	7.73%	7.40%	8.00%	8.00%	8.00%

**The report is intended to show 10 years of data. Additional years will be presented when they become available.

See the accompanying Independent Auditor's report.

Other Supplemental Information

TOWN OF PALMER LAKE
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CONSERVATION TRUST FUND
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Variance with Budget Positive (Negative)</u>
	<u>Original and Final</u>	<u>Actual</u>	
REVENUE			
Intergovernmental	\$ 19,507	\$ 35,137	\$ 15,630
Interest income	-	13	13
Miscellaneous revenue	-	13	13
Carryover	30,000	-	(30,000)
Total Revenues	<u>49,507</u>	<u>35,163</u>	<u>(14,344)</u>
EXPENDITURES			
Wages and benefits	25,836	20,820	5,016
Contract services	-	2,622	(2,622)
Operating supplies	4,000	8,300	(4,300)
Repairs and maintenance	2,500	485	2,015
Utilities	1,000	1,374	(374)
Fuels/Lubricants	234	1,832	(1,598)
Capital outlay	15,937	7,996	7,941
Total Expenditures	<u>49,507</u>	<u>43,429</u>	<u>6,078</u>
EXCESS REVENUE OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ (8,266)</u>	<u>\$ (8,266)</u>

See the accompanying Independent Auditor's report.

TOWN OF PALMER LAKE
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN
NET POSITION (NON-GAAP BUDGETARY BASIS)
WATER ENTERPRISE FUND
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original & Final		Actual	(Negative)
REVENUE				
Water sales and improvement fees	\$ 1,228,950		\$ 1,192,844	\$ (36,106)
Late fees	18,500		12,273	(6,227)
Water tap fees	200,000		188,250	(11,750)
Grant income	-		167,114	167,114
Interest income	8,800		180	(8,620)
Miscellaneous income	-		10,543	10,543
Total Revenue	1,456,250		1,571,204	114,954
EXPENSES				
Wages and benefits	390,865		286,233	104,632
Memberships and registrations	8,300		9,156	(856)
Contract services	11,000		20,042	(9,042)
Professional fees	99,500		133,523	(34,023)
Payment processing	10,037		370	9,667
Utilities	115,000		121,042	(6,042)
Operating supplies	50,000		16,719	33,281
Repairs and maintenance	188,500		94,457	94,043
Office expense	13,460		2,400	11,060
Insurance	10,000		8,738	1,262
Reservoir/Dam maintenance	10,000		3,037	6,963
Water quality tests	26,000		22,573	3,427
Miscellaneous	2,350		3,796	(1,446)
Debt Service	166,385		186,609	(20,224)
Capital outlay	700,000		758,278	(58,278)
Total Expenses	1,801,397		1,666,973	134,424
NET CHANGE IN FUND BALANCE - BUDGETARY BASIS	\$ (345,147)		(95,769)	\$ 249,378
RECONCILIATION TO NET INCOME				
Add: Capital Outlay			\$ 758,278	
Add: Principal paid on debt			138,286	
Less: Depreciation expense			(290,770)	
Net Income (Loss) - GAAP Basis			\$ 510,027	

See accompanying independent auditor's report.

Special Reports

JUN 28 2022



COLORADO
Department of Transportation

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2. Right-click your mouse and select Print.
3. Confirm that print settings are correct - make sure "selection only" isn't checked.
4. Print hard copy or to PDF.
5. Click "Edit Mode" to return to modifying your data.
6. Remember to click "Save" to save any changes.

Annual Highway Finance Report - CY21

Email address: julia@palmer-lake.org

City/County: Palmer Lake

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes

A. Receipts from local sources

2. General Fund Appropriations:	\$	0.00
3. Other local imposts: <i>from A.3. Total' below)</i>	\$	246,814.00
4. Miscellaneous local receipts: <i>from A.4. Total' below)</i>	\$	87,770.00
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00

SubTotal: \$ 334,584.00

B. Private Contributions \$ 0.00

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes (Detail)

A.3. Other local imposts

a. Property Taxes and Assessments	\$	38,892.00
b. Other Local Imposts		
1. Sales Taxes:	\$	180,726.00
2. Infrastructure and Impact Fees:	\$	0.00
3. Liens:	\$	0.00
4. Licenses:	\$	0.00
5. Specific Ownership and/or Other:	\$	27,196.00
Total: (a + b) carried to 'Other local imposts' above	\$	<u>246,814.00</u>

A.4. Miscellaneous local receipts

a. Interest on Investments:	\$	0.00
b. Traffic fines and Penalties:	\$	87,770.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	0.00
f. Charges for Services:	\$	0.00
g. Other Misc. Receipts:	\$	0.00
h. Other:	\$	0.00
Total: (a through h) carried to 'Misc local receipts' above	\$	<u>87,770.00</u>

C. Receipts from State Government

1. Highway User Taxes:	\$	99,043.00
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	0.00
d. Other (Specify):		
Comments: undefined	\$	0.00
e. Other (Specify):		
Comments: undefined	\$	0.00
Total: (1+3c,d,e)	\$	<u>99,043.00</u>

D. Receipts from Federal Government

2. Other Federal Agencies		
a. Forest Service:	\$	0.00

b. FEMA:	\$	0.00
c. HUD:	\$	0.00
d. Federal Transit Administration:	\$	0.00
e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00
Total: (2a-f)	\$	0.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes

A. Local highway disbursements

1. Capital outlay: <i>(from A.1.d. 'Total Capital Outlay' below)</i>	\$	0.00
2. Maintenance:	\$	383,598.00
3. Road and street services		
a. Traffic control operations:	\$	10,220.00
b. Snow and ice removal:	\$	10,936.00
c. Other:	\$	0.00
4. General administration and miscellaneous	\$	0.00
5. Highway law enforcement and safety	\$	28,873.00
Total: (A.1-5)	\$	433,627.00

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	0.00
b. Redemption	\$	0.00
2. Notes		
a. Interest	\$	0.00
b. Redemption	\$	0.00
SubTotal: (1+2)	\$	0.00

C. Payments to State for Highways: \$ 0.00

D. Payments to Toll Facilities: \$ 0.00

Total Disbursements: *(A+B+C+D)* \$ 433,627.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes - (Detail)

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ 0.00	\$ 0.00	\$ 0.00
b. Engineering Costs:	\$ 0.00	\$ 0.00	\$ 0.00
c. Construction			
1. New Facilities:	\$ 0.00	\$ 0.00	\$ 0.00
2. Capacity Improvements:	\$ 0.00	\$ 0.00	\$ 0.00
3. System Preservation:	\$ 0.00	\$ 0.00	\$ 0.00
4. System Enhancement:	\$ 0.00	\$ 0.00	\$ 0.00
5. Total Construction:			\$ <u>0.00</u>
d. Total Capital Outlay: <i>(Lines A.1.a. + 1.b. + 1.c.5)</i>			\$ <u>0.00</u>

Receipts, Disbursements & Costs

IV. Local Highway Debt Status

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
1. Bonds (Refunding Portion)		\$ 0.00	\$ 0.00	\$ 0.00
B. Notes (Total):	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

Receipts, Disbursements & Costs

V - Local Road & Street Fund Balance

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
\$ 0.00	\$ 433,627.00	\$ 433,627.00	\$ 0.00	\$ 0.00

Notes and Comments:

undefined

Please enter your name:

Please provide a telephone number where you may be reached:

Please click on the "Save" button before viewing the data in a print format.



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FORM FHWA-536e (Version 8.00) - CY21