

TOWN OF PALMER LAKE, COLORADO

FINANCIAL STATEMENTS

December 31, 2023

DRAFT

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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, 2023 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, 2023, 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 the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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.

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Fort Collins, Colorado
August xx, 2024

Management's Discussion and Analysis

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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 1.

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 \$13,072,010 at December 31, 2023. Of this amount \$4,488,144 was unrestricted and available to fund future obligations of the Town.
- Net position of governmental activities increased by \$1,234,065 and net position of business-type activities increased by \$498,249.
- As of December 31, 2023, the General Fund had a fund balance of \$3,661,915. Of this amount \$3,321,240 was unassigned and available for use to meet the Town's current obligations.
- As of December 31, 2023, the Water Enterprise Fund had a fund balance of \$5,315,864 which is an increase of \$498,249 from December 31, 2022.

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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 4,533,282	\$ 3,657,409	\$ 1,640,156	\$ 1,528,295	\$ 6,173,438	\$ 5,185,704
Noncurrent assets	4,337,973	4,184,379	5,870,252	5,875,600	10,208,225	10,059,979
Total assets	<u>8,871,255</u>	<u>7,841,788</u>	<u>7,510,408</u>	<u>7,403,895</u>	<u>16,381,663</u>	<u>15,245,683</u>
Deferred outflows	371,323	180,243	-	-	371,323	180,243
Long-term debt	56,785	-	1,858,608	2,157,175	1,915,393	2,157,175
Other liabilities	168,361	296,977	335,936	429,105	504,297	726,082
Total liabilities	<u>225,146</u>	<u>296,977</u>	<u>2,194,544</u>	<u>2,586,280</u>	<u>2,419,690</u>	<u>2,883,257</u>
Deferred inflows	1,261,286	1,202,973	-	-	1,261,286	1,202,973
Net position						
Net investment in capital assets	3,837,973	3,417,328	4,353,773	4,218,425	8,191,746	7,635,753
Restricted	175,549	105,684	216,571	224,600	392,120	330,284
Unrestricted	3,742,624	2,999,069	745,520	374,590	4,488,144	3,373,659
Total net position	<u>\$ 7,756,146</u>	<u>\$ 6,522,081</u>	<u>\$ 5,315,864</u>	<u>\$ 4,817,615</u>	<u>\$ 13,072,010</u>	<u>\$ 11,339,696</u>

Statement of Activities

	Governmental Activities		Business-type Activities		Primary Government	
	2023	2022	2023	2022	2023	2022
Program expenses	\$ 2,671,910	\$ 2,472,471	\$ 1,204,103	\$ 1,147,853	\$ 3,876,013	\$ 3,620,324
Program revenue	579,023	331,137	1,589,815	1,534,649	2,168,838	1,865,786
Net program expense (revenue)	<u>2,092,887</u>	<u>2,141,334</u>	<u>(385,712)</u>	<u>(386,796)</u>	<u>1,707,175</u>	<u>1,754,538</u>
General revenue	3,326,952	2,891,322	112,537	91,018	3,439,489	2,982,340
Change in net position	1,234,065	749,988	498,249	477,814	1,732,314	1,227,802
Net position, beginning of year	6,522,081	5,772,093	4,817,615	4,339,801	11,339,696	10,111,894
Net position, end of year	<u>\$ 7,756,146</u>	<u>\$ 6,522,081</u>	<u>\$ 5,315,864</u>	<u>\$ 4,817,615</u>	<u>\$ 13,072,010</u>	<u>\$ 11,339,696</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 \$116,505 on December 31, 2023.

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 2023, program expenses exceeded program revenues by \$1,707,175 for the primary government. This was offset by net general revenues of \$3,439,489, 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 Funds – General Fund balance increased to \$3,661,915 in 2023. The fund balance includes \$116,505 for emergencies in accordance with TABOR requirements. The assets and liabilities are comprised primarily of cash and property tax revenues to be realized in 2024. As of December 31, 2023, the Town's combined fund balance for all governmental funds was \$3,720,959.

General Fund Budgetary Discussion

Actual revenues for 2023 were \$743,195 less than the final budget primarily due to sales tax revenues being less than anticipated. Actual expenditures for 2023 were \$1,704,846 less than the final budget primarily due to Grants and 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 \$5,315,864 on December 31, 2023. The assets and liabilities are comprised primarily of cash, water accounts receivable and capital assets. Actual revenues for 2023 were \$90,914 higher than the final budget. Actual expenses for 2023 were \$401,274 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 2023, the Town had \$9,708,225 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

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Town of Palmer Lake, Colorado
Statement of Net Position
December 31, 2023

	Governmental Activities	Business- Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents - unrestricted	\$ 2,962,658	\$ 1,276,078	\$ 4,238,736
Due from County Treasurer	8,499	-	8,499
Due from other governments	320,968	-	320,968
Accounts receivable	-	147,332	147,332
Prepaid expenses	10,020	175	10,195
Interest receivable	1,646	-	1,646
Taxes receivable	1,170,447	-	1,170,447
Cash and cash equivalents - restricted	59,044	216,571	275,615
Total Current Assets	<u>4,533,282</u>	<u>1,640,156</u>	<u>6,173,438</u>
Noncurrent Assets			
Due from other funds	500,000	-	500,000
Capital assets			
Nondepreciable	210,505	560,000	770,505
Depreciable	5,807,861	10,550,335	16,358,196
Total Capital Assets	<u>6,018,366</u>	<u>11,110,335</u>	<u>17,128,701</u>
Less accumulated depreciation	<u>(2,180,393)</u>	<u>(5,240,083)</u>	<u>(7,420,476)</u>
Net Capital Assets	<u>3,837,973</u>	<u>5,870,252</u>	<u>9,708,225</u>
Total Noncurrent Assets	<u>4,337,973</u>	<u>5,870,252</u>	<u>10,208,225</u>
Total Assets	<u>8,871,255</u>	<u>7,510,408</u>	<u>16,381,663</u>
Deferred Outflows of Resources			
Volunteer fireman's pension	4,667	-	4,667
SWDB pension	366,656	-	366,656
Total Deferred Outflows of Resources	<u>371,323</u>	<u>-</u>	<u>371,323</u>
Liabilities			
Current Liabilities			
Accounts payable	69,690	19,825	89,515
Other accrued liabilities	40,029	10,093	50,122
Compensated absences	58,642	37,777	96,419
Accrued interest	-	6,701	6,701
Deferred revenue - ARP funds	-	103,669	103,669
Loans payable, current portion	-	157,871	157,871
Total Current Liabilities	<u>168,361</u>	<u>335,936</u>	<u>504,297</u>
Noncurrent Liabilities			
Due to other funds	-	500,000	500,000
Loans payable, net of current portions	-	1,358,608	1,358,608
Net pension liability - SWDB	51,801	-	51,801
Net pension liability - volunteer	4,984	-	4,984
Total Long Term Liabilities	<u>56,785</u>	<u>1,858,608</u>	<u>1,915,393</u>
Total Liabilities	<u>225,146</u>	<u>2,194,544</u>	<u>2,419,690</u>
Deferred Inflows of Resources			
Deferred property taxes	1,170,447	-	1,170,447
Volunteer fireman's pension	1,976	-	1,976
SWDB pension	88,863	-	88,863
Total Deferred Inflows of Resources	<u>1,261,286</u>	<u>-</u>	<u>1,261,286</u>
Net Position			
Net investment in capital assets	3,837,973	4,353,773	8,191,746
Restricted	175,549	216,571	392,120
Unrestricted	3,742,624	745,520	4,488,144
Total Net Position	<u>\$ 7,756,146</u>	<u>\$ 5,315,864</u>	<u>\$ 13,072,010</u>

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

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Town of Palmer Lake, Colorado
Balance Sheet
Governmental Funds
December 31, 2023

	Major Fund	Non-Major Fund	Total
	General	Conservation Trust	
Assets			
Current Assets			
Cash and cash equivalents - unrestricted	\$ 2,962,658	\$ -	\$ 2,962,658
Due from County Treasurer	8,499	-	8,499
Due from other governments	320,968	-	320,968
Prepaid expenses	10,020	-	10,020
Interest receivable	1,646	-	1,646
Taxes receivable	1,170,447	-	1,170,447
Due from other funds	500,000	-	500,000
Cash and cash equivalents - restricted	-	59,044	59,044
Total Assets	\$ 4,974,238	\$ 59,044	\$ 5,033,282
Liabilities			
Current Liabilities			
Accounts payable	\$ 69,690	\$ -	\$ 69,690
Other accrued liabilities	40,029	-	40,029
Total Liabilities	109,719	-	109,719
Deferred Inflows of Resources			
Deferred property taxes	1,170,447	-	1,170,447
Unavailable revenues	32,157	-	32,157
Total Deferred Inflows of Resources	1,202,604	-	1,202,604
Fund Balance			
Nonspendable	10,020	-	10,020
Restricted	116,505	59,044	175,549
Assigned	214,150	-	214,150
Unassigned	3,321,240	-	3,321,240
Total Fund Balance and Fund Balance	\$ 4,974,238	\$ 59,044	\$ 5,033,282

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

Total fund balances - governmental funds \$ 3,720,959

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

Capital assets 6,018,366
Accumulated depreciation (2,180,393)

Pension related assets, liabilities, deferred inflows and deferred outflows of resources are not current resources and are not reported in the governmental funds.

223,699

Intergovernmental revenues that do not provide current financial resources are included in deferred inflows of resources in the fund statements until they become available.

32,157

Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.

Compensated absences (58,642)
Net position of governmental activities \$ 7,756,146

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2023

	Major Fund	Non-Major Fund	Total
	General	Conservation Trust	
Revenues			
Property taxes	\$ 949,580	\$ -	\$ 949,580
Specific ownership taxes	110,810	-	110,810
Sales and use taxes	1,373,788	-	1,373,788
Highway user tax	103,640	-	103,640
Franchise fees and other taxes	543,643	-	543,643
Licenses and permits	80,223	-	80,223
Intergovernmental	7,352	37,346	44,698
Fines and forfeits	85,740	-	85,740
Investment income	92,274	1,473	93,747
Grants	318,976	-	318,976
Dispatch revenue - fire	73,081	-	73,081
Other	144,392	-	144,392
Total Revenues	<u>3,883,499</u>	<u>38,819</u>	<u>3,922,318</u>
Expenditures			
Current			
General government	708,034	-	708,034
Public safety	1,326,503	-	1,326,503
Highways and streets	375,286	-	375,286
Culture and recreation	38,802	12,210	51,012
County Treasurer fees	9,523	-	9,523
Capital outlay	643,839	5,174	649,013
Total Expenditures	<u>3,101,987</u>	<u>17,384</u>	<u>3,119,371</u>
Excess of Revenues Over (Under) Expenditures	781,512	21,435	802,947
Net Change in Fund Balance	<u>781,512</u>	<u>21,435</u>	<u>802,947</u>
Fund Balance, Beginning	2,880,403	37,609	2,918,012
Fund Balance, Ending	<u>\$ 3,661,915</u>	<u>\$ 59,044</u>	<u>\$ 3,720,959</u>

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

Net change in Fund Balances - total governmental funds	\$ 802,947
Purchases of capital assets are expensed in governmental funds and depreciated on the statement	
Capital outlay	649,013
Depreciation	(228,368)
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.	28,001
Changes in unavailable revenues not available within 60 days of end of year are presented in the year in which they become available in the governmental funds and when they are received in the government-wide statements	(16,343)
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:	(1,185)
Change in net position - governmental activities	<u>\$ 1,234,065</u>

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2023

	Water Fund
Assets	
Current Assets	
Cash and cash equivalents - unrestricted	\$ 1,276,078
Accounts receivable	147,332
Prepaid expense	175
Cash and cash equivalents - restricted	216,571
Total Current Assets	1,640,156
Capital Assets	
Non Depreciable	560,000
Depreciable	10,550,335
Total Capital Assets	11,110,335
Less accumulated depreciation	(5,240,083)
Net Capital Assets	5,870,252
Total Noncurrent Assets	5,870,252
Total Assets	7,510,408
Liabilities	
Current Liabilities	
Accounts payable	19,825
Other accrued liabilities	10,093
Compensated absences	37,777
Accrued interest	6,701
Deferred revenue - ARP funds	103,669
Loans payable, current portion	157,871
Total Current Liabilities	335,936
Long Term Liabilities	
Due to other funds	500,000
Loans payable, net of current portions	1,358,608
Total Long Term Liabilities	1,858,608
Total Liabilities	2,194,544
Net Position	
Net investment in capital assets	4,353,773
Restricted for debt service	216,571
Unrestricted	745,520
Total Net Position	\$ 5,315,864

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The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Water Fund
Operating Revenues	
Water sales and fees	\$ 1,356,206
Other income	1,556
Total Operating Revenues	1,357,762
 Operating Expenses	
General and Administration	152,369
Operations	713,912
Depreciation expense	295,947
Total Operating Expenses	1,162,228
Operating Income	195,534
 Nonoperating Revenues	
Water tap fees and development charges	81,332
Interest income	31,205
Grant revenue	232,053
Interest expense	(41,875)
Total Nonoperating Revenues	302,715
 Change in Net Position	498,249
Net Position, Beginning	4,817,615
Net Position, Ending	\$ 5,315,864

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The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	<u>Water Fund</u>
Cash Flows From Operating Activities	
Cash received from customers	\$ 1,322,640
Cash paid to suppliers	751,001
Cash paid to employees	(1,629,669)
Net cash provided by operating activities	<u>443,972</u>
Cash Flows From Investing Activities	
Investment income	<u>31,205</u>
Net cash provided by noncapital financing activities	<u>31,205</u>
Cash Flows From Non-Capital Financing Activities	
Cash received from connection charges	81,332
Net cash provided by noncapital financing activities	<u>81,332</u>
Cash Flows From Capital And Related Financing Activities	
Acquisitions and construction of capital assets	(290,599)
Principal paid on debt	(140,696)
Interest paid on debt	(42,444)
Net cash (used) in capital and related financing activities	<u>(473,739)</u>
Net Change in Cash	82,770
Cash and cash equivalents, beginning	<u>1,409,879</u>
Cash and cash equivalents, ending	<u>\$ 1,492,649</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income	\$ 195,534
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation expense	295,947
Changes in assets and liabilities	
Accounts receivable	(32,865)
Prepaid expenses	3,774
Accounts payable	(22,803)
Deferred revenue	(2,257)
Other accrued liabilities	6,642
Net Cash Provided by Operating Activities	<u>\$ 443,972</u>

The accompanying notes are an integral part of these financial statements

Town of Palmer Lake, Colorado
Notes to Financial Statements
December 31, 2023

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, 2023

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, 2023

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, 2023

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. The net change in compensated absences was (\$1,185).

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, 2023

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 \$10,020 as of December 31, 2023 relating to prepaid expenses.

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 \$116,505 of the General Fund balance has been made in compliance with this requirement. The Town has \$59,044 restricted for conservation trust programs. The water fund loan contains covenants that requires the town to maintain an operating reserve, as a result \$216,571 has been restricted under these covenants.

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, 2023.

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, 2023, the assigned fund balance was \$150,394 related to 2024 budgeted expenditures in excess of budgeted revenues and \$63,756 assigned for fire protection.

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, 2023

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. In 2019 the General Fund loaned the Water 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, 2023, the Town's cash deposits had a carrying balance of \$2,295,468 with corresponding bank balance of \$2,334,397 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 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 \$2,084,397 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.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2023

Note 2 Cash and Investments (Continued)

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, 2023, 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, 2023, the Town had \$2,218,683 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 offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+ - The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. 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 section 24-75-601, C.R.S., as amended.

COLOTRUST EDGE - The Trust operates similarly to a money market fund and each share is equal in value to \$10.00. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, 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.

As of December 31, 2023, the Board had not adopted a formal investment policy.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2023

Note 2 Cash and Investments (Continued)

A summary of cash and cash equivalents at December 31, 2023 is as follows:

Cash on hand	\$ 200
Cash deposits	2,295,468
COLOTRUST	2,218,683
Total cash and cash equivalents	<u>\$ 4,514,351</u>

Statement of Net Position

Unrestricted cash and cash equivalents	4,238,736
Restricted cash and cash equivalents	275,615
Total cash and cash equivalents	<u><u>\$ 4,514,351</u></u>

Note 3 Capital Assets

A summary of changes to capital assets for 2023 is as follows:

Governmental Activities	Balance at 12/31/2022	Additions	Disposals	Balance at 12/31/2023
Nondepreciable Capital Assets				
Land	\$ 11,005	\$ -	\$ -	\$ 11,005
Master plan	68,639	-	-	68,639
Construction in progress	513,962	382,947	(766,048)	130,861
Total Nondepreciable Capital Assets	<u>593,606</u>	<u>382,947</u>	<u>(766,048)</u>	<u>210,505</u>
Depreciable Capital Assets				
Buildings	907,003	213,874	-	1,120,877
Roads and drainage	1,463,488	812,540	-	2,276,028
Equipment	2,447,956	5,700	(42,700)	2,410,956
Total Depreciable Capital Assets	<u>4,818,447</u>	<u>1,032,114</u>	<u>(42,700)</u>	<u>5,807,861</u>
Less Accumulated Depreciation				
Buildings	(115,471)	(32,658)	-	(148,129)
Roads and drainage	(685,554)	(93,579)	-	(779,133)
Equipment	(1,193,700)	(102,131)	42,700	(1,253,131)
Total Accumulated Depreciation	<u>(1,994,725)</u>	<u>(228,368)</u>	<u>42,700</u>	<u>(2,180,393)</u>
Net Capital Assets	<u>\$ 3,417,328</u>	<u>\$ 1,186,693</u>	<u>\$ (766,048)</u>	<u>\$ 3,837,973</u>

Depreciation Expense By Function

General Government	\$ 35,772
Public Safety	50,285
Highways and Streets	93,579
Culture and Recreation	48,732
Total Depreciation Expense	<u>\$ 228,368</u>

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2023

Note 3 Capital Assets (Continued)

Business-type Activities	Balance at 12/31/2022	Additions	Disposals	Balance at 12/31/2023
Nondepreciable				
Land / water rights	\$ 560,000	\$ -	\$ -	\$ 560,000
Construction in Progress	661,736	-	(661,736)	-
Total Nondepreciable	<u>1,221,736</u>	<u>-</u>	<u>(661,736)</u>	<u>560,000</u>
Depreciable				
Reservoirs, lakes	150,233	-	-	150,233
Water facility	5,533,543	-	-	5,533,543
Shop building	121,825	-	-	121,825
Collection / transmission / distribution	2,527,920	952,335	-	3,480,255
Wells	846,767	-	-	846,767
General equipment	417,712	-	-	417,712
Total Depreciable	<u>9,598,000</u>	<u>952,335</u>	<u>-</u>	<u>10,550,335</u>
Total Capital Assets	<u>10,819,736</u>	<u>952,335</u>	<u>(661,736)</u>	<u>11,110,335</u>
Less Accumulated Depreciation				
Reservoirs, lakes	(99,770)	-	-	(99,770)
Water facility	(2,907,689)	(162,303)	-	(3,069,992)
Shop building	(121,825)	-	-	(121,825)
Collection / transmission / distribution	(1,125,386)	(54,461)	-	(1,179,847)
Wells	(352,898)	(33,934)	-	(386,832)
General equipment	(336,568)	(45,249)	-	(381,817)
Total Accumulated Depreciation	<u>(4,944,136)</u>	<u>(295,947)</u>	<u>-</u>	<u>(5,240,083)</u>
Net Capital Assets	<u>\$ 5,875,600</u>	<u>\$ 656,388</u>	<u>\$(661,736)</u>	<u>\$ 5,870,252</u>

Note 4 Long-Term Liabilities

Changes in Long-term Debt for the year ended December 31, 2023 were:

Business-type activities	Balance 12/31/2022	Additions	Reductions	Balance 12/31/2023	Due Within One Year
CWPDA Bond - 2009	\$ 727,714	\$ -	\$ 90,869	\$ 636,845	\$ 92,669
CWPDA Bond - 2018	929,461	-	49,827	879,634	50,828
Loan - General Fund	500,000	-	-	500,000	14,374
Total Long-term Debt	<u>\$ 2,157,175</u>	<u>\$ -</u>	<u>\$ 140,696</u>	<u>\$ 2,016,479</u>	<u>\$ 157,871</u>

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

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2023

Note 4 Long-Term Liabilities (Continued)

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:

Year ending December 31,	Principal	Interest	Total
2024	\$ 92,669	\$ 12,302	\$ 104,971
2025	94,558	10,413	104,971
2026	96,459	8,512	104,971
2027	98,398	6,573	104,971
2028	100,347	4,624	104,971
2029-2030	154,414	3,097	157,511
Total	<u>\$ 636,845</u>	<u>\$ 45,521</u>	<u>\$ 682,366</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:

Year ending December 31,	Principal	Interest	Total
2024	\$ 50,828	\$ 17,340	\$ 68,168
2025	51,850	16,318	68,168
2026	52,892	15,276	68,168
2027	53,955	14,213	68,168
2028	55,040	13,128	68,168
2029-2033	292,246	48,594	340,840
2034-2038	322,823	18,017	340,840
Total	<u>\$ 879,634</u>	<u>\$ 142,886</u>	<u>\$ 1,022,520</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:

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2023

Note 4 Long-Term Liabilities (Continued)

Year ending December 31,	Principal	Interest	Total
2024	\$ 14,374	\$ 10,000	\$ 24,374
2025	29,181	9,567	38,748
2026	29,768	8,980	38,748
2027	30,365	8,383	38,748
2028	30,976	7,772	38,748
2029-2033	164,475	26,695	191,170
2034-2038	181,680	12,061	193,741
2039	19,181	192	19,373
Total	<u>\$ 500,000</u>	<u>\$ 83,650</u>	<u>\$ 583,650</u>

Note 5 Pension Plans

Volunteer Fire Department Pension Fund

At December 31, 2023, the Department reported a liability of \$4,984 for its net pension liability / (asset). The net pension liability / (asset) was measured as of December 31, 2022, 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 0 inactive members and 0 active members.

For the year ended December 31, 2023, the Department recognized pension expense of \$3,836. At December 31, 2023, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	of	Deferred Inflows of Resources
Differences between actual and expected experience	\$0		\$1,976
Changes in assumptions	202		0
Net difference between actual and projected earnings on pension plan investments	4,465		0
Department contributions subsequent to the measurement date	0		0
Total	<u>\$4,467</u>		<u>\$1,976</u>

\$0 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, 2023. *Actuarial assumptions.* The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. Future pension expense from the amortization of deferred outflows and inflows of resources are:

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2023

Note 5 Pension Plans (Continued)

Year Ending	Net Deferred Outflows / (Inflows) of Resources
2024	(1,288)
2025	903
2026	1,248
2027	1,628
2028	-
Thereafter	-
Total	2,491

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	2.50 percent

On-duty related mortality is assumed to be 0.00020 per year for all members. The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study in 2022.

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	35%	8.93%
Fixed Income – Rates	10%	5.45%
Fixed Income - Credit	5%	6.90%
Long Short	6%	7.47%
Absolute Return	9%	6.49%
Private Markets	34%	10.31%
Cash	1%	3.92 %
Total	100%	

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 class included in the Plans target asset allocation as of December 31, 2022, are summarized in the above table.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2023

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)	\$8,857	\$4,984	\$1,579

* The long-term rate of return used was 7.0 percent. The municipal bond rate used was 4.05 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.

Statewide Defined Benefit Pension Plan

Plan Description. The Town contributes to the Fire and Police Pension Association (FPPA) to provide retirement benefits for paid employees and beneficiaries. Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

The Statewide Defined Benefit Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police Towns in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire Towns whose services are auxiliary to fire protection. The Plan became effective January 1, 1980. As of January 1, 2023, Statewide Defined Benefit Plan and the Statewide Hybrid Plan have merged to form the Statewide Retirement Plan (SRP) and the Statewide Defined Benefit Plan becomes the Defined Benefit Component of the Statewide Retirement Plan.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors.

Benefits Provided. SWDBP provides retirement and disability, annual increases and death benefits to members or their beneficiaries. A member is eligible for normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2023

Note 5 Pension Plans (Continued)

Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (rule of 80).

The annual normal retirement benefit is 2.0 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 SWDB. 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 zero percent to the higher of 3.0 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers.

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

Contributions. Contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates increased 0.5 percent annual through 2022 to a total of 12 percent of pensionable earnings. Employer contributions increased 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. In 2022, members of the SWDB plan and their employers were contributing at the rate of 12.0 percent and 9.0 percent, respectively, of pensionable earnings for a total contribution rate of 21.0 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reflect the actual cost of reentry by department. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 6.0 percent and 4.5 percent, respectively, of pensionable earnings for a total contribution rate of 10.5 percent in 2021. Per the 2014-member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6.0 percent of pensionable earnings. Employer contributions will increase 0.25 percent

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2023

Note 5 Pension Plans (Continued)

annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings. Contributions to the Plan from the Town were \$61,402 for the year ended December 31, 2023.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2023, the Town reported a net pension liability of \$51,801 for its proportionate share. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The proportion of the net pension asset was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions, actuarially determined.

At December 31, 2022, the Town's proportion was 0.0583605062 percent, which was an increase of 0.0094309179 from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the Town recognized pension income of \$31,837. At December 31, 2023, 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	\$112,132	\$6,358
Changes in assumptions	66,365	0
Net difference between actual and projected earnings on pension plan investments	117,225	0
Net impact in change in proportionate share	9,532	82,505
Contributions subsequent to the measurement date	61,402	N/A
Total	\$366,656	\$88,863

\$61,402 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Pension Expense</u>
2024	\$ 15,818
2025	37,959
2026	58,649
2027	86,652
2028	10,037
Thereafter	<u>7,276</u>
Total	<u>\$ 216,391</u>

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2023

Note 5 Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Total Pension Liability	Actuarial Determined Contributions
	January 1, 2023	January 1, 2022
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%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The preretirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the 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 tables for active employees. The on-duty mortality rate is 0.00015.

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 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where 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 of 2.25%. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2022 are summarized in the following table:

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2023

Note 5 Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	35.00 %	8.93 %
Equity Long/Short	6.00	7.47 %
Private Markets	34.00	10.31 %
Fixed Income - Rates	10.00	5.45 %
Fixed Income - Credit	5.00	6.90 %
Absolute Return	9.00	6.49 %
Cash	1.00	3.92 %
Total	100.00	

Discount Rate

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.05 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.

Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the plan's net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the plan's net pension liability/(asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

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

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 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>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Proportionate share of the net pension liability (asset)	\$357,112	\$51,801	\$(201,095)

Town of Palmer Lake, Colorado
Notes to Financial Statements (Continued)
December 31, 2023

Note 5 Pension Plans (Continued)

Pension Plan Fiduciary Net Position

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

Note 6 Voluntary Investment Program

Description. Effective May 1, 2010 employees of the Town who are members of the SWDB (see Note 8) may voluntarily contribute to the Voluntary Investment Program ("457 Plan"), an Internal Revenue Code Section 457 defined contribution plan administered by FPPA. Plan participation is optional, and contributions are separate from others made to FPPA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 457 Plan provisions to the State Legislature.

Funding Policy. The 457 Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$20,500 for calendar year 2022 and \$22,500 for the calendar years 2023). Catch-up contributions up to \$6,500 for calendar years 2022 and up to \$7,500 for 2023 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). For the years ended December 31, 2023 and 2022-member pre-tax contributions were \$0 and \$0, respectively.

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 \$116,505 as of December 31, 2023.

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

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Town of Palmer Lake, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Property taxes	\$ 951,377	\$ 951,377	\$ 949,580	\$ (1,797)
Specific ownership taxes	108,000	108,000	110,810	2,810
Highway user tax	100,000	100,000	103,640	3,640
Franchise fees and other taxes	2,683,035	2,683,035	1,917,431	(765,604)
Licenses and permits	83,400	83,400	80,223	(3,177)
Intergovernmental	6,000	6,000	7,352	1,352
Fines and forfeits	90,000	90,000	85,740	(4,260)
Investment income	43,000	43,000	92,274	49,274
Grants and donations	21,600	395,182	318,976	(76,206)
Dispatch revenue - fire	80,000	80,000	73,081	(6,919)
Other	65,100	86,700	144,392	57,692
Total Revenues	<u>4,231,512</u>	<u>4,626,694</u>	<u>3,883,499</u>	<u>(743,195)</u>
Expenditures				
General government	888,827	888,827	708,034	180,793
Public safety	1,898,210	1,903,210	1,326,503	576,707
Highways and streets	512,047	512,047	375,286	136,761
Culture and recreation	27,040	29,540	38,802	(9,262)
County Treasurer fees	18,000	18,000	9,523	8,477
Capital outlay	887,388	1,455,209	643,839	811,370
Total Expenditures	<u>4,231,512</u>	<u>4,806,833</u>	<u>3,101,987</u>	<u>1,704,846</u>
Net Change in Fund Balance		<u>\$ (180,139)</u>	<u>\$ 781,512</u>	<u>\$ 961,651</u>

See the accompanying Independent Auditor's report

**Town of Palmer Lake
Schedule of Contributions Multiyear
Last 10 Fiscal Years ****

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
2021	\$ 8,160	\$ 22,426	\$ (14,266)	N/A	N/A
2022	\$ 3,808	\$ 11,152	\$ (7,344)	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, 2023, determines the contribution amounts for 2013 and 2024.

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 Combined Mortality Table with Blue Collar projected with Scale BB 55% multiplier for off-duty mortality. Post-retirement: For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64 a blend of the previous tables. All tables 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

Town of Palmer Lake
Required Supplementary Information
Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios Multiyear
Last 10 Fiscal Years

Measurement date December 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ -	\$ -	\$ 264	\$ 264	\$ 1,265	\$ 1,265	\$ 853	\$ 2,571	\$ 1,292
Interest	3,882	4,256	4,741	5,075	6,662	6,891	6,750	4,928	7,310
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	7,048	-	(2,213)	-	(15,268)	-	134	-	(617)
Changes of assumptions	(381)	-	-	-	2,012	-	5,504	(39,273)	39,622
Benefit payments, including refunds of employee contributions	(9,600)	(9,600)	(9,600)	(10,600)	(10,400)	(12,000)	(11,143)	(11,500)	(12,000)
Net Change in Total Pension Liability	949	(5,344)	(6,808)	(5,261)	(15,729)	(3,844)	2,098	(43,274)	35,607
Total Pension Liability -Beginning	60,169	65,513	72,321	77,582	93,311	97,155	95,057	138,331	102,724
Total Pension Liability - Ending	\$ 61,118	\$ 60,169	\$ 65,513	\$ 72,321	\$ 77,582	\$ 93,311	\$ 97,155	\$ 95,057	\$ 138,331
Plan Fiduciary Net Position									
Contributions - Employer	\$ 3,808	\$ 8,160	\$ 15,851	\$ -	\$ 16,616	\$ -	\$ 8,925	\$ 8,560	\$ -
Net investment income	(4,841)	6,461	4,006	3,993	(12)	4,128	1,074	331	1,138
Benefit payments, including refunds of employee contributions	(9,600)	(9,600)	(9,600)	(10,600)	(10,400)	(12,000)	(11,143)	(11,500)	(12,000)
Administrative expense	(2,631)	(3,153)	(3,012)	(4,098)	(4,303)	(6,464)	(314)	(1,173)	(413)
State of Colorado supplemental discretionary payments	7,344	14,266	14,954	-	8,033	13,662	-	9,608	8,406
Net Change in Plan Fiduciary Net Positions	(5,920)	16,134	22,199	(10,705)	9,934	(674)	(1,458)	5,826	(2,869)
Plan Fiduciary Net Position - Beginning	62,054	45,920	23,721	34,426	24,492	25,166	26,624	20,798	23,667
Plan Fiduciary Net Position - Ending	\$ 56,134	\$ 62,054	\$ 45,920	\$ 23,721	\$ 34,426	\$ 24,492	\$ 25,166	\$ 26,624	\$ 20,798
Net Pension liability (Asset) - Ending	\$ 4,984	\$ (1,885)	\$ 19,593	\$ 48,600	\$ 43,156	\$ 68,819	\$ 71,989	\$ 68,433	\$ 117,533
Plan fiduciary net position as a percentage of the total pension liability	91.85%	103.13%	70.09%	32.80%	44.37%	26.25%	25.90%	28.01%	15.03%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll.	N/A	N/A	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
Required Supplementary Information
Schedule of the Town's Proportionate Share of the Net Pension Liability - FPPA
Last 10 Fiscal Years *

Measurement date December 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Town's proportion of the net pension liability / (asset)	0.0583605062%	0.0489295883%	0.0387601570%	0.0297510510%	0.0300101242%	0.0384426613%	0.0219331444%	0.0098164611%	0.0105819994%	1.0829630600%
Town's proportional share of the net pension liability (asset)	\$ 51,801	\$ (265,166)	\$ (84,148)	\$ (16,825)	\$ 37,941	\$ (55,306)	\$ 7,925	\$ (173)	\$ (11,943)	\$ (12,222)
Town's covered payroll	507,756	431,565	293,012	277,813	208,036	115,692	107,003	47,590	47,590	45,084
Total pension liability	3,752,109,029	3,352,605,624	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	3,663,348,061	3,894,539,387	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)	\$ 88,760,968	\$ (541,933,763)	\$ (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	0.98	1.16	1.07	1.02	0.95	0.98	0.98	1.00	1.07	1.06
Net pension liability as a percentage of covered payroll	10%	-61%	-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

**Town of Palmer Lake
Required Supplementary Information
Schedule of Pension Contributions - FPPA
Last 10 Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily Required Contribution	\$ 45,698	\$ 36,683	\$ 23,441	\$ 22,225	\$ 16,643	\$ 9,255	\$ 8,560	\$ 3,807	\$ 3,807	\$ 3,607
Contributions in Relation to the Statutorily Required Contribution	45,698	36,683	23,441	22,225	16,643	9,255	8,560	3,807	3,807	3,607
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 507,756	\$ 431,565	\$ 293,012	\$ 277,813	\$ 208,036	\$ 115,692	\$ 107,003	\$ 47,590	\$ 47,590	\$ 45,084
Contributions as a % of Covered Payroll	9.00%	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

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Other Supplemental Information

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**Town of Palmer Lake, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2023**

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 36,140	\$ 37,346	\$ 1,206
Investment income	400	1,473	1,073
Total Revenues	<u>36,540</u>	<u>38,819</u>	<u>2,279</u>
Expenditures			
Culture and recreation	31,366	12,210	19,156
Capital outlay	<u>5,174</u>	<u>5,174</u>	<u>-</u>
Total Expenditures	<u>36,540</u>	<u>17,384</u>	<u>19,156</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 21,435</u>	<u>\$ 21,435</u>

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Town of Palmer Lake, Colorado
Budgetary Comparison Schedule
Water Fund
For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Charges for services	\$ 1,228,000	\$ 1,228,000	\$ 1,357,762	\$ 129,762
Grants	259,238	259,238	232,053	(27,185)
Water tap fees	100,000	100,000	81,332	(18,668)
Investment income	14,000	14,000	31,205	17,205
Miscellaneous	10,200	10,200	-	(10,200)
Total Revenues	1,611,438	1,611,438	1,702,352	90,914
Expenditures				
General and Administration	383,795	383,795	152,369	231,426
Operations	785,176	785,176	713,912	71,264
Debt service	183,229	183,229	182,571	658
Capital outlay	259,238	388,525	290,599	97,926
Total Expenditures	1,611,438	1,740,725	1,339,451	401,274
Net Change in Fund Balance - Budgetary Basis	-	\$ (129,287)	362,901	\$ 492,188
Reconciliation to Net Income				
Add Capital Outlay			290,599	
Add Principal paid on bonds			140,696	
Less Depreciation Expense			(295,947)	
Net Income - GAAP basis			\$ 498,249	

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Special Reports

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LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO
	YEAR ENDING (mm/yy): 12/23

This Information From The Records Of:	Prepared By:
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 158,961.79
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 104,546.90
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	\$ 18,850.92
3. Other local imposts (from page 2)	\$ 287,512.74	c. Other	
4. Miscellaneous local receipts (from page 2)	\$ 131,942.55	d. Total (a. through c.)	\$ 18,850.92
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 251,933.15
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 534,292.76
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 419,455.29	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	\$ -
C. Receipts from State government (from page 2)	\$ 114,837.47	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ -	a. Interest	
E. Total receipts (A.7 + B + C + D)	\$ 534,292.76	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 534,292.76

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		\$ 534,292.76	\$ 534,292.76		\$ 0.00

Notes and Comments:

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	\$ 46,642.86	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	\$ 45,279.30
1. Sales Taxes	\$ 214,591.08	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	\$ 7,352.28	d. Parking Meter Fees	\$ 46,202.25
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	\$ 18,926.52	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 240,869.88	h. Other	\$ 40,461.00
c. Total (a. + b.)	\$ 287,512.74	i. Total (a. through h.)	\$ 131,942.55
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 103,640.48	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	\$ 11,196.99	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal ARPA	
f. Total (a. through e.)	\$ 11,196.99	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 114,837.47	3. Total (1. + 2.g)	\$ -
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs		\$ 2,206.60	\$ 2,206.60
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation		\$ 156,755.19	\$ 156,755.19
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 156,755.19	\$ 156,755.19
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 158,961.79	\$ 158,961.79
<i>(Carry forward to page 1)</i>			

Notes and Comments:
Misc Local Receipts A.4.h - S.T.E.P and HVE grant programs.