City of Edgewater, Colorado

Financial Statements

December 31, 2023

City of Edgewater, Colorado

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December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Edgewater
Edgewater, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, discretely presented component unit, and the aggregate remaining fund information of the City of Edgewater, Colorado (the "City") as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, discretely presented component unit, and the aggregate remaining fund information of the City 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are available to be issued, 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City'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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, as shown in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated May 20, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

ATLAS CPAs & Advisors PLLC

Longmont, Colorado
May 20, 2025

City of Edgewater, Colorado

Management's Discussion and Analysis
December 31, 2023

This discussion and analysis of the financial performance of the City of Edgewater, Colorado (City) provides an overview of the City's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The City of Edgewater's primary government (City) had a Net Position of $20,075,898 at December 31, 2023.
- In addition, the City's component unit—the Edgewater Redevelopment Authority (ERA)—had a Net Position of $2,100,653 at December 31, 2023.
- The Net Position of the City decreased by $3,623,415 (-15.29%) during 2023.
- The Net Position of the ERA increased by $309,460 (17.3%) during 2023.
- At December 31, 2023, the City's governmental funds reported combined ending fund balances of $3,086,686. This marked a decrease of $5,956,718 (-65.87%) from the prior year's ending governmental fund balances due primarily to decreases in the General Fund.
- The General Fund decreased its Fund Balance by $6,068,353 (-70%) during 2023.
- The Capital Improvement Fund decreased its fund balance by $157,885 (-115%).
- The City's Utility Funds decreased in Net Position by $167,232 (-25.5%) during 2023.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City of Edgewater's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all the City's assets and liabilities and deferred inflows and outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee leave).

Both government-wide financial statements distinguish functions of the City of Edgewater that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety (police), public works, and parks and recreation. The business-type activities of the City include water, sewer, and trash operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Edgewater, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The unrestricted balances left at year-end are available for spending in future years. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide detailed short-term views of cash, operations, and basic services provided. Governmental fund statements show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

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. The *Reconciliation of Balance Sheet of the Governmental Funds to the Statement of Net Position* and the *Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities* provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The City of Edgewater currently maintains five individual governmental funds. Information for these funds is presented by fund name in the *Governmental Fund Balance Sheet* and the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for the three governmental funds that meet the criteria to be designated as major funds (General Fund, Open Space Fund, and Capital Improvements Fund). The other two (Conservation Trust Fund and Capital Equipment Fund) are combined in a column titled "Nonmajor Governmental Funds." Individual fund data for these nonmajor governmental funds is provided in the back of this report in the section titled "Combining and Individual Fund Financial Statements and Schedules."

Proprietary Funds -- The City's utility services are reported in proprietary funds; they focus on overall economic position rather than year-end fund balances. Enterprise funds are the type of proprietary funds used to account for the City's Water Fund, Sewer Fund, and Trash Fund, Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements, only in a bit more detail.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. They are not reflected in the government-wide financial statements because their resources are not available to support the City's programs or operations. The City's Firemen's Pension Plan falls in this fund category as a Pension Trust Fund. Its accounting method tracks additions and deductions to the pension fund assets. Funding progress for the fund's long-term pension obligations is shown in the Required Supplementary Information following the Notes to the Financial Statements

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the fund financial statements.

Other information

Budgetary comparison statements or schedules for all funds with budgeted expenditures/expenses are included following the "Notes to Financial Statements" to demonstrate each fund's compliance with adopted budgets and appropriations. For the year ended December 31, 2023, all funds had budgeted expenditures/expenses.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As shown below, the City's financial position decreased by $3,623,415 (-15.29%) during 2023.

City's Condensed Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 7,384,281	$ 12,905,785	$ 507,933	$ 217,417	$ 7,892,214	$ 13,123,202
Capital assets, net	23,200,652	21,233,681	1,836,822	1,974,448	25,037,474	23,208,129
Total assets	$ 30,584,933	$ 34,139,466	$ 2,344,755	$ 2,191,865	$ 32,929,688	$ 36,331,331
Items Related to Pension	$ 1,007,687	$ 607,650	$ -	$ -	$ 1,007,687	$ 607,650
Total deferred outflows	$ 1,007,687	$ 607,650	$ -	$ -	$ 1,007,687	$ 607,650
Current and other liabilities	$ 4,316,643	$ 2,836,870	$ 1,251,500	$ 885,071	$ 5,568,143	$ 3,721,941
Long-term debt outstanding	7,654,088	8,212,220	604,367	650,674	8,258,455	8,862,894
Total liabilities	$ 11,970,731	$ 11,049,090	$ 1,855,867	$ 1,535,745	$ 13,826,598	$ 12,584,835
Items Related to Pension	$ 34,879	$ 654,833	$ -	$ -	$ 34,879	$ 654,833
Total deferred inflows	$ 34,879	$ 654,833	$ -	$ -	$ 34,879	$ 654,833
Net position:						
Net investment in capital assets	$ 15,808,773	$ 13,138,681	$ 1,517,374	$ 1,323,774	$ 17,326,147	$ 14,462,455
Restricted	1,113,336	985,137	-	-	1,113,336	985,137
Unrestricted	2,664,901	8,919,375	(1,028,486)	(667,654)	1,636,415	8,251,721
Total net position	$ 19,587,010	$ 23,043,193	$ 488,888	$ 656,120	$ 20,075,898	$ 23,699,313

86% of the City's total net position at December 31, 2023 is represented by its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment). The City uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending.

Approximately 5.5% ($1,113,336) of the City's total net position at the end of 2023 represents resources that are subject to external restrictions on how they may be used. They are fund balance restrictions for parks ($170,442), open space ($653,894), and emergencies ($289,000).

The remaining amount of the City's total net position at the end of 2023 ($1,636,415) represents 8.2% of total net position and may be used to meet the City's other ongoing obligations to residents and creditors.

The following chart displays the changes in net position experienced by the City over the last two fiscal years. An analysis of these changes follows for both its Governmental and Business-type Activities.

City's Condensed Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for services	$ 820,414	$ 1,010,687	$ 2,094,103	$ 2,249,248	$ 2,914,517	$ 3,259,935
Operating grants & contributions	463,867	1,392,352	-	-	463,867	1,392,352
Capital grants & contributions	-	61,651	40,362	10,862	40,362	72,513
General revenues:						
Sales & use taxes	8,265,073	8,177,370	-	-	8,265,073	8,177,370
Franchise & other taxes	232,343	136,235	-	-	232,343	136,235
Other general revenues	752,222	459,275	-	-	752,222	459,275
Total Revenues	**$ 10,533,919**	**$ 11,237,570**	**$ 2,134,465**	**$ 2,260,110**	**$ 12,668,384**	**$ 13,497,680**
Program Expenses:						
General government	$ 5,374,451	$ 5,045,451	$ -	$ -	$ 5,374,451	$ 5,045,451
Public safety	4,040,899	3,129,113	-	-	4,040,899	3,129,113
Public works	3,312,439	1,398,687	-	-	3,312,439	1,398,687
Parks and Recreation	1,035,338	910,467	-	-	1,035,338	910,467
Interest on Long-Term Debt	226,975	240,302	-	-	226,975	240,302
Water	-	-	1,352,652	1,947,955	1,352,652	1,947,955
Sewer	-	-	599,203	522,161	599,203	522,161
Trash	-	-	349,842	340,802	349,842	340,802
Total Expenses	**$ 13,990,102**	**$ 10,724,020**	**$ 2,301,697**	**$ 2,810,918**	**$ 16,291,799**	**$ 13,534,938**
Other Sources (Uses)	-	-	-	-	$ -	$ -
Change in Net Position	$ (3,456,183)	$ 513,550	$ (167,232)	$ (550,808)	$ (3,623,415)	$ (37,258)
Net Position, Beginning	23,043,193	22,529,643	656,120	1,206,928	23,699,313	23,736,571
Net Position, Ending	**$ 19,587,010**	**$ 23,043,193**	**$ 488,888**	**$ 656,120**	**$ 20,075,898**	**$ 23,699,313**

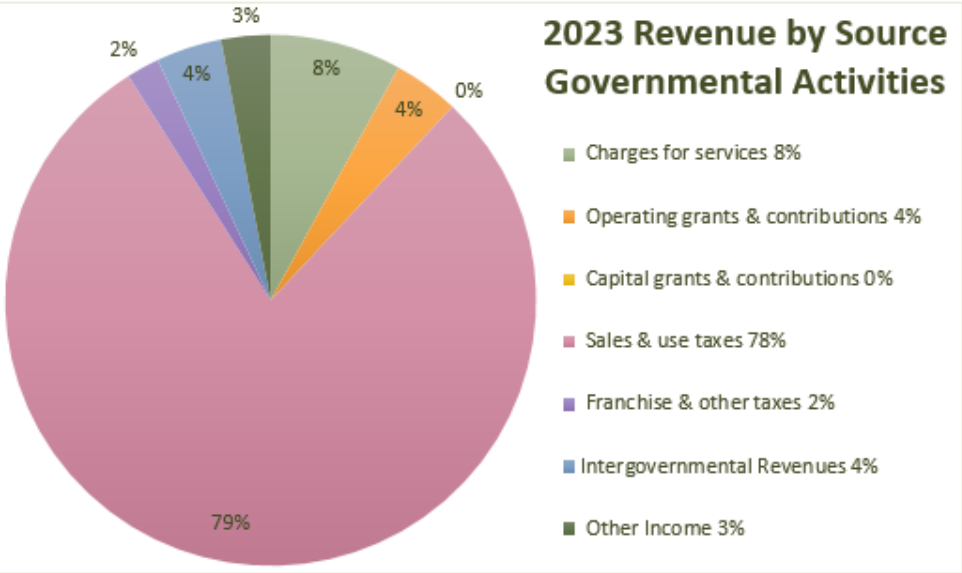
Governmental Activities

The City's Governmental Activities decreased in net position by ($3,456,183) (-15.0%) in 2023.

Key elements of the 2023, decreases are as follows:

- Total revenues decreased by $703,651. Mostly the offset between the decrease in services, franchise and capital grants but a noticeable increase in taxes and operating grants and Contributions.
- Total expenses increased by $2,670,779 in 2023, due to general government, public safety and public works.

The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.

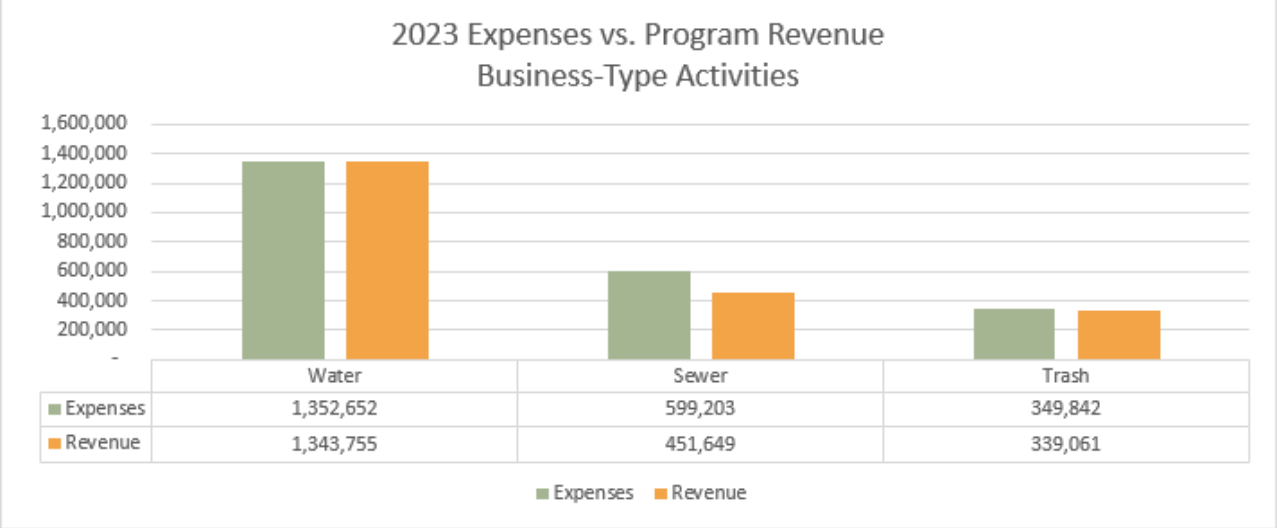


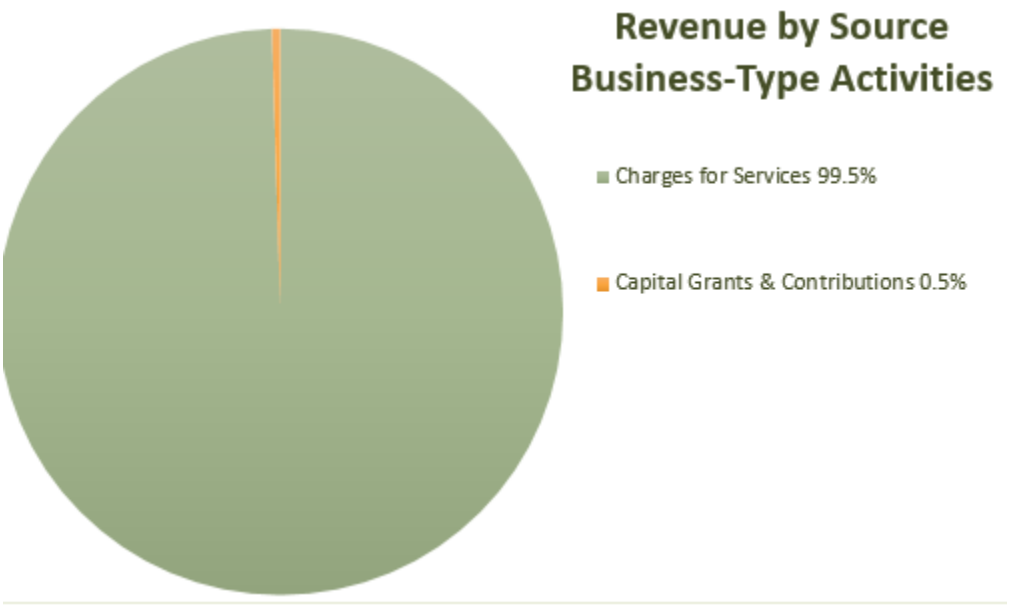
	General Government	Public Safety	Public Works	Parks & Recreation	Interest on Long-Term Debt
Expenses	5,374,451	4,040,899	3,312,439	1,035,338	226,975
Revenue	376,172	1,005	179,271	727,833	-

Business-type Activities

Business-type Activities decreased in net position by -$167,232 (-25.5%) during 2023. This was an improvement from 2022 to 2021 when net position decreased by -$550,808 (-45.6%).

The following two charts illustrate the Business-type Activities revenues and expenses for 2023.



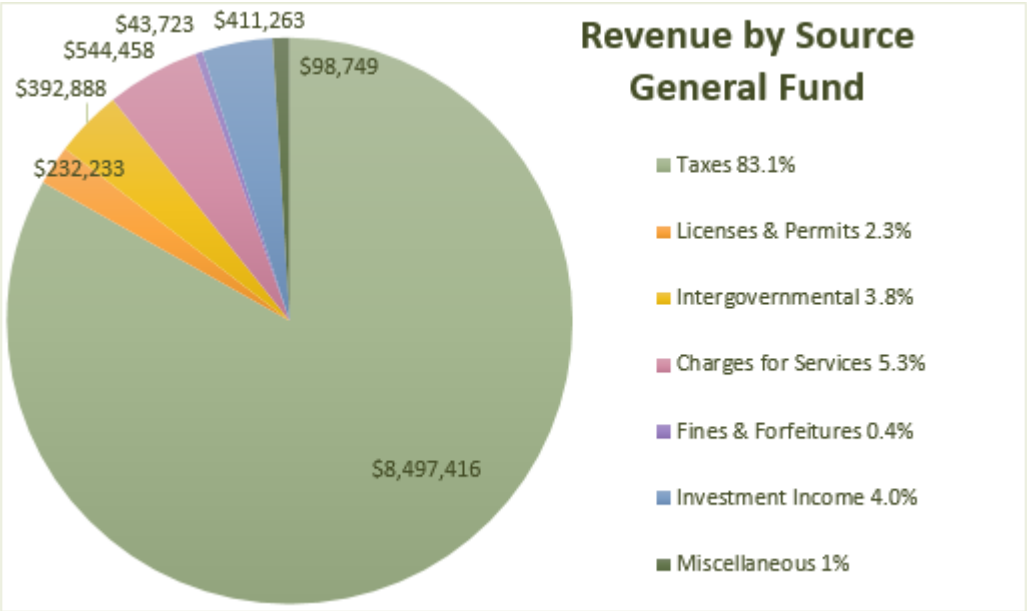


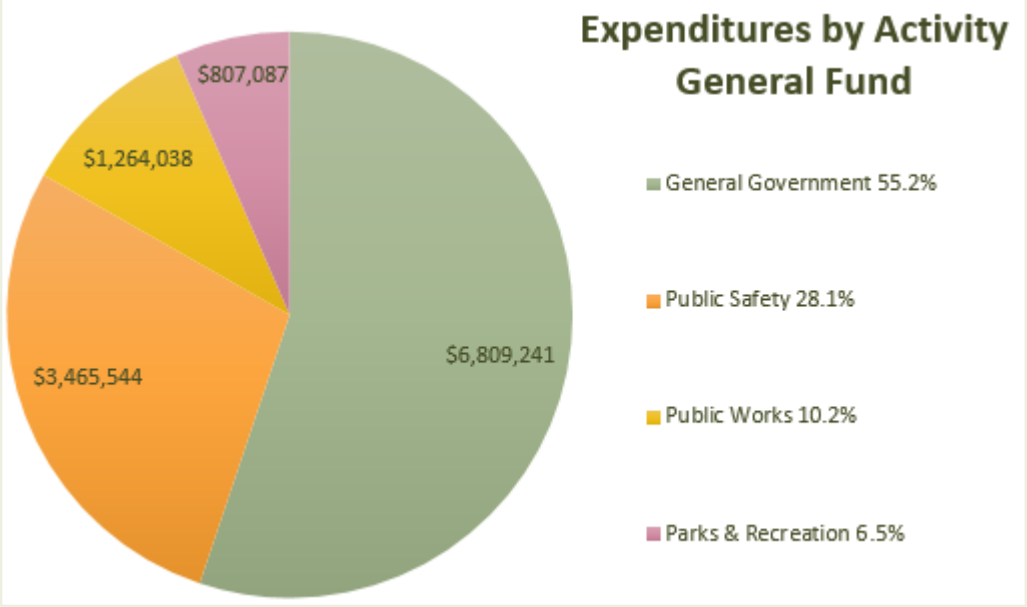
THE CITY'S FUNDS

As noted earlier, the City of Edgewater uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (unrestricted fund balance) in each fund are shown at year end. At December 31, 2023, the City's three major Governmental funds reported combined ending fund balances of $2,916,244. These funds are discussed below.

General Fund. The General Fund is the chief operating fund of the City of Edgewater. It accounts for all the general services provided by the City. At the end of 2023, the fund balance of the General Fund totaled $2,557,096. This was a $6,068,353 (70%) decrease over 2022. Expenditures in 2023 of $12,345,910 outpaced revenues totaling $10,220,730. The General Fund also transferred $3,943,173 to the Capital Improvements and Capital Equipment funds.

The following two tables illustrate General Fund revenues and expenditures during 2023.





Open Space Fund. The Open Space Fund is utilized to account for the City's portion of Open Space Sales Tax revenues shared by Jefferson County. These revenues are legally restricted to use for open space, parks, trails, and associated outdoor recreation programs. In 2023, $243,866 in current revenues and $156,003 from prior year fund balances were spent on such programs.

Capital Improvements Fund. The City's Capital Improvements Fund was established to finance major capital improvements. During 2023, the City spent on various pieces of equipment and vehicles, $930,096 on debt service payments for the Civic Center finance lease, $321,789 in construction in progress on improvement projects, and $2,377,308 on buildings and improvements. Parts of these projects were funded through a transfer from the General Fund ($3,611,111).

Water Fund. At December 31, 2023, the Net Position of the Water Fund was -$318,926. This reflected a decrease of 6% (-$8,897) during 2023.

Sewer Fund. At December 31, 2023 the Net Position of the Sewer Fund was $747,738. This reflected a decrease of 16.48% (-$147,554) during 2023.

T*rash Fund*. At December 31, 2023, the Net Position of the Trash Fund was $60,076. This reflected a decrease of 15.21% (-$10,781) in 2023.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At December 31, 2023, the City invested in a range of capital assets including land, buildings and improvements, equipment, and infrastructure such as streets, alleys, and sidewalks. A summary of these assets is shown below. Note 3 of the financial statements provides additional information.

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 1,167,628	$ 523,335	$ -	$ 1,690,963
Construction In Progress	4,395,087	321,789	(361,091)	4,355,785
Total Capital Assets, Not Being Depreciated	5,562,715	845,124	(361,091)	6,046,748
Capital Assets, Being Depreciated				
Buildings and Improvements	13,600,952	2,377,308	-	15,978,260
Equipment	2,433,966	-	(35,455)	2,398,511
Infrastructure	4,801,511	-	-	4,801,511
Total Capital Assets, Being Depreciated	20,836,429	2,377,308	(35,455)	23,178,282
Less: Accumulated Depreciateion				
Buildings and Improvements	(1,691,598)	(413,085)	-	(2,104,683)
Equipment	(1,545,901)	(218,607)	35,455	(1,729,053)
Infrastructure	(1,927,963)	(262,679)	-	(2,190,642)
Total Accumulated Depreciation	(5,165,462)	(894,371)	35,455	(6,024,378)
Total Capital Assets, Being Depreciated, Net	15,670,967	1,482,937	-	17,153,904
Governmental Activities Capital Assets, Net	$ 21,233,682	$2,328,061	$ (361,091)	$ 23,200,652
Business-type Activities				
Capital Assets, Being Depreciated				
Water System	$ 2,679,031	$ -	$ -	$ 2,679,031
Sewer System	1,525,031	-	-	1,525,031
Total Capital Assets, Being Depreciated	4,204,062	-	-	4,204,062
Less: Accumulated depreciation				
Water System	(1,648,674)	(87,490)	-	(1,736,164)
Sewer System	(580,940)	(50,136)	-	(631,076)
Total Accumulated Depreciation	(2,229,614)	(137,626)	-	(2,367,240)
Business-type Activities Capital Assets, Net	$ 1,974,448	$ (137,626)	$ -	$ 1,836,822
Component Unit				
Capital Assets, Not Being Depreciated				
Land	$ 134,000	$ -	$ -	$ 134,000
Total Capital Assets, Not Being Depreciated	134,000	-	-	134,000
Capital Assets, Being Depreciated				
Buildings and Improvements	49,000	-	-	49,000
Less: Accumulated Depreciation	(19,600)	(4,900)	-	(24,500)
Total Capital Assets, Being depreciated, Net	29,400	(4,900)	-	24,500
Component Unit Capital Assets, Net	$ 163,400	$ (4,900)	$ -	$ 158,500

Debt Administration. Note 4 of the financial statements provides a summary of the City's long-term debt. At December 31, 2023, the City's Governmental Activities had an outstanding finance lease of $7,391,879.

It is payable from general sales and use tax revenues of the City. Accrued leave payable for compensated absences is also recorded.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City will continue to experience operating losses in the Water, Sewer, and Trash Funds until it fully recovers from the rate increases imposed on the City by our providers. The City opted for a modest rate increase to minimize the financial impact on our community. Meanwhile, the City expects the other funds to operate efficiently and maintain adequate reserves.

REQUESTS FOR INFORMATION

This financial report is designed to provide the City's residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the funds it receives and assets it maintains. If you have questions about this report, or should you desire additional financial information, contact the City's Finance Department at City of Edgewater, 1800 Harlan St., Edgewater, CO 80214 or call (720) 763-3033.

Basic Financial Statements

City of Edgewater, Colorado

Statement of Net Position

December 31, 2023

	Primary Government				Component Unit
	Governmental Activities	Business-type Activities	Eliminations	Total	Redevelopment Authority
Assets					
Cash and Cash Equivalents	$ 243,473	$ 69,083	$ -	$ 312,556	$ 142,777
Investments, at fair value	3,921,656	-	-	3,921,656	-
Accounts Receivable	858,443	126,539	-	984,982	-
Interfund Receivable	1,400,000	294,745	(1,694,745)	-	1,800,000
Taxes Receivable	905,234	-	-	905,234	618,537
Prepaid Expenditures	55,475	17,566	-	73,041	-
Inventory	-	-		-	-
Capital Assets, Not Being Depreciated	6,046,748	-	-	6,046,748	134,000
Capital Assets, Net of Accumulated Depreciation	17,153,904	1,836,822	-	18,990,726	24,500
Total Assets	$ 30,584,933	$ 2,344,755	$ (1,694,745)	$ 31,234,943	$ 2,719,814
Deferred Outflows of Resources					
Pensions, Net of Accumulated Amortization	$ 1,007,687	$ -	$ -	$ 1,007,687	$ -
Total Deferred Outflows of Resources	$ 1,007,687	-	-	$ 1,007,687	-
Liabilities					
Accounts Payable	$ 1,302,197	$ 149,485	$ -	$ 1,451,682	$ 624
Retainage Payable	1,988	-		1,988	-
Accrued Liabilities	572,090	-	-	572,090	-
Customer Deposits	26,575	-	-	26,575	-
Interfund Payable	2,394,745	1,100,000	(1,694,745)	1,800,000	-
Accrued Interest Payable	19,048	2,015	-	21,063	-
Noncurrent Liabilities					
Due Within One Year	659,454	47,238	-	706,692	-
Due in More Than One Year	6,994,634	557,129	-	7,551,763	-
Total Liabilities	11,970,731	1,855,867	(1,694,745)	12,131,853	624
Deferred Inflows of Resources					
Pensions, Net of Accumulated Amortization	34,879	-	-	34,879	-
Property Taxes	-	-	-	-	618,537
Total Deferred Inflows of Resources	34,879	-	-	34,879	618,537
Net Position					
Net Investment in Capital Assets	15,808,773	1,517,374	-	17,326,147	158,500
Restricted for:					
Emergencies	289,000	-	-	289,000	-
Parks and Open Space	824,336	-	-	824,336	-
Unrestricted	2,664,901	(1,028,486)	-	1,636,415	1,942,153
Total Net Position	19,587,010	488,888	-	20,075,898	2,100,653
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 31,592,620	$ 2,344,755	$ (1,694,745)	$ 32,242,630	$ 2,719,814

The accompanying notes are an integral part of the financial statements

City of Edgewater, Colorado
Statement of Activities
Year Ended December 31, 2023

Functions / Programs	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Change in Net Position: Primary Government: Governmental Activities	Primary Government: Business Type Activities	Primary Government: Totals	Component Unit: Redevelopment Authority
Primary Government								
Governmental Activities								
General Government	$ 5,374,451	$ 376,172	$ -	$ -	$ (4,998,279)	$ -	$ (4,998,279)	$ -
Public Safety	4,040,899	1,005	-	-	(4,039,894)	-	(4,039,894)	-
Public Works	3,312,439	44,275	134,996	-	(3,133,168)	-	(3,133,168)	-
Parks and Recreation	1,035,338	398,962	328,871	-	(307,505)	-	(307,505)	-
Interest on Long Term Debt	226,975	-	-	-	(226,975)	-	(226,975)	-
Total Governmental Activities	13,990,102	820,414	463,867	-	(12,705,821)	-	(12,705,821)	-
Business Type Activities								
Water	1,352,652	1,342,817	-	938	-	(8,897)	(8,897)	-
Sewer	599,203	412,225	-	39,424	-	(147,554)	(147,554)	-
Trash	349,842	339,061	-	-	-	(10,781)	(10,781)	-
Total Business-Type Activities	2,301,697	2,094,103	-	40,362	-	(167,232)	(167,232)	-
Total Primary Government	$ 16,291,799	$ 2,914,517	$ 463,867	$ 40,362	(12,705,821)	(167,232)	(12,873,053)	-
Component Unit								
Redevelopment Authority	$ 113,296	$ -	$ -	$ -	-	-	-	(113,296)
General Revenues								
Property Tax					-	-	-	422,756
Sales and Use Taxes					8,265,073	-	8,265,073	-
Franchise Taxes					232,343	-	232,343	-
Intergovernmental Revenues not Restricted to Specific Programs					242,208	-	242,208	-
Investment Income					411,263	-	411,263	-
Miscellaneous					98,751	-	98,751	-
Total General Revenues					9,249,638	-	9,249,638	422,756
Change in Net Position					(3,456,183)	(167,232)	(3,623,415)	309,460
Net Position, Beginning					$ 23,043,193	$ 656,120	$ 23,699,313	$ 1,791,193
Net Position, Ending					$ 19,587,010	$ 488,888	$ 20,075,898	$ 2,100,653

The accompanying notes are an integral part of the financial statements

City of Edgewater, Colorado

Balance Sheet
Governmental Funds
December 31, 2023

	General	Open Space	Capital Improvements	Nonmajor Governmental Funds	Total
Assets					
Cash and Cash Equivalents	$ 77,595	$ 112,180	$ 3,253	$ 50,445	$ 243,473
Investments, at fair value	3,921,656	-	-	-	3,921,656
Accounts Receivable	118,527	443,493	175,102	121,321	858,443
Interfund Receivable	1,250,000	150,000	-	-	1,400,000
Taxes Receivable	905,234	-	-	-	905,234
Prepaid Expenditures	55,475	-	-	-	55,475
Total Assets	$ 6,328,487	$ 705,673	$ 178,355	$ 171,766	$ 7,384,281
Liabilities					
Accounts Payable	$ 1,222,726	$ 49,791	$ 28,356	$ 1,324	$ 1,302,197
Retainage Payable	-	1,988	-	-	1,988
Accrued Liabilities	572,090	-	-	-	572,090
Customer Deposits	26,575	-	-	-	26,575
Interfund Payable	1,950,000	-	444,745	-	2,394,745
Total Liabilities	3,771,391	51,779	473,101	1,324	4,297,595
Fund Balance					
Nonspendable Prepaid Expenditures	55,475	-	-	-	55,475
Restricted for:					
Emergencies	289,000	-	-	-	289,000
Parks and Open Space	-	653,894	-	170,442	824,336
Unrestricted, Unassigned	2,212,621	-	(294,746)	-	1,917,875
Total Fund Balances	2,557,096	653,894	(294,746)	170,442	3,086,686
Total Liabilities and Fund Balances	$ 6,328,487	$ 705,673	$ 178,355	$ 171,766	$ 7,384,281

The accompanying notes are an integral part of the financial statements

City of Edgewater, Colorado

Reconcilliation of the Balance Sheet of Government Funds to the
Statement of Net Position
December 31, 2023

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

Total Fund Balances of Governmental Funds	$ 3,086,686
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds	23,200,652
Net pension assets (liabilities) and the related deferred inflows and outflows are not current financial resources and, therefore, are not reported in governmental funds.	
Net Pension Liability	(117,665)
Pension-Related Deferred Outflow of Resources	1,007,687
Pension-Related Deferred Inflows of Resources	(34,879)
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Accrued Interest Payable	(19,048)
Finance Lease Payable	(7,391,879)
Compensated Absences	(144,544)
	$ 19,587,010

The accompanying notes are an integral part of the financial statements

City of Edgewater, Colorado

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2023

	General	Open Space	Capital Improvements	Nonmajor Governmental Funds	Total
Revenues					
Taxes	$ 8,497,416	$ -	$ -	$ -	$ 8,497,416
Licenses and Permits	232,233	-	-	-	232,233
Intergovernmental	392,888	243,866	-	69,321	706,075
Charges for Services	544,458	-	-	-	544,458
Fines and Forfeitures	43,723	-	-	-	43,723
Investment Income	411,263	-	-	-	411,263
Miscellaneous	98,749	-	-	-	98,749
Total Revenues	10,220,730	243,866	-	69,321	10,533,917
Expenditures					
Current					
General Government	6,809,241	-	-	139,290	6,948,531
Public Safety	3,465,544	-	294,745	21,067	3,781,356
Public Works	1,264,038	-	2,013,908	-	3,277,946
Parks and Recreation	807,087	156,003	-	34,294	997,384
Capital Outlay	-	-	530,247	25,075	555,322
Debt Service					
Principal	-	-	703,121	-	703,121
Interest and Fiscal Charges	-	-	226,975	-	226,975
Total Expenditures	12,345,910	156,003	3,768,996	219,726	16,490,635
Excess of Revenues Over (Under) Expenditures	(2,125,180)	87,863	(3,768,996)	(150,405)	(5,956,718)
Other Financing Sources (Uses)					
Transfers In	-	-	3,611,111	332,062	3,943,173
Transfers Out	(3,943,173)	-	-	-	(3,943,173)
Total Other Financing Sources (Uses)	(3,943,173)	-	3,611,111	332,062	-
Net Change in Fund Balance	(6,068,353)	87,863	(157,885)	181,657	(5,956,718)
Fund Balance - Beginning(Deficit)	8,625,449	566,031	(136,861)	(11,215)	9,043,404
Fund Balance - Ending(Deficit)	$ 2,557,096	$ 653,894	$ (294,746)	$ 170,442	$ 3,086,686

The accompanying notes are an integral part of the financial statements

City of Edgewater, Colorado

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended December 31, 2023

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

Net Change in Fund Balances of Governmental Funds	$ (5,956,718)
Capital outlays to purchase or construct capita assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual Depreciation expense in the statement of activities.	
Capital Outlay	2,861,342
Depreciation Expense	(894,371)
Repayments of debt principal are expeditures in governmental funds, but they reduce long term liabilities in the statement of net position and do not affect the statement of activities.	703,121
Some expenses reported in the statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following:	
Compensated Absences Payable	(27,324)
Net Pension Liability	(1,162,224)
Pension-Related Deferred Outflows and Inflows of Resources	1,019,991
Change in Net Position in Governmental Activities	$ (3,456,183)

The accompanying notes are an integral part of the financial statements

City of Edgewater, Colorado

Statement of Net Position
Proprietary Funds
December 31, 2023

	Water	Sewer	Nonmajor Trash	Total
Assets				
Current Assets				
Cash and Cash Equivalents	$ 10,676	$ 2,856	$ 55,551	$ 69,083
Accounts Receivable	56,293	39,490	30,756	126,539
Interfund Receivable	294,745	-	-	294,745
Prepaid Expenditures	17,566	-	-	17,566
Total Current Assets	379,280	42,346	86,307	507,933
Noncurrent Assets				
Capital Assets, Net of Accumulated	2,679,031	1,525,031	-	4,204,062
Depreciation	(1,736,164)	(631,076)	-	(2,367,240)
Total Noncurrent Assets	942,867	893,955	-	1,836,822
Total Assets	$ 1,322,147	$ 936,301	$ 86,307	$ 2,344,755
Liabilities				
Current Liabilities				
Accounts Payable	$ 84,691	$ 38,563	$ 26,231	$ 149,485
Accrued Interest Payable	2,015	-	-	2,015
Interfund Payable	950,000	150,000	-	1,100,000
Loans Payable, Current Portion	47,238	-	-	47,238
Total Current Liabilities	1,083,944	188,563	26,231	1,298,738
Noncurrent Liabilities				
Loans Payable	557,129	-	-	557,129
Total Noncurrent Liabilities	557,129	-	-	557,129
Total Liabilities	1,641,073	188,563	26,231	1,855,867
Net Position				
Net Investment in Capital Assets	623,419	893,955	-	1,517,374
Unrestricted	(942,345)	(146,217)	60,076	(1,028,486)
Total Net Position	$ (318,926)	$ 747,738	$ 60,076	$ 488,888
Total Liabilities and Net Position	$ 1,322,147	$ 936,301	$ 86,307	$ 2,344,755

The accompanying notes are an integral part of the financial statements

City of Edgewater, Colorado

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended December 31, 2023

	Water	Sewer	Nonmajor Trash	Total
Operating Revenues				
Charges for Services	$ 1,340,361	$ 412,225	$ 339,061	$ 2,091,647
Miscellaneous	2,456	-	-	2,456
Total Operating Revenues	1,342,817	412,225	339,061	2,094,103
Operating Expenses				
Service Operating Expenses	1,252,533	549,067	349,842	2,151,442
Depreciation	87,490	50,136	-	137,626
Total Operating Expenses	1,340,023	599,203	349,842	2,289,068
Net Operating Income (Loss)	2,794	(186,978)	(10,781)	(194,965)
Nonoperating (Expenses)				
Interest Expense	(12,629)	-	-	(12,629)
Total Nonoperating (Expenses)	(12,629)	-	-	(12,629)
Total (Loss) Before Contributions	(9,835)	(186,978)	(10,781)	(207,594)
Capital Contributions				
Connection Fees	938	39,424	-	40,362
Change in Net Position	(8,897)	(147,554)	(10,781)	(167,232)
Net Position - Beginning	(310,029)	895,292	70,857	656,120
Net Position - Ending	$ (318,926)	$ 747,738	$ 60,076	$ 488,888

The accompanying notes are an integral part of the financial statements

City of Edgewater, Colorado

Statement of Cash Flows
Proprietary Funds
December 31, 2023

	Water	Sewer	Nonmajor Trash	Total
Cash Flows From Operating Activities				
Cash Received from Customers	$ 1,361,861	$ 412,532	$ 338,671	$ 2,113,064
Cash Paid to Suppliers	(1,535,314)	(512,549)	(349,461)	(2,397,324)
Interfund Receivable	294,745	-	-	294,745
Payments from Other Funds	(54,745)	60,000	-	5,255
Cash Provided (Used) by Operating Activities	66,547	(40,017)	(10,790)	15,740
Cash Flows From Capital and Related Financing Activities				
Connection Fees Received	938	39,424	-	40,362
Debt Principal Payments	(46,307)	-	-	(46,307)
Debt Interest Payments	(12,629)	-	-	(12,629)
Cash Provided (Used) by Capital and Related Financing Activities	(57,998)	39,424	-	(18,574)
Net Change in Cash and Cash Equivalents	8,549	(593)	(10,790)	(2,834)
Cash and Cash Equivalents, Beginning	2,127	3,449	66,341	71,917
Cash and Cash Equivalents, Ending	$ 10,676	$ 2,856	$ 55,551	$ 69,083
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Net Operating Income (Loss)	$ 2,794	$ (186,978)	$ (10,781)	$ (194,965)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	87,490	50,136	-	137,626
Changes in Assets and Liabilities				
Accounts Receivable	(275,701)	307	(390)	(275,784)
Prepaid Expenses	(17,566)	-	-	(17,566)
Accounts Payable	29,530	36,518	381	66,429
Interfund Payable	240,000	60,000	-	300,000
Net Cash Provided (Used) by Operating Activities	$ 66,547	$ (40,017)	$ (10,790)	$ 15,740

The accompanying notes are an integral part of the financial statements

City of Edgewater, Colorado

Statement of Fiduciary Net Position
Firemen's Pension Trust Fund
December 31, 2023

	Firemen's Pension
Assets	
Cash and Investments	$ 185,425
Investments	
US Agency Securities	553,757
Accounts Receivable	69,000
Prepaid Expenditures	300
Total Assets	$ 808,482
Net Position	
Restricted for Pension Benefits	$ 808,482
Total Liabilities and Net Position	808,482

The accompanying notes are an integral part of the financial statements

City of Edgewater, Colorado

Statement of Changes in Fiduciary Net Position
Firemen's Pension Trust Fund
Year Ended December 31, 2023

	Firemen's Pension
Additions	
City Contributions	$ 34,300
State Contributions	22,500
Investment Income	29,015
Total Additions	85,815
Deductions	
Pension Benefits	48,278
Total Deductions	48,278
Change in Net Position	37,537
Net Position - Beginning	770,945
Net Position - Ending	$ 808,482

The accompanying notes are an integral part of the financial statements

Note 1: Summary of Significant Accounting Policies

The City of Edgewater, Colorado (the City) adopted a home rule charter on June 24, 2008. The City is governed by a Mayor and seven-member council elected by the residents. The City provides the following services: public safety, public works, public improvements. Parks and recreation, planning and zoning, municipal court, water, sewer, trash and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The financial reporting entity consists of the City, organizations for which the City is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the City. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the City. Legally separate organizations for which the City is financially accountable are considered part of the reporting entity. Financial accountability exists if the City appoints a majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the City.

Based on the application of these criteria, the City included the following entity in its reporting entity.

The *Edgewater Redevelopment Authority* (the Authority) provided redevelopment within the City limits. The City Council approves appointments to the governing board of the Authority. Although the Authority is legally separate from the City, the Authority's primary revenue source, tax incremental financing, can only be established by the City. The Authority is discretely presented in the financial statements as a component unit entity and does not issue separate financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all nonfiduciary activities of the City and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the City is financially accountable.

Note 1: Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues rather than program revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes, intergovernmental revenues and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

Note 1: Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (con't)

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

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

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

The *Open Space Fund* accounts for Jefferson County sales tax revenues that are shared with the City and restricted for open space and parks expenditures.

The *Capital Improvements Fund* accounts for the City's ongoing capital projects, which are financed primarily by General Fund transfers and debt proceeds.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the financial activities associated with the provision of water to City residents.

The *Sewer Fund* accounts for the financial activities associated with the provision of sewer services to City residents.

Additionally, the City reports the following fiduciary fund:

The *Pension Trust Fund* accounts for the activities of the Firemen's Pension Plan, which accumulates resources for benefits paid to qualified volunteer firefighters.

Assets, Liabilities and Net Position / Fund Balances

Cash Equivalents – Cash equivalents include investments with original maturities of three months or less. Investments in pooled cash are considered cash equivalents.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectable.

Interfund Receivables and Payables – During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet or statement of net position as interfund receivables and interfund payables.

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position / Fund Balances (continued)

Inventory – Inventories are valued at cost, using the first -in, first-out method. The costs of inventories are recorded as expenses when consumed rather than when purchased.

Capital Assets – Capital assets, which include land, buildings, equipment, infrastructure and water and sewer systems owned by the City, are reported in the applicable governmental or business-type activities in the government-wide financial statements and in the proprietary funds in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. Infrastructure assets, which include streets, bridges, sidewalks, drainage systems and trails, purchased or constructed prior to January 1, 2004, have not been reported in the financial statements.

Capital assets of the City are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	40 years
Equipment	5 – 15 years
Infrastructure	10 – 20 years
Water and Sewer Systems	15 – 35 years

Long-Term Debt – In the government-wide financial statements and the proprietary funds in the fund financial statements, long term debt and other long term obligations are reported as liabilities in the applicable statement of net portion. Debt premiums, discounts, and losses resulting from debt refinancings are deferred and amortized over the life of the debt using the straight-line method. In the fund financial statements, governmental funds recognize the face amount of the debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from debt proceeds, are reported as current expenses or expenditures.

Compensated Absences – Employees of the City are allowed to accumulate unused vacation and sick time. Upon termination of employment from the City, an employee will be compensated for all accrued vacation time and, if the employee completed 5 years of continuous service, will be compensated for 10% of accrued sick time at their final hourly rate. This percentage increases 2% per year of service, to a maximum of 40% of accrued sick time. Effective January 1, 2013, the sick time payout was frozen and no additional amounts accrue.

Note 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Position / Fund Balances (continued)

These compensated absences are expended when earned in the proprietary funds and when paid in the governmental funds. A liability for the accrued compensated absences has been reported in the government-wide financial statements.

Pensions – In November 2017, the City began participating in the Statewide Defined Benefit Plan, a cost sharing multiple employer defined benefit pension plan, and the Statewide Hybrid Plan, a cost sharing multiple employer combination defined benefit and money purchase pension plan. The plans are administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from each plan's fiduciary net position have been determined using the accrual basis of accounting, the same basis used by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized in the year the contributions are due.

Postemployment Benefits Other Than Pensions (OPEB) – The City contributes to the Statewide Death & Disability Plan, a cost sharing multiple employer defined benefit death and disability plan administered by the Fire & Police Association of Colorado (FPPA). The plan is funded by member contributions or contributions made on behalf of members. The City has no requirement to contribute to the plan and does not receive contributions from a non-employer entity. Therefore, the City does not report a net OPEB liability, or deferred outflows of resources and deferred inflows of resources related to OPEB.

Net Position / Fund Balances – In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. As reported in the governmental fund financial statements, the City Council establishes a fund balance commitment through passage of an ordinance and is authorized to informally assign amounts to a specific purpose.

The City has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the City uses restricted fund balances first, followed by committed, assigned and unassigned balances.

Note 1: Summary of Significant Accounting Policies (continued)

Leases

Effective January 1, 2022, the City implemented GASB No. 87, Leases. As the lessee, the City determines whether a contract is, or contains a lease at inception. Lease agreements with a maximum lease term of twelve months or less, including options to extend, are accounted for as short-term leases. Lease agreements that transfer ownership of the underlying asset to the Town at the end of the contract are recorded as a finance purchase with a related lease liability. Lease agreements not classified as a short-term lease, or a finance purchase are accounted for as an intangible right to use lease asset. An Intangible right to use lease asset represents the City's right to use an underlying asset during the lease term and the lease liability represents the Town's obligation to make lease payments arising from the lease. Intangible right to use lease assets and lease liabilities are recognized at lease commencement based upon the estimate prevent value of unpaid lease payments over the lease term. The City uses its incremental borrowing rate based on information available at lease commencement in determining the present value of unpaid lease payments. As the lessor, the City applies the same criteria but recognizes a lease receivable and a deferred inflow of resources equal to the present value of the lease payments. The City did not have any material leases to be implemented under GASB 87, leases.

Subscription-Based IT Arrangements

Effective January 1, 2023, the City implemented GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA). The City determines whether a contract conveys control of the right to use another party's (SBITA vendor's) IT software, infrastructure, or data warehouse, alone or in combination with tangible capital assets (underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The SBITA liability is the present value of the annual payments using the City's incremental borrowing rate. The liability is amortized providing the principal and interest components of the payments over the SBITA term. The SBITA asset is measured as the SBITA liability plus any capitalized expenditures/expenses incurred in the initial implementation stage. The SBITA asset is depreciated (amortized) using a straight-line depreciation method over the term of the SBITA arrangement.

The City did not have any SBITA's that were material or applicable to the implementation of the new standard during the year ended December 31, 2023. Therefore, GASB No. 96 did not affect the financial statement presentation and disclosure.

Coronavirus Disease (COVID-19)

On January 3, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. The City may be adversely affected through governmental and business closures resulting in a reduction of labor demand or supplies shortages. The City will continue to monitor the situation surrounding COVID-19 and evaluate the impact it will have on future operations.

Note 2: Cash Equivalents and Investments

Cash and investments at December 31, 2023, consist of the following:

Petty Cash	$ 1,110
Cash Deposits	639,648
Investments	4,475,413
Total	$ 5,116,171

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

Cash and Investments	$ 4,234,212
Pension Trust Fund Cash and Investments	739,182
Component Unit Cash and Investments	142,777
Total	$ 5,116,171

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2023, the City had bank deposits of $162,888 collateralized with securities held by the financial institutions' agent but not in the City's name.

Note 2: Cash and Investments (continued)

Investments

The City is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk. State statutes do not apply to public funds held or invested as part of a pension plan.

- Obligations of the United States and certain US Agency securities
- Certain international agency securities
- General obligation revenue bonds of US 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

The City had the following investments at December 31, 2023:

	S&P	Investment Maturities (in years)			
Investment Type	Rating	Less than 1	1 - 5	More than 5	Total
Local Government Investment Pools	AAAm	$ 3,921,656	$ -	$ -	$ 3,921,656
US Agency Securities	NA	341,079	10,637	202,041	553,757
Total		$ 4,262,735	$ 10,637	$ 202,041	$ 4,475,413

Fair Value Measurements – The City reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2023, the City's investments in US Agency securities were measured utilizing quote prices in active markets for similar investments (Level 2 inputs). The City's investments in the local government investment pool were measured at the net asset value per share.

Interest Rate Risk – State statutes generally limit investment securities to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

Note 2: Cash and Investments (continued)

Investments (continued)

Credit Risk – State Statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk – State statutes do not limit the amount the City may invest in a single issuer of investment securities, except for corporate securities. The Government National Mortgage Association (GNMA) securities are held by the Firemen's Pension Plan and represent 25% of total investments.

Custodial Credit Risk – At December 31, 2023, the City's investments in US Agency securities were held by the counterparty (broker), but not in the City's name.

Local Government Investment Pools – At December 31, 2023, the City had invested in the Colorado Local Government Liquid Asset Trust (ColoTrust) and the Colorado Surplus Asset Fund Trust (CSAFE). The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools are measured at the net asset value per share, with each share valued at $1. The pools are rated AAAm by Standard and Poor's. Investments of the pools are limited to those allowed by State Statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Restricted Cash and Investments

In October 2023, cash and investments of $128,121, representing lease proceeds restricted for capital projects, were repaid to the Lease provider, paying down a portion of the remaining principal.

Note 3: Capital Assets

Capital asset activity for the year ended December 31, 2023 is summarized below

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 1,167,628	$ 523,335	$ -	$ 1,690,963
Construction In Progress	4,395,087	321,789	(361,091)	4,355,785
Total Capital Assets, Not Being Depreciated	5,562,715	845,124	(361,091)	6,046,748
Capital Assets, Being Depreciated				
Buildings and Improvements	13,600,952	2,377,308	-	15,978,260
Equipment	2,433,966	-	(35,455)	2,398,511
Infrastructure	4,801,511	-	-	4,801,511
Total Capital Assets, Being Depreciated	20,836,429	2,377,308	(35,455)	23,178,282
Less: Accumulated Depreciateion				
Buildings and Improvements	(1,691,598)	(413,085)	-	(2,104,683)
Equipment	(1,545,902)	(218,607)	35,455	(1,729,054)
Infrastructure	(1,927,963)	(262,679)	-	(2,190,642)
Total Accumulated Depreciation	(5,165,462)	(894,371)	35,455	(6,024,378)
Total Capital Assets, Being Depreciated, Net	15,670,967	1,482,937	-	17,153,904
Governmental Activities Capital Assets, Net	$ 21,233,682	$2,328,061	$ (361,091)	$ 23,200,652
Business-type Activities				
Capital Assets, Being Depreciated				
Water System	$ 2,679,031	$ -	$ -	$ 2,679,031
Sewer System	1,525,031	-	-	1,525,031
Total Capital Assets, Being Depreciated	4,204,062	-	-	4,204,062
Less: Accumulated depreciation				
Water System	(1,648,674)	(87,490)	-	(1,736,164)
Sewer System	(580,940)	(50,136)	-	(631,076)
Total Accumulated Depreciation	(2,229,614)	(137,626)	-	(2,367,240)
Business-type Activities Capital Assets, Net	$ 1,974,448	$ (137,626)	$ -	$ 1,836,822
Component Unit				
Capital Assets, Not Being Depreciated				
Land	$ 134,000	$ -	$ -	$ 134,000
Total Capital Assets, Not Being Depreciated	134,000	-	-	134,000
Capital Assets, Being Depreciated				
Buildings and Improvements	49,000	-	-	49,000
Less: Accumulated Depreciation	(19,600)	(4,900)	-	(24,500)
Total Capital Assets, Being depreciated, Net	29,400	(4,900)	-	24,500
Component Unit Capital Assets, Net	$ 163,400	$ (4,900)	$ -	$ 158,500

Note 3: Capital Assets (continued)

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

Governmental Activities	
General Government	$ 704,614
Public Safety	117,310
Public Works	34,494
Parks & Recreation	37,953
Total	$ 894,371

Note 4: Long-Term Debt

Governmental Activities

Following is a summary of long-term debt transaction of the governmental activities for the year ended December 31, 2023.

Governmental Activities	Balance 12/31/2022	Additions	Payments/ Reductions	Balance 12/31/2023	Due Within One Year
2017 Finance Lease	$ 8,095,000	$ -	$ 703,121	$ 7,391,879	$ 645,000
Net Pension Liability	-	117,665	-	117,665	-
Compensated Absences	117,220	27,324	-	144,544	14,454
Total	$ 8,212,220	$ 144,989	$ 703,121	$ 7,654,088	$ 659,454

Finance Lease

During 2017, the City entered into a finance lease in the amount of $9,900,000 to finance the construction of a new City Hall and recreation center. The lease agreement requires annual principal payments beginning on December 1, 2018 and going through 2032. Interest accrues at 2.85% per annum and is payable semi-annually on June 1 and December 1, beginning on June 1, 2018. Building costs of $12,904,700, net of depreciation of $1,639,974, have been reported for this period.

Note 4: Long-Term Debt (continued)

Governmental Activities (continued)

Finance lease payments to maturity are as follows:

Year Ended, December 31	Principal	Interest	Total
2024	$ 645,000	$ 210,668	$ 855,668
2025	720,000	192,286	912,286
2026	795,000	171,766	966,766
2027	815,000	149,108	964,108
2028	840,000	125,881	965,881
2029-2032	3,576,879	256,572	3,833,451
Total	$ 7,391,879	$ 1,106,282	$ 8,498,161

Compensated Absences

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

Business-type Activities

A summary of long-term debt transactions of the business-type activities for the year ended December 31, 2023, follows:

Business-type Activities	Balance 12/31/2022	Additions	Payments/ Reductions	Balance 12/31/2023	Due Within One Year
Water Loan	$ 650,674	$ -	$ 46,307	$ 604,367	$ 47,238
Total	$ 650,674	$ -	$ 46,307	$ 604,367	$ 47,238

In January 2015, the City entered into a loan agreement with the Colorado Water Resources and Power Authority (CWRPDA). Loan proceeds were used for improvements to the water system. In October 2016, unused loan proceeds were used to pay down the loan balance and the agreement was modified. Semi-annual payments of $29,545, including principal and interest accruing at 2% per annum are due on May 1 and November 1 through May 1, 2035.

Note 4: Long-Term Debt (continued)

Business-type Activities (continued)

Annual debt service requirements are as follows:

Year Ended, December 31	Principal	Interest	Total
2024	$ 47,238	$ 11,852	$ 59,090
2025	48,187	10,903	59,090
2026	49,156	9,934	59,090
2027	50,144	8,946	59,090
2028	51,151	7,938	59,089
2029-2035	358,491	25,594	384,085
Total	$ 604,367	$ 75,168	$ 679,535

Compensated Absences

The business-type activities have no employees, thus no wage expenses. Services are provided by City employees. The business-type activities are charged administrative fees for time spent processing their activities. All compensated absences are handled through the governmental funds.

Note 5: Interfund Balances and Transactions

At December 31, 2023, the Water Fund and Sewer Fund had a negative cash balances of $939,324 and $147,144, respectively. The General Fund established a loan to the Water Fund for $950,000 and $150,000 for the Sewer Fund to cover the short fall. The interfund receivables and interfund payables are reflected on the fund financial statements and are eliminated in the government-wide financial statements. During the year ended December 31, 2023, the General Fund transferred $3,611,111 and $332,062 to the Capital Improvements and Capital Equipment Funds, respectively, for capital projects and equipment purchases.

Note 6: Risk Management

Public Entity Risk Pool

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For these risks of loss, the City participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property and workers compensation coverages and to assist member in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employee and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

Note 7: Retirement Commitments

Employee Pension Plan

The City contributes to a multiple-employer defined contribution retirement plan on behalf of City employees. All regular full-time employees are eligible to participate in the Plan with the exclusion of sworn police officers. The plan provisions and contribution requirements are established and may be amended by the City Council. The City is required to contribute 4% of each participating employee's compensation and each participating employee must contribute 4%. After one year of service, employees may contribute an additional 2% of compensation which the City will match. Employees may make additional voluntary contributions according to various plan documents. Employees fully vest in the City's contributions at a rate of 25% for each twelve months of participation after one year of participation.

During the year ended December 31, 2023, the City contributed $130,022 to the Plan, equal to the required contributions. The Plan is administered by the Colorado County Officials and Employees Retirement Association (CCOERA).

Note 7: Retirement Commitments (continued)

Police Pension Plans

General Information

Plan Description – The City contributes to the Statewide Defined Benefit Plan (SWDB Plan), a cost sharing, multiple employer defined benefit pension plan, and the Statewide Hybrid Plan (SWH Plan), a cost sharing, multiple employer combination defined benefit and money purchase pension plan. The plans are administered by the Fire & Police Pension Association of Colorado (FPPA).

The City's sworn police officers began participating in the plans on November 4, 2017. Upon entering the plans, each police officer could elect to participate in either plan. Police officers hired subsequently must participate in the SWDB Plan on the first day of employment.

Title 31, Article 31 of the Colorado Revised Statutes (CRS) grants the authority to establish and amend benefit terms to the FPPA Board of Directors. FPPA issues a publicly available financial report that includes information on the plans. That report may be obtained at www.fppaco.org.

Benefits Provided – A SWDB Plan member is eligible for a normal retirement pension once the member has completed twenty five years of credited service and has attained the age of 55. The annual normal retirement benefit is 2% of the average of the members highest three years base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. Benefits paid to retirees are evaluated and may be re-determined every October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero to the higher of 3% or the Consumer Price Index. Effective January 1, 2021, a member may also qualify for aa normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50.

A member is eligible for early retirement at age 50 with at least five years of service, or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% interest, returned as a lump sum distribution.

Alternatively, a member with at least five years of credited service may leave contributions with the SWDB Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member average highest three years base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

A SWH Plan member is eligible for a normal retirement pension at any time after age 55, if the member has at least twenty five years of service. The annual normal retirement benefit of the defined benefit component is 1.5% of the average of the member's highest three years base salary for each year of credited service. Benefits paid to retirees of the defined benefit component are evaluated

Note 7: Retirement Commitments (continued)

Police Pension Plans (continued)

General Information (continued)

and may be re-determined annually on October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero to 3%.

A member is eligible for early retirement at age 50 with at least 5 years of service, or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with a 5% interest, returned as a lump sum distribution from the defined benefit component. Alternatively, a member with at least five years of credited service may leave contributions with the defined benefit component and remain eligible for a retirement pension at age 55 equal to 1.5% of the member's average highest three years base salary for each year of credited service. In addition, upon termination the vested account balance in the money purchase component becomes available to the member.

Plan members may elect to participate in the deferred retirement option plan (DROP) after reaching eligibility for normal retirement (25 years of service and age 55), early retirement (30 years of service and age 50), or vested retirement (5 years of service and age 55). A member can continue to work while participating in the DROP but must terminate employment within five years of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired, a member may elect to convert the DROP to a life time monthly benefit with survivor benefits. While participating in the DROP, the member continues to make pension contributions that are credited to the DROP. Each member shall self-direct the investments in their DROP account, which are held by a custodian and not included in the plans' net position.

Contributions – The City and eligible employees hired after November 4, 2017 are required to contribute to the SWDB Plan at rates established by State statutes. Through December 31, 2021, employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both employers and members.

The City and eligible employees contributed 8.5% and 11.5% of base salary, respectively, for the year ended December 31, 2022. SWDB Plan members elected to increase the employee contribution rate 0.5% annually from 2015 through 2023, to a total of 12% base salary. Employer contributions will increase 0.5% annually beginning in 2021 through 2030, to a total of 13% of base salary.

Note 7: Retirement Commitments (continued)

Police Pension Plans (continued)

General Information (continued)

Contributions from the City and employees entering the SWDB Plan on November 4, 2017 (the reentry group), are established by resolution of the FPPA Board of Directors. Employee contributions may not be less than 8% with the split or contributions between employees and the City determined by the City Council. The City and eligible employees contributed 11% and 12% of base salary, respectively, for the year ended December 31, 2022. The FPPA Board of Directors required member and the City contribution rates to increase annual from 2012 to 2030. During 2020, the City Council approved a resolution to allocate this increase between members and the City, with a contribution rate totaling 25.5% of base pay in 2030.

The City's contributions to the SWDB Plan for the year ended December 31, 2023 were $110,636, equal to the required contributions.

The City and eligible employees are required to contribute to the SWH Plan at rates established by City Council. However, the amount allocated to the defined benefit component is set annually by the FPPA Board of Directors, which currently must be at least 8% of base salary for the employee and employer. Excess contributions are deposited to the money purchase component of the SWH Plan. For the year ended December 2021, the City Council established the contribution rate split at 11% of base salary for both City and employees.

Within the money purchase component, members are always fully vested in their contributions, as well as the earnings on those contributions. Vesting in the City's contributions within the money purchase component and the earnings on those contributions is 20% per year after the first year of service, with 100% vesting after five years of service. Unvested City contributions and earnings thereon are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the SWH Plan's administrative expenses. Any administrative expenses not covered by forfeitures are charged directly to member accounts.

An employee may elect to make voluntary after-tax contributions to the money purchase component of the SWH Plan. All contributions to the money purchase component are invested at the discretion of the member.

The City's contributions to the SWH Plan for the year ended December 31, 2023, were $11,544, equal to the required contributions.

Note 7: Retirement Commitments (continued)

Police Pension Plans (continued)

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

At December 31, 2023, the City reported a net pension asset(liability) of $(125,525) and $7,860 representing its proportionate share of the net pension asset(liability) of the SWDB and SWH Plans, respectively. The net pension asset(liability) was measured at December 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2023. The City's proportion of the net pension asset was based on a projection of the City's contributions to the plans for the calendar year ended December 31, 2022, relative to the contributions of all employers.

At December 31, 2023, the City's proportion of the SWDB plan was 0.1414190%, which was a decrease of 0.017211% from its proportion measured at December 31, 2022. The City's proportion of the SWH Plan was 0.538931%, which was an increase of 0.05135% from its measured proportion at December 31, 2022.

For the year ended December 31, 2023, the City recognized pension expense(income) for the SWDB and SWH Plans of $4,103 and $146,337, respectively. At December 31, 2023, The City 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
Statewide Defined Benefit Plan		
Differences between expected and actual experience	$ 271,718	$ 15,407
Changes in assumptions	160,815	-
Net difference between projected and actual earnings on plan investments	284,059	
Changes in proportion	93,272	-
Contributions subsequesnt to the measurement date	110,636	
Total Statewide Defined Benefit Plan	$ 920,500	$ 15,407
Statewide Hybrid Plan		
Differences between expected and actual experience	$ 34,576	$ -
Changes in assumptions	8,988	-
Net difference between projected and actual earnings on plan investments	32,079	-
Changes in proportion		19,472
Contributions subsequesnt to the measurement date	11,544	
Total Statewide Hybrid Plan	$ 87,187	$ 19,472
Total	$ 1,007,687	$ 34,879

Note 7: Retirement Commitments (continued)

Police Pension Plans (continued)

City contributions to the SWDB and SWH Plans subsequent to the measurement date of $110,636 and $11,544, respectively, will be recognized as an increase or decrease to the net pension asset in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31,	SWDB Plan	SWH Plan
2024	66,120	16,799
2025	119,772	15,174
2026	169,105	17,329
2027	234,062	22,746
2028	48,433	2,877
Thereafter	156,965	(18,754)
Total	$ 794,457	$ 56,171

Actuarial Assumptions – The actuarial valuations as of January 1, 2023, determined the total pension liability using the following actuarial assumptions as well as other inputs:

Inflation	2.5%
Projected salary increases, including inflation	4.25% - 11.25%
Investment rate of return, net of plan investment Expenses, including inflation	7.0%
Cost of living adjustments (COLA)	0.0%

Mortality rates for active members were based on the RP-2014 Mortality Tables for Blue Collar Employees projected to 2018 using the MP-2017 projection scales and using 50% multiplier for off duty mortality. The RP-2014 Mortality Tables for Blue Collar Employees were used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants were used. For post-retirement member ages 55 through 64, a blend of the previous tables was used. All tables were projected with Scale BB.

The Current actuarial methods and assumptions were approved by the FPPA Board of Directors in July 2018, for first use in the actuarial valuations beginning January 1, 2019, based upon the actuary's analysis and recommendations.

Note 7: Retirement Commitments (continued)

Police Pension Plans (continued)

The long term 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2022, are summarized in the following table:

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

Discount Rate – The Discount Rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumes that contributions from participating employers will be made based on the actuarially determined rates in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on this assumption, the plans' fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. In addition, the discount rate did not change from the prior measurement date.

Note 7: Retirement Commitments (continued)

Police Pension Plans (continued)

Sensitivity of the Net Pension Asset (Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension asset (liability) calculated using the discount rate of 7%, as well as the City's proportionate share of the net pension asset (liability) if it were calculated using a discount rate that is on percentage point lower (6%) or one percentage point higher (8%) than the current rate, as follows:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Proportionate share of the SWDB Net pension asset (liability)	$ (865,352)	$ (125,525)	$ 487,292
Proportionate share of the SWH Net pension asset (liability)	$ (59,351)	$ 7,860	$ 64,245

Pension Plan Net Fiduciary Position – Detailed information about the plans' fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

Firemen's Pension Plan

Effective January 1, 2013, the City's fire protection services were merged with the Wheat Ridge Fire Protection District, which subsequently merged with the West Metro Fire Protection District. As such, the City no longer employs neither paid nor volunteer firefighters. However, individuals who previously served the City as volunteer firefighters may be eligible to participate in the Firemen's Pension Plan.

General Information

Plan Description – The City has established a single employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado statutes. The Plan is administered by a Board of Trustees composed of the Mayor, the City's Finance Director and three other members appointed by City Council in accordance with State statutes. This Board of Trustees also establishes and is allowed to amend contribution requirements of the City. The Plan does not publish a separate stand-alone report but is reported in these financial statements as a Pension Trust Fund.

Note 7: Retirement Commitments (continued)

Firemen's Pension Plan (continued)

Plan Membership – At December 31, 2023, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	19

Benefits Provided – Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a monthly benefit of $300. Surviving spouses receive a monthly benefit of $150.

Contributions – As established by State statutes, the plan may receive contributions from the City in an amount not to exceed one-half mill of property tax revenue. The State of Colorado contributes 90% of the City's contribution. Plan members are not required to contribute to the plan. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The actuarial study as of January 1, 2023 indicated that the current level of contributions are adequate to support on an actuarially sound basis the prospective benefits, including administrative costs, for the present plan. For the year ended December 31, 2023, the City contributed $34,300 to the plan. The State's contribution of $22,500 was accrued pending the audit of the City's financial statements.

Investments

Investment Policy – The Board of Trustees has the authority to establish an investment policy for the plan but has not done so. City management currently makes all investment decisions.

Rate of Return – For the year ended December 31, 2023, the annual money-weighted rate of return on plan investments, net of investment expense, was approximately 3.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Asset

At December 31, 2023, the City had an actuarially determined net pension asset of $258,927.

Note 7: Retirement Commitments (continued)

Firemen's Pension Plan (continued)

Net Pension Asset (continued)

Actuarial Assumptions – The total pension liability as of the beginning of the measurement period was determined by an actuarial valuation as of January 1, 2023 using the following actuarial assumptions applied to all periods included in the measurement.

Investment Rate of Return – 4.00 %, net of investment expense, including inflation
Inflation – 2.5%
Salary increases – Not applicable
Mortality – RP-2014 Mortality Table, with fully generational mortality improvement using Scale MP-2021.

The long term expected rate of return on 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 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 real rates of return for each asset class included in the plan's target asset allocation as of December 31, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Fixed Income	65%	2.38%
Cash	35%	0.00%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 4.00%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to follow the current funding practice. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on plan investments of 4.00% was applied to all periods of projected benefit payments to determine the total pension liability.

Note 7: Retirement Commitments (continued)

Firemen's Pension Plan (continued)

Net Pension Asset (continued)

For the year ended December 31, 2023, changes in the net pension liability of the City were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning Balance	$ 618,199	$ 770,945	$ (152,746)
Interest	19,307	-	19,307
Benefit Payments	(48,278)	(48,278)	-
City Contribution	-	34,300	(34,300)
Accrued State Contribution	-	22,500	(22,500)
Net Investment Income	-	29,015	(29,015)
Changes in Assumptions	(39,673)	-	(39,673)
Ending Balance	$ 549,555	$ 808,482	$ (258,927)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following table presents the net pension liability of the City at December 31, 2023. Calculated using the discount rate of 4.00%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate, as follows:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Net pension asset (liability)	$ 204,838	$ 258,927	$ 304,639

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

For the year ended December 31, 2023, the City recognized pension income of $35,559. Since the plan consisted of only retired participants, differences between expected and actual experience and changes in assumptions are recorded as pension expense immediately. The net difference between projected and actual earnings on investments was recorded in pension expense. Because the difference was not significant, it will not be recognized as pension expense over multiple years.

Note 8: Other Postemployment Benefits

Statewide Death & Disability Plan

General Information

Plan Description – The City contributes to the Statewide Death & Disability Plan, a cost sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). All police officers are members of the plan. Contributions to the plan are used solely for the payment of death & disability benefits. Benefits are established by State statutes and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. The report may be obtained at www.fppaco.org.

Benefits Provided – The plan provides pre-retirement death benefits as follows:

Off-Duty: 40% of the base salary paid to the member prior to death, with an additional 10% of base salary if a surviving spouse has two or more dependent children.

On-Duty: 70% of the base salary paid to the member prior to death.

Disability benefits are as follows:

Total disability:	70% of the base salary preceding disability.
Permanent occupational disability:	50% of the base salary preceding disability.
Temporary occupational disability:	40% of the base salary preceding disability for up to 5 years.

Benefit adjustments are granted periodically at the discretion of the FPPA Board of Directors. Total disability retirees receive an automatic increase of 3%. For other annuitants, the increase may reflect CPI, but in no case may be higher than 3%.

Once a member is eligible to retire, all plan benefit obligations cease.

Contributions – The contribution requirements are established by State statutes. However, the FPPA Board of Directors, based on an annual actuarial valuation, may adjust the contribution rate.

Any decision regarding whether the employer or members contribute to the plan, or whether the contribution is paid jointly by the employer and the member is determined by the City Council.

No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the City contributed 3.4% of base salaries on behalf of the members during the year ended December 31, 2023. Contributions to the plan for the year ended December 31, 2023 were $59,888, equal to the required contributions.

Note 8: Other Postemployment Benefits

Statewide Death & Disability Plan (continued)

General Information (continued)

Based on the 2018 actuarial results, the FPPA Board of Directors set the contribution rate effective January 1, 2021 at 3% of base salaries and may be increased 0.2% annually as determined by the FPPA Board of Directors.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The City has no requirement to contribute to the plan and does not receive contributions from a non-employer entity. Therefore, the City does not report a net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB.

OPEB Plan Fiduciary Net Position – Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report which may be obtained at www.fppaco.org.

Note 9: Commitments and Contingencies

Litigation

The City is periodically involved in various threatened or pending litigation. The outcomes of this litigation cannot be determined at this time.

Enhanced Sales Tax Incentive Program

The City has entered into various agreements to increase economic development within the City limits.

In 2005, the City agreed to rebate a portion of the sales tax generated by Target. The agreement terminates at the earlier of September 30, 2027, or upon reaching the cumulative maximum rebate amount of $10,890,767. During the year ended December 31, 2023, Target earned $998,621 under this agreement. Payments since inception totaled $9,605,598 at December 31, 2023.

Note 9: Commitments and Contingencies (continued)

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of State and Local governments.

On June 24, 2008, voters within the City authorized the City to collect, retain and expend all of the sales and use tax revenues and all revenues generated by the City, subject only to those limitations previously approved by the voters, notwithstanding any limitation contained in the Amendment or any other law. The City's management believes it is in compliance with the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

In accordance with the Amendment, the City has established an emergency reserve representing 3% of qualifying expenditures. At December 31, 2023, the reserve was reported as restricted fund balance in the General Fund in the amount of $289,000.

Note 10: Future GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has approved the following:

- GASB Statement No. 99, Omnibus 2022
- GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62
- GASB Statement No. 101, Compensated Absences

Note 11: Subsequent Events

In preparing the financial statements, the City has evaluated transactions for potential disclosure through May 20, 2025, the date the financial statements were available to be issued. Management has determined there are no events have occurred subsequent to December 31, 2023, that would require disclosure.

Required Supplementary Information

City of Edgewater, Colorado
Required Supplementary Information
Schedule of proportionate Share in the Net Pension Asset
(Liability) and Contributions
Fire & Police Pension Association of Colorado Statewide Defined Benefit Plan
Year Ended December 31, 2023

	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net Pension Asset (Liability)						
City's Proportion of the Net Pension Asset (Liability)	0.14141900%	0.15863060%	0.19398598%	0.19481325%	0.19949772%	0.20586880%
City's proportionate Share of the Net Pension Asset (Liability)	$ (125,525)	$ 859,673	$ 421,144	$ 110,179	$ (252,220)	$ 296,175
City's Covered Payroll	$ 1,052,752	$ 1,020,300	$ 1,246,572	$ 1,119,549	$ 1,019,723	$ 109,778
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	-12%	84%	34%	10%	-25%	270%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98%	116%	107%	102%	95%	106%

	12/31/23	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
City Contributions						
Statutorily Required Contribution	$ 110,636	$ 110,733	$ 108,546	$ 124,649	$ 114,867	$ 106,908
Contributions in Relation to the Statutorily Required Contribution	110,636	110,733	108,546	124,649	114,867	106,908
Contribution Difficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 1,039,242	$ 1,052,752	$ 1,020,300	$ 1,246,572	$ 1,119,549	$ 1,019,723
Contributions as a percentage of Covered Payroll	10.65%	10.52%	10.64%	10.00%	10.26%	10.48%

This schedule is presented to show information for 10 years. Until information for the full 10 year period is available, information will be presented for the years available.

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado
Required Supplementary Information
Schedule of proportionate Share in the Net Pension Asset
(Liability) and Contributions
Fire & Police Pension Association of Colorado Statewide Hybrid Plan
Year Ended December 31, 2023

	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net Pension Asset (Liability)						
City's Proportion of the Net Pension Asset (Liability)	0.53893113%	0.48758101%	0.46188900%	0.46696762%	0.41423560%	0.41967838%
Plan Net Pension Asset (Liability)	$ 1,458,447	$ 37,919,679	$ 27,505,090	$ 19,474,018	$ 13,803,497	$ 19,552,830
City's proportionate Share of the Net Pension Asset (Liability)	$ 7,860	$ 184,889	$ 127,043	$ 90,937	$ 57,179	$ 82,059
City's Covered Payroll	$ 90,188	$ 75,013	$ 71,318	$ 67,750	$ 60,019	$ 6,730
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	9%	246%	178%	134%	95%	1219%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101%	149%	138%	130%	123%	139%

	12/31/23	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
City Contributions						
Statutorily Required Contribution	$ 11,544	$ 9,921	$ 8,255	$ 7,845	$ 7,452	$ 6,602
Contributions in Relation to the Statutorily Required Contribution	11,544	9,921	8,255	7,845	7,452	6,602
Contribution Difficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 104,945	$ 90,188	$ 75,013	$ 71,318	$ 67,750	$ 60,019
Contributions as a percentage of Covered Payroll	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%

This schedule is presented to show information for 10 years. Until information for the full 10 year period is available, information will be presented for the years available.

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Firemans Pension Plan
Year Ended December 31, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Interest	19307	$ 23,670	$ 25,733	$ 27,315	$ 28,363	$ 30,592	$ 31,806	$ 41,683	$ 43,009	$ 50,939
Differences Between Expected and Actual Experience		(70,687)	-	(42,589)	-	(30,521)	-	(13,652)	-	(119,098)
Changes in Assumptions	(39,673)	14,766	16,488	(25,307)	-	-	-	115,019	-	115,136
Benefit Payments	(48,278)	(51,668)	(52,658)	(54,608)	(61,958)	(65,558)	(67,435)	(68,490)	(70,590)	(74,790)
Net Change in Total Pension Liability	(68,644)	(83,919)	(10,437)	(95,189)	(33,595)	(65,487)	(35,629)	74,560	(27,581)	(27,813)
Total Pension Liability, Beginning	618,199	702,118	712,555	807,744	841,339	906,826	942,455	867,895	895,476	923,289
Total Pension Liability, Ending	549,555	618,199	702,118	712,555	807,744	841,339	906,826	942,455	867,895	895,476
Plan Fiduciary Net Position										
Employer Contributions	$ 34,300	$ 34,300	$ 34,300	$ 34,300	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000
State of Colorado Contributions	22,500	22,500	22,500	22,500	22,500	22,500	22,500	19,535	19,536	18,658
Net Investment Income	29,015	(16,223)	(2,126)	28,255	44,935	7,590	24,885	949	23,271	20,378
Benefit Payments	(48,278)	(51,668)	(52,658)	(54,608)	(61,958)	(65,558)	(67,435)	(68,490)	(70,590)	(74,790)
Administrative Expenses	-	-	-	(2,500)	(11,200)	-	-	-	(4,200)	-
Net Change in Plan Fiduciary Net Position	37,537	(11,091)	2,016	27,947	19,277	(10,468)	4,950	(23,006)	(6,983)	(10,754)
Plan Fiduciary Net Position Beginning	770,945	782,036	780,020	752,073	732,796	743,264	738,314	761,320	768,303	779,057
Plan Fiduciary Net Position Ending	$ 808,482	$ 770,945	$ 782,036	$ 780,020	$ 752,073	$ 732,796	$ 743,264	$ 738,314	$ 761,320	$ 768,303
City's Net Pension Asset (Liability)	$ 258,927	$ 152,746	$ 79,918	$ 67,465	$ (55,671)	$ (108,543)	$ (163,562)	$ (204,141)	$ (106,575)	$ (127,173)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	147%	125%	111%	109%	93%	87%	82%	78%	88%	86%
Investment Returns										
Annual Money-Weighted Rate of Return, Net of Investment Expense	3.76%	-2.05%	-0.27%	3.72%	6.18%	4.03%	4.05%	0.13%	2.54%	2.69%
City Contributions										
Actuarially Determined Contribution	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000	$ 25,000
Contributions in Relation to the Acttuarially Determined Contribution	34,300	34,300	34,300	34,300	25,000	25,000	25,000	25,000	25,000	25,000
Contribution Dificiency (Excess)	$ (9,300)	$ (9,300)	$ (9,300)	$ (9,300)	$ -	$ -	$ -	$ -	$ -	$ -

This schedule is presented to show information for 10 years. Until the full 10 year period is available, information will be presented for the years it is available.

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado

Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 8,671,379	$ 8,671,379	$ 8,497,416	$ (173,963)
Licenses and Permits	313,700	313,700	232,233	(81,467)
Intergovernmental	692,800	692,800	392,888	(299,912)
Charges for Services	626,156	626,156	544,458	(81,698)
Fines and Forfeitures	30,000	30,000	43,723	13,723
Investment Income	10,000	10,000	411,263	401,263
Miscellaneous	60,000	60,000	98,749	38,749
Total Revenues	10,404,035	10,404,035	10,220,730	(183,305)
Expenditures				
Current				
General Government	4,349,141	6,955,141	6,809,241	145,900
Public Safety	3,276,533	3,321,533	3,465,544	(144,011)
Public Works	1,379,373	1,409,373	1,264,038	145,335
Parks and Recreation	738,037	748,037	807,087	(59,050)
Total Expenditures	9,743,084	12,434,084	12,345,910	88,174
Excess of Revenues Over Expenditures	660,951	(2,030,049)	(2,125,180)	(95,131)
Other Financing (Uses)				
Transfers Out	(4,330,000)	(4,330,000)	(3,943,173)	386,827
Net Change in Fund Balance	(3,669,049)	(6,360,049)	(6,068,353)	291,696
Fund Balance - Beginning	3,044,514	3,016,514	8,625,449	5,608,935
Fund Balance - Ending	$ (624,535)	$ (3,343,535)	$ 2,557,096	$ 5,900,631

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado

Budgetary Comparison Schedule
Open Space Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	$ 175,000	$ 175,000	$ 243,866	$ 68,866
Investment Income	1,500	1,500	-	(1,500)
Total Revenues	176,500	176,500	243,866	67,366
Expenditures				
Current				
Parks and Recreation	332,800	332,800	156,003	176,797
Total Expenditures	332,800	332,800	156,003	176,797
Excess of Revenues (Under) Expenditures	(156,300)	(156,300)	87,863	244,163
Net Change in Fund Balance	(156,300)	(156,300)	87,863	244,163
Fund Balance - Beginning	(9,799)	(9,799)	566,031	575,830
Fund Balance - Ending	$ (166,099)	$ (166,099)	$ 653,894	$ 819,993

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado

Budgetary Comparison Schedule
Capital Improvements
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Public Works	2,542,630	2,542,630	2,013,908	528,722
Capital Outlay	227,000	227,000	530,247	(303,247)
Debt Service				
Principal	703,121	703,121	703,121	-
Interest and Fiscal Charges	100,449	100,449	226,975	(126,526)
Total Expenditures	3,573,200	3,573,200	3,768,996	(195,796)
Excess of Revenues (Under) Expenditures	(3,573,200)	(3,573,200)	(3,768,996)	(195,796)
Other Financing Sources				
Transfers In	4,100,000	4,100,000	3,611,111	(488,889)
Net Change in Fund Balance	526,800	526,800	(157,885)	(684,685)
Fund Balance - Beginning(Deficit)	3,026,732	(973,268)	(136,861)	836,407
Fund Balance - Ending(Deficit)	$ 3,553,532	$ (446,468)	$ (294,746)	$ 151,722

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado

Notes to Required Supplementary Information
December 31, 2023

Note 1: Firemen's Pension Plan

Contributions

The City made a contribution of $34,300 to the Firemen's Pension Plan during the year ended December 31, 2023. The Plan recognized a Receivable of $22,500 representing the State of Colorado's anticipated contribution to the Plan for the year ended December 31, 2023. The Plan members consist only of volunteer firefighters and, therefore, employee payroll information is not applicable.

Actuarial Assumptions

Significant actuarial methods and assumptions used to determine the contribution rates for the Firemen's Pension Plan are as follows:

Valuation Date	January 1, 2019
Actuarial Cost Method	Age Entry Normal
Amortization Method	Level annual payments
Remaining Amortization Period	20 years
Asset Valuation Method	Fair Value
Investment Return	3.5%, net of investment expenses, compounded annually
Inflation Rate	2.5%
Retirement Age	50 years
Mortality	RP-2014 Mortality Table, with fully generational mortality improvement, using Scale MP-2018

Note 2: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

Budgets are legally adopted for all funds of the City, except the pension trust fund. Budgets are presented on a basis consistent with generally accepted accounting principles except for the enterprise funds which budget using a non-GAAP basis, whereby capital outlay is budgeted as an expenditure but depreciation is not budgeted. Budgets for the Edgewater Redevelopment Authority are adopted by the Authority's governing board.

Note 2: Stewardship, Compliance and Accountability (continued)

Budgets and Budgetary Accounting (continued)

The City follows these procedures to establish the budgetary information reflected in the financial statements:

- Management submits to the City Council a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain constituent comments.
- Prior to December 31, the budget is legally enacted through the passage of an ordinance.
- City management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- All appropriations lapse at the year end.

For the year ended December 31, 2023, except for the Capital Improvements Fund, all Fund expenditures were less than budgeted amounts.

Supplementary Information

City of Edgewater, Colorado

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Conservation Trust	Capital Equipment	Total
Assets			
Cash and Cash Equivalents	$ 49,121	$ 1,324	$ 50,445
Accounts Receivable	121,321	-	121,321
Total Assets	$ 170,442	$ 1,324	$ 171,766
Liabilities			
Accounts Payable	$ -	$ 1,324	$ 1,324
Total Liabilities	-	1,324	1,324
Fund Balance			
Parks and Open Space	170,442	-	170,442
Total Fund Balances	170,442	-	170,442
Total Liabilities and Fund Balances	$ 170,442	$ 1,324	$ 171,766

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2023

	Conservation Trust	Capital Equipment	Total
Revenues			
Intergovernmental	$ 69,321	$ -	$ 69,321
Total Revenues	69,321	-	69,321
Expenditures			
Current			
General Government	-	139,290	139,290
Public Safety	-	21,067	21,067
Parks and Recreation	28,985	5,309	34,294
Capital Outlay	-	25,075	25,075
Total Expenditures	28,985	190,741	219,726
Excess of Revenues (Under) Expenditures	40,336	(190,741)	(150,405)
Other Financing Sources			
Transfers In	-	332,062	332,062
Net Change in Fund Balance	40,336	141,321	181,657
Fund Balance - Beginning(Deficit)	130,106	(141,321)	(11,215)
Fund Balance - Ending	$ 170,442	$ -	$ 170,442

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado

Budgetary Comparison Schedule
Conservation Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	$ 58,000	$ 58,000	$ 69,321	$ 11,321
Total Revenues	58,000	58,000	69,321	11,321
Expenditures				
Current				
Parks and Recreation	571,000	571,000	28,985	542,015
Total Expenditures	571,000	571,000	28,985	542,015
Excess of Revenues Over (Under) Expenditures	(513,000)	(513,000)	40,336	553,336
Net Change in Fund Balance	(513,000)	(513,000)	40,336	553,336
Fund Balance - Beginning	254,972	254,972	130,106	(124,866)
Fund Balance - Ending(Deficit)	$ (258,028)	$ (258,028)	$ 170,442	$ 428,470

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado

Budgetary Comparison Schedule
Capital Equipment
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	$ -	$ -	$ -	$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
General Government	79,500	79,500	139,290	(59,790)
Public Safety	38,000	38,000	21,067	16,933
Parks and Recreation	5,000	5,000	5,309	(309)
Capital Outlay	79,400	79,400	25,075	54,325
Total Expenditures	201,900	201,900	190,741	11,159
Excess of Revenues Over (Under) Expenditures	(201,900)	(201,900)	(190,741)	11,159
Other Financing Sources				
Transfers In	230,000	230,000	332,062	102,062
Net Change in Fund Balance	28,100	28,100	141,321	113,221
Fund Balance - Beginning(Deficit)	(93,313)	(226,303)	(141,321)	84,982
Fund Balance - Ending (Deficit)	$ (65,213)	$ (198,203)	$ -	$ 198,203

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado

Budgetary Comparison Schedule
Water Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	$ 1,616,063	$ 1,616,063	$ 1,340,361	$ (275,702)
Connection Fees	-	-	938	938
Investment Income	500	500	-	(500)
Miscellaneous	1,000,000	1,000,000	2,456	(997,544)
Total Revenues	2,616,563	2,616,563	1,343,755	(1,272,808)
Expenditures				
Service Operating Expenses	1,643,298	1,643,298	1,252,533	390,765
Debt Service - Interest and Fiscal Charges	60,000	60,000	12,629	47,371
Total Expenditures	1,703,298	1,703,298	1,265,162	438,136
Net Change in Net Position, Budgetary Basis	$ 913,265	$ 913,265	78,593	$ (834,672)
Reconcilliation to GAAP Basis				
Depreciation			(87,490)	
Net Change in Net Position, GAAP Basis			$ (8,897)	

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado

Budgetary Comparison Schedule
Sewer Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	$ 416,010	$ 416,010	$ 412,225	$ (3,785)
Connection Fees	1,000	1,000	39,424	38,424
Investment Income	500	500	-	(500)
Total Revenues	417,510	417,510	451,649	34,139
Expenditures				
Service Operating Expenses	565,132	565,132	549,067	16,065
Total Expenditures	565,132	565,132	549,067	16,065
Net Change in Net Position, Budgetary Basis	$ (147,622)	$ (147,622)	(97,418)	$ 50,204
Reconcilliation to GAAP Basis				
Depreciation			(50,136)	
Net Change in Net Position, GAAP Basis			$ (147,554)	

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado

Budgetary Comparison Schedule
Trash Fund
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	$ 350,000	$ 350,000	$ 339,061	$ (10,939)
Investment Income	500	500	-	(500)
Total Revenues	350,500	350,500	339,061	(11,439)
Expenditures				
Service Operating Expenses	360,989	360,989	349,842	11,147
Total Expenditures	360,989	360,989	349,842	11,147
Net Change in Net Position, Budgetary Basis	$ (10,489)	$ (10,489)	(10,781)	$ (292)
Net Change in Net Position, GAAP Basis			$ (10,781)	

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado

Balance Sheet
Edgewater Renewal Authority
December 31, 2023

	Actual
Assets	
Cash and Cash Equivalents	$ 142,777
Interfund Receivable	1,800,000
Taxes Receivable	618,537
Total Assets	$ 2,561,314
Liabilities	
Accounts Payable	$ 624
Total Liabilities	624
Deferred Inflows of Resources	
Property Taxes	618,537
Fund Balance	
Unrestricted, Unassigned	1,942,153
Total Fund Balances	1,942,153
Total Liabilities and Fund Balances	$ 2,561,314

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

Total Fund Balance of Component Unit	$ 1,942,153
ERA Land	134,000
ERA Electric Sign	49,000
ERA Accumulated Depreciation	(24,500)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	158,500
Total Net Position of Component Unit	$ 2,100,653

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado

Statement of Revenues, Expenditures and Change in Fund Balance
Component Unit - Edgewater Redevelopment Authority
Year Ended December 31, 2023

	Edgewater Redevelopment Authority
Revenues	
Property Tax	$ 422,756
Total Revenues	422,756
Expenditures	
Current	
General Government	108,396
Total Expenditures	108,396
Excess of Revenues Over Expenditures	314,360
Net Change in Fund Balance	314,360
Fund Balance - Beginning	1,627,793
Fund Balance - Ending	$ 1,942,153
Amounts Reported for the Component Unit in the Statement of Activities are Different Because:	
Net Change in Fund Balance of Component Unit	$ 314,360
Governmental Funds Report Capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.	
Depreciation Expense	(4,900)
Change in Net Position of Component Unit	$ 309,460

See the accompanying Independent Auditors' Report

City of Edgewater, Colorado

Budgetary Comparison Schedule
Edgewater Renewal Authority
Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes	$ 380,000	$ 380,000	$ 422,756	$ 42,756
Intergovernmental	841,000	841,000	-	(841,000)
Investment Income	1,000	1,000	-	(1,000)
Miscellaneous	100,000	100,000	-	(100,000)
Total Revenues	1,322,000	1,322,000	422,756	(899,244)
Expenditures				
Current				
General Government	1,479,150	1,479,150	108,396	1,370,754
Total Expenditures	1,479,150	1,479,150	108,396	1,370,754
Excess of Revenues Over (Under) Expenditures	(157,150)	(157,150)	314,360	471,510
Net Change in Fund Balance	(157,150)	(157,150)	314,360	471,510
Fund Balance - Beginning	199,270	199,270	1,627,793	1,428,523
Fund Balance - Ending	$ 42,120	$ 42,120	$ 1,942,153	$ 1,900,033

See the accompanying Independent Auditors' Report

Supplemental Data for Oversight Agencies

The public report burden for this information collection is estimated to average 380 hours annually. Form # 350-050-36

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Edgewater
	YEAR ENDING : December 2023
This Information From The Records Of (example - City of _ or County of _ **City of Edgewater**	Prepared By: **Ariany Young, Finance Director** Phone: 720-763-3033

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	2,712,657
3. Other local imposts (from page 2)	0
4. Miscellaneous local receipts (from page 2)	41,049
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	2,753,706
B. Private Contributions	
C. Receipts from State government (from page 2)	93,947
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	2,847,653

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	321,789
2. Maintenance:	1,384,774
3. Road and street services:	
a. Traffic control operations	150,993
b. Snow and ice removal	21,064
c. Other	0
d. Total (a. through c.)	172,057
4. General administration & miscellaneous	0
5. Highway law enforcement and safety	969,034
6. Total (1 through 5)	2,847,653
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	0
b. Redemption	0
c. Total (a. + b.)	0
2. Notes:	
a. Interest	0
b. Redemption	0
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	0
D. Payments to toll facilities	0
E. Total disbursements (A.6 + B.3 + C + D)	2,847,653

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	0	0	0	0
1. Bonds (Refunding Portion)				
B. Notes (Total)	0	0	0	0

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,847,653	2,847,653		0

Notes and Comments:

FORM FHWA-536 (Rev. 1-05) PREVIOUS EDITIONS OBSOLETE (Next Page)

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2023

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	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	0	g. Other Misc. Receipts	0
6. Total (1. through 5.)	0	h. Other	41,049
c. Total (a. + b.)	0	i. Total (a. through h.)	41,049
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	47,408	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	46,539	d. Federal Transit Admin	0
d. Other -	0	e. U.S. Corps of Engineers	0
e. Other (Specify) Road & Bridge/Mineral Leasing/Severance	0	f. Other Federal	0
f. Total (a. through e.)	46,539	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	93,947	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	321,789	321,789
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	321,789	321,789
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	321,789	321,789
			(Carry forward to page 1)

Notes and Comments:

FORM FHWA-536 (Rev.1-05) PREVIOUS EDITIONS OBSOLETE

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council
City of Edgewater, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, discretely presented component unit, and the aggregate remaining fund information of the City of Edgewater, Colorado (the "City") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 20, 2025.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023- 001 that we consider to be significant deficiencies.

Compliance and Other Matters

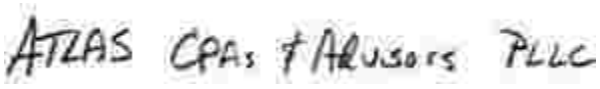
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City of Edgewater's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Longmont, Colorado
May 20, 2025

SCHEDULE OF FINDINGS AND RESPONSES

Finding 2023-001

Significant Deficiencies in Internal Control over Financial Reporting—Inadequate Segregation of Duties

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the City's assets and ensure accurate financial reporting.

Condition: Presently, the same individuals perform all duties at the City.

Context: We observed inadequate segregation of duties by reviewing an organizational chart, observing the small number of staff present at the City, and through interviews of personnel and management.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the utility billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Cause: The entity's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.