

TOWN OF LOG LANE VILLAGE, COLORADO

FINANCIAL STATEMENTS

December 31, 2022



Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Town Board of Trustees
Town of Log Lane Village
Log Lane Village, Colorado

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Log Lane Village (the "Town") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Log Lane Village as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule – General Fund, schedule of proportionate share of the net pension liability/(asset), schedule of Town contributions and the notes to required supplementary information on pages i – ix and 29 – 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information and other information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The supplementary information and other information have 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 and other information are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado

August 9, 2023

TOWN OF LOG LANE VILLAGE, COLORADO

Management's Discussion and Analysis

Fiscal Year Ended December 31, 2022

As management of the Town of Log Lane Village (the "Town"), we offer readers of the Town's basic financial statements this narrative overview and analysis of the Town for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statement.

FINANCIAL HIGHLIGHTS

- The Town's assets exceed its liabilities by \$9,667,503 as of December 31, 2022, an increase of \$811,242 in comparison to the prior year.
- Governmental activities report combined ending net position of \$3,659,506, a decrease of \$271,230 in comparison with the prior year.
- The Town's fund balance for the General Fund is \$1,491,066, a decrease of \$626,188 in comparison to the prior year.
- Total long-term liabilities decreased by \$20,037 during the 2022 fiscal year with no new debt.
- General property tax, sales tax, and other taxes totaled \$1,010,748 or 75% of the general revenues.
- The Town completed the construction of a new Town Hall, for a total cost of \$338,600 over two years.
- The Town, additionally, expended \$780,833 in major road, water and wastewater improvements.
- In 2021 the Town invested \$150,000 in an annuity. The cash surrender value of this annuity has decreased in value, as noted in Note 3 to the financial statements. The Town does not intend to liquidate this investment in the near future, however, a write down of \$28,018 was included in the financial records.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

The **statement of net position** presents information on all the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the differences being reported as net position. Over time, the increases or decreases in net position may

serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The **statement of activities** presents information showing how the Town'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 reported for some items will result in cash flows in future periods (e.g. uncollected taxes and earned but unused personal time).

The government-wide financial statements distinguish functions of the Town 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 cost through user fees and charges (*Business-type Activities*). The Governmental Activities of the Town include general government administration, public works, public safety, parks and recreation, community service and economic development. The Business-type Activities of the Town include the following utilities: water, sewer, and trash.

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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town's fund can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *short-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financial requirements. The accounting method is called *modified accrual* accounting.

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 activities in the *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 short-term financing decisions. Both governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains one major government fund, which is the General Fund. Information for the General Fund is presented in the governmental fund balance sheet, in the governmental fund statement of revenues, expenditures, and changes in fund balances for the governmental funds.

Proprietary Funds – The Town maintains one proprietary fund. *Enterprise Funds* are used to report the same function presented as business-type activities in the government-wide

financial statements. The Town uses a separate enterprise fund to account for each of its utility funds: Water, Sewer and Trash funds, all of which are major.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted previously, net position may serve over time as a useful indicator of the Town's financial position. For the year ended December 31, 2022, the Town's combined assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,667,503. Of this amount, \$2,463,502 is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of \$7,156,625. (74 % of net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the Town's governmental and business-type net position for 2022:

	Governmental Activities 2022	Governmental Activities 2021	Business Type Activities 2022	Business Type Activities 2021	Total 2022	Total 2021
Assets:						
Current and Other Assets	\$1,662,040	\$2,233,609	\$968,189	\$351,857	\$2,630,229	\$2,585,466
Capital Assets	2,067,108	1,745,732	5,847,222	5,399,358	7,914,330	7,145,090
TOTAL ASSETS	3,729,148	3,979,341	6,815,411	5,751,215	10,544,559	9,730,556
Deferred Outflows of Resources	47,548	57,953	-	-	47,548	57,953
Liabilities:						
Current Liabilities	23,332	38,520	29,030	19,708	52,362	58,228
Noncurrent Liabilities	-	0	757,705	777,742	757,705	777,742
Customer Deposits	1,200	-	20,679	28,240	21,879	28,240
TOTAL LIABILITIES	24,532	38,520	807,414	825,690	831,946	864,210
Deferred Inflows of Resources	92,658	68,038	-	-	92,658	68,038
Net Position:						
Net Investment in Capital Assets	2,067,108	1,745,732	5,089,517	4,621,616	7,156,625	6,367,348
Restricted	27,781	13,751	19,595	19,584	47,376	33,335
Unrestricted	1,564,617	2,171,253	898,885	284,325	2,463,502	2,455,578
TOTAL NET POSITION	\$3,659,506	\$3,930,736	\$6,007,997	\$4,925,525	\$9,667,503	\$8,856,261

A portion of total net position, \$19,595, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$2,463,502 (25 % of net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

Change in Net Position

Governmental and business-type activities increased the Town's net position by \$811,242 in 2022.

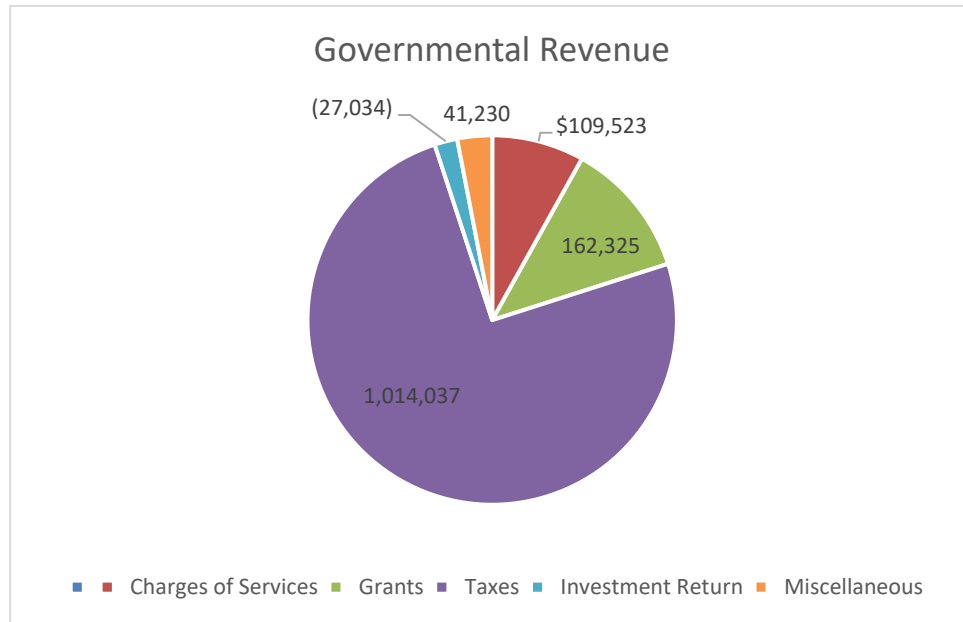
The following table summarizes the Town's governmental and business-type revenues, expenses and changes in net position.

	Governmental Activities 2022	Governmental Activities 2021	Business Type Activities 2022	Business Type Activities 2021	Total 2022	Total 2021
Revenues:						
Program Revenues						
Charges of Services	\$109,523	\$100,483	\$682,043	\$653,824	\$791,566	\$754,307
Grants	162,325	82,599	-	72,763	162,325	155,362
Miscellaneous	-	-	-	-	-	-
General Revenues						
Taxes	1,014,037	1,214,025			1,014,037	1,214,025
Investment Return	(27,034)	543	958	49	(26,076)	592
Grants Not Restricted		6,821	-	-	-	6,821
Sale of Assets	18,093	(9,450)	-	-	18,093	(9,450)
Miscellaneous	41,230	45,854	2,799	50	44,029	45,904
TOTAL REVENUES	1,318,174	1,440,875	685,800	726,686	2,003,974	2,167,561
Expenses:						
General Government	216,579	190,200	-	-	216,579	190,200
Public Safety	215,870	272,427	-	-	215,870	272,427
Public Works	138,470	151,810	-	-	138,470	151,810
Parks and Recreation	10,085	16,333	-	-	10,085	16,333
Water Operations	-	-	323,055	282,028	323,055	282,028
Sewer Operations	-	-	169,883	146,710	169,883	146,710
Trash Operations	-	-	84,187	85,830	84,187	85,830
Interest	-	-	34,603	35,703	34,603	35,703
TOTAL EXPENSES	581,004	630,770	611,728	550,271	1,192,732	1,181,041
Transfers:	(1,008,400)	-	1,008,400	-	-	-
Increase in Net Position:	(271,230)	810,105	1,082,472	176,415	811,242	986,520
Net Position, Beginning	3,930,736	3,120,631	4,925,525	4,749,110	8,856,261	7,869,741
Net Position, Ending	\$ 3,659,506	\$ 3,930,736	\$ 6,007,997	\$ 4,925,525	\$ 9,667,503	\$ 8,856,261

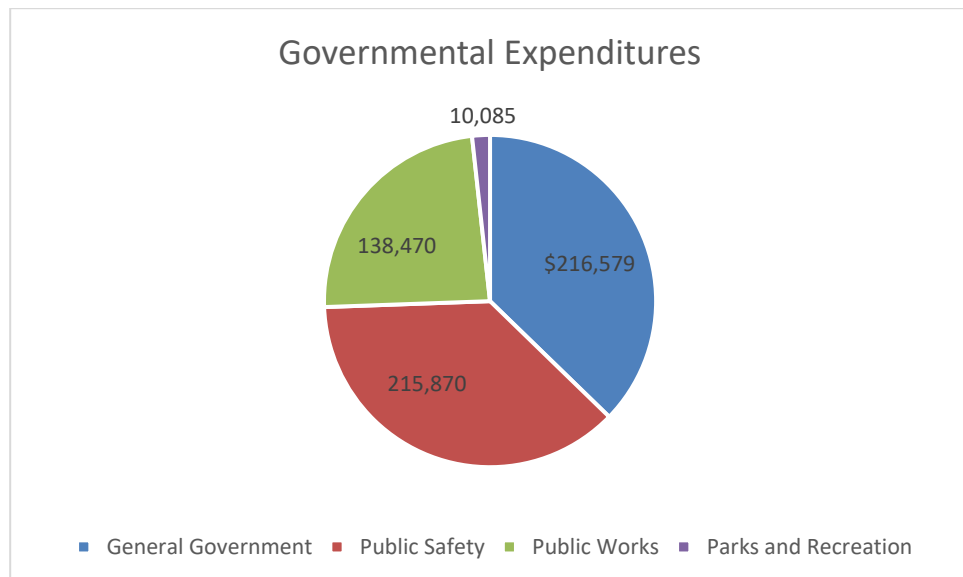
Governmental Activities

Governmental activities increased the Town's net position by \$810,105.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



EXPENSES BY DEPARTMENT – GOVERNMENTAL ACTIVITIES



Business-type activities for the year resulted in an increase in net position of \$1,082,472. This increase is, largely, a result of transfers into all business-type funds from the General fund, totaling \$1,008,400. Charges for services accounted for 99% of total revenues.

FINANCIAL ANALYSIS OF GOVERNMENT'S FUNDS

Governmental Funds – The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year. As of the end of 2022, the Town's governmental funds reported an ending fund balance of \$1,506,847, a decrease of \$614,158 in comparison with the prior year. The decrease is a result of transfers totaling \$1,008,400 to the business-type funds. Of the ending fund balance for the governmental funds, 12% of this total has been restricted, committed, or assigned.

The Town has one major governmental fund, which is the General Fund, and it is the primary operating fund for the Town. At the end of 2022, the unassigned fund balance of the General Fund was \$1,479,066, while the total fund balance was \$1,491,066. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The fund balance of the General Fund decreased by \$626,188 during 2022, as a result of the aforementioned transfers out.

Propriety funds – The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Town has three enterprise funds: Water, Sewer and Trash Funds. At the end of 2022, these funds represented the following net position amounts:

Fund:	Water	Sewer	Trash
Unrestricted net position	\$ 148,957	\$ 388,607	\$ 361,321
Total net position	\$ 4,693,447	\$ 953,229	\$ 361,321
Increase (decrease) in net position	\$ 488,956	\$ 187,650	\$ 405,869

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town budgeted \$1,536,705 for 2022 expenditures. Actual expenditures were \$1,946,637.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2022, was \$7,914,330. As required by GASB 34, the investment in capital assets includes land, buildings, building improvements, and equipment.

	Balances 12/31/2021	Additions	Deletions	Balances 12/31/2022
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 40,415	\$ -	\$ -	\$ 40,415
Construction in Progress	180,561	-	180,561	-
Total Capital Assets, not being depreciated	220,976	-	180,561	40,415
Capital Assets, being depreciated				
Buildings	507,256	255,737	-	762,993
Infrastructure	915,661	282,383	-	1,198,044
Parks & Improvements	119,848	-	-	119,848
Equipment and Vehicles	594,593	66,215	127,135	533,673
Total Capital Assets, being depreciated	2,137,358	604,335	127,135	2,614,558
Less accumulated depreciation				
Buildings	(65,508)	(10,884)	-	(76,392)
Infrastructure	(94,978)	(38,516)	-	(133,494)
Parks & Improvements	(29,772)	(7,813)	-	(37,585)
Equipment and Vehicles	(422,344)	(28,608)	(110,558)	(340,394)
Total accumulated depreciation	(612,602)	(85,821)	(110,558)	(587,865)
Total Capital Assets, being depreciated, net	1,524,756	518,514	16,577	2,026,693
Governmental Activities Capital Assets, net	\$ 1,745,732	\$ 518,514	\$ 197,138	\$ 2,067,108
	Balances 12/31/2021	Additions	Deletions	Balances 12/31/2022
Business-type Activities:				
Capital Assets, not being depreciated				
Water Connection Right - MCQWD	\$ 3,396,545	\$ -	\$ -	\$ 3,396,545
Water Rights	4,170	-	-	4,170
Construction in Progress	82,863	-	82,863	-
Total Capital Assets, not being depreciated	3,483,578	-	82,863	3,400,715
Capital Assets, being depreciated				
Water System	2,501,961	376,044	-	2,878,005
Sewer System	843,911	122,406	-	966,317
Buildings	-	82,863	-	82,863
Equipment and Vehicles	157,362	47,000	-	204,362
Total Capital Assets, being depreciated	3,503,234	628,313	-	4,131,547
Less accumulated depreciation				
Water System	(1,029,914)	(63,505)	-	(1,093,419)
Sewer System	(492,146)	(19,815)	-	(511,961)
Buildings	-	-	-	-
Equipment and Vehicles	(65,394)	(14,266)	-	(79,660)
Total accumulated depreciation	(1,587,454)	(97,586)	-	(1,685,040)
Total Capital Assets, being depreciated, net	1,915,780	530,727	-	2,446,507
Business-type Activities Capital Assets, net	\$ 5,399,358	\$ 530,727	\$ 82,863	\$ 5,847,222

LONG-TERM DEBT

As of December 31, 2022, the Town had long-term debt as follows:

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022	Due Within One Year
Business-type Activities					
2004 USDA Bonds	\$ 777,742	\$ -	\$ 20,037	\$ 757,705	\$ 20,661

REQUEST FOR INFORMATION

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

Town Clerk/Treasurer
Town of Log Lane Village
202 Birch Street
Log Lane Village, CO 80705
Phone: 970-867-8027

BASIC FINANCIAL STATEMENTS

TOWN OF LOG LANE VILLAGE, COLORADO

STATEMENT OF NET POSITION

December 31, 2022

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 1,386,052	\$ 884,566	\$ 2,270,618
Restricted Cash and Investments	-	19,595	19,595
Receivables			
Property Taxes	59,263	-	59,263
Other Governments	143,219	-	143,219
Accounts	2,108	64,028	66,136
Net Pension Asset	71,398	-	71,398
Capital Assets, Not Depreciated	40,415	3,400,715	3,441,130
Capital Assets, Depreciated Net of Accumulated Depreciation	2,026,693	2,446,507	4,473,200
TOTAL ASSETS	3,729,148	6,815,411	10,544,559
DEFERRED OUTFLOWS OF RESOURCES			
Related to Defined Benefit Pension Plan	47,548	-	47,548
LIABILITIES			
Accounts Payable	14,484	29,030	43,514
Accrued Liabilities	8,848	-	8,848
Customer Deposits	1,200	20,679	21,879
Noncurrent Liabilities			
Due in One Year	-	20,661	20,661
Due in More Than One Year	-	737,044	737,044
TOTAL LIABILITIES	24,532	807,414	831,946
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	59,263	-	59,263
Related to Defined Benefit Pension Plan	33,395	-	33,395
TOTAL DEFERRED INFLOWS OF RESOURCES	92,658	-	92,658
NET POSITION			
Net Investment in Capital Assets	2,067,108	5,089,517	7,156,625
Restricted for Debt Service	-	19,595	19,595
Restricted for Emergencies	12,000	-	12,000
Restricted for Parks and Recreation	15,781	-	15,781
Unrestricted, Unreserved	1,564,617	898,885	2,463,502
TOTAL NET POSITION	\$ 3,659,506	\$ 6,007,997	\$ 9,667,503

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

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TOWN OF LOG LANE VILLAGE, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 216,579	\$ 73,619	\$ -	\$ -
Public Safety	215,870	35,904	-	-
Public Works	138,470	-	41,341	106,698
Parks and Recreation	10,085	-	-	14,286
Total Governmental Activities	581,004	109,523	41,341	120,984
Business-Type Activities				
Water	323,055	396,234	-	-
Sewer	169,883	204,153	-	-
Trash	84,187	81,656	-	-
Interest on Long-Term Debt	34,603	-	-	-
Total Business-Type Activities	611,728	682,043	-	-
Total Primary Government	\$ 1,192,732	\$ 791,566	\$ 41,341	\$ 120,984
GENERAL REVENUES				
Property Taxes				
Sales Taxes				
Franchise Taxes				
Other Taxes				
Investment Gain(Loss)				
Gain (Loss)-Capital Assets Disposal				
Miscellaneous				
TRANSFERS				
TOTAL GENERAL REVENUES				
CHANGE IN NET POSITION				
NET POSITION, Beginning				
NET POSITION, Ending				

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

NET (EXPENSE) REVENUE AND
CHANGE IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (142,960)	\$ -	\$ (142,960)
(179,966)	-	(179,966)
9,569	-	9,569
4,201	-	4,201
(309,156)	-	(309,156)
-	73,179	73,179
-	34,270	34,270
-	(2,531)	(2,531)
-	(34,603)	(34,603)
-	70,315	70,315
(309,156)	70,315	(238,841)
58,192	-	58,192
899,127	-	899,127
29,486	-	29,486
27,232	-	27,232
(27,034)	958	(26,076)
18,093	-	18,093
41,230	2,799	44,029
(1,008,400)	1,008,400	-
37,926	1,012,157	1,050,083
(271,230)	1,082,472	811,242
3,930,736	4,925,525	8,856,261
\$ 3,659,506	\$ 6,007,997	\$ 9,667,503

TOWN OF LOG LANE VILLAGE, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
ASSETS			
Cash and Investments	\$ 1,370,271	\$ 15,781	\$ 1,386,052
Property Taxes Receivable	59,263	-	59,263
Due from Other Governments	143,219	-	143,219
Accounts Receivable	2,108	-	2,108
TOTAL ASSETS	<u>1,574,861</u>	<u>15,781</u>	<u>1,590,642</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	14,484	-	14,484
Accrued Liabilities	8,848	-	8,848
Deposits Payable	1,200	-	1,200
TOTAL LIABILITIES	<u>24,532</u>	<u>-</u>	<u>24,532</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Tax Revenue	<u>59,263</u>	<u>-</u>	<u>59,263</u>
FUND EQUITY			
Fund Balance			
Restricted for Emergencies	12,000	-	12,000
Restricted for Parks and Recreation	-	15,781	15,781
Unassigned	1,479,066	-	1,479,066
TOTAL FUND EQUITY	<u>1,491,066</u>	<u>15,781</u>	<u>1,506,847</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY	<u>\$ 1,574,861</u>	<u>\$ 15,781</u>	<u>\$ 1,590,642</u>

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

TOWN OF LOG LANE VILLAGE, COLORADO
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2022

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

Total Fund Balances of Governmental Funds	\$ 1,506,847
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	2,067,108
Some assets were not received in the current period and, therefore, are not reported in the funds. This is the amount of the net pension assets.	71,398
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources - difference in expected vs actual experience	16,632
Deferred outflows of resources - change in proportionate share of net pension liability	14,604
Deferred outflows of resources - change in assumptions or other inputs	8,199
Deferred outflows of resources - pension contributions from the measurement date	8,113
Deferred inflows of resources - difference in expected vs actual experience	(1,435)
Deferred inflows of resources - difference in expected vs actual experience	<u>(31,960)</u>
Net position of governmental activities	<u><u>\$ 3,659,506</u></u>

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

TOWN OF LOG LANE VILLAGE, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
REVENUES			
Taxes	\$ 1,010,748	\$ -	\$ 1,010,748
Licenses and Permits	73,539	-	73,539
Fines and Forfeitures	35,904	-	35,904
Charges for Services	80	-	80
Intergovernmental	151,328	14,286	165,614
Investment Gain(Loss)	(27,035)	1	(27,034)
Miscellaneous	75,885	15	75,900
TOTAL REVENUES	1,320,449	14,302	1,334,751
EXPENDITURES			
Current			
General Government	214,740	-	214,740
Public Safety	209,916	-	209,916
Public Works	79,079	-	79,079
Parks and Recreation	-	2,272	2,272
Capital Outlay	434,502	-	434,502
TOTAL EXPENDITURES	938,237	2,272	940,509
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	382,212	12,030	394,242
OTHER FINANCING SOURCES (USES)			
Transfers Out	(1,008,400)	-	(1,008,400)
NET CHANGE IN FUND BALANCE	(626,188)	12,030	(614,158)
FUND BALANCES, Beginning	2,117,254	3,751	2,121,005
FUND BALANCES, Ending	\$ 1,491,066	\$ 15,781	\$ 1,506,847

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

TOWN OF LOG LANE VILLAGE, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

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

Net Changes in Fund Balances - Total Governmental Funds	\$ (614,158)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$423,774, exceeded depreciation expense (\$85,821) and loss on capital asset disposal(\$16,577) in the current period.	321,376
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In the statement of activities, certain operating expenses and pension income/(expense), are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used or due (the amounts actually paid). This amount represents the net effect of pension related amounts, including amortization of deferred outflows and deferred inflows of resources related to pensions, in the statement of activities.	<u>21,552</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (271,230)</u></u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF LOG LANE VILLAGE, COLORADO

STATEMENT OF NET POSITION
 PROPRIETARY FUND TYPE
 December 31, 2022

	WATER FUND	SEWER FUND	TRASH FUND	TOTALS
ASSETS				
Current Assets				
Cash and Investments	\$ 156,117	\$ 375,776	\$ 352,673	\$ 884,566
Restricted Cash and Investments	19,595	-	-	19,595
Accounts Receivable, Net	34,409	20,971	8,648	64,028
Total Current Assets	210,121	396,747	361,321	968,189
Noncurrent Assets				
Capital Assets, Not Being Depreciated	3,400,715	-	-	3,400,715
Capital Assets, Net of Accumulated Depreciation	1,881,885	564,622	-	2,446,507
Total Noncurrent Assets	5,282,600	564,622	-	5,847,222
TOTAL ASSETS	5,492,721	961,369	361,321	6,815,411
LIABILITIES				
Current Liabilities				
Accounts Payable	20,890	8,140	-	29,030
Customer Deposits	20,679	-	-	20,679
Bonds Payable - Current Portion	20,661	-	-	20,661
Total Current Liabilities	62,230	8,140	-	70,370
Noncurrent Liabilities				
Bonds Payable	737,044	-	-	737,044
Total Noncurrent Liabilities	737,044	-	-	737,044
TOTAL LIABILITIES	799,274	8,140	-	807,414
NET POSITION				
Net Investment in Capital Assets	4,524,895	564,622	-	5,089,517
Restricted for Debt Service	19,595	-	-	19,595
Unreserved	148,957	388,607	361,321	898,885
TOTAL NET POSITION	\$ 4,693,447	\$ 953,229	\$ 361,321	\$ 6,007,997

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

TOWN OF LOG LANE VILLAGE, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPES
Year Ended December 31, 2022

	WATER FUND	SEWER FUND	TRASH FUND	TOTALS
OPERATING REVENUES				
Charges for Services	\$ 391,770	\$ 203,394	\$ 81,656	\$ 676,820
Connection and Late Fees	4,464	759	-	5,223
Miscellaneous	366	2,433	-	2,799
TOTAL OPERATING REVENUES	396,600	206,586	81,656	684,842
OPERATING EXPENSES				
Operations and Maintenance	207,251	98,914	84,187	390,352
Administrative and General	46,298	42,889	-	89,187
Depreciation	69,506	28,080	-	97,586
TOTAL OPERATING EXPENSES	323,055	169,883	84,187	577,125
OPERATING INCOME (LOSS)	73,545	36,703	(2,531)	107,717
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	11	947	-	958
Interest Expense	(34,603)	-	-	(34,603)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(34,592)	947	-	(33,645)
INCOME (LOSS) BEFORE TRANSFERS	38,953	37,650	(2,531)	74,072
TRANSFERS				
Transfers In	450,000	150,000	408,400	1,008,400
CHANGE IN NET POSITION	488,953	187,650	405,869	1,082,472
NET POSITION, Beginning	4,204,494	765,579	(44,548)	4,925,525
NET POSITION, Ending	<u>\$ 4,693,447</u>	<u>\$ 953,229</u>	<u>\$ 361,321</u>	<u>\$ 6,007,997</u>

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

TOWN OF LOG LANE VILLAGE, COLORADO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES
 Year Ended December 31, 2022
 Increase (Decrease) in Cash and Cash Equivalents

	WATER FUND	SEWER FUND	TRASH FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 385,162	\$ 206,390	\$ 80,220	\$ 671,772
Cash Received from Others	366	2,433	-	2,799
Cash Paid to Suppliers	(203,815)	(102,869)	(84,187)	(390,871)
Cash Paid to Employees	(41,734)	(37,612)	-	(79,346)
Net Cash Provided (Used) by Operating Activities	<u>139,979</u>	<u>68,342</u>	<u>(3,967)</u>	<u>204,354</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Cash Received from Other Funds	450,000	150,000	356,640	956,640
Purchase of Capital Assets	(396,044)	(149,406)	-	(545,450)
Bond Payments	(20,037)	-	-	(20,037)
Interest Payments	(34,603)	-	-	(34,603)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(684)</u>	<u>594</u>	<u>356,640</u>	<u>356,550</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	<u>11</u>	<u>947</u>	<u>-</u>	<u>958</u>
Net Cash Provided by Investing Activities	<u>11</u>	<u>947</u>	<u>-</u>	<u>958</u>
 Net Decrease in Cash and Cash Equivalents	 139,306	 69,883	 352,673	 561,862
CASH AND CASH EQUIVALENTS, Beginning	<u>36,406</u>	<u>305,893</u>	<u>-</u>	<u>342,299</u>
CASH AND CASH EQUIVALENTS, Ending	<u>\$ 175,712</u>	<u>\$ 375,776</u>	<u>\$ 352,673</u>	<u>\$ 904,161</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	<u>\$ 73,545</u>	<u>\$ 36,703</u>	<u>\$ (2,531)</u>	<u>\$ 107,717</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation and Amortization	69,506	28,080	-	97,586
Changes in Assets and Liabilities				
Accounts Receivable	(3,511)	2,237	(1,436)	(2,710)
Accounts Payable	8,000	1,322	-	9,322
Customer Deposits	(7,561)	-	-	(7,561)
Total Adjustments	<u>66,434</u>	<u>31,639</u>	<u>(1,436)</u>	<u>96,637</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 139,979</u>	<u>\$ 68,342</u>	<u>\$ (3,967)</u>	<u>\$ 204,354</u>

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

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Town of Log Lane Village (the "Town") is a political subdivision of the State of Colorado governed by a seven-member Board of Trustees elected by the residents. The Town is a full service local government entity providing public safety, public works, parks and recreation services, water services, sewer services and trash services.

The accounting policies of the Town conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the Town's more significant accounting policies follows.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, no additional organizations were included within the Town's reporting entity.

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 Town. 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.

The statement of net position reports all financial, capital and debt resources of the Town. The difference between assets plus deferred outflows, and liabilities plus deferred inflows of the Town is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses and allocated indirect expenses of a given function or segment are offset by program revenues.

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting agency 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 Town considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenue and interest associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Grants and similar items are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues are considered to be measurable and available only when cash is received by the Town.

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.

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish operating revenues and expenses from 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 or capital contributions.

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

The Town reports the following major governmental fund in the fund financial statements:

General Fund – The General Fund is used to account for the general operations and specific programs of the Town.

The Town also reports the following nonmajor governmental fund:

Conservation Trust Fund – The Conservation Trust Fund is a special revenue fund that accounts for lottery revenues received and spent on recreational programs.

The Town reports the following major proprietary funds:

Water Fund – The Water Fund accounts for the financial activities associated with providing water services.

Sewer Fund – The Sewer Fund accounts for the financial activities associated with providing sewer services.

Trash Fund – The Trash Fund accounts for the financial activities associated with providing trash services.

Assets, Liabilities, Fund Balance/Net Position

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

Due to/from Other Funds/Internal Balances – During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified in the fund financial statements as due to/from other funds.

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Fund Balance/Net Position

Other Governments Receivables and Accounts Receivable – Other governments receivables and accounts receivable are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets – Capital assets, which include property, plant, buildings and related improvements, equipment, vehicles, and all infrastructure owned by the Town, are reported in the applicable government-wide or business-type activities columns of the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives.

Land Improvements	15 – 25 years
Buildings and Improvements	20 – 40 years
Infrastructure	25 – 55 years
Collection and Distribution Systems	5 – 40 years
Equipment and Vehicles	3 – 10 years

General infrastructure assets acquired prior to January 1, 2002 are not being reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure acquired subsequent to January 1, 2002.

Customer Deposits – The Town requires water customers to pay a deposit for water services, to be held by the Town.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position reports a separate section for *deferred outflows of resources*. This separate financial statement classification represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expenses) until then. The Town has an item related to pension actuarial activity and the change in proportion of pension participation in relation to the pension plan as a whole at December 31, 2022.

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Fund Balance/Net Position (Continued)

In addition to liabilities, the balance sheet – governmental funds and statement of financial position reports a separate section for *deferred inflows of resources*. This separate financial statement classification represents an acquisition of fund balance or net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until then. The Town has an item related to property taxes levied in the current year to be collected in the following year and an item related to pension actuarial activity and the change in proportion of pension participation in relation to the pension plan as a whole at December 31, 2022.

Compensated Absences - Employees of the Town are allowed to accumulate unused vacation and sick time. Beginning in 2015, employees with less than 5 years of service are allowed to accumulate up to 40 hours of unused vacation. Employees with more than 5 years of service are allowed to accumulate up to 80 hours of unused vacation time. Employees will be paid for all accrued vacation time upon separation of employment. There is no maximum limit on accumulated sick time. However, unused sick time is not paid upon separation of employment. Therefore, no liability for accumulated sick time is reported in the financial statements. Accrued vacation time is recognized as current salary costs when earned in the proprietary funds and when due in the governmental funds. There was no liability to be reported for accrued vacation time at December 31, 2022.

Long-Term Debt - In the government-wide financial statements, and the proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the government-wide and proprietary funds, debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Net Position – In the government-wide and proprietary fund financial statements, net position is restricted when constraints placed on the net position are externally imposed.

- Net Investment in Capital Assets – this classification is intended to report the portion of net position which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Restricted Net Position – this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position – this classification includes assets that do not have any third party limitation on their use.

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

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact. The Town had no nonspendable resources at December 31, 2022.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town had classified emergency reserves as being restricted because State statute requires this restriction. In addition, the Town had restricted an amount for unspent conservation trust fund monies at December 31, 2022.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, the Town Board of Trustees. The constraint may be removed or changed only through formal action of the Town Board of Trustees. The Town had no resources committed at December 31, 2022.
- Assigned – This classification includes amounts that are constrained by the Town's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Town Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts. The Town had no assigned resources at December 31, 2022.
- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are reported at December 31.

Pensions

The Town participates in the Fire and Police Statewide Defined Benefit Plan ("FPSDBP") administered by the Fire and Police Pension Association of Colorado ("FPPA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the FPSDBP have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Subsequent Events

The Town has evaluated events subsequent to the year ended December 31, 2022 through July 6, 2023, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

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TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2022, follows:

Cash Deposits	\$ 2,065,570
Petty Cash	1,041
Cash held by Third Party	49,140
Investments	<u>174,462</u>
Total	<u>\$ 2,290,213</u>

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

Cash and Investments	\$ 2,270,618
Restricted Cash and Investments	<u>19,595</u>
Total	<u>\$ 2,290,213</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. 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, or 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, 2022, the Town had bank deposits totaling \$2,086,767 of which \$307,538 were FDIC insured and \$1,779,199 were collateralized with securities held by the financial institutions' agents but not in the Town's name.

Investments

The Town does not have a formal investment policy; however, the Town follows state statutes regarding investments. The Town generally limits its concentration risk of investments to Local Government Investment Pools, obligations of the United States and certain U. S. government agency securities, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration of risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. Such actions are generally associated with a debt service reserve or sinking fund requirements.

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

State statutes specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following:

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

At December 31, 2022, the Town had the following investments:

	<u>Maturity</u>	<u>2022</u>
Colorado Liquid Government Asset Trust (COLOTRUST)	Weighted Average under 60 days	\$ 52,480
Protective Live Annuity	10 Year-11/30/31	<u>121,982</u>
Total		<u>\$ 174,462</u>

The Town invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS +. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rates commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. The Town does not have a policy for managing credit risk or interest rate risk.

Protective Asset Builder II Indexed Annuity

During the year ended December 31, 2021, the Town board approved the purchase of a life insurance annuity contract (Protective Asset Builder II Indexed Annuity) (the "Annuity"), in the principal amount of \$150,000. The Annuity has a life of ten (10) years, with early withdrawal penalty percentages before ten years from the contract purchase date. The Annuity principal is allocated as follows: 40% - S&P 500 Index; 30% - Citi Flexible Allocation 6 Excess Return Index; 30% - J.P. Morgan Mojave Index. The Annuity has no rating by a rating agency and has a ten year maturity from date of purchase, which may be a violation of State statute. The Town is the beneficiary of the Annuity, with the Annuitant being a member of the Board of Trustees. The Annuity is subject to market risk and may lose principal value during its life. The Town plans to hold the annuity to maturity. At December 31, 2022, the cash surrender value of the Annuity was \$121,982.

Restricted Cash and Investments

Restricted cash and investments consist of debt service reserve of \$19,595 related to the outstanding bonds in the Water Fund.

NOTE 3: INTERFUND TRANSFERS

At December 31, 2022, interfund transfers consisted of the follow:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Water Fund	General Fund	\$ 450,000
Sewer Fund	General Fund	150,000
Trash Fund	General Fund	<u>408,400</u>
Total		<u>\$ 1,008,400</u>

Transfers were made from the General Fund to the Water Fund and Sewer Fund for future system improvements. The transfer from the General Fund to the Trash Fund was for future purchase of a trash truck, trash totes and related equipment.

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, is summarized below:

	Balances 12/31/2021	Additions	Deletions	Balances 12/31/2022
Governmental Activities:				
Capital Assets, not being depreciated				
Land	\$ 40,415	\$ -	\$ -	\$ 40,415
Construction in Progress	180,561	-	180,561	-
Total Capital Assets, not being depreciated	<u>220,976</u>	<u>-</u>	<u>180,561</u>	<u>40,415</u>
Capital Assets, being depreciated				
Buildings	507,256	255,737	-	762,993
Infrastructure	915,661	282,383	-	1,198,044
Parks & Improvements	119,848	-	-	119,848
Equipment and Vehicles	594,593	66,215	127,135	533,673
Total Capital Assets, being depreciated	<u>2,137,358</u>	<u>604,335</u>	<u>127,135</u>	<u>2,614,558</u>
Less accumulated depreciation				
Buildings	(65,508)	(10,884)	-	(76,392)
Infrastructure	(94,978)	(38,516)	-	(133,494)
Parks & Improvements	(29,772)	(7,813)	-	(37,585)
Equipment and Vehicles	(422,344)	(28,608)	(110,558)	(340,394)
Total accumulated depreciation	<u>(612,602)</u>	<u>(85,821)</u>	<u>(110,558)</u>	<u>(587,865)</u>
Total Capital Assets, being depreciated, net	<u>1,524,756</u>	<u>518,514</u>	<u>16,577</u>	<u>2,026,693</u>
Governmental Activities Capital Assets, net	<u><u>\$ 1,745,732</u></u>	<u><u>\$ 518,514</u></u>	<u><u>\$ 197,138</u></u>	<u><u>\$ 2,067,108</u></u>

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

Public Safety	\$ 27,506
Public Works	48,663
General Government	1,839
Culture and Recreation	<u>7,813</u>
Total	<u><u>\$ 85,821</u></u>

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TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 4: CAPITAL ASSETS (Continued)

	Balances 12/31/2021	Additions	Deletions	Balances 12/31/2022
Business-type Activities:				
Capital Assets, not being depreciated				
Water Connection Right - MCQWD	\$ 3,396,545	\$ -	\$ -	\$ 3,396,545
Water Rights	4,170	-	-	4,170
Construction in Progress	82,863	-	82,863	-
Total Capital Assets, not being depreciated	<u>3,483,578</u>	<u>-</u>	<u>82,863</u>	<u>3,400,715</u>
Capital Assets, being depreciated				
Water System	2,501,961	376,044	-	2,878,005
Sewer System	843,911	122,406	-	966,317
Buildings	-	82,863	-	82,863
Equipment and Vehicles	157,362	47,000	-	204,362
Total Capital Assets, being depreciated	<u>3,503,234</u>	<u>628,313</u>	<u>-</u>	<u>4,131,547</u>
Less accumulated depreciation				
Water System	(1,029,914)	(63,505)	-	(1,093,419)
Sewer System	(492,146)	(19,815)	-	(511,961)
Buildings	-	-	-	-
Equipment and Vehicles	(65,394)	(14,266)	-	(79,660)
Total accumulated depreciation	<u>(1,587,454)</u>	<u>(97,586)</u>	<u>-</u>	<u>(1,685,040)</u>
Total Capital Assets, being depreciated, net	<u>1,915,780</u>	<u>530,727</u>	<u>-</u>	<u>2,446,507</u>
Business-type Activities Capital Assets, net	<u><u>\$ 5,399,358</u></u>	<u><u>\$ 530,727</u></u>	<u><u>\$ 82,863</u></u>	<u><u>\$ 5,847,222</u></u>

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

Water Fund	\$ 69,506
Sewer Fund	<u>28,080</u>

Total	<u><u>\$ 97,586</u></u>
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The water connection right – MCQWD shown above represents the tap fee to the Morgan County Water District to connect to their system.

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TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 5: LONG-TERM DEBT

Business-type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2022.

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022	Due Within One Year
Business-type Activities					
2004 USDA Bonds	\$ 777,742	\$ -	\$ 20,037	\$ 757,705	\$ 20,661

Water Bonds

During 2004, the Town issued \$1,000,000 Rural Development Bonds through the U.S. Department of Agriculture (USDA), Office of Rural Development for the purpose of providing additional funding for the water system improvements and connection charges. Principal and interest payments are due semi-annually on June 10 and December 10 through 2045. Interest accrues at 4.50% per annum. The bond ordinance requires the establishment of water rates in order to generate revenues equal to operating expenses plus 120% of debt service. In addition, the Town is required to establish a debt reserve of \$56,640, whereas the Town had only \$19,595 in restricted cash and investments at December 31, 2022. The Town didn't meet the debt reserve requirement at December 31, 2022.

Future Debt Service Requirements:

Year Ended December 31	Principal	Interest	Total
2023	20,661	33,979	54,640
2024	21,580	33,060	54,640
2025	22,541	32,099	54,640
2026	23,545	31,095	54,640
2027	24,593	30,047	54,640
2028 - 2032	140,392	132,808	273,200
2033 - 2037	174,549	98,651	273,200
2038 - 2042	217,015	56,185	273,200
2043 - 2045	112,829	8,348	121,177
	<u>757,705</u>	<u>456,272</u>	<u>1,213,977</u>

NOTE 6: PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 6: PUBLIC ENTITY RISK POOL (Continued)

governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and 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 members 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 employees 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 the 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. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of entity.

NOTE 7: PENSION PLANS

Police Officers Statewide Defined Benefit Pension Plan

Plan description. The Town contributes to the Statewide Defined Benefit Pension Plan (SWDB) (the "Plan"), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The SWDB provides retirement benefits for members and beneficiaries.

Colorado Revised Statutes Title 31, Article 31 assigns the authority to establish benefit provisions to the State legislature. FPPA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the SWDB. This report can be obtained at <http://www.fppaco.org>.

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

The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5%

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 7: PENSION PLANS (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

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

The Plan includes a Deferred Retirement Option Plan (DROP). A member may elect to participate in the DROP after reaching eligibility for normal retirement, early retirement, or vested retirement and age 55. A member can continue to work while participating in the DROP, but must terminate employment within 5 years of entry into the DROP. The member's percentage of retirement benefits is determined at time 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 lifetime monthly benefit with survivor benefits. While participating in DROP, the member continues to make pension contributions, which are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds.

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

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 7: PENSION PLANS (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of pensionable earnings. Employer contributions are 8% and 8.5%, respectively. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of pensionable earnings. In 2020, members of the Plan and their employers are contributing at the rate of 11% and 8%, respectively, of pensionable earnings for a total contribution rate of 19%. Employees contributed 11.5% of pensionable earnings for the year ended December 31, 2021 and the Town contributed 8.5% or \$9,015.

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

At December 31, 2022, the Town reported a net pension asset of \$71,398 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability was used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2022.

The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2021, the Town's proportion was 0.013175%, which was an increase of 0.001963% from its proportion measured at December 31, 2020.

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TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 7: PENSION PLANS (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

For the year ended December 31, 2022, the Town recognized pension expense (income) of \$(21,552). At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 16,632	\$ (1,435)
Changes in assumptions or other inputs	8,199	-
Net difference between projected and actual earnings on pension plan investments	-	(31,960)
Changes in proportion and differences between contributions recognized and proportionate share of contributions	14,604	-
Contributions subsequent to the measurement date	8,113	N/A
Total	\$ 47,548	\$ (33,395)

The Town's contributions to the Plan subsequent to the measurement date of \$8,113 will be recognized as a decrease/(increase) to the net pension liability/(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 in pension expense as follows:

Year Ended December 31,

2023	\$ (8,341)
2024	(3,343)
2025	1,253
2026	6,553
2027	4,797
Thereafter	5,121

Actuarial assumptions. The collective total pension liability as of December 31, 2021 is based on the January 1, 2022 actuarial valuation. The actuarially determined contributions as of December 31, 2021 are based upon the January 1, 2021 actuarial valuation. The valuations used the following actuarial assumptions and other inputs:

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 7: PENSION PLANS (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

Total Pension Liability:

Actuarial Valuation Date	January 1, 2022
Actuarial method	Entry Age Normal
Amortization method	N/A
Amortization period	N/A
Investment rate of return	7.00%, including 2.5% inflation
Projected salary increases	4.25% – 11.25%
Cost of living adjustment	0.0%

Actuarial Determined Contributions:

Actuarial Valuation Date	January 1, 2021
Actuarial method	Entry Age Normal
Amortization method	Level % of Payroll, Open
Amortization period	30 years
Investment rate of return	7.00%, including 2.5% inflation
Projected salary increases	4.25% – 11.25%
Cost of living adjustment	0.0%

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 7: PENSION PLANS (Continued)

Police Officers Statewide Defined Benefit Pension Plan (Continued)

return for each major asset class included in the Plans target asset allocation as of December 31, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	39%	8.23%
Equity Long/Short	8%	6.87%
Private Markets	26%	10.63%
Fixed Income - Rates	10%	4.01%
Fixed Income - Credit	5%	5.25%
Absolute Return	10%	5.60%
Cash	2%	2.32%
Total	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the FPPA's Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Proportionate share of the net pension liability/(asset)	\$ (9,846)	\$ (71,398)	\$ (122,390)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report, which may be obtained at <http://www.fppaco.org>.

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

NOTE 8: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to the Town. Revenue in excess of the fiscal spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The Town'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 November 1999, voters within the Town authorized the Town to collect, retain and expend the full amount of revenues from all sources during 1998, as well as the full amount of all revenues generated by all sources for each subsequent year. This election authorized the spending of such revenues in each year without limitation under Article X, Section 20 of the State Constitution.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2022, the emergency reserve of \$12,000 was reported as restricted net position and fund balance in the Governmental Activities and General Fund, respectively.

Claims and Judgments

The Town participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2022, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Town.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF LOG LANE VILLAGE, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2022
(With Comparative Totals for December 31, 2021)

	2022			2021
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Taxes	\$ 1,258,167	\$ 1,010,748	\$ (247,419)	\$ 1,211,163
Licenses and Permits	80,700	73,539	(7,161)	84,522
Fines and Forfeitures	17,750	35,904	18,154	15,451
Charges for Services	2,000	80	(1,920)	510
Intergovernmental	40,600	151,328	110,728	84,388
Investment Gain(Loss)	600	(27,035)	(27,635)	542
Miscellaneous	140,400	75,885	(64,515)	45,739
TOTAL REVENUES	1,540,217	1,320,449	(219,768)	1,442,315
EXPENDITURES				
Current				
General Government	324,003	214,740	109,263	190,200
Public Safety	411,319	209,916	201,403	250,686
Public Works	231,583	79,079	152,504	125,851
Capital Outlay	201,800	434,502	(232,702)	544,554
TOTAL EXPENDITURES	1,168,705	938,237	230,468	1,111,291
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	371,512	382,212	10,700	331,024
OTHER FINANCING SOURCES (USES)				
Transfers Out	(368,000)	(1,008,400)	(640,400)	-
NET CHANGE IN FUND BALANCE	3,512	(626,188)	(629,700)	331,024
FUND BALANCE, Beginning	-	2,117,254	2,117,254	1,786,230
FUND BALANCE, Ending	\$ 3,512	\$ 1,491,066	\$ 1,487,554	\$ 2,117,254

See the accompanying Independent Auditor's Report.

TOWN OF LOG LANE VILLAGE, COLORADO

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
FPPA - STATEWIDE DEFINED BENEFIT PLAN - POLICE
Last Ten Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the Net Pension Liability (Asset)	0.01318%	0.01121%	0.01327%	0.01589%	-0.02042%	0.01582%	0.01920%	0.01410%	0.00754%
Proportionate Share of the Net Pension Liability (Asset)	\$ (71,398)	\$ (24,340)	\$ (7,508)	\$ 20,094	\$ (29,373)	\$ 5,716	\$ (389)	\$ (15,908)	\$ (6,739)
Covered Employee Payroll	\$ 106,062	\$ 90,050	\$ 97,837	\$ 106,463	\$ 119,425	\$ 80,963	\$ 63,388	\$ 32,738	\$ 32,738
Proportionate Share of Net Pension Liability as a Percentage of its Covered Employee Payroll	-67.32%	-27.03%	-7.67%	18.87%	-24.60%	7.06%	-0.48%	-25.10%	-20.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.16%	106.72%	101.94%	95.23%	106.34%	98.21%	100.10%	106.83%	105.83%
Total Pension Liability	\$ 3,352,605,624	\$ 3,230,485,701	\$ 2,919,378,738	\$ 2,653,120,261	\$ 2,269,410,684	\$ 2,021,526,883	\$ 1,846,961,999	\$ 1,652,901,084	\$ 1,533,631,141
Plan Fiduciary Net Position	3,894,539,387	3,447,586,098	2,975,935,079	2,526,692,808	2,413,276,447	1,985,383,043	1,848,724,853	1,765,758,630	1,623,049,809
Net Pension Liability/(Asset)	<u>\$ (541,933,763)</u>	<u>\$ (217,100,397)</u>	<u>\$ (56,556,341)</u>	<u>\$ 126,427,453</u>	<u>\$ (143,865,763)</u>	<u>\$ 36,143,840</u>	<u>\$ (1,762,854)</u>	<u>\$ (112,857,546)</u>	<u>\$ (89,418,668)</u>

* - The amounts presented for each fiscal year were determined as of 12/31.

NOTE: Information for the prior year was not available to report.

See the accompanying Independent Auditor's Report.

TOWN OF LOG LANE VILLAGE, COLORADO

SCHEDULE OF TOWN PENSION CONTRIBUTIONS
FPPA - STATEWIDE DEFINED BENEFIT PLAN - POLICE
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 8,113	\$ 9,015	\$ 7,204	\$ 7,827	\$ 8,517	\$ 9,554	\$ 6,477	\$ 5,071	\$ 2,619
Contributions in Relation to the Contractually Required Contribution	<u>8,113</u>	<u>9,015</u>	<u>7,204</u>	<u>7,827</u>	<u>8,517</u>	<u>9,554</u>	<u>6,477</u>	<u>5,071</u>	<u>2,619</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 90,148	\$ 106,062	\$ 90,050	\$ 97,838	\$ 106,463	\$ 119,425	\$ 80,963	\$ 63,388	\$ 32,738
Contributions as a Percentage of Covered Employee Payroll	9.00%	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

NOTE: Information for the prior year was not available to report.

See the accompanying Independent Auditor's Report.

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2022

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the Town. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and long-term debt principal are budgeted as expenditures and depreciation is not budgeted.

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

- In September, Management submits to the Town Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer and public comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Budgets amended by the Town Board of Trustees during the year have been presented in the budgetary comparison schedules for each fund amended.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures must be approved by the Town Board of Trustees.
- All budget appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

Legal Compliance

For the year ended December 31, 2022, the General Fund and Water Fund actual expenditures and transfers out exceeded budgeted expenditures and transfers out by \$409,932 and \$141,122, respectively. These may be a violation of State statutes.

TOWN OF LOG LANE VILLAGE, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2022

NOTE 2: DEFINED BENEFIT PENSION PLANS

FPPA POLICE AND FIRE STATEWIDE DEFINED BENEFIT PLANS

Basis of Presentation

The underlying financial information used to prepare the Schedule of Employer Contributions and Schedule of Collective Pension Amounts is based on FPPA's financial statements. FPPA follows the accounting principles and reporting guidelines as set forth by the GASB. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA. Employer contributions in FPPA's financial statements are recognized in the period in which they are due. Investments are reported at fair value.

SUPPLEMENTARY INFORMATION

TOWN OF LOG LANE VILLAGE, COLORADO

CONSERVATION TRUST FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2022
(With Comparative Totals for December 31, 2021)

	2022			2021
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Lottery Revenues	\$ 8,000	\$ 14,286	\$ 6,286	\$ 7,894
Contributions	150	15	(135)	115
Interest	10	1	(9)	1
TOTAL REVENUES	8,160	14,302	6,142	8,010
EXPENDITURES				
Parks and Recreation	17,000	2,272	14,728	14,446
TOTAL EXPENDITURES	17,000	2,272	14,728	14,446
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,840)	12,030	20,870	(6,436)
OTHER FINANCING SOURCES (USES)				
Transfers In	9,000	-	9,000	-
NET CHANGE IN FUND BALANCE	160	12,030	29,870	(6,436)
FUND BALANCE, Beginning	-	3,751	3,751	10,187
FUND BALANCE, Ending	\$ 160	\$ 15,781	\$ 15,621	\$ 3,751

See the accompanying Independent Auditor's Report.

TOWN OF LOG LANE VILLAGE, COLORADO

WATER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2022
 (With Comparative Totals for December 31, 2021)

	2022			2021
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Charges for Services	\$ 375,000	\$ 391,770	\$ 16,770	\$ 371,583
Connection and Late Fees	9,200	4,464	(4,736)	6,752
Grants	-	-	-	72,763
Investment Income	-	11	11	5
Miscellaneous	-	366	366	50
Transfers In	179,000	450,000	271,000	-
TOTAL REVENUES	563,200	846,611	283,411	451,153
EXPENDITURES				
Operations and Maintenance	333,666	207,251	126,415	188,897
Administration and General	91,445	46,298	45,147	32,837
Capital Outlay	100,000	396,044	(296,044)	304,962
Debt Service				
Principal	-	20,037	(20,037)	18,937
Interest	38,000	34,603	3,397	35,703
TOTAL EXPENDITURES	563,111	704,233	(141,122)	581,336
NET INCOME, Budget Basis	\$ 89	142,378	\$ 142,289	(130,183)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		396,044		304,962
Depreciation		(69,506)		(60,294)
Principal Paid on Long-Term Debt		20,037		18,937
NET INCOME, GAAP Basis		488,953		133,422
NET POSITION, Beginning		4,204,494		4,071,072
NET POSITION, Ending		\$ 4,693,447		\$ 4,204,494

See the accompanying Independent Auditor's Report.

TOWN OF LOG LANE VILLAGE, COLORADO

SEWER FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2022
 (With Comparative Totals for December 31, 2021)

	2022			2021
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Charges for Services	\$ 180,000	\$ 203,394	\$ 23,394	\$ 195,340
Late Fees	10,000	759	(9,241)	4,989
Investment Income	-	947	947	44
Other Income	-	2,433	2,433	-
Transfer In	155,000	150,000	(5,000)	-
TOTAL REVENUES	345,000	357,533	12,533	200,373
EXPENDITURES				
Operations and Maintenance	148,036	98,914	49,122	91,434
Administration and General	104,100	42,889	61,211	32,642
Capital Outlay	92,000	149,406	(57,406)	172,041
TOTAL EXPENDITURES	344,136	291,209	52,927	296,117
NET INCOME, Budget Basis	<u>\$ 864</u>	66,324	<u>\$ 65,460</u>	(95,744)
GAAP BASIS ADJUSTMENTS				
Capital Outlay		149,406		172,041
Depreciation		(28,080)		(22,634)
NET INCOME, GAAP Basis		187,650		53,663
NET POSITION, Beginning		765,579		711,916
NET POSITION, Ending		<u>\$ 953,229</u>		<u>\$ 765,579</u>

See the accompanying Independent Auditor's Report.

TOWN OF LOG LANE VILLAGE, COLORADO

TRASH FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2022
(With Comparative Totals for December 31, 2021)

	2022			2021
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	ACTUAL
REVENUES				
Charges for Services	\$ 74,000	\$ 81,656	\$ 7,656	\$ 75,160
Transfers In	25,000	408,400	(383,400)	-
TOTAL REVENUES	99,000	490,056	(375,744)	75,160
EXPENDITURES				
Operations and Maintenance	82,000	84,187	(2,187)	85,830
Contingency	15,000	-	15,000	-
TOTAL EXPENDITURES	97,000	84,187	12,813	85,830
NET INCOME, Budget Basis	<u>\$ 2,000</u>	405,869	<u>\$ 405,869</u>	(10,670)
NET POSITION, Beginning		(44,548)		(33,878)
NET POSITION, Ending		<u>\$ 361,321</u>		<u>\$ (44,548)</u>

See the accompanying Independent Auditor's Report.

OTHER INFORMATION

LOCAL HIGHWAY FINANCE REPORT

STATE:

COLORADO

YEAR ENDING (mm/yy):

12/22

This Information From The Records Of:

Town of Log Lane Village

Prepared By:

Elizabeth Heisel

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES**III. EXPENDITURES FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 308,619
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	\$ 139,960	c. Other	
4. Miscellaneous local receipts (from page 2)	\$ 64,987	d. Total (a. through c.)	\$ -
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 308,619
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 204,947	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	\$ -
C. Receipts from State government (from page 2)	\$ 24,635	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ 106,698	a. Interest	
E. Total receipts (A.7 + B + C + D)	\$ 336,280	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 308,619

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ -	\$ 336,280	\$ 308,619		\$ 27,661

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO YEAR ENDING (mm/yy): 12/22	
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 Assesments	\$ 50,290	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	\$ 30,768
1. Sales Taxes	\$ 65,061	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	\$ 16,706	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	\$ 34,219
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	\$ 7,902	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 89,670	h. Other	
c. Total (a. + b.)	\$ 139,960	i. Total (a. through h.)	\$ 64,987
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 24,635	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal	\$ 106,698
f. Total (a. through e.)	\$ -	g. Total (a. through f.)	\$ 106,698
4. Total (1. + 2. + 3.f)	\$ 24,635	3. Total (1. + 2.g)	\$ 106,698
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	
III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs			\$ -
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements		\$ 308,619	\$ 308,619
(3). System Preservation			\$ -
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 308,619	\$ 308,619
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 308,619	\$ 308,619
<i>(Carry forward to page 1)</i>			
Notes and Comments:			

FORM FHWA-536

See the accompanying Independent Auditor's Report.