



Town of  
**Lakeside**  
COLORADO

# Financial Statements


December 31, 2023


## TABLE OF CONTENTS


	<b>PAGE</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	I
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	IV
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Position – Governmental Activities	1
Statement of Activities – Governmental Activities	2
Fund Financial Statements	
Balance Sheet- Governmental Funds	3
Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds	4
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds to the Statement of Activities - Governmental Activities	5
Statement of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	6
Statement of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual – Street Services Fund	7
Notes to Financial Statements	8
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of the Proportionate Share of the Net Pension Liability/(Asset)	30
Schedule of Town Contributions	31
<b>SUPPLEMENTARY INFORMATION</b>	
General Fund – Supplemental Schedule of Expenditures – Budget and Actual	32
Summary of Assessed Valuation, Mill Levy and Property Taxes Collected	33
Local Highway Finance Report	34



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## Independent Auditors' Report

Board of Trustees  
Town of Lakeside, Colorado

### Qualified Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Lakeside as of and for the year ended December 31, 2023, 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, except for the possible effects of the matter described in the Basis for Qualified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the government activities and each major fund of the Town of Lakeside, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Qualified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Lakeside and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Matter Giving Rise to the Qualified Opinion

Town of Lakeside makes significant purchases via company credit cards for which we were unable to obtain sufficient appropriate audit evidence to verify the accuracy, nature and classification of the Town's expenses due to the absence of certain receipts. Additionally, we were unable to obtain adequate evidence to verify the accuracy and completeness of payroll expenses recorded in the financial statements due to a lack of sufficient supporting documentation. Consequently, we were unable to confirm or verify the related expenses included in the statement of revenues, expenditures, and changes in fund balance by alternative means. As a result of these matters, we were unable to determine if there were any necessary adjustments to properly reflect the related expenses.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the 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, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the Basis for Qualified Opinions section, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Haynie & Company*

Littleton, Colorado  
May 30, 2025

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**TOWN OF LAKESIDE, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
December 31, 2023**

As management of the Town of Lakeside, Colorado (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2023.

**Overview of the Financial Statements**

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

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

The *Statement of Net Position* presents information on all of the Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, 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 government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave.)

The government-wide financial statements detail functions of the Town that are principally supported by charges for services, taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, municipal court, public safety and road and bridge. The government-wide financial statements can be found on pages 1 and 2 of this report.

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

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

The Town adopts an annual appropriated budget for each fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements and budgetary comparison information can be found on pages 3-7 of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 8-29 of this report.

## Government-wide Financial Analysis

### Statement of Net Position

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current and other assets	\$ 2,163,542	\$ 2,010,046
Capital assets, net of accumulated depreciation	713,687	711,037
Net pension asset	—	162,548
<b>Total assets</b>	<u>2,877,229</u>	<u>2,883,631</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to pension	<u>328,325</u>	<u>110,679</u>
<b>Total deferred outflows of resources</b>	<u>328,325</u>	<u>110,679</u>
<b>LIABILITIES</b>		
Current liabilities	410,960	179,685
Non-current liabilities	113,377	154,295
<b>Total liabilities</b>	<u>524,337</u>	<u>333,980</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred property taxes	85,740	67,831
Deferred inflows related to pension	<u>63,328</u>	<u>112,577</u>
<b>Total deferred inflows of resources</b>	<u>149,068</u>	<u>180,408</u>
<b>NET POSITION</b>		
Investment in capital assets	559,392	517,624
Restricted	93,992	82,968
Unrestricted	<u>1,878,765</u>	<u>1,879,330</u>
<b>Total Net Position</b>	<u>\$ 2,532,149</u>	<u>\$ 2,479,922</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,532,149 at the close of the most recent fiscal year. A portion of the Town's net position reflects its investment in capital assets (e.g. land, buildings and improvements, vehicles and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The increase in current and other assets of \$153,496 is primarily due to the increase in cash and cash deposits offset by decreases in intergovernmental receivables. The increase in cash and cash deposits is primarily due to the increase in VIN Verifications and Court fines collected. During 2023, the Town received contributions of \$180,000 from the Developer of the property formerly known as the Lakeside Mall property to cover certain costs of operations. Under the previous agreement, these payments were considered long term debt to be repaid by Lakeside Center Metropolitan District on behalf of the Town. See Note 5 for discussion of the New Shortfall Revenue Funding Letter which requires no repayment. The 2023 payments received are reported as contributions revenue and not long-term debt.

The Town had a net pension liability – FPPA Statewide Defined Benefit Plan of \$42,006 at December 31, 2023 and deferred outflows – FPPA Statewide Defined Benefit Plan of \$328,325 and deferred inflows – FPPA Statewide Defined Benefit Plan of \$63,328.

### Statement of Activities

	2023	2022
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 960,248	\$ 723,153
Operating grants and contributions	180,000	180,000
Capital grants and contributions	—	19,229
General revenues		
Property taxes	68,035	72,612
Specific ownership taxes	4,854	5,262
Sales and use taxes	1,634,709	1,651,229
Highway users taxes	3,137	2,942
Cigarette taxes	7,626	5,327
Intergovernmental	31,591	34,036
Net investment income	1,544	388
Other	6,157	6,118
<b>Total revenues</b>	<b>2,897,901</b>	<b>2,700,296</b>
<b>Expenses</b>		
General government	278,244	214,836
Municipal court	117,756	120,732
Public safety	2,412,147	1,653,330
Road and bridge	37,527	32,359
<b>Total expenses</b>	<b>2,845,674</b>	<b>2,021,257</b>
<b>Change in net position</b>	<b>52,227</b>	<b>679,039</b>
<b>Net Position - Beginning</b>	<b>2,479,922</b>	<b>1,800,883</b>
<b>Net Position - Ending</b>	<b>\$ 2,532,149</b>	<b>\$ 2,479,922</b>

Revenues increased from the prior year by \$197,605 or 7.3%. This improvement in the financial condition during 2023 was primarily due to the increase in VIN Verifications. The hiring of additional officers in 2023 led to the large increase in the Public Safety expenditure category, along with the implementation of more lucrative pay scale for officers. The Town's overall financial position, as measured by net position, increased \$52,227 during 2023.

### Financial Analysis of the Town's Funds

As mentioned previously, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the Town's funds follows.

**Governmental funds:** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular,

unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,771,479. Of this fund balance, \$10,545 is non-spendable, \$85,894 is restricted for emergencies under Taxpayers' Bill of Rights (TABOR) and \$8,098 is restricted for Street Services.

**General Fund Budgetary Highlights**

**Budget Variances.** The Town amended the 2023 Budget for the General Fund. The Town collected more revenues than what was anticipated in the original General Fund budget in the amount of \$217,877. VIN Verifications receipts were more than originally budgeted by \$314,468. In addition, the Town collected court fees/fines of \$106,913 more than budgeted. The Town's expenditures were also more than the original budget by \$412,763. Additional budget to actual comparison details can be seen on pages 6-7 of this report.

**Capital Asset and Debt Administration**

**Capital Assets.** The Town's investment in capital assets at December 31, 2023 amounted to \$713,687 (net of accumulated depreciation/amortization). This investment in capital assets includes buildings, vehicles and equipment. The analysis of changes in capital assets is as follows:

	<b>Capital Assets (net of depreciation)</b>		
	<b>2022</b>	<b>Changes</b>	<b>2023</b>
Building	\$ 145,346	\$ (3,254)	\$ 142,092
Streets	168,145	(19,036)	149,109
Fire and police vehicles	129,402	58,089	187,491
Equipment	32,943	783	33,726
Leased RTU assets	159,481	(33,932)	125,549
Other assets in process	75,720	—	75,720
	<u>\$ 711,037</u>	<u>\$ 2,650</u>	<u>\$ 713,687</u>

The change in capital assets from 2023 is attributable to the purchase of new police/fire vehicles and equipment and the 2022 implementation of GASB 87 with respect to Right-to-Use Assets, see Note 2.

Additional information on the Town's capital assets can be found in Note 4 of this report

**Long-Term Obligations.** At the end of the current fiscal year, the Town had total outstanding long-term obligations of \$176,008 comprised of compensated absences and the RTU lease.

### Outstanding Debt

	<u>2022</u>	<u>Changes</u>	<u>2023</u>
Compensated absences	\$ 11,051	\$ 10,662	\$ 21,713
RTU lease	193,413	(39,118)	154,295
	<u>\$ 204,464</u>	<u>\$ (28,456)</u>	<u>\$ 176,008</u>

On November 30, 2020, the Town entered into the New Shortfall Revenue Funding Letter Agreement/Termination of Existing Funding Agreement (New Shortfall Agreement). Under the New Shortfall Agreement, the Town is to receive monthly payments of \$15,000 with no repayment required. During 2023, the Town received \$180,000 of developer contributions under the New Shortfall Agreement. Additional information regarding contributions can be found in Note 5 of this report.

The Town's policy allows employees to carry over a maximum of 80 hours of unused vacation which may be paid out upon termination and no payout of accumulated unused sick time.

### Economic Factors and Next Year's Budgets and Rates

In December 2009, the Town approved a Development Agreement (see Note 15 for parties to the agreement) to assist in funding the costs of developing the property within the Town formerly known as the Lakeside Mall. The redevelopment project will be funded in part by a sales tax credit granted by the Town of 1.5% of the Town's 2.1% tax. The redevelopment project began in 2012. On November 5, 2019, a majority of the Town's electors approved an increase in the Town's sales tax rate from 2.1% to 3.6%, effective July 1, 2020. During 2020, the Board of Trustees approved Ordinance 2020-10-2 which reduces the effective rate of the Town's sales tax effective January 1, 2021 by .8% which is expected to allow the Town to fund operations without assistance from the developer.

The Town is dependent on sales taxes to fund operations.

### 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 this report or requests for additional financial information should be addressed to Town of Lakeside, Attention: Cathy Fromm, 5801 W. 44<sup>th</sup> Ave Unit A, Lakeside, CO 80212, or by phone at 303-912-8401.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF LAKESIDE, COLORADO**  
**STATEMENT OF NET POSITION**  
**GOVERNMENTAL ACTIVITIES**  
**December 31, 2023**

**ASSETS**

Cash and cash deposits - unrestricted	\$ 1,666,053
Cash and cash deposits - restricted	96,546
Receivables	
Intergovernmental	304,658
Property taxes	85,740
Prepaid expenses	10,545
Capital assets, net	<u>713,687</u>
Total assets	<u>2,877,229</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to pension - FPPA Statewide Defined Benefit Plan	<u>328,325</u>
Total deferred outflows of resources	<u>328,325</u>

**LIABILITIES**

Current:	
Accounts payable	250,366
Accrued payroll and taxes	52,235
Due to other entities	3,722
Compensated absences - due within one year	21,713
Leases - due within one year	40,918
Net pension liability- FPPA Statewide Defined Benefit Plan	<u>42,006</u>
Total current liabilities	410,960
Noncurrent:	
Leases - net of current	<u>113,377</u>
Total liabilities	<u>524,337</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred property taxes	85,740
Deferred inflows related to pension - FPPA Statewide Defined Benefit Plan	<u>63,328</u>
Total deferred inflows of resources	<u>149,068</u>

**NET POSITION**

Net investment in capital assets	559,392
Restricted	93,992
Unrestricted	<u>1,878,765</u>
	<u>\$ 2,532,149</u>

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

**TOWN OF LAKESIDE, COLORADO  
STATEMENT OF ACTIVITIES  
GOVERNMENTAL ACTIVITIES  
Year Ended December 31, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
General government	\$ 278,244	\$ —	\$ 180,000	\$ —	\$ (98,244)
Municipal court	117,756	306,913	—	—	189,157
Public safety	2,412,147	653,335	—	—	(1,758,812)
Road and bridge	37,527	—	—	—	(37,527)
	<u>\$ 2,845,674</u>	<u>\$ 960,248</u>	<u>\$ 180,000</u>	<u>\$ —</u>	<u>(1,705,426)</u>
General revenues:					
Taxes					
Property taxes					68,035
Specific ownership taxes					4,854
Sales and use tax					1,634,709
Highway users tax					3,137
Intergovernmental					
County road and bridge tax					23,920
Cigarette taxes					7,626
Payment in lieu of taxes					7,671
Interest					1,544
Other					6,157
Total general revenues					<u>1,757,653</u>
Change in net position					<u>52,227</u>
Net position - Beginning of year					<u>2,479,922</u>
Net position - End of year					<u>\$ 2,532,149</u>

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

**TOWN OF LAKESIDE, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2023**

	<b>General</b>	<b>Street Services</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash deposits - unrestricted	\$ 1,666,053	\$ —	\$ 1,666,053
Cash and cash deposits - restricted	4,405	92,141	96,546
Accounts receivable - intergovernmental	304,395	263	304,658
Property taxes receivable	85,740	—	85,740
Due from other funds	83,165	—	83,165
Prepaid expenses	10,545	—	10,545
<b>TOTAL ASSETS</b>	<b>2,154,303</b>	<b>92,404</b>	<b>2,246,707</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	249,225	1,141	250,366
Accrued payroll and taxes	52,235	—	52,235
Due to other entities	3,722	—	3,722
Due to other funds	—	83,165	83,165
Total liabilities	305,182	84,306	389,488
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred property taxes	85,740	—	85,740
Total deferred inflows of resources	85,740	—	85,740
<b>FUND BALANCE</b>			
Fund balance			
Nonspendable	10,545	—	10,545
Restricted for emergencies	85,894	—	85,894
Restricted for street services	—	8,098	8,098
Unassigned	1,666,942	—	1,666,942
Total fund balance	1,763,381	8,098	1,771,479
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 2,154,303</b>	<b>\$ 92,404</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balance sheet.	
Capital assets, net	\$ 713,687
Pension-related assets deferred outflows are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.	
Net pension liability	(42,006)
Deferred outflows related to pension	328,325
	286,319
Liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet.	
Compensated absences - due within one year	(21,713)
RTU lease liability	(154,295)
	(176,008)
Pension-related deferred inflows of resources are not financial resources and, therefore, are not reported in the Balance Sheet - Governmental Funds.	
	(63,328)
Net position of governmental activities	<b>\$ 2,532,149</b>

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

**TOWN OF LAKESIDE, COLORADO**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2023**

	<u>General</u>	<u>Street Services</u>	<u>Total Governmental Funds</u>
<b>REVENUE</b>			
Sales and use tax	\$ 1,634,709	\$ —	\$ 1,634,709
Property taxes	68,035	—	68,035
Specific ownership taxes	4,854	—	4,854
Cigarette taxes	7,626	—	7,626
Vehicle use tax	—	—	—
VIN verification fees	614,468	—	614,468
Charges for services/license fees	38,867	—	38,867
Court fees/fines	306,913	—	306,913
Intergovernmental	—	23,920	23,920
Payment in lieu of taxes	—	7,671	7,671
Highway users tax	—	3,137	3,137
Interest	1,505	39	1,544
Other income	6,157	—	6,157
Total revenue	<u>2,683,134</u>	<u>34,767</u>	<u>2,717,901</u>
<b>EXPENDITURES</b>			
General government	212,307	—	212,307
Public safety	2,469,223	—	2,469,223
Municipal court	117,756	—	117,756
Road and bridge	—	34,027	34,027
Capital outlay	105,808	—	105,808
Total expenditures	<u>2,905,094</u>	<u>34,027</u>	<u>2,939,121</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(221,960)</u>	<u>740</u>	<u>(221,220)</u>
<b>OTHER FINANCING SOURCES</b>			
Developer contributions	180,000	—	180,000
Total other financing sources	<u>180,000</u>	<u>—</u>	<u>180,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(41,960)</u>	<u>740</u>	<u>(41,220)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,805,341</u>	<u>7,358</u>	<u>1,812,699</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,763,381</u>	<u>\$ 8,098</u>	<u>\$ 1,771,479</u>

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

**TOWN OF LAKESIDE, COLORADO**  
**RECONCILIATION OF THE STATEMENT OF REVENUE,**  
**EXPENDITURES AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES**  
**Year Ended December 31, 2023**

A reconciliation reflecting the differences between the governmental funds of revenue over (under) expenditures and change in net position reported for governmental activities in the statement of activities as follows:

Net change in fund balances - total governmental funds	\$ (41,220)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, capital outlay is not reported as an expenditure but rather, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay	105,808
Depreciation and amortization	(99,658)
Loss on disposition of capital assets	(3,500)
	2,650
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Change in compensated absences	(10,662)
Change in Right-to-Use Lease	39,118
Pension benefit - FPPA Statewide Benefit Plan	62,341
	90,797
Change in net position - governmental activities	\$ <u>52,227</u>

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

**TOWN OF LAKESIDE, COLORADO**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUE</b>				
Sales and use taxes	\$ 1,850,000	\$ 1,850,000	\$ 1,634,709	\$ (215,291)
Property taxes	67,831	67,831	68,035	204
Specific ownership taxes	5,426	5,426	4,854	(572)
Cigarette taxes	5,000	5,000	7,626	2,626
Vehicle use tax	2,000	2,000	—	(2,000)
VIN Verification fees	300,000	300,000	614,468	314,468
Charges for services/license fees	35,000	35,000	38,867	3,867
Court fees/fines	200,000	200,000	306,913	106,913
Interest	—	—	1,505	1,505
Other income	—	—	6,157	6,157
Total revenue	<u>2,465,257</u>	<u>2,465,257</u>	<u>2,683,134</u>	<u>217,877</u>
<b>EXPENDITURES</b>				
General government	292,877	350,000	220,084	129,916
Public safety	2,199,454	2,622,000	2,567,254	54,746
Municipal court	—	—	117,756	(117,756)
Total expenditures	<u>2,492,331</u>	<u>2,972,000</u>	<u>2,905,094</u>	<u>66,906</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>				
	<u>(27,074)</u>	<u>(506,743)</u>	<u>(221,960)</u>	<u>284,783</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Developer contributions	180,000	180,000	180,000	—
Transfers to other funds	(11,000)	—	—	—
Total other financing sources (uses)	<u>169,000</u>	<u>180,000</u>	<u>180,000</u>	<u>—</u>
<b>NET CHANGE IN FUND BALANCE</b>	141,926	(326,743)	(41,960)	284,783
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,928,447</u>	<u>1,928,447</u>	<u>1,805,341</u>	<u>(123,106)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 2,070,373</u>	<u>\$ 1,601,704</u>	<u>\$ 1,763,381</u>	<u>\$ 161,677</u>

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

**TOWN OF LAKESIDE, COLORADO**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGE**  
**IN FUND BALANCE - BUDGET TO ACTUAL**  
**STREET SERVICES FUND**  
**For the Year Ended December 31, 2023**

	<u>Original &amp; Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE</b>			
Road and bridge	\$ 10,000	\$ 9,383	\$ (617)
Highway users tax	2,400	3,137	737
IGA - Lakeside Center MD	16,794	14,537	(2,257)
Payment in lieu of taxes	7,500	7,671	171
Interest	—	39	39
Total revenue	<u>36,694</u>	<u>34,767</u>	<u>(1,927)</u>
<b>EXPENDITURES</b>			
Road and Bridge			
Street maintenance	21,000	17,071	3,929
Landscaping	15,000	6,750	8,250
Street light maintenance	1,000	—	1,000
Administration	10,206	10,206	—
Total expenditures	<u>47,206</u>	<u>34,027</u>	<u>13,179</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	(10,512)	740	11,252
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	11,000	—	(11,000)
Other financing sources (uses)	<u>11,000</u>	<u>—</u>	<u>(11,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>488</u>	<u>740</u>	<u>252</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>3,038</u>	<u>7,358</u>	<u>4,320</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 3,526</u>	<u>\$ 8,098</u>	<u>\$ 4,572</u>

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

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

The Town of Lakeside, Colorado (Town) was incorporated pursuant to Section 31-1-203, Colorado Revised Statutes. The Town provides the following services: public safety (paid police and fire on a volunteer basis), municipal court system, public works and general administrative services.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity. The following services are provided to the residents of the Town by the following entities, which are not component units of the Town:

Water services are provided by the City and County of Denver. Sanitation services are provided by Wheat Ridge Sanitation District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of the Town are described as follows:

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

Separate financial statements are provided for governmental funds. Major individual governmental 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation and amortization are computed and recorded as an operating expense. Expenditures for capital assets are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes and license fees. Expenditures, other than interest on long-term obligations and compensated absences, are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

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

The Street Services Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Town uses the fund to account for road and bridge revenue received from Jefferson County and the State of Colorado.

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

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

**Budgets**

In accordance with the State Budget Law, the Town's Board of Trustees holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The Town's Board of Trustees can modify the budget by line item within the

**TOWN OF LAKESIDE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on a basis of accounting consistent with GAAP unless otherwise indicated. The Town approved supplemental appropriations for the General Fund for 2023.

**Interfund Balances**

Receivables and payables resulting from short-term interfund loans are classified as “due to/from other funds” in the fund financial statements. These amounts are eliminated in the governmental activities column of the Statement of Net Position.

**Property Taxes**

Property taxes are levied by the Town’s Board of Trustees. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April 1 or if in equal installments, at the taxpayer’s election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the Town.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

**Capital Assets**

Capital assets, which include buildings, water and sewer lines, equipment and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000. Certain infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation expense has been computed using the straight-line method over the estimated economic useful lives:

Buildings	40	years
Water and sewer lines	40	years
Equipment	5	years
Vehicles	3-5	years
Streets	20	years

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**Leases**

As of January 1, 2022, the beginning of the period of adoption, the Town has implemented the provisions of GASB 87, Leases. For arrangements where the Town is a lessee, a lease liability and a right-to-use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent the Town's right to use an underlying asset for the lease term and lease liabilities represent the Town's obligation to make lease payments arising from the lease. RTU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of the lease payments over the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The RTU asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs, and is amortized on a straight-line basis over its useful life. RTU assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses an estimated incremental borrowing rate, that represents the rate at which it could borrow funds for a term equivalent to the lease agreements, as the discount rate for leases. The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

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

**Compensated Absences**

The Town has a policy that allows employees to accumulate unused vacation benefits up to a maximum of 80 hours. Compensated absences are accrued when incurred in the government-wide financial statements. The Town's General Fund is used to liquidate compensated absences of the governmental activities.

**Fund Balances – Governmental Funds**

The Town follows the guidelines of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance—the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

**TOWN OF LAKESIDE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

Restricted fund balance—the amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority (i.e., Board of Trustees Ordinance). To be reported as committed, amounts cannot be used for any other purpose unless the Town takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the Town intends to use for a specific purpose. Intent can be expressed by the Town’s Board of Trustees or by an official or body to which the Town’s Board of Trustees delegates the authority.

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town’s Board of Trustees has provided otherwise in its commitment or assignment actions.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. The Town has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* (GASB 68) and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB 68* (GASB 71).

In addition to liabilities, the statement of net position and fund balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. The Town has also recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68 and GASB 71.

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**Estimates**

The preparation of these financial statements in conformity with GAAP requires the Town's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 3 - CASH DEPOSITS**

Cash and cash deposits as of December 31, 2023 consist of the following:

Cash on hand	\$ 1,040
Deposits with financial institutions	<u>1,761,559</u>
Total cash and cash deposits	<u><u>\$ 1,762,599</u></u>

Cash and cash deposits are reflected on the Statement of Net Position and the Balance Sheet – Governmental Funds at December 31, 2023 as follows:

Cash and cash deposits - unrestricted	\$ 1,666,053
Cash and cash deposits - restricted	<u>96,546</u>
	<u><u>\$ 1,762,599</u></u>

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the Town's cash deposits had a bank balance of \$1,697,821 and carrying balance of \$1,761,559. The deposit balances were fully collateralized or insured by the Federal Deposit Insurance Corporation and PDPA.

**TOWN OF LAKESIDE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**Investments**

The Town has not adopted a formal investment policy; however, the Town follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

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 requirement. The Town had no investments as of December 31, 2023.

**TOWN OF LAKESIDE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 4 - CAPITAL ASSETS**

An analysis of the changes in capital assets for the year ended December 31, 2023 follows:

	<u>Balance at January 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at December 31, 2023</u>
Capital assets, not being depreciated				
Other assets in process	\$ 75,720	\$ —	\$ —	\$ 75,720
Capital assets, being depreciated				
Building	195,892	—	—	195,892
Water and sewer lines	55,337	—	—	55,337
Streets	190,352	—	—	190,352
Fire and police vehicles	212,803	98,031	(5,000)	305,834
Equipment	132,401	7,777	—	140,178
Total capital assets, being depreciated	<u>786,785</u>	<u>105,808</u>	<u>(5,000)</u>	<u>887,593</u>
Lease RTU Asset				
Office building	193,413	—	—	193,413
Less: accumulated depreciation for:				
Building	50,546	3,254	—	53,800
Water and sewer lines	55,337	—	—	55,337
Streets	22,207	19,035	—	41,242
Fire and police vehicles	83,401	36,442	(1,500)	118,343
Equipment	99,458	6,995	—	106,453
Leased RTU Assets	33,932	33,932	—	67,864
Total accumulated depreciation and amortization	<u>344,881</u>	<u>99,658</u>	<u>(1,500)</u>	<u>443,039</u>
Total Capital assets, net	<u>\$ 711,037</u>	<u>\$ 6,150</u>	<u>\$ (3,500)</u>	<u>\$ 713,687</u>

The water and sewer lines are those lines within the Town boundaries which are the responsibility of the Town to maintain.

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

General government	\$ 63,216
Public safety	36,442
	<u>\$ 99,658</u>

**NOTE 5 – LONG-TERM OBLIGATIONS**

**Lease Liabilities**

On December 19, 2007, the Town entered into a 20-year lease agreement with Lakeside Center, LLC (Lakeside Center) for office space subject to annual appropriation by the

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

Town. The lease agreement provides for the Town to pay rent of \$3,420 (minimum rent) to Lakeside Center on a monthly basis commencing on January 1 following the first calendar year in which aggregate sales tax revenue collected by the Town equals or exceeds \$690,000. If the aggregate sales tax revenue collected by the Town exceeds \$900,000, the Town is required to pay rent at market rates for similar space as determined by an independent third party over the remaining term of the lease. The Town's aggregate sales tax for the calendar year 2019 exceeded \$690,000 which required the Town to begin paying rent commencing on January 1, 2020.

The Town entered into the First Amendment to Lease on September 23, 2019. The First Amendment modified the commencement date for the payment of rent to January 1, 2021.

The Town entered into the Second Amendment to Lease on November 30, 2020. The Second Amendment modified the commencement date for the payment of rent to January 1, 2023. Lease payments of \$3,420 are due monthly at an interest rate of 0.54%. The lease payments increase annually at a rate of 1.50%. At December 31, 2023, the ending balance was \$154,295.

The future minimum lease payments and the net present value of these minimum lease payments are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>
2024	\$ 40,918	\$ 737	\$ 41,655
2025	41,768	513	42,281
2026	42,631	283	42,914
2027	28,978	62	29,040
<b>Total</b>	<b>\$ 154,295</b>	<b>\$ 1,595</b>	<b>\$ 155,890</b>

The following is an analysis of the changes in the Town's long-term obligations for the year ended December 31, 2023:

	<b>Balance at January 1, 2023</b>	<b>Issuances</b>	<b>Retirements</b>	<b>Balance at December 31, 2023</b>	<b>Due Within One Year</b>
Compensated absences	\$ 11,051	\$ 28,992	\$ 18,330	\$ 21,713	\$ 21,713
RTU lease	193,413	—	39,118	154,295	40,918
	<u>\$ 204,464</u>	<u>\$ 28,992</u>	<u>\$ 57,448</u>	<u>\$ 176,008</u>	<u>\$ 62,631</u>

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

**Developer advances**

The Town entered into a Funding of Shortfall Revenue Letter Agreement (the Agreement) dated September 19, 2007 as amended by the First Amendment dated July 13, 2016, the Second Amendment dated May 15, 2017 and the Third Amendment dated September 23, 2019. A significant portion of the Town's sales tax is generated from taxable sales of businesses located within the mall area. Due to the redevelopment of the mall property, the Town has a reduced sales tax base. The Agreement provides for the developer to fund the Town's operations until the property is redeveloped and sales tax and other revenues are sufficient to support operations.

On November 30, 2020, the Town entered into the New Shortfall Revenue Funding Letter Agreement/Termination of Existing Funding Agreement (New Shortfall Agreement). The New Shortfall Agreement replaces and supersedes the Funding of Shortfall Revenue Letter Agreement dated September 19, 2007 as amended by the First Amendment dated July 13, 2016, the Second Amendment dated May 15, 2017 and the Third Amendment dated September 23, 2019. Further, Lakeside Center and the Town agree that all amounts, if any, owed by the Town to Lakeside Center under the Funding Agreement as of December 31, 2020 shall, as of said date, be discharged and deemed paid in full. Beginning January 1, 2021, Lakeside Center agreed to make payments to the Town in the amount of \$15,000 per month payable in full on or before the 15<sup>th</sup> day of each month. This New Shortfall Agreement remained in effect for a period of two years, up to and including through December 31, 2023, at which time the New Shortfall Agreement terminated, subject to the certain provisions, or as otherwise extended by mutual agreement of the Town and Lakeside Center.

Prior to the termination of the New Shortfall Agreement, the Town and Lakeside Center, agreed to confer and determine if the Town will require payments from Lakeside Center from and after December 31, 2023, in order to cover the Town's expenses. If as of December 31, 2023, the Town's revenues are not sufficient to allow the Town to meet its expenses, including accumulation of a reasonable ending fund balance for contingencies, the Town and Lakeside Center agree to negotiate in good faith for the purpose of entering into a new funding agreement. During the year ended December 31, 2023, the Town received \$180,000.

**Authorized Debt**

At December 31, 2023, the Town had no authorized but unissued indebtedness.

**NOTE 6 – INTERFUND TRANSFERS AND RECEIVABLES/PAYABLES**

At December 31, 2023, the General Fund had an interfund receivable from the Street Service Fund of \$83,165 representing the balance of deposits for the Street Service Fund made into the General Fund account less reimbursements due for disbursements made by the General Fund.

**TOWN OF LAKESIDE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**NOTE 7 – FUND EQUITY**

At December 31, 2023, the Town reported the following classifications of fund equity.

**Nonspendable Fund Balance**

The nonspendable fund balance in the General Fund in the amount of \$10,545 is comprised of prepaid amounts which are not in spendable form.

**Restricted Fund Balance**

The restricted fund balance in the General Fund in the amount of \$85,894 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado (Note 12).

The restricted fund balance in the Street Services Fund in the amount of \$8,098 is restricted for expenditures related to street services.

**NOTE 8 – NET POSITION**

The Town has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets, includes capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2023, the Town had a net investment in capital assets consists of:

Cost of capital assets	\$ 963,313
RTU asset	193,413
Less accumulated amortization and depreciation	(443,039)
Less capital related borrowings	<u>(154,295)</u>
Net investment in capital assets	<u>\$ 559,392</u>

Restricted net position includes amounts that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town had restricted net position of \$85,894 as of December 31, 2023 as required by Article X, Section 20 of the Constitution of the State of Colorado (Note 12) and restricted net position of \$8,098 for street services.

**NOTE 9 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self-insurance pool created by intergovernmental agreement to provide

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

property, general and automobile liability and public official's coverage to its members. CIRSA is governed by a seven member Board elected by and from its members.

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and that amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to its members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

The Town continues to carry commercial insurance coverage for other risks of loss including workers compensation and employee health and accident insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE 10 – DEFINED BENEFIT PENSION PLAN**

**Statewide Defined Benefit Pension Plan**

**Summary of Significant Accounting Policies**

*Pensions.* The Town participates in the Statewide Defined Benefit Plan (SWDBP), a cost-sharing multiple-employer defined benefit pension fund 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 income/expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SWDBP 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.

**General Information about the Pension Plan**

*Plan description.* The SWDBP covers substantially all full-time firefighter and police officer employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SWDBP may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth in the FPPA Rules and Regulations, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available annual comprehensive financial report that can be obtained at [www.fppaco.org](http://www.fppaco.org).

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

*Benefits provided.* FPPA provides retirement and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement.

The following types of retirement are available under the SWDBP:

- Normal: 25 years of service and age 55 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' pensionable earnings for each year of credited service up to ten years. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule 80).
- Early: 30 years of service or age 50 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. (as defined in FPPA Rule 101.05). The early retirement benefit that the member would have received at normal retirement (age 55) is reduced on an actuarial equivalent basis to reflect the receipt of the benefit.
- Vested: 5 years of service payable at age 55 with a 2% benefit for each year of service for the first ten years, then a 2.5% benefit for each year of service thereafter. Benefits are based on the average of the highest 3 years' pensionable earnings.
- Deferred: Members who qualify for a normal or vested retirement, may defer the receipt of their benefit pension to as late as age 65 and receive the actuarial equivalent of the benefit. (as defined in FPPA Rule 101.05).

The SWDBP has a deferred retirement option plan (DROP) that allows members to enter the program if they meet one of the following criteria: 1) member is eligible for normal retirement or 2) member is vested or 3) member is eligible for early retirement. The DROP plan allows a member to choose to continue employment for a maximum of five years. During this period of continued employment, the member's retirement benefits as well as employee contributions are paid into a member's DROP account. At the end of the DROP period, the member ceases employment and receives the amount accumulated in the DROP account either in a periodic, lump sum or a monthly lifetime benefit.

Each member must elect a payment option for retirement benefits shortly before benefit payments are paid to ensure that the beneficiary and payment option factors are accurate. The member has six payment options. The payment options allow the member to receive full retirement benefits during the member's lifetime or receive reduced retirement benefits so that a designated beneficiary may receive a portion of the

**TOWN OF LAKESIDE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

retirement benefit either during the member's lifetime or after the member's death depending on the option selected.

Vested members with more than 5 years of service and non-vested members with less than 5 years of service may elect to withdraw their member contribution accounts upon termination of employment with all FPPA employers; waiving rights to any lifetime retirement benefits earned. The member's contributions plus 5% interest may be refunded to the member with all other contributions being forfeited. If a refund is chosen, stabilization reserve account monies and all employer contributions are forfeited.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement benefit adjustments (formerly referred to as COLAs). Benefit adjustments are not guaranteed and are determined annually by the FPPA Board of Directors based on the most recent actuarial study. The amount of the benefit adjustment can be 0% to 3%, or the greater of the Consumer Price Index (CPI) per year. Benefit adjustments may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

*Contributions.* Eligible employees and the Town are required to contribute to the SWDBP at a rate set by Colorado statute. Employer contribution rates can only be amended by state statute and are 9.5% of the employee's base salary. Member contribution rates can be amended by statute or by election of the membership. In 2023, eligible employees were required to contribute 12.0% of their FPPA base salary. Contributions to the SWDBP from the Town were \$88,522 for the year ended December 31, 2023.

Annually, at the discretion of the Board of Directors of FPPA, the difference between the combined member/employer contributions and the actuarially determined contribution rate may be allocated to the stabilization reserve account (SRA). If the cost of the SWDBP exceeds the combined member/employer contribution rate, funds from the SRA may be used to make up the shortfall. Amounts set aside in the SRA are allocated to individual accounts for each member. A member may receive the amounts in this individual account upon election of Normal, Early or Vested retirement.

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

At December 31, 2023, the Town reported a net pension liability of \$42,006 for its proportionate share of the total net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The Town's proportion of the net pension liability was based on Town contributions to the SWDBP for the calendar year 2022 relative to the total contributions of participating employers to the SWDBP.

At the measurement date December 31, 2022, the Town's proportion was 0.04732492 percent, which was an increase of 0.01733087 percent from its proportion measured as of December 31, 2021.

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

For the year ended December 31, 2023, the Town recognized pension expense of \$26,182. At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 90,929	\$ 5,156
Changes in assumptions and other inputs	53,815	—
Net difference between projected and actual earnings on pension plan investments	95,059	—
Change in proportion and differences between contributions recognized and proportionate share of contributions	—	58,172
Contributions subsequent to the measurement date	88,522	—
Total	\$ 328,325	\$ 63,328

The amount of \$88,522 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase of the net pension asset in the year ending December 31, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension (benefit) expense as follows:

<b>Year ended December 31,</b>	
2024	\$ 15,033
2025	33,181
2026	49,646
2027	71,407
2028	8,732
Thereafter	(1,524)
Total	\$ 176,475

*Actuarial assumptions.* The actuarial valuations were used to determine the total pension asset and actuarially determined contributions for the discal year ending December 31, 2023. The valuations used the following actuarial assumptions and other inputs:

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

	<u>Total Pension Liability</u>	<u>Actuarially Determined Contributions</u>
Valuation Date	January 1, 2023	January 1, 2022
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	N/A	Level % payroll, open
Remaining amortization period	N/A	30 years
Actuarial assumptions:		
Long-term Investment Rate of Return *	7.00%	7.00%
Projected Salary Increases	4.25%-11.25%	4.00%-11.25%
Cost of Living Adjustments (COLA)	0.00%	0.00%
* Includes Inflation at	2.50%	2.50%

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 of all years. The pre-retirement off-duty mortality tables are adjusted to 50 percent of the PR-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

The SWDBP's 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 return, net of investment expense and inflation) were developed for each major asset class. These ranges were 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 then adding expected inflation (assumed at 2.5 percent).

The FPPA Board completed an actual experience study and approved changes to the actuarial assumptions effective January 1, 2019. The inflation rate remained at 2.5 percent. The investment rate of return was reduced from 7.50 percent to 7.00 percent which increased the cost of pension benefits. The change in the investment return assumption reflects the reduced real return expectations from the recent capital market data.

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

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

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

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

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.05 percent (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

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

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

	<b>6.00%</b>	<b>7.00%</b>	<b>8.00%</b>
Proportionate share of the net pension (asset) liability	<u>\$ 289,584</u>	<u>\$ 42,006</u>	<u>\$ (163,069)</u>

*Pension plan fiduciary net position.* Detailed information about the SWDBP’s fiduciary net position is available in FPPA’s annual comprehensive financial report which can be obtained at [www.fppaco.org](http://www.fppaco.org).

**NOTE 11 – STATEWIDE DEATH AND DISABILITY PLAN**

*Plan Description.* The Town contributes to SWD&DP, a cost-sharing multiple-employer defined benefit death and disability plan administered by FPPA. All full-time uniformed employees are eligible to be members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by state statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for SWD&DP.

The plan provides pre-retirement death benefits, as follows:

- Off-duty: 40% of the base salary paid to the member prior to death, with an additional 10% of base salary if a surviving spouse has two or more dependent children
- On-duty: 70% of the base salary paid to the member prior to death

Disability benefits are as follows:

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

Benefit adjustments are granted periodically at the discretion of the FPPA Board of Directors. Total disability retirees receive an automatic increase of 3%. For other annuitants, the increase may reflect the Consumer Price Index, but in no case may be higher than 3%. Once a member is eligible to retire, contributions to the plan and plan benefit obligations cease.

*Contributions.* The contribution requirements are established by state statutes. However, in accordance with C.R.S. 31-31-811(4), the FPPA Board of Directors, based on an annual actuarial valuation, may adjust the contribution rate every two years, but in no event may the adjustment for any two-year period exceed one-tenth of one percent of the member’s salary.

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

Any decision regarding whether the employer or member contributes to the plan, or whether the contribution is paid jointly by the employer and the member, is determined by the Town.

No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the Town contributed 3.4% of base salaries on behalf of the members during the year ended December 31, 2023. For the years ending December 31, 2023, 2022, 2021, 2020 and 2019, the Town's contributions to the SWD&DP were \$31,407, \$12,461, \$4,851, \$3,992 and \$3,839, respectively, equal to their required contributions for each year.

**Pension Liabilities, Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions**

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

**OPEB Plan Fiduciary Net Position**

Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at [www.fppaco.org](http://www.fppaco.org).

**NOTE 12 – TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations that apply to the State of Colorado and all local governments.

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Town's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

On November 5, 1997, a majority of the Town's electors approved the following:

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

- Ballot question increasing taxes \$950,000 annually, or by such lesser amount as may be necessary, to pay the Town's operations imposed by an ad valorem mill levy.
- Ballot question increasing taxes \$1,320,000 annually, or by such lesser amount as may be necessary, by imposing a sales tax at a rate not to exceed 3%.
- Ballot question increasing taxes \$950,000 annually by imposing occupational privilege taxes in an unlimited rate as allowed by law.
- Ballot question increasing the Town's debt \$1,950,000, or by such lesser amount as may be necessary to pay the Town's debt for street infrastructure.
- Ballot question increasing the Town's debt \$1,950,000, or by such lesser amount as may be necessary, to defray the current expenses of the Town.
- Ballot question authorizing the Town to collect and spend or retain collected taxes exempt from spending limitations.
- Ballot question authorizing \$5,000,000 to be collected each year, commencing in 1997, from state and local government grants, specific ownership taxes and rate fees and other charges derived from any Town facilities, services or properties without regard to any spending limitation.
- Ballot question authorizing publication of the Town's ordinances by title only.
- Ballot question eliminating term limitations as they apply to the Mayor and members of the Board of Trustees.

Initially the Board of Trustees by resolution enacted a 1.6% sales tax as authorized by a November 3, 1997 election, which sales tax commenced on January 1, 2004 based upon the November 4, 2003 election described below. The Board of Trustees also imposes a property tax mill levy of 4 mills, which levy has been in place since 1999.

On November 4, 2003, a majority of the Town's electors approved Town taxes be increased \$500,000 in the first full fiscal year beginning January 1, 2004 and by whatever additional amounts are raised thereafter, through the imposition of sales tax at a rate of 1.6% upon the sale of tangible personal property at retail and the furnishing of services in the Town, in accordance with Ordinance 2003-9-1 and Colorado law, with such taxes to be used to pay the Town's operations, maintenance and other expenses; and approved the revenues from such tax and any investment earnings thereon be collected and spent by the Town without regard to any spending, revenue raising or other limitations contained within Article X, Section 20 of the Colorado Constitution or any other law.

On November 1, 2005, a majority of the Town's electors approved Town taxes to be increased \$900,000 in the first full fiscal year beginning January 1, 2006, and by whatever additional amounts are raised annually thereafter, through the imposition of sales tax at a rate of 2.1% upon the sale of tangible personal property at retail and the furnishing of services in the Town, in accordance with Ordinance 2005-8-1 and Colorado law, with such taxes to be used to pay the Town's operation, maintenance and other expenses and for capital improvements if necessary; and spent by the Town without regard to any spending, revenue raising or other limitations contained in Article X, Section 20 of the Colorado Constitution or any other law.

On November 5, 2019, a majority of the Town's electors approved an increase in the Town's sales tax rate from 2.1% to 3.6%, effective July 1, 2020.

**TOWN OF LAKESIDE, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023**

During 2020, the Board of Trustees approved Ordinance 2020-10-2 which reduces the effective rate of the Town's sales tax effective January 1, 2021 by .8%.

**NOTE 13 – CONDUIT DEBT OBLIGATIONS**

During 2004, the Town issued Nonprofit Multi-family Housing Revenue Bonds, Series 2004A and 2004B to provide financial assistance to private-sector entities for the acquisition and construction of multi-family housing facilities deemed to be in the public interest. Neither the Town, the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2023, the 2004A series of the Nonprofit Multi-Family Bonds were outstanding, with an aggregate principal amount payable of \$4,475,000.

**NOTE 14 – DEVELOPMENT AGREEMENT**

On December 16, 2009, the Town executed a development agreement ("Agreement") between the Town, Lakeside Center LLC ("Developer"), Lakeside Center Public Improvement Company ("Lakeside PIC") and Lakeside Center Metropolitan Town ("Town"). The Agreement is intended to help finance the construction of certain public and private improvements in connection with the development of that portion of the Town commonly known as Lakeside Center. Due to economic conditions, the extent of certain redevelopment costs and other relevant factors, the Town determined that the project requires cooperative financing in order to facilitate commercial and retail development within a time frame that promotes the best interests of the Town. The purposes of the Agreement are to (i) establish a cooperative funding arrangement between the Town, the Developer, the Lakeside PIC and the Town; and (ii) implement the cooperative funding agreement through the use of a credit public improvement fee and sales tax credit mechanism; and (iii) provide for full or partial satisfaction of the Town's reimbursement obligations under the terms of the Funding Agreement (Note 5 – Developer Advances) via disbursement of credit public improvement fee revenues to the Developer.

The Developer has imposed a public improvement fee in the amount of 1.5% (the "Credit PIF") on the sale of tangible personal property at retail, or the furnishing of certain services, in Lakeside Center that are subject to the Town's sales tax. The Credit PIF will be collected by the retailer at the cash register from the retail customer. The Town has also passed an ordinance granting a 1.5% credit ("Sales Tax Credit") against the sales tax occurring within Lakeside Center. The 1.5% Sales Tax Credit, in essence offsets the 1.5% Credit PIF paid by the retailer. The Developer expects to impose an additional public improvement fee on sales in Lakeside Center that will not be offset by a corresponding sales tax credit by the Town. The additional public improvement fee is not subject to the terms and provisions of the Agreement.

The Credit PIF Revenues will be used to (i) reimburse Lakeside Center for payments made to the Town under the Funding Agreement (see Note 5), and (ii) for principal retirement, accrued interest, financing costs and cash disbursements or reimbursements for eligible costs of the project, which may include paying the debt service on any bonds

**TOWN OF LAKESIDE, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

issued by the Town or paying debt service on PIC debt, and/or reimbursement of principal and accrued interest on sums advanced by the Lakeside Center for eligible costs pursuant to reimbursement agreements. The maximum amount of Credit PIF Revenues available under the terms and conditions of this agreement to fund eligible costs, including payments or reimbursement to Lakeside Center, the Town and the PIC is the aggregate principal amount of \$15,000,000 (Cap Amount), plus accrued interest and financing costs.

Under the Agreement, the parties acknowledge that the Town will have the right to reduce or eliminate the Sales Tax Credit at any time to the extent determined by the Town Board to be necessary and in the best interest of the Town and its inhabitants. The parties have agreed that any such reduction or elimination of the Sales Tax Credit will not be a breach of or an event of default under the Agreement. The Town also has the option to hold an election to increase its sales tax rate at any time. If the Town increases its sales tax rate, the Town is not required under the Agreement to correspondingly increase the amount of the Sales Tax Credit.

**REQUIRED SUPPLEMENTAL INFORMATION**

**TOWN OF LAKESIDE  
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)  
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE DEFINED BENEFIT PLAN  
LAST NINE FISCAL YEARS(1)**

	<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>
District's Proportion of the Net Pension Liability (Asset)	0.04732492%	2.9994052%	2.8505975%	0.0299139%	0.0325200%	0.0446143%	0.0507637%	0.0464637%	0.0496365%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 42,006	\$ (162,548)	\$ (61,887)	\$ (16,918)	\$ 41,114	\$ (64,185)	\$ 18,343	\$ (819)	\$ (56,019)
District's Covered Payroll	\$ 412,705	\$ 241,956	\$ 228,960	\$ 220,480	\$ 217,840	\$ 260,960	\$ 226,852	\$ 230,727	\$ 239,920
Proportionate Share of Net Pension Liability (Asset) as a Percentage of its Covered Payroll	10.18%	-67.18%	-27.03%	-7.67%	18.87%	-24.60%	8.09%	-0.35%	-23.35%
Calculation of Collectvie Net Pension Liability (Asset):									
Total Pension Liability	\$ 3,752,109,029	\$ 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
Plan Fiduciary Net Position	3,663,348,061	3,894,539,387	3,447,586,098	2,975,935,079	2,526,692,808	2,413,276,447	1,985,393,043	1,848,724,853	1,765,758,630
Net Pension Liability (Asset)	<u>\$ 88,760,968</u>	<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>\$ 36,133,840</u>	<u>\$ (1,762,854)</u>	<u>\$ (112,857,546)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.63%	116.16%	106.72%	101.94%	95.23%	106.34%	98.21%	100.10%	106.83%

(1) - The amounts presented for each measurement period were determined as of 12/31.

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

**TOWN OF LAKESIDE  
SCHEDULE OF TOWN CONTRIBUTIONS  
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE DEFINED BENEFIT PLAN  
LAST TEN FISCAL YEARS**

	<u>2023</u>	<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	\$ 88,522	\$ 37,056	\$ 20,524	\$ 18,317	\$ 17,638	\$ 17,427	\$ 20,877	\$ 20,784	\$ 18,360	\$ 17,857
Contributions in Relation to the Contractually Required Contribution	(88,522)	(37,056)	(20,524)	(18,317)	(17,638)	(17,427)	(20,877)	(20,784)	(18,360)	(17,857)
Contribution Deficiency (Excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered Payroll	\$ 931,816	\$ 412,705	\$ 241,956	\$ 228,960	\$ 220,480	\$ 217,840	\$ 260,960	\$ 226,852	\$ 230,727	\$ 239,920
Contributions as a Percentage of Covered Payroll	9.50%	8.98%	8.48%	8.00%	8.00%	8.00%	8.00%	9.16%	7.96%	7.44%

## **SUPPLEMENTAL INFORMATION**

**TOWN OF LAKESIDE, COLORADO  
GENERAL FUND  
SUPPLEMENTAL SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
Year Ended December 31, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government				
Personnel services	\$ 84,000	\$ 88,000	\$ 15,435	\$ 72,565
Supplies	4,887	9,000	4,405	4,595
Purchased services	200,990	250,000	192,467	57,533
Capital outlay	—	—	7,777	(7,777)
Contingency/other	—	3,000	—	3,000
Total General Government	<u>289,877</u>	<u>350,000</u>	<u>220,084</u>	<u>129,916</u>
Public Safety				
Personnel services	1,632,557	1,880,000	1,873,444	6,556
Supplies	74,160	150,000	131,620	18,380
Purchased services	372,737	460,000	464,159	(4,159)
Capital outlay	70,000	82,000	98,031	(16,031)
Contingency/other	50,000	50,000	—	50,000
Total Public Safety	<u>2,199,454</u>	<u>2,622,000</u>	<u>2,567,254</u>	<u>54,746</u>
Municipal Court				
Personnel services	—	—	77,452	(77,452)
Supplies	—	—	4,124	(4,124)
Purchased services	—	—	36,180	(36,180)
Total Municipal Court	<u>—</u>	<u>—</u>	<u>117,756</u>	<u>(117,756)</u>
Transfer to Street Services	<u>11,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Expenditures	<u>\$ 2,500,331</u>	<u>\$ 2,972,000</u>	<u>\$ 2,905,094</u>	<u>\$ 66,906</u>

**TOWN OF LAKESIDE, COLORADO  
SUMMARY OF ASSESSED VALUATION, MILL LEVY  
AND PROPERTY TAXES COLLECTED  
December 31, 2023**

<u>Year Ended December 31,</u>	<u>Prior Year Assessed Valuation for Current Year Property Tax Levy</u>	<u>Mill Levied</u>	<u>Total Property Taxes</u>		<u>Percent Collected to Levied</u>
			<u>Levied</u>	<u>Collected</u>	
2005	\$ 8,411,630	4.000	\$ 33,647	\$ 32,651	97.04%
2006	7,908,740	4.000	31,635	31,627	99.97%
2007	8,033,860	4.000	32,135	32,033	99.68%
2008	8,145,960	4.000	32,584	30,625	93.99%
2009	7,717,090	4.000	30,868	30,503	98.82%
2010	7,578,010	4.000	30,312	28,879	95.27%
2011	7,239,200	4.000	28,957	28,900	99.80%
2012	5,973,860	4.000	23,895	20,686	86.57%
2013	4,989,507	4.640 (a)	23,151	20,946	90.48%
2014	8,845,227	4.000	35,381	34,535	97.61%
2015	8,972,598	4.000	35,381	35,886	101.43%
2016	8,567,673	4.000	38,271	38,269	99.99%
2017	9,641,740	4.000	38,567	38,453	99.70%
2018	15,894,077	4.000	63,576	63,567	99.99%
2019	16,020,577	4.000	64,082	64,082	100.00%
2020	17,419,785	4.000	69,679	60,700	87.11%
2021	16,737,440	4.312 (b)	72,172	71,361	98.88%
2022	18,177,756	4.217 (c)	76,656	72,612	94.72%
2023	16,957,805	4.000	67,831	68,035	100.30%

Estimated for the  
year ended

December 31, 2024      \$      21,434,973                      4                      \$ 85,740

**NOTE:**

Property taxes collected in any one year include the collection of delinquent property taxes levied in prior years. Information received from the County Treasurer does not permit identification of specific year of levy.

(a) includes refunds and abatements levy of .640 mills

(b) includes refunds and abatements levy of .312 mills

(c) includes refunds and abatements levy of .217 mills

The public report burden for this information collection is estimated to average 380 hours annually.

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

This Information From The Records Of: <p style="text-align: center;"><u>Town of Lakeside</u></p>	Prepared By: <p style="text-align: center;"><u>Cathy Fromm</u></p>
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**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. EXPENDITURES FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway expenditures:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ -
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 12,526.00
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 600.00
2. General fund appropriations		b. Snow and ice removal	\$ 3,945.00
3. Other local imposts (from page 2)	\$ 7,671.00	c. Other	\$ 6,750.00
4. Miscellaneous local receipts (from page 2)	\$ 23,959.00	d. Total (a. through c.)	\$ 11,295.00
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 10,206.00
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 34,027.00
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 31,630.00	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	\$ -
<b>C. Receipts from State government</b> (from page 2)	\$ 3,137.00	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	\$ -	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	\$ 34,767.00	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total expenditures (A.6 + B.3 + C + D)</b>	\$ 34,027.00

**IV. LOCAL HIGHWAY DEBT STATUS**  
*(Show all entries at par)*

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

**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
	\$ 7,358.00	\$ 34,767.00	\$ 34,027.00	\$ 8,098.00	\$ -

**Notes and Comments:**

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
**COLORADO**  
 YEAR ENDING (mm/yy):  
 12/23

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	\$ 39.00
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	\$ 7,671.00	g. Other Misc. Receipts	\$ 23,920.00
6. Total (1. through 5.)	\$ 7,671.00	h. Other	
c. Total (a. + b.)	\$ 7,671.00	i. Total (a. through h.)	\$ 23,959.00
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes (from Item I.C.5.)	\$ 3,137.00	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 ARPA	
f. Total (a. through e.)	\$ -	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 3,137.00	3. Total (1. + 2.g)	\$ -
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

**III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL**

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

*(Carry forward to page 1)*

**Notes and Comments:**