

TOWN OF GYPSUM, COLORADO

FINANCIAL STATEMENTS
AND
AUDITOR'S REPORT

DECEMBER 31, 2022

TOWN OF GYPSUM, COLORADO
FOR THE YEAR ENDED
December 31, 2022

TOWN COUNCIL

| | | |
|------------------|---|----------------|
| Steve Carver | – | Mayor |
| Tom Edwards | – | Mayor Pro-Tem |
| Chris Huffman | – | Council Member |
| Marisa Sato | – | Council member |
| Bill Baxter | – | Council Member |
| Kathleen Brendza | – | Council Member |
| Scott Green | – | Council Member |

TABLE OF CONTENTS

| | <u>Page</u> |
|--|-------------|
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis | 2 - 12 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 13 |
| Statement of Activities | 14 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 15 |
| Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities | 16 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 17 |
| Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities | 18 |
| Statement of Net Position – Proprietary Funds | 19 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds | 20 |
| Statement of Cash Flows – Proprietary Funds | 21 |
| Statement of Fiduciary Net Position – Agency Fund | 22 |
| Statement of Changes in Fiduciary Net Position – Agency Fund | 23 |
| Notes to Financial Statements | 24 - 53 |
| Required Supplemental Information – | |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund | 54 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Conservation Trust Fund | 55 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund - Parks and Recreation Fund | 56 |

TABLE OF CONTENTS
(continued)

Required Supplemental Information – *continued*

| | |
|--|----|
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Highway 6 Devolution Fund | 57 |
|--|----|

| | |
|---|----|
| Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – American Rescue Fund | 58 |
|---|----|

Supplemental Information –

Individual Fund Budgetary Comparison and Combining Schedules:

Governmental Funds –

| | |
|--|----|
| Schedule of Revenues and Other Financing Sources – Budget and Actual – General Fund | 59 |
|--|----|

| | |
|---|---------|
| Schedule of Expenditures and Other Financing Uses – Budget and Actual – General Fund | 60 - 61 |
|---|---------|

| | |
|---|----|
| Schedule of Revenues and Other Financing Sources - Budget and Actual - Parks and Recreation Fund | 62 |
|---|----|

| | |
|--|---------|
| Schedule of Expenditures and Other Financing Uses - Budget and Actual - Parks and Recreation Fund | 63 – 64 |
|--|---------|

Proprietary (Enterprise) Funds

| | |
|--|----|
| Schedule of Budgetary Based Revenues and Expenditures – Budget and Actual – Water Enterprise Fund | 65 |
|--|----|

| | |
|--|----|
| Schedule of Budgetary Based Revenues and Expenditures – Budget and Actual – Sewer Enterprise Fund | 66 |
|--|----|

| | |
|---|----|
| Schedule of Budgetary Based Revenues and Expenditures – Budget and Actual – Sanitation Enterprise Fund | 67 |
|---|----|

| | |
|--|---------|
| Counties, Cities and Towns Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets | 68 - 69 |
|--|---------|

The Honorable Mayor and Members
of the Town Council
Gypsum, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the Fiduciary Fund of the Town of Gypsum as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Gypsum's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism through 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 Town of Gypsum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Gypsum's ability to continue as a going concern for a reasonable period of time.

We are required to communicate to 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 budgetary comparison information, listed as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with accounting 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 supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Gypsum's basic financial statements. The combining and individual fund financial statements and schedules, and the County, Cities and Towns Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets, which are listed in the table of contents are 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material aspects, in relation to the basic financial statements taken as a whole.



MAGGARD & HOOD, P.C.
Glenwood Springs, Colorado
July 25, 2023

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Gypsum was organized in 1911, under provisions of Colorado State Statutes. The provisions of its home rule charter that was adopted in 1982 currently govern the town. The Town operates under a Council-Mayoral form of government and provides the following services: general and administrative services, planning and zoning, building inspection, capital improvements, streets and alleys, parks and recreation, golf course operations, trash removal, and water and sewer systems. An elected Mayor and Town Council govern the Town and are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes.

The discussion and analysis of the Town of Gypsum's financial performance provides an overall review of the Town's financial activities for the fiscal year. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the Town's overall financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended December 31, 2022 are as follows:

- In total, the Town's *overall* net position increased \$5,748,194 or 4.5% from the previous fiscal year.
- The Town's Governmental Activities General Revenues accounted for \$14,343,561 or 77% of all revenues. These general revenues include taxes, grants and entitlements not restricted to specific programs, and general interest and other revenues not related to specific programs. Program specific revenues, in the form of charges for services and sales, as well as program specific grants and contributions, accounted for \$4,304,404 or 23% of the Town's total revenues of \$18,647,965.
- Governmental Activities for the Town had \$14,348,835 in expenses, of which \$2,944,563 were offset by program specific charges for services and sales, \$490,783 by operating grants and capital grants and contributions totaling \$869,058.
- In the Town's business-type (utility enterprise) activities, fiscal year revenues exceed expenses by \$1,449,064 thus increasing the activity's net position to \$58,397,132.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *other supplementary information*. These statements are organized so the reader can understand the Town of Gypsum as a financial whole, or as an entire operating activity. The basic financial statements include two types of information on the same statement that present different views of the Town.

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's *overall* financial status.
- *Fund financial statements* that focus on *individual parts* of the Town government, reporting the Town's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additional supplemental information has also been included to enhance the readers understanding of the report.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2022

REPORTING THE TOWN AS A WHOLE

Statement of Net Position and Statement of Activities

While this report contains all funds used by the Town to provide programs and activities, the view of the Town as a whole looks at all financial transactions and asks the question, "How did we do financially during the current fiscal year?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. The bases of accounting take into account all of the current year's revenues and expenses regardless of when cash was received or paid.

The focus of these government-wide financial statements is on the overall financial position and activities of the Town. These financial statements are constructed around the concept of a primary government, the Town, except for fiduciary funds. The statement of net position and statement of activities provide information about the activities of the whole Town, presenting both an aggregate view of the Town's finances and a longer-term view of those finances.

The statement of net position and the statement of activities report the Town's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the Town has improved or diminished for the Town as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Town's property tax base, current property tax laws, statutorily required reserves, facility conditions, and other factors.

In the statement of net position and the statement of activities, the Town is divided into two distinct kinds of activities:

Governmental Activities – Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. Most of the Town's programs and services are reported here including general government activities, community development, public safety, streets and public works, culture and recreation, as well as debt service charges.

Business-Type Activities – Business-type activities are financed by some degree by charging external parties for the goods or services they acquire. The Town's enterprise funds for water, sewer and sanitation utilities are reported as business-type activities as the service is provided on a charge for goods or services basis to recover the expenses of the goods and services provided.

FUND FINANCIAL STATEMENTS

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about each of the Town's major funds. For the Town of Gypsum, the General Fund is the most significant fund. The Town uses many funds to account for a multitude of financial transactions. The Town's major governmental funds include the General Fund and Special Revenue Funds (which are the Conservation Trust Fund, Parks and Recreation Fund, Highway 6 Devolution Fund and American Rescue Fund). The Town's proprietary, or enterprise, funds include the Water Fund, the Sewer Fund and the Sanitation Fund. The remaining fiduciary (Agency Fund) statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the reporting entity. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the Town rather than the Town as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2022

FUND FINANCIAL STATEMENTS -- CONTINUED

The Town's fund financial statements are divided into three broad categories; namely (1) governmental funds; (2) proprietary funds; and, (3) fiduciary funds.

Governmental Funds – The Town's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the Town's programs. The relationship, or differences, between governmental activities reported in the statement of net assets and the statement of activities and the governmental funds is reconciled in the financial statements. The Town maintains the following governmental funds:

General Fund – used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Special Revenue Funds – used to account for proceeds of resources that are restricted or committed for purposes other than debt service or capital projects. The special revenue funds include the following:

Conservation Trust Fund – accounts for funds received and restricted for use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes.

Parks and Recreation Fund – accounts for funds used for expenditure for parks and recreation, including the Town's golf course.

Highway 6 Devolution Fund – accounts for funds restricted in use for expenditure for maintenance of 5.7 miles of Highway 6 located within the Town's limits.

American Rescue Fund – accounts for American Rescue Plan-Covid Relief emergency funding restricted in use for expenditure of infrastructure capital improvements.

Proprietary Funds – The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same. These funds are established to account for operations that are financed and operated in a manner similar to private enterprise, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The proprietary (enterprise) funds include the following:

Water Fund – accounts for activities related to water services to the citizens of the Town.

Sewer Fund – accounts for activities related to the sewage treatment facilities and transmission lines.

Sanitation Fund – accounts for activities related to trash collection and disposal.

Fiduciary Funds – Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, or other governmental units and funds. The fiduciary funds include the following.

Agency Funds – The agency fund accounts for monies maintained by the Town on behalf of the Gypsum Recreation Center Capital Committee. The committee is made up of members from the Town of Gypsum and the Mountain Recreation District, but is fiscally independent of these two governmental entities. The monies are used for ongoing capital maintenance and improvement of the Gypsum Recreation Center as approved by the committee. Since the resources are not available to support the Town's own programs these are not reflected in the governmental activities financial statements.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2022

THE TOWN AS A WHOLE

The perspective of the statement of net position is of the Town as a whole. Following is a summary of the Town's net position for the current and prior fiscal year.

| <i>(In Thousands)</i> | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|-----------|-----------------------------|-----------|-----------|-----------|
| | 2021 | | 2021 | | 2021 | |
| | 2022 | Restated | 2022 | Restated | 2022 | Restated |
| <u>ASSETS:</u> | | | | | | |
| Current and Other Assets | \$ 23,648 | \$ 15,987 | \$ 15,222 | \$ 11,086 | \$ 38,870 | \$ 27,073 |
| Other Non-Current Assets | 348 | 450 | 156 | 164 | 504 | 614 |
| Restricted Cash | 11,362 | 12,026 | 17 | 17 | 11,379 | 12,043 |
| Capital Assets, Net | 45,283 | 47,638 | 48,700 | 49,529 | 93,983 | 97,167 |
| ROU Assets, Net | 197 | 236 | - | - | 197 | 236 |
| Total Assets | 80,838 | 76,337 | 64,095 | 60,796 | 144,933 | 137,133 |
| <u>LIABILITIES:</u> | | | | | | |
| Current & Other Liabilities | 2,726 | 2,500 | 3,376 | 995 | 6,102 | 3,495 |
| Long-term Liabilities | 1,563 | 1,501 | 2,322 | 2,853 | 3,885 | 4,354 |
| Total Liabilities | 4,289 | 4,001 | 5,698 | 3,848 | 9,987 | 7,849 |
| <u>DEFERRED INFLOWS OF RESOURCES:</u> | | | | | | |
| Property Taxes | 957 | 939 | - | - | 957 | 939 |
| Related to Leases | 430 | 534 | - | - | 430 | 534 |
| Total Deferred Inflows | 1,387 | 1,473 | - | - | 1,387 | 1,473 |
| <u>NET POSITION:</u> | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 43,979 | 44,516 | 46,274 | 47,045 | 90,253 | 91,561 |
| Restricted | 11,748 | 11,099 | 17 | 17 | 11,765 | 11,116 |
| Unrestricted | 19,435 | 15,248 | 12,106 | 9,886 | 31,541 | 25,134 |
| Total Net Position | \$ 75,162 | \$ 70,863 | \$ 58,397 | \$ 56,948 | \$133,559 | \$127,811 |

As indicated earlier, net position may serve over time as a useful indicator of the Town's financial health. The Town's *overall* assets exceeded its liabilities and deferred inflows by \$133 million at December 31, 2022.

By far the largest portion of the Town's Net Position (67%) reflects its net investment of \$90 million in capital assets less the related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's Net Position, \$11.7 million (8.8%) represents resources that are subject to restrictions as to how they may be used; this includes statutorily required TABOR emergency reserves and monies restricted for capital improvements, community enhancement and conservation trust purposes.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2022

THE TOWN AS A WHOLE -- CONTINUED

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net assets for the fiscal year 2022:

| <i>(In Thousands)</i> | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|----------------------------|----------|-----------------------------|----------|----------|----------|
| | 2021 | | 2021 | | 2021 | |
| | 2022 | Restated | 2022 | Restated | 2022 | Restated |
| <u>REVENUES:</u> | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services/Sales | \$ 2,944 | \$ 2,502 | \$ 3,151 | \$ 2,863 | \$ 6,095 | \$ 5,365 |
| Operating Grants & Contrib. | 491 | 489 | - | - | 491 | 489 |
| Capital Grants & Contrib. | 869 | 1,094 | 1,807 | 3,495 | 2,676 | 4,589 |
| Total Program Revenues | 4,304 | 4,085 | 4,958 | 6,358 | 9,262 | 10,443 |
| General Revenues and Transfers: | | | | | | |
| Taxes | 13,116 | 10,805 | - | - | 13,116 | 10,805 |
| Intergovernmental Revenue | 848 | 837 | - | - | 848 | 837 |
| Interest/Investment Earnings | 433 | 9 | 181 | 4 | 614 | 13 |
| Gain on Asset Disposal | 59 | 1,036 | 30 | - | 89 | 1,036 |
| Transfers | (112) | (106) | 112 | 106 | - | - |
| Total General Revenues and Transfers | 14,344 | 12,581 | 323 | 110 | 14,667 | 12,691 |
| Total Revenues | 18,648 | 16,666 | 5,281 | 6,468 | 23,929 | 23,134 |
| <u>PROGRAM EXPENSES:</u> | | | | | | |
| General Government | 2,578 | 1,967 | - | - | 2,578 | 1,967 |
| Community Development | 1,189 | 1,087 | - | - | 1,189 | 1,087 |
| Public Safety | 1,982 | 1,318 | - | - | 1,982 | 1,318 |
| Streets & Public Works | 5,335 | 4,657 | - | - | 5,335 | 4,657 |
| Culture & Recreation | 3,082 | 3,147 | - | - | 3,082 | 3,147 |
| Economic Development | 147 | 160 | - | - | 147 | 160 |
| Interest - Gen'l Obligations | 36 | 40 | - | - | 36 | 40 |
| Water Utility | - | - | 2,090 | 2,223 | 2,090 | 2,223 |
| Sewer Utility | - | - | 1,373 | 1,212 | 1,373 | 1,212 |
| Sanitation Utility | - | - | 369 | 386 | 369 | 386 |
| Total Expenses | 14,349 | 12,376 | 3,832 | 3,821 | 18,181 | 16,197 |
| INCREASE (DECREASE) | | | | | | |
| IN NET POSITION | \$ 4,299 | \$ 4,290 | \$ 1,449 | \$ 2,647 | \$ 5,748 | \$ 6,937 |

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2022

THE TOWN AS A WHOLE -- CONTINUED

Governmental Activities

Revenues

The Town's governmental activities revenues increased approximately \$1.9 million, or 12% from the prior year. Notable increases occurred in sales taxes collected, real estate transfer taxes, and other development fees and charges.

Expenses

Program expenses for governmental activities increased approximately \$1.9 million, or 16% from the prior fiscal year. Increases occurred in salaries and benefits, streets repairs and maintenance, golf course maintenance and overall general government administrative costs such as professional services and utilities.

As indicated above, the statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services and the remaining net cost of program services supported by taxes and other general revenues:

| <i>(In Thousands)</i> | <u>Total Cost of Service</u> | | <u>Net Cost of Services</u> | |
|------------------------------------|------------------------------|-------------------------|-----------------------------|-------------------------|
| | <u>2022</u> | 2021 <u>Restated</u> | <u>2022</u> | 2021 <u>Restated</u> |
| General Government | \$ 2,578 | \$ 1,967 | \$ 999 | \$ 1,675 |
| Community Development | 1,189 | 1,087 | 1,088 | 959 |
| Public Safety | 1,982 | 1,318 | 1,905 | 1,101 |
| Streets & Public Works | 5,335 | 4,657 | 4,522 | 3,693 |
| Culture & Recreation | 3,082 | 3,147 | 1,618 | 858 |
| Economic Development | 147 | 160 | (123) | (43) |
| Interest - General Obligation Debt | 36 | 40 | 36 | 48 |
| Total Expenses | <u>\$ 14,349</u> | <u>\$ 12,376</u> | <u>\$ 10,045</u> | <u>\$ 8,291</u> |

The dependence on general revenues for governmental activities is essential. Approximately 70% of fiscal 2022 program services were supported through taxes and other general revenues, and 67% in 2021.

Business-Type Activities – The results of operations of the business-type activity indicate that the utility funds are generating enough revenues to be self-sustaining without assistance from the general fund:

| <i>(In Thousands)</i> | <u>Fiscal Year 2022</u> | <u>Fiscal Year 2021*</u> |
|---|-----------------------------|------------------------------|
| Operating Revenues | \$ 3,151 | \$ 2,863 |
| Capital Grants and Contributions | 1,807 | 3,495 |
| General Revenues | 211 | 4 |
| Total Revenues | <u>5,169</u> | <u>6,362</u> |
| Operating and Interest Expenses | <u>3,832</u> | <u>3,821</u> |
| Net Income (Loss), Before Capital Contributions | 1,337 | 2,541 |
| Transfer In (Out) | <u>112</u> | <u>106</u> |
| Change in Net Position (*2021 Restated) | <u>\$ 1,449</u> | <u>\$ 2,647</u> |

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2022

THE TOWN'S FUNDS

Governmental Funds

The governmental fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. The governmental fund level financial statements are reported on the modified accrual basis of accounting. At the fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the fund level, inflows from operating loans are presented as a revenue item while outflows for capital outlay and debt service principal payments are presented as an expenditure item, as these items represent current period financial resources and uses.

The General Fund ending fund balance increased from \$13,887,794 to \$20,412,280 during the current fiscal year. The net increase of \$6,524,486 represents the excess of current period revenues (financial sources) over current period expenses (financial uses). The ending fund balance in the amount of \$20,412,280, which includes \$1,062,681 in reserves and \$116,064 in non-spendable items, is the amount of net resources available for future spending. The majority of financial resources are from taxes and intergovernmental revenues from state, county and local taxes.

The Conservation Trust Fund ending fund balance increased from \$119,895 to \$173,728 during the current fiscal year. The net increase of \$53,833 represents the excess of current period revenues (financial resources) over current period expenditures (financial uses). The ending fund balance of \$173,728 is the amount of net resources available for future spending. The majority of financial resources are intergovernmental revenues from state lottery proceeds.

The Parks and Recreation Fund ending fund balance decreased from \$394,167 to \$179,643 during the current fiscal year. The net decrease of \$214,524 represents the excess of current period expenditures (financial uses) over current period revenues (financial resources). The ending fund balance of \$179,643 includes non-spendable items that total \$35,687 leaving assigned net resources available for future spending in the amount of \$143,956.

The Highway 6 Devolution Fund ending fund balance increased from \$10,601,530 to \$10,739,183. The ending fund balance of \$10,739,183 represents the amount of restricted funding to be used for future maintenance of Highway 6 infrastructure located within the Town limits.

The American Rescue Fund ending fund balance increased from \$7 to \$39,765. These monies are restricted for future capital infrastructure projects located within the Town.

Proprietary Funds

The proprietary fund level financial statements, as discussed above, use the same basis of accounting as business-type activities.

The Water Enterprise Fund ending net position increased \$605,260 from \$38,603,698 to \$39,208,958.

The Sewer Enterprise Fund ending net position increased \$717,473 from \$18,024,634 to \$18,742,107.

The Sanitation Enterprise Fund ending net position increased \$126,331 from \$319,736 to \$446,067.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2022

Proprietary Funds - Continued

Positive changes in net position reflect that the enterprise funds are currently generating enough operating and non-operating revenues to offset current year operating and non-operating expenses, while negative changes in net assets indicate that they are not. The net assets of the enterprise activities represent the amount of net resources, including capital assets, available to provide future utility services to the general public of the Town of Gypsum. Certain net assets have been restricted for future debt service in the Water Fund \$16,521. Unrestricted net assets, those not restricted or invested in capital assets, that are available for future spending are \$6,233,763 in the Water Fund; \$5,572,136 in the Sewer Fund; and \$300,815 in the Sanitation Fund.

GENERAL FUND BUDGETING HIGHLIGHTS

The Town's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note I(E)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) with the exception of the Proprietary (Enterprise) Funds. The reconciliation of the budgetary differences of the Proprietary Fund to GAAP is found in *Note I(E)*.

The budgeting system of the Town uses a line-item based budget, which is designed to control line-item expenditures, but provide flexibility for overall budgetary management. During the course of fiscal 2022, the Town did not amend their General Fund budget.

General Fund Resources (Inflows)

The Town's General Fund budgetary revenues and other financing sources in the amount of \$16,426,125 exceeded budgetary expectations of \$12,153,855 by \$4,272,270. Notable positive variances occurred for real estate transfer taxes, sales tax collections and the sale of fixed assets. Further detail of individual line-item revenues for the general fund can be found in the 'Supplemental Information' section following the notes to the financial statements.

General Fund Charges to Appropriations (Outflows)

The Town's General Fund budgetary expenditures and other financing uses of \$9,901,639 were \$7,566,156 less than the final appropriated fund balance of \$17,467,795. Savings occurred for professional services such as engineering and attorney fees related to managing the Town's resources, repairs and maintenance of the Town's infrastructure, and capital item expenditures being less than anticipated. Further detail of individual line-item expenditures for the general fund can be found in the 'Supplemental Information' section following the notes to the financial statements.

The Town Council and the Town's management continue to strive to budget appropriate amounts for each individual line item. This year's overall savings are indicative of the efforts to provide services in the most economical manner. This year's savings will have a positive impact on future year's fund balances.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the Town had a total of \$94 million in capital assets, consisting of \$45 million in governmental activities and \$45 million in business-type activities. The following reflects the balances of fiscal year 2022 compared to fiscal year 2021:

| <i>(In Thousands)</i> | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------|----------------------------|-----------|-----------------------------|-----------|-----------|-----------|
| | 2021 | | 2021 | | 2021 | |
| | 2022 | Restated | 2022 | Restated | 2022 | Restated |
| <i>Net of Depreciation:</i> | | | | | | |
| Land | \$ 7,525 | \$ 7,525 | \$ 214 | \$ 214 | \$ 7,739 | \$ 7,739 |
| Water Rights | - | - | 13,737 | 13,737 | 13,737 | 13,737 |
| Construction-in-Progress | 880 | 172 | 394 | 108 | 1,274 | 280 |
| Buildings | 11,167 | 11,653 | 43 | 45 | 11,210 | 11,698 |
| Lines, Meters, Plant | - | - | 34,118 | 35,131 | 34,118 | 35,131 |
| Improvements | 2,077 | 2,075 | - | - | 2,077 | 2,075 |
| Heavy Equipment | 908 | 894 | 194 | 294 | 1,102 | 1,188 |
| Office Equipment | 13 | 55 | - | - | 13 | 55 |
| Ballfields | - | 197 | - | - | - | 197 |
| Infrastructure | 22,628 | 24,982 | - | - | 22,628 | 24,982 |
| Total Capital Assets | \$ 45,198 | \$ 47,553 | \$ 48,700 | \$ 49,529 | \$ 93,898 | \$ 97,082 |

Debt

At December 31, 2022 the Town had a total of \$3,713,017 of outstanding long-term obligations, of which \$1,286,911 is carried in governmental activities and \$2,426,106 is carried in business-type activities. Additional information regarding debt service requirements is found in *Note 4* of the financial statements.

MAJOR INITIATIVES

In 2022, the bulk of the Town's general fund capital expenditures were invested in roadway improvement projects. Cooley Mesa Road was the focus of most of these improvements which included median removal and repavement through Airport Gateway, reconstruction and repavement from Jules Drive to the town shop and new curb and gutter from the town shop to Valley Road. In addition, segments of Beacon, Cotton Ranch and Valley Roads also received new pavement.

Gypsum was allocated \$1,853,704 from the American Rescue Plan Act of 2021 as a Non-Entitlement Unit of government and received its second portion of funds, \$926,829 in 2022. These funds have been earmarked by the town council to be used towards the town's forthcoming wastewater treatment plant upgrade and expansion project. The town launched the wastewater treatment plant upgrade project in 2021 by retaining Dewberry Engineering to lead the project. Design work is nearing completion, and MWH Constructors has been engaged to provide preconstruction services including the performance of value engineering to determine a final price.

A full council chamber audiovisual system upgrade and remodel was completed in 2022, but the project was plagued by supply chain availability and hardware problems throughout. The system was not yet performing to the town's expectations at the close of the year and received further attention in 2023 to ensure performance reliability and public meeting production quality.

Comcast continued their state-of-the-art fiber-optic network installation through 2022 and into the spring of 2023. The service connection phase continues at a pace, but the project buildout is now complete.

TOWN OF GYPSUM, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Fiscal Year Ended December 31, 2022

MAJOR INITIATIVES – *Continued*

The Gypsum Creek Clubhouse building also received significant investment in 2022, as the building was showing its age after years of public use far exceeding anything imagined when it was originally built as a private golf course clubhouse. A pipe burst in early January led to the restoration and remodel of the basement. The main floor deck areas over roofs to the basement level were removed and replaced so that the membrane system could be restored to prevent future leakage into the basement area. Prior to infill construction on the last empty lot on north Black Bear, Bobson Pond, which straddles the boundary between the golf course and the Cotton Ranch Metropolitan District, was dredged and deepened to reduce odors and inhibit future algae growth.

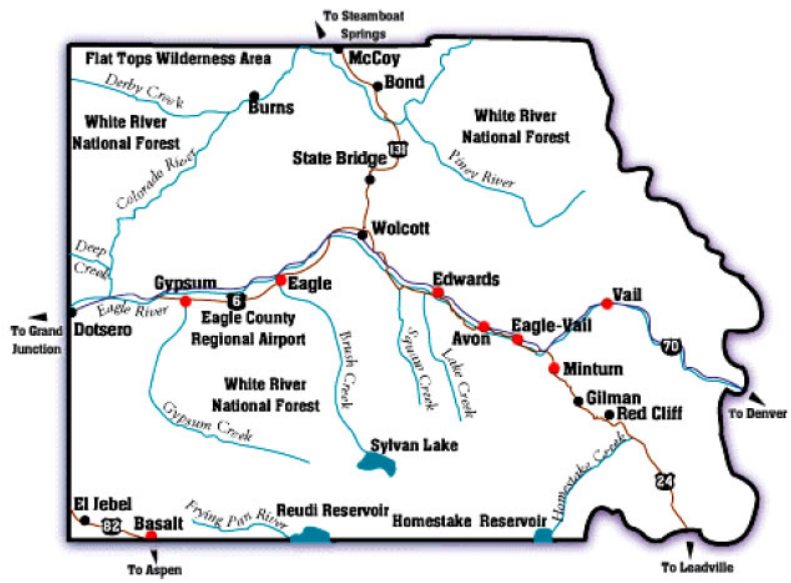
CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

Since 1990 the Town's population has increased from 1,750 to approximately 8,500. Although this growth has benefited the Town's financial position, the Town continues to seek ways to improve the quality and quantity of the services provided to the citizens of the Town of Gypsum. Sales and use tax revenue increased in 2022 when compared to 2021 by \$1,941,866 or 24%. Sales and use tax continue to be a principal source of the Town's governmental revenues, accounting for 61% of the General Fund revenues in 2022. In 2022, the Town's real estate transfer tax collections increased by \$248,400 or 9%, from 2021. The Town expects a minimal increase in sales tax and a decline in use tax and real estate transfer taxes in 2023. Enterprise activities will continue to rely on charges for services.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact the:

Town Gypsum, Colorado
P.O. Box 130
Gypsum, CO 81637
Phone: (970) 524-7514
Fax: (970) 524-7522
www.townofgypsum.com



GOVERNMENT - WIDE FINANCIAL STATEMENTS

TOWN OF GYPSUM, COLORADO

STATEMENT OF NET POSITION

December 31, 2022

| | Governmental Activities | Business-type Activities | Totals |
|---|----------------------------|-----------------------------|-----------------------|
| Current Assets: | | | |
| Cash and Investments | \$ 22,144,499 | \$ 14,800,887 | \$ 36,945,386 |
| Receivables: | | | |
| Property Taxes | 956,953 | - | 956,953 |
| Accounts Receivable | 241,872 | 397,144 | 639,016 |
| Leases Receivable (NPV) | 101,850 | - | 101,850 |
| Intergovernmental | 50,580 | - | 50,580 |
| Other Receivables | - | 24,060 | 24,060 |
| Other Assets | 151,751 | - | 151,751 |
| Total Current Assets | 23,647,505 | 15,222,091 | 38,869,596 |
| Non-Current Assets: | | | |
| Restricted Cash Balance | 11,361,814 | 16,521 | 11,378,335 |
| Prepaid Water Purchase Lease Costs | - | 156,650 | 156,650 |
| Lease Receivable (NPV) | 348,486 | - | 348,486 |
| Capital Assets: | | | |
| Non-Depreciable | 8,489,688 | 14,345,256 | 22,834,944 |
| Depreciable, Net | 36,793,183 | 34,354,747 | 71,147,930 |
| Right-to-Use (ROU) Assets, Net | 197,002 | - | 197,002 |
| Total Non-Current Assets | 57,190,173 | 48,873,174 | 106,063,347 |
| TOTAL ASSETS | 80,837,678 | 64,095,265 | 144,932,943 |
| Liabilities: | | | |
| Accounts Payable | 295,478 | 454,377 | 749,855 |
| Accrued Interest Payable | 5,325 | 6,335 | 11,660 |
| Accrued Wages & Related Expenses | 170,632 | 24,211 | 194,843 |
| Other Liabilities | 769,623 | - | 769,623 |
| Unearned Revenue | 1,190,697 | 2,675,612 | 3,866,309 |
| Long-term Debt: | | | |
| Portion Due or Payable within One Year: | | | |
| Accrued Vacation & Sick Pay | 89,092 | 27,873 | 116,965 |
| Lease Commitments | 36,413 | - | 36,413 |
| Lease Purchase – 2017 COP Refinance | 169,050 | 188,304 | 357,354 |
| Portion Due or Payable after One Year: | | | |
| Accrued Vacation & Sick Pay | 267,275 | 83,619 | 350,894 |
| Lease Commitments | 177,663 | - | 177,663 |
| Intergovernmental Loan | - | 2,090,113 | 2,090,113 |
| Lease Purchase – 2017 COP Refinance | 1,117,861 | 147,689 | 1,265,550 |
| Total Liabilities | 4,289,109 | 5,698,133 | 9,987,242 |
| Deferred Inflow of Resources: | | | |
| From Property Taxes | 956,953 | - | 956,953 |
| Related to Leases | 429,823 | - | 429,823 |
| Total Deferred Inflow of Resources | 1,386,776 | - | 1,386,776 |
| Net Position | | | |
| Invested in Capital Assets, Net of Related Debt | 43,978,886 | 46,273,897 | 90,252,783 |
| Restricted for Emergencies | 386,000 | - | 386,000 |
| Restricted – Other (see <i>Note IR</i>) | 11,361,814 | 16,521 | 11,378,335 |
| Unrestricted | 19,435,093 | 12,106,714 | 31,541,807 |
| TOTAL NET POSITION | \$ 75,161,793 | \$ 58,397,132 | \$ 133,558,925 |

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2022

| | PROGRAM REVENUES | | |
|---------------------------------------|---|---|---|
| <u>EXPENSES</u> | <u>Charges For Services and Sales</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| FUNCTION/PROGRAM ACTIVITIES | | | |
| PRIMARY GOVERNMENT | | | |
| GOVERNMENTAL ACTIVITIES: | | | |
| General Government | \$ 2,578,300 | \$ 833,972 | \$ - |
| Community Development | 1,189,227 | 101,478 | - |
| Public Safety | 1,981,915 | 77,209 | - |
| Streets and Public Works | 5,334,833 | 318,431 | 490,783 |
| Culture and Recreation | 3,082,331 | 1,343,659 | - |
| Economic Development | 146,690 | 269,814 | - |
| Interest on General Long-term Debt | 35,539 | - | - |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>14,348,835</u> | <u>2,944,563</u> | <u>490,783</u> |
| BUSINESS-TYPE ACTIVITIES: | | | |
| Water Utility | 2,089,845 | 1,443,877 | - |
| Sewer Utility | 1,372,901 | 1,247,352 | - |
| Sanitation Utility | 368,968 | 459,557 | - |
| TOTAL BUSINESS-TYPE ACTIVITIES | <u>3,831,714</u> | <u>3,150,786</u> | <u>-</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 18,180,549</u> | <u>\$ 6,095,349</u> | <u>\$ 490,783</u> |

GENERAL REVENUES AND TRANSFERS:

Taxes:

- Property Taxes, Levied for General Purposes
- Specific Ownership Taxes, for General Purposes
- Sales and Use Tax
- Franchise Tax
- Real-Estate Transfer Tax

Grants and Entitlements Not Restricted to Specific Programs:

- Intergovernmental – County Sales Tax
- Intergovernmental – Cigarette Tax
- Unrestricted Interest and Investment Earnings
- Transfers In (Out)
- Gain/(Loss) on Asset Disposition

Total General Revenues and Transfers

Change in Net Position

NET POSITION – BEGINNING OF YEAR (RESTATED)

NET POSITION – END OF YEAR

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

| Governmental Activities | Business-Type Activities | Total |
|----------------------------|-----------------------------|----------------|
| \$ (998,856) | - | \$ (998,856) |
| (1,087,749) | - | (1,087,749) |
| (1,904,706) | - | (1,904,706) |
| (4,522,227) | - | (4,522,227) |
| (1,618,478) | - | (1,618,478) |
| 123,124 | - | 123,124 |
| (35,539) | - | (35,539) |
| (10,044,431) | - | (10,044,431) |
| - | \$ 500,642 | 500,642 |
| - | 534,911 | 534,911 |
| - | 90,589 | 90,589 |
| - | 1,126,142 | 1,126,142 |
| (10,044,431) | 1,126,142 | (8,918,289) |
| 925,355 | - | 925,355 |
| 50,670 | - | 50,670 |
| 9,641,783 | - | 9,641,783 |
| 297,113 | - | 297,113 |
| 2,200,963 | - | 2,200,963 |
| 405,195 | - | 405,195 |
| 442,903 | - | 442,903 |
| 432,578 | 180,562 | 613,140 |
| (112,360) | 112,360 | - |
| 59,361 | 30,000 | 89,361 |
| 14,343,561 | 322,922 | 14,666,483 |
| 4,299,130 | 1,449,064 | 5,748,194 |
| 70,862,663 | 56,948,068 | 127,810,731 |
| \$ 75,161,793 | \$ 58,397,132 | \$ 133,558,925 |

FUND FINANCIAL STATEMENTS

TOWN OF GYPSUM, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

| | General Fund | Conservation Trust Fund | Parks and Recreation Fund |
|---|----------------------|----------------------------|------------------------------|
| <u>ASSETS:</u> | | | |
| Cash and Investments | \$ 21,171,911 | \$ 173,728 | \$ 273,494 |
| Receivables – Net: | | | |
| Property Taxes | 956,953 | - | - |
| Accounts Receivable | 233,083 | - | 8,789 |
| Lease Receivable (NPV) | 217,803 | - | 232,533 |
| Intergovernmental Receivable | 50,580 | - | - |
| Other Assets | <u>116,064</u> | <u>-</u> | <u>35,687</u> |
| Total Assets | <u>\$ 22,746,394</u> | <u>\$ 173,728</u> | <u>\$ 550,503</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</u> | | | |
| Liabilities: | | | |
| Accounts Payable | \$ 248,725 | \$ - | \$ 46,753 |
| Accrued Wages & Related Expenses | 150,854 | - | 19,778 |
| Unearned Revenues | - | - | 82,465 |
| Other Liabilities | <u>769,623</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>1,169,202</u> | <u>-</u> | <u>148,996</u> |
| Deferred Inflows of Resources: | | | |
| Unavailable Revenues | | - | |
| From Property Taxes | 956,953 | - | - |
| Related to Leases | <u>207,959</u> | <u>-</u> | <u>221,864</u> |
| Total Deferred Inflows | <u>1,164,912</u> | <u>-</u> | <u>221,864</u> |
| Fund Balances: | | | |
| Nonspendable | 116,064 | - | 35,687 |
| Restricted for - | | | |
| Enhancement Fund | 253,616 | - | - |
| Conservation Trust | - | 173,728 | - |
| Emergency Reserves | 386,000 | - | - |
| Highway 6 Devolution | - | - | - |
| Capital Projects | 195,287 | - | - |
| Committed for - | | | |
| Wildlife Mitigation | 227,778 | - | - |
| Assigned for - | | | |
| Golf Course Operations | - | - | 143,956 |
| American Rescue | - | - | - |
| Unassigned | <u>19,233,535</u> | <u>-</u> | <u>-</u> |
| Total Fund Balance | <u>20,412,280</u> | <u>173,728</u> | <u>179,643</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 22,746,394</u> | <u>\$ 173,728</u> | <u>\$ 550,503</u> |

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

| <u>Highway 6 Devolution Fund</u> | <u>American Rescue Fund</u> | <u>Total Governmental Funds</u> |
|--------------------------------------|---------------------------------|---|
| \$ 10,739,183 | \$ 1,147,997 | \$ 33,506,313 |
| - | - | 956,953 |
| - | - | 241,872 |
| - | - | 450,336 |
| - | - | 50,580 |
| <u>-</u> | <u>-</u> | <u>151,751</u> |
| <u>\$ 10,739,183</u> | <u>\$ 1,147,997</u> | <u>\$ 35,357,805</u> |
| | | |
| \$ - | \$ - | \$ 295,478 |
| - | - | 170,632 |
| - | 1,108,232 | 1,190,697 |
| <u>-</u> | <u>-</u> | <u>769,623</u> |
| <u>-</u> | <u>1,108,232</u> | <u>2,426,430</u> |
| | | |
| - | - | 956,953 |
| <u>-</u> | <u>-</u> | <u>429,823</u> |
| <u>-</u> | <u>-</u> | <u>1,386,776</u> |
| | | |
| - | - | 151,751 |
| - | - | 253,616 |
| - | - | 173,728 |
| - | - | 386,000 |
| 10,739,183 | - | 10,739,183 |
| - | - | 195,287 |
| - | - | 227,778 |
| - | - | 143,956 |
| - | 39,765 | 39,765 |
| <u>-</u> | <u>-</u> | <u>19,233,535</u> |
| <u>10,739,183</u> | <u>39,765</u> | <u>31,544,599</u> |
| | | |
| <u>\$ 10,739,183</u> | <u>\$ 1,147,997</u> | <u>\$ 35,357,805</u> |

TOWN OF GYPSUM, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2022

TOTAL GOVERNMENTAL FUND BALANCES \$ 31,544,599

Amounts reported for governmental activities on the statement of net position is different because of the following:

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

| | | |
|-------------------------------|------------------|------------|
| Governmental Capital Assets | \$ 92,130,271 | |
| Less Accumulated Depreciation | (46,847,400) | |
| Right-of-Use Assets | 315,133 | |
| Less Accumulated Amortization | <u>(118,131)</u> | 45,479,873 |

Some liabilities are not due and payable in the current year and therefore, are not reported in the governmental funds:

| | | |
|--|------------------|-----------|
| Accrued Interest Payable | \$ (5,325) | |
| Accrued Compensated Absences | (356,367) | |
| Current Portion of Lease Commitments | (36,413) | |
| Current Portion of Long-term Liabilities | <u>(169,050)</u> | (567,155) |

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

| | | |
|-----------------------|--------------------|--------------------|
| Lease Commitments | \$ (177,663) | |
| Long-term Liabilities | <u>(1,117,861)</u> | <u>(1,295,524)</u> |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 75,161,793

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2022

| | <u>General Fund</u> | <u>Conservation Trust Fund</u> | <u>Parks and Recreation Fund</u> |
|--|-------------------------|------------------------------------|--------------------------------------|
| <u>Revenues:</u> | | | |
| Taxes | \$ 13,963,982 | \$ - | \$ - |
| Licenses and Permits | 72,417 | - | - |
| Intergovernmental | 490,783 | 51,657 | - |
| Charges for Services | 83,058 | - | 1,343,659 |
| Community Development | 1,170,335 | - | - |
| Miscellaneous | 396,848 | - | - |
| Sale of Fixed Assets | - | - | 9,536 |
| Interest Income | 248,702 | 2,176 | 4,289 |
| | <u>16,426,125</u> | <u>53,833</u> | <u>1,357,484</u> |
| Total Revenues | | | |
| <u>Expenditures:</u> | | | |
| General Government | 2,530,794 | - | - |
| Community Development | 1,157,985 | - | - |
| Public Safety | 1,344,133 | - | - |
| Streets and Public Works | 2,598,046 | - | - |
| Culture and Recreation | 1,108,185 | - | 1,620,367 |
| Economic Development | 146,690 | - | - |
| Capital Outlay | 403,446 | - | 249,756 |
| Debt Service: | | | |
| Principal | - | - | 165,573 |
| Interest | - | - | 36,312 |
| | <u>9,289,279</u> | <u>-</u> | <u>2,072,008</u> |
| Total Expenditures | | | |
| Excess Revenues Over (Under) Expenditures | 7,136,846 | 53,833 | (714,524) |
| <u>Other Financing Sources and (Uses):</u> | | | |
| Transfers from Other Funds | - | - | 500,000 |
| Transfers (to) Other Funds | (612,360) | - | - |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | 6,524,486 | 53,833 | (214,524) |
| Fund Balances – Beginning (Restated) | <u>13,887,794</u> | <u>119,895</u> | <u>394,167</u> |
| Fund Balances – Ending | <u>\$ 20,412,280</u> | <u>\$ 173,728</u> | <u>\$ 179,643</u> |

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

| <u>Highway 6 Devolution Fund</u> | <u>American Rescue Fund</u> | <u>Total Governmental Funds</u> |
|--------------------------------------|---------------------------------|---|
| \$ - | \$ - | \$ 13,963,982 |
| - | - | 72,417 |
| - | 745,472 | 1,287,912 |
| - | - | 1,426,717 |
| - | - | 1,170,335 |
| - | - | 396,848 |
| - | - | 9,536 |
| <u>137,653</u> | <u>39,758</u> | <u>432,578</u> |
| <u>137,653</u> | <u>785,230</u> | <u>18,760,325</u> |
| - | - | 2,530,794 |
| - | - | 1,157,985 |
| - | - | 1,344,133 |
| - | - | 2,598,046 |
| - | - | 2,728,552 |
| - | - | 146,690 |
| - | 745,472 | 1,398,674 |
| - | - | 165,573 |
| <u>-</u> | <u>-</u> | <u>36,312</u> |
| <u>-</u> | <u>745,472</u> | <u>12,106,759</u> |
| 137,653 | 39,758 | 6,653,566 |
| - | - | 500,000 |
| <u>-</u> | <u>-</u> | <u>(612,360)</u> |
| 137,653 | 39,758 | 6,541,206 |
| <u>10,601,530</u> | <u>7</u> | <u>25,003,393</u> |
| <u>\$ 10,739,183</u> | <u>\$ 39,765</u> | <u>\$ 31,544,599</u> |

TOWN OF GYPSUM, COLORADO
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2022

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS \$ 6,541,206

Amounts reported for governmental activities on the Statement of Activities
are different because of the following:

Governmental Funds report capital outlays as expenditures and contributed infrastructure is not recorded; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which fixed asset additions exceeded depreciation.

| | | |
|----------------|--------------------|-------------|
| Capital Outlay | \$ 1,029,595 | |
| Depreciation | <u>(3,384,285)</u> | (2,354,690) |

Governmental funds report lease activity as expenditures; however, on the Statement of Activities the right-of-use assets are recognized at net present value and the related lease commitments are recognized over the term of the leases, with applicable adjustments to lease expense. This is the change in the net present value (NPV).

| | | |
|-----------------------------|---------------|---------|
| ROU Lease Assets NPV Adj. | \$ (39,376) | |
| ROU Lease Commitments Repay | <u>34,682</u> | (4,694) |

Proceeds from the issuance of long-term debt provide current financial resources to governmental funds, but issuing long-term debt increase long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

165,573

Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year. This is the amount total accrued leave increased this year.

(49,038)

Interest expense is recognized as an expenditure in the governmental funds when due, and this requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when due. This is the amount by which accrued interest decreased.

773

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 4,299,130

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2022

| | Business-Type Activities | | | Total |
|--|--------------------------|--------------------------|-----------------------|--------------------------|
| | Enterprise Funds | | | |
| | Water Fund | Sewer Fund | Sanitation Fund | |
| <u>ASSETS AND DEFERRED</u> | | | | |
| <u>OUTFLOWS OF RESOURCES:</u> | | | | |
| Current Assets: | | | | |
| Cash and Investments | \$ 8,366,495 | \$ 6,150,659 | \$ 283,733 | \$ 14,800,887 |
| Receivables – Net | | | | |
| Accounts Receivable | 231,106 | 121,751 | 44,287 | 397,144 |
| Other Receivables | 24,060 | - | - | 24,060 |
| Total Current Assets | <u>8,621,661</u> | <u>6,272,410</u> | <u>328,020</u> | <u>15,222,091</u> |
| Non-Current Assets: | | | | |
| Restricted Cash Balances | 16,521 | - | - | 16,521 |
| Prepaid Water Lease Costs | 156,650 | - | - | 156,650 |
| Capital Assets, Net of | | | | |
| Non-Depreciable | 13,823,118 | 522,138 | - | 14,345,256 |
| Depreciable, Net | <u>21,561,662</u> | <u>12,647,833</u> | <u>145,252</u> | <u>34,354,747</u> |
| Total Non-Current Assets | <u>35,557,951</u> | <u>13,169,971</u> | <u>145,252</u> | <u>48,873,174</u> |
| Total Assets | <u>\$ 44,179,612</u> | <u>\$ 19,442,381</u> | <u>\$ 473,272</u> | <u>\$ 64,095,265</u> |
| <u>LIABILITIES, DEFERRED INFLOWS</u> | | | | |
| <u>OF RESOURCES AND NET POSITION:</u> | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | \$ 158,838 | \$ 286,440 | \$ 9,099 | \$ 454,377 |
| Accrued Interest | 6,335 | - | - | 6,335 |
| Accrued Wages and Related Expenses | 15,960 | 6,787 | 1,464 | 24,211 |
| Accrued Vacation and Sick Pay | 13,888 | 9,825 | 4,161 | 27,873 |
| Unearned Revenue | 2,307,864 | 367,748 | - | 2,675,612 |
| Current Maturities of Long-term Debt - Net | <u>188,304</u> | <u>-</u> | <u>-</u> | <u>188,304</u> |
| Total Current Liabilities | <u>2,691,189</u> | <u>670,800</u> | <u>14,724</u> | <u>3,376,712</u> |
| Non-Current Liabilities: | | | | |
| Accrued Vacation and Sick Pay | 41,663 | 29,474 | 12,482 | 83,619 |
| Lease Purchase – 2017 COP Refinance | 147,689 | - | - | 147,689 |
| Intergovernmental Loan | <u>2,090,113</u> | <u>-</u> | <u>-</u> | <u>2,090,113</u> |
| Total Non-Current Liabilities | <u>2,279,465</u> | <u>27,474</u> | <u>12,482</u> | <u>2,090,113</u> |
| Total Liabilities | <u>4,970,654</u> | <u>700,274</u> | <u>27,205</u> | <u>5,698,133</u> |
| Net Position: | | | | |
| Invested in Capital Assets, Net of Related Debt | 32,958,674 | 13,169,971 | 145,252 | 46,273,897 |
| Restricted for Debt Service | 16,521 | - | - | 16,521 |
| Unrestricted | <u>6,233,763</u> | <u>5,572,136</u> | <u>300,815</u> | <u>12,106,714</u> |
| Total Net Position | <u>39,208,958</u> | <u>18,742,107</u> | <u>446,067</u> | <u>58,397,132</u> |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 44,179,612</u> | <u>\$ 19,442,381</u> | <u>\$ 473,272</u> | <u>\$ 64,095,265</u> |

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2022

| | Business-Type Activities Enterprise Funds | | | Total |
|--|--|----------------------|--------------------|----------------------|
| | Water Fund | Sewer Fund | Sanitation Fund | |
| <u>OPERATING REVENUES:</u> | | | | |
| Service Fees | \$ 1,298,586 | \$ 1,247,352 | \$ 459,557 | \$ 3,005,495 |
| Other Operating Revenues | <u>145,291</u> | <u>-</u> | <u>-</u> | <u>145,291</u> |
| Total Operating Revenues | <u>1,443,877</u> | <u>1,247,352</u> | <u>459,557</u> | <u>3,150,786</u> |
| <u>OPERATING EXPENSES:</u> | | | | |
| System Operations: | | | | |
| Salaries | 377,473 | 274,236 | 73,688 | 725,397 |
| Payroll Taxes | 34,542 | 20,479 | 5,524 | 60,545 |
| Employee Benefits | 111,752 | 94,694 | 31,780 | 238,226 |
| Utilities | 45,523 | 25,288 | - | 70,811 |
| Operating Supplies | 166,840 | 10,384 | 3,783 | 181,007 |
| Non-Capitalized Outlay/Repairs | 159,350 | 1,254 | - | 160,604 |
| Repairs and Maintenance | 153,473 | 317,957 | 52,687 | 524,117 |
| System Component Upgrades | 69,109 | - | - | 69,109 |
| Water Purchase | 35,111 | - | - | 35,111 |
| Landfill Fees | - | - | 86,736 | 86,736 |
| Eagle River Monitoring | 9,000 | - | - | 9,000 |
| Depreciation | 553,182 | 400,614 | 58,101 | 1,011,897 |
| Miscellaneous | <u>24,335</u> | <u>863</u> | <u>-</u> | <u>25,198</u> |
| Total System Operations | <u>1,739,690</u> | <u>1,145,769</u> | <u>312,299</u> | <u>3,197,758</u> |
| Administration: | | | | |
| Salaries | 59,700 | 48,385 | 31,247 | 139,332 |
| Payroll Taxes | 6,938 | 5,392 | 3,127 | 15,457 |
| Employee Benefits | 12,258 | 10,551 | 7,105 | 29,914 |
| Office and Billing | 14,767 | 18,539 | 15,190 | 48,496 |
| Dues and Permits | 1,645 | 4,538 | - | 6,183 |
| Professional Services | 210,222 | 1,176 | - | 211,398 |
| Miscellaneous | <u>3,450</u> | <u>138,551</u> | <u>-</u> | <u>142,001</u> |
| Total Administration | <u>308,980</u> | <u>227,132</u> | <u>56,669</u> | <u>592,781</u> |
| Total Operating Expenses | <u>2,048,670</u> | <u>1,372,901</u> | <u>368,968</u> | <u>3,790,539</u> |
| Operating Income (Loss) | <u>(604,793)</u> | <u>(125,549)</u> | <u>90,589</u> | <u>(639,753)</u> |
| <u>NON-OPERATING REVENUES (EXPENSES):</u> | | | | |
| Tap Fees | 651,210 | 609,710 | - | 1,260,920 |
| Developer Contributions | 59,670 | 50,750 | - | 110,420 |
| Dedication Fees | 435,730 | - | - | 435,730 |
| Sale of Assets | - | - | 30,000 | 30,000 |
| Interest Income | 104,618 | 70,202 | 5,742 | 180,562 |
| Interest Expense | <u>(41,175)</u> | <u>-</u> | <u>-</u> | <u>(41,175)</u> |
| Total Non-Operating Revenues (Expenses) | <u>1,210,053</u> | <u>730,662</u> | <u>35,742</u> | <u>1,976,457</u> |
| Income (Loss) Before Contributions & Transfers | 605,260 | 605,113 | 126,331 | 1,336,704 |
| Transfers In (Out) | <u>-</u> | <u>112,360</u> | <u>-</u> | <u>112,360</u> |
| Change in Net Position | 605,260 | 717,473 | 126,331 | 1,449,064 |
| Net Position – Beginning (Restated) | <u>38,603,698</u> | <u>18,024,634</u> | <u>319,736</u> | <u>56,948,068</u> |
| Net Position – Ending | <u>\$ 39,208,958</u> | <u>\$ 18,742,107</u> | <u>\$ 446,067</u> | <u>\$ 58,397,132</u> |

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2022

| | Business-Type Activities Enterprise Funds | | | Total |
|--|--|---------------|--------------------|---------------|
| | Water Fund | Sewer Fund | Sanitation Fund | |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | | |
| Cash Received from Customers | \$ 1,320,501 | \$ 1,244,559 | \$ 450,141 | \$ 3,015,201 |
| Cash Payments for Goods and Services | (987,004) | (433,681) | (204,117) | (1,624,802) |
| Cash Payments to Employees | (422,088) | (324,147) | (107,962) | (854,197) |
| Net Cash Provided (Used) by Operating Activities | (88,591) | 486,731 | 138,062 | 536,202 |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u> | | | | |
| Tap Fees | 834,214 | 921,778 | - | 1,755,992 |
| Additions to Property, Plant & Equipment | (59,670) | (337,152) | - | (396,822) |
| Developer Contributions | 59,670 | 50,750 | - | 110,420 |
| Proceeds from Sale of Assets | - | - | 30,000 | 30,000 |
| Water Dedication Fees | 1,822,740 | - | - | 1,822,740 |
| Transfers In (Out) | - | 112,360 | - | 112,360 |
| Principal (Paid) on Long-term Debt | (58,724) | - | - | (58,724) |
| Interest (Paid) on Long-term Debt | (41,374) | - | - | (41,374) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 2,556,856 | 747,736 | 30,000 | 3,334,592 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | | |
| Interest | 104,618 | 70,202 | 5,742 | 180,562 |
| Net Cash Provided (Used) by Investing Activities | 104,618 | 70,202 | 5,742 | 180,562 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 2,572,883 | 1,304,669 | 173,804 | 4,051,356 |
| Cash at Beginning of Year | 5,810,133 | 4,845,990 | 109,929 | 10,766,052 |
| Cash at End of Year | \$ 8,383,016 | \$ 6,150,659 | \$ 283,733 | \$ 14,817,408 |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u> | | | | |
| Operating Income (Loss) | \$ (604,793) | \$ (125,549) | \$ 90,589 | \$ (639,753) |
| Non-Cash Expenses Included in Operating Income – | | | | |
| Depreciation & Amortization | 553,182 | 400,614 | 58,101 | 1,011,897 |
| Other Deferred Cost Recognition | 7,400 | - | - | 7,400 |
| Change in Assets and Liabilities – | | | | |
| Decrease (Increase) Receivables | (123,376) | (2,793) | (9,416) | (135,585) |
| Increase (Decrease) in Accounts Payable | 63,911 | 215,985 | 1,815 | 281,711 |
| Increase (Decrease) in Accrued Liabilities | 15,085 | (1,526) | (3,027) | 10,532 |
| Net Cash Provided (Used) by Operating Activities | \$ (88,591) | \$ 486,731 | \$ 138,062 | \$ 536,202 |
| NON-CASH FINANCING ACTIVITY: | | | | |
| Infrastructure Dedications Accepted | \$ 59,670 | \$ 50,750 | \$ - | \$ 110,420 |

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
For the Year Ended December 31, 2022

AGENCY FUNDS

Gypsum
Recreation
Center Capital
Committee

ASSETS:

| | |
|--------------|--------------------------|
| Cash | \$ <u>253,616</u> |
| Total Assets | \$ <u><u>253,616</u></u> |

LIABILITIES:

| | |
|-------------------|----------|
| Accounts Payable | \$ - |
| Total Liabilities | <u>-</u> |

NET POSITION:

| | |
|---|--------------------------|
| Held in Trust for: Capital Repairs & Maintenance | <u>253,616</u> |
| Total Net Position | \$ <u><u>253,616</u></u> |

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AGENCY FUND – GYPSUM RECREATION CENTER CAPITAL COMMITTEE
For the Year Ended December 31, 2022

Gypsum Recreation Center Capital Committee

| | <u>Actual</u> |
|--|---------------|
| <u>ADDITIONS:</u> | |
| Contributions from Town of Gypsum | \$ 50,000 |
| Contributions from WECMRD | 50,000 |
| Interest Income | 3 |
| Total Additions | 100,003 |
| <u>DEDUCTIONS:</u> | |
| Capital Repairs & Maintenance | 92,381 |
| Total Deductions | 92,381 |
| Change in Net Position | 7,622 |
| Net Position - Beginning (<i>Restated</i>) | 245,994 |
| Net Position - Ending | \$ 253,616 |

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

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Gypsum are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Significant accounting policies of the Town of Gypsum are described below.

A. Financial Reporting Entity

The Town of Gypsum was organized in 1911, under provisions of the Colorado State Statutes. The provisions of its home rule charter that was adopted in 1982 currently govern the Town. The Town operates under a Council-Mayoral form of government whereby the elected Mayor and Town Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes to govern the Town.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes. The reporting entity consists of (a) the primary government; i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the Town is not financially accountable for any other entity and, therefore, the Town's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the Town's reporting entity, nor is the Town a component unit of any other government. The Town's financial statements include the accounts of all Town operations.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The statement of net position presents the financial condition of the governmental activities of the Town at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities.

In the statement of activities, direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town. The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from current year operations.

FUND FINANCIAL STATEMENTS

During the fiscal year, the Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds, if applicable, are aggregated and presented in a single column. Enterprise and fiduciary funds are reported by type.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The Town's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or limitations based upon the purposes for which they are to be spent and by means by which spending activities are controlled. The various funds of the Town are outlined in the following paragraphs.

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Town for any purpose provided it is expended or transferred according to general statutory laws.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of special revenue sources that are restricted or committed for purposes other than debt service or capital projects.

Conservation Trust Fund is a special revenue fund used to account for revenue from the Colorado Lottery restricted for use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes.

Parks and Recreation Fund is a special revenue fund used to account for funds to be expended on parks and recreation, the operations of the Town's golf course and sales tax revenues that are restricted for the retirement of the 2005 revenue bonds (*Note 5*).

Highway 6 Devolution Fund is a special revenue fund used to account for funds to be expended on maintenance of 5.7 miles of Highway 6 located within the Town's limits.

American Rescue Fund is a special revenue fund used to account for emergency funding to be expended on capital infrastructure projects.

PROPRIETARY FUNDS

Enterprise Funds – The Water Fund, Sewer Fund and Sanitation Fund are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUNDS

Agency Funds – Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and other governmental units and funds. The Town's agency fund consists of the Gypsum Recreation Center Capital Committee.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town receives value without directly giving equal value in return, consist of property taxes, other taxes and fines and penalties. All assets and all liabilities associated with the operation of the Town are included on the statement of net position.

FUND FINANCIAL STATEMENTS

All governmental funds are accounted for using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between government-wide and governmental fund statements. Under this method, revenues are recognized when measurable and available. The Town considers all revenues available if they are collected within 60 days after year-end. Those revenues susceptible to accrual are property taxes, sales taxes, highway user taxes, and reimbursements from developers for professional fees.

Taxpayer-assessed local property and specific ownership taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for outstanding general long-term liabilities which are reported as expenditures when paid.

Like the government-wide financial statements, the enterprise fund is accounted for using a flow of economic resources measurement focus. This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in revenues, expenses, and changes in net position, presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the Town finances and meets the cash flow needs of its enterprise fund.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting

The Town annually adopts budgets for all funds as required by its Home Rule Municipal Charter. This formal budgetary integration is employed as a management control device during the year for all funds. As required by the Home Rule Charter and Colorado Statutes, the Town follows this timetable in approving and enacting a budget for the ensuing year:

- 1) Prior to August 25, the County Assessor sends the Town the preliminary certified assessed valuation of all taxable property within the Town's boundaries.
- 2) The Mayor, or other qualified persons appointed by the Council, submits to the Council, on or before October 15, a recommended budget which details the necessary property taxes needed along with other available revenues to meet the Town's operating requirements. The Mayor is to submit to the Council a long-range capital program two weeks before the submission of the recommended budget.
- 3) The Council holds a public hearing on the proposed budget and capital program no later than 45 days prior to the close of the fiscal year.
- 4) Prior to December 10, the County Assessor sends the Town the final certified assessed valuation of all taxable property within the Town's boundaries.
- 5) Prior to December 15, the Town Council computes and certifies to the County Commissioners a rate of levy that will derive the necessary property taxes as computed in the proposed budget.
- 6) After the required public hearing, the Town Council adopts the proposed budget, by ordinance, prior to December 15. The ordinance adopting the budget also legally appropriates expenditures for the upcoming year.
- 7) After adoption of the budget ordinance, the Town may make, by ordinance, the following changes: (a) supplemental appropriations of revenues to the extent of revenues in excess of the estimated budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient. At any time during the year, the Town Council may, by resolution, transfer part or all of any unexpended funds from one department or office to another.
- 8) Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the total budget of any fund. Budget amounts included in the financial statements are based on the final, legally amended budget.
- 9) Budget appropriations lapse at the end of each year.

The Town legally adopted annual budgets for all of the Town's funds for 2022.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting (continued)

During the year the Town amended its budgeted appropriations as follows:

| | <u>Original</u> | <u>Revised</u> | Increase (Decrease) |
|---------------------------|-----------------|----------------|------------------------|
| General Fund | \$ 17,467,795 | \$ 17,467,795 | \$ - |
| Conservation Trust Fund | - | - | - |
| Parks and Recreation Fund | 2,224,679 | 2,224,679 | - |
| Water Fund | 4,862,038 | 4,862,038 | - |
| Sewer Fund | 3,741,795 | 2,991,795 | (750,000) |
| Sanitation Fund | 480,826 | 480,826 | - |
| Highway 6 Devolution Fund | - | - | - |
| American Rescue Fund | - | 750,000 | 750,000 |

(The Town does not adopt a budget for the Gypsum Recreation Center Capital Committee Agency Fund)

The budgets for the Governmental Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The budgets for the Enterprise Funds are adopted on a Non-GAAP basis and are reconciled from GAAP basis to budgetary basis as follows:

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|-------------------------------------|---------------------|---------------------|------------------------------------|
| <u>Water Fund</u> | | | |
| Revenues: | | | |
| GAAP Operating Revenues | \$ 1,290,000 | \$ 1,443,877 | \$ 153,877 |
| GAAP Non-Operating Revenues | 1,126,220 | 1,251,228 | 125,008 |
| Less Developer Contributions | - | (59,670) | (59,670) |
| Total Budgetary Based Revenues | <u>\$ 2,416,220</u> | <u>\$ 2,635,435</u> | <u>\$ 219,215</u> |
| Expenses | | | |
| GAAP Operating Expenses | \$ 3,689,244 | \$ 2,048,670 | \$ 1,640,574 |
| GAAP Non-Operating Expenses | 78,307 | 41,175 | 37,132 |
| Capital Outlay | 907,569 | - | 907,569 |
| Debt Retirement | 186,918 | 58,725 | 128,193 |
| Accrued Interest | - | 199 | (199) |
| Amortization of Prepaid Water Lease | - | (7,400) | 7,400 |
| Depreciation | - | (553,182) | 553,182 |
| Total Budgetary Based Expenses | <u>\$ 4,862,038</u> | <u>\$ 1,588,187</u> | <u>\$ 3,273,851</u> |

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgets and Budgetary Accounting (continued)

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--------------------------------|---------------------|---------------------|------------------------------------|
| <u>Sewer Fund</u> | | | |
| Revenues: | | | |
| GAAP Operating Revenues | \$ 1,190,500 | \$ 1,247,352 | \$ 56,852 |
| GAAP Non-Operating Revenues | 704,300 | 730,662 | 26,362 |
| Less Developer Contributions | - | (50,750) | (50,750) |
| Transfer In(Out) | <u>112,360</u> | <u>112,360</u> | <u>-</u> |
| Total Budgetary Based Revenues | <u>\$ 2,007,160</u> | <u>\$ 2,039,624</u> | <u>\$ 32,464</u> |
| Expenses: | | | |
| GAAP Operating Expenses | \$ 956,319 | \$ 1,372,901 | \$ (416,582) |
| Capital Outlay | 2,785,476 | 286,402 | 2,499,074 |
| Depreciation | <u>-</u> | <u>(400,614)</u> | <u>400,614</u> |
| Total Budgetary Based Expenses | <u>\$ 3,741,795</u> | <u>\$ 1,258,689</u> | <u>\$ 2,483,106</u> |
| | | | |
| <u>Sanitation Fund</u> | | | |
| Revenues: | | | |
| GAAP Operating Revenues | \$ 438,400 | \$ 459,557 | \$ 21,157 |
| GAAP Non-Operating Revenues | <u>70</u> | <u>35,742</u> | <u>35,672</u> |
| Total Budgetary Based Revenues | <u>\$ 438,470</u> | <u>\$ 495,299</u> | <u>\$ 56,829</u> |
| Expenses: | | | |
| GAAP Operating Expenses | \$ 330,826 | \$ 368,968 | \$ (38,142) |
| Capital Outlay | 150,000 | - | 150,000 |
| Depreciation and Amortization | <u>-</u> | <u>(58,101)</u> | <u>58,101</u> |
| Total Budgetary Based Expenses | <u>\$ 480,826</u> | <u>\$ 310,867</u> | <u>\$ 169,959</u> |

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Investments

The Town’s policy in determining which items are treated as cash equivalents on the statement of cash flows in the Proprietary Funds include all cash, demand deposits, treasury bills and other short-term, highly liquid investments (including restricted assets) that are readily convertible to cash and have original maturities of three months or less.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value. *(See other required disclosures for cash and investments in Note 2.)*

G. Inventories

The inventory in the Parks and Recreation Fund consists of retail items and is valued at cost, using the First in First out (FIFO) method. The cost of inventories are recorded as expenditures when sold.

H. Capital and Right-of-Use Assets - Depreciation and Amortization

Capital assets purchased or acquired with an original cost in excess of the capitalization threshold of \$10,000 set by the Town are reported at historical or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|----------------------------|------------|
| Building | 40 years |
| Water plant and lines | 60 years |
| Sewer plant and lines | 50 years |
| Water and sewer equipment | 5 years |
| Trash trucks and equipment | 5-10 years |
| Office Equipment | 5-10 Years |

The Town also reports leased assets at the Net Present Value of future payments and amortizes leased assets over the lesser of the lease term or the useful life.

On the government-wide statement of activities, governmental funds depreciation expense is included in the various expenses of functions or programs on capital assets that can be specifically identified with a function and for “shared” capital assets generally used by only a few functions that can be specifically identified to those functions. Depreciation expense for capital assets that essentially serve all functions are reported as a separate line in the statement of activities as unallocated depreciation, if applicable.

I. Customer Accounts Receivable

The Town considers customer accounts receivable for water, sewer and trash removal service fees to be fully collectible. The Town is empowered to place a lien on real property in the case of nonpayment. Accordingly, no allowance for doubtful accounts is considered necessary.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- J. Property Taxes Receivable and Deferred Inflows
Property taxes in the State of Colorado are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded in the accompanying financial statements as a receivable and as deferred inflow of resources. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2021 were collected in 2022 and taxes certified in 2022 will be collected in 2023. Taxes to be collected are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.
- The Town also reports long-term lease revenue as a deferred inflow, revenue is recognized as an inflow of resources in the period that the amount becomes available and earned.
- K. Prepaid Expenses
Payments that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.
- L. Proprietary Funds – Unearned Revenue
Unearned revenue in the Water Fund arises from prepaid tap and water dedication fees for which the requirements for revenue recognition have not been met.
- M. Proprietary Funds – Operating Revenues and Expenses
Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the Town, these revenues are charges for utility services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise funds.
- N. Proprietary Funds – Contributed Capital
Grants and contributions in the enterprise funds which may be used for either operations or capital expenditures at the discretion of the Town are recognized as non-operating revenues. If expenditure of funds is the prime factor for determining eligibility for contributed funds, revenue or contributed capital is recognized at the time of making the expenditure.
- O. Compensated Absences
The Town's policy is to permit employees to accumulate a limited amount of earned but unused vacation and sick leave which will be paid upon separation from Town service, with vacation paid at 100% for all employees and sick leave paid at 50% for employees who have attained five years of service with a maximum payout of 160 hours. The Town has accrued a liability for sick and vacation pay that has been earned but not taken by Town employees. For governmental funds the liability for compensated absences is in the Statement of Net Position but not in the Fund Statements since it is anticipated that none of the liability will be liquidated with expendable available financial resources. The liability for compensated absences has been accrued in the proprietary funds.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Leases

Lessee - The Town is lessee for noncancellable leases of golf carts. The Town recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease 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. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines the following:

Discount Rate: The Town uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the lessor is not provided, the Town uses the daily United States Treasury Yield Rate.

Lease Term: The lease term includes the noncancellable period of the lease and extended term(s) that the Town is reasonably certain to exercise.

Lease Payments: Lease payments included in the measurement of the lease liability are composed of fixed increasing 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 leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position

Lessor - The Town is lessor for noncancellable leases of land and buildings. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Leases (continued)

Key estimates and judgments include how the Town determines the following:

Discount Rate: The Town uses the daily United States Treasury Yield Rate as the discount rate to discount the expected lease receipts to present value.

Lease Term: The lease term includes the noncancellable period of the lease and extended term(s) that the Town is reasonably certain the lessee will exercise.

Lease Receipts: Lease receipts included in the measurement of the lease receivable are composed of fixed and increasing payments from the lessee.

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

P. Inter-fund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the fund providing services and as expenditures/expenses in the fund receiving services. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in the governmental funds and are non-operating revenues/expenses in the enterprise fund. Transfers among funds are provided for as part of the budget process. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Internal Balances

During the year, the Town may have transactions between funds to finance operations and provide services and to allocate combined cash balances. To the extent that certain transactions or budget transfers between funds have not been paid or received as of year-end, balances of inter-fund amount receivable or payable are recorded. All inter-fund balances that exist within governmental activities are eliminated on the government-wide statement of net position.

R. Net Position and Fund Balances

In the government-wide financial statements, net position is classified as follows:

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

Restricted – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by various enabling legislation.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Net Position and Fund Balances - continued

Unrestricted – represents the amount which is not restricted for any purpose. It is the Town's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

Restricted – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Enhancement Fund – Amounts on deposit received from Holy Cross Energy, *restricted* for use in beautification projects, energy conservation projects, equipment and technology upgrades for schools, scholarship funds, acquisition of open space and/or park land and development thereof, sponsorship of special community events and grounding of overhead electric and other utility lines. At December 31, 2022 a total of \$253,616 was restricted in the General Fund for this purpose.

Conservation Trust – Amounts on deposit received from lottery monies from the State of Colorado *restricted* for use in the acquisition, development and maintenance of new conservation and recreation sites pursuant to Colorado Revised Statutes. At December 31, 2022 \$173,728 was restricted in the Conservation Trust Fund.

Debt Service – Amounts on deposit *restricted* for future debt service in accordance CWCB intergovernmental loan and 2005 bond issue agreement. At December 31, 2022 amounts restricted for Debt Service were \$16,512 in the Water Fund.

Emergency Reserves – As discussed in *Note 12*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve which is calculated at 3% of certain expenditures. These funds may only be expended in cases of emergencies as defined by the amendment, and are used to fund appropriations only after unrestricted resources are depleted. Total Emergency Reserves at December 31, 2022 were \$386,000.

Highway 6 Devolution – Amounts on deposit received from the Colorado Department of Transportation for the use in maintaining 5.7 miles of Highway 6 within the Town Limits. At December 31, 2022 \$10,739,183 was restricted in the Highway 6 Devolution Fund.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Net Position and Fund Balances - continued

Restricted – continued:

Capital Projects – Amounts on deposit received from local developers for future construction of infrastructure assets located within the Town’s limits. At December 31, 2022 \$195,287 was restricted for this purpose.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Town Council). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Wildlife Mitigation – A 0.1% fee is charged on sales of real estate within specified subdivisions within the Town of Gypsum and is committed for wildlife mitigation impacts.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Golf Course Operations – funds to be used to maintain and operate golf course.

American Rescue – Amounts on deposit received from the Department of Treasury for use in construction of infrastructure capital assets. At December 31, 2022 \$39,765 was assigned in the American Rescue Fund.

Unassigned – the residual for the general fund and the parks and recreation fund.

It is the Town's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available. Committed and assigned amounts are considered to have been spent first when an expenditure is incurred for purposes for which such categories and unassigned amounts are available.

S. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

T. Fair Value Measurements

The Town reports its investments using the fair value measurements established by generally accepted accounting principles. As such, fair value hierarchy categorizes the inputs used to measure the fair value into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 - CASH AND INVESTMENTS

A. Deposits and Investments

In order to facilitate the recording of cash transactions and maximize interest earnings, the Town has pooled cash deposits for all funds. The Town maintains accountability for each fund's equity in pooled cash and investments. Interest earnings for combined funds are generally distributed based on monthly cash balances.

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. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102 percent of uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations of the United States, the State of Colorado, Local Colorado governments, and obligations secured by first lien mortgages on real property located in the state. PDPA allows the institution to create a single collateral pool for all public funds. The pool is maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commissions 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. There is no custodial credit risk for public deposits collateralized under PDPA.

It is the policy of the Town to invest public funds in a manner which will provide the highest investment return with the maximum security, meet the daily cash flow demands of the Town, and conform to all federal, state and local statutes governing the investment of public funds. This policy applies to the investment of all financial assets of all funds of the Town over which it exercises financial control. Colorado statutes 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, including securities issued by FNMA (Federal National Mortgage Association), GNMA (Governmental National Mortgage Association), FHLMC (Federal Home Loan Mortgage Corporation), the Federal Farm Credit Bank, the Federal Land Bank, the Export-Import Bank, and by the Tennessee Valley Authority, and certain international agency securities, including the World Bank.
- . General obligation and revenue bonds of U.S. local government entities, the District of Columbia, and territorial possessions of the U.S. rated in the highest two rating categories by two or more nationally recognized rating agencies.
- . Bankers' acceptances of certain banks
- . Certain securities lending agreements
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools
- . Investing in the local government's own securities, including certificates of participation and lease obligations.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 - CASH AND INVESTMENTS (continued)

A. Deposits and Investments (continued)

The Town's bank deposits were entirely covered by federal depository insurance (FDIC) or collateralized under PDPA in accordance with state statute, and had bank balances of \$8,589,676 of which \$756,368 was covered by FDIC insurance and \$7,833,308 by PDPA as described above.

Local Government Investment Pool (ColoTrust)

As of December 31, 2022, the Town had invested \$40,598,712 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC. As of December 31, 2022, the Town had \$0 invested in COLOTRUST PRIME, and \$40,598,712 invested in COLOTRUST PLUS+. Investments in local government investment pools are not categorized in terms of custodial credit risk since they are not evidenced by securities that exist in physical or book entry form.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 - CASH AND INVESTMENTS (continued)

B. Total Cash and Cash Equivalents

A summary of the Town’s cash and cash equivalents at December 31, 2022 (inclusive of Agency Funds) are classified below:

| | |
|-----------------------------------|----------------------|
| Checking/Money Market | \$ 8,589,676 |
| Local Government Investment Pools | <u>40,598,712</u> |
| Total Balances | 49,188,388 |
| Cash on Hand | 1,350 |
| Net Outstanding Items | <u>(612,401)</u> |
| Total Cash and Cash Equivalents | <u>\$ 48,577,337</u> |

The above Cash and Cash Equivalents are reported in the accompanying financial statements in the following activities:

| | |
|---------------------------------|----------------------|
| Governmental Activities | \$ 33,506,313 |
| Business Type Activities | 14,817,408 |
| Fiduciary Activities | <u>253,616</u> |
| Total Cash and Cash Equivalents | <u>\$ 48,577,337</u> |

Included in cash and cash equivalents are investments rated as follows:

The investment pool represents investments in Colotrust, which is a 2a7-like pool. The fair value is determined net asset value (NAV). The Town has no regulatory oversight.

| | <u>Fair Value</u> | <u>Credit Rating</u> | <u>Rating Agency</u> |
|--|-------------------|----------------------|----------------------|
| Colotrust (Local Govt Investment Pool) | \$ 40,598,712 | AAAm | Standard & Poors |

C. Risk Disclosures

Additional investment and deposit disclosures for credit risk, interest rate risk, and foreign currency risk, as required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, are included in the notes below.

To minimize custodial credit risk, or the risk that an insurer or other counterparty to an investment will not fulfill its obligations, state law limits investments to those where the issuer is rated in one of the three highest rating categories by one or more nationally recognized organizations that rate such issuers. The Town has deposits in Colotrust Plus+ with ratings as provided above.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 2 - CASH AND INVESTMENTS (continued)

C. Risk Disclosures – (continued)

The concentration of credit risk, or the risk of loss attributed to the magnitude of a government’s investment in a single issuer, occurs when deposits are not diversified. The Town’s policy places no limit on the amount the Town may invest in any one issuer; however, the Town maintains general guidelines for investments to ensure proper diversification by security type and institution. All investments are issued or explicitly guaranteed by securities of the U.S. government, or insured by the Public Depository Protection Act, or are investments in mutual fund or external investment pools, and therefore are not subject to concentration of credit risk.

Interest rate risk is the extent to which changes in interest rates will adversely affect the fair value of an investment. The Town maintains an investment policy that limits investment maturities to three years as means of managing its exposure to fair value losses arising from increasing interest rates and to avoid undue concentration in any sector of the yield curve. Exceptions to this structure may be allowed where maturities can be structured to accommodate readily identifiable cash flows

The Town was not subject to foreign currency risk as of December 31, 2022.

D. Restricted Cash

At December 31, 2022 the Town’s had restricted cash balances as follows:

Governmental Activities

General Fund:

| | |
|--------------------|----------------|
| Enhancement Fund | \$ 253,616 |
| Capital Projects | <u>195,287</u> |
| Total General Fund | <u>448,903</u> |

Special Revenue Fund:

| | |
|--|-------------------|
| Conservation | 173,728 |
| Highway 6 Devolution | <u>10,739,183</u> |
| Total Special Revenue Fund Restricted Cash | <u>10,912,911</u> |

Total Governmental Activities \$ 11,361,814

Business-type Activities

Water Fund:

| | |
|--|------------------|
| Colorado Conservation Water Board Loan | <u>\$ 16,521</u> |
| Total Water Fund Restricted Cash | <u>16,521</u> |

Total Business-type Activities \$ 16,521

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 3 - LEASES RECEIVABLE

The Town leases assets to multiple entities. The leases bear annual interest ranging from 0.89% to 2.95% and may be subject to annual Consumer Price Index (“CPI”) adjustments which was measured and included in the Town’s original recognition of each agreement’s receivable. Variable revenues are recognized when the estimated CPI adjustment differs from actual. In accordance with generally accepted accounting principles, the outstanding lease receivable balances have been recorded as a receivable and deferred inflow of resources. There is a difference between reductions in receivables and deferred inflow when lease terms specify lease payment adjustments (i.e., subject to CPI adjustments) throughout the term of the lease, and these differences are recognized as an adjustment to leases principal revenue.

| <i>GOVERNMENTAL ACTIVITIES</i> | Balances 01/01/22 | Additions | Deletions | Balances 12/31/22 | Amounts Receivable in One Year |
|------------------------------------|----------------------|-------------|---------------------|----------------------|--------------------------------------|
| Leases | \$ 556,226 | \$ - | \$ (105,890) | \$ 450,336 | \$ 101,850 |
| Total Governmental Activities | <u>\$ 556,226</u> | <u>\$ -</u> | <u>\$ (105,890)</u> | <u>\$ 450,336</u> | <u>\$ 101,850</u> |

The following lease receivables outstanding as of December 31, 2022:

Visionary Communications: The Town has three Leases with Visionary Communications. Beginning in 2017, 2018, and 2019 the Town began leasing three spaces to be used by Visionary Communications. Each lease is for 5 years and calls for monthly payments to begin at \$250 and end at \$276; increasing by 2.5% per annum.

Futurum Communications: In 2017 the Town began leasing space to be used by Futurum Communications. The lease is for 5 years and calls for monthly payments to begin at \$375 and end at \$456; increasing by 2.5% per annum.

Comcast: In 2019 the Town began leasing space to be used by Comcast. The lease is for 10 years and calls for monthly payments to begin at \$1,200 and end at \$1,499; increasing by 2.5% per annum.

My Future Pathways: In 2019 the Town began leasing space to be used by My Future Pathways. The lease is for 10 years and calls for a fixed monthly payment of \$1,800.

Creekside Restaurant: In 2018 the Town entered a lease with Creekside restaurant. The rental payments have a variable structure based on the percentage of revenue.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 - CAPITAL ASSETS AND RIGHT-OF-USE LEASE ASSETS

Governmental Activities:

Capital asset activity for Governmental Activities for the year ended December 31, 2022 as follows:

| | Balances 01/01/22 | Additions | Reclassification/ Reductions | Balances 12/31/22 |
|---------------------------------------|----------------------|-----------------------|---------------------------------|----------------------|
| <i>GOVERNMENTAL ACTIVITIES</i> | <i>Restated</i> | | | |
| Non-depreciable Assets: | | | | |
| Land | \$ 7,609,540 | \$ - | \$ - | \$ 7,609,540 |
| Construction-in-Progress | 171,529 | 897,386 | (188,767) | 880,148 |
| Depreciable Capital Assets: | | | | |
| Buildings | 19,441,156 | - | - | 19,441,156 |
| Improvements | 4,248,300 | - | 661,726 | 4,910,026 |
| Heavy Equipment | 3,951,556 | 132,209 | 214,099 | 4,297,864 |
| Office Equipment | 763,107 | - | (259,251) | 503,856 |
| Ballfields | 661,726 | - | (661,726) | - |
| Infrastructure | 54,487,681 | - | - | 54,487,681 |
| Total at Historical Cost | <u>91,334,595</u> | <u>1,029,595</u> | <u>(233,919)</u> | <u>92,130,271</u> |
| <i>Less Accumulated Depreciation:</i> | | | | |
| Buildings | (7,787,779) | (486,029) | - | (8,273,808) |
| Improvements | (2,172,879) | (195,286) | (464,672) | (2,832,837) |
| Heavy Equipment | (3,057,258) | (336,378) | 3,373 | (3,390,263) |
| Office Equipment | (708,153) | (12,981) | 230,546 | (490,588) |
| Ballfields | (464,672) | - | 464,672 | - |
| Infrastructure | (29,506,293) | (2,353,611) | - | (31,859,904) |
| Total Accum. Depreciation | <u>(43,697,034)</u> | <u>(3,384,285)</u> | <u>233,919</u> | <u>(46,847,400)</u> |
| GOVERNMENTAL ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | <u>\$ 47,637,561</u> | <u>\$ (2,354,690)</u> | <u>\$ -</u> | <u>\$ 45,282,871</u> |

Increases in fixed assets were the result of the Town purchasing of several heavy equipment maintenance units. These units include a rough mower, seeder, sweeper and vehicles. Infrastructure assets included assets conveyed to the Town from local developers.

For the fiscal year ending December 31, 2022, depreciation expense for governmental activities of \$3,384,285 has been included in the various functions on the statement of activities as follows:

| | |
|---------------------------------|---------------------|
| General Government | \$ 73,574 |
| Community Development | 30,142 |
| Public Safety | 636,278 |
| Streets and Public Works | 2,594,756 |
| Culture and Recreation | <u>49,535</u> |
| Total Governmental Depreciation | <u>\$ 3,384,285</u> |

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 4 - CAPITAL ASSETS AND RIGHT-OF-USE LEASE ASSETS (continued)

Governmental Activities:

Right-of-use lease assets for the fiscal year ending December 31, 2022, which are amortized over the shorter of the lease term or the useful life of the underlying asset, were as follows:

| <i>GOVERNMENTAL ACTIVITIES</i> | <u>01/01/22</u> | <u>Additions</u> | <u>Retirements</u> | <u>12/31/22</u> |
|--------------------------------|-------------------|--------------------|--------------------|-------------------|
| Right-of-use Lease Assets* | \$ 315,133 | \$ - | \$ - | \$ 315,133 |
| Less Accumulated Amortization | <u>(78,753)</u> | <u>(39,378)</u> | <u>-</u> | <u>(118,131)</u> |
| ROU LEASE ASSETS, NET | <u>\$ 236,380</u> | <u>\$ (39,378)</u> | <u>\$ -</u> | <u>\$ 197,002</u> |

*Note: with the implementation of GASB Statement No. 87, Leases, in the current fiscal year, it was required to restate prior fiscal year ending balance for the right-of-use lease assets.

Business-type Activities:

Capital asset activity for Business-Type Activities for the year ended December 31, 2022, was as follows:

| <i>BUSINESS-TYPE ACTIVITIES</i> | <u>Balances</u> <u>01/01/22</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balances</u> <u>12/31/22</u> |
|---------------------------------------|------------------------------------|---------------------|---------------------|------------------------------------|
| | <i>Restated</i> | | | |
| Non-depreciable Assets: | | | | |
| Land | \$ 213,990 | \$ - | \$ - | \$ 213,990 |
| Water Rights/Rights-of-Way | 13,737,121 | - | - | 13,737,121 |
| Work-in-Progress | 107,743 | 286,402 | - | 394,145 |
| Depreciable Capital Assets: | | | | |
| Buildings | 110,000 | - | - | 110,000 |
| Equipment & Furniture | 2,093,358 | - | (351,800) | 1,741,558 |
| Lines, Meters, Plant | <u>50,790,299</u> | <u>110,420</u> | <u>(455,167)</u> | <u>50,445,552</u> |
| Total at Historical Cost | <u>67,052,511</u> | <u>396,822</u> | <u>(806,967)</u> | <u>66,642,366</u> |
| <i>Less Accumulated Depreciation:</i> | | | | |
| Buildings | (64,625) | (2,750) | - | (67,375) |
| Equipment & Furniture | (1,799,353) | (100,185) | 351,801 | (1,547,737) |
| Lines, Meters, Plant | <u>(15,658,932)</u> | <u>(908,962)</u> | <u>240,643</u> | <u>(16,327,251)</u> |
| Total Accum. Depreciation | <u>(17,522,910)</u> | <u>(1,011,897)</u> | <u>592,444</u> | <u>(17,942,363)</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| CAPITAL ASSETS, NET | <u>\$ 49,529,601</u> | <u>\$ (615,075)</u> | <u>\$ (214,523)</u> | <u>\$ 48,700,003</u> |

Business type activities lines, meters and plant increased with addition of developer conveyed infrastructure assets. The Town's works in progress include engineering costs related to the future construction of a waste water treatment plant.

For the fiscal year ending December 31, 2022, depreciation expense of \$1,011,897 for business-type activities has been included in the various functions on the statement of activities as follows:

| | |
|----------------------------------|---------------------|
| Water Utility | \$ 553,182 |
| Sewer Utility | 400,614 |
| Sanitation Utility | <u>58,101</u> |
| Total Business-type Depreciation | <u>\$ 1,011,897</u> |

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 - LEASE COMMITMENTS AND LONG-TERM OBLIGATIONS

Lease Commitments

The Town has implemented the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, for government-wide Statement of Net Assets recognition of leases and note disclosure of certain information about lease arrangements.

As discussed in Note 5, the Town is the lessee of golf cart equipment. The Town determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified and recognized as lease commitments and leases with contractual terms longer than twelve months as either operating or finance. The Town’s equipment leases generally have terms from one to five years.

Right-to-use assets and lease obligations for operating leases are included in “ROU Lease Assets” and “Present Value of Lease Liability”, respectively, in the Statement of Net Position. Leased 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, which are subject to annual appropriation.

Operating right-of-use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, generally using the risk-free discount rate at the commencement date in determining the present value of future payments.

Changes in the Town’s lease commitments during the fiscal year ended December 31, 2022 are as follows:

| <u>GOVERNMENTAL ACTIVITIES</u> | <u>Balance (at NPV) 01/01/22</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance (at NPV) 12/31/22</u> | <u>Amounts Due Within One Year</u> |
|------------------------------------|--|------------------|--------------------|--|--|
| GOVERNMENTAL LEASE LIABILITIES | <u>\$ 248,758</u> | <u>\$ -</u> | <u>\$ (34,682)</u> | <u>\$ 214,076</u> | <u>\$ 36,413</u> |

Following are the required future minimum base rental payments under the Town’s leases.

| <u>Year Ending December 31</u> | |
|------------------------------------|-------------------|
| 2023 | \$ 36,413 |
| 2024 | <u>177,663</u> |
| Total | <u>\$ 214,076</u> |

The debt service payments are included in the Parks & Recreation Fund.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 - LEASE COMMITMENTS AND LONG-TERM OBLIGATIONS - (continued)

Changes in the Town's long-term obligations during the fiscal year ended December 31, 2021 are as follows:

| <i>GOVERNMENTAL ACTIVITIES</i> | Balances <u>01/01/22</u> | <u>Additions</u> | <u>Reductions</u> | Balances <u>12/31/22</u> | Amounts Due Within <u>One Year</u> |
|--|-----------------------------|------------------|---------------------|-----------------------------|--|
| <u>Notes/Leases:</u> | | | | | |
| Lease Purchase | <u>\$ 1,452,484</u> | <u>\$ -</u> | <u>\$ (165,573)</u> | <u>\$ 1,286,911</u> | <u>\$ 169,050</u> |
| GOVERNMENTAL LONG-TERM OBLIGATIONS | | | | | |
| | <u>\$ 1,452,484</u> | <u>\$ -</u> | <u>\$ (165,573)</u> | <u>\$ 1,286,911</u> | <u>\$ 169,050</u> |

Total compensated absences for governmental activities, consisting of accrued vacation and sick pay, in the amount of \$356,367 have been accrued on the financial statements, \$89,092 is expected to be paid in one year.

| <i>BUSINESS TYPE ACTIVITIES</i> | Balances <u>01/01/22</u> | <u>Additions</u> | <u>Reductions</u> | Balances <u>12/31/22</u> | Amounts Due Within <u>One Year</u> |
|---|-----------------------------|------------------|--------------------|-----------------------------|--|
| <u>Notes/Leases:</u> | | | | | |
| Lease Purchase | \$ 191,900 | \$ - | \$ (21,876) | \$ 170,024 | \$ 22,335 |
| CWCB Loan | 820,743 | - | - | 820,743 | 128,193 |
| CWRPDA Loan | <u>1,472,188</u> | <u>-</u> | <u>(36,849)</u> | <u>1,435,339</u> | <u>37,776</u> |
| BUSINESS-TYPE LONG-TERM OBLIGATIONS | | | | | |
| | <u>\$ 2,484,831</u> | <u>\$ -</u> | <u>\$ (58,725)</u> | <u>\$ 2,426,106</u> | <u>\$ 188,304</u> |

Total compensated absences for business-type activities, consisting of accrued vacation and sick pay, in the amount of \$111,492 has been accrued on the financial statements, \$27,873 is expected to be paid in one year.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 - LEASE COMMITMENTS AND LONG-TERM OBLIGATIONS - (continued)

Governmental Activities:

A. Financing Lease - Series 2017 Lease Purchase Refunding Loan

The Town entered into a financing agreement dated May 23, 2017 in the amount of \$2,537,587 with Branch Bank & Trust Company, Charlotte, North Carolina. The lease purchase was conducted to refinance and refund the existing Series 2010 Certificates of Participation. The Town completed the refunding to shorten its future debt service obligation by 5 years. This refunding resulted in an economic gain (difference between the present value of the old and new debt less debt service payments) to the Town in the amount of \$315,255.

The Lease Purchase, Series 2017 interest rate is 2.50% with interest payable June 1 and December 1, and principal payments due December 1 until the year 2029. The Leased property consists of approximately 18,389 square feet, gross area, of the Gypsum, Colorado Town Hall Building. The lease is subject to annual appropriation by the Town.

The obligation is being carried in the Town's governmental and business-type activities. The original \$2,537,587 of debt was allocated to following funds based on the original use of the Series 2010 Certificates of Participation proceeds with \$2,241,451 to Governmental Activities and \$296,136 to Business-Type Activities.

The annual requirements to amortize the Governmental Activities portion of the Series 2017 Lease Purchase debt are as follows:

| <u>Year Ending</u> <u>December 31</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|---------------------|-------------------|---------------------|
| 2023 | \$ 169,050 | \$ 32,173 | \$ 201,223 |
| 2024 | 172,393 | 27,947 | 200,340 |
| 2025 | 180,015 | 23,637 | 203,652 |
| 2026 | 182,970 | 19,136 | 202,106 |
| 2027 | 190,194 | 14,562 | 204,756 |
| 2028-2029 | <u>392,289</u> | <u>14,795</u> | <u>407,084</u> |
| Total Lease Purchase Payable – | | | |
| Governmental Activities | <u>\$ 1,286,911</u> | <u>\$ 132,250</u> | <u>\$ 1,419,161</u> |

The debt service payments are included in the Parks and Recreation Fund.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 - LEASE COMMITMENTS AND LONG-TERM OBLIGATIONS - (continued)

Business-Type Activities:

A. Intergovernmental Loans - CWCB

The Town entered into a loan agreement dated July 14, 2009 between the Department of Natural Resources Colorado Water Conservation Board (CWCB) and the Town of Gypsum Water Activity Enterprises for the reconstruction of the LEDE Ditch & Reservoir. The Colorado Water Conservation Board approved a loan with a maximum amount of \$2,689,731 for up to 90% of the project costs with a 1% loan service charge and interest at 4.50% per annum. The repayment term is 30 years. The total loan amounted to \$2,689,731 secured by water user charges and fees. The loan is a 30-year loan maturing January 1, 2047 and is payable in annual installments (beginning January 1, 2018) of \$165,127. As part of the debt covenants a reserve account in the amount of one – tenth the annual payment (\$16,519) has been created. In July 2021 the Town elected to retire \$1,528,650 of this obligation early using debt proceeds from the financing of the Hydro Electric Plant (see CWRPDA loan). The early payoff resulted in interest savings of \$1,608,758. The obligation is carried in the Water Utility Enterprise business type activity at \$820,743 as of December 31, 2021. The Town’s annual debt service is as follows:

| Year Ending December 31 | Principal | Interest | Total |
|----------------------------|-------------------|-------------------|-------------------|
| 2023 | \$ 128,193 | \$ 36,933 | \$ 165,126 |
| 2024 | 133,962 | 31,165 | 165,127 |
| 2025 | 139,990 | 25,136 | 165,126 |
| 2026 | 146,290 | 18,837 | 165,127 |
| 2027 | 152,873 | 12,254 | 165,127 |
| 2028 | 119,435 | 5,374 | 124,809 |
| | <u>\$ 820,743</u> | <u>\$ 129,699</u> | <u>\$ 950,442</u> |

B. Financing Lease Payable- Series 2017 Lease Purchase Refunding Loan -

As described above, the Town entered into a financing agreement with Branch Bank & Trust Company on May 23, 2017 to refund the Series 2010 Certificates of Participation. The debt has been allocated based on the original use of the funding proceeds. The \$296,136 allocation represents the Water Fund portion of the \$2,537,587 total debt obligation.

The annual requirements to amortize the Business-type portion of the Series 2017 Lease Purchase debt are as follows:

| Year Ending December 31 | Principal | Interest | Total |
|--|-------------------|------------------|-------------------|
| 2023 | \$ 22,335 | \$ 4,251 | \$ 26,586 |
| 2024 | 22,776 | 3,692 | 26,468 |
| 2025 | 23,783 | 3,123 | 26,906 |
| 2026 | 24,174 | 2,528 | 26,702 |
| 2027 | 25,128 | 1,924 | 27,052 |
| 2028-2029 | 51,828 | 1,955 | 53,783 |
| Total Lease Purchase Payable – Business-type Activities | <u>\$ 170,024</u> | <u>\$ 17,473</u> | <u>\$ 187,497</u> |

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 5 - LEASE COMMITMENTS AND LONG-TERM OBLIGATIONS - (continued)

Business-type Activities (continued):

C. Colorado Water Resources and Power Development Authority (CWRPDA)

The Town entered into a loan agreement dated May 1, 2020 between the Colorado Water Resources and Power Development Authority (CWRPDA) and the Town of Gypsum Water Activity Enterprises for construction of the Hydro Electric Power generating system along Gypsum Creek. The approved loan in the amount of \$1,528,650 carries an interest rate of 2.50% per annum and a repayment term of 30 years. The loan matures in 30-years on November 1, 2049 and is payable in semi-annual installments beginning May 1, 2020, with annual payments totaling \$73,425. The obligation is carried in the Water Utility Enterprise business type activity with a balance of \$1,472,188 as of December 31, 2021. The Town’s annual debt service is as follows:

| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|---------------------|-------------------|---------------------|
| 2023 | \$ 37,776 | \$ 35,649 | \$ 73,425 |
| 2024 | 38,727 | 34,698 | 73,425 |
| 2025 | 39,701 | 33,724 | 73,425 |
| 2026 | 40,699 | 32,726 | 73,425 |
| 2027 | 41,723 | 31,702 | 73,425 |
| 2028-2032 | 224,899 | 142,227 | 367,126 |
| 2033-2037 | 254,646 | 112,479 | 367,125 |
| 2038-2042 | 288,329 | 78,797 | 367,126 |
| 2043-2047 | 326,466 | 40,659 | 367,125 |
| 2048-2049 | <u>142,373</u> | <u>4,477</u> | <u>146,850</u> |
| Total Loan Payable – Business Type Activities | <u>\$ 1,435,339</u> | <u>\$ 547,138</u> | <u>\$ 1,982,477</u> |

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 6 - DEFINED CONTRIBUTION PLAN

The Town participates in the Colorado Retirement Association (“CRA”), a multiple-employer retirement system, which is a qualified plan as defined by Internal Revenue Code section 401(a) and C.R.S. section 24-54. The plan provides retirement benefits through a defined contribution plan to participating Colorado counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. CRA administers this plan on behalf of the Town.

State statute assigns authority to establish and amend the benefit provisions of the plans that participate in CRA to the respective employer governments.

The Town's HR Manager acts as the administrator of the retirement account. All full-time employees are required to participate in the plan upon the first day of the pay period that includes the first day of the month, following a one-month period. After 6 months of employment, the employee and employer are required to contribute 7% of employee compensation, excluding overtime, bonuses, and fringe benefits. The Town’s contribution for each employee, including earnings thereon allocated to the employee’s account, vest at a rate of 20% each year of participation in the plan after the first year. An employee is fully vested after five years of employment. Town contributions and earnings forfeited by employees who leave employment before fully vesting are returned to the Town. Employee contributions are immediately vested.

Total covered payroll for the year subject to participation was \$3,200,414 compared to total payroll of \$4,054,903. The Year Ended December 31, 2022 required and actual contributions for both the Employer and Employee was \$224,029. There are no unfunded past service liabilities and no forfeitures in 2022.

Additionally, the Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through CRA. The plan is also administered by the Town. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries. During 2022, employee contributions totaled \$47,965. The annual financial report that includes financial statements and required supplementary information for the plan may be obtained through the plan's website at www.cra-online.org.

NOTE 7 - COMMITMENTS

- A. Cost Recovery Agreements Water and Sewer Taps – The Town has entered into subdivision improvement agreements with various land developers. Some of the agreements contain provisions that provide for payments to the developers for portions of water and sewer tap fees that will be collected by the Town. No obligations exist and a liability is not recorded until the Town actually collects the tap fees.
- B. During the normal course of business, the Town incurs claims and other assertions against it from various agencies and individuals. Management of the Town and their legal representatives consider the majority of claims or assertions to be without merit and believe the outcome will not materially affect the fairness of the presentation of the financial statements at December 31, 2022.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 8 - RISK MANAGEMENT

The Town is exposed to the risk of loss related to torts; theft of, damage to, or destruction of assets; errors and 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 an intergovernmental agreement of 163 municipalities to provide property, general and automobile liability, public official, and workers compensation coverage to its members. A seven-member Board elected by and from its members governs CIRSA. 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 amounts that 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 members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

There is no current or long-term debt outstanding and the above liabilities include reserves for incurred claims and an estimated liability for incurred but not reported claims at December 31, 2022. No claim or judgment liability has been recorded in the Town's financial statements as the risk of liability is pooled with other members under CIRSA. The Town's settled claims have not exceeded their insurance coverage in any of the last three years. Additional information may be obtained from separately issued CIRSA financial statements by contacting CIRSA at 950 South Cherry Street, Suite 800, Denver, CO 80246 or (303) 757-5475.

NOTE 9 - INTERGOVERNMENTAL AGREEMENTS

Gypsum Community Recreation Center Agreement

The Town and Mountain Recreation District entered into an agreement for the construction, ownership and operation of a community recreation facility located in Gypsum, Colorado. The District is responsible for the operation and maintenance of the community recreation center and the Town retains full fee simple title to the community center and community center site. In 2022, the Recreation Center encountered a deficit in operations; therefore, as stated in the agreement, a contribution equal to one-half of the operating deficit, \$120,247 has been accrued and will be paid to the District for the fiscal year ended December 31, 2022, the expenditure is reflected in the General Fund.

NOTE 10 - COMPLIANCE

A. TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which imposes several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. In 1994, the Town's electorate voted to allow the Town to collect, retain, and expend revenues notwithstanding any of TABOR's restrictions.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 10 - COMPLIANCE (continued)

A. TABOR Amendment – continued

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding voter approved debt service). The required reserve at December 31, 2022 is \$386,000.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the Amendment. However, the entity has made certain interpretations of the Amendment’s language in order to determine its compliance.

B. Colorado Water Conservation Board Loan Covenants

The Town was in compliance with the minimum reserve fund requirements.

C. Aviation Fuel Sales Tax

The Aviation Fuel Tax Calculation Report and tracking of related revenue and expenditures has been prepared by management and is in compliance with the FAA Revenue Use Policy. No liabilities exist at December 31, 2022.

D. Contraband

The Colorado Contraband Forfeiture Act (C.R.S. 16-13-501 to 511) addresses the accounting for proceeds from the seizure of contraband. These funds must be used for the specific purpose of law enforcement activities. While these proceeds are exempt from the appropriation process, they are subject to Local Government Audit Law (C.R.S. 29-1-601 to 608). For the year ended December 31, 2022 no such proceeds were received by the Town and as such are not included in the Town’s audited financial statements.

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 11 - RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE

Effective January 1, 2022 the implemented the provisions of Governmental Accounting Standards Board (“GASB”) Statement No. 87, *Leases*, which requires retroactive restatement under provisions of the standard.

The Town has corrected inconsistent depreciation methods used in the governmental and business-type activities, which require retroactive restatement under provisions of the standard.

The Town has corrected revenue recognition of certain deposits recorded in the governmental funds, which require retroactive restatement under provisions of the standard.

Therefore, the Beginning Net Position of Governmental Activities and the Beginning Fund Balance of the General Fund, Parks and Recreation Fund, Water Fund, Sewer Fund, Sanitation Fund have been restated as follows:

| | |
|--|----------------------|
| Net Position of Governmental Activities | |
| as of December 31, 2021, <i>as previously stated</i> | \$ 72,081,135 |
| Right-to-use Lease Asset, Net | 236,379 |
| Lease Commitment Liability | (248,757) |
| Long Term Liability | 248,757 |
| Leases Receivable, Net | 556,226 |
| Deferred Inflows Related to Leases | (535,297) |
| Revenue Recognition | 257,185 |
| Capitalization of Assets | 85,000 |
| Depreciation Correction | <u>(1,817,965)</u> |
| Net Position of Governmental Activities | |
| as of December 31, 2021, <i>as Restated</i> | <u>\$ 70,862,663</u> |
| General Fund Balance as of December 31, | |
| 2021, <i>as previously stated</i> | \$ 13,620,281 |
| Revenue Recognition | 257,185 |
| Leases Receivable, Net | 268,295 |
| Deferred Inflows Related to Leases | <u>(257,967)</u> |
| Fund Balance of Governmental Activities | |
| as of December 31, 2021, <i>as Restated</i> | <u>\$ 13,887,794</u> |
| Parks and Recreation Fund Balance as of December 31, | |
| 2021, <i>as previously stated</i> | \$ 383,567 |
| Leases Receivable, Net | 287,930 |
| Deferred Inflows Related to Leases | <u>(277,330)</u> |
| Fund Balance of Governmental Activities | |
| as of December 31, 2021, <i>as Restated</i> | <u>\$ 394,167</u> |
| Net Position of Water Fund as of December 31, | |
| 2021, <i>as previously stated</i> | \$ 39,389,326 |
| Depreciation Correction | (359,027) |
| Disposition Obsolete Assets | (215,416) |
| Revenue Recognition | (159,700) |
| Bad Debt Expense | <u>(51,485)</u> |
| Net Position of Business-type Activities | |
| as of December 31, 2021, <i>as Restated</i> | <u>\$ 38,603,698</u> |

TOWN OF GYPSUM, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 11 - RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE - (continued)

| | |
|--|----------------------|
| Net Position of Sewer Fund as of December 31, 2021, <i>as previously stated</i> | \$ 39,389,326 |
| Depreciation Correction | (197,564) |
| Disposition Obsolete Assets | (894) |
| Revenue Recognition | <u>(1,640)</u> |
| Net Position of Business-type Activities as of December 31, 2021, <i>as Restated</i> | <u>\$ 18,024,634</u> |
| | |
| Net Position of Sanitation Fund as of December 31, 2021, <i>as previously stated</i> | \$ 348,786 |
| Depreciation Correction | <u>(29,050)</u> |
| Net Position of Business-type Activities as of December 31, 2021, <i>as Restated</i> | <u>\$ 319,736</u> |
| | |
| Net Position of Gypsum Recreation Center Capital Committee as of December 31, 2021 as previously stated | \$ - |
| Implementation of GASB 84 | <u>245,994</u> |
| Net Position of Fiduciary Net Position as of December 31, 2021, <i>as Restated</i> | <u>\$ 245,994</u> |

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2022 through the issuance date of this report. There have been no material events noted during this period that would impact the result reflected in this report or the Town's results going forward.

REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULES FOR THE
GENERAL FUND AND SPECIAL REVENUE FUNDS

TOWN OF GYPSUM, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|---------------------|---------------------|----------------------|------------------------------------|
| <u>Revenues:</u> | | | | |
| Taxes | \$ 10,812,712 | \$ 10,812,712 | \$ 13,963,982 | \$ 3,151,270 |
| Licenses and Permits | 74,000 | 74,000 | 72,417 | (1,583) |
| Intergovernmental | 472,450 | 472,450 | 490,783 | 18,333 |
| Charges for Services | 74,550 | 74,550 | 83,058 | 8,508 |
| Community Development | 480,560 | 480,560 | 1,170,335 | 689,775 |
| Miscellaneous | 232,583 | 232,583 | 396,848 | 164,265 |
| Interest | 7,000 | 7,000 | 248,702 | 241,702 |
| | <u>12,153,855</u> | <u>12,153,855</u> | <u>16,426,125</u> | <u>4,272,270</u> |
| <u>Expenditures:</u> | | | | |
| General Government | 2,252,192 | 2,252,142 | 2,530,794 | (278,652) |
| Community Development | 1,125,890 | 1,125,890 | 1,157,985 | (32,095) |
| Public Safety | 1,369,355 | 1,369,355 | 1,344,133 | 25,222 |
| Streets and Public Works | 7,938,850 | 7,938,850 | 2,598,046 | 5,340,804 |
| Culture and Recreation | 1,803,400 | 1,803,400 | 1,108,185 | 695,215 |
| Economic Development | 300,200 | 300,200 | 146,690 | 153,510 |
| Capital Outlay | 1,491,548 | 1,491,548 | 403,446 | 1,088,102 |
| | <u>16,281,435</u> | <u>16,281,385</u> | <u>9,289,279</u> | <u>6,992,106</u> |
| Excess Revenues Over (Under) Expenditures | (4,127,580) | (4,127,530) | 7,136,846 | 11,264,376 |
| <u>Other Financing Sources and (Uses):</u> | | | | |
| Transfers (to) Other Funds | (1,186,360) | (1,186,360) | (612,360) | 574,000 |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | (5,313,940) | (5,313,890) | 6,524,486 | 11,838,376 |
| Fund Balances – Beginning (Restated) | <u>10,731,795</u> | <u>10,731,795</u> | <u>13,887,794</u> | <u>3,155,999</u> |
| Fund Balances – Ending | <u>\$ 5,417,855</u> | <u>\$ 5,417,905</u> | <u>\$ 20,412,280</u> | <u>\$ 14,994,755</u> |

TOWN OF GYPSUM, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – CONSERVATION TRUST FUND
For the Year Ended December 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------------|-------------------------|-------------------|---|
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$ 41,000 | \$ 41,000 | \$ 51,657 | \$ 10,657 |
| Interest | <u>50</u> | <u>50</u> | <u>2,176</u> | <u>2,126</u> |
| Total Revenues | <u>41,050</u> | <u>41,050</u> | <u>53,833</u> | <u>12,783</u> |
| <u>Expenditures:</u> | | | | |
| Culture and Recreation: | | | | |
| Capital Outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess Revenues Over (Under) Expenditures | 41,050 | 41,050 | 53,833 | 12,783 |
| Fund Balances – Beginning | <u>114,866</u> | <u>114,866</u> | <u>119,895</u> | <u>5,029</u> |
| Fund Balances – Ending | <u>\$ 155,916</u> | <u>\$ 155,916</u> | <u>\$ 173,728</u> | <u>\$ 17,812</u> |

TOWN OF GYPSUM, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND - PARKS AND RECREATION FUND
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|--------------------|-------------------|-------------------|------------------------------------|
| <u>Revenues:</u> | | | | |
| Charges for Services | \$ 1,151,500 | \$ 1,151,500 | \$ 1,343,659 | \$ 192,159 |
| Sale of Assets | - | - | 9,536 | 9,536 |
| Interest | 100 | 100 | 4,289 | 4,189 |
| Total Revenues | <u>1,151,600</u> | <u>1,151,600</u> | <u>1,357,484</u> | <u>205,884</u> |
| <u>Expenditures:</u> | | | | |
| Golf Course Operations | 1,592,793 | 1,592,793 | 1,620,367 | (27,574) |
| Capital Outlay | 430,000 | 430,000 | 249,756 | 180,244 |
| Debt Service: | | | | |
| Principal | 165,574 | 165,574 | 165,573 | 1 |
| Interest | 36,312 | 36,312 | 36,312 | - |
| Total Expenditures | <u>2,224,679</u> | <u>2,224,679</u> | <u>2,072,008</u> | <u>152,671</u> |
| Excess Revenues Over (Under) Expenditures | (1,073,079) | (1,073,079) | (714,524) | 358,555 |
| <u>Other Financing Sources and (Uses):</u> | | | | |
| Transfer from Other Funds | <u>1,074,000</u> | <u>1,074,000</u> | <u>500,000</u> | <u>(574,000)</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | 921 | 921 | (214,524) | (215,445) |
| Fund Balances – Beginning (Restated) | <u>236,052</u> | <u>236,052</u> | <u>394,167</u> | <u>158,115</u> |
| Fund Balances – Ending | <u>\$ 236,973</u> | <u>\$ 236,973</u> | <u>\$ 179,643</u> | <u>\$ (57,330)</u> |

TOWN OF GYPSUM, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – HIGHWAY 6 DEVOLUTION
For the Year Ended December 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------------|-------------------------|----------------------|---|
| <u>Revenues:</u> | | | | |
| Interest | \$ 6,500 | \$ 6,500 | \$ 137,653 | \$ 131,153 |
| Total Revenues | <u>6,500</u> | <u>6,500</u> | <u>137,653</u> | <u>131,153</u> |
| <u>Expenditures:</u> | | | | |
| Repairs and Maintenance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess Revenues Over (Under) Expenditures | 6,500 | 6,500 | 137,653 | 131,153 |
| Fund Balances – Beginning | <u>10,603,805</u> | <u>10,603,805</u> | <u>10,601,530</u> | <u>(2,275)</u> |
| Fund Balances – Ending | <u>\$ 10,610,305</u> | <u>\$ 10,610,305</u> | <u>\$ 10,739,183</u> | <u>\$ 128,878</u> |

TOWN OF GYPSUM, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
SPECIAL REVENUE FUND – AMERICAN RESCUE FUND
For the Year Ended December 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------------|-------------------------|------------------|---|
| <u>Revenues:</u> | | | | |
| Grant Revenue | \$ 926,852 | \$ 926,852 | \$ 745,472 | \$ (181,380) |
| Interest | <u>600</u> | <u>600</u> | <u>39,758</u> | <u>39,158</u> |
| Total Revenues | <u>927,452</u> | <u>927,452</u> | <u>785,230</u> | <u>(142,222)</u> |
| <u>Expenditures:</u> | | | | |
| Capital Outlay | <u>-</u> | <u>750,000</u> | <u>745,472</u> | <u>(4,528)</u> |
| Total Expenditures | <u>-</u> | <u>750,000</u> | <u>745,472</u> | <u>(4,528)</u> |
| Excess Revenues Over (Under) Expenditures | 927,452 | 177,452 | 39,758 | (137,694) |
| Fund Balances – Beginning | <u>927,102</u> | <u>927,102</u> | <u>7</u> | <u>(927,095)</u> |
| Fund Balances – Ending | <u>\$ 1,854,554</u> | <u>\$ 1,104,554</u> | <u>\$ 39,765</u> | <u>\$ (1,064,789)</u> |

SUPPLEMENTAL INFORMATION

GOVERNMENTAL FUNDS

TOWN OF GYPSUM, COLORADO
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES – BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|---|----------------------------|-------------------------|----------------------|------------------------------------|
| REVENUES & OTHER FINANCING SOURCES: | | | | |
| GENERAL GOVERNMENT: | | | | |
| <u>Taxes</u> | | | | |
| General Property | \$ 939,124 | \$ 939,124 | \$ 925,355 | \$ (13,769) |
| Specific Ownership | 46,000 | 46,000 | 50,670 | 4,670 |
| Franchise | 270,000 | 270,000 | 297,113 | 27,113 |
| Sales and Use | 8,007,588 | 8,007,588 | 10,046,978 | 2,039,390 |
| Real Estate Transfer | 1,000,000 | 1,000,000 | 2,200,963 | 1,200,963 |
| Cigarette | <u>550,000</u> | <u>550,000</u> | <u>442,903</u> | <u>(107,097)</u> |
| TOTAL TAXES | <u>10,812,712</u> | <u>10,812,712</u> | <u>13,963,982</u> | <u>3,151,270</u> |
| <u>Licenses and Permits</u> | | | | |
| Liquor and Business | <u>74,000</u> | <u>74,000</u> | <u>72,417</u> | <u>(1,583)</u> |
| TOTAL LICENSES AND PERMITS | <u>74,000</u> | <u>74,000</u> | <u>72,417</u> | <u>(1,583)</u> |
| <u>Intergovernmental Revenues</u> | | | | |
| Highway Users Tax | 312,450 | 312,450 | 324,946 | 12,496 |
| County Road and Bridge Tax | 120,000 | 120,000 | 121,361 | 1,361 |
| Motor Vehicle Tax | <u>40,000</u> | <u>40,000</u> | <u>44,476</u> | <u>4,476</u> |
| TOTAL INTERGOVERNMENTAL | <u>472,450</u> | <u>472,450</u> | <u>490,783</u> | <u>18,333</u> |
| <u>Administrative Charges</u> | | | | |
| Reimbursements and Rentals | 8,350 | 8,350 | 848 | (7,502) |
| Miscellaneous Admin Charges | <u>66,200</u> | <u>66,200</u> | <u>82,210</u> | <u>16,010</u> |
| TOTAL ADMINISTRATIVE CHARGES | <u>74,550</u> | <u>74,550</u> | <u>83,058</u> | <u>8,508</u> |
| COMMUNITY DEVELOPMENT: | | | | |
| Variance and Subdivision | 32,700 | 32,700 | 24,652 | (8,048) |
| Building Permits | 334,060 | 334,060 | 678,497 | 344,437 |
| Impact fees | 43,800 | 43,800 | 318,431 | 274,631 |
| Reimbursed Professional Fees | 10,000 | 10,000 | 76,826 | 66,826 |
| Capital Contribution | - | - | 3,392 | 3,392 |
| Community Enhancement Fund | <u>60,000</u> | <u>60,000</u> | <u>68,537</u> | <u>8,537</u> |
| TOTAL COMMUNITY DEV CHARGES | <u>480,560</u> | <u>480,560</u> | <u>1,170,335</u> | <u>689,775</u> |
| MISCELLANEOUS REVENUES: | | | | |
| Municipal Court - Violations | 44,100 | 44,100 | 77,209 | 33,109 |
| Special Events | 110,800 | 110,800 | 142,484 | 31,684 |
| Miscellaneous | 77,683 | 77,683 | 127,330 | 49,647 |
| Sale of Fixed Assets | - | - | 49,825 | 49,825 |
| Interest Income | <u>7,000</u> | <u>7,000</u> | <u>248,702</u> | <u>241,702</u> |
| TOTAL MISC/OTHER REVENUES | <u>239,583</u> | <u>239,583</u> | <u>645,550</u> | <u>405,967</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers In | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | | | | |
| | <u>\$ 12,153,855</u> | <u>\$ 12,153,855</u> | <u>\$ 16,426,125</u> | <u>\$ 4,272,270</u> |

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES– BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|----------------------------|-------------------------|------------------|---|
| EXPENDITURES AND OTHER FINANCING USES: | | | | |
| GENERAL GOVERNMENT: | | | | |
| Salaries | \$ 665,900 | \$ 665,900 | \$ 778,230 | \$ (112,330) |
| Payroll Taxes | 53,000 | 53,000 | 70,087 | (17,087) |
| Employee Benefits | 202,445 | 202,445 | 185,877 | 16,568 |
| Office Supplies | 12,000 | 12,000 | 27,925 | (15,925) |
| Utilities and Telephone | 68,940 | 68,940 | 192,684 | (123,744) |
| Professional Services | 527,060 | 527,060 | 573,975 | (46,915) |
| Auto and Travel | 3,000 | 3,000 | 72,558 | (69,558) |
| Equipment and Ground Maintenance | 192,893 | 192,893 | 75,743 | 117,150 |
| Professional Development | 14,500 | 14,500 | 43,767 | (29,267) |
| Dues and Subscriptions | 21,498 | 21,498 | 24,782 | (3,284) |
| Economic and Public Relations | 10,000 | 10,000 | 15,395 | (5,395) |
| Publications | 7,000 | 7,000 | 3,814 | 3,186 |
| Insurance | 220,000 | 220,000 | 231,103 | (11,103) |
| Community Support/Contributions | 160,402 | 160,402 | 152,545 | 7,857 |
| County Treasurer's Fees | 28,110 | 28,110 | 20,733 | 7,377 |
| Miscellaneous | 65,394 | 65,394 | 61,576 | 3,818 |
| TOTAL GENERAL GOVERNMENT | <u>2,252,142</u> | <u>2,252,192</u> | <u>2,530,794</u> | <u>(278,602)</u> |
| COMMUNITY DEVELOPMENT: | | | | |
| Salaries | 725,000 | 725,000 | 733,400 | (8,400) |
| Payroll Taxes | 58,100 | 58,100 | 68,194 | (10,094) |
| Employee Benefits | 229,590 | 229,590 | 211,718 | 17,872 |
| Supplies | 7,000 | 7,000 | 1,401 | 5,599 |
| Professional Services | 73,000 | 73,000 | 141,760 | (68,760) |
| Auto and Travel | 2,500 | 2,500 | 578 | 1,922 |
| Equipment Maintenance | 2,400 | 2,400 | - | 2,400 |
| Professional Development | 7,000 | 7,000 | 511 | 6,489 |
| Miscellaneous | 21,300 | 21,300 | 423 | 20,877 |
| TOTAL COMMUNITY DEVELOPMENT | <u>1,125,890</u> | <u>1,125,890</u> | <u>1,157,985</u> | <u>(32,095)</u> |
| PUBLIC SAFETY: | | | | |
| Law Enforcement Contract | 1,257,825 | 1,257,825 | 1,257,825 | - |
| Animal Control Contract | 65,280 | 65,280 | 65,280 | - |
| Municipal Court Expenses | 24,000 | 24,000 | 17,011 | 6,989 |
| Equipment Maintenance | 17,000 | 17,000 | 4,017 | 12,983 |
| Utilities | 750 | 750 | - | 750 |
| Miscellaneous | 4,500 | 4,500 | - | 4,500 |
| TOTAL PUBLIC SAFETY | <u>1,369,355</u> | <u>1,369,355</u> | <u>1,344,133</u> | <u>25,222</u> |

(continued on next page)

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES– BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2022

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|--|----------------------|----------------------|---------------------|------------------------------------|
| <i>(continued)</i> | | | | |
| STREETS AND PUBLIC WORKS: | | | | |
| Salaries | \$ 531,000 | \$ 531,000 | \$ 620,787 | \$ (89,787) |
| Payroll Taxes | 41,800 | 41,800 | 57,399 | (15,599) |
| Employee Benefits | 237,800 | 237,800 | 284,232 | (46,432) |
| Supplies | 27,500 | 27,500 | 20,020 | 7,480 |
| Utilities | 136,050 | 136,050 | 81,535 | 54,515 |
| Road and Bridge Maintenance | 6,741,500 | 6,741,500 | 1,400,425 | 5,341,075 |
| Street Lighting Maintenance | 60,000 | 60,000 | 14,170 | 45,830 |
| Building and Grounds Maintenance | 20,000 | 20,000 | 59 | 19,941 |
| Equipment Maintenance | 108,700 | 108,700 | 81,415 | 27,285 |
| Miscellaneous | 34,500 | 34,500 | 38,004 | (3,504) |
| TOTAL STREETS AND PUBLIC WORKS | <u>7,938,850</u> | <u>7,938,850</u> | <u>2,598,046</u> | <u>5,340,804</u> |
| PARKS: | | | | |
| Salaries | 438,000 | 438,000 | 356,442 | 81,558 |
| Payroll Taxes | 34,200 | 34,200 | 29,697 | 4,503 |
| Employee Benefits | 97,000 | 97,000 | 49,523 | 47,477 |
| Supplies | 15,000 | 15,000 | 8,228 | 6,772 |
| Amphitheater | 15,500 | 15,500 | 11,498 | 4,002 |
| Park Maintenance | 71,800 | 71,800 | 72,750 | (950) |
| Golf Course Facility Maintenance | 11,000 | 11,000 | 6,512 | 4,488 |
| Repairs and Maintenance | 19,500 | 19,500 | 15,556 | 3,944 |
| Special Events | 482,400 | 482,400 | 437,732 | 44,668 |
| Subsidy to Mtn. Recreation | 265,000 | 265,000 | 120,247 | 144,753 |
| Miscellaneous | 354,000 | 354,000 | - | 354,000 |
| TOTAL CULTURE AND RECREATION | <u>1,803,400</u> | <u>1,803,400</u> | <u>1,108,185</u> | <u>695,215</u> |
| ECONOMIC DEVELOPMENT: | | | | |
| Enhancement Fund Reserve | 60,000 | 60,000 | - | 60,000 |
| Wildlife Mitigation | 20,000 | 20,000 | - | 20,000 |
| Recycling Center | 4,200 | 4,200 | 4,200 | - |
| Economic Development | 216,000 | 216,000 | 142,490 | 73,510 |
| TOTAL ECONOMIC DEVELOPMENT | <u>300,200</u> | <u>300,200</u> | <u>146,690</u> | <u>153,510</u> |
| CAPITAL OUTLAY: | | | | |
| General Government | 435,761 | 435,761 | 76,808 | 358,953 |
| Community Development | 231,487 | 231,487 | 26,183 | 205,304 |
| Public Safety | 75,000 | 75,000 | 72,460 | 2,540 |
| Streets and Public Works | 476,800 | 476,800 | 142,031 | 334,769 |
| Culture and Recreation | 272,500 | 272,500 | 85,964 | 186,536 |
| TOTAL CAPITAL OUTLAY | <u>1,491,548</u> | <u>1,491,548</u> | <u>403,446</u> | <u>1,088,102</u> |
| OTHER FINANCING USES: | | | | |
| Transfers to Other Funds | 1,186,360 | 1,186,360 | 612,360 | 574,000 |
| TOTAL OTHER FINANCING USES | <u>1,186,360</u> | <u>1,186,360</u> | <u>612,360</u> | <u>574,000</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>\$ 17,467,745</u> | <u>\$ 17,467,745</u> | <u>\$ 9,901,639</u> | <u>\$ 7,566,106</u> |

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL
PARKS AND RECREATION FUND
For the Year Ended December 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| <u>General Revenues</u> | | | | |
| Interest Income | \$ 100 | \$ 100 | \$ 4,289 | \$ 4,189 |
| Total General Revenues | <u>100</u> | <u>100</u> | <u>4,289</u> | <u>4,189</u> |
| GOLF COURSE ACTIVITIES: | | | | |
| <u>Charges for Services</u> | | | | |
| Annual Passes | 110,000 | 110,000 | 168,050 | 58,050 |
| Beverage Cart Sales | 500 | 500 | 208 | (292) |
| Green Fees | 660,000 | 660,000 | 631,865 | (28,135) |
| Lesson Fees | 5,000 | 5,000 | 2,190 | (2,810) |
| Merchandise Sales | 110,000 | 110,000 | 147,217 | 37,217 |
| Punch Passes | 90,000 | 90,000 | 121,652 | 31,652 |
| Restaurant Rental | 45,000 | 45,000 | 62,681 | 17,681 |
| Tournament Entries | 65,000 | 65,000 | 57,118 | (7,882) |
| Utility Reimbursement | 19,000 | 19,000 | 22,305 | 3,305 |
| Other Revenue | 47,000 | 47,000 | 130,373 | 83,373 |
| Total Charges for Services | <u>1,151,500</u> | <u>1,151,500</u> | <u>1,343,659</u> | <u>192,159</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers from Other Funds | 1,074,000 | 1,074,000 | 500,000 | (574,000) |
| Sale of Assets | - | - | 9,536 | 9,536 |
| Total Other Financing Sources | <u>1,074,000</u> | <u>1,074,000</u> | <u>509,536</u> | <u>(564,464)</u> |
| TOTAL REVENUES AND OTHER FINANCING SOURCES | <u>\$ 2,225,600</u> | <u>\$ 2,225,600</u> | <u>\$ 1,857,484</u> | <u>\$ (368,116)</u> |

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL
PARKS AND RECREATION FUND
For the Year Ended December 31, 2022

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--------------------------------|----------------------------|-------------------------|----------------|---|
| GOLF COURSE ACTIVITIES: | | | | |
| <u>Pro Shop</u> | | | | |
| Salaries | \$ 260,000 | \$ 260,000 | \$ 258,052 | \$ 1,948 |
| Taxes | 16,200 | 16,200 | 22,294 | (6,094) |
| Benefits | 34,556 | 34,556 | 31,006 | 3,550 |
| Dues and Permits | 6,500 | 6,500 | 5,857 | 643 |
| Education | 3,500 | 3,500 | 1,482 | 2,018 |
| Supplies | 46,743 | 46,743 | 39,081 | 7,662 |
| Resale Items | 80,000 | 80,000 | 122,785 | (42,785) |
| Repairs and Maintenance | <u>122,500</u> | <u>122,500</u> | <u>126,625</u> | <u>(4,125)</u> |
| Total Pro Shop | <u>569,999</u> | <u>569,999</u> | <u>607,182</u> | <u>(37,183)</u> |
| <u>Driving Range</u> | | | | |
| Supplies | <u>15,000</u> | <u>15,000</u> | <u>11,726</u> | <u>3,274</u> |
| Total Driving Range | <u>15,000</u> | <u>15,000</u> | <u>11,726</u> | <u>3,274</u> |
| <u>Cart Department</u> | | | | |
| Salaries | 132,000 | 132,000 | 89,855 | 42,145 |
| Taxes | 10,100 | 10,100 | 6,872 | 3,228 |
| Benefits | 300 | 300 | 181 | 119 |
| Supplies | - | - | 2,171 | (2,171) |
| Repairs and Maintenance | 13,800 | 13,800 | 14,868 | (1,068) |
| Operating Lease | <u>46,620</u> | <u>46,620</u> | <u>46,620</u> | <u>-</u> |
| Total Cart Department | <u>202,820</u> | <u>202,820</u> | <u>160,567</u> | <u>42,253</u> |
| <u>Course and Maintenance</u> | | | | |
| Salaries | 337,100 | 337,100 | 348,293 | (11,193) |
| Taxes | 25,000 | 25,000 | 35,545 | (10,545) |
| Benefits | 77,204 | 77,204 | 84,210 | (7,006) |
| Dues and Permits | 3,000 | 3,000 | 2,597 | 403 |
| Education | 3,000 | 3,000 | 210 | 2,790 |
| Supplies | 83,300 | 83,300 | 81,347 | 1,953 |
| Repairs and Maintenance | 86,000 | 86,000 | 79,349 | 6,651 |
| Equipment Rental | 7,500 | 7,500 | 10,227 | (2,727) |
| Utilities | <u>28,000</u> | <u>28,000</u> | <u>23,392</u> | <u>4,608</u> |
| Total Course and Maintenance | <u>650,104</u> | <u>650,104</u> | <u>665,170</u> | <u>(15,066)</u> |

(continued on next page)

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL
PARKS AND RECREATION FUND
For the Year Ended December 31, 2022

(continued)

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <u>Administration</u> | | | | |
| Advertising and Promotion | \$ 42,500 | \$ 42,500 | \$ 34,737 | \$ 7,763 |
| Benefits | 6,650 | 6,650 | 8,671 | (2,021) |
| Bank Charges | 18,000 | 18,000 | 24,638 | (6,638) |
| Office Supplies & Dues | 27,335 | 27,335 | 40,202 | (12,867) |
| Equipment Repairs and Maintenance | 15,685 | 15,685 | 15,356 | 329 |
| Miscellaneous | 500 | 500 | 608 | (108) |
| Operating Lease | 1,000 | 1,000 | - | 1,000 |
| Total Administration | <u>111,670</u> | <u>111,670</u> | <u>124,212</u> | <u>(12,542)</u> |
| <u>Facility Expenses</u> | | | | |
| Facility Repairs and Maintenance | 3,000 | 3,000 | 595 | 2,405 |
| Utilities | 40,200 | 40,200 | 50,915 | (10,715) |
| Total Facility | <u>43,200</u> | <u>43,200</u> | <u>51,510</u> | <u>(8,310)</u> |
| TOTAL GOLF COURSE EXPENDITURES | <u>1,592,793</u> | <u>1,592,793</u> | <u>1,620,367</u> | <u>(27,574)</u> |
| CAPITAL OUTLAY: | | | | |
| Golf Course | 430,000 | 430,000 | 249,756 | 180,244 |
| TOTAL CAPITAL OUTLAY | <u>430,000</u> | <u>430,000</u> | <u>249,756</u> | <u>180,244</u> |
| DEBT SERVICE: | | | | |
| Principal | 165,574 | 165,574 | 165,573 | 1 |
| Interest | 36,312 | 36,312 | 36,312 | - |
| TOTAL DEBT SERVICES | <u>201,886</u> | <u>201,886</u> | <u>201,885</u> | <u>1</u> |
| TOTAL EXPENDITURES AND OTHER FINANCING USES | <u>\$ 2,224,679</u> | <u>\$ 2,224,679</u> | <u>\$ 2,072,008</u> | <u>\$ 152,671</u> |

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

SUPPLEMENTAL INFORMATION
PROPRIETARY (ENTERPRISE) FUNDS

TOWN OF GYPSUM, COLORADO
SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES
– BUDGET TO ACTUAL – WATER ENTERPRISE FUND
For the Year Ended December 31, 2022

| | Water Enterprise Fund | | | Variance Positive (Negative) |
|---|-----------------------|---------------------|---------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | |
| Revenues: | | | | |
| Service Fees | \$ 1,290,000 | \$ 1,290,000 | \$ 1,298,586 | \$ 8,586 |
| Other Revenues | 132,920 | 132,920 | 145,291 | 12,371 |
| Tap Fees | 618,800 | 618,800 | 651,210 | 32,410 |
| Dedication Fees | 371,000 | 371,000 | 435,730 | 64,730 |
| Interest Income | 3,500 | 3,500 | 104,618 | 101,118 |
| Total Budgetary Based Revenues | 2,416,220 | 2,416,220 | 2,635,435 | 219,215 |
| Expenditures: | | | | |
| System Operations: | | | | |
| Salaries | 367,000 | 367,000 | 377,473 | (10,473) |
| Payroll Taxes | 29,200 | 29,200 | 34,542 | (5,342) |
| Employee Benefits | 91,915 | 91,915 | 111,752 | (19,837) |
| Utilities | 8,300 | 8,300 | 45,523 | (37,223) |
| Operating Supplies | 180,050 | 180,050 | 166,840 | 13,210 |
| Repairs and Maintenance | 2,336,740 | 2,336,740 | 153,473 | 2,183,267 |
| System Component Upgrades | 47,691 | 47,691 | 69,109 | (21,418) |
| Water Purchase | 30,000 | 30,000 | 27,711 | 2,289 |
| Eagle River Monitoring | 9,000 | 9,000 | 9,000 | - |
| Miscellaneous | 70,000 | 70,000 | 24,335 | 45,665 |
| Administration: | | | | |
| Salaries | 74,200 | 74,200 | 59,700 | 14,500 |
| Payroll Taxes | 6,000 | 6,000 | 6,938 | (938) |
| Employee Benefits | 20,320 | 20,320 | 12,258 | 8,062 |
| Office and Billing | 11,000 | 11,000 | 14,767 | (3,767) |
| Dues and Permits | 500 | 500 | 1,645 | (1,145) |
| Professional Services | 404,364 | 404,364 | 210,222 | 194,142 |
| Miscellaneous | 2,964 | 2,964 | 3,450 | (486) |
| Debt Services: | | | | |
| Principal | 186,918 | 186,918 | 58,725 | 128,193 |
| Interest | 78,307 | 78,307 | 41,374 | 36,933 |
| Capital Outlay/Noncap Outlay | 907,569 | 907,569 | 159,350 | 748,219 |
| Total Budgetary Based Expenditures | 4,862,038 | 4,862,038 | 1,588,187 | 3,273,851 |
| Budgetary Based Net Income (Loss) | (2,445,818) | (2,445,818) | 1,047,248 | 3,493,066 |
| Beginning Available Funds (Restated) | 5,359,278 | 5,359,278 | 4,464,799 | (894,479) |
| Ending Available Funds | <u>\$ 2,913,460</u> | <u>\$ 2,913,460</u> | <u>\$ 5,512,047</u> | <u>\$ 2,598,587</u> |

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES
– BUDGET TO ACTUAL – SEWER ENTERPRISE FUND
For the Year Ended December 31, 2022

| | Sewer Enterprise Fund | | | |
|--|-----------------------|---------------------|---------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| <u>Revenues:</u> | | | | |
| Service Fees | \$ 1,190,500 | \$ 1,190,500 | \$ 1,247,352 | \$ 56,852 |
| Tap Fees | 701,400 | 701,400 | 609,710 | (91,690) |
| Interest Income | 2,400 | 2,400 | 70,202 | 67,802 |
| Other Revenues | 500 | 500 | - | (500) |
| <u>Other Financing Sources and Uses:</u> | | | | |
| Transfer from General Fund | 112,360 | 112,360 | 112,360 | - |
| Total Budgetary Based Revenues | 2,007,160 | 2,007,160 | 2,039,624 | 32,464 |
| <u>Expenditures:</u> | | | | |
| System Operations: | | | | |
| Salaries | 312,000 | 312,000 | 274,236 | 37,764 |
| Payroll Taxes | 23,750 | 23,750 | 20,479 | 3,271 |
| Employee Benefits | 105,872 | 105,872 | 94,694 | 11,178 |
| Utilities | 17,000 | 17,000 | 25,288 | (8,288) |
| Operating Supplies | 10,500 | 10,500 | 10,384 | 116 |
| Repairs and Maintenance | 360,300 | 360,300 | 317,957 | 42,343 |
| Miscellaneous | 2,000 | 2,000 | 863 | 1,137 |
| Administration: | | | | |
| Salaries | 51,200 | 51,200 | 48,385 | 2,815 |
| Payroll Taxes | 4,220 | 4,220 | 5,392 | (1,172) |
| Employee Benefits | 15,442 | 15,442 | 10,551 | 4,891 |
| Office and Billing | 11,000 | 11,000 | 18,539 | (7,539) |
| Dues and Permits | 500 | 500 | 4,538 | (4,038) |
| Professional Services | 41,535 | 41,535 | 1,176 | 40,359 |
| Miscellaneous | 1,000 | 1,000 | 138,551 | (137,551) |
| Capital Outlay | 2,785,476 | 2,035,476 | 287,656 | 1,747,820 |
| Total Budgetary Based Expenditures | 3,741,795 | 2,991,795 | 1,258,689 | 1,733,106 |
| Budgetary Based Net Income (Loss) | (1,734,635) | (984,635) | 780,935 | 1,765,570 |
| Beginning Available Funds (Restated) | 4,708,830 | 4,708,830 | 4,229,691 | (479,139) |
| Ending Available Funds | \$ 2,974,195 | \$ 3,724,195 | \$ 5,010,626 | \$ 1,286,431 |

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

TOWN OF GYPSUM, COLORADO
SCHEDULE OF BUDGETARY BASED REVENUES AND EXPENDITURES
– BUDGET TO ACTUAL – SANITATION ENTERPRISE FUND
For the Year Ended December 31, 2022

| | Sanitation Enterprise Fund | | | |
|--------------------------------------|----------------------------|------------------|-------------------|------------------------------------|
| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
| <u>Revenues:</u> | | | | |
| Service Fees | \$ 438,400 | \$ 438,400 | \$ 459,557 | \$ 21,157 |
| Interest Income | 70 | 70 | 5,742 | 5,672 |
| Sale of Assets | - | - | 30,000 | 30,000 |
| | | | | |
| Total Budgetary Based Revenues | <u>438,470</u> | <u>438,470</u> | <u>495,299</u> | <u>56,829</u> |
| <u>Expenditures:</u> | | | | |
| System Operations: | | | | |
| Salaries | 86,600 | 86,600 | 73,688 | 12,912 |
| Payroll Taxes | 6,820 | 6,820 | 5,524 | 1,296 |
| Employee Benefits | 35,793 | 35,793 | 31,780 | 4,013 |
| Supplies | 12,100 | 12,100 | 3,783 | 8,317 |
| Repairs and Maintenance | 45,000 | 45,000 | 52,687 | (7,687) |
| Landfill Fees | 80,000 | 80,000 | 86,736 | (6,736) |
| Administration: | | | | |
| Salaries | 36,190 | 36,190 | 31,247 | 4,943 |
| Payroll Taxes | 2,930 | 2,930 | 3,127 | (197) |
| Employee Benefits | 14,393 | 14,393 | 7,105 | 7,288 |
| Office and Billing | 11,000 | 11,000 | 15,190 | (4,190) |
| Capital Outlay | 150,000 | 150,000 | - | 150,000 |
| | | | | |
| Total Budgetary Based Expenditures | <u>480,826</u> | <u>480,826</u> | <u>310,867</u> | <u>169,959</u> |
| | | | | |
| Budgetary Based Net Income (Loss) | (42,356) | (42,356) | 184,432 | 226,788 |
| | | | | |
| Beginning Available Funds (Restated) | <u>89,445</u> | <u>89,445</u> | <u>319,736</u> | <u>230,291</u> |
| | | | | |
| Ending Available Funds | <u>\$ 47,089</u> | <u>\$ 47,089</u> | <u>\$ 504,168</u> | <u>\$ 457,079</u> |

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

ANNUAL STATEMENT OF RECEIPTS AND
EXPENDITURES FOR ROADS, BRIDGES AND STREETS

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

| | |
|-------------------------------------|-----------------------------------|
| LOCAL HIGHWAY FINANCE REPORT | City or County: Gypsum |
| | YEAR ENDING: December 31, 2022 |

| | |
|---|---------------------------------------|
| This Information from The Records of Town of Gypsum, Colorado | Prepared By: Mike Sherven Phone: 5 |
|---|---------------------------------------|

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. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|-----------|---|-----------|
| A. Receipts from local sources: | | A. Local highway disbursements: | |
| 1. Local highway-user taxes | | 1. Capital outlay (from page 2) | 1,500,875 |
| a. Motor Fuel (from Item I.A.5.) | | 2. Maintenance: | 76,390 |
| b. Motor Vehicle (from Item I.B.5.) | | 3. Road and street services: | |
| c. Total (a.+b.) | | a. Traffic control operations | 21,076 |
| 2. General fund appropriations | 2,957,179 | b. Snow and ice removal | 352,757 |
| 3. Other local imposts (from page 2) | 50,670 | c. Other | 0 |
| 4. Miscellaneous local receipts (from page 2) | 258,401 | d. Total (a. through c.) | 373,833 |
| 5. Transfers from toll facilities | 0 | 4. General administration & miscellaneous | 212,619 |
| 6. Proceeds of sale of bonds and notes: | | 5. Highway law enforcement and safety | 1,334,302 |
| a. Bonds - Original Issues | 0 | 6. Total (1 through 5) | 3,498,019 |
| b. Bonds - Refunding Issues | 0 | B. Debt service on local obligations: | |
| c. Notes | 0 | 1. Bonds: | |
| d. Total (a. + b. + c.) | 0 | a. Interest | 0 |
| 7. Total (1 through 6) | 3,266,250 | b. Redemption | 0 |
| B. Private Contributions | 0 | c. Total (a. + b.) | 0 |
| C. Receipts from State government (from page 2) | 369,422 | 2. Notes: | |
| D. Receipts from Federal Government (from page 2) | 0 | a. Interest | 0 |
| E. Total receipts (A.7 + B + C + D) | 3,635,672 | b. Redemption | 0 |
| | | c. Total (a. + b.) | 0 |
| | | 3. Total (1.c + 2.c) | 0 |
| | | C. Payments to State for highways | 0 |
| | | D. Payments to toll facilities | 0 |
| | | E. Total disbursements (A.6 + B.3 + C + D) | 3,498,019 |

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

| | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
| | 10,601,530 | 3,635,672 | 3,498,019 | 10,739,183 | |

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING 12/22:
December 2022

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

| ITEM | AMOUNT | ITEM | AMOUNT |
|-----------------------------------|---------------------------|---|---------------------------|
| A.3. Other local imposts: | | A.4. Miscellaneous local receipts: | |
| a. Property Taxes and Assessments | 0 | a. Interest on investments | 137,653 |
| b. Other local imposts: | | b. Traffic Fines & Penalties | 70,923 |
| 1. Sales Taxes & Use Tax | 0 | c. Parking Garage Fees | 0 |
| 2. Infrastructure & Impact Fees | 0 | d. Parking Meter Fees | 0 |
| 3. Liens | 0 | e. Sale of Surplus Property | 49,825 |
| 4. Licenses | 0 | f. Charges for Services | 0 |
| 5. Specific Ownership &/or Other | 50,670 | g. Other Misc. Receipts | 0 |
| 6. Total (1. through 5.) | 50,670 | h. Other Road & Bridge Tax | 0 |
| c. Total (a. + b.) | 50,670 | i. Total (a. through h.) | 258,401 |
| | (Carry forward to page 1) | | (Carry forward to page 1) |

| ITEM | AMOUNT | ITEM | AMOUNT |
|--|---------|--|---------------------------|
| C. Receipts from State Government | | D. Receipts from Federal Government | |
| 1. Highway-user taxes | 324,946 | 1. FHWA (from Item I.D.5.) | |
| 2. State general funds | | 2. Other Federal agencies: | |
| 3. Other State funds: | | a. Forest Service | 0 |
| a. State bond proceeds | | b. FEMA | 0 |
| b. Project Match | | c. HUD | 0 |
| c. Motor Vehicle Registrations | 44,476 | d. Federal Transit Admin | 0 |
| d. Other (Specify) | 0 | e. U.S. Corps of Engineers | 0 |
| e. Other (Specify) | 44,476 | f. Other Federal | 0 |
| f. Total (a. through e.) | 43,104 | g. Total (a. through f.) | 0 |
| 4. Total (1. + 2. + 3.f) | 369,422 | 3. Total (1. + 2.g) | |
| | | | (Carry forward to page 1) |

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

| | ON NATIONAL HIGHWAY SYSTEM (a) | OFF NATIONAL HIGHWAY SYSTEM (b) | TOTAL (c) |
|---|---|--|---------------------------|
| A.1. Capital outlay: | | | |
| a. Right-Of-Way Costs | 0 | 0 | 0 |
| b. Engineering Costs | 0 | | |
| c. Construction: | | | |
| (1). New Facilities | 0 | 0 | 0 |
| (2). Capacity Improvements | 0 | 105,446 | 105,446 |
| (3). System Preservation | 0 | 1,395,429 | 1,395,429 |
| (4). System Enhancement & Operation | 0 | 0 | 0 |
| (5). Total Construction (1) + (2) + (3) + (4) | 0 | 1,500,875 | 1,500,875 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5) | 0 | 1,500,875 | 1,500,875 |
| | | | (Carry forward to page 1) |

Notes and Comments: