

**City of Edgewater, Colorado**

**Financial Statements**

**December 31, 2021**

# City of Edgewater, Colorado

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December 31, 2021

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## Independent Auditors' Report

# HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

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## Independent Auditor's Report

To the Mayor and Board of Trustees  
City of Edgewater, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, discretely presented component unit, and the aggregate remaining fund information of the City of Edgewater, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Edgewater'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, discretely presented component unit, and the aggregate remaining fund information of the City of Edgewater, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Edgewater, 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 City of Edgewater'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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Edgewater's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Edgewater's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

*Management Discussion and Analysis*

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

*Pension Schedules and Budgetary Comparison Schedules*

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Edgewater's basic financial statements. The Supplementary Information and the Local Highway Finance Report, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the supplementary and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hamblin and Associates, LLC*

Golden, Colorado  
April 16, 2024

City of Edgewater Management letter

# HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

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23720 Pondview Place  
Golden, CO 80401

(303) 981-7059

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April 16, 2024

To the City Council  
City of Edgewater, Colorado

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Edgewater for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated November 1, 2023. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Edgewater are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City of Edgewater during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting governmental activities, the business-type activities' financial statements were:

Management's estimate of the depreciation expense is based on estimated useful lives of long-lived assets. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.



*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 16, 2024.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Edgewater's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Edgewater's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Pension Plan schedules, and the budgetary comparison schedule of the General Fund and Open Space Fund, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining statements, the other budgetary comparison schedules, and component unit schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of Edgewater City Council and management of the City of Edgewater and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Hamblin and Associates, LLC*

## Management's Discussion and Analysis

## Management's Discussion and Analysis

This discussion and analysis of the financial performance of the City of Edgewater, Colorado (City) provides an overview of the City's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the financial statements.

### FINANCIAL HIGHLIGHTS

- The City of Edgewater's primary government (City) had a Net Position of \$23,736,571 on December 31, 2021.
- In addition, the City's component unit—the Edgewater Redevelopment Authority (ERA)—had a Net Position of \$1,765,860 on December 31, 2021.
- The Net Position of the City decreased by \$307,696 (-1.28%) during 2021.
- The Net Position of the ERA increased by \$280,179 (18.86%) during 2021.
- On December 31, 2021, the City's governmental funds reported combined ending fund balances of \$12,242,539. This marked an increase of \$762,323 (6.64%) from the prior year's ending governmental fund balances due primarily to increases in the General Fund and the Capital Improvements Fund.
- The General Fund increased its Fund Balance by \$471,841 (7.4%) during 2021.
- The Capital Improvement Fund increased its fund balance available for future year spending by \$383,409 (9.27%).
- The City's Utility Funds decreased in Net Position by \$576,691 (-32.3%) during 2021.

### USING THIS ANNUAL REPORT

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

#### Government-Wide Financial Statements

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

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

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

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

## **Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The *Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position* and the *Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities* provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

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

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

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

## **Notes to the Financial Statements**

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

## **Other information**

Budgetary comparison statements or schedules for all funds with budgeted expenditures/expenses are included following the "Notes to Financial Statements" to demonstrate each fund's compliance with adopted

budgets and appropriations. For the year ended December 31, 2021, all funds had budgeted expenditures/expenses.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, asset and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,736,571 at the close of 2021. As shown below, the City's net financial position decreased by \$307,696 (-1.28%) during 2021.

#### City's Condensed Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Current and other assets</b>	\$ 14,019,865	\$ 12,737,930	\$ (119,329)	\$ 448,269	\$ 13,900,536	\$ 13,186,199
<b>Capital assets, net</b>	18,059,715	19,372,794	2,112,075	2,251,928	20,171,790	21,624,722
<b>Total assets</b>	<u>32,079,580</u>	<u>32,110,724</u>	<u>1,992,746</u>	<u>2,700,197</u>	<u>34,072,326</u>	<u>34,810,921</u>
<b>Items Related to Pension</b>	566,865	676,464	-	-	566,865	676,464
<b>Loss on Debt Refunding</b>	-	-	-	-	-	-
<b>Total deferred outflow s</b>	<u>566,865</u>	<u>676,464</u>	<u>-</u>	<u>-</u>	<u>566,865</u>	<u>676,464</u>
<b>Current and other liabilities</b>	1,249,398	1,078,032	89,750	176,010	1,339,148	1,254,042
<b>Long-term debt outstanding</b>	8,771,453	9,288,779	696,068	740,568	9,467,521	10,029,347
<b>Total liabilities</b>	<u>10,020,851</u>	<u>10,366,811</u>	<u>785,818</u>	<u>916,578</u>	<u>10,806,669</u>	<u>11,283,389</u>
<b>Items Related to Pension</b>	95,951	159,729	-	-	95,951	159,729
<b>Total deferred inflow s</b>	<u>95,951</u>	<u>159,729</u>	<u>-</u>	<u>-</u>	<u>95,951</u>	<u>159,729</u>
<b>Net position:</b>						
<b>Net investment in capital assets</b>	18,059,715	10,400,915	2,112,075	1,511,360	20,171,790	11,912,275
<b>Restricted</b>	1,103,713	1,156,753	-	-	1,103,713	1,156,753
<b>Unrestricted</b>	3,366,215	10,702,980	(905,147)	272,259	2,461,068	10,975,239
<b>Total net position</b>	<u>\$ 22,529,643</u>	<u>\$ 22,260,648</u>	<u>\$ 1,206,928</u>	<u>\$ 1,783,619</u>	<u>\$ 23,736,571</u>	<u>\$ 24,044,267</u>

80.02% of the City's total net position on December 31, 2021, is represented by its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment). The City uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending.

Approximately 4.9% (\$1,103,713) of the City's total net position at the end of 2021 represents resources that are subject to external restrictions on how they may be used. They are fund balance restrictions for parks (\$183,324), open space (\$631,389), and emergencies (\$289,000).

The remaining amount of the City's total net position at the end of 2021 (\$2,461,068) represents 10.4% of the total net position and may be used to meet the City's other ongoing obligations to residents and creditors.

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

City's Condensed Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Program Revenues:</u>						
Charges for services	\$ 1,270,339	\$ 924,333	\$ 2,118,287	\$ 1,892,923	\$ 3,388,626	\$ 2,817,256
Operating grants & contributions	\$ 1,143,253	\$ 855,317		\$ -	\$ 1,143,253	\$ 855,317
Capital grants & contributions	\$ 371,857	\$ 1,337,500	\$ 62,178	\$ 34,464	\$ 434,035	\$ 1,371,964
General revenues:					\$ -	\$ -
Sales & use taxes	\$ 8,003,773	\$ 6,857,023		\$ -	\$ 8,003,773	\$ 6,857,023
Franchise & other taxes	\$ 178,829	\$ 253,153		\$ -	\$ 178,829	\$ 253,153
Other general revenues	\$ 682,528	\$ 552,976		\$ -	\$ 682,528	\$ 552,976
<b>Total Revenues</b>	<b>\$ 11,650,579</b>	<b>\$ 10,780,302</b>	<b>\$ 2,180,465</b>	<b>\$ 1,927,387</b>	<b>\$ 13,831,044</b>	<b>\$ 12,707,689</b>
<u>Program Expenses:</u>						
General government	\$ 4,565,607	\$ 3,575,617			\$ 4,565,607	\$ 3,575,617
Public safety	\$ 2,851,673	\$ 2,388,318			\$ 2,851,673	\$ 2,388,318
Public works	\$ 1,090,871	\$ 1,421,112			\$ 1,090,871	\$ 1,421,112
Parks and Recreation	\$ 1,012,621	\$ 271,976			\$ 1,012,621	\$ 271,976
Interest on Long-Term Debt	\$ 254,547	\$ 168,868			\$ 254,547	\$ 168,868
Water		\$ -	\$ 1,905,629	\$ 1,861,352	\$ 1,905,629	\$ 1,861,352
Sewer		\$ -	\$ 521,627	\$ 648,126	\$ 521,627	\$ 648,126
Trash		\$ -	\$ 329,900	\$ 269,731	\$ 329,900	\$ 269,731
<b>Total Expenses</b>	<b>\$ 9,775,319</b>	<b>\$ 7,825,891</b>	<b>\$ 2,757,156</b>	<b>\$ 2,779,209</b>	<b>\$ 12,532,475</b>	<b>\$ 10,605,100</b>
Change in Net Position	\$ 268,995	\$ 2,453,493	\$ (576,691)	\$ (851,822)	\$ 1,298,569	\$ 1,601,671
Net Position, Beginning	\$ 22,260,648	\$ 19,807,155	\$ 1,783,619	\$ 2,635,441	\$ 24,044,267	\$ 22,442,596
<b>Net Position, Ending</b>	<b>\$ 22,529,643</b>	<b>\$ 22,260,648</b>	<b>\$ 1,206,928</b>	<b>\$ 1,783,619</b>	<b>\$ 25,342,836</b>	<b>\$ 24,044,267</b>

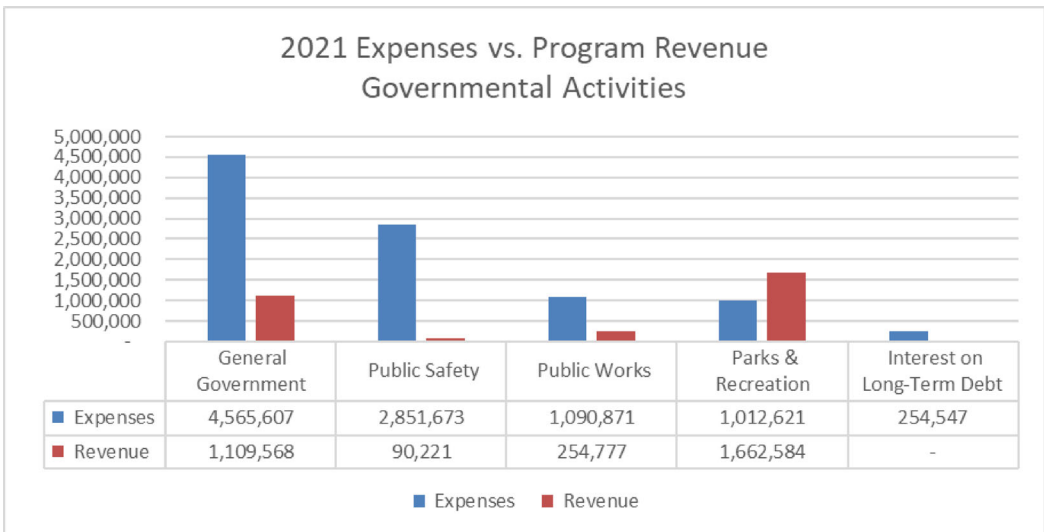
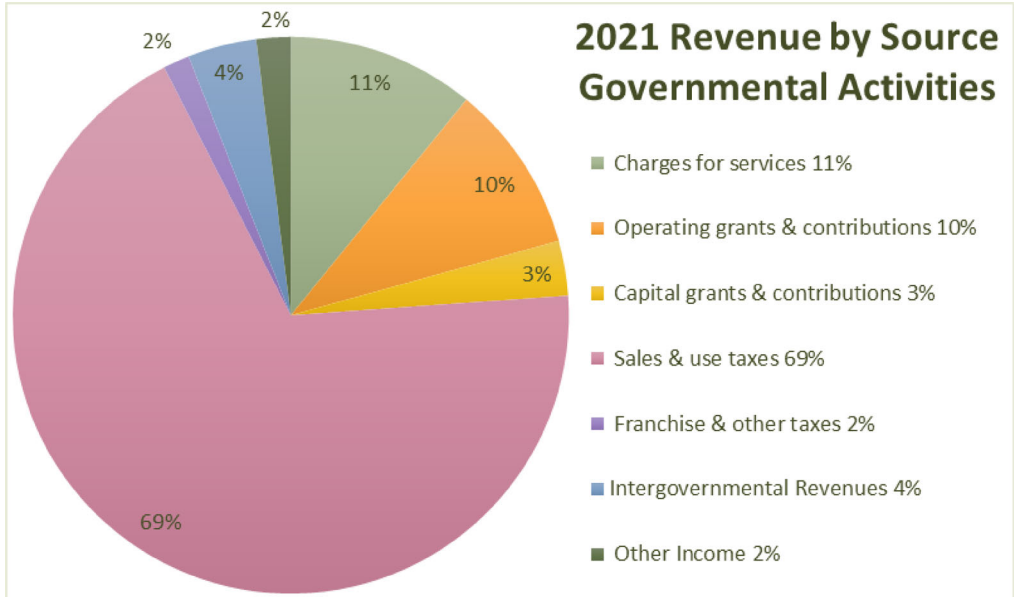
**Governmental Activities**

The City's Governmental Activities increased in net position by \$268,995 (1.21%) in 2021.

Key elements of the 2021 increases are as follows:

- Total revenues increased by \$870,277. Mostly the offset between the decrease in contributions but a noticeable increase in Taxes.
- Total expenses increased by \$1,949,428 in 2021 primarily due to General Government and Parks and Recreation.

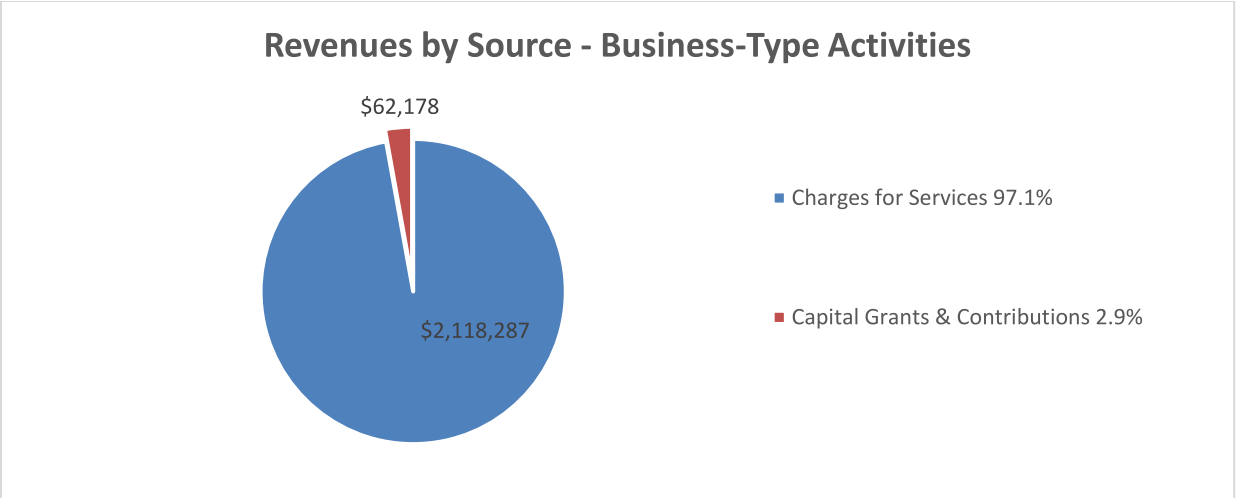
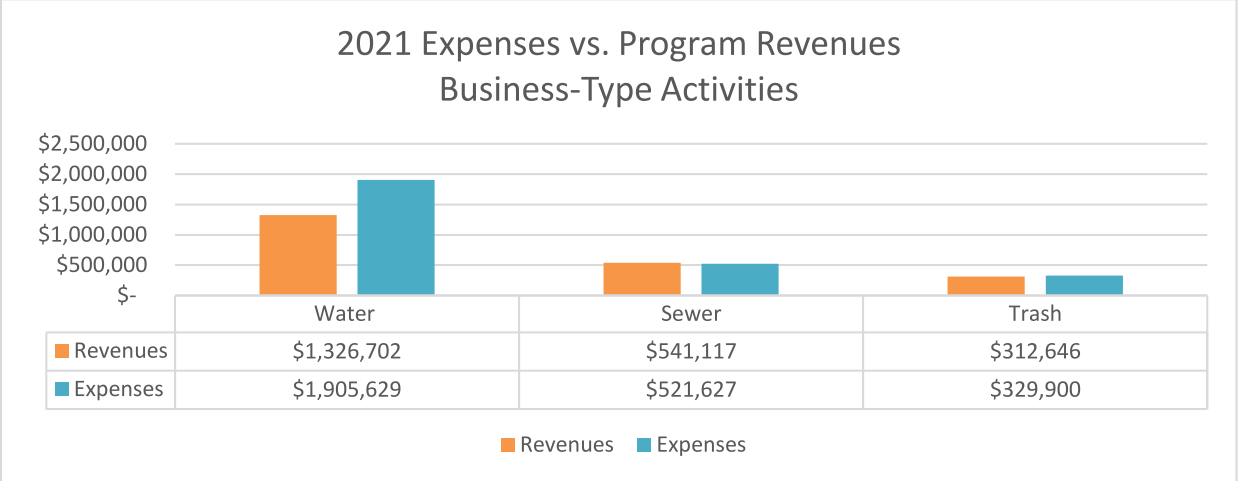
The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.



**Business-type Activities**

Business-type Activities decreased in net position by  $-\$576,691$  (-32.3%) during 2021. This was an improving trend from 2020 when the net position decreased by  $-\$851,822$  (-32.3%). Service Operating Expenses significantly exceeded Operating Revenues in the Water and Sewer Funds, causing these decreases in Net Position. The Trash Fund also showed a decrease in Net Position of  $-\$17,254$ .

The following two charts illustrate the Business-type Activities revenues and expenses for 2021.



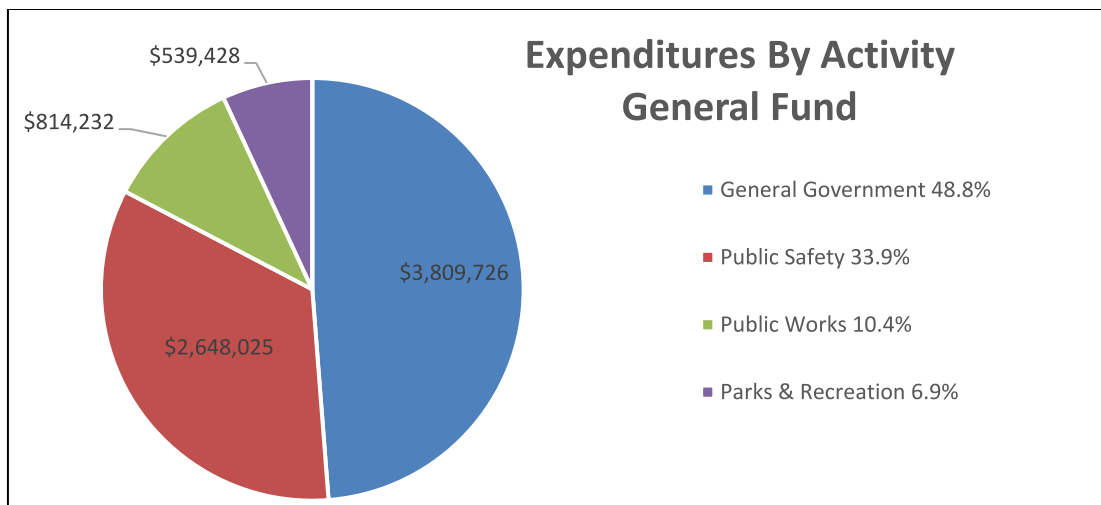
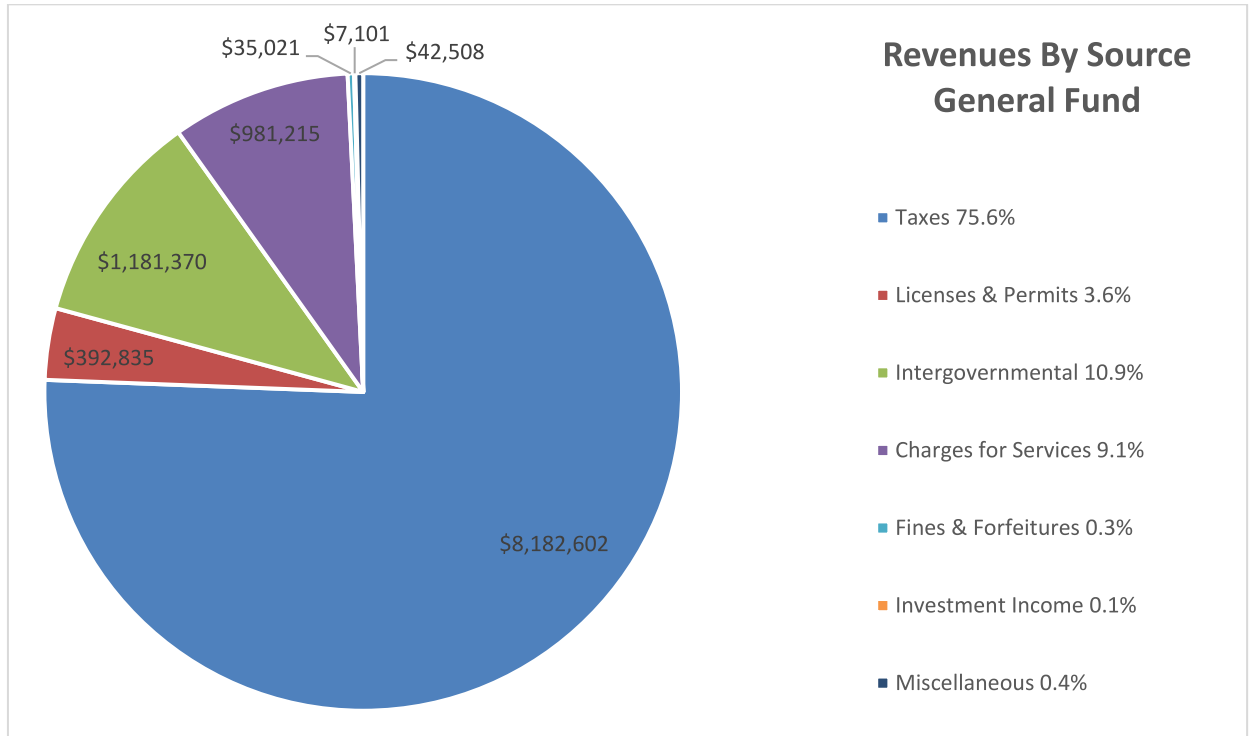
**THE CITY'S FUNDS**

As noted earlier, the City of Edgewater uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (unrestricted fund balance) in each fund are shown at year-end. On December 31, 2021, the City's three major Governmental funds reported combined ending fund balances of \$11,997,000. These funds are discussed below.

*General Fund.* The General Fund is the chief operating fund of the City of Edgewater. It accounts for all the general services provided by the City. At the end of 2021, the fund balance of the General Fund totaled \$6,844,789. This was a \$471,841(7.4%) increase over 2020. Expenditures in 2021 of \$7,811,411 were outpaced by revenues totaling \$10,825,652. The General Fund also transferred \$2,542,400 to the Capital Improvements and Capital Equipment funds.

The following two tables illustrate General Fund revenues and expenditures during 2021.





*Open Space Fund.* The Open Space Fund is utilized to account for the City's portion of Open Space Sales Tax revenues shared by Jefferson County. These revenues are legally restricted to use for open space, parks, trails, and associated outdoor recreation programs. In 2021, \$211,663 in current revenues and \$51,519 from prior year fund balances were spent on such programs.

*Capital Improvements Fund.* The City's Capital Improvements Fund was established to finance major capital improvements. During 2021, the City spent \$92,727 on Civic Center improvements, \$750,723 on debt service payments for the Civic Center capital lease, \$234,631 for the Lead Lines Replacement Project, and \$910,368 on street, sidewalk, alley, and traffic improvements. Parts of these projects were funded through a transfer from the General Fund (\$2,000,000) and contributions from other governments (\$371,857).

*Water Fund.* On December 31, 2021, the Net Position of the Water Fund was \$109,564. This reflected a decrease of 84.1% (-\$578,927) during 2021. Expenditure exceeded the adopted budget by \$387,669.

*Sewer Fund.* On December 31, 2021, the Net Position of the Sewer Fund was \$1,008,592. This reflected an increase of 19.70% (\$19,490) during 2021. Expenditure was less than the adopted budget by \$7,437.

*Trash Fund.* On December 31, 2021, the Net Position of the Trash Fund was \$88,772. This reflected a decrease of 16.27% (-\$17,254) in 2021. Expenditure exceeded the adopted budget by \$21,651.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

*Capital Assets.* At December 31, 2021, the City invested in a range of capital assets including land, buildings and improvements, equipment, and infrastructure such as streets, alleys, and sidewalks. A summary of these assets is shown below. Note 3 of the financial statements provides additional information.

### Governmental Activities

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 2,730,128	\$ -	\$ (1,562,500)	\$ 1,167,628
Construction In Progress	-	614,473	-	614,473
Total Capital Assets, Not Being Depreciated	<u>2,730,128</u>	<u>614,473</u>	<u>(1,562,500)</u>	<u>1,782,101</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	13,524,681	76,271	-	13,600,952
Equipment	1,934,024	418,827	(93,854)	2,258,997
Infrastructure	4,801,511	-	-	4,801,511
Total Capital Assets, Being Depreciated	<u>20,260,216</u>	<u>495,098</u>	<u>(93,854)</u>	<u>20,661,460</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(1,006,455)	(341,405)	-	(1,347,860)
Equipment	(1,208,491)	(212,301)	50,089	(1,370,703)
Infrastructure	(1,402,605)	(262,679)	-	(1,665,284)
Total Accumulated Depreciation	<u>(3,617,550)</u>	<u>(816,385)</u>	<u>50,089</u>	<u>(4,383,846)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,642,666</u>	<u>(321,287)</u>	<u>(43,765)</u>	<u>16,277,614</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,372,794</u>	<u>\$ 293,186</u>	<u>\$ (1,606,265)</u>	<u>\$ 18,059,715</u>
<b>Business-type Activities</b>				
Capital Assets, Being Depreciated				
Water System	\$ 2,679,031	\$ -	\$ -	\$ 2,679,031
Sewer System	1,525,031	-	-	1,525,031
Total Capital Assets, Being Depreciated	<u>4,204,062</u>	<u>-</u>	<u>-</u>	<u>4,204,062</u>
Less: Accumulated depreciation				
Water System	(1,471,468)	(89,716)	-	(1,561,184)
Sewer System	(480,668)	(50,136)	-	(530,804)
Total Accumulated Depreciation	<u>(1,952,136)</u>	<u>(139,852)</u>	<u>-</u>	<u>(2,091,988)</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,251,926</u>	<u>\$ (139,852)</u>	<u>\$ -</u>	<u>\$ 2,112,074</u>
<b>Component Unit</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 134,000	\$ -	\$ -	\$ 134,000
Total Capital Assets, Not Being Depreciated	<u>134,000</u>	<u>-</u>	<u>-</u>	<u>134,000</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	49,000	-	-	49,000
Less: Accumulated Depreciation	(9,800)	(4,900)	-	(14,700)
Total Capital Assets, Being depreciated, Net	<u>39,200</u>	<u>(4,900)</u>	<u>-</u>	<u>34,300</u>
Component Unit Capital Assets, Net	<u>\$ 173,200</u>	<u>\$ (4,900)</u>	<u>\$ -</u>	<u>\$ 168,300</u>

*Debt Administration.* Note 4 of the financial statements provides a summary of the City's long-term debt. At December 31, 2021, the City's Governmental Activities had an outstanding capital lease of \$8,605,000. It is payable from general sales and use tax revenues of the City. Accrued leave payable for compensated absences is also recorded.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Management has scheduled a rate study in 2022 to address the needs of the Enterprise Funds. The study is due to the operating losses in the Water, Sewer, and Trash Funds in recent years. It is anticipated that the other funds will continue to operate cost-effectively with adequate reserves.

#### **REQUESTS FOR INFORMATION**

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

## Basic Financial Statements

**City of Edgewater, Colorado**  
Statement of Net Position  
Year Ended December 31, 2021

	Primary Government				Component
	Governmental	Business-type	Eliminations	Total	Unit
	Activities	Activities			Redevelopment
					Authority
<b>Assets</b>					
Cash and Investments	\$ 11,935,236	\$ 78,358		\$ 12,013,594	\$ 1,597,659
Restricted Cash and Investments	128,121	-		128,121	-
Accounts Receivable	525,935	115,773	(332,649)	309,059	-
Taxes Receivable	842,536	-		842,536	400,928
Prepaid Expenditures	39,850	2,539		42,389	-
Inventory	-	16,650		16,650	-
Capital Assets, Not Being Depreciated	1,782,101	-		1,782,101	-
Capital Assets, Net of Accumulated Depreciation	16,277,614	2,112,075		18,389,689	168,300
Net Pension Asset	548,187	-		548,187	-
<b>Total Assets</b>	<b>\$ 32,079,580</b>	<b>\$ 2,325,395</b>	<b>\$ (332,649)</b>	<b>\$ 34,072,326</b>	<b>\$ 2,166,887</b>
<b>Deferred Outflows of Resources</b>					
Pensions, Net of Accumulated Amortization	\$ 566,865	\$ -	\$ -	\$ 566,865	\$ -
<b>Total Deferred Outflows of Resources</b>	<b>566,865</b>	<b>-</b>	<b>-</b>	<b>566,865</b>	<b>-</b>
<b>Liabilities</b>					
Accounts Payable	\$ 1,090,131	\$ 87,430		\$ 1,177,561	\$ 99
Retainage Payable	-	-		-	-
Accrued Liabilities	122,008	332,649	(332,649)	122,008	-
Customer Deposits	17,000	-		17,000	-
Accrued Interest Payable	20,259	2,320		22,579	-
Noncurrent Liabilities				-	-
Due Within One Year	526,645	45,394		572,039	-
Due in More Than One Year	8,244,808	650,674		8,895,482	-
<b>Total Liabilities</b>	<b>10,020,851</b>	<b>1,118,467</b>	<b>(332,649)</b>	<b>10,806,669</b>	<b>99</b>
<b>Deferred Inflows of Resources</b>					
Pensions, Net of Accumulated Amortization	95,951	-		95,951	-
Property Taxes	-	-		-	400,928
<b>Total Deferred Inflows of Resources</b>	<b>95,951</b>	<b>-</b>	<b>-</b>	<b>95,951</b>	<b>400,928</b>
<b>Net Position</b>					
Net Investment in Capital Assets	18,059,715	2,112,075		20,171,790	168,300
Restricted for:					
Emergencies	289,000	-		289,000	-
Parks and Open Space	814,713	-		814,713	-
Unrestricted	3,366,215	(905,147)		2,461,068	1,597,560
<b>Total Net Position</b>	<b>22,529,643</b>	<b>1,206,928</b>	<b>-</b>	<b>23,736,571</b>	<b>1,765,860</b>

The accompanying notes are an integral part of the financial statements

**City of Edgewater, Colorado**  
Statement of Activities  
Year Ended December 31, 2021

Functions / Programs	Program Revenues				Net Revenue (Expense) and Change in Net Position			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals	Component Unit Redevelopment Authority
					Governmental Activities	Business Type Activities		
<b>Primary Government</b>								
Governmental Activities								
General Government	\$ 4,565,607	\$ 1,064,742	\$ 106,523	\$ -	\$ (3,394,342)	\$ -	\$ (3,394,342)	\$ -
Public Safety	2,851,673	1,427	10,316	-	(2,839,930)	-	(2,839,930)	-
Public Works	1,090,871	41,050	92,911	-	(956,910)	-	(956,910)	-
Parks and Recreation	1,012,621	163,120	933,503	371,857	455,859	-	455,859	-
Interest on Long Term Debt	254,547	-	-	-	(254,547)	-	(254,547)	-
Total Governmental Activities	9,775,319	1,270,339	1,143,253	371,857	(6,989,870)	-	(6,989,870)	-
Business Type Activities								
Water	1,905,629	1,278,109	-	48,593	-	(578,927)	(578,927)	-
Sewer	521,627	527,532	-	13,585	-	19,490	19,490	-
Trash	329,900	312,646	-	-	-	(17,254)	(17,254)	-
Total Business-Type Activities	2,757,156	2,118,287	-	62,178	-	(576,691)	(576,691)	-
Total Primary Government	\$ 12,532,475	\$ 3,388,626	\$ 1,143,253	\$ 434,035	(6,989,870)	(576,691)	(7,566,561)	-
<b>Component Unit</b>								
Redevelopment Authority	\$ 61,486	\$ -	\$ -	\$ -	-	-	-	(61,486)
<b>General Revenues</b>								
Property Tax	-	-	-	-	-	-	-	341,665
Sales and Use Taxes	-	-	-	-	8,003,773	-	8,003,773	-
Franchise Taxes	-	-	-	-	178,829	-	178,829	-
Intergovernmental Revenues not Restricted to Specific Programs	-	-	-	-	407,919	-	407,919	-
Investment Income	-	-	-	-	7,101	-	7,101	-
Miscellaneous	-	-	-	-	267,508	-	267,508	-
Total General Revenues	-	-	-	-	8,865,130	-	8,865,130	341,665
<b>Other Sources (Uses)</b>								
Fixed Asset Recovery	-	-	-	-	(1,606,265)	-	(1,606,265)	-
Total Other Sources (Uses)	-	-	-	-	(1,606,265)	-	(1,606,265)	-
Change in Net Position	-	-	-	-	268,995	(576,691)	(307,696)	280,179
Net Position, Beginning	-	-	-	-	22,260,648	1,783,619	24,044,267	1,485,681
Net Position, Ending	-	-	-	-	22,529,643	1,206,928	23,736,571	1,765,860

The accompanying notes are an integral part of the financial statements

**City of Edgewater, Colorado**

Balance Sheet

Governmental Funds

Year Ended December 31, 2021

	General	Open Space	Capital Improvements	Nonmajor Governmental Funds	Total
<b>Assets</b>					
Cash and Investments	\$6,700,648	\$ 593,311	\$ 4,422,302	\$ 218,975	\$ 11,935,236
Restricted Cash and Investments	-	-	128,121	-	128,121
Accounts Receivable	118,630	38,816	-	35,840	193,286
Interfund Receivable	332,649	-	-	-	332,649
Taxes Receivable	842,536	-	-	-	842,536
Prepaid Expenditures	39,850	-	-	-	39,850
<b>Total Assets</b>	<b>\$8,034,313</b>	<b>\$ 632,127</b>	<b>\$ 4,550,423</b>	<b>\$ 254,815</b>	<b>\$ 13,471,678</b>
<b>Liabilities</b>					
Accounts Payable	\$1,050,516	\$ 738	\$ 29,540	\$ 9,337	\$ 1,090,131
Retainage Payable	-	-	-	-	-
Accrued Liabilities	122,008	-	-	-	122,008
Customer Deposits	17,000	-	-	-	17,000
<b>Total Liabilities</b>	<b>1,189,524</b>	<b>738</b>	<b>29,540</b>	<b>9,337</b>	<b>1,229,139</b>
<b>Fund Balance</b>					
Nonspendable Prepaid Expenditures	39,850	-	-	-	39,850
Restricted for:					
Emergencies	289,000	-	-	-	289,000
Parks and Open Space	-	631,389	-	183,324	814,713
Assigned to Capital Outlay	-	-	4,520,883	62,154	4,583,037
Unrestricted, Unassigned	6,515,939	-	-	-	6,515,939
<b>Total Fund Balances</b>	<b>6,844,789</b>	<b>631,389</b>	<b>4,520,883</b>	<b>245,478</b>	<b>12,242,539</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$8,034,313</b>	<b>\$ 632,127</b>	<b>\$ 4,550,423</b>	<b>\$ 254,815</b>	<b>\$ 13,471,678</b>

The accompanying notes are an integral part of the financial statements

**City of Edgewater, Colorado**  
 Reconciliation of the Balance Sheet of Government Funds to the  
 Statement of Net Position  
 Year Ended December 31, 2021

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

Total Fund Balances of Governmental Funds	\$ 12,242,539
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds	18,059,715
Net pension assets (liabilities) and the related deferred inflows and outflows are not current financial resources and, therefore, are not reported in governmental funds.	
Net Pension Asset	548,187
Pension-Related Deferred Outflow of Resources	566,865
Pension-Related Deferred Inflows of Resources	(95,951)
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Accrued Interest Payable	(20,259)
Long-Term Debt	(8,771,453)
	\$ 22,529,643

The accompanying notes are an integral part of the financial statements



## City of Edgewater, Colorado

### Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds Year Ended December 31, 2021

	General	Open Space	Capital Improvements	Nonmajor Governmental Funds	Total
<b>Revenues</b>					
Taxes	\$8,182,602	\$ -	\$ -	\$ -	\$ 8,182,602
Licenses and Permits	392,835	-	-	-	392,835
Intergovernmental	1,184,370	211,663	371,857	155,139	1,923,029
Charges for Services	981,215	-	-	-	981,215
Fines and Forfeitures	35,021	-	-	-	35,021
Investment Income	7,101	-	-	-	7,101
Miscellaneous	42,508	-	-	225,000	267,508
<b>Total Revenues</b>	<b>10,825,652</b>	<b>211,663</b>	<b>371,857</b>	<b>380,139</b>	<b>11,789,311</b>
<b>Expenditures</b>					
Current					
General Government	3,809,726	-	-	138,134	3,947,860
Public Safety	2,648,025	-	234,631	162,639	3,045,295
Public Works	814,232	-	236,619	3,635	1,054,486
Parks and Recreation	539,428	263,182	-	308,830	1,111,440
Capital Outlay	-	-	766,476	350,709	1,117,185
Debt Service					
Principal	-	-	495,000	-	495,000
Interest and Fiscal Charges	-	-	255,722	-	255,722
<b>Total Expenditures</b>	<b>7,811,411</b>	<b>263,182</b>	<b>1,988,448</b>	<b>963,947</b>	<b>11,026,988</b>
Excess of Revenues Over (Under) Expenditures	3,014,241	(51,519)	(1,616,591)	(583,808)	762,323
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	-	2,000,000	542,400	2,542,400
Transfers Out	(2,542,400)	-	-	-	(2,542,400)
<b>Net Change in Fund Balance</b>	<b>471,841</b>	<b>(51,519)</b>	<b>383,409</b>	<b>(41,408)</b>	<b>762,323</b>
<b>Fund Balance - Beginning</b>	<b>6,372,948</b>	<b>682,908</b>	<b>4,137,474</b>	<b>286,886</b>	<b>11,480,216</b>
<b>Fund Balance - Ending</b>	<b>\$6,844,789</b>	<b>\$ 631,389</b>	<b>\$4,520,883</b>	<b>\$ 245,478</b>	<b>\$ 12,242,539</b>

The accompanying notes are an integral part of the financial statements

**City of Edgewater, Colorado**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities  
 Year Ended December 31, 2021

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

Net Change in Fund Balances of Governmental Funds	\$ 762,323
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual Depreciation expense in the statement of activities.</p>	
Capital Outlay	1,109,571
Depreciation Expense	(816,385)
<p>Repayments of debt principal are expenditures in governmental funds, but they reduce long term liabilities in the statement of net position and do not affect the statement of activities.</p>	
	495,000
<p>Some expenses reported in the statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes changes in the following:</p>	
Accrued Interest Payable	1,175
Compensation Absences Payable	22,326
Net Pension Asset	347,071
Pension-Related Deferred Outflows and Inflows of Resources	(45,821)
Capital Asset Recovery	<u>(1,606,265)</u>
Change in Net Position in Governmental Activities	<u>\$ 268,995</u>

The accompanying notes are an integral part of the financial statements

**City of Edgewater, Colorado**

Statement of Net Position

Proprietary Funds

December 31, 2021

	<b>Water</b>	<b>Sewer</b>	<b>Nonmajor Trash</b>	<b>Total</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Investments	\$ -	\$ -	\$ 78,358	\$ 78,358
Accounts Receivable	40,616	44,693	30,464	115,773
Inventory	16,650	-	-	16,650
Prepaid Expenditures	2,539	-	-	2,539
<b>Total Current Assets</b>	<b>59,805</b>	<b>44,693</b>	<b>108,822</b>	<b>213,320</b>
<b>Noncurrent Assets</b>				
Capital Assets, Net of Accumulated	2,679,030	1,525,030	-	4,204,060
Depreciation	(1,561,184)	(530,801)	-	(2,091,985)
<b>Total Noncurrent Assets</b>	<b>1,117,846</b>	<b>994,229</b>	<b>-</b>	<b>2,112,075</b>
<b>Total Assets</b>	<b>\$ 1,177,651</b>	<b>\$ 1,038,922</b>	<b>\$ 108,822</b>	<b>\$ 2,325,395</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 61,339	\$ 6,041	\$ 20,050	\$ 87,430
Accrued Interest Payable	2,320	-	-	2,320
Interfund Payable	308,360	24,289	-	332,649
Loans Payable, Current Portion	45,394	-	-	45,394
<b>Total Current Liabilities</b>	<b>417,413</b>	<b>30,330</b>	<b>20,050</b>	<b>467,793</b>
<b>Noncurrent Liabilities</b>				
Loans Payable	650,674	-	-	650,674
<b>Total Noncurrent Liabilities</b>	<b>650,674</b>	<b>-</b>	<b>-</b>	<b>650,674</b>
<b>Total Liabilities</b>	<b>1,068,087</b>	<b>30,330</b>	<b>20,050</b>	<b>1,118,467</b>
<b>Net Position</b>				
Net position in Capital assets	1,117,846	994,229	-	2,112,075
Unrestricted, Unassigned	(1,008,282)	14,363	88,772	(905,147)
<b>Total Net Position</b>	<b>\$ 109,564</b>	<b>\$ 1,008,592</b>	<b>\$ 88,772</b>	<b>\$ 1,206,928</b>

The accompanying notes are an integral part of the financial statements

**City of Edgewater, Colorado**  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
Year Ended December 31, 2021

	Water	Sewer	Nonmajor Trash	Total
<b>Operating Revenues</b>				
Charges for Services	\$ 1,253,653	\$ 455,871	\$ 312,646	\$ 2,022,170
Miscellaneous	24,456	71,661	-	96,117
<b>Total Operating Revenues</b>	<b>1,278,109</b>	<b>527,532</b>	<b>312,646</b>	<b>2,118,287</b>
<b>Operating Expenses</b>				
Service Operating Expenses	1,801,471	471,491	329,900	2,602,862
Depreciation	89,716	50,136	-	139,852
<b>Total Operating Expenses</b>	<b>1,891,187</b>	<b>521,627</b>	<b>329,900</b>	<b>2,742,714</b>
<b>Net Operating Income (Loss)</b>	<b>(613,078)</b>	<b>5,905</b>	<b>(17,254)</b>	<b>(624,427)</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Expense	(14,442)	-	-	(14,442)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(14,442)</b>	<b>-</b>	<b>-</b>	<b>(14,442)</b>
<b>Total Income (Loss) Before Contributions</b>	<b>(627,520)</b>	<b>5,905</b>	<b>(17,254)</b>	<b>(638,869)</b>
<b>Capital Contributions</b>				
Connection Fees	48,593	13,585	-	62,178
<b>Change in Net Position</b>	<b>(578,927)</b>	<b>19,490</b>	<b>(17,254)</b>	<b>(576,691)</b>
<b>Net Position - Beginning</b>	<b>688,491</b>	<b>989,102</b>	<b>106,026</b>	<b>1,783,619</b>
<b>Net Position - Ending</b>	<b>\$ 109,564</b>	<b>\$ 1,008,592</b>	<b>\$ 88,772</b>	<b>\$ 1,206,928</b>

The accompanying notes are an integral part of the financial statements

**City of Edgewater, Colo+A2+A1:F41**

Statement of Cash Flows  
Proprietary Funds  
December 31, 2021

	<b>Water</b>	<b>Sewer</b>	<b>Nonmajor Trash</b>	<b>Total</b>
<b>Cash Flows From Operating Activities</b>				
Cash Received from Customers	\$ 1,373,687	\$ 524,900	\$ 315,570	\$ 2,214,157
Cash Paid to Suppliers	(1,867,693)	(475,059)	(348,909)	(2,691,661)
Payments from (to) Other Funds	396,075	(63,426)	-	332,649
Cash Provided (Used) by Operating Activities	(97,931)	(13,585)	(33,339)	(144,855)
<b>Cash Flows From Capital and Related Financing Activities</b>				
Capital Equipment Payments				
Connection Fees Received	48,593	13,585	-	62,178
Debt Principal Payments	(44,500)	-	-	(44,500)
Debt Interest Payments	(14,442)	-	-	(14,442)
Cash Provided (Used) by Capital and Related Financing Activities	(10,349)	13,585	-	3,236
<b>Net Change in Cash and Cash Equivalents</b>	<b>(108,280)</b>	<b>-</b>	<b>(33,339)</b>	<b>(141,619)</b>
<b>Cash and Cash Equivalents, Beginning</b>	<b>108,280</b>	<b>-</b>	<b>111,697</b>	<b>219,977</b>
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 78,358</b>	<b>\$ (141,619)</b>
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Net Operating Income (Loss)	\$ (613,078)	\$ 5,905	\$ (17,254)	\$ (624,427)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	89,716	50,136	-	139,852
Changes in Assets and Liabilities				
Accounts Receivable	95,578	(2,632)	2,924	95,870
Interfund Receivable	87,715	-	-	87,715
Prepaid Expenses	(2,539)	-	-	(2,539)
Accounts Payable	(63,683)	(3,568)	(19,009)	(86,260)
Interfund Payable	308,360	(63,426)	-	244,934
Net Cash Provided (Used) by Operating Activities	\$ (97,931)	\$ (13,585)	\$ (33,339)	\$ (144,855)

The accompanying notes are an integral part of the financial statements

**City of Edgewater, Colorado**  
Statement of Fiduciary Net Position  
Firemen's Pension Trust Fund  
December 31, 2021

	<b>Firemen's Pension</b>
<b>Assets</b>	
Cash and Investments	\$ 415,426
Investments	
US Agency Securities	342,610
Accounts Receivable	24,000
<b>Total Assets</b>	<b>\$ 782,036</b>
<b>Net Position</b>	
Restricted for Pension Benefits	\$ 782,036

The accompanying notes are an integral part of the financial statements

**City of Edgewater, Colorado**  
Statement of Changes in Fiduciary Net Position  
Firemen's Pension Trust Fund  
Year Ended December 31, 2021

	<b>Firemen's Pension</b>
<b>Additions</b>	
City Contributions	\$ 34,300
State Contributions	22,500
	56,800
<b>Deductions</b>	
Pension Benefits	52,658
Investment Loss	2,126
	54,784
<b>Change in Net Position</b>	2,016
<b>Net Position - Beginning</b>	780,020
<b>Net Position - Ending</b>	\$ 782,036

The accompanying notes are an integral part of the financial statements

Notes to the Financial Statements

The accompanying notes are an integral part of the financial statements



**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies**

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

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

**Reporting Entity**

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

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

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

**Government-wide and Fund Financial Statements**

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

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (continued)**

**Government-wide and Fund Financial Statements (continued)**

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

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

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

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies** (continued)

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

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fiduciary fund:

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

**Assets, Liabilities, and Net Position / Fund Balances**

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

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

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

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

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies** (continued)

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

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

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

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

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

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

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

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies** (continued)

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

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

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

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

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

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

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 2: Cash and Investments**

Cash and investments on December 31, 2021, consist of the following:

Petty Cash	\$ 1,383
Cash Deposits	3,926,107
Investments	10,441,799
Cash Held by Third Party	<u>128,121</u>
Total	<u>\$ 14,497,410</u>

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

Cash and Investments	\$ 11,989,594
Restricted Cash and Investments	128,121
Pension Trust Fund Cash and Investments	758,036
Component Unit Cash and Investments	<u>1,621,659</u>
Total	<u>\$ 14,497,410</u>

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. On December 31, 2021, the City had bank deposits of \$4,535,945 collateralized with securities held by the financial institutions' agent but not in the City's name.

**Investments**

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

- Obligations of the United States and certain US Agency securities
- Certain international agency securities
- General obligation revenue bonds of US local government entities
- Bankers' acceptance of certain banks
- Commercial paper

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 2: Cash and Investments** (continued)

**Investments** (continued)

- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The City had the following investments at December 31, 2020:

Investment Type	S&P Rating	Investment Maturities (in years)			Total
		Less than 1	1 - 5	More than 5	
Local Government Investment Pools	AAAm	\$ 10,099,189	\$ -	\$ -	\$ 10,099,189
US Agency Securities	NA	82	6,777	335,751	342,610
Total		<u>\$ 10,099,271</u>	<u>\$ 6,777</u>	<u>\$ 335,751</u>	<u>\$ 10,441,799</u>

*Fair Value Measurements* – The City reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. On December 31, 2021, the City’s investments in US Agency securities were measured utilizing quote prices in active markets for similar investments (Level 2 inputs). The City’s investments in the local government investment pool were measured at the net asset value per share.

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

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

*Concentration of Credit Risk* – State statutes do not limit the amount the City may invest in a single issuer of investment securities, except for corporate securities. The Government National Mortgage Association (GNMA) securities are held by the Firemen’s Pension Plan and represent 5% of total investments.

*Custodial Credit Risk* – On December 31, 2021, the City’s investments in US Agency securities were held by the counterparty (broker), but not in the City’s name.

## City of Edgewater, Colorado

### Notes to Financial Statements

December 31, 2021

#### **Note 2: Cash and Investments** (continued)

##### **Investments** (continued)

*Local Government Investment Pools* – On December 31, 2021, the City invested in the Colorado Local Government Liquid Asset Trust (ColoTrust) and the Colorado Surplus Asset Fund Trust (CSAFE). The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements for creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools are measured at the net asset value per share, with each share valued at \$1. The pools are rated AAAM by Standard and Poor's. Investments in the pools are limited to those allowed by State Statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

##### Restricted Cash and Investments

On December 31, 2021, cash and investments of \$128,121, representing lease proceeds restricted for capital projects, were reported in the Capital Improvements Fund.



**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 3: Capital Assets**

Capital Asset activity for the year ended December 31, 2021, is summarized below:

	<b>Balance 12/31/2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2021</b>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 2,730,128	\$ -	\$ (1,562,500)	\$ 1,167,628
Construction In Progress	-	614,473	-	614,473
Total Capital Assets, Not Being Depreciated	<u>2,730,128</u>	<u>614,473</u>	<u>(1,562,500)</u>	<u>1,782,101</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	13,524,681	76,271	-	13,600,952
Equipment	1,934,024	418,827	(93,854)	2,258,997
Infrastructure	4,801,511	-	-	4,801,511
Total Capital Assets, Being Depreciated	<u>20,260,216</u>	<u>495,098</u>	<u>(93,854)</u>	<u>20,661,460</u>
Less: Accumulated Depreciation				
Buildings and Improvements	(1,006,455)	(341,405)	-	(1,347,860)
Equipment	(1,208,491)	(212,301)	50,089	(1,370,703)
Infrastructure	(1,402,605)	(262,679)	-	(1,665,284)
Total Accumulated Depreciation	<u>(3,617,550)</u>	<u>(816,385)</u>	<u>50,089</u>	<u>(4,383,846)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,642,666</u>	<u>(321,287)</u>	<u>(43,765)</u>	<u>16,277,614</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,372,794</u>	<u>\$ 293,186</u>	<u>\$ (1,606,265)</u>	<u>\$ 18,059,715</u>
<b>Business-type Activities</b>				
Capital Assets, Being Depreciated				
Water System	\$ 2,679,031	\$ -	\$ -	\$ 2,679,031
Sewer System	1,525,031	-	-	1,525,031
Total Capital Assets, Being Depreciated	<u>4,204,062</u>	<u>-</u>	<u>-</u>	<u>4,204,062</u>
Less: Accumulated depreciation				
Water System	(1,471,468)	(89,716)	-	(1,561,184)
Sewer System	(480,668)	(50,136)	-	(530,804)
Total Accumulated Depreciation	<u>(1,952,136)</u>	<u>(139,852)</u>	<u>-</u>	<u>(2,091,988)</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,251,926</u>	<u>\$ (139,852)</u>	<u>\$ -</u>	<u>\$ 2,112,074</u>
<b>Component Unit</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 134,000	\$ -	\$ -	\$ 134,000
Total Capital Assets, Not Being Depreciated	<u>134,000</u>	<u>-</u>	<u>-</u>	<u>134,000</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	49,000	-	-	49,000
Less: Accumulated Depreciation	(9,800)	(4,900)	-	(14,700)
Total Capital Assets, Being depreciated, Net	<u>39,200</u>	<u>(4,900)</u>	<u>-</u>	<u>34,300</u>
Component Unit Capital Assets, Net	<u>\$ 173,200</u>	<u>\$ (4,900)</u>	<u>\$ -</u>	<u>\$ 168,300</u>

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 3: Capital Assets** (continued)

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

<b>Governmental Activities</b>	
General Government	\$ 632,459
Public Safety	107,628
Public Works	36,386
Parks & Recreation	<u>39,912</u>
<b>Total</b>	<b><u>\$ 816,385</u></b>

**Note 4: Long-Term Debt**

**Governmental Activities**

Following is a summary of long-term debt transaction of the governmental activities for the year ended December 31, 2021.

<u>Governmental Activities</u>	<u>Balance</u> <u>12/31/2020</u>	<u>Additions</u>	<u>Payments/ Reductions</u>	<u>Balance</u> <u>12/31/2021</u>	<u>Due Within</u> <u>One Year</u>
2017 Capital Lease	\$ 9,100,000	\$ -	\$ 495,000	\$ 8,605,000	\$ 510,000
Compensated Absences	<u>188,779</u>	<u>-</u>	<u>22,326</u>	<u>166,453</u>	<u>16,645</u>
<b>Total</b>	<b><u>\$ 9,288,779</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 517,326</u></b>	<b><u>\$ 8,771,453</u></b>	<b><u>\$ 526,645</u></b>

**Capital Lease**

During 2017, the City entered into a capital lease in the amount of \$9,900,000 to finance the construction of a new City Hall and recreation center. The lease agreement requires annual principal payments beginning on December 1, 2018, and going through 2023. Interest accrues at 2.85% per annum and is payable semi-annually on June 1 and December 1, beginning on June 1, 2018. Building costs of \$12,904,700, net of depreciation of \$994,738, have been reported for this period.

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 4: Long-Term Debt** (continued)

**Governmental Activities** (continued)

Capital lease payments to maturity are as follows:

Year Ended, December 31	Principal	Interest	Total
2022	\$ 510,000	\$ 241,513	\$ 751,513
2023	575,000	227,056	802,056
2024	645,000	210,669	855,669
2025	720,000	192,286	912,286
2026-2030	4,210,000	625,985	4,835,985
2031-2032	1,945,000	77,342	2,022,342
Total	<u>\$ 8,605,000</u>	<u>\$ 1,574,851</u>	<u>\$ 10,179,851</u>

**Compensated Absences**

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

**Business-type Activities**

A summary of long-term debt transactions of the business-type activities for the year ended December 31, 2021, follows:

<b>Business-type Activities</b>	Balance 12/31/2020	Additions	Payments/ Reductions	Balance 12/31/2021	Due Within One Year
Water Loan	\$ 740,568	\$ -	\$ 44,500	\$ 696,068	\$ 45,394
Compensated Absences	-	-	-	-	-
Total	<u>\$ 740,568</u>	<u>\$ -</u>	<u>\$ 44,500</u>	<u>\$ 696,068</u>	<u>\$ 45,394</u>

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

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 4: Long-Term Debt** (continued)

**Business-type Activities** (continued)

Annual debt service requirements are as follows:

Year Ended, December 31	Principal	Interest	Total
2022	\$ 45,394	\$ 13,696	\$ 59,090
2023	46,307	12,783	59,090
2024	47,238	11,852	59,090
2025	48,187	10,903	59,090
2026-2030	255,859	39,591	295,450
2031-2032	253,083	12,822	265,905
Total	<u>\$ 696,068</u>	<u>\$ 101,647</u>	<u>\$ 797,715</u>

**Compensated Absences**

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

**Note 5: Interfund Balances and Transactions**

On December 31, 2021, the Water Fund and Sewer Fund had a negative cash balance of \$308,360 and 24,289, respectively; which were reclassified as interfund payables. The General Fund established a loan to the Water Fund and the Sewer Fund, creating interfund receivables. The interfund receivables and interfund payables are reflected on the fund financial statements and are eliminated in the government-wide financial statements. During the year ended December 31, 2021, the General Fund transferred \$2,000,000 and \$542,400 to the Capital Improvements and Capital Equipment Funds, respectively, for capital projects and equipment purchases.

## **City of Edgewater, Colorado**

### Notes to Financial Statements

December 31, 2021

#### **Note 6: Risk Management**

##### **Public Entity Risk Pool**

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

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

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

#### **Note 7: Retirement Commitments**

##### **Employee Pension Plan**

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

During the year ended December 31, 2021, the City contributed \$82,772 to the Plan, equal to the required contributions. The Plan is administered by the Colorado County Officials and Employees Retirement Association (CCOERA).

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 7: Retirement Commitments (continued)**

**Police Pension Plans**

General Information

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

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

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

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

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

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

A SWH Plan member is eligible for a normal retirement pension at any time after age 55, if the member has at least twenty five years of service. The annual normal retirement benefit of the defined benefit component is 1.5% of the average of the member's highest three years base salary for each year of credited service. Benefits paid to retirees of the defined benefit component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the FPPA Board of Director's discretion and can range from zero to 3%.

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 7: Retirement Commitments** (continued)

**Police Pension Plans** (continued)

General Information (continued)

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

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

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

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

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 7: Retirement Commitments** (continued)

**Police Pension Plans** (continued)

General Information (continued)

Contributions from the City and employees entering the SWDB Plan on November 4, 2017 (the reentry group), are established by resolution of the FPPA Board of Directors. Employee contributions may not be less than 8% with the split or contributions between employees and the City determined by the City Council. The City and eligible employees contributed 11% and 12% of base salary, respectively, for the year ended December 31, 2021. The FPPA Board of Directors required member and the City contribution rates to increase annually from 2012 to 2030. In 2020, the City Council approved a resolution to allocate this increase between members and the City, with a contribution rate totaling 25.5% of base pay in 2030.

The City's contributions to the SWDB Plan for the year ended December 31, 2021, were \$108,546, equal to the required contributions.

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

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

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

The City's contributions to the SWH Plan for the year ended December 31, 2021, were \$8,255, equal to the required contributions.



**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 7: Retirement Commitments (continued)**

**Police Pension Plans (continued)**

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

On December 31, 2021, the City reported a net pension asset of \$421,144 and \$127,043. Representing its proportionate share of the net pension asset of the SWDB and SWH Plans, respectively. The net pension asset was measured on December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2021. The City's proportion of the net pension asset was based on a projection of the City's contributions to the plans for the calendar year ended December 31, 2020, relative to the contributions of all employers.

On December 31, 2021, the City's proportion of the SWDB plan was 0.1939860%, which was a decrease of 0.0353554% from its proportion measured on December 31, 2020. The City's proportion of the SWH Plan was 0.461889%, which was an increase of 0.025692% from its measured proportion on December 31, 2020.

For the year ended December 31, 2021, the City recognized pension expenses for the SWDB and SWH Plans of \$97,312 and \$(7,607), respectively. On December 31, 2021, The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Statewide Defined Benefit Plan</b>		
Differences between expected and actual experience	\$ 242,254	\$ -
Changes in assumptions	131,205	-
Net difference between projected and actual earnings on plan investments	-	73,984
Changes in proportion	35,692	16,401
Contributions subsequent to the measurement date	108,546	
<b>Total Statewide Defined Benefit Plan</b>	<b>\$ 517,697</b>	<b>\$ 90,385</b>
<b>Statewide Hybrid Plan</b>		
Differences between expected and actual experience	\$ 15,948	\$ -
Changes in assumptions	3,767	-
Net difference between projected and actual earnings on plan investments	-	4,944
Changes in proportion	21,198	623
Contributions subsequent to the measurement date	8,255	
<b>Total Statewide Hybrid Plan</b>	<b>\$ 49,168</b>	<b>\$ 5,567</b>
<b>Total</b>	<b>\$ 566,865</b>	<b>\$ 95,951</b>

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 7: Retirement Commitments (continued)**

**Police Pension Plans (continued)**

City contributions to the SWDB and SWH Plans subsequent to the measurement date of \$108,546 and \$8,255, respectively, will be recognized as an increase or decrease to the net pension asset in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expenses as follows:

<u>Year Ended December 31.</u>	<u>SWDB Plan</u>	<u>SWH Plan</u>
2022	\$ 1,127	\$ 13,732
2023	(71,648)	8,729
2024	1,732	3,761
2025	1,732	(766)
2026	67,616	2,773
Thereafter	53,777	771
<b>Total</b>	<b>\$ 54,335</b>	<b>\$ 28,999</b>

*Actuarial Assumptions* – The actuarial valuations as of January 1, 2021, determined the total pension liability using the following actuarial assumptions and other inputs:

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

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

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

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 7: Retirement Commitments** (continued)

**Police Pension Plans** (continued)

The long-term rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2019, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Global Equity	38%	7.00%
Equity Long/Short	8%	6.00%
Private Markets	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Futures	4%	5.00%
Cash	<u>2%</u>	2.25%
Total	<u>100%</u>	

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

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 7: Retirement Commitments (continued)**

**Police Pension Plans (continued)**

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

	<u>1% Decrease (6%)</u>	<u>Current Discount Rate (7%)</u>	<u>1% Increase (8%)</u>
Proportionate share of the SWDB Net pension asset (liability)	<u>\$ (423,757)</u>	<u>\$ 421,144</u>	<u>\$ 1,120,877</u>
Proportionate share of the SWH Net pension asset	<u>\$ 87,558</u>	<u>\$ 127,043</u>	<u>\$ 159,795</u>

*Pension Plan Net Fiduciary Position* – Detailed information about the plans’ fiduciary net position is available in FPPA’s separately issued financial report, which may be obtained at [www.fppaco.org](http://www.fppaco.org).

**Firemen’s Pension Plan**

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

General Information

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

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 7: Retirement Commitments (continued)**

**Firemen’s Pension Plan (continued)**

*Plan Membership* – On December 31, 2021, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	20
Inactive plan members entitled to but not yet receiving benefits	_____ 1
<b>Total</b>	<b>_____ 21</b>

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

*Contributions* – As established by State statutes, the plan may receive contributions from the City in an amount not to exceed one-half mill of property tax revenue. The State of Colorado contributes 90% of the City’s contribution. Plan members are not required to contribute to the plan. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The actuarial study as of January 1, 2021, indicated that the current level of contributions is adequate to support on an actuarially sound basis the prospective benefits, including administrative costs, for the present plan. For the year ended December 31, 2021, the City contributed \$34,300 to the plan. The State’s contribution of \$22,500 was accrued pending the audit of the City’s financial statements.

Investments

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

*Rate of Return* – For the year ended December 31, 2021, the annual money-weighted rate of return on plan investments, net of investment expense, was approximately -0.27%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

At December 31, 2021, the City had an actuarially determined net pension asset of \$79,918.

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 7: Retirement Commitments** (continued)

**Firemen’s Pension Plan** (continued)

Net Pension Liability (continued)

*Actuarial Assumptions* – The total pension liability as of the beginning of the measurement period was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions applied to all periods included in the measurement.

Investment Rate of Return – 3.5 %, net of investment expense, including inflation

Inflation – 2.5%

Salary increases – Not applicable

Mortality – RP-2014 Mortality Table, with full generational mortality improvement using Scale MP-2021.

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

Best estimates of real rates of return for each asset class included in the plan’s target asset allocation as of December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Fixed Income	40%	2.26%
Cash	<u>60%</u>	0.00%
Total	<u><u>100%</u></u>	

*Discount Rate* – The discount rate used to measure the total pension liability was 3.5%. The projection of cash flows used to determine the discount rate assumed that contributions will continue to follow the current funding practice. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments of 3.5% was applied to all periods of projected benefit payments to determine the total pension liability.

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 7: Retirement Commitments** (continued)

**Firemen’s Pension Plan** (continued)

Net Pension Liability (continued)

For the year ended December 31, 2021, changes in the net pension liability of the City were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Beginning Balance	\$ 712,555	\$ 780,020	\$ (67,465)
Interest	25,733		25,733
Benefit Payments	(52,658)	(52,658)	-
City Contribution		34,300	(34,300)
Accrued State Contribution		22,500	(22,500)
Net Investment Income		(2,126)	2,126
Changes in Assumptions	16,488		16,488
Administrative Expenses			-
Ending Balance	<u>\$ 702,118</u>	<u>\$ 782,036</u>	<u>\$ (79,918)</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following table presents the net pension liability of the City on December 31, 2021. Calculated using the discount rate of 3.5%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.5%) or one percentage point higher (4.5%) than the current rate, as follows:

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Net pension asset (liability)	<u>\$ 6,013</u>	<u>\$ 79,918</u>	<u>\$ 141,796</u>

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

For the year ended December 31, 2021, the City recognized pension expense of \$18,545. Since the plan consisted of only retired participants, differences between expected and actual experience and changes in assumptions are recorded as pension expenses immediately. The net difference between projected and actual earnings on investments was recorded in pension expense. Because the difference was not significant, it will not be recognized as pension expense over multiple years.

## City of Edgewater, Colorado

Notes to Financial Statements

December 31, 2021

### Note 8: Other Postemployment Benefits

#### Statewide Death & Disability Plan

##### General Information

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

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

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

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

Disability benefits are as follows:

Total disability: 70% of the base salary preceding disability.

Permanent occupational disability: 50% of the base salary preceding disability.

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

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

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

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

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

No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the City contributed 2.8% of base salaries on behalf of the members during the year ended December 31, 2021. Contributions to the plan for the year ended December 31, 2021, were \$37,264, equal to the required contributions.



**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 8: Other Postemployment Benefits**

**Statewide Death & Disability Plan** (continued)

General Information (continued)

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

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

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

*OPEB Plan Fiduciary Net Position* – Detailed information about the plan’s fiduciary net position is available in FPPA’s separately issued financial report which may be obtained at [www.fppaco.org](http://www.fppaco.org).

**Note 9: Commitments and Contingencies**

**Litigation**

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

**Enhanced Sales Tax Incentive Program**

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

In 2005, the City agreed to rebate a portion of the sales tax generated by Target. The agreement terminates at the earlier of September 30, 2027, or upon reaching the cumulative maximum rebate amount of \$10,890,767. During the year ended December 31, 2021, Target earned \$934,734 under this agreement. Payments since inception totaled \$7,603,799 at December 31, 2021.

**City of Edgewater, Colorado**  
Notes to Financial Statements  
December 31, 2021

**Note 9: Commitments and Contingencies** (continued)

**Tabor Amendment**

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

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

In accordance with the Amendment, the City has established an emergency reserve representing 3% of qualifying expenditures. On December 31, 2021, the reserve was reported as a restricted fund balance in the General Fund in the amount of \$289,000.

Required Supplementary Information

**City of Edgewater, Colorado**  
Required Supplementary Information  
Schedule of proportionate Share in the Net Pension Asset  
(Liability) and Contributions  
Fire & Police Pension Association of Colorado Statewide Defined Benefit Plan  
Year Ended December 31, 2021

	12/31/20	12/31/19	12/31/18	12/31/17
<b>Proportionate Share of the Net Pension Asset (Liability)</b>				
City's Proportion of the Net Pension Asset (Liability)	0.19398598%	0.19481325%	0.19949772%	0.20586880%
City's proportionate Share of the Net Pension Asset (Liability)	\$ 421,144	\$ 110,179	\$ (252,220)	\$ 296,175
City's Covered Payroll	\$ 1,246,572.00	\$ 1,119,549.00	\$ 1,019,723.00	\$ 109,778.00
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	34%	10%	-25%	270%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107%	102%	95%	106%
<b>City Contributions</b>				
Statutorily Required Contribution	\$ 108,546	\$ 124,649	\$ 114,867	\$ 106,908
Contributions in Relation to the Statutorily Required Contribution	108,546	124,649	114,867	106,908
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 1,020,300	\$ 1,246,572	\$ 1,119,549	\$ 1,019,723
Contributions as a percentage of Covered Payroll	10.64%	10.00%	10.26%	10.48%

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

See the accompanying Independent Auditors' Report

**City of Edgewater, Colorado**  
Required Supplementary Information  
Schedule of proportionate Share in the Net Pension Asset  
(Liability) and Contributions  
Fire & Police Pension Association of Colorado Statewide Hybrid Plan  
Year Ended December 31, 2021

	12/31/20	12/31/19	12/31/18	12/31/17
<b>Proportionate Share of the Net Pension Asset (Liability)</b>				
City's Proportion of the Net Pension Asset (Liability)	0.46188900%	0.46696762%	0.41423560%	0.41967838%
Plan Net Pension Asset (Liability)	\$ 27,505,090	\$ 19,474,018	\$ 13,803,497	\$ 19,552,830
City's proportionate Share of the Net Pension Asset (Liability)	\$ 127,043	\$ 90,937	\$ 57,179	\$ 82,059
City's Covered Payroll	\$ 68,910	\$ 67,750	\$ 60,019	\$ 6,730
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	184%	134%	95%	1219%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	138%	130%	123%	139%

	12/31/21	12/31/20	12/31/19	12/31/18
<b>City Contributions</b>				
Statutorily Required Contribution	\$ 8,255	\$ 7,845	\$ 7,452	\$ 6,602
Contributions in Relation to the Statutorily Required Contribution	8,255	7,845	7,452	6,602
Contribution Difficiency (Excess)	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 75,013	\$ 71,318	\$ 67,750	\$ 60,019
Contributions as a percentage of Covered Payroll	11.00%	11.00%	11.00%	11.00%

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

See the accompanying Independent Auditors' Report

**City of Edgewater, Colorado**  
Required Supplementary Information  
Schedule of Changes in Net Pension Liability and Related Ratios  
Firemans Pension Plan  
Year Ended December 31, 2021

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>								
Interest	\$ 25,733	\$ 27,315	\$ 28,363	\$ 30,592	\$ 31,806	\$ 41,683	\$ 43,009	\$ 50,939
Differences Between Expected and Actual Experience	-	(42,589)	-	(30,521)	-	(13,652)	-	(119,098)
Changes in Assumptions	16,488	(25,307)	-	-	-	115,019	-	115,136
Benefit Payments	(52,658)	(54,608)	(61,958)	(65,558)	(67,435)	(68,490)	(70,590)	(74,790)
Net Change in Total Pension Liability	(10,437)	(95,189)	(33,595)	(65,487)	(35,629)	74,560	(27,581)	(27,813)
Total Pension Liability, Beginning	712,555	807,744	841,339	906,826	942,455	867,895	895,476	923,289
Total Pension Liability, Ending	<u>702,118</u>	<u>712,555</u>	<u>807,744</u>	<u>841,339</u>	<u>906,826</u>	<u>942,455</u>	<u>867,895</u>	<u>895,476</u>
<b>Plan Fiduciary Net Position</b>								
Employer Contributions	\$ 34,300	\$ 34,300	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
State of Colorado Contributions	22,500	22,500	22,500	22,500	22,500	19,535	19,536	18,658
Net Investment Income	(2,126)	28,255	44,935	7,590	24,885	949	23,271	20,378
Benefit Payments	(52,658)	(54,608)	(61,958)	(65,558)	(67,435)	(68,490)	(70,590)	(74,790)
Administrative Expenses	-	(2,500)	(11,200)	-	-	-	(4,200)	-
Net Change in Plan Fiduciary Net Position	2,016	27,947	19,277	(10,468)	4,950	(23,006)	(6,983)	(10,754)
Plan Fiduciary Net Position Beginning	780,020	752,073	732,796	743,264	738,314	761,320	768,303	779,057
Plan Fiduciary Net Position Ending	<u>\$ 782,036</u>	<u>\$ 780,020</u>	<u>\$ 752,073</u>	<u>\$ 732,796</u>	<u>\$ 743,264</u>	<u>\$ 738,314</u>	<u>\$ 761,320</u>	<u>\$ 768,303</u>
<b>City's Net Pension Asset (Liability)</b>	<u>\$ 79,918</u>	<u>\$ 67,465</u>	<u>\$ (55,671)</u>	<u>\$ (108,543)</u>	<u>\$ (163,562)</u>	<u>\$ (204,141)</u>	<u>\$ (106,575)</u>	<u>\$ (127,173)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	111%	109%	93%	87%	82%	78%	88%	86%
<b>Investment Returns</b>								
Annual Money-Weighted Rate of Return, Net of Investment Expense	-0.27%	3.72%	6.18%	4.03%	4.05%	0.13%	2.54%	2.69%
<b>City Contributions</b>								
Actuarially Determined Contribution	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Contributions in Relation to the Actuarially Determined Contribution	34300	34,300	25,000	25,000	25,000	25,000	25,000	25,000
Contribution Deficiency (Excess)	<u>\$ (9,300)</u>	<u>\$ (9,300)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

See the accompanying Independent Auditors' Report

## City of Edgewater, Colorado

### Budgetary Comparison Schedule

#### General Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 6,603,200	\$ 6,603,200	\$ 8,182,602	\$ 1,579,402
Licenses and Permits	280,000	280,000	392,835	112,835
Intergovernmental	535,800	535,800	1,184,370	648,570
Charges for Services	732,890	732,890	981,215	248,325
Fines and Forfeitures	35,000	35,000	35,021	21
Investment Income	20,000	20,000	7,101	(12,899)
Miscellaneous	20,000	20,000	42,508	22,508
<b>Total Revenues</b>	<b>8,226,890</b>	<b>8,226,890</b>	<b>10,825,652</b>	<b>2,598,762</b>
<b>Expenditures</b>				
Current				
General Government	3,352,523	3,352,523	3,809,726	(457,203)
Public Safety	2,823,599	2,823,599	2,648,025	175,574
Public Works	826,326	826,326	814,232	12,094
Parks and Recreation	573,898	573,898	539,428	34,470
<b>Total Expenditures</b>	<b>7,576,346</b>	<b>7,576,346</b>	<b>7,811,411</b>	<b>(235,065)</b>
Excess of Revenues Over (Under) Expenditures	650,544	650,544	3,014,241	2,363,697
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(3,617,400)	(3,617,400)	(2,542,400)	1,075,000
<b>Net Change in Fund Balance</b>	<b>(2,966,856)</b>	<b>(2,966,856)</b>	<b>471,841</b>	<b>3,438,697</b>
<b>Fund Balance - Beginning</b>	<b>5,187,954</b>	<b>5,187,954</b>	<b>6,372,948</b>	<b>1,184,994</b>
<b>Fund Balance - Ending</b>	<b>\$ 2,221,098</b>	<b>\$ 2,221,098</b>	<b>\$ 6,844,789</b>	<b>\$ 4,623,691</b>

See the accompanying Independent Auditors' Report

## City of Edgewater, Colorado

Budgetary Comparison Schedule

Open Space Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 195,000	\$ 195,000	\$ 211,663	\$ 16,663
Investment Income	1,500	1,500	-	(1,500)
<b>Total Revenues</b>	<b>196,500</b>	<b>196,500</b>	<b>211,663</b>	<b>15,163</b>
<b>Expenditures</b>				
Current				
Parks and Recreation	451,087	451,087	263,182	187,905
<b>Total Expenditures</b>	<b>451,087</b>	<b>451,087</b>	<b>263,182</b>	<b>187,905</b>
Excess of Revenues Over (Under) Expenditures	(254,587)	(254,587)	(51,519)	203,068
<b>Net Change in Fund Balance</b>	<b>(254,587)</b>	<b>(254,587)</b>	<b>(51,519)</b>	<b>203,068</b>
<b>Fund Balance - Beginning</b>	<b>564,738</b>	<b>564,738</b>	<b>682,908</b>	<b>118,170</b>
<b>Fund Balance - Ending</b>	<b>\$ 310,151</b>	<b>\$ 310,151</b>	<b>\$ 631,389</b>	<b>\$ 321,238</b>

See the accompanying Independent Auditors' Report



## City of Edgewater, Colorado

Budgetary Comparison Schedule

Capital Improvements

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 1,500,000	\$ 1,500,000	\$ 371,857	\$ (1,128,143)
Total Revenues	1,500,000	1,500,000	371,857	(1,128,143)
<b>Expenditures</b>				
Current				
Public Safety	1,050,000	1,050,000	234,631	815,369
Public Works	4,145,000	4,145,000	236,619	3,908,381
Capital Outlay	150,000	150,000	766,476	(616,476)
Debt Service				
Principal	752,213	752,213	495,000	257,213
Interest and Fiscal Charges	-	-	255,722	(255,722)
Total Expenditures	6,097,213	6,097,213	1,988,448	4,108,765
Excess of Revenues Over (Under) Expenditures	(4,597,213)	(4,597,213)	(1,616,591)	2,980,622
<b>Other Financing Sources (Uses)</b>				
Transfers In	3,075,000	3,075,000	2,000,000	(1,075,000)
Net Change in Fund Balance	(1,522,213)	(1,522,213)	383,409	1,905,622
Fund Balance - Beginning	4,165,872	4,165,872	4,137,474	(28,398)
Fund Balance - Ending	\$ 2,643,659	\$ 2,643,659	\$ 4,520,883	\$ 1,877,224

See the accompanying Independent Auditors' Report

## City of Edgewater, Colorado

Notes to Required Supplementary Information  
December 31, 2021

### Note 1: Firemen's Pension Plan

#### Contributions

The City made a contribution of \$34,300 to the Firemen's Pension Plan during the year ended December 31, 2021. The Plan recognized a Receivable of \$22,500 representing the State of Colorado's anticipated contribution to the Plan for the year ended December 31, 2021. The Plan members consist only of volunteer firefighters and, therefore, employee payroll information is not applicable.

#### Actuarial Assumptions

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

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

### Note 2: Stewardship, Compliance and Accountability

#### Budgets and Budgetary Accounting

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

See the accompanying Independent Auditors' Report

**Note 2: Stewardship, Compliance, and Accountability (continued)**

**Budgets and Budgetary Accounting (continued)**

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

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

For the year ended December 31, 2021, the General Fund expenditures exceeded budgeted amounts by \$235,065 due to the Recovery Grants provided to the Edgewater residents and businesses following the 2020 unexpected COVID-19 pandemic. The Water Fund expenditures exceeded budgeted amounts by \$208,758 due to unexpected water line replacements. Trash Fund expenditures exceeded the budgeted amount by \$10,453 due to higher-than-expected operating costs.

See the accompanying Independent Auditors' Report

## Supplementary Information

## City of Edgewater, Colorado

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 Year Ended December 31, 2021

	Conservation Trust	Capital Equipment	Total
<b>Assets</b>			
Cash and Investments	\$ 192,531	\$ 26,444	\$ 218,975
Accounts Receivable	0	35,840	35,840
<b>Total Assets</b>	<b>\$ 192,531</b>	<b>\$ 62,284</b>	<b>\$ 254,815</b>
<b>Liabilities</b>			
Accounts Payable	\$ 9,207	\$ 130	\$ 9,337
Total Liabilities	9,207	130	9,337
<b>Fund Balance</b>			
Parks and Open Space	183,324	0	183,324
Assigned to Capital Outlay	0	62,154	62,154
Total Fund Balances	183,324	62,154	245,478
<b>Total Liabilities and Fund Balances</b>	<b>\$ 192,531</b>	<b>\$ 62,284</b>	<b>\$ 254,815</b>

See the accompanying Independent Auditors' Report

## City of Edgewater, Colorado

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended December 31, 2021

	Conservation Trust	Capital Equipment	Total
<b>Revenues</b>			
Intergovernmental	\$ 48,616	\$ 106,523	\$ 155,139
Miscellaneous	225,000	0	225,000
Total Revenues	273,616	106,523	380,139
<b>Expenditures</b>			
Current			
General Government	0	138,134	138,134
Public Safety	0	162,639	162,639
Public Works	0	3,635	3,635
Parks and Recreation	275,137	33,693	308,830
Capital Outlay	0	350,709	350,709
Total Expenditures	275,137	688,810	963,947
Excess of Revenues Over (Under) Expenditures	(1,521)	(582,287)	(583,808)
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	542,400	542,400
<b>Net Change in Fund Balance</b>	(1,521)	(39,887)	(41,408)
<b>Fund Balance - Beginning</b>	184,845	102,041	286,886
<b>Fund Balance - Ending</b>	\$ 183,324	\$ 62,154	\$ 245,478

See the accompanying Independent Auditors' Report

## City of Edgewater, Colorado

Budgetary Comparison Schedule

Conservation Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 58,000	\$ 58,000	\$ 48,616	\$ (9,384)
Miscellaneous	260,000	260,000	225,000	(35,000)
Total Revenues	318,000	318,000	273,616	(44,384)
<b>Expenditures</b>				
Current				
Parks and Recreation	196,500	196,500	275,137	(78,637)
Total Expenditures	196,500	196,500	275,137	(78,637)
Excess of Revenues Over (Under) Expenditures	121,500	121,500	(1,521)	(123,021)
<b>Net Change in Fund Balance</b>	121,500	121,500	(1,521)	(123,021)
<b>Fund Balance - Beginning</b>	235,662	235,662	184,845	(50,817)
<b>Fund Balance - Ending</b>	\$ 357,162	\$ 357,162	\$ 183,324	\$ (173,838)

See the accompanying Independent Auditors' Report

## City of Edgewater, Colorado

Budgetary Comparison Schedule

Capital Equipment

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 112,000	\$ 112,000	\$ 106,523	\$ (5,477)
Miscellaneous	5,000	5,000	0	(5,000)
<hr/>				
Total Revenues	117,000	117,000	106,523	(10,477)
<hr/>				
<b>Expenditures</b>				
Current				
General Government	109,000	109,000	138,134	(29,134)
Public Safety	152,000	152,000	162,639	(10,639)
Public Works	30,000	30,000	3,635	26,365
Parks and Recreation	35,000	35,000	33,693	1,307
Capital Outlay	372,400	372,400	350,709	21,691
<hr/>				
Total Expenditures	698,400	698,400	688,810	9,590
<hr/>				
Excess of Revenues Over (Under) Expenditures	(581,400)	(581,400)	(582,287)	(887)
<hr/>				
<b>Other Financing Sources (Uses)</b>				
Transfers In	542,400	542,400	542,400	0
<hr/>				
<b>Net Change in Fund Balance</b>	(39,000)	(39,000)	(39,887)	(887)
<hr/>				
<b>Fund Balance - Beginning</b>	66,187	66,187	102,041	35,854
<hr/>				
<b>Fund Balance - Ending</b>	\$ 27,187	\$ 27,187	\$ 62,154	\$ 34,967
<hr/>				

See the accompanying Independent Auditors' Report



## City of Edgewater, Colorado

Budgetary Comparison Schedule

Water Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Charges for Services	\$ 1,435,500	\$ 1,435,500	\$ 1,253,653	\$ (181,847)
Connection Fees	-	-	48,593	48,593
Investment Income	5,000	5,000	-	(5,000)
Miscellaneous	5,000	5,000	24,456	19,456
Total Revenues	1,445,500	1,445,500	1,326,702	(118,798)
<b>Expenditures</b>				
Service Operating Expenses	1,336,244	1,336,244	1,759,121	(422,877)
Capital Outlay	20,000	20,000	42,350	(22,350)
Debt Service - Interest and Fiscal Charges	72,000	72,000	14,442	57,558
Total Expenditures	1,428,244	1,428,244	1,815,913	(387,669)
<b>Net Change in Net Position, Budgetary Basis</b>	<u>\$ 17,256</u>	<u>\$ 17,256</u>	(489,211)	<u>\$ (506,467)</u>
<b>Reconciliation to GAAP Basis</b>				
Depreciation			(89,716)	
<b>Net Change in Net Position, GAAP Basis</b>			<u>\$ (578,927)</u>	

See the accompanying Independent Auditors' Report

## City of Edgewater, Colorado

Budgetary Comparison Schedule

Sewer Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Charges for Services	\$ 419,500	\$ 419,500	\$ 455,871	\$ 36,371
Connection Fees	25,000	25,000	13,585	(11,415)
Investment Income	2,000	2,000	-	(2,000)
Miscellaneous	72,000	72,000	71,661	(339)
Total Revenues	518,500	518,500	541,117	22,617
<b>Expenditures</b>				
Service Operating Expenses	478,928	478,928	471,491	7,437
Total Expenditures	478,928	478,928	471,491	7,437
<b>Net Change in Net Position, Budgetary Basis</b>	<u>\$ 39,572</u>	<u>\$ 39,572</u>	69,626	<u>\$ 30,054</u>
<b>Reconciliation to GAAP Basis</b>				
Depreciation			(50,136)	
Debt Service - Principal			_____	
<b>Net Change in Net Position, GAAP Basis</b>			<u>\$ 19,490</u>	

See the accompanying Independent Auditors' Report

**City of Edgewater, Colorado**

Budgetary Comparison Schedule

Trash Fund

Year Ended December 31, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>				
Charges for Services	\$ 316,270	\$ 316,270	\$ 312,646	\$ (3,624)
Investment Income	500	500	-	(500)
<b>Total Revenues</b>	<b>316,770</b>	<b>316,770</b>	<b>312,646</b>	<b>(4,124)</b>
<b>Expenditures</b>				
Service Operating Expenses	308,249	308,249	329,900	(21,651)
<b>Total Expenditures</b>	<b>308,249</b>	<b>308,249</b>	<b>329,900</b>	<b>(21,651)</b>
<b>Net Change in Net Position, Budgetary Basis</b>	<b>\$ 8,521</b>	<b>\$ 8,521</b>	<b>(17,254)</b>	<b>\$ (25,775)</b>
<b>Reconciliation to GAAP Basis</b>				
Depreciation			0	
Debt Service - Principal				
<b>Net Change in Net Position, GAAP Basis</b>			<b>\$ (17,254)</b>	

See the accompanying Independent Auditors' Report

## City of Edgewater, Colorado

### Balance Sheet

Edgewater Renewal Authority  
Year Ended December 31, 2021

	<b>Actual</b>
<b>Assets</b>	
Cash and Investments	\$ 1,597,659
Taxes Receivable	400,928
<b>Total Assets</b>	<b>\$ 1,998,587</b>
<b>Liabilities</b>	
Accounts Payable	\$ 99
Total Liabilities	99
<b>Deferred Inflows of Resources</b>	
Property Taxes	400,928
<b>Fund Balance</b>	
Restricted for:	
Unrestricted, Unassigned	1,597,560
Total Fund Balances	1,597,560
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,998,587</b>
<b>Amounts Reported for the Component Unit in the Statement of Activities are Different Because:</b>	
Total Fund Balance of Component Unit	\$ 1,597,560
ERA Electric Sign	183,000
ERA Accumulated Depreciation	(14,700)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	168,300
Total Net Position of Component Unit	<b>\$ 1,765,860</b>

See the accompanying Independent Auditors' Report

**City of Edgewater, Colorado**  
Statement of Revenues, Expenditures and Change in Fund Balance  
Component Unit - Edgewater Redevelopment Authority  
Year Ended December 31, 2021

	<b>Edgewater Redevelopment Authority</b>
<b>Revenues</b>	
Property Tax	\$ 341,665
Total Revenues	341,665
<b>Expenditures</b>	
Current	
General Government	56,586
Total Expenditures	56,586
Excess of Revenues Over (Under) Expenditures	285,079
<b>Net Change in Fund Balance</b>	<b>285,079</b>
<b>Fund Balance - Beginning</b>	<b>1,312,482</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,597,561</b>
<b>Amounts Reported for the Component Unit in the Statement of Activities are Different Because:</b>	
Net Change in Fund Balance of Component Unit	\$ 285,079
Governmental Funds Report Capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.	
Depreciation Expense	(4,900)
Change in Net Position of Component Unit	<b>\$ 280,179</b>

See the accompanying Independent Auditors' Report

## City of Edgewater, Colorado

Budgetary Comparison Schedule

Edgewater Renewal Authority

Year Ended December 31, 2021

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>				
Taxes	\$ 165,000	\$ 165,000	\$ 341,665	\$ 176,665
Investment Income	1,000	1,000	-	(1,000)
Total Revenues	166,000	166,000	341,665	175,665
<b>Expenditures</b>				
Current				
General Government	38,100	38,100	56,586	(18,486)
Total Expenditures	38,100	38,100	56,586	(18,486)
Excess of Revenues Over (Under) Expenditures	127,900	127,900	285,079	157,179
<b>Net Change in Fund Balance</b>	127,900	127,900	285,079	157,179
<b>Fund Balance - Beginning</b>	816,520	816,520	1,312,481	495,961
<b>Fund Balance - Ending</b>	\$ 944,420	\$ 944,420	\$ 1,597,560	\$ 653,140

See the accompanying Independent Auditors' Report

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Edgewater
		YEAR ENDING : December 2021
This Information From The Records Of (example - City of _ or County of _) The City of Edgewater	Prepared By: Phone:	Nichole Kirkpatrick (720)763-3041

**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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	713,659
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	318,022
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	147,423
2. General fund appropriations	1,988,474	b. Snow and ice removal	25,064
3. Other local imposts (from page 2)	0	c. Other	0
4. Miscellaneous local receipts (from page 2)	56,529	d. Total (a. through c.)	172,487
5. Transfers from toll facilities		4. General administration & miscellaneous	35,336
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	866,347
a. Bonds - Original Issues		6. Total (1 through 5)	2,105,851
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	2,045,003	b. Redemption	0
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	60,848	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	0
<b>E. Total receipts (A.7 + B + C + D)</b>	2,105,851	b. Redemption	0
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	0
		<b>D. Payments to toll facilities</b>	0
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	2,105,851

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

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2,105,851	2,105,851		0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2021	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	0	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	20,817
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	0
3. Liens	0	e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	0	g. Other Misc. Receipts	0
6. Total (1. through 5.)	0	h. Other	35,712
c. Total (a. + b.)	0	i. Total (a. through h.)	56,529
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	55,482	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	5,366	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	5,366	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	60,848	3. Total (1. + 2.g)	
			(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs	0	0	0
b. Engineering Costs	0	0	0
c. Construction:			
(1). New Facilities	0	0	0
(2). Capacity Improvements	0	0	0
(3). System Preservation	0	713,659	713,659
(4). System Enhancement & Operation	0	0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	713,659	713,659
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	713,659	713,659
			(Carry forward to page 1)
<b>Notes and Comments:</b>			