



**TOWN OF BAYFIELD, COLORADO**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

**WITH REPORT OF**

**CERTIFIED PUBLIC ACCOUNTANTS**

# TOWN OF BAYFIELD, COLORADO

## Table of Contents

<b>Financial Section:</b>	<u>Page</u>
Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities .....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Net Position - Proprietary Funds.....	20
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....	21
Statement of Cash Flows - Proprietary Funds.....	22
Notes to Financial Statements .....	23
Required Supplementary Information:	
Schedule of the Proportionate Share of the Net Pension Liability .....	60
Schedule of Pension Contributions .....	61
Schedule of the Proportionate Share of the Net OPEB Liability .....	62
Schedule of OPEB Contributions.....	63
Notes to Pension Plan Schedules.....	64
Schedule of Revenues, Expenditures, and Changes in Fund Balances – General Fund - Budget-and-Actual .....	66
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Street Special Revenue Fund - Budget-and-Actual .....	69
Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Capital Improvement Capital Project Fund - Budget-and-Actual .....	72
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Conservation Trust Fund - Budget-and-Actual .....	73
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Housing Development Fund - Budget-and-Actual .....	74

**Table of Contents, continued**

Schedule of Revenues, Expenses, and Changes in  
Net Position – Enterprise Funds - Budget-and-Actual:

Water Fund .....	75
Sewer Fund .....	76
Garbage Fund.....	77
Colorado Water Resources Loan Agreement Requirements .....	79
Local Highway Finance Report.....	84

**Compliance Section:**

Report on Internal Control over Financial Reporting and on Compliance and Other Matters .....	87
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## **Independent Auditors' Report**

The Honorable Mayor and Board  
Town of Bayfield, Colorado

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

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

#### ***Basis for Opinions***

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The budgetary comparison schedules, loan requirement disclosures, 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 budgetary comparison schedules, loan requirement disclosures, and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*HintonBurdick, PLLC*

HintonBurdick, PLLC  
St. George, Utah  
July 10, 2023

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**TOWN OF BAYFIELD, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2022**

As management of the Town of Bayfield (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2022. Please read it in conjunction with the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- Total assets and deferred outflows exceeded total liabilities and deferred inflows (net position) by \$35.8 million at the close of the fiscal year.
- Total governmental and business-type net position increased by a combined total of \$1,167,880.
- The total cost of all Town programs for 2022 was \$6,281,176.
- The general fund unassigned fund balance at the end of 2022 was \$1,021,745 which is 39% of total General fund expenditures.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the financial statements.

**Reporting the Town as a Whole**

**The Statement of Net Position and the Statement of Activities (Government-wide)**

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes therein. Net position, the difference between assets plus deferred outflows and liabilities plus deferred inflows, are one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net position is an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the condition of the Town's streets, parks and public spaces to accurately assess the overall health of the Town.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the Town's basic services are considered to be governmental activities, including general government, public safety, streets, parks and recreation, and interest on long-term debt. Sales taxes, property taxes, franchise taxes, intergovernmental revenues and charges for services finance most of these activities.
- Proprietary activities/Business type activities – The Town charges a fee to customers to cover most of the cost of the services provided.

## **Reporting the Town's Most Significant Funds**

### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called 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 a detailed short-term view of the Town's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in footnote 2.
- Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined assets plus deferred outflows exceeded liabilities plus deferred inflows by \$35.8 million as of December 31, 2022 as shown in the following condensed statement of net position. Of this amount, \$9,063,468 is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net position is the net investment in capital assets of \$25,242,571 (70% of total net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The Town has chosen to account for its water, sewer, and garbage operations in proprietary funds which are shown as Business Activities.

The following table summarizes the Town's governmental and business-type net position as of December 31, 2022 and 2021:

### TOWN OF BAYFIELD, COLORADO Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Current and other assets	\$ 7,347,193	\$ 5,843,821	\$ 5,588,982	\$ 5,021,563	\$ 12,936,175	\$ 10,865,384
Capital assets	15,074,573	15,489,695	13,221,939	13,708,753	28,296,512	29,198,448
Total assets	22,421,766	21,333,516	18,810,921	18,730,316	41,232,687	40,063,832
Deferred outflows of resources	295,113	297,987	59,606	50,531	354,719	348,518
Long-term liabilities outstanding	118,377	421,146	3,101,504	3,622,047	3,219,881	4,043,193
Other liabilities	431,591	292,873	778,982	488,878	1,210,573	781,751
Total liabilities	549,968	714,019	3,880,486	4,110,925	4,430,454	4,824,944
Deferred inflows of resources	1,023,002	715,922	319,204	224,618	1,342,206	940,540
Net position:						
Net investment						
in capital assets	15,074,573	15,489,695	10,167,998	10,319,244	25,242,571	25,808,939
Restricted	894,491	855,210	614,216	468,868	1,508,707	1,324,078
Unrestricted	5,174,845	3,856,657	3,888,623	3,657,192	9,063,468	7,513,849
Total net position	\$ 21,143,909	\$ 20,201,562	\$ 14,670,837	\$ 14,445,304	\$ 35,814,746	\$ 34,646,866

An additional portion of net position, \$1,508,707 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$9,063,468 (25% of total net position), may be used to meet the government's ongoing obligations to citizens and creditors.

## Governmental Activities

The cost of all Governmental activities this year was \$3,784,820 as shown in the Changes in Net Position statement below. \$185,125 of this cost was paid for by those who directly benefited from the programs. \$545,019 was subsidized by grants or contributions received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were \$730,144. General taxes and investment earnings totaled \$3,893,895.

The Town's programs include: General Government, Public Safety, Streets, Parks & Recreation, Health and Welfare, and Community Support. Each program's revenues and expenses are presented below.

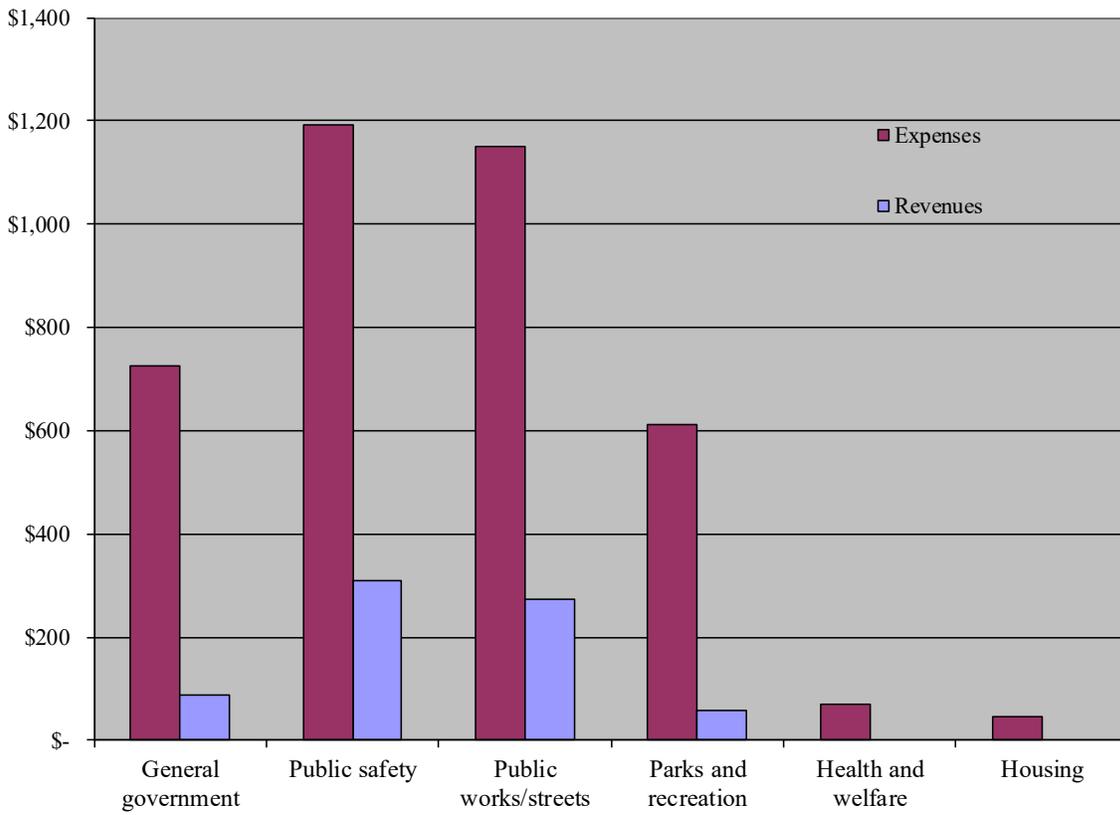
### TOWN OF BAYFIELD, COLORADO Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Revenues:						
Program revenues:						
Charges for services	\$ 185,125	\$ 187,693	\$ 2,383,179	\$ 2,118,789	\$ 2,568,304	\$ 2,306,482
Operating grants and contributions	310,907	238,753	-	-	310,907	238,753
Capital grants and contributions	234,112	19,908	336,959	555,618	571,071	575,526
General revenues:						
Taxes	3,825,403	3,416,384	-	-	3,825,403	3,416,384
Investment earnings	68,492	9,660	-	-	68,492	9,660
Gain on sales of assets	47,486	-	-	-	47,486	-
Other revenue/(expense)	-	-	57,393	1,494	57,393	1,494
Total revenues	4,671,525	3,872,398	2,777,531	2,675,901	7,449,056	6,548,299
Expenses:						
General government	725,978	824,619	-	-	725,978	824,619
Public safety	1,191,158	977,499	-	-	1,191,158	977,499
Public works/streets	1,149,832	1,187,919	-	-	1,149,832	1,187,919
Parks and recreation	612,118	459,852	-	-	612,118	459,852
Health and welfare	69,979	37,840	-	-	69,979	37,840
Housing	44,470	-	-	-	44,470	-
Water	-	-	1,069,606	904,250	1,069,606	904,250
Sewer	-	-	1,223,782	1,018,962	1,223,782	1,018,962
Garbage	-	-	194,253	204,432	194,253	204,432
Total expenses	3,793,535	3,487,729	2,487,641	2,127,644	6,281,176	5,615,373
Increase (decrease) in net position						
before transfers	877,990	384,669	289,890	548,257	1,167,880	932,926
Transfers	64,357	36,440	(64,357)	(36,440)	-	-
Net position, beginning	20,201,562	19,780,453	14,445,304	13,933,487	34,646,866	33,713,940
Net position, ending	\$ 21,143,909	\$ 20,201,562	\$ 14,670,837	\$ 14,445,304	\$ 35,814,746	\$ 34,646,866

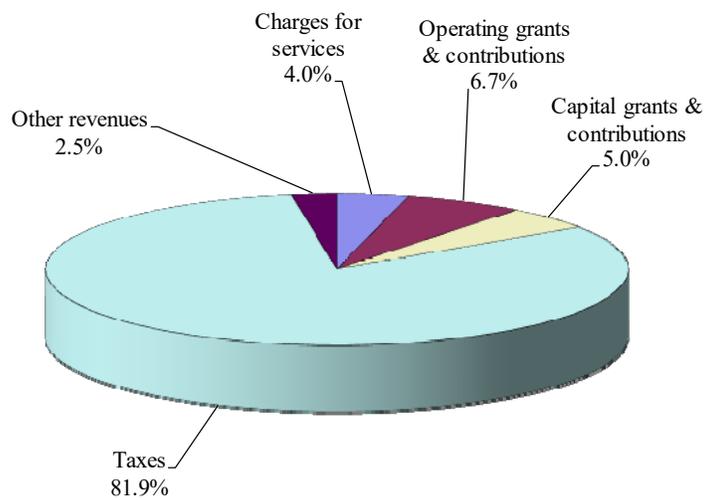
Total resources available during the year to finance governmental operations were \$24,873,087 consisting of net position at January 1, 2022 of \$20,201,562, program revenues of \$730,144, and General Revenues of \$3,941,381. Total Governmental Activities expenses during the year were \$3,784,820 and transfers from business-type funds were \$36,440. Governmental Net Position increased by \$923,145 to \$21,124,707.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all governmental activities:

**Expenses and Program Revenues - Governmental Activities**  
(in Thousands)



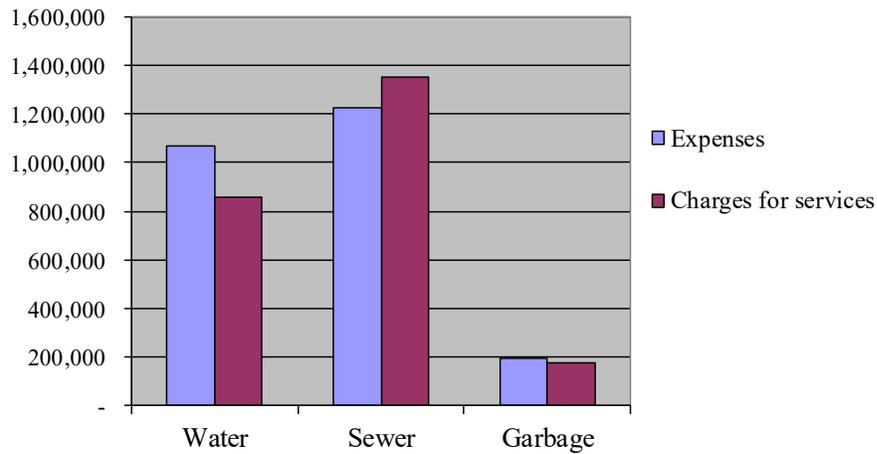
**Revenue By Source - Governmental Activities**



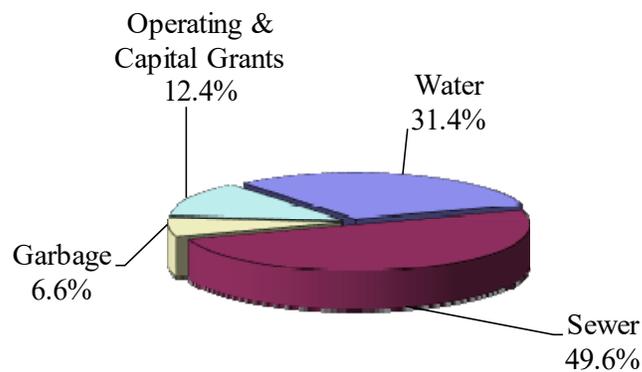
## Business Type Activities

Net position of the Business Type activities at December 31, 2022, as reflected in the Statement of Net Position was \$14.7 million. The cost of providing all Proprietary (Business Type) activities this year was \$2,496,356. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were \$2,383,179 and there was \$336,959 subsidized by capital grants and contributions. Investment earnings and other revenues were \$57,393. Transfers to governmental activities totaled \$36,440. The Net Position increased by \$244,735. The following graphs compare the total business-type activity expenses by service to the charges for those services and the graph at the bottom of the page provides a breakdown of the total revenues for business-type activities.

**Expenses and Charges for Services - Business-type Activities**



**Revenue By Source - Business-type Activities**



## Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,346,965, an increase of \$1,130,869 in comparison with the prior year. Approximately 16.1%, \$1,021,745 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The Town has three major governmental funds, the general fund, the street fund, and the capital improvement fund.

The General fund is the primary operating fund for the Town. At December 31, 2022, unassigned fund balance in the General fund was \$1,021,745. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 39% of the total General fund expenditures. The fund balance of the Town's General fund increased by \$212,988 for the year ended December 31, 2022.

The Street fund was a new fund in 2016 to account for a voter approved 1 percent sales tax to construct and maintain critical infrastructure needs. The Town expended \$958,083. The actual increase in fund balance was \$296,878.

The Capital Improvement fund received more revenues and spent less expenditures than budgeted. The actual increase in fund balance was \$569,163.

**Proprietary funds:** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position and changes in net position for the year-ended December 31, 2022 for the Town's three proprietary funds (Water, Sewer, and Garbage) are as follows:

	Water	Sewer	Garbage	Total
Unrestricted net position	\$ 2,111,470	\$ 1,730,511	\$ 46,642	\$ 3,888,623
Total net position	7,329,281	7,294,914	46,642	14,670,837
Change in net position	(66,005)	335,360	(43,822)	225,533

## Budgetary Highlights

General fund revenues of \$2,735,190 were higher than budgeted revenues of \$2,734,321 by \$869. The most significant factor contributing to this excess amount is related to sales tax which exceeded budget by \$255,835. Budgeted expenditures exceeded actual expenditures by \$608,876.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital Assets include equipment, buildings, land, system improvements, park facilities and roads. At the end of 2022, net capital assets of the government activities totaled \$15 million and the net capital assets of the business-type activities were \$13.2 million. The most significant governmental capital additions was for the Mill Street Sidewalk. The most significant business-type capital additions during the year were for the sewer plant enclosure and the Gem Village flow meter. Depreciation on capital assets for both government activities and business-type activities is recognized in the Government-Wide financial statements. (See note 6 to the financial statements.)

### **Debt**

At year-end, the Town had \$118,377 in governmental type debt, and \$3,101,504 in proprietary debt. During the current fiscal year, the Town's total debt decreased by \$823,312. (See note 7 to the financial statements for detailed descriptions.) Included in these amounts are pension and OPEB related liabilities. (See note 7 to the financial statements.)

## **NEXT YEAR'S BUDGET AND ECONOMIC FACTORS**

Due to a June 26, 2022 storm, stormwater management rose to the top two goals. Additional goals centered on public protection 24/7, work force housing and better use of town facilities.

In considering the Town Budget for the year 2023, the Town Board of Trustees and management determined that salaries were not competitive. 2023 Adjustments plus COLA proposed at 6% for Marshal, Parks and Public Works with remaining employees to receive 2% COLA if eligible and an additional 2 to 4% budgeted for merit increases.

All large capital projects funded by grants are nearing 2023 deadlines. Medium capital costs include streets, sidewalks and facilities. Several smaller capital purchases are replacements with new purchases to reduce staff time, improve safety, upgrade security and implement technology.

The Board of Trustees continue to value partnerships that provide services to Bayfield.

The Community Development Director is facilitating the Comp Plan Working Group in update of the 2018 Comp Plan. Land Use Codes such as; Oil & Gas Regulations, Noxious Weeds, Revitalization of Mill Street and other regulations that manage the citizens' desire to protect the vitality, health and safety of Bayfield is proposed.

Technology upgrades will be key in 2023. Online access to government services such as; utilizing the new website, EForce to Spillman a dispatch integrated system, IWorq for internal work orders and building permit management and Cleargov for financial transparency and archival document management programs or processes.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director at: 1199 Bayfield Parkway Bayfield, Colorado 81122.

**BASIC FINANCIAL STATEMENTS**

**TOWN OF BAYFIELD, COLORADO**  
**Statement of Net Position**  
**December 31, 2022**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 5,712,471	\$ 4,761,577	\$ 10,474,048
Receivables (net of allowance)	847,300	199,616	1,046,916
Net pension asset	341,698	35,529	377,227
Internal balances	261,171	(261,171)	-
Inventories	28,155	239,215	267,370
Temporarily restricted assets:			
Cash and cash equivalents	156,398	614,216	770,614
Capital assets (net of accumulated depreciation):			
Land	2,233,797	105,750	2,339,547
Construction in progress	129,447	350,891	480,338
Buildings	4,458,383	377,900	4,836,283
Machinery and equipment	188,052	184,866	372,918
Vehicles	220,760	-	220,760
Infrastructure and systems	7,844,134	12,202,532	20,046,666
Total assets	<u>22,421,766</u>	<u>18,810,921</u>	<u>41,232,687</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pensions	286,470	55,005	341,475
Deferred outflows related to OPEB	8,643	4,601	13,244
Total deferred outflows of resources	<u>295,113</u>	<u>59,606</u>	<u>354,719</u>
<b>Liabilities</b>			
Accounts payable and other current liabilities	431,591	73,882	505,473
Interest payable	-	29,221	29,221
Unearned revenue	-	675,879	675,879
Noncurrent liabilities:			
Due within one year	67,214	387,523	454,737
Due in more than one year	-	2,686,745	2,686,745
Net pension liability	-	-	-
Net OPEB liability	51,163	27,236	78,399
Total liabilities	<u>549,968</u>	<u>3,880,486</u>	<u>4,430,454</u>
<b>Deferred Inflows of Resources</b>			
Deferred revenue - property taxes	232,939	-	232,939
Deferred inflows related to pensions	768,879	307,928	1,076,807
Deferred inflows related to OPEB	21,184	11,276	32,460
Total deferred inflows of resources	<u>1,023,002</u>	<u>319,204</u>	<u>1,342,206</u>
<b>Net Position</b>			
Net investment in capital assets	15,074,573	10,167,998	25,242,571
Restricted for:			
Emergency reserve	156,398	-	156,398
Parks and recreation	355,910	-	355,910
Public works	382,183	-	382,183
Debt service	-	614,216	614,216
Unrestricted	5,174,845	3,888,623	9,063,468
Total Net Position	<u>\$ 21,143,909</u>	<u>\$ 14,670,837</u>	<u>\$ 35,814,746</u>

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

**TOWN OF BAYFIELD, COLORADO**  
**Statement of Activities**  
**For the Year Ended December 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 725,978	\$ 89,067	\$ -	\$ -	\$ (636,911)	\$ -	\$ (636,911)
Public safety	1,191,158	35,742	274,597	-	(880,819)	-	(880,819)
Public works/streets	1,149,832	59,092	-	213,102	(877,638)	-	(877,638)
Parks and recreation	612,118	1,224	36,310	21,010	(553,574)	-	(553,574)
Health and welfare	69,979	-	-	-	(69,979)	-	(69,979)
Housing	44,470	-	-	-	(44,470)	-	(44,470)
Total governmental activities	<u>3,793,535</u>	<u>185,125</u>	<u>310,907</u>	<u>234,112</u>	<u>(3,063,391)</u>	<u>-</u>	<u>(3,063,391)</u>
Business-type activities:							
Water	1,069,606	855,221	-	137,559	-	(76,826)	(76,826)
Sewer	1,223,782	1,349,610	-	199,400	-	325,228	325,228
Garbage	194,253	178,348	-	-	-	(15,905)	(15,905)
Total business-type activities	<u>2,487,641</u>	<u>2,383,179</u>	<u>-</u>	<u>336,959</u>	<u>-</u>	<u>232,497</u>	<u>232,497</u>
Total primary government	<u>\$ 6,281,176</u>	<u>\$ 2,568,304</u>	<u>\$ 310,907</u>	<u>\$ 571,071</u>	<u>(3,063,391)</u>	<u>232,497</u>	<u>(2,830,894)</u>
General Revenues:							
Taxes:							
Property tax					233,181	-	233,181
Sales tax					3,197,401	-	3,197,401
Other taxes					379,276	-	379,276
Franchise tax					15,545	-	15,545
Unrestricted investment earnings					68,492	57,393	125,885
Gain on sale of capital assets					47,486	-	47,486
Transfers					64,357	(64,357)	-
Total general revenues & transfers					<u>4,005,738</u>	<u>(6,964)</u>	<u>3,998,774</u>
Change in net position					942,347	225,533	1,167,880
Net position - beginning					<u>20,201,562</u>	<u>14,445,304</u>	<u>34,646,866</u>
Net position - ending					<u>\$ 21,143,909</u>	<u>\$ 14,670,837</u>	<u>\$ 35,814,746</u>

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

**TOWN OF BAYFIELD, COLORADO**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2022**

<b>Assets</b>	General Fund	Street Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 1,006,134	\$ 2,514,852	\$ 1,979,987	\$ 211,498	\$ 5,712,471
Receivables, net of allowances	2,129	-	-	-	2,129
Property tax receivable	232,939	-	-	-	232,939
Due from other governments	375,108	140,486	96,638	-	612,232
Due from other funds	261,171	-	-	-	261,171
Inventories	7,542	20,613	-	-	28,155
Restricted cash and investments	156,398	-	-	-	156,398
Total assets	<u>\$ 2,041,421</u>	<u>\$ 2,675,951</u>	<u>\$ 2,076,625</u>	<u>\$ 211,498</u>	<u>\$ 7,005,495</u>
<b>Liabilities</b>					
Accounts payable	\$ 32,939	\$ 44,733	\$ -	\$ -	\$ 77,672
Accrued liabilities	353,919	-	-	-	353,919
Total liabilities	<u>386,858</u>	<u>44,733</u>	<u>-</u>	<u>-</u>	<u>431,591</u>
<b>Deferred Inflows of Resources</b>					
Deferred revenue - property taxes	232,939	-	-	-	232,939
Total deferred inflows of resources	<u>232,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>232,939</u>
<b>Fund Balances</b>					
Nonspendable:					
Inventories	7,542	20,613	-	-	28,155
Due from other funds	237,339	-	-	-	237,339
Restricted for:					
Emergency reserve	156,398	-	-	-	156,398
Parks and recreation	-	-	159,942	195,968	355,910
Public works and streets	-	382,183	-	-	382,183
Committed to:					
Public works and streets	-	995,973	-	-	995,973
Capital outlay	-	-	1,151,047	-	1,151,047
Assigned to:					
Equipment replacement	-	-	443,062	-	443,062
Public safety	4,600	-	-	-	4,600
Public works and streets	-	1,232,449	-	-	1,232,449
Housing	-	-	-	15,530	15,530
Capital outlay	-	-	322,574	-	322,574
Unassigned	1,015,745	-	-	-	1,015,745
Total fund balances	<u>1,421,624</u>	<u>2,631,218</u>	<u>2,076,625</u>	<u>211,498</u>	<u>6,340,965</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,041,421</u>	<u>\$ 2,675,951</u>	<u>\$ 2,076,625</u>	<u>\$ 211,498</u>	<u>\$ 7,005,495</u>

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

**TOWN OF BAYFIELD, COLORADO**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**December 31, 2022**

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Total fund balances - governmental funds		\$ 6,340,965
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	28,794,013	
Accumulated depreciation	<u>(13,719,440)</u>	15,074,573

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Net OPEB liability	(51,163)	
Compensated absences	<u>(67,214)</u>	(118,377)

Deferred outflows and inflows of resources related to pensions/OPEB and net pension/OPEB assets are applicable to future reporting periods and therefore are not reported in the funds.

Deferred outflows	295,113	
Deferred inflows	(790,063)	
Net pension asset	<u>341,698</u>	(153,252)

Total net position - governmental activities		<u><u>\$ 21,143,909</u></u>
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The accompanying notes are an integral part of the financial statements.

**TOWN OF BAYFIELD, COLORADO**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balances - Governmental Funds**  
**For the Year Ended December 31, 2022**

	General Fund	Street Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 2,270,743	\$ 752,111	\$ 806,636	\$ -	\$ 3,829,490
Licenses and permits	94,858	5,011	-	-	99,869
Intergovernmental	274,597	213,102	-	36,310	524,009
Fines and forfeitures	6,995	-	-	-	6,995
Charges for services	17,985	-	-	-	17,985
Interest revenue	9,579	24,825	34,088	-	68,492
Impact fees	-	-	1,224	-	1,224
In lieu of parks fee	-	-	21,010	-	21,010
Other revenues	60,433	60,912	-	-	121,345
Total revenues	<u>2,735,190</u>	<u>1,055,961</u>	<u>862,958</u>	<u>36,310</u>	<u>4,690,419</u>
<b>Expenditures</b>					
Current:					
General government	636,951	-	-	-	636,951
Public safety	1,212,513	-	-	-	1,212,513
Public works/streets	-	306,951	-	-	306,951
Parks and recreation	527,775	-	-	-	527,775
Capital outlay	221,198	652,132	-	44,470	917,800
Total expenditures	<u>2,598,437</u>	<u>959,083</u>	<u>-</u>	<u>44,470</u>	<u>3,601,990</u>
Excess of revenues over (under) expenditures	136,753	96,878	862,958	(8,160)	1,088,429
<b>Other financing sources (uses):</b>					
Transfers in	130,235	200,000	36,440	60,000	426,675
Transfers out	(60,000)	-	(330,235)	-	(390,235)
Total other financing sources (uses)	<u>70,235</u>	<u>200,000</u>	<u>(293,795)</u>	<u>60,000</u>	<u>36,440</u>
Net change in fund balances	206,988	296,878	569,163	51,840	1,124,869
Fund balance, beginning of year	<u>1,214,636</u>	<u>2,334,340</u>	<u>1,507,462</u>	<u>159,658</u>	<u>5,216,096</u>
Fund balance, end of year	<u><u>\$ 1,421,624</u></u>	<u><u>\$ 2,631,218</u></u>	<u><u>\$ 2,076,625</u></u>	<u><u>\$ 211,498</u></u>	<u><u>\$ 6,340,965</u></u>

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

**TOWN OF BAYFIELD, COLORADO**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**For the Year Ended December 31, 2022**

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

Net change in fund balances - total governmental funds		\$ 1,124,869
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>		
Capital outlay	522,500	
Depreciation expense	<u>(946,645)</u>	(424,145)
<p>The net effect of various transactions involving capital assets (i.e. sales and donations) is to increase net position.</p>		
		9,023
<p>Compensated absences 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.</p>		
		(13,144)
<p>Pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension liability is measured a year before the Town's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pension, is reported in the Statement of Activities.</p>		
Pension contributions	133,678	
Pension expense	109,524	
OPEB contributions	7,506	
OPEB expense	<u>(4,964)</u>	245,744
Change in net position of governmental activities		\$ 942,347

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

**TOWN OF BAYFIELD, COLORADO**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2022**

	Water Fund	Sewer Fund	Garbage Fund	Combined Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 2,158,244	\$ 2,561,048	\$ 42,285	\$ 4,761,577
Receivables (net of allowance)	67,065	113,899	18,652	199,616
Inventory	64,018	175,197	-	239,215
Restricted cash and investments	201,574	412,642	-	614,216
<b>Total current assets</b>	<u>2,490,901</u>	<u>3,262,786</u>	<u>60,937</u>	<u>5,814,624</u>
Noncurrent assets:				
Net pension asset	20,301	15,228	-	35,529
Land	57,842	47,908	-	105,750
Construction in progress	336,307	14,584	-	350,891
Buildings	749,160	282,434	-	1,031,594
Improvements and system	8,198,874	12,086,689	-	20,285,563
Machinery and equipment	325,443	468,029	-	793,472
Accumulated depreciation	(3,830,454)	(5,514,877)	-	(9,345,331)
<b>Total noncurrent assets</b>	<u>5,857,473</u>	<u>7,399,995</u>	<u>-</u>	<u>13,257,468</u>
<b>Total assets</b>	<u>8,348,374</u>	<u>10,662,781</u>	<u>60,937</u>	<u>19,072,092</u>
<b>Deferred outflows of resources</b>				
Deferred outflows related to pensions	31,429	23,576	-	55,005
Deferred outflows related to OPEB	2,629	1,972	-	4,601
<b>Total deferred outflows of resources</b>	<u>34,058</u>	<u>25,548</u>	<u>-</u>	<u>59,606</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	9,432	48,155	14,295	71,882
Accrued liabilities	2,000	-	-	2,000
Unearned revenue	-	675,879	-	675,879
Due to other funds - current	-	23,832	-	23,832
Interest payable	8,477	20,744	-	29,221
Loans payable - current	51,822	315,374	-	367,196
Compensated absences - current	14,356	5,971	-	20,327
<b>Total current liabilities</b>	<u>86,087</u>	<u>1,089,955</u>	<u>14,295</u>	<u>1,190,337</u>
Noncurrent liabilities:				
Due to other funds (net of current portion)	-	237,339	-	237,339
Loans payable (net of current portion)	769,113	1,917,632	-	2,686,745
Net OPEB liability	15,562	11,674	-	27,236
<b>Total noncurrent liabilities</b>	<u>784,675</u>	<u>2,166,645</u>	<u>-</u>	<u>2,951,320</u>
<b>Total liabilities</b>	<u>870,762</u>	<u>3,256,600</u>	<u>14,295</u>	<u>4,141,657</u>
<b>Deferred inflows of resources</b>				
Deferred inflows related to pensions	175,946	131,982	-	307,928
Deferred inflows related to OPEB	6,443	4,833	-	11,276
<b>Total deferred inflows of resources</b>	<u>182,389</u>	<u>136,815</u>	<u>-</u>	<u>319,204</u>
<b>Net position</b>				
Net investment in capital assets	5,016,237	5,151,761	-	10,167,998
Restricted	201,574	412,642	-	614,216
Unrestricted	2,111,470	1,730,511	46,642	3,888,623
<b>Total net position</b>	<u>\$ 7,329,281</u>	<u>\$ 7,294,914</u>	<u>\$ 46,642</u>	<u>\$ 14,670,837</u>

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

**TOWN OF BAYFIELD, COLORADO**  
**Statement Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2022**

	Water Fund	Sewer Fund	Garbage Fund	Combined Total
<b>Operating revenues</b>				
Charges for services	\$ 838,838	\$ 1,345,551	\$ 178,348	\$ 2,362,737
Other revenues	16,383	4,059	-	20,442
<b>Total operating revenues</b>	<u>855,221</u>	<u>1,349,610</u>	<u>178,348</u>	<u>2,383,179</u>
<b>Operating expenses</b>				
Salaries and wages	275,615	181,926	-	457,541
Water storage	33,144	-	-	33,144
Water treatment	300,154	-	-	300,154
Transmission and distribution	92,092	-	-	92,092
Collection and transmission	-	122,813	-	122,813
Sewer treatment	-	329,016	-	329,016
General operations	-	40,566	171,910	212,476
Administrative	105,291	150,962	22,343	278,596
Depreciation	238,253	325,145	-	563,398
<b>Total operating expenses</b>	<u>1,044,549</u>	<u>1,150,428</u>	<u>194,253</u>	<u>2,389,230</u>
Operating income (loss)	<u>(189,328)</u>	<u>199,182</u>	<u>(15,905)</u>	<u>(6,051)</u>
<b>Non-operating revenues (expenses)</b>				
Interest income	29,442	27,951	-	57,393
Interest expense and fiscal charges	(25,057)	(73,354)	-	(98,411)
Loss on disposal of assets	-	-	(27,917)	(27,917)
Connection and tap fees	137,559	199,400	-	336,959
<b>Total non-operating revenues (expenses)</b>	<u>141,944</u>	<u>153,997</u>	<u>(27,917)</u>	<u>268,024</u>
<b>Income before transfers</b>	(47,384)	353,179	(43,822)	261,973
Transfers:				
Transfers out	(18,621)	(17,819)	-	(36,440)
<b>Change in net position</b>	(66,005)	335,360	(43,822)	225,533
Total net position, beginning of year	7,395,286	6,959,554	90,464	14,445,304
<b>Total net position, end of year</b>	<u>\$ 7,329,281</u>	<u>\$ 7,294,914</u>	<u>\$ 46,642</u>	<u>\$ 14,670,837</u>

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

**TOWN OF BAYFIELD, COLORADO**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2022**

	Water Fund	Sewer Fund	Garbage Fund	Combined Total
<b>Cash flows from operating activities:</b>				
Cash received from customers, service fees	\$ 830,092	\$ 1,317,320	\$ 179,990	\$ 2,327,402
Cash received from customers, other	16,383	4,059	-	20,442
Cash paid to suppliers	(449,815)	(554,469)	(186,482)	(1,190,766)
Cash paid to employees	(437,239)	(417,200)	(22,343)	(876,782)
Net cash flows from operating activities	<u>(40,579)</u>	<u>349,710</u>	<u>(28,835)</u>	<u>280,296</u>
<b>Cash flows from noncapital financing activities:</b>				
Repayment of interfund loan	-	(23,361)	-	(23,361)
Transfers from/(to) other funds	(18,621)	(17,819)	-	(36,440)
Net cash flows from noncapital financing activities	<u>(18,621)</u>	<u>(41,180)</u>	<u>-</u>	<u>(59,801)</u>
<b>Cash flows from capital and related financing activities:</b>				
Purchase of capital assets	(25,058)	(79,443)	-	(104,501)
Principal paid on long-term debt	(25,922)	(298,779)	-	(324,701)
Interest paid	(45,084)	(87,598)	-	(132,682)
Capital grants	124,582	337,939	-	462,521
Connection and tap fees	137,559	199,400	-	336,959
Net cash flows from capital and related financing activities	<u>166,077</u>	<u>71,519</u>	<u>-</u>	<u>237,596</u>
<b>Cash flows from investing activities:</b>				
Interest on investments	29,442	27,951	-	57,393
Net change in cash and cash equivalents	136,319	408,000	(28,835)	515,484
Cash and cash equivalents, including restricted cash beginning of year	2,223,499	2,565,690	71,120	4,860,309
<b>Cash and cash equivalents, including restricted cash end of year</b>	<u>\$ 2,359,818</u>	<u>\$ 2,973,690</u>	<u>\$ 42,285</u>	<u>\$ 5,375,793</u>
Reconciliation of operating income to net cash provided by operating activities:				
Net operating income (loss)	\$ (189,328)	\$ 199,182	\$ (15,905)	\$ (6,051)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation/amortization	238,253	325,145	-	563,398
Pension and OPEB expense	(23,922)	(60,322)	-	(84,244)
Employer pension and OPEB contributions	(32,411)	(24,313)	-	(56,724)
Changes in operating assets and liabilities:				
(Increase)/decrease in receivables	(8,746)	(28,231)	1,642	(35,335)
(Increase)/decrease in inventory	(28,452)	(53,840)	-	(82,292)
Increase/(decrease) in payables	(1,625)	(8,234)	(14,572)	(24,431)
Increase/(decrease) in accrued liabilities & deposits	5,652	323	-	5,975
Net cash flows from operating activities	<u>\$ (40,579)</u>	<u>\$ 349,710</u>	<u>\$ (28,835)</u>	<u>\$ 280,296</u>
<b>Supplemental schedule of non-cash financing and investing activities:</b>				
Bond premium amortization	\$ -	\$ 10,868	\$ -	\$ 10,868

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

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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

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**Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**Reporting Entity**

The government is a statutory municipality with a mayor – Board form of government with six elected Board members. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. However, there are no blended or discretely presented component units that are applicable in defining the Town’s reporting entity.

**Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government’s enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

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

**Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government’s funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 1. Summary of Significant Accounting Policies, Continued**

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The Town reports the following major governmental funds:

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

The **Street Fund** accounts for a voter approved 1 percent sales tax revenue to construct and maintain critical infrastructure needs including roads, sidewalks, and storm water systems.

The **Capital Improvement Fund** accounts for acquisition or construction of major capital facilities (other than those belonging to enterprise funds).

The Town reports the following major enterprise funds:

The **Water Fund** accounts for the activities related to the Town's water wells, treatment facilities and distribution operations.

The **Sewer Fund** accounts for the activities related to the Town's sewer collection and treatment operations.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 1. Summary of Significant Accounting Policies, Continued**

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**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

**Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***Deposits and Investments***

The Town's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition for purposes of this note and the statement of cash flows.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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***Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to” or “due from other funds. All trade accounts receivable in the enterprise funds are shown net of an allowance for uncollectible accounts. Due to the nature of the accounts receivable in governmental and business-type activities, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

***Inventories***

Governmental fund-type inventories consist of street maintenance materials and other supplies and are valued at cost using the first-in/first-out (FIFO) method. Inventories for business type activities consist of various parts and supplies and are valued at cost using the first-in/first-out (FIFO) method.

***Capital Assets***

Capital assets, which include; property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an individual cost of more than \$5,000 and an estimated useful life of three years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	7 to 40 years
Utility plant and improvements	39 to 40 years
Machinery, equipment and vehicles	5 to 20 years
Infrastructure	7 to 25 years

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has two types of items that qualifies for reporting in this category. It is pension and OPEB related items reported on the proprietary funds statement of net position and the government-wide financial statement. See Note 9 and 10 for more information.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 1. Summary of Significant Accounting Policies, Continued**

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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has four types of items that qualify for reporting in this category. Accordingly, the item, *deferred revenue – property taxes*, is reported in both the governmental funds balance sheet and the statement of net position. The item, *deferred revenue – special assessments*, is reported only in the governmental funds balance sheet. The item, *deferred inflows related to pensions* and *deferred inflows related to OPEB*, are reported in the government-wide financial statements and on the proprietary funds statement of net position (see Note 9 and 10). These amounts are deferred and recognized as an inflow of resources in the period that the amounts were levied for or become available.

***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan’s fiduciary net position of the Fire and Police Pension Association of Colorado (FPPA) and the Colorado Public Employees’ Retirement Association (PERA) and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by FPPA and PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Postemployment Benefits Other than Pensions (OPEB)***

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town’s OPEB plan and additions to/deductions from the Plans’ fiduciary net position have been determined based on annual actuarial reports. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***Net Position Flow Assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***Fund Balance Flow assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 1. Summary of Significant Accounting Policies, Continued**

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considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Town Board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Town Manager is authorized to assign amounts to a specific purpose in accordance with the Town's budget policy. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**Revenues and Expenditures/Expenses**

***Program Revenues***

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Property Taxes***

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid. Property taxes levied in the current year and not collected within 60 days of year-end are not deemed available to pay current liabilities and therefore the receivable is recorded as a deferred inflow in the governmental funds. Property taxes for the current year are levied by

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 1.           Summary of Significant Accounting Policies, Continued**

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the County and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. The County also levies various personal property taxes during the year.

***Compensated Absences***

For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

***Proprietary Funds Operating and Nonoperating Revenues and Expenses***

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. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for the 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.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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**Note 2.           Reconciliation of Government-Wide and Fund Financial Statements**

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The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. These differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 2. Reconciliation of Government-Wide and Fund Financial Statements, Continued**

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The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation.

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**Note 3. Stewardship, Compliance, and Accountability**

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Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Town. The use of budgets and monitoring of equity status facilitate the Town's compliance with legal requirements.

**Budgets and Budgetary Accounting**

The Town Board adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- In accordance with State statutes, prior to October 15, the Finance Director submits to the Town Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. The State statutes require more detailed line item budgets be submitted in summary form. In addition, more detailed line item budgets are included for administration control. The level of control for the detailed budgets is at the Fund level.
- Public hearings are conducted to obtain taxpayer comment.
- Prior to December 31, the budget is legally adopted through passage of a resolution.
- The Finance Director is required to present a monthly report to the Town Board explaining any variance from the approved budget.
- Formal budgetary integration is employed as a management control device during the year for all funds of the Town.
- Appropriations lapse at the end of each calendar year.
- The Town Board may authorize supplemental appropriations during the year.

Budget amounts included in the financial statements report both the original and final amended budget. There were revisions made to the original budget during the year.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 3. Stewardship, Compliance, and Accountability, Continued**

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Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for long-term receivables and advances and capital lease financing which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.

**Expenditures over Appropriations**

Per C.R.S. 29-1-108(2), appropriations are made by fund or spending agency (e.g. department) within a fund at the discretion of the Town Board. The Board by Resolution has made appropriations at the fund level and thus, expenditures may not legally exceed budgeted appropriations at the fund level. The individual Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual reports as listed in the table of contents report those funds that exceeded approved budget appropriations, if any.

**Tax, Spending and Debt Limitations**

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, excluding “enterprises.”

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending (excluding bonded debt service). A portion of the General Fund’s fund balance is classified as restricted for emergencies as required by the Amendment. The Town is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

**Debt Covenants**

See the supplementary information listed on page 79 for compliance with debt covenants.

**Compliance with Colorado Revised Statutes**

The Town conformed to all significant statutory constraints on its financial administration during the year.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 4. Deposits and Investments**

A summary of cash and investments as shown on the statement of net position follows:

Cash on hand	\$	300
Cash in bank		4,332,654
Colorado Trust		6,911,708
		6,911,708
Total cash and investments		\$ 11,244,662

**Deposits**

*Custodial Credit Risk*

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The Town does not have a formal policy for custodial credit risk; however, the Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2022 cash on hand was \$300 and the carrying amount of the Town's deposits was \$4,332,654. As of December 31, 2022 the bank balance of the Town's deposits was \$4,433,728 of which \$250,000 was insured by federal depository insurance and \$4,183,728 was collateralized by the PDPA as noted above.

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and, guaranteed investment contracts. The Town's investment policy follows Colorado statutes. At December 31, 2022 the Town's investments included funds held in the Colorado Government Liquid Asset Trust (COLOTRUST).

The COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities.

A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to and are not registered with the SEC.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 4. Deposits and Investments, Continued**

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As of December 31, 2022 the Town had \$6,911,708 invested in the COLOTRUST and maturities of less than one year. The COLOTRUST's funds are rated AAA by Standard and Poor's, Fitch's and Moody's rating services.

**Interest rate risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of the Colorado Public Deposit Protection Act (PDPA) which requires that the Town's investment portfolio maturities do not exceed five years from the time of purchase.

**Credit risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's policy for reducing its exposure to credit risk is to comply with the provisions of the Colorado Public Deposit Protection Act (PDPA) which limits investment in commercial paper and corporate bonds to the top ratings issued by at least two nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

**Fair value measurements**

Governmental Accounting Standards Board Statement No. 72 (GASB 72) *Fair Value Measurement and Application* establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Town does not hold any investments in 2022 that are measured at fair value.

During the year, the Town invested in COLOTRUST, a local government investment pool. The valuation is measured at net asset value and is designed to approximate the share value. The pool's Board of Trustees, elected by the participants, is responsible for overseeing the management of COLOTRUST, including establishing operating standards and policies. COLOTRUST is designed to provide local governments with a convenient method for investing in short-term investments carefully chosen to provide maximum safety and liquidity, while still maximizing interest earnings.

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**Note 5. Restricted Assets**

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The Town reported restricted cash of \$156,398 in the General Fund, \$201,574 in the Water Fund, and \$412,642 in the Sewer Fund as of December 31, 2022. This is made up of \$156,398 for the emergency reserve requirement and \$614,216 as required by the Colorado Water Resources and Power Development Authority Loan Agreements.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 6. Capital Assets**

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The following table summarizes the changes to capital assets for governmental activities during the year.

<b>Governmental Activities:</b>	<b>Balance 12/31/2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance 12/31/2022</b>
Capital assets, not being depreciated:					
Land	\$ 2,233,797	\$ -	\$ -	\$ -	\$ 2,233,797
Construction in progress	-	129,447	-	-	129,447
Total capital assets, not being depreciated	<u>2,233,797</u>	<u>129,447</u>	<u>-</u>	<u>-</u>	<u>2,363,244</u>
Capital assets, being depreciated:					
Buildings & improvements	7,291,464	-	-	57,967	7,349,431
Machinery and equipment	742,531	108,197	(4,600)	-	846,128
Vehicles	1,139,842	92,926	(274,139)	-	958,629
Infrastructure	17,084,651	191,930	-	-	17,276,581
Total capital assets, being depreciated	<u>26,258,488</u>	<u>393,053</u>	<u>(278,739)</u>	<u>57,967</u>	<u>26,430,769</u>
Less accumulated depreciation for:					
Buildings & improvements	(2,617,509)	(243,489)	-	(30,050)	(2,891,048)
Machinery and equipment	(611,555)	(51,121)	4,600	-	(658,076)
Vehicles	(931,213)	(61,901)	255,245	-	(737,869)
Infrastructure	(8,842,313)	(590,134)	-	-	(9,432,447)
Total accumulated depreciation	<u>(13,002,590)</u>	<u>(946,645)</u>	<u>259,845</u>	<u>(30,050)</u>	<u>(13,719,440)</u>
Total capital assets, being depreciated, net	<u>13,255,898</u>	<u>(553,592)</u>	<u>(18,894)</u>	<u>27,917</u>	<u>12,711,329</u>
Governmental activities capital assets, net	<u>\$ 15,489,695</u>	<u>\$ (424,145)</u>	<u>\$ (18,894)</u>	<u>\$ 27,917</u>	<u>\$ 15,074,573</u>

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

<b>Governmental Activities:</b>	
General government	\$ 146,282
Public safety	36,955
Public works/streets	625,238
Parks & recreation	99,299
Health & welfare	38,871
Total depreciation expense - governmental activities	<u>\$ 946,645</u>

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 6. Capital Assets, Continued**

The following table summarizes the changes to capital assets for business-type activities during the year.

<b>Business Type Activities:</b>	<b>Balance 12/31/2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Transfers</b>	<b>Balance 12/31/2022</b>
Capital assets not being depreciated:					
Land and water rights	\$ 105,750	\$ -	\$ -	\$ -	\$ 105,750
Construction in progress	311,249	39,642	-	-	350,891
Total capital assets, not being depreciated	<u>416,999</u>	<u>39,642</u>	<u>-</u>	<u>-</u>	<u>456,641</u>
Capital assets being depreciated:					
Buildings	1,058,120	31,441	-	(57,967)	1,031,594
Improvements and systems	20,285,563	-	-	-	20,285,563
Machinery and equipment	760,054	33,418	-	-	793,472
Total capital assets, being depreciated	<u>22,103,737</u>	<u>64,859</u>	<u>-</u>	<u>(57,967)</u>	<u>22,110,629</u>
Less accumulated depreciation for:					
Buildings	(663,431)	(20,313)	-	30,050	(653,694)
Improvements and systems	(7,564,945)	(518,086)	-	-	(8,083,031)
Machinery and equipment	(583,607)	(24,999)	-	-	(608,606)
Total accumulated depreciation	<u>(8,811,983)</u>	<u>(563,398)</u>	<u>-</u>	<u>30,050</u>	<u>(9,345,331)</u>
Total capital assets, being depreciated, net	<u>13,291,754</u>	<u>(498,539)</u>	<u>-</u>	<u>(27,917)</u>	<u>12,765,298</u>
Business-type activities capital assets, net	<u>\$ 13,708,753</u>	<u>\$ (458,897)</u>	<u>\$ -</u>	<u>\$ (27,917)</u>	<u>\$ 13,221,939</u>

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

<b>Business-Type Activities:</b>	
Water	\$ 238,253
Sewer	325,145
Garbage	-
Total depreciation expense - business-type activities	<u>\$ 563,398</u>

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 7. Long-Term Liabilities**

The following is a summary of changes in long-term obligations for the year ended December 31, 2022:

	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022	Current Portion
<b>Governmental Activities:</b>					
<i>Direct Borrowings and Direct Placements:</i>					
Net pension liability	\$ 323,166	\$ -	\$ (323,166)	-	\$ -
Net OPEB liability	43,910	7,253	-	51,163	-
Compensated absences	54,070	76,170	(63,026)	67,214	67,214
Total Governmental activity					
Long-term liabilities	<u>\$ 421,146</u>	<u>\$ 83,423</u>	<u>\$ (386,192)</u>	<u>\$ 118,377</u>	<u>\$ 67,214</u>
<b>Business-Type Activities:</b>					
<i>Direct Borrowings and Direct Placements:</i>					
Drinking Water Revolving Fund Loan	\$ 846,857	\$ -	\$ (25,922)	\$ 820,935	\$ 51,822
Water Pollution Control Fund Loan	2,095,000	-	(270,000)	1,825,000	275,000
Water Pollution Control Revolving Fund Loan	386,187	-	(28,778)	357,409	29,506
Plus deferred amounts:					
For issuance premiums	61,465	-	(10,867)	50,598	10,868
Total loans payable	<u>3,389,509</u>	<u>-</u>	<u>(335,567)</u>	<u>3,053,942</u>	<u>367,196</u>
Net pension liability	192,086	-	(192,086)	-	-
Net OPEB liability	26,100	1,136	-	27,236	-
Compensated absences	14,352	26,440	(20,465)	20,327	20,327
Total Business-type activity					
Long-term liabilities	<u>\$ 3,622,047</u>	<u>\$ 27,576</u>	<u>\$ (548,118)</u>	<u>\$ 3,101,505</u>	<u>\$ 387,523</u>

Debt service requirements to maturity on bonds and loans are as follows:

Years ending December 31:	Business-Type Activities	
	Direct Borrowings / Direct Placements	
	Principal	Interest
2023	\$ 356,328	\$ 115,704
2024	368,225	105,482
2025	380,166	94,913
2026	387,153	83,996
2027	414,188	58,540
2028-2032	823,169	82,098
2033-2036	274,115	12,690
	<u>\$ 3,003,344</u>	<u>\$ 553,423</u>

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 7. Long-Term Liabilities, Continued**

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Long-term liabilities for the primary government at December 31, 2022 are comprised of the following:

**Governmental Activities:**

Net OPEB liability	\$ 51,163
Accrued vacation and comp time payable	<u>67,214</u>

**Business-Type Activities:**

***Direct Borrowings and Direct Placements:***

Loan payable to Colorado Water Resources and Power Development Authority, secured by system property and net revenue, bearing interest from 2 to 3%, due in semi-annual principal, interest and fee installments ranging from \$23,367 to \$183,806, maturing August 1, 2028. The loan proceeds and obligations under the loan agreement were transferred to the Town on January 1, 2008 under the dissolution agreement of the Bayfield Sanitation District.

1,825,000

Loan payable to Colorado Water Resources and Power Development Authority, secured by system property and net revenue, bearing interest at 2%, due in semi-annual principal and interest installments of \$18,273, maturing November 1, 2033.

357,409

Loan payable to Colorado Water Resources and Power Development Authority, secured by system property and net revenue, bearing interest at 2.5% due in semi-annual principal and interest installments ranging from \$20,089 to \$36,012, maturing February 1, 2036.

820,935

Deferred amounts for issuance premiums.

	50,598
	<u>3,053,942</u>

Net OPEB liability	27,236
Accrued vacation and comp time payable	<u>20,327</u>

Total Long-term liabilities	<u><u>\$ 3,219,882</u></u>
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The Town's outstanding loans with Colorado Water Resources and Power Development Authority of \$3,003,344 are secured with pledged revenues. The loans contain provisions that in the event of default, the Authority has the right to take any action permitted or required that may appear necessary or desirable to collect the amounts then due and any related attorney fees and other expenses.

The Town has no unused lines of credit at December 31, 2022.

For governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 8. Interfund Receivables, Payables and Transfers**

As of December 31, 2022, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 261,171	\$ -
Sewer Fund	-	261,171
	\$ 261,171	\$ 261,171

With the exception of the interfund loans described below, interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

In 2012, the General Fund loaned the Sewer Fund \$475,038 to finance decommissioning costs. The loan has a 2% interest rate payable in 20 annual installments of \$28,838.

Interfund transfers for the year ended December 31, 2022 were as follows:

Transfers In:	Transfers Out:				Total
	General Fund	Capital Improvement	Water Fund	Sewer Fund	
General Fund	\$ -	\$ 130,235	\$ -	\$ -	\$ 130,235
Capital Improvement	-	-	18,621	17,819	36,440
Street Fund	-	200,000	-	-	200,000
Housing Development	60,000	-	-	-	60,000
	\$ 60,000	\$ 330,235	\$ 18,621	\$ 17,819	\$ 426,675

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 9. Pension Plans**

The Town contributes to the Fire & Police Pension Association of Colorado and the Public Employees' Retirement Association plans described below. At December 31, 2022, the Town reported the following aggregate amounts related to pensions for all plans to which it contributes:

	<b>Net Pension Asset (Liability)</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
FPPA	\$ 274,955	\$ 183,141	\$ (190,428)
PERA	102,272	158,335	(886,379)
Total	\$ 377,227	\$ 341,476	\$ (1,076,807)
Business-Type Activities	\$ 35,529	\$ 55,005	\$ (307,928)
Governmental Activities	341,698	286,471	(768,879)
Total	\$ 377,227	\$ 341,476	\$ (1,076,807)

**Fire & Police Pension Association of Colorado**

**Plan description** – The Town participates in the Statewide Defined Benefit Plan (SWDB) which is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978. The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on the FPPA's website at [www.fppaco.org](http://www.fppaco.org).

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

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated social security employers will be reduced by that amount of social security income payable to the member annually. Effective January 1, 2007, members currently covered under social security will receive half the benefit when compared to the SWDB. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 9. Pension Plans, Continued**

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited 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 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

**Contributions** – Contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions are 8.5 percent and 9.0 percent in 2021 and 2022, respectively. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2021, members of the SWDB plan and their employers are contributing at the rate of 11.5 percent and 8.5 percent, respectively, of pensionable earnings for a total contribution rate of 20.0 percent.

The Town's contributions for the current and 2 preceding fiscal years, all of which were equal to the required contributions, were as follows:

Year Ended December 31,	Retirement Fund
2020	\$ 30,164
2021	34,717
2022	34,626

**Pension liability** – At December 31, 2022, the Town reported an asset of \$274,955 for its proportionate share of the SWDB net pension asset/liability. The net pension asset/liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension asset/liability was determined using an actuarial valuation as of January 1, 2022. The Town's proportion of the net pension asset/liability was based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended December 31, 2021. The Town's proportion measured as of December 31, 2021, was 0.050736 percent, which was an increase of 0.003793 percent from the proportions measured as of December 31, 2020.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 9. Pension Plans, Continued**

**Pension expense and deferred outflows/inflows of resources** – For the year ended December 31, 2022, the Town recognized pension expense for SWDB of (\$23,242). At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Police</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 78,734	\$ 6,413
Changes in assumptions	39,211	-
Net difference between projected and actual earnings on pension plan investments	-	184,015
Changes in proportion and differences between contributions and proportional share of contributions	30,571	-
Contributions subsequent to the measurement date	34,626	-
Total	\$ 183,141	\$ 190,428

The \$34,626 reported as deferred outflows of resources related to SWDB pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to SWDB pensions will be recognized in pension expense as follows:

<b>Year Ending December 31</b>	<b>Deferred Outflows (Inflows) of Resources Police</b>
2022	\$ (21,431)
2023	(40,465)
2024	(21,217)
2025	(3,518)
2026	19,786
Thereafter	24,934

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 9. Pension Plans, Continued**

**Actuarial Assumptions** – The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension asset/liability and actuarially determined contributions for the fiscal year ending December 31, 2021. The valuations used the following actuarial assumption and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Investment Rate of Return *	7.0%
Projected Salary Increases	4.25-11.25%
Cost of Living Adjustments	0.0%
* Includes Inflation at	2.5%

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

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

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

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

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 9. Pension Plans, Continued**

**Discount Rate** – The discount rate used to measure the SWDB total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the SWDB Board's funding policy, which establishes the contractually required rate under Colorado statute. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Police			
Net pension (asset) / liability	\$ (37,918)	\$ (274,955)	\$ (471,327)

**Pension plan fiduciary net position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial report.

**Public Employees' Retirement Association**

**Plan description** - All of the Town's full-time and part-time employees, except for policemen, are eligible to participate in the Local Government Division Trust Fund (LGDTF). This is a cost-sharing multiple-employer defined benefit pension plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67 and is administered by the Colorado Public Employees' Retirement Association of Colorado (PERA). PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained on PERA's website at [www.copera.org](http://www.copera.org).

**Benefits provided** - Employees are eligible for retirement benefits upon reaching (a) age 65 with five or more years of credited service, (b) age 60 with 20 or more years of credited service or (c) age 55 with 30 or more years of service. Such benefits are equivalent to 2.4 percent of their Final Average Salary (FAS) during their highest paid three years of service prior to retirement for each year of service up to 20 years, and 1 percent for each year over 20 years. The maximum benefit available is 70 percent of their FAS. Participants may elect to receive their benefits in the form of single life or joint life payments. The Association also provides death and disability benefits. Benefits are established by State statute.

**Contributions** - The Town and participant contributions are defined by State Statute. For 2022 and 2021, participants are required to contribute 9.0% and 8.5% of their annual salary to the PERA. Participants' contributions are fully refundable, without interest, upon request at termination of employment from

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 9. Pension Plans, Continued**

the Town. If participants have at least five years of credited service, they are eligible to receive a future monthly retirement benefit. Any refund of contributions paid waives all future rights to any benefits.

PERA's funding policy also requires contributions by the Town of 13.21% in the first half of 2022 and 13.71% in the second half of 2022 and 13.20% in 2021 of the participants' salaries. These contributions are credited to the participant's division for the purpose of creating actuarial reserves so each employee's benefits will be fully provided for upon retirement.

The Town's contributions for the current and 3 preceding fiscal years, all of which were equal to the required contributions, were as follows:

Year Ending December 31,	Retirement Fund
2020	\$ 90,253
2021	117,162
2022	151,780

**Pension liability** – At December 31, 2022, the Town reported an asset of \$102,272 for its proportionate share of the LGDTF net pension asset/liability. The net pension asset/liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined using an actuarial valuation as of December 31, 2020. The Town's proportion of the net pension liability was based on the Town's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended December 31, 2021. The Town's proportion measured as of December 31, 2021, was 0.119285 percent, which was an increase of 0.020413 percent from the proportions measured as of December 31, 2020.

**Pension expense and deferred outflows/inflows of resources** – For the year ended December 31, 2022, the Town recognized pension expense for LGDTF of (\$169,056). At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,998	\$ 1,708
Changes in assumptions	34,668	-
Net difference between projected and actual earnings on pension plan investments	-	884,671
Changes in proportion and differences between contributions and proportional share of contributions	(33,112)	-
Contributions subsequent to the measurement date	151,780	-
Total	\$ 158,335	\$ 886,379

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 9. Pension Plans, Continued**

The \$151,780 reported as deferred outflows of resources related to LGDTF pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to LGDTF pensions will be recognized in pension expense as follows:

Year Ending December 31	Deferred Outflows (Inflows) of Resources
2022	\$ (205,123)
2023	(350,350)
2024	(216,999)
2025	(107,352)
2026	-
Thereafter	-

**Actuarial Assumptions** – The significant actuarial assumptions used to measure the total pension liability are as follows:

Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20-11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25 %
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06	Financed by the Annual Increase Reserve (AIR)

The total pension asset/liability as of December 31, 2021, includes the anticipated adjustments to contribution rates and the annual increase cap, resulting from the 2020 automatic adjustment provision (AAP) assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 9. Pension Plans, Continued**

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The actuarial assumptions used in the December 31, 2020, valuations were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions for members were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently the assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of the November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019 meeting, to be effective, January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 9. Pension Plans, Continued**

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

**Discount Rate** – The discount rate used to measure the total LGDTF pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial method and assumptions are noted above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.0 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50 percent, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50 percent, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 9. Pension Plans, Continued**

- The projected benefit payments reflect the lowered annual increase cap, from 1.25 percent to 1.0 percent, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the LGDTF’s fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

**Sensitivity of the proportionate share of the net pension liability to changes in the discount rate –**

The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension (asset) / liability	\$ 701,235	\$ (102,272)	\$ (774,370)

**Pension plan fiduciary net position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA financial report.

**Note 10. Other Post Employment Benefit (OPEB) Plan**

The Town participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees’ Retirement Association of Colorado (PERA).

**Plan description** - Eligible employees of the Town are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 10. Other Post Employment Benefit (OPEB) Plan, Continued**

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**Benefits provided** - The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

**PERA Benefit Structure** - The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 10. Other Post Employment Benefit (OPEB) Plan, Continued**

**DPS Benefit Structure** - The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

**Contributions** - Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. The Town's contributions for the current and 3 preceding fiscal years, all of which were equal to the required contributions, were as follows:

Year Ending December 31,	Health Care Fund
2020	\$ 6,950
2021	8,877
2022	11,502

**OPEB liability** - At December 31, 2022, the Town reported a liability of \$78,399 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The Town's proportion of the net OPEB liability was based on the Town's contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF. At December 31, 2020, the Town's proportion was .0090918 percent, which was an increase from its proportion of .001724 percent measured as of December 31, 2020.

**OPEB expense and deferred outflows/inflows of resources** – For the year ended December 31, 2022, the Town recognized OPEB expense (benefit) of \$3,495. At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 10. Other Post Employment Benefit (OPEB) Plan, Continued**

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 119	\$ 18,589
Changes in assumptions	1,623	4,253
Net difference between projected and actual earnings on pension plan investments	-	4,853
Changes in proportion and differences between contributions and proportional share of contributions	-	4,765
Contributions subsequent to the measurement date	11,502	-
Total	\$ 13,245	\$ 32,460

The \$11,502 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2022	\$ (7,730)
2023	(8,378)
2024	(7,927)
2025	(4,208)
2026	(1,466)
Thereafter	(1,009)

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 10. Other Post Employment Benefit (OPEB) Plan, Continued**

**Actuarial assumptions** - The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.20-11.30%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	4.50% in 2021, 6.00% in 2022 gradually decreasing to 4.50% in 2029
Medicare Part A premiums	3.75% in 2021, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

	<b>Initial Costs for Members without Medicare Part A</b>		
<b>Medicare Plan</b>	<b>Monthly Cost</b>	<b>Monthly Premium</b>	<b>Monthly Cost Adjusted to Age 65</b>
Medicare Advantage/Self-Insured Rx	\$ 633	\$ 230	\$ 591
Kaiser Permanente Medicare Advantage HMO	596	199	562

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 10. Other Post Employment Benefit (OPEB) Plan, Continued**

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2019, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and are applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for members were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 10. Other Post Employment Benefit (OPEB) Plan, Continued**

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Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables developed on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the Trust Fund:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2020, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 10. Other Post Employment Benefit (OPEB) Plan, Continued**

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25 percent.

**Sensitivity of the proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates** - The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net pension (asset) / liability	\$ 76,148	\$ 78,399	\$ 81,008

**Discount rate** - The discount rate used to measure the total OPEB liability was 7.25 percent. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2020 and the financial status of the Trust Fund as of the prior measurement date (December 31, 2020). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
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**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

**Note 10. Other Post Employment Benefit (OPEB) Plan, Continued**

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the Trust Fund representing a portion of purchase service agreements intended to cover costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

**Sensitivity of the proportionate share of the net OPEB liability to changes in the discount rate** - The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Net pension (asset) / liability	\$ 91,053	\$ 78,399	\$ 67,591

**OPEB plan fiduciary net position** - Detailed information about the HCTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/perafinancial-reports](http://www.copera.org/investments/perafinancial-reports).

**TOWN OF BAYFIELD, COLORADO**  
**Notes to the Financial Statements**  
**December 31, 2022**

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**Note 11. Risk Management**

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The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. Claims have not exceeded coverage in any of the last three fiscal years.

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by an intergovernmental agreement by member municipalities pursuant to the provision of 24-10-1155, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability and property coverage's and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

The Town is insured by CIRSA/WC (Workers Compensation), a separate insurance pool, for potential worker related accidents.

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

All Colorado municipalities who are members of the Colorado Municipal League and own property, are eligible to participate. The general objectives of the Agency are to provide member municipalities defined liability and property coverage through joint self-insurance and to assists members in loss prevention measures. Any member may withdraw from the Agency by giving written notice to the Board of Directors of the prospective effective date of its withdrawal.

The Town recognizes an expense for coverage for the amount paid to CIRSA annually for these coverage's. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the Town.

CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA. The Board of Directors of the Agency is composed of seven directors elected by the members at the annual meeting to be scheduled in December each year.

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**Note 12. Garbage Disposal Contract**

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The Town has a 5-year contract, which was renewed in 2019 for garbage disposal with a third party contractor. Under terms of the agreement the Town remits 95% of billed refuse collections fees to the contracting party, with the Garbage Fund retaining 5% of the fees as service revenue. The activity under this contract is reflected in the Garbage Fund.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**PENSION PLANS**

**TOWN OF BAYFIELD, COLORADO**  
**Required Supplementary Information**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**December 31, 2022**

**Fire and Police Pension Association of Colorado (FPPA)**

	Police Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.050736%	0.046943%	0.053054%	0.055174%	0.061537%	0.068838%	0.070786%	0.073929%
Proportionate share of the net pension liability (asset)	\$ (274,955)	\$ (101,913)	\$ (30,005)	\$ 69,755	\$ (88,531)	\$ 24,874	\$ (1,248)	\$ (83,435)
Covered payroll	\$ 408,435	\$ 377,053	\$ 391,017	\$ 369,592	\$ 359,946	\$ 352,306	\$ 343,148	\$ 332,458
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-67.32%	-27.03%	-7.67%	18.87%	-24.60%	7.06%	-0.36%	-25.10%
Plan fiduciary net position as a percentage of the total pension liability	116.20%	106.70%	101.90%	95.20%	106.30%	98.21%	100.10%	106.80%

Note: The Town implemented GASB 68 in 2015. Prior year information is not available.

**Public Employees' Retirement Association of Colorado (PERA)**

	Reporting Fiscal Year (Measurement Date)							
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability (asset)	0.119285%	0.098873%	0.104485%	0.103064%	0.123200%	0.124225%	0.122020%	0.125483%
Proportionate share of the net pension liability (asset)	\$ (102,272)	\$ 515,251	\$ 764,191	\$ 1,295,734	\$ 1,371,747	\$ 1,677,467	\$ 1,344,152	\$ 1,124,718
Covered payroll	\$ 870,294	\$ 681,329	\$ 719,924	\$ 699,030	\$ 801,778	\$ 782,061	\$ 694,257	\$ 688,681
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-11.75%	75.62%	106.15%	185.36%	171.09%	214.49%	193.61%	163.31%
Plan fiduciary net position as a percentage of the total pension liability	101.49%	90.88%	86.26%	75.96%	79.37%	73.60%	76.90%	80.70%

Note: The Town implemented GASB 68 in 2015. Prior year information is not available.

**TOWN OF BAYFIELD, COLORADO**  
**Required Supplementary Information**  
**Schedule of Pension Contributions**  
**December 31, 2022**

**Fire and Police Pension Association of Colorado (FPPA)**

	Police								
	Reporting Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 34,626	\$ 34,717	\$ 30,164	\$ 31,282	\$ 29,567	\$ 28,796	\$ 28,184	\$ 27,452	\$ 26,597
Contributions in relation to the contractually required contribution	\$ (34,626)	\$ (34,717)	\$ (30,164)	\$ (31,282)	\$ (29,567)	\$ (28,796)	\$ (28,184)	\$ (27,452)	\$ (26,597)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 385,854	\$ 408,435	\$ 377,053	\$ 391,017	\$ 369,592	\$ 359,946	\$ 352,306	\$ 343,148	\$ 332,458
Contributions as a percentage of covered payroll	9.0%	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

Note: The Town implemented GASB 68 in 2015. Prior year information is not available.

**Public Employees' Retirement Association of Colorado (PERA)**

	Reporting Fiscal Year								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 151,780	\$ 117,162	\$ 90,253	\$ 91,237	\$ 85,716	\$ 98,549	\$ 95,476	\$ 87,870	\$ 87,187
Contributions in relation to the contractually required contribution	\$ (151,780)	\$ (117,162)	\$ (90,253)	\$ (91,237)	\$ (85,716)	\$ (98,549)	\$ (95,476)	\$ (87,870)	\$ (87,187)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,127,640	\$ 870,294	\$ 681,329	\$ 719,924	\$ 699,030	\$ 801,778	\$ 782,061	\$ 694,257	\$ 688,681
Contributions as a percentage of covered payroll	13.46%	13.46%	13.25%	12.67%	12.26%	12.29%	12.21%	12.66%	12.66%

Note: The Town implemented GASB 68 in 2015. Prior year information is not available.

**TOWN OF BAYFIELD, COLORADO**  
**Required Supplementary Information**  
**Schedule of the Proportionate Share of the Net OPEB Liability**  
**December 31, 2022**

**Public Employees' Retirement Association of Colorado (PERA)**

	Reporting Fiscal Year (Measurement Date)					
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
Proportion of the net OPEB liability (asset)	0.00909184787%	0.0073677354%	0.0079690437%	0.0079826060%	0.0095692633%	0.0095315612%
Proportionate share of the net OPEB liability (asset)	\$ 78,399	\$ 70,010	\$ 89,572	\$ 108,607	\$ 124,362	\$ 123,580
Covered payroll	\$ 870,294	\$ 681,329	\$ 719,924	\$ 699,030	\$ 801,778	\$ 782,061
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	9.01%	10.28%	12.44%	15.54%	15.51%	15.80%
Plan fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

Note: The Town implemented GASB 75 in 2018. 10 years of prior year information is not available.

**TOWN OF BAYFIELD, COLORADO**  
**Required Supplementary Information**  
**Schedule of OPEB Contributions**

**Public Employees' Retirement Association of Colorado (PERA)**

	Reporting Fiscal Year						
	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 11,502	\$ 8,877	\$ 6,950	\$ 7,309	\$ 6,886	\$ 7,924	\$ 7,677
Contributions in relation to the contractually required contribution	\$ (11,502)	\$ (8,877)	\$ (6,950)	\$ (7,309)	\$ (6,886)	\$ (7,924)	\$ (7,677)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,127,640	\$ 870,294	\$ 681,329	\$ 719,924	\$ 699,030	\$ 801,778	\$ 782,061
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	0.99%	0.99%	0.98%

Note: The Town implemented GASB 75 in 2018. 10 years of prior year information is not available.



**TOWN OF BAYFIELD, COLORADO**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULES**

**FOR THE FOLLOWING MAJOR FUNDS:**

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

**Major Special Revenue Fund**

The **Street Fund** accounts for a voter approved 1 percent sales tax revenue to construct and maintain critical infrastructure needs including roads, sidewalks, and storm water systems.

**TOWN OF BAYFIELD, COLORADO**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2022**

<b>Revenues</b>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Taxes:</b>				
Property tax	\$ 213,000	\$ 213,000	\$ 233,181	\$ 20,181
Sales tax	1,747,000	1,747,000	2,002,835	255,835
Other taxes	29,900	29,900	34,727	4,827
Total taxes	<u>1,989,900</u>	<u>1,989,900</u>	<u>2,270,743</u>	<u>280,843</u>
<b>Licenses, permits and fees:</b>				
Licenses, permits and fees	57,615	57,615	61,140	3,525
Building permits	30,000	30,000	33,718	3,718
Charges for services	3,500	3,500	17,985	14,485
Total licenses, permits and fees	<u>91,115</u>	<u>91,115</u>	<u>112,843</u>	<u>21,728</u>
<b>Intergovernmental:</b>				
Grant revenues	598,806	598,806	274,597	(324,209)
Total intergovernmental	<u>598,806</u>	<u>598,806</u>	<u>274,597</u>	<u>(324,209)</u>
<b>Fines and forfeitures:</b>				
Fines and forfeitures	5,500	5,500	6,995	1,495
Total fines and forfeitures	<u>5,500</u>	<u>5,500</u>	<u>6,995</u>	<u>1,495</u>
<b>Interest:</b>				
Interest revenue	-	-	9,579	9,579
Total interest	<u>-</u>	<u>-</u>	<u>9,579</u>	<u>9,579</u>
<b>Other revenues:</b>				
Miscellaneous	49,000	49,000	60,433	11,433
Total other revenues	<u>49,000</u>	<u>49,000</u>	<u>60,433</u>	<u>11,433</u>
Total revenues	<u>2,734,321</u>	<u>2,734,321</u>	<u>2,735,190</u>	<u>869</u>

(continued)

**TOWN OF BAYFIELD, COLORADO**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual, (Continued)**  
**For the Year Ended December 31, 2022**

<b>Expenditures</b>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>General Government:</b>				
Town board	19,337	19,337	19,574	(237)
Municipal	7,200	7,200	7,200	-
Administrative	156,656	156,656	204,962	(48,306)
Town hall	368,558	368,558	351,853	16,705
Community development	67,842	67,842	53,362	14,480
Total General Government	<u>619,593</u>	<u>619,593</u>	<u>636,951</u>	<u>(17,358)</u>
<b>Public Safety:</b>				
Wages and benefits	990,078	990,078	806,001	184,077
Operations	191,753	325,257	406,512	(81,255)
Total Public Safety	<u>1,181,831</u>	<u>1,315,335</u>	<u>1,212,513</u>	<u>102,822</u>
<b>Parks &amp; Recreation</b>				
Wages and benefits	335,908	335,908	315,946	19,962
Park expenses	189,500	189,500	211,829	(22,329)
Special events	27,500	27,500	-	27,500
Total Parks & Recreation	<u>552,908</u>	<u>552,908</u>	<u>527,775</u>	<u>25,133</u>

(continued)

**TOWN OF BAYFIELD, COLORADO**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual, (Continued)**  
**For the Year Ended December 31, 2022**

<b>Expenditures</b>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Capital outlay:</b>				
Capital outlay	641,977	713,477	221,198	492,279
Total capital outlay	<u>641,977</u>	<u>713,477</u>	<u>221,198</u>	<u>492,279</u>
Total expenditures	<u>2,996,309</u>	<u>3,201,313</u>	<u>2,598,437</u>	<u>602,876</u>
Excess of revenues over (under) expenditures	<u>(261,988)</u>	<u>(466,992)</u>	<u>136,753</u>	<u>603,745</u>
Other financing sources (uses):				
Transfers in	282,759	282,759	130,235	(152,524)
Transfer out	-	-	(60,000)	(60,000)
Total other financing sources (uses)	<u>282,759</u>	<u>282,759</u>	<u>70,235</u>	<u>(212,524)</u>
Net change in fund balance	20,771	(184,233)	206,988	391,221
Fund balance, beginning of year	<u>1,214,636</u>	<u>1,214,636</u>	<u>1,214,636</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,235,407</u>	<u>\$ 1,030,403</u>	<u>\$ 1,421,624</u>	<u>\$ 391,221</u>

**TOWN OF BAYFIELD, COLORADO**  
**Street Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2022**

	Original	Final	Actual	Final Budget
<b>Revenues</b>				
Sales tax	\$ 518,000	\$ 518,000	\$ 597,283	\$ 79,283
Highway users tax	70,000	70,000	95,535	25,535
Other taxes	44,000	44,000	43,748	(252)
Franchise tax	15,500	15,500	15,545	45
Licenses, permits and fees	3,250	3,250	5,011	1,761
Intergovernmental revenue	1,150,000	1,150,000	213,102	(936,898)
Interest income	600	600	24,825	24,225
Miscellaneous	-	-	60,912	60,912
Total revenue	<u>1,801,350</u>	<u>1,801,350</u>	<u>1,055,961</u>	<u>(745,389)</u>
<b>Expenditures</b>				
Public Works:				
Wages and benefits	138,065	138,065	118,098	19,967
Operations	88,600	88,600	72,612	15,988
Administrative	64,941	64,941	116,241	(51,300)
Total public works	<u>291,606</u>	<u>291,606</u>	<u>306,951</u>	<u>(15,345)</u>
Capital outlay	<u>1,926,073</u>	<u>2,771,559</u>	<u>652,132</u>	<u>2,119,427</u>
Total expenditures	<u>2,217,679</u>	<u>3,063,165</u>	<u>959,083</u>	<u>2,104,082</u>
Excess of revenue and other sources over (under) expenditures and other uses	<u>(416,329)</u>	<u>(1,261,815)</u>	<u>96,878</u>	<u>1,358,693</u>
Other financing sources (uses):				
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total other financing sources (uses):	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	(216,329)	(1,061,815)	296,878	1,358,693
Fund balance, beginning of year	<u>2,334,340</u>	<u>2,334,340</u>	<u>2,334,340</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,118,011</u>	<u>\$ 1,272,525</u>	<u>\$ 2,631,218</u>	<u>\$ 1,358,693</u>

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**TOWN OF BAYFIELD, COLORADO**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES**  
**FOR THE FOLLOWING FUNDS:**

**Major Capital Project Funds**

The **Capital Improvement Fund** accounts for acquisition or construction of major capital facilities (other than those belonging to enterprise funds).

**Nonmajor Special Revenue Fund**

The **Conservation Trust Fund** accounts for the State of Colorado lottery funds to be used for parks and recreation services and capital investment.

The **Housing Development Fund** accounts for funds to be used for deed restricted work force housing.

**Major and Nonmajor Enterprise Funds**

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The budgets for the enterprise funds have been prepared and presented on a modified accrual basis which is an accounting basis other than GAAP for enterprise funds.

The **Water Fund** is used to account for the Town's water wells, treatment facilities and distribution system.

The **Sewer Fund** is used to account for the Town's sewer collection and treatment services.

The **Garbage Fund** is used to account for the Town's garbage collection services.

**TOWN OF BAYFIELD, COLORADO**  
**Capital Improvement Capital Project Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales taxes	\$ 518,000	\$ 518,000	\$ 597,283	\$ 79,283
Severance tax	500	500	171,429	170,929
Federal mineral leasing	10,000	10,000	37,924	27,924
Impact fees	6,000	6,000	1,224	(4,776)
Intergovernmental revenue	200,000	200,000	-	(200,000)
In lieu of parks fee	17,500	17,500	21,010	3,510
Interest income	1,000	1,000	34,088	33,088
Total revenue	<u>753,000</u>	<u>753,000</u>	<u>862,958</u>	<u>109,958</u>
<b>Expenditures</b>				
Capital outlay	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Total expenditures	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Excess of revenue and other sources over (under) expenditures and other uses	<u>353,000</u>	<u>353,000</u>	<u>862,958</u>	<u>509,958</u>
Other financing sources (uses):				
Transfers in	36,440	36,440	36,440	-
Transfers out	(382,759)	(454,259)	(330,235)	124,024
Total other financing sources (uses):	<u>(346,319)</u>	<u>(417,819)</u>	<u>(293,795)</u>	<u>124,024</u>
Net change in fund balance	6,681	(64,819)	569,163	633,982
Fund balance, beginning of year	<u>1,507,462</u>	<u>1,507,462</u>	<u>1,507,462</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,514,143</u>	<u>\$ 1,442,643</u>	<u>\$ 2,076,625</u>	<u>\$ 633,982</u>

**TOWN OF BAYFIELD, COLORADO**  
**Conservation Trust Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 30,000	\$ 30,000	\$ 36,310	\$ 6,310
Interest income	10	10	-	(10)
Total revenues	<u>30,010</u>	<u>30,010</u>	<u>36,310</u>	<u>6,300</u>
<b>Expenditures</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue and other sources over (under) expenditures and other uses	<u>30,010</u>	<u>30,010</u>	<u>36,310</u>	<u>6,300</u>
Other financing sources (uses):				
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Total other financing sources (uses):	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>	<u>100,000</u>
Net change in fund balance	(69,990)	(69,990)	36,310	106,300
Fund balance, beginning of year	<u>159,658</u>	<u>159,658</u>	<u>159,658</u>	<u>-</u>
Fund balance, end of year	<u>\$ 19,678</u>	<u>\$ 19,678</u>	<u>\$ 232,278</u>	<u>\$ 212,600</u>

**TOWN OF BAYFIELD, COLORADO**  
**Housing Development Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 450,000	\$ 450,000	\$ -	\$ (450,000)
Other revenue	528,000	528,000	-	(528,000)
Total revenues	<u>978,000</u>	<u>978,000</u>	<u>-</u>	<u>(978,000)</u>
<b>Expenditures</b>				
Capital outlay	961,600	961,600	44,470	917,130
Total expenditures	<u>961,600</u>	<u>961,600</u>	<u>44,470</u>	<u>917,130</u>
Excess of revenue and other sources over (under) expenditures and other uses	<u>16,400</u>	<u>16,400</u>	<u>(44,470)</u>	<u>(60,870)</u>
Other financing sources (uses):				
Transfers in	28,838	28,838	60,000	31,162
Total other financing sources (uses):	<u>28,838</u>	<u>28,838</u>	<u>60,000</u>	<u>31,162</u>
Net change in fund balance	45,238	45,238	15,530	(29,708)
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ 45,238</u>	<u>\$ 45,238</u>	<u>\$ 15,530</u>	<u>\$ (29,708)</u>

**TOWN OF BAYFIELD, COLORADO**  
**Water Fund**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget and Actual with Reconciliation to US GAAP Basis**  
**For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 996,500	\$ 996,500	\$ 838,838	\$ (157,662)
Interest income	750	750	29,442	28,692
Connection and tap fees	105,000	105,000	137,559	32,559
Other revenues	-	-	16,383	16,383
<b>Total revenues</b>	<b>1,102,250</b>	<b>1,102,250</b>	<b>1,022,222</b>	<b>(80,028)</b>
<b>Expenses</b>				
Salaries and wages	281,092	281,092	275,615	5,477
Water storage	92,435	92,435	33,144	59,291
Water treatment	164,572	164,572	300,154	(135,582)
Transmission and distribution	114,500	114,500	92,092	22,408
Administrative	109,475	109,475	105,291	4,184
Capital outlay	184,250	184,250	-	184,250
Debt service	246,000	246,000	25,057	220,943
Transfers out	18,621	18,621	18,621	-
<b>Total expenses</b>	<b>1,210,945</b>	<b>1,210,945</b>	<b>849,974</b>	<b>360,971</b>
Change in net position - budget basis	<u>\$ (108,695)</u>	<u>\$ (108,695)</u>	172,248	<u>\$ 280,943</u>
GAAP Basis Adjustments				
Depreciation			(238,253)	
Change in net position - GAAP basis			(66,005)	
Net position, beginning of year			<u>7,395,286</u>	
<b>Net position, end of year</b>			<u><u>\$ 7,329,281</u></u>	

**TOWN OF BAYFIELD, COLORADO**  
**Sewer Fund**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget and Actual with Reconciliation to US GAAP Basis**  
**For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 1,104,000	\$ 1,104,000	\$ 1,345,551	\$ 241,551
Intergovernmental revenue	337,940	337,940	-	(337,940)
Interest income	500	500	27,951	27,451
Connection and tap fees	100,000	100,000	199,400	99,400
Other revenues	-	-	4,059	4,059
Total revenues	<u>1,542,440</u>	<u>1,542,440</u>	<u>1,576,961</u>	<u>34,521</u>
<b>Expenses</b>				
Salaries and wages	281,092	281,092	181,926	99,166
Collection and transmission	121,600	121,600	122,813	(1,213)
Sewer treatment	142,434	142,434	329,016	(186,582)
General operations	37,850	37,850	40,566	(2,716)
Administrative	150,962	150,962	150,962	-
Capital outlay	819,460	819,460	-	819,460
Debt service	383,758	383,758	73,354	310,404
Transfers out	46,657	46,657	17,819	28,838
Total expenses	<u>1,983,813</u>	<u>1,983,813</u>	<u>916,456</u>	<u>1,067,357</u>
Change in net position - budget basis	<u>\$ (441,373)</u>	<u>\$ (441,373)</u>	660,505	<u>\$ 1,101,878</u>
GAAP Basis Adjustments				
Depreciation			<u>(325,145)</u>	
Change in net position - GAAP basis			335,360	
Net position, beginning of year			<u>6,959,554</u>	
<b>Net position, end of year</b>			<u><u>\$ 7,294,914</u></u>	

**TOWN OF BAYFIELD, COLORADO**  
**Garbage Fund**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**Budget and Actual with Reconciliation to US GAAP Basis**  
**For the Year Ended December 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 188,876	\$ 188,876	\$ 178,348	\$ (10,528)
Total revenues	188,876	188,876	178,348	(10,528)
<b>Expenses</b>				
General operations	164,500	174,500	171,910	2,590
Administrative	22,720	22,720	22,343	377
Total expenses	187,220	197,220	194,253	2,967
Change in net position - budget basis	<u>\$ 1,656</u>	<u>\$ (8,344)</u>	(15,905)	<u>\$ (7,561)</u>
GAAP Basis Adjustments				
Gain/loss on sale of capital assets			<u>(27,917)</u>	
Change in net position - GAAP basis			(43,822)	
Net position, beginning of year			<u>90,464</u>	
<b>Net position, end of year</b>			<u>\$ 46,642</u>	

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**TOWN OF BAYFIELD, COLORADO**  
**SUPPLEMENTARY INFORMATION**  
**COLORADO WATER RESOURCES AND**  
**POWER DEVELOPMENT AUTHORITY**  
**LOAN COVENANTS AND REQUIREMENTS**  
**LOAN 2007A**

The Colorado Water Resources and Power Development Authority Loan Agreement set forth certain covenants and restrictions. As of December 31, 2022, the Town appears to be in compliance with all covenants and restrictions as set forth in Exhibit F, Additional Covenants and Requirements. See note 7 for details on the loan. The following are additional disclosures required by the loan agreement.

- **Rate Covenant:** The Town is required to maintain rates and fees at levels that will generate enough revenue to cover operating expenses and annual debt service at 1.10 times. The December 31, 2022 calculation for the rate covenant is as follows:

Total Revenues	1,576,961
Total Operating Exp (-) Depreciation	<u>(825,283)</u>
	751,678
Annual Debt Service	363,461
Coverage Ratio	<u>2.07</u>
Coverage Ratio Requirement	1.10
Over/(Under)	<u><u>0.97</u></u>

- **Operations and Maintenance Reserve Fund Covenant:** The Town is required to maintain reserves equal to three months of operation and maintenance expenses of the system. The reserve fund is reported as restricted on the Statement of Net Position – Proprietary Funds. The December 31, 2022 reserve calculation is as follows:

Current Assets	3,262,786
Current Liabilities	<u>1,089,955</u>
CA-CL Calculation	2,172,831
Operating Expense	1,150,428
Depreciation	<u>(325,145)</u>
Total Operating Exp Used	825,283
25% of Operating Exp (-) Depreciation Exp	206,321
Restricted Reserve	<u>206,321</u>
Over/(Short)	<u><u>-</u></u>

# TOWN OF BAYFIELD, COLORADO

## SUPPLEMENTARY INFORMATION

### COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY LOAN COVENANTS AND REQUIREMENTS LOAN 2013

The Colorado Water Resources and Power Development Authority Loan Agreement set forth certain covenants and restrictions. As of December 31, 2022, the Town appears to be in compliance with all covenants and restrictions as set forth in Exhibit F, Additional Covenants and Requirements. See note 7 for details on the loan. The following are additional disclosures required by the loan agreement.

- **Rate Covenant:** The Town is required to maintain rates and fees at levels that will generate enough revenue to cover operating expenses and annual debt service at 1.10 times. The December 31, 2022 calculation for the rate covenant is as follows:

Total Revenues	1,576,961
Total Operating Exp (-) Depreciation	<u>(825,283)</u>
	751,678
Annual Debt Service	36,547
Coverage Ratio	<u>20.57</u>
Coverage Ratio Requirement	1.10
Over/(Under)	<u><u>19.47</u></u>

- **Operations and Maintenance Reserve Fund Covenant:** The Town is required to maintain reserves equal to three months of operation and maintenance expenses of the system. The reserve fund is reported as restricted on the Statement of Net Position – Proprietary Funds. The December 31, 2022 reserve calculation is as follows:

Current Assets	3,262,786
Current Liabilities	<u>1,089,955</u>
CA-CL Calculation	2,172,831
Operating Expense	1,150,428
Depreciation	<u>(325,145)</u>
Total Operating Exp Used	825,283
25% of Operating Exp (-) Depreciation Exp	206,321
Restricted Reserve	<u>206,321</u>
Over/(Short)	<u><u>-</u></u>

**TOWN OF BAYFIELD, COLORADO**  
**SUPPLEMENTARY INFORMATION**  
**COLORADO WATER RESOURCES AND**  
**POWER DEVELOPMENT AUTHORITY**  
**LOAN COVENANTS AND REQUIREMENTS**  
**LOAN 2020**

The Colorado Water Resources and Power Development Authority Loan Agreement set forth certain covenants and restrictions. As of December 31, 2022, the Town appears to be in compliance with all covenants and restrictions as set forth in Exhibit F, Additional Covenants and Requirements. See note 7 for details on the loan. The following are additional disclosures required by the loan agreement.

- **Rate Covenant:** The Town is required to maintain rates and fees at levels that will generate enough revenue to cover operating expenses and annual debt service at 1.10 times. The December 31, 2022 calculation for the rate covenant is as follows:

Total Revenues	1,022,222
Total Operating Exp (-) Depreciation	<u>(806,296)</u>
	215,926
Annual Debt Service	72,024
Coverage Ratio	<u>3.00</u>
Coverage Ratio Requirement	1.10
Over/(Under)	<u><u>1.90</u></u>

- **Operations and Maintenance Reserve Fund Covenant:** The Town is required to maintain reserves equal to three months of operation and maintenance expenses of the system. The reserve fund is reported as restricted on the Statement of Net Position – Proprietary Funds. The December 31, 2022 reserve calculation is as follows:

Current Assets	2,490,901
Current Liabilities	<u>86,087</u>
CA-CL Calculation	2,404,814
Operating Expense	1,044,549
Depreciation	<u>(238,253)</u>
Total Operating Exp Used	806,296
25% of Operating Exp (-) Depreciation Exp	201,574
Restricted Reserve	<u>201,574</u>
Over/(Short)	<u><u>-</u></u>

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**SUPPLEMENTARY INFORMATION**  
**LOCAL HIGHWAY FINANCE REPORT**

Section 43-2-132 of the Colorado Revised Statutes requires municipalities receiving Highway User Tax Funds to include a schedule of highway receipts and expenditures with the audit report. The said report is presented on the following two pages.

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Town of Bayfield, CO YEAR ENDING : December 2022
Prepared By: Kathleen Sickles, Town Manager Phone: 1-970-884-9544	

**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)	87,125
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	754,952
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations	191,638	b. Snow and ice removal	0
3. Other local imposts (from page 2)	623,231	c. Other	19,269
4. Miscellaneous local receipts (from page 2)	22,812	d. Total (a. through c.)	19,269
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	861,346
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	837,681	b. Redemption	
<b>B. Private Contributions</b>	0	c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	320,543	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	1,158,224	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	861,346

**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
	2,334,340	1,158,224	861,346	2,631,218	(0)

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado YEAR ENDING (mm/yy): December 2022
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**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	597,283	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	25,948	g. Other Misc. Receipts	9,099
6. Total (1. through 5.)	623,231	h. Other - Road and Bridge	13,713
c. Total (a. + b.)	623,231	i. Total (a. through h.)	22,812
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	95,535	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	11,906	d. Federal Transit Admin	
d. Other -		e. U.S. Corps of Engineers	
e. Other - CDOT grants	213,102	f. Other Federal	0
f. Total (a. through e.)	225,008	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	320,543	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		87,125	87,125
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		0	0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	87,125	87,125
			(Carry forward to page 1)

**Notes and Comments:**

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**Independent Auditors' Report on Internal Control  
over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Honorable Mayor and Board  
Town of Bayfield, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bayfield, Colorado, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Bayfield, Colorado's basic financial statements and have issued our report thereon dated July 10, 2023.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

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

## Purpose of this Report

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

*HintonBurdick, PLLC*

HintonBurdick, PLLC  
St. George, Utah  
July 10, 2023