

**CITY OF LAMAR
LAMAR, COLORADO**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2017**



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July 31, 2018

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FINANCIAL SECTION

CITY OF LAMAR, COLORADO
MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion & Analysis (MD&A) section is designed to provide management's overview and analysis of the City's financial activities, resulting changes, and currently known facts. Please refer to the City of Lamar's Financial Statements which begin on the pages following this MD&A.

INTRODUCTION

The City of Lamar was incorporated in 1886 as a political subdivision of the State of Colorado. In 1962, by vote of the citizens of Lamar, the City became a Home Rule City. The City operates under a Mayor-Council form of government. The Council provides strategic leadership, goal setting and policy-making authority and employs a City Administrator, a Treasurer and a City Clerk to provide day-to-day management, financial and technical support to ensure equitable, efficient and effective implementation of government services to our citizens. The City provides a full range of services, including public safety (fire, police, 9-1-1 Dispatch, and E.M.S.), public utilities (electrical power, sanitation, water and wastewater), infrastructure (drainage, streets, public buildings, airport, and cemeteries), and cultural and recreational programs (library, parks, swimming pool, and recreation activities to promote lifetime wellness).

STATEMENT OF NET POSITION

The following information (Table 1) is excerpted and summarized from the Statement of Net Position which can be found on page 3 of this report. For purposes of this Management Discussion and Analysis, the City's 2017 information presented here is shown on a comparative basis to the information extracted from the 2016 and 2015 audited financial statements. In this summary presentation, rounding can affect the "footing" and "cross-footing" of the columns.

TABLE 1

	NET POSITION (in millions)								
	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL PRIMARY GOVERNMENT		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
ASSETS									
Current & Other Assets	5.23	4.48	5.20	16.22	13.08	12.20	21.45	17.56	17.40
Noncurrent Assets	15.34	14.80	14.33	29.05	28.92	29.90	44.39	43.72	44.22
TOTAL ASSETS	20.57	19.28	19.52	45.27	42.00	42.10	65.85	61.28	61.62
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES									
Deferred Outflows-Loss on Refunding	-	-	0.03	-	-	-	-	-	0.03
Deferred Outflows-Pensions	0.22	0.12	0.05	0.99	0.80	0.36	1.20	0.92	0.41
TOTAL DEFERRED OUTFLOWS	0.22	0.12	0.08	0.99	0.80	0.36	1.20	0.92	0.44
TOTAL ASSETS & DEFERRED OUTFLOWS	20.79	19.40	19.60	46.26	42.80	42.46	67.05	62.20	62.06
LIABILITIES									
Noncurrent Liabilities	1.88	2.14	1.45	16.01	15.24	15.14	17.89	17.37	16.59
Current Liabilities	0.55	0.58	0.71	2.23	1.38	2.51	2.78	1.96	3.22
TOTAL LIABILITIES	2.43	2.72	2.16	18.24	16.61	17.66	20.67	19.33	19.81
DEFERRED INFLOWS OF FINANCIAL RESOURCES									
Deferred Inflows-Unearned Property Tax Revenue	0.43	0.44	0.44	-	-	-	0.43	0.44	0.44
Deferred Inflows-Pensions	-	0.02	-	0.10	0.44	0.12	0.10	0.46	0.12
TOTAL DEFERRED INFLOWS	0.43	0.46	0.44	0.10	0.44	0.12	0.53	0.90	0.57
NET POSITION									
Invested in Capital Assets, net of debt	12.71	11.87	11.89	16.95	16.99	17.46	29.67	28.86	29.35
Restricted	3.28	3.41	1.05	2.31	1.33	1.57	5.59	4.74	2.63
Unrestricted	1.94	0.94	4.05	8.65	7.44	5.65	10.59	8.37	9.70
TOTAL NET POSITION	17.93	16.22	17.00	27.91	25.75	24.68	45.85	41.97	41.68
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	20.79	19.40	19.60	46.26	42.80	42.46	67.05	62.20	62.06

The Statement of Net Position is the first of the two, “Government-wide” financial statements provided in this report; the other being the Statement of Activities. These government-wide financial statements are presented with an economic resources measurement focus and on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred. Under this method of accounting, the City’s Governmental Activities are presented on a basis comparable to that of a private-sector business.

Highlights of Governmental Activities:

Referencing Table 1, and beginning with the Governmental Activities Section, Current & Other Assets have increased by \$756,958 in 2017, reversing a downward that began in 2013. Current Liabilities have also decreased in 2017 by \$30,539. The City’s Current Ratio (a business measure of liquidity) is 9.5 in 2017 compared with a Current Ratio of 7.3 in 2015, indicating improved liquidity. The City’s Noncurrent Assets have increased by \$541,000 from 2016 to 2017 and the increase in Noncurrent Assets from 2015 has been more than \$1.0 million. This reflects the City’s ongoing commitment to renew and replace its aging capital equipment, continue its street resurfacing program and improve its municipal parks. Total Assets in the Governmental Activities section have increased by \$1.3 million in 2017.

Total Liabilities in the Governmental Activities section have decreased by \$286,000 from 2016 to 2017. While the City has been carefully assuming debt to replace critical capital assets, the City’s continued careful management of financial resources has allowed us to maintain good liquidity and a good payment record with suppliers.

The City’s Net Position in Governmental Activities at the end of 2017 has increased by \$1.7 million from 2016, and \$936,835 from 2015. A discussion of General Government Operating results will be presented later in this Management Discussion & Analysis.

Highlights of Business-Type Activities:

For the City’s Business-Type Activities, Total Assets increased in 2017 by \$3.27 million. Current & Other Assets increased in 2017 by \$3.1 million compared to 2016, and by \$4.0 million from 2015. Noncurrent Assets have increased by \$129,000 from 2016 but are \$846,000 less than 2015.

Business-Type Activities’ Total Liabilities at the end of 2017 were \$1.6 million higher than Total Liabilities at the end of 2016, and \$587,000 greater than at year-end 2015. Current Liabilities are \$856,000 million higher than year-end 2016 but \$280,000 lower than 2015. Noncurrent Liabilities have increased by \$775,000 from year-end 2016 and by \$868,000 from 2015. The Current Ratio at the end of 2017 for the Business-type Activities was a respectable 7.3.

The City’s Net Position in its Business-type Activities has increased in 2017 by \$1.6 million. The amount of Net Position invested in Capital Assets-net of debt at year-end 2017 was \$16.9 million. This is a half-million dollar decrease from the Net Position invested in Capital Assets at the end of 2015 and lower than 2014. However, the average of Net Position invested in Capital

Assets in the past three years is \$2.1 million greater than the average for the five year period 2010 through 2014.

The growth of Current and Other Assets, the increase in Net Position-Unrestricted, and a Current Ratio at the end of 2017 of 7.3 put the City's Business-type Activities in a strong position to continue replacing and improving its capital assets in future periods.

Highlights of Total Primary Government:

Taken together, the Governmental Activities section of Table 1 and the Business-type Activities yield the results reported in the Total Primary Government section. Overall, the City's government has managed a steady increase in its Current & Other Assets over the three year period reported here. Noncurrent Assets have also increased from 2015 to 2017; the balance at year-end 2017 is \$169,000 greater than the balance at year-end 2015. Total Assets for the Total Primary Government are 6.9% greater at the end of 2017 than they were at the end of 2015.

Total Liabilities for the Government of \$20.7 million at the end of 2017 were \$857,000 greater than at the end of 2015, an increase of 4.3%. Noncurrent Liabilities have increased by 7.8% since 2015 to recognize the liability for employee compensated absences and the liability for the underfunding of Colorado PERA, the defined-benefit pension plan of the City's electric utility. Current Liabilities have decreased by 13.8% over the same period. The Total Government has a Current Ratio of 7.7 at December 31, 2017 compared to a Current Ratio of 5.4 at the end of 2015.

The Net Position of the Total Government increased by \$3.9 million during 2017, and increased by \$4.2 million compared to December 31, 2015. The amount of the City's Net Position invested in Capital assets increased by \$317,000 from 2015 to 2017, and has increased from the investment at year-end 2016 by \$804,000. The Net Position-Restricted has increased in 2017 by \$855,000 more than doubling the Restricted balance at year-end 2015. This increase was largely due to the City's recognition of certain fund balance as restricted that had been previously reported as unrestricted. The Net Position-Unrestricted has increased \$886,541 from 2015.

STATEMENT OF ACTIVITIES

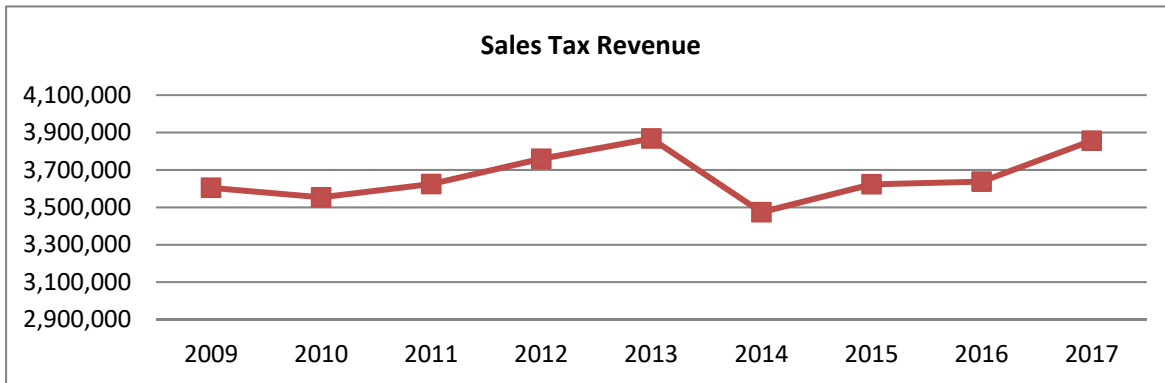
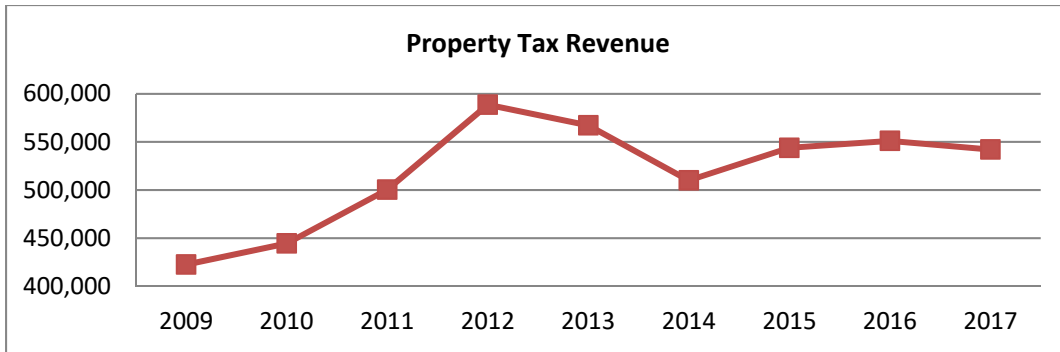
The second of the two "Government-wide" financial statements provided in this report is the Statement of Activities for the year ended December 31, 2017 which can be found on page 4 of this report. The information from that Statement is excerpted and presented here in this management discussion in a somewhat different format which management believes emphasizes that the goal is to manage both the governmental operations and the City's business operations in such a way that the expense of providing service does not exceed the revenues available. For that reason, the various sources of revenue are reported first, followed by the expenses. The expenses are then subtracted from the revenues and the surplus or deficit is clearly shown as the "Change in Net Position". Table 2, below, presents that information for the City's Governmental Activities in 2017 and it is shown on a comparative basis with 2015 and 2014 to improve the reader's understanding of operations and identify important trends as they develop to better anticipate the future.

Highlights of Governmental Activities

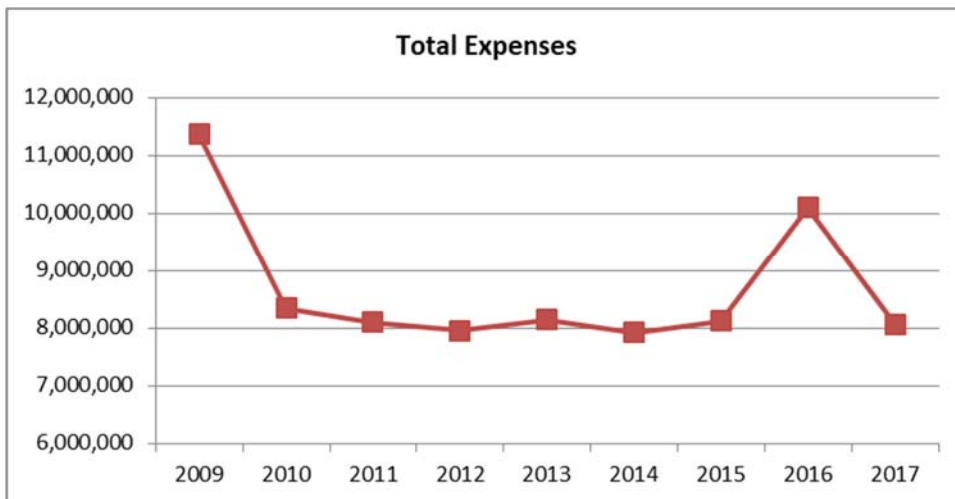
Total Revenues for 2017 increased by \$547,809 or 5.9%, after increasing by 6.1% in 2015. The increase in revenue came from a \$253,000 increase in Grants-Capital, a \$325,000 increase in Charges for services and a \$219,000 increase in Sales Tax receipts. These increases were offset by small decreases in other revenues such as Franchise fees, Transfers-in, and Property taxes.

	Governmental Activities		
	2017	2016	2015
REVENUES:			
Program Revenues:			
Charges for Services	1,411,924	1,087,052	1,306,820
Grants-Operating	1,217,352	1,492,151	829,265
Grants-Capital	253,025		
Non-Restricted Grants & Contributions			125,744
General Revenues:			
Property Taxes	542,173	551,138	543,847
Specific Ownership Taxes	73,920	68,467	
Cigarette Tax	12,383	13,196	13,507
Sales Tax	3,856,428	3,637,473	3,623,138
Franchise Fees	182,941	188,277	220,201
Miscellaneous	126,285	89,316	37,690
Insurance Proceeds	144,727		
Unrestricted Interest	12,393	12,208	13,286
Sale of Assets	(84,194)	(6,027)	(21,927)
Transfers	2,020,163	2,088,460	1,998,163
Total Revenues	9,769,520	9,221,711	8,689,734
EXPENSES:			
General Government	1,749,426	3,298,015	2,597,918
Public Safety	2,624,967	2,994,392	2,423,285
Public Works	1,775,942	1,982,447	1,071,378
Cemetery	218,756	217,683	211,316
Culture & Recreation	1,641,311	1,738,705	1,817,140
Interest on Debt	52,487	42,345	
Depreciation - Unallocated	-	(174,826)	
Total Expenses	8,062,889	10,098,761	8,121,037
CHANGE IN NET POSITION	1,706,631	(877,050)	568,697
Prior Period Restatement	7,198	100,148	
Net Position Beginning	16,227,745	17,097,597	15,300,319
Change in Accounting Principle	-	-	1,128,433
Net Position Ending	17,934,376	16,220,547	16,997,449

Sales taxes and property taxes are the traditional, reliable revenue sources for local government, and those sources have shown a positive increase after 2014's unexpected and significant decline; unpredictability in those sources of revenue increases the importance of prudent management of expenses. The following historical information is presented in graphical form to illustrate the challenges the City's government operations have met over the past nine years. Management believes these graphs confirm the importance of continued careful management of the cost of operations.



As seen in the graph below, with the exception of 2009 and 2016, the City has kept its cost of operations for Governmental Activities under careful control, consistently operating in a narrow range around \$8,000,000. The City's revenues for governmental operations have shown more variability over the period from 2009 to 2017 and are therefore less predictable. Management's plan under the circumstances is to continue to press for efficiency and economy of operation at a cost level that can be maintained with high levels of customer service when revenue is low, and when revenues are high, capture the surplus and use it for long-term improvements in the City's operations and capital assets.



In 2017 expenses of the General Government returned to form, finishing the year at slightly more than \$8.0 million; a decrease from the litigation-driven \$10.0 million of expenses for 2016 and \$58,000 less than 2015. Revenues for the year exceeded expenses by \$1.7 million producing an increase in the Net Position of Governmental Activities of \$1.7 million at the end of 2017. The ending Fund Balance was \$937,000 higher than the ending Fund Balance for 2015.

BUSINESS-TYPE ACTIVITIES

The second category of information provided by the Statement of Activities is the results of the City's Business-Type Activities. The information provided in Table 3, below, is excerpted from the Statement of Activities for The Year ended December 31, 2017, found on page 4 of this report. The information from that report is presented in Table 3 in the same summarized, simplified and three-year comparative format as was presented in Table 2, above.

	2017	2016	2015
REVENUES:			
Program Revenues:			
Charges for Services	20,120,549	\$ 19,288,064	\$ 19,596,406
Grants-Operating	108,103	46,250	137,285
Grants-Capital	329,542	240,669	50,242
General Revenues:			
Miscellaneous		696,578	500,705
Insurance Proceeds	423,712		
Unrestricted Interest	42,146	38,315	29,062
Sale of Assets		(110,840)	-
Transfers	(2,020,163)	(2,088,460)	(1,998,163)
Total Revenues	19,003,889	18,110,576	18,315,537
EXPENSES:			
Utility	13,420,865	13,411,129	13,615,172
Water	1,989,014	1,980,308	1,970,658
Sanitation	867,828	1,025,419	954,688
Ambulance	563,762	513,552	376,974
Total Expenses	16,841,469	16,930,408	16,917,492
CHANGE IN NET POSITION	2,162,420	1,180,168	1,398,045
Prior Period Restatement	-	(190,525)	
Net Position Beginning	25,751,339	24,761,696	26,162,944
Change in Accounting Principle	-	-	(2,799,293)
Net Position Ending	27,913,759	25,751,339	24,761,696

As can be seen from Table 3, Charges for Services are the single most important revenue source for the City's Business type Activities. The City's Business Type Activities consist of Lamar Light & Power (the electric utility), the Water and Wastewater enterprise, the Sanitation enterprise, and the Emergency Medical Services (Ambulance) enterprise. These operations rely primarily on user fees to generate the revenue needed to pay for the costs of providing services. For that reason, they operate as government-owned businesses to provide services critical to the

community's health and welfare without a profit motive. Nonetheless, the primary drivers of business success, superior customer service, and efficiency and effectiveness of service delivery must likewise motivate the government's business operations.

Charges for Services increased in 2017 by 4.3%, and were 2.7% greater than 2015. Lamar Light & Power (the electric utility) saw its Charges for Services increase in 2017 for the first year-over-year increase since the failure of the Lamar Re-powering Project (LRP). Despite the one year uptick, sales in 2017 were 1.3% lower than 2015. Lamar Light & Power's Sales have declined 40% since 2010, when the LRP was shut-down. Sales for the Water & Wastewater Enterprise increased 9.4% in 2017 compared with 2016, and were 24.3% higher than 2015. The increase is attributable to the City Council's action to increase rates for water, and to an increase in the number of customers served. Sales for the Sanitation Enterprise increased in 2017 by 5.7%, and were 11.6% higher than 2015. Rates for commercial haulers to dump at the City's landfill have been increased, and the Enterprise has added some additional services that it provides for a fee, both of which have contributed to increased revenue.

The City's Ambulance Enterprise Fund is also included in and reported as part of the Business-type Activities. In 2017 the operations of the Ambulance Enterprise produced an Operating Loss of \$248,391, following a Loss of \$170,098 in 2016, and a loss of \$57,301 in 2015. In 2017 The Colorado County of Prowers contributed \$60,000 toward the operation of Lamar's Emergency Medical Services, that contribution and some other miscellaneous revenue reduced the Net Loss in the Ambulance Enterprise to \$146,342 and resulted in a negative Net Position-ending for the enterprise of \$(7,399).

Operating Expenses for the Light & Power Utility increased slightly in 2017 as compared with 2016, but were still less than in 2015. The utility had net operating income of \$2.2 million in 2017 which was 30% greater than 2016 and 3.6% less than 2015. Non-operating revenue decreased from 2016, and was also less than 2015. Transfers to the City in-lieu of franchise fees were less than 2016 resulting in a positive change in Net Position of \$988,000, and an Ending Net Position for the electric utility of \$18,253,452.

Operating Expenses for the Water & Wastewater enterprise increased were \$24,000 higher in 2017 compared with those in 2016 and 3.2% higher than 2015. 2017 Operating Income increased 28% compared to 2016, and was 113% greater than 2015. Non-operating expense decreased for the year and the Water & Wastewater enterprise had a net income of \$682,815 after transfers in lieu of franchise fees. The enterprise's Net Position at year-end was \$1.0 million greater than at the end of 2016

The Sanitation enterprise operates residential and commercial/industrial curbside trash collection services, and the municipal landfill. An engineering analysis of the landfill capacity and the volume of the site that has been used as of the end of 2017 has resulted in an adjustment of the amortization charge the City has taken in prior years for amortization expense. The adjustment of amortization expense when combined with the increased sales for the enterprise, has resulted in an increase in Operating Income for 2017 96% higher than 2016. Without the adjusted amortization expense, Operating Income for the year would have been 29.7% higher than 2016, and 22.7% higher than 2015. The enterprise had Income before Transfers of \$490,969 and a Change in Net Position of \$265,969. For the past six years the enterprise has

invested in capital assets. Finally, it has been necessary to increase Charges for Services to maintain the pace of improvements. It is management's intention to continue investing in the operation's resources, both human and capital, to move the enterprise from "good" to "best".

GOVERNMENT AS A WHOLE

The third component of the Statement of Activities is the "Government as a Whole" section which combines the results of the Governmental Activities and the City's Business-Type Activities. Table 4, below, presents the information from the Statement of Activities, For the Year Ended December 31, 2017 simplified and summarized in the same manner as has been described previously, and again presented in comparison with prior years 2016 and 2015.

Table 4

	STATEMENT OF ACTIVITIES		
	Government as a Whole		
	2017	2016	2015
Revenues:			
Program Revenues:			
Charges for Services	21,532,473	\$ 20,375,116	\$ 20,903,226
Grants-Operating	1,325,455	1,538,401	966,550
Grants-Capital	582,567	240,669	50,242
Non-Restricted Grants & Contributions		-	125,744
General Revenues:			
Property Taxes	542,173	551,138	543,847
Specific Ownership Taxes	73,920	68,467	
Cigarette Tax	12,383	13,196	13,507
Sales Tax	3,856,428	3,637,473	3,623,138
Franchise Fees	182,941	188,277	220,201
Miscellaneous	126,285	785,894	538,395
Insurance Proceeds	568,439		
Unrestricted Interest	54,539	50,523	42,348
Sale of Assets	(84,194)	(116,867)	(21,927)
Transfers		-	-
Total Revenues	28,773,409	27,332,287	27,005,271
Expenses:			
General Government	1,749,426	3,298,015	2,555,985
Public Safety	2,624,967	2,994,392	2,423,285
Public Works	1,775,942	1,982,447	1,071,378
Cemetery	218,756	217,683	211,316
Culture & Recreation	1,641,311	1,738,705	1,817,140
Interest on Long-Term Debt	52,487	42,345	41,933
Depreciation - Unallocated		(174,826)	-
Utility	13,420,865	13,411,129	13,615,172
Water	1,989,014	1,980,308	1,970,658
Sanitation	867,828	1,025,419	954,688
Ambulance	563,762	513,552	376,974
Total Expenses	24,904,358	27,029,169	25,038,529
Change in Net Position	3,869,051	303,118	1,966,742
Prior Period Restatement	7,098	(90,377)	
Net Position Beginning	41,978,984	41,668,769	41,463,263
Change in Accounting Principle	-	-	(1,670,859)
Net Position Ending	45,848,035	41,971,887	41,759,146

Notable Highlights

Total Revenue for the Government as a Whole increased by 5.3% or \$1.4 million in 2017, and was \$1.8 million higher than 2015. Total expenses decreased in 2017 by \$2.1 million or 7.9% and were \$134,000 lower than 2015. Total Revenues were more than Total Expenses by \$3.9 million resulting in a positive Change in Net Position from operations. The City's Net Position has increased by \$4.0 million since 2015 and by \$8.5 million over the last seven years.

Revenues and Operating Expenses for Lamar Light & Power seem to have finally stabilized after the long decline precipitated by the loss of the Lamar Repowering Project. In 2015, 2016 and 2017 the enterprise has reported very similar operating results. Those results have yielded three years of positive Net Operating Revenues that have produced a \$2.0 million increase in the enterprise's Net Position-ending compared to 2015. At this point, it is reasonable to expect that this performance will continue.

The Water & Wastewater enterprise has spent five years working to recover from many years of inconsistent and deferred maintenance of its legacy infrastructure and delayed replacement of aging equipment. The rate of capital investment was limited by water rates that were among the very lowest in the state. To address the problem, the Lamar City Council has, over the past two years, implemented a series of carefully planned rate increases. Consequently, there has been a turnaround in operating results that has made it possible for management to plan additional system capital improvements and extend the utility infrastructure in anticipation of the City's future growth. The quality of the product the enterprise delivers has likewise improved, water consumption has declined, and workforce training and development has increased

The Sanitation enterprise has now had three consecutive years of sales increases. The City Council recognized that the enterprise had to generate revenues sufficient to continue to invest in better equipment, an expanded landfill, and improved wages and benefits for the employees, and took the always difficult action of raising customer charges. The increases were carefully calibrated to generate sufficient revenue to meet the needs of improving the operation without alienating our customers. Management will continue renewal and replacement of assets and maintain a sharp focus on delivering a superior customer experience.

The operating results for the City's Ambulance Enterprise continue to be a source of concern to management and the City Council. Management has implemented several changes in the past two years in an effort to help the enterprise break-even; billing for services has been outsourced to a professional billing service that has years of experience in the industry; City Council has approved two increases in the rates charged for service; and both the City and the County have contributed money from their respective General Funds to close the deficit. Cost-cutting hasn't offered much opportunity for solving the problem as the enterprise has been primarily an all-volunteer effort from inception. The City's demographics work against any solution focused on raising revenues by raising the charge for service as the overwhelming

majority of customers are Medicaid and Medicare patients; increasing the charge for service simply increases the amount of the contractual write-off.

CAPITAL ASSETS

Governmental Activities:

At the end of 2017, the City of Lamar's Government as a Whole had \$42,526,433 invested in capital assets, net of depreciation. This is \$637,000 higher than the capital assets, net that the City held at the end of 2016. Governmental Activities had a net investment of \$14,199,346 (see Table 5) in a broad range of capital assets including streets, buildings, bridges, parks and ball fields, municipal swimming pool, library and various equipment necessary to provide police, fire, ambulance, and sanitation services. This amount represents an increase of \$577,573 or 3.5% over year-end 2015. The City has made a determined effort to invest in the renewal and replacement of its capital equipment. Progress has been slow, but steady. The effort will continue for the foreseeable future as routine replacement has been too long deferred.

Table 5

	Balance at 12/31/16	Increases	Decreases	Balance at 12/31/17
Governmental Activities				
Total Capital Assets Not being Depreciated	897,351	-	-	897,351
Total Capital Assets Being Depreciated	26,814,331	1,236,662	42,097	28,008,896
Accumulated Depreciation	<u>(14,089,909)</u>	<u>(659,089)</u>	<u>(42,097)</u>	<u>(14,706,901)</u>
Capital Assets, Net	13,621,773	577,573	-	14,199,346
Business-Type Activities				
Total Capital Assets Not being Depreciated	2,534,980	950,344	-	3,485,324
Total Capital Assets Being Depreciated	55,282,310	573,496	78,482	55,777,324
Accumulated Depreciation	<u>(29,549,772)</u>	<u>(1,464,271)</u>	<u>(78,482)</u>	<u>(30,935,561)</u>
Capital Assets, Net	<u>28,267,518</u>	<u>59,569</u>	<u>-</u>	<u>28,327,087</u>
Government as a Whole				
Capital Assets, Net	<u>41,889,291</u>	<u>637,142</u>	<u>-</u>	<u>42,526,433</u>

Business-type Activities:

For the City's Business-type Activities, the investment in capital assets, net of depreciation at 2017 year-end was \$28,327,087 an increase of \$59,569 from year-end 2016. The Business-type capital assets include storm-water drainage, water distribution and wastewater collection systems, electrical transmission and distribution systems, AMI radio-meter-reading systems, SCADA remote equipment management systems, water storage, buildings, land, equipment and various heavy equipment for the maintenance of these assets.

Major capital asset additions for 2017 include:

Fire Department – Acquire new Command Response vehicles - \$50,240

Fire Department – Acquire new SCBA air tanks - \$53,130

Ambulance – Acquire new Lifepack defibrillator - \$30,120

Parks & Recreation – Municipal pool – resurfacing - \$118,570

Parks & Recreation – North Gateway Park – Shade Structure - \$30,639

Parks & Recreation – Shore Arts Pocket Park - construction - \$177,403

Parks & Recreation – Community Building - \$162,502

Lamar Light & Power – Purchase of underground conductors, transformers, poles, towers and fixtures, service vehicles, office equipment and shop and garage equipment - \$1,178,331

Capital asset renewal and replacement is a major concern for the City. The City's built infrastructure continues to age and in some cases fail. The City has had significant capital asset construction projects in recent years, and has also invested in the replacement of its heavy equipment fleet. The City's capital investment efforts in the Business-type Activities will continue at this increased pace in order to maintain the quality of services our customers expect.

DEBT ADMINISTRATION:

At year-end 2017, the City as a Whole had a total of \$16,100,361 of bonds, loans, capital leases, and employee accrued compensated absences outstanding as compared with \$17,504,936 outstanding at year-end 2016, a decrease of \$1.4 million or 8.0%. For the City's Governmental Activities, total Long-Term Obligations decreased by 11% compared to year-end 2016. In the Business-type Activities, Long-Term Debt decreased by \$1.2 million or 7.6% compared to year-end 2016. The City has been carefully using financial leverage to increase its investment in renewal and replacement of capital assets.

Additional information regarding the City's long-term debt can be found in the Notes To The Financial Statements, Note 4 on page 24 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Economic growth remains steady but slow. The City is seeing continued investment in new retail stores and restaurants, a new light manufacturing employer, the easing of the nearly decade-long drought in Prowers County, a new independent pharmacy, construction of a new truck stop and convenience plaza, and the construction of new homes in the City, all indicators that the City's economic situation is improving. The City of Lamar, Prowers County and the surrounding counties are primarily agricultural-based economies. According to the U.S. Census, the population of the City of Lamar declined from 8,869 in 2000 to 7,804 in 2010. The Colorado State Demographer's office estimates that the City's population has continued to decline since 2010, providing a recent estimate of the City's population as 7,444. On the other hand, the City's business enterprise units have seen small increases in the total number of customers they serve reversing a downward trend that began several years ago.

Fortunately, the City of Lamar is the largest city in the area and is well situated to be, and has in fact been, for much of its history, a regional center of commerce. Its position is enhanced by the fact that the City straddles three major U.S. highways; U.S. highways 50/385 and U.S. Highway 287, otherwise known as the Ports-to-Plains Highway, which has become the major western north-south corridor for international commerce between the U.S., Canada and the Republic of Mexico. Additionally the city has, from its inception been a railroad hub, and still has passenger rail service from the Lamar Depot with two stops daily by Amtrak's Southwest Chief. The

modest but steady growth in revenues seen in recent years suggests that the City has a stable base on which to build.

In 2013 the Lamar Partnership Inc., Lamar's Main Street organization, commissioned a Market Niche Study for the City. That study asserts that the City's natural market area encompasses Kit Carson in the north, Walsh in the south, Syracuse, Kansas to the east and nearly Las Animas to the west. The study further claims that the spendable annual earnings in this market area that should naturally be spent in Lamar are \$150.0 million. The report further states that Lamar currently only captures \$70.0 million of this available spending, leaving an untapped retail opportunity of \$80.0 million dollars annually in the City. It is management's intent to make, and encourage private developers to make, careful investments in the City's retail shopping environment to enhance the shopping experience in Lamar and thereby make an effort to capture some of that \$80.0 million of retail leakage. To this end, the City has recently completed construction on a mini, or "pocket" arts-park in a formerly vacant dirt and gravel lot located in the heart of the downtown retail area. The City has also applied for a grant from the Colorado Department of Transportation for the construction of pedestrian streetscape enhancements in the core downtown retail area. The Colorado Department of Transportation has begun work on a major reconstruction of U.S. Highway 287 through the heart of Lamar.

The City's 2018 General Fund Budget anticipates an increase in Sales and Use tax revenues of 1.0% from the 2017 budgeted amounts. Total General Fund revenue for 2017 is projected to increase 3.5% from the amounts budgeted for 2017 and about the same as actual revenues in 2017. The City's 2017 General Fund expenditure budget has been established as 1.2% less than for 2017. The budget projects that expenditures will equal revenues in 2018 for a balanced budget. There will be no increase in the Sales Tax rate for 2017. Property Tax rates in the City will also remain unchanged in 2018, marking the thirtieth consecutive year that the mill-levy has not increased.

The 2018 budget for the Sanitation Enterprise projects an increase in revenue of 3.8% from the 2017 budget. In the case of the Water & Wastewater Enterprise Fund the budget projection is for an increase in operating revenues in 2017 of 13% as compared to 2017, due to a restructuring of the rates for water for both residential and commercial customers that was implemented by the City Council in late 2017. Sanitation Enterprise operating expenditures are budgeted to increase in 2018 by 13%. Expenses in Sanitation are expected to exceed revenues by \$21,237. Total Expenses for the Water & Wastewater Enterprise are budgeted to increase by 15% from the 2017 budget levels. Total Expenses are projected to exceed revenues by \$380,493. Management is continuing to monitor the rates and fees for the enterprise to ensure the operation is sustainable.

The City's electric utility, Lamar Light & Power, expects 2018 performance to be in line with performance of the past three years with modest increases in sales and managed costs to yield a surplus of revenues over expenses.

Overall, the 2017 fiscal year was a success for the City on many levels, the outlook for the City remains positive, and we look forward to more success in 2018 and beyond.

Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

City Council
City of Lamar
Lamar, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lamar, Colorado, as of and for the year ended December 31, 2017, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lamar, Colorado, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information – Management Discussion and Analysis and Pension Schedules(Unaudited)

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1- M12 and Pension Schedules on pages 51 - 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information - Required Supplementary Information on Budgetary Comparison Schedules and Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. In addition, the combining and budgetary comparison statements and schedules listed as other supplementary information pages 62 -83 are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2018 on our consideration of the City of Lamar's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of testing, and not to provide an opinion on 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 City of Lamar's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. *Local Highway Finance Report* pages 84 - 85 are presented for purposes of legal and debt compliance and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Holscher, Mayberry + Company, LLC

Englewood, Colorado
July 18, 2018

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BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a financial overview of the City's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2017.

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CITY OF LAMAR, COLORADO

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Cash	\$ 2,147,444	\$ 9,942,138	\$ 12,089,582
Investments	1,155,872	522,737	1,678,609
Restricted Cash and Investments	744,807	1,487,669	2,232,476
Receivables			
Property Tax Receivable	428,862	-	428,862
Intergovernmental Receivables	18,087	-	18,087
Interest Receivable	86	2,450	2,536
Customer Receivable	-	1,802,250	1,802,250
Cash with Fiscal Agent	-	1,111,577	1,111,577
Accounts Receivable	12,526	-	12,526
Other Receivables	464,831	778,987	1,243,818
Internal Balances	254,474	(254,474)	-
Inventory	-	816,725	816,725
Prepaid Expenses	5,542	9,804	15,346
Total Current Assets	<u>5,232,531</u>	<u>16,219,863</u>	<u>21,452,394</u>
Noncurrent Assets			
Capital Assets not being Depreciated	897,351	3,485,325	4,382,676
Capital Assets being Depreciated	28,008,896	56,552,204	84,561,100
Accumulated Depreciation	(14,706,901)	(30,988,058)	(45,694,959)
Net Pension Asset	1,141,979	-	1,141,979
Total Noncurrent Assets	<u>15,341,325</u>	<u>29,049,471</u>	<u>44,390,796</u>
TOTAL ASSETS	<u>20,573,856</u>	<u>45,269,334</u>	<u>65,843,190</u>
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES			
Pension Contribution Timing	26,980	550,078	577,058
Pension Investment Earnings Timing	88,607	455,502	544,109
Pension Benefits Timing	96,064	(18,862)	77,202
Pension Change in Assumptions	6,608	-	6,608
TOTAL DEFERRED OUTFLOWS	<u>218,259</u>	<u>986,718</u>	<u>1,204,977</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 20,792,115</u>	<u>\$ 46,256,052</u>	<u>\$ 67,048,167</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 309,485	\$ 1,658,901	\$ 1,968,386
Accrued Salaries and Benefits	218,542	158,565	377,107
Deposits and Escrow	7,478	342,111	349,589
Accrued Interest Payable	17,121	68,787	85,908
Other Current Liabilities	-	2,666	2,666
Total Current Liabilities	<u>552,626</u>	<u>2,231,030</u>	<u>2,783,656</u>
Noncurrent Liabilities			
Due within one year	317,063	1,174,722	1,491,785
Due in more than one year	1,562,443	14,864,519	16,426,962
Total Noncurrent Liabilities	<u>1,879,506</u>	<u>16,039,241</u>	<u>17,918,747</u>
TOTAL LIABILITIES	<u>2,432,132</u>	<u>18,270,271</u>	<u>20,702,403</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES			
Deferred Property Taxes	428,862	-	428,862
Pens External Change in %	-	91,415	91,415
Pens Change in Assumptions	-	10,230	10,230
TOTAL DEFERRED INFLOWS	<u>428,862</u>	<u>101,645</u>	<u>530,507</u>
NET POSITION			
Net Investment in Capital Assets	12,711,743	16,924,597	29,636,340
Restricted Net Position	3,280,185	2,311,619	5,591,804
Unrestricted Net Position	1,939,193	8,647,920	10,587,113
TOTAL NET POSITION	<u>17,931,121</u>	<u>27,884,136</u>	<u>45,815,257</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 20,792,115</u>	<u>\$ 46,256,052</u>	<u>\$ 67,048,167</u>

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

CITY OF LAMAR

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
FUNCTIONS/PROGRAMS				
Government Activities				
Current:				
General Government	\$ 1,752,349	\$ 850,571	\$ 836,640	\$ -
Public Safety	2,624,991	48,059	1,251	-
Public Works	1,775,958	372,606	306,217	-
Culture and Recreation	1,860,084	140,688	73,244	253,025
Interest on Debt	52,487	-	-	-
TOTAL GOVERNMENT ACTIVITIES	<u>8,066,044</u>	<u>1,411,924</u>	<u>1,217,352</u>	<u>253,025</u>
Business-type Activities				
Current:				
Sanitation	895,029	1,366,385	-	-
Water & Wastewater	1,989,014	2,836,626	27,439	329,542
Ambulance	563,762	315,371	80,664	-
Light & Power	13,423,288	15,602,167	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>16,871,093</u>	<u>20,120,549</u>	<u>108,103</u>	<u>329,542</u>
TOTAL GOVERNMENT	<u>\$ 24,937,137</u>	<u>\$ 21,532,473</u>	<u>\$ 1,325,455</u>	<u>\$ 582,567</u>
GENERAL REVENUES				
Property Taxes				
Specific Ownership Taxes				
Sales and Use Taxes				
Franchise and In Lieu of Taxes				
Other Taxes				
Interest Income				
Gain (Loss) on Disposal of Capital Assets				
Insurance Proceeds				
Other Revenues				
TRANSFERS				
TOTAL GENERAL REVENUES AND TRANSFERS				
CHANGE IN NET POSITION				
NET POSITION - Beginning				
NET POSITION - Ending				

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

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (65,138)	\$ -	\$ (65,138)
(2,575,681)	-	(2,575,681)
(1,097,135)	-	(1,097,135)
(1,393,127)	-	(1,393,127)
<u>(52,487)</u>	<u>-</u>	<u>(52,487)</u>
<u>(5,183,743)</u>	<u>-</u>	<u>(5,183,743)</u>
-	471,356	471,356
-	1,204,593	1,204,593
-	(167,727)	(167,727)
<u>-</u>	<u>2,178,879</u>	<u>2,178,879</u>
<u>-</u>	<u>3,687,101</u>	<u>3,687,101</u>
<u>(5,183,743)</u>	<u>3,687,101</u>	<u>(1,496,642)</u>
542,173	-	542,173
73,920	-	73,920
3,868,811	-	3,868,811
182,941	-	182,941
2,709	-	2,709
12,393	42,146	54,539
(84,194)	-	(84,194)
144,727	423,713	568,440
130,676	-	130,676
<u>2,020,163</u>	<u>(2,020,163)</u>	<u>-</u>
<u>6,894,319</u>	<u>(1,554,304)</u>	<u>5,340,015</u>
1,710,576	2,132,797	3,843,373
<u>16,220,545</u>	<u>25,751,339</u>	<u>41,971,884</u>
<u>\$ 17,931,121</u>	<u>\$ 27,884,136</u>	<u>\$ 45,815,257</u>

CITY OF LAMAR, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	<u>CAP PROJ FD</u>				
	General	Capital Improvement	Other	Total	
	Fund	Fund	Funds	2017	2016
ASSETS AND DEFERRED OUTFLOWS					
ASSETS					
Current Assets					
Cash and Investments					
Cash	\$ 1,363,788	\$ 527,834	\$ 255,822	\$ 2,147,444	\$ 1,454,853
Investments	468,914	571,500	43,993	1,084,407	1,279,314
Restricted Cash and Investments	104,118	-	640,689	744,807	721,059
Receivables					
Property Tax Receivable	428,862	-	-	428,862	441,547
Intergovernmental Receivables	-	-	18,087	18,087	17,833
Interest Receivable	30	-	56	86	94
Accounts Receivable	12,526	-	-	12,526	10,259
Other Receivables	307,599	88,174	69,058	464,831	301,436
Internal Balances	339,507	(61,760)	(23,273)	254,474	155,321
Prepaid Expenses	(8,942)	2,500	-	(6,442)	5,741
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 3,016,402</u>	<u>\$ 1,128,248</u>	<u>\$ 1,004,432</u>	<u>\$ 5,149,082</u>	<u>\$ 4,387,457</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 176,847	\$ 115,629	\$ 5,025	\$ 297,501	\$ 301,021
Accrued Salaries and Benefits	195,732	-	22,810	218,542	250,296
Deposits and Escrow	7,258	-	220	7,478	9,232
TOTAL LIABILITIES	<u>379,837</u>	<u>115,629</u>	<u>28,055</u>	<u>523,521</u>	<u>560,549</u>
DEFERRED INFLOWS OF FINANCIAL RESOURCES					
Deferred Property Taxes	428,862	-	-	428,862	441,547
Deferred Grants	-	-	-	-	6,000
Other Deferred Inflows	-	-	-	-	14,000
TOTAL DEFERRED INFLOWS	<u>428,862</u>	<u>-</u>	<u>-</u>	<u>428,862</u>	<u>461,547</u>
FUND BALANCE					
Nonspendable Fund Balance	(8,942)	2,500	-	(6,442)	5,741
Restricted Fund Balance	268,651	928,621	940,934	2,138,206	2,233,161
Committed Fund Balance	-	-	54,453	54,453	46,207
Unassigned Fund Balance	1,947,994	81,498	(19,010)	2,010,482	1,080,252
TOTAL FUND BALANCE	<u>2,207,703</u>	<u>1,012,619</u>	<u>976,377</u>	<u>4,196,699</u>	<u>3,365,361</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 3,016,402</u>	<u>\$ 1,128,248</u>	<u>\$ 1,004,432</u>	<u>\$ 5,149,082</u>	<u>\$ 4,387,457</u>

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

CITY OF LAMAR, COLORADO

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO GOVERNMENTAL ACTIVITIES NET POSITION
DECEMBER 31, 2017**

Fund Balance - Governmental Funds		\$ 4,196,699
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	\$ 897,351	
Capital assets, being depreciated	28,008,896	
Accumulated depreciation	<u>(14,706,901)</u>	14,199,346
Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds		
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
Net pension asset	1,141,979	
Contributions subsequent to measurement date	26,980	
Difference between projected and actual investment returns on the pension plan	138,703	
Amortization of the investment return difference	(50,096)	
Difference between projected and actual pension plan experience	115,012	
Amortization of the experience difference	(18,948)	
Change in Assumptions	24,953	
Amortization of Change in Assumptions	(18,345)	
Difference between projected and actual investment returns on the pension plan	(13,105)	
Amortization of the investment return difference	<u>13,105</u>	1,360,238
Internal Service operations primarily benefit Governmental Activities		
Internal Service Fund Net Position		71,465
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Capital leases payable	(1,470,482)	
Accrued interest payable	(17,121)	
Accrued compensated absences	<u>(409,024)</u>	<u>(1,896,627)</u>
Total Net Position - Governmental Activities		<u>\$ 17,931,121</u>

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

CITY OF LAMAR, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	<u>CAP PROJ FD</u>			<u>Total</u>	
	General	Capital	Other	2017	2016
	Fund	Improvement Fund			
REVENUES					
Taxes	\$ 4,570,357	\$ -	\$ 100,196	\$ 4,670,553	\$ 4,447,772
Intergovernmental Revenues	432,688	156,061	368,243	956,992	1,255,896
Licenses and Permits	351,742	-	-	351,742	83,250
Fines and Forfeits	47,786	-	273	48,059	39,063
Charges for Services	990,489	-	21,634	1,012,123	964,739
Investment Earnings	4,899	3,923	3,571	12,393	12,208
Other Revenues	295,217	482,095	11,476	788,788	372,520
TOTAL REVENUES	<u>6,693,178</u>	<u>642,079</u>	<u>505,393</u>	<u>7,840,650</u>	<u>7,175,448</u>
EXPENDITURES					
Current:					
General Government	1,550,885	-	28,676	1,579,561	2,946,571
Public Safety	2,039,029	-	498,746	2,537,775	2,549,126
Public Works	1,753,504	-	-	1,753,504	1,720,658
Parks, Recreation and Other	1,729,520	-	64,343	1,793,863	1,676,911
Capital Outlay	345,890	593,466	112,511	1,051,867	1,951,695
Debt Service	312,905	-	-	312,905	297,316
TOTAL EXPENDITURES	<u>7,731,733</u>	<u>593,466</u>	<u>704,276</u>	<u>9,029,475</u>	<u>11,142,277</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(1,038,555)</u>	<u>48,613</u>	<u>(198,883)</u>	<u>(1,188,825)</u>	<u>(3,966,829)</u>
OTHER FINANCING SOURCES (USES)					
Debt Proceeds	-	-	-	-	704,823
Transfers (In)	5,483,512	33,145	184,732	5,701,389	2,049,410
Transfers (Out)	(3,679,722)	-	(1,504)	(3,681,226)	(1,478)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,803,790</u>	<u>33,145</u>	<u>183,228</u>	<u>2,020,163</u>	<u>2,752,755</u>
NET CHANGE IN FUND BALANCE - GAAP BASIS	765,235	81,758	(15,655)	831,338	(1,214,074)
FUND BALANCE, BEGINNING	<u>1,442,468</u>	<u>930,861</u>	<u>992,032</u>	<u>3,365,361</u>	<u>4,579,435</u>
FUND BALANCE, ENDING	<u>\$ 2,207,703</u>	<u>\$ 1,012,619</u>	<u>\$ 976,377</u>	<u>\$ 4,196,699</u>	<u>\$ 3,365,361</u>

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

CITY OF LAMAR, COLORADO

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017**

Change in Fund Balance - Governmental Funds		\$ 831,338
Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level		
Capitalized Asset Purchases	1,236,662	
Depreciation Expense	(574,895)	
Gain (Loss) on Asset Disposals	<u>(84,194)</u>	577,573
Internal Service operations primarily benefit Governmental Activities		(16,653)
Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.		
Current year projected to actual investment return difference	33,669	
Current year amortization of overall investment return differences	(27,951)	
Change in net pension asset/liability	(36,311)	
Current year projected to actual pension plan experience difference	99,193	
Current year amortization of overall experience differences	(15,050)	
Change in the changes of assumptions	<u>6,608</u>	60,158
Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level		
Principal payments on certificates of participation	257,899	
Change in accrued interest payable	2,519	
Change in accrued compensated absences	<u>(2,258)</u>	<u>258,160</u>
Change in Net Position - Governmental Activities		<u>\$ 1,710,576</u>

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

CITY OF LAMAR, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017

	Business-type Activities			
	Water & Wastewater	Light & Power	Other	Total Enterprise
	Fund	Fund	Funds	Funds
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Cash	\$ 246,063	\$ 9,499,046	\$ 197,029	\$ 9,942,138
Investments	-	-	522,737	522,737
Restricted Cash and Investments	659,415	540,627	287,627	1,487,669
Receivables				
Interest Receivable	192	1,216	1,042	2,450
Customer Receivable	197,375	1,398,191	206,684	1,802,250
Cash with Fiscal Agent	1,111,577	-	-	1,111,577
Other Receivables	630,666	62,576	85,745	778,987
Internal Balances	(5,043)	(4,399)	(245,032)	(254,474)
Inventory	97,832	718,893	-	816,725
Prepaid Expenses	9,804	-	-	9,804
Total Current Assets	2,947,881	12,216,150	1,055,832	16,219,863
Noncurrent Assets				
Capital Assets not being depreciated	3,070,101	397,224	18,000	3,485,325
Capital Assets being depreciated	20,147,994	32,662,218	3,741,992	56,552,204
Accumulated Depreciation	(7,791,275)	(20,563,279)	(2,633,504)	(30,988,058)
Total Noncurrent Assets	15,426,820	12,496,163	1,126,488	29,049,471
TOTAL ASSETS	18,374,701	24,712,313	2,182,320	45,269,334
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES				
Pension Contribution Timing	-	550,078	-	550,078
Pension Investment Earnings Timing	-	455,502	-	455,502
Pension Benefits Timing	-	(18,862)	-	(18,862)
TOTAL DEFERRED OUTFLOWS	-	986,718	-	986,718
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 18,374,701	\$ 25,699,031	\$ 2,182,320	\$ 46,256,052
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 647,563	\$ 979,466	\$ 31,872	\$ 1,658,901
Accrued Salaries and Benefits	22,157	100,283	36,125	158,565
Deposits and Escrow	62,081	280,030	-	342,111
Accrued Interest Payable	15,533	53,254	-	68,787
Other Current Liabilities	2,595	71	-	2,666
Total Current Liabilities	749,929	1,413,104	67,997	2,231,030
Noncurrent Liabilities				
Due within one year	777,955	385,275	11,492	1,174,722
Due in more than one year	8,971,386	5,547,978	345,155	14,864,519
Total Noncurrent Liabilities	9,749,341	5,933,253	356,647	16,039,241
TOTAL LIABILITIES	10,499,270	7,346,357	424,644	18,270,271
DEFERRED INFLOWS OF FINANCIAL RESOURCES				
Pension Benefits Timing	-	-	-	-
Pens External Change in %	-	91,415	-	91,415
Pens Change in Assumptions	-	10,230	-	10,230
TOTAL DEFERRED INFLOWS	-	101,645	-	101,645
NET POSITION				
Net Investment in Capital Assets	5,745,409	10,345,406	833,782	16,924,597
Restricted Net Position	1,770,992	540,627	-	2,311,619
Unrestricted Net Position	359,030	7,364,996	923,894	8,647,920
TOTAL NET POSITION	7,875,431	18,251,029	1,757,676	27,884,136
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	\$ 18,374,701	\$ 25,699,031	\$ 2,182,320	\$ 46,256,052

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

<u>Govt Act</u>		
<u>Internal Service</u>	<u>Total</u>	
<u>Funds</u>	<u>2017</u>	<u>2016</u>
\$ -	\$ 9,942,138	\$ 8,015,180
71,465	594,202	374,006
-	1,487,669	1,564,722
-	2,450	2,459
-	1,802,250	1,912,205
-	1,111,577	195,500
-	778,987	357,737
-	(254,474)	(155,320)
-	816,725	803,457
11,984	21,788	9,803
<u>83,449</u>	<u>16,303,312</u>	<u>13,079,749</u>
-	3,485,325	2,534,980
-	56,552,204	55,990,065
-	(30,988,058)	(29,602,075)
-	29,049,471	28,922,970
<u>83,449</u>	<u>45,352,783</u>	<u>\$ 42,002,719</u>
-	550,078	209,271
-	455,502	565,632
-	(18,862)	22,045
-	986,718	796,948
<u>\$ 83,449</u>	<u>\$ 46,339,501</u>	<u>\$ 42,799,667</u>
\$ 11,984	\$ 1,670,885	\$ 852,092
-	158,565	161,836
-	342,111	283,561
-	68,787	75,171
-	2,666	2,595
<u>11,984</u>	<u>2,243,014</u>	<u>1,375,255</u>
-	1,174,722	1,153,691
-	14,864,519	14,083,638
-	16,039,241	15,237,329
<u>11,984</u>	<u>18,282,255</u>	<u>16,612,584</u>
-	-	101
-	91,415	381,825
-	10,230	53,818
-	101,645	435,744
-	16,924,597	16,988,311
-	2,311,619	1,129,914
71,465	8,719,385	7,633,114
<u>71,465</u>	<u>27,955,601</u>	<u>25,751,339</u>
<u>\$ 83,449</u>	<u>\$ 46,339,501</u>	<u>\$ 42,799,667</u>

CITY OF LAMAR, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-type Activities			
	Water & Wastewater	Light & Power	Other	Total Enterprise
	Fund	Fund	Funds	Funds
Operating Revenues				
Utility Charges	\$ 2,793,758	\$ 15,602,167	\$ 1,359,608	\$ 19,755,533
Other Charges for Services	42,868	-	322,148	365,016
Total Revenues	<u>2,836,626</u>	<u>15,602,167</u>	<u>1,681,756</u>	<u>20,120,549</u>
Operating Expenses				
Commodity Charges	332,156	-	-	332,156
Ambulance	-	-	500,188	500,188
Collection, Transmission and Distribution	507,079	12,191,235	484,657	13,182,971
Administration	535,240	285,440	333,926	1,154,606
Depreciation Expense	455,960	886,476	122,029	1,464,465
Other Capital Outlay	3,708	4,531	17,990	26,229
Total Expenditures	<u>1,834,143</u>	<u>13,367,682</u>	<u>1,458,790</u>	<u>16,660,615</u>
Operating Income (Loss)	<u>1,002,483</u>	<u>2,234,485</u>	<u>222,966</u>	<u>3,459,934</u>
Other Income (Expense)				
Intergovernmental Revenue	27,439	-	80,664	108,103
Investment Earnings	2,690	37,577	1,879	42,146
Other Revenue	5,074	379,520	39,118	423,712
Interest Expense	(154,871)	(55,606)	-	(210,477)
Gain (Loss) on Sale of Assets	-	-	-	-
Total Other Income (Expense)	<u>(119,668)</u>	<u>361,491</u>	<u>121,661</u>	<u>363,484</u>
Net Income (Loss) before Transfers	882,815	2,595,976	344,627	3,823,418
Transfers				
Transfers In/(Out)	<u>(200,000)</u>	<u>(1,610,223)</u>	<u>(209,940)</u>	<u>(2,020,163)</u>
Net Income (Loss)	<u>682,815</u>	<u>985,753</u>	<u>134,687</u>	<u>1,803,255</u>
Contributed Capital				
Plant Investment Fees	17,007	-	-	17,007
Intergovernmental Revenue	312,535	-	-	312,535
Total Contributed Capital	<u>329,542</u>	<u>-</u>	<u>-</u>	<u>329,542</u>
Change in Net Position	1,012,357	985,753	134,687	2,132,797
Net Position, Beginning	<u>6,863,074</u>	<u>17,265,276</u>	<u>1,622,989</u>	<u>25,751,339</u>
Net Position, Ending	<u>\$ 7,875,431</u>	<u>\$ 18,251,029</u>	<u>\$ 1,757,676</u>	<u>\$ 27,884,136</u>

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

**Govt
Activities**

Internal Service Funds	Total	
	2017	2016
\$ -	\$ 19,755,533	\$ 18,898,059
-	365,016	390,005
<u>-</u>	<u>20,120,549</u>	<u>19,288,064</u>
-	332,156	255,541
-	500,188	459,545
-	13,182,971	13,504,462
16,989	1,171,595	1,118,491
-	1,464,465	1,351,736
<u>-</u>	<u>26,229</u>	<u>7,400</u>
<u>16,989</u>	<u>16,677,604</u>	<u>16,697,175</u>
<u>(16,989)</u>	<u>3,442,945</u>	<u>2,590,889</u>
-	108,103	46,250
336	42,482	38,672
-	423,712	696,578
-	(210,477)	(237,027)
<u>-</u>	<u>-</u>	<u>(110,840)</u>
<u>336</u>	<u>363,820</u>	<u>433,633</u>
<u>(16,653)</u>	<u>3,806,765</u>	<u>3,024,522</u>
<u>-</u>	<u>(2,020,163)</u>	<u>(2,047,932)</u>
<u>(16,653)</u>	<u>1,786,602</u>	<u>976,590</u>
-	17,007	8,069
<u>-</u>	<u>312,535</u>	<u>232,600</u>
<u>-</u>	<u>329,542</u>	<u>240,669</u>
<u>(16,653)</u>	<u>2,116,144</u>	<u>1,217,259</u>
<u>88,118</u>	<u>25,839,457</u>	<u>24,622,198</u>
<u>\$ 71,465</u>	<u>\$ 27,955,601</u>	<u>\$ 25,839,457</u>

CITY OF LAMAR

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Business-type Activities			
	Water & Wastewater	Light & Power	Other	Total Enterprise
	Fund	Fund	Funds	Funds
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 2,222,637	\$ 15,961,708	\$ 1,680,369	\$ 19,864,714
Cash Paid to Suppliers	(399,938)	(10,651,663)	(752,776)	(11,804,377)
Cash Paid to Employees	(374,426)	(1,575,207)	(565,999)	(2,515,632)
Net Cash Provided by Operating Activities	<u>1,448,273</u>	<u>3,734,838</u>	<u>361,594</u>	<u>5,544,705</u>
Cash Flows From Capital and Related Financing Activities:				
Tap Fees Received	17,007	-	-	17,007
Change in Closure/Post Closure Liability	-	-	-	-
Loan Proceeds	1,417,300	-	-	1,417,300
Debt Principal Payments	(757,066)	(327,917)	(142,102)	(1,227,085)
Grant Proceeds	339,974	-	80,664	420,638
Interest Payments	(155,851)	(61,011)	-	(216,862)
Proceeds of Capital Asset Sales	(18,105)	(60,377)	-	(78,482)
Acquisition of Capital Assets	(932,238)	(479,961)	(95,167)	(1,507,366)
Cash Flows Used by Capital and Related Financing Activities	<u>(88,979)</u>	<u>(929,266)</u>	<u>(156,605)</u>	<u>(1,174,850)</u>
Cash Flows (Uses) From Noncapital Financing Activities:				
Cash from (to) Other Funds	(194,957)	(1,623,524)	(102,528)	(1,921,009)
Other Revenues (Expense)	5,074	379,520	39,118	423,712
Tax Revenue	(916,077)	-	-	(916,077)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,105,960)</u>	<u>(1,244,004)</u>	<u>(63,410)</u>	<u>(2,413,374)</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	2,704	37,572	1,879	42,155
Net Increase (Decrease) in Cash	256,038	1,599,140	143,458	1,998,636
Cash - Beginning	649,440	8,440,533	863,935	9,953,908
Cash - Ending	<u>\$ 905,478</u>	<u>\$ 10,039,673</u>	<u>\$ 1,007,393</u>	<u>\$ 11,952,544</u>
Cash				
Investments	\$ 246,063	\$ 9,499,046	\$ 197,029	\$ 9,942,138
Restricted Cash and Investments	-	-	522,737	522,737
Total	<u>659,415</u>	<u>540,627</u>	<u>287,627</u>	<u>1,487,669</u>
Total				
	<u>\$ 905,478</u>	<u>\$ 10,039,673</u>	<u>\$ 1,007,393</u>	<u>\$ 11,952,544</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	\$ 1,002,483	\$ 2,234,485	\$ 222,966	\$ 3,459,934
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	455,960	886,476	122,029	1,464,465
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Customer Receivable	9,747	28,664	71,544	109,955
Other Receivables	(630,315)	278,906	(72,931)	(424,340)
Inventory	(7,799)	(5,469)	-	(13,268)
Prepaid Expenses	-	-	-	-
Pension Contribution Timing	-	(340,807)	-	(340,807)
Pension Investment Earnings Timing	-	110,130	-	110,130
Pension Benefits Timing	-	40,907	-	40,907
(Increase) Decrease in:				
Accounts Payable	619,386	181,564	8,949	809,899
Accrued Salaries and Benefits	(1,484)	(10,914)	4,009	(8,389)
Deposits and Escrow	6,579	51,971	-	58,550
Other Current Liabilities	-	71	-	71
Net Pension Liability	-	599,278	-	599,278
Pension Benefits Timing	-	(101)	-	(101)
Pens External Change in %	-	(290,410)	-	(290,410)
Pens Change in Assumptions	-	(43,588)	-	(43,588)
Accrued Compensated Absences	(6,284)	13,675	5,028	12,419
Total Adjustments	<u>445,790</u>	<u>1,500,353</u>	<u>138,628</u>	<u>2,084,771</u>
Net Cash Used for Operating Activities	<u>\$ 1,448,273</u>	<u>\$ 3,734,838</u>	<u>\$ 361,594</u>	<u>\$ 5,544,705</u>

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

Govt Activities		
Internal Service	Total	
Funds	2017	2016
\$ -	\$ 19,864,714	\$ 19,535,732
(5,005)	(11,809,382)	(12,847,728)
-	(2,515,632)	(2,781,236)
<u>(5,005)</u>	<u>5,539,700</u>	<u>3,906,768</u>
-	17,007	8,069
-	-	21,246
-	1,417,300	-
-	(1,227,085)	(1,055,767)
-	420,638	278,850
-	(216,862)	(244,266)
-	(78,482)	(868)
-	(1,507,366)	(1,082,277)
-	(1,174,850)	(2,075,013)
-	(1,921,009)	(2,326,429)
-	423,712	696,578
-	(916,077)	-
-	(2,413,374)	(1,629,851)
<u>336</u>	<u>42,491</u>	<u>38,304</u>
(4,669)	1,993,967	240,208
76,134	10,030,042	9,789,834
<u>\$ 71,465</u>	<u>\$ 12,024,009</u>	<u>\$ 10,030,042</u>
\$ -	\$ 9,942,138	\$ 8,015,180
71,465	594,202	450,140
-	1,487,669	1,564,722
<u>\$ 71,465</u>	<u>\$ 12,024,009</u>	<u>\$ 10,030,042</u>
<u>\$ (16,989)</u>	<u>\$ 3,442,945</u>	<u>\$ 2,590,889</u>
-	1,464,465	1,351,736
-	109,955	(20,828)
-	(424,340)	271,671
-	(13,268)	(4,837)
11,984	11,984	(10,462)
-	(340,807)	(17,192)
-	110,130	(399,132)
-	40,907	(22,045)
-	809,899	(53,344)
-	(8,389)	29,239
-	58,550	(3,175)
-	71	2,804
-	599,278	(132,011)
-	(101)	(516)
-	(290,410)	259,621
-	(43,588)	53,818
-	12,419	10,532
<u>11,984</u>	<u>2,096,755</u>	<u>1,315,879</u>
<u>\$ (5,005)</u>	<u>\$ 5,539,700</u>	<u>\$ 3,906,768</u>

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lamar is a home rule City operating under a charter provided by the authority of the Constitution of the State of Colorado and adopted by its citizens in 1962. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), street maintenance, water and wastewater treatment, sanitation and landfill operation, parks and recreation, cemetery, planning and development, public improvements, historic preservation and general administrative services. The City's basic financial statements include the accounts of all City operations.

This summary of the City of Lamar's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The accounting policies of the City of Lamar conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity

In accordance with Governmental Accounting Standards, the City has considered the possibility of inclusion of additional entities in its basic financial statements. The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if City officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for benefits to, or to impose specific financial burdens on, the City. The City may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based upon the application of these criteria, the following component unit is included in the City's reporting entity because of the significance of its operational or financial relationship to the City.

Lamar Building Finance Corporation

The Lamar Building Finance Corporation was organized as a nonprofit corporation in 1992 for the purpose of financing the acquisition, construction and equipping of improvements, repairs, renovation and enlargement to the Lamar Community Building located in Lamar, Colorado. Debt service for the Certificates of Participation (COPs) will be made from future financial statements as a blended component unit. The Corporation is dependent on the City, the governing board was appointed by the City, the City significantly influences the operations of the corporation and the Corporation is accountable to the City for financial matters. Effective with the repayment of the outstanding Certificates of Participation, the Corporation is no longer active.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City Council established the Lamar Redevelopment Authority (the Authority) by resolution on September 14, 2009 as a tax increment financing City. As allowed by statute, the City Council opted to appoint themselves as the governing board of the Authority. The Authority is dependent on property tax revenue, the City significantly influences the operation of the Authority and the Authority is accountable to the City for financial matters. As such, the financial activity of the Authority is treated as a blended component unit included with the City's other governmental funds.

The Lamar Housing Authority is not considered a component unit of the City since it is financially independent, it designates its own management, its operations are not significantly influenced by the City and it is not accountable to the City for fiscal matters.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non - fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental Activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. The City had no fiduciary funds at December 31, 2017.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, sales and use taxes, franchise fees, state shared revenues, grants 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Operating expenses 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 non-operating revenues and expenses.

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

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund also includes the City's separately budgeted Sales and Use Tax Fund which is considered part of the General Fund for external reporting purposes.

Capital Improvement Fund – The Capital Improvement Fund accounts for construction of capital assets including street improvements, large equipment acquisitions and other capital improvements.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City also reports the following major proprietary funds:

Water Fund – The Water Fund accounts for all activities necessary for the provision of water services to City residents.

Light and Power Fund – The Light and Power Fund accounts for all activities necessary for the provision of electrical services for area residents and businesses, including agricultural usage.

The City reports the following internal service funds:

Unemployment Fund – The Unemployment Fund accounts for the unemployment contributions paid by the various funds and pays any unemployment claims. The City has elected to be self-insured for unemployment.

Lamar Building Finance Corporation Fund - The Lamar Building Finance Corporation Fund was established to account for activities relating to Certificate of Participation agreements for real property including buildings, for recreational and cultural purposes. This blended component unit owned facilities that were then leased back to the City. The underlying certificates were repaid during 2015 and the Corporation is now dormant.

Budgets and Budgetary Accounting

Annual budgets are adopted as required by Colorado statutes. Formal budgetary integration is employed as a management control device during the year.

- August 25 Assessors must submit abstracts of assessments, reflecting all assessed values of property in the County by class and subclass to the Division of Property Taxation. Deadline for County Assessors to certify to all taxing entities and the Division of Local Government of the new total assessed valuation and the amounts for the various factors needed to compute the statutory property tax revenue limits.
- October 15 Statutory deadline for submission of proposed budget to the local governing body. “Notice of Budget” to be published when budget received.
- December 15 Statutory deadline for certification of mill levies to the Board of County Commissioners. Local governments levying a property tax must adopt their budgets before certifying the levy to the County. Local governing body shall enact an ordinance or resolution making appropriations for the ensuing fiscal year.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

December 22 Statutory deadline for Board of County Commissioners to levy all taxes and certify the levies.

Budgetary comparisons in this report are presented on the GAAP basis, except for proprietary funds that are on a non-GAAP basis.

Appropriations are adopted by ordinance. Over-expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations. All appropriations lapse at year end.

Supplemental budgets were adopted due to unanticipated revenues and expenditures.

Cash and Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less. The City pools cash from several funds for the purpose of increasing investment returns. Investment returns are allocated to individual funds based on average balances of the funds.

Reserved Cash, Restricted Cash and Investments

Resources set aside for the repayment of bonds and landfill closure and post-closure costs are restricted on the statement of net position. Their use is restricted by applicable bond covenants or bond ordinance agreements.

Property Taxes

Property taxes for the City are levied by the City Council and certified for collection to Prowers County by December 15 of each year. These taxes become due January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. Property taxes levied in the current year for collection in the subsequent year by the General Fund are included in receivables and deferred inflows at year end. These taxes are classified as deferred inflows since they were levied for and are not available to the City until the subsequent year.

Receivables

The City is reporting receivables net of collectability provisions of \$26,468, \$23,954, \$85,057, \$13,856 and \$37,664 in the General, Water & Wastewater, Light and Power, Sanitation, and Ambulance Funds, respectively. All other amounts are deemed collectable.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventories are valued at cost, using the first-in, first-out (FIFO) method.

Property, Plant and Equipment

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Property and equipment of the City is depreciated using the straight-line method over the following estimated useful lives.

Buildings and improvements	15-50 years
Equipment	5-30 years
Infrastructure	30-50 years

Compensated Absences

All permanent employees of the City are qualified for sick leave after completion of the probationary period. Sick leave shall accrue to the employee's sick leave account from the date of original hire at the rate of 3.08 hours per pay period, up to a maximum of 90 days or 720 hours. Upon termination, sick leave will be paid based on rate of pay at the time of separation. Payment varies according to length of employment. Employees with 0-5 years employment are paid 8 hours for each 16 hours accrued up to a maximum of 120 hours or 15 days. Employees with 5-10 years of service are paid at a rate of 8 hours for every 12 hours on the books up to a maximum of 180 hours or 22.5 days. Employees with 10 years or more service will be paid at a rate of 8 hours for every 8 hours on the books up to a maximum of 240 hours or 30 days.

All permanent full-time employees and part-time employees working more than 30 hours a week are entitled to vacation leave. The number of vacation days depends on the number of years employed.

Vacation leave may be carried over from year to year up to a maximum of 20 days in addition to the current-year's accrual. Part-time employees' vacation leave is prorated on the basis of the employee's average workweek. Upon termination, unused accrued vacation leave will be paid in full, based upon the rate of pay at the time of separation.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. These separate financial statement elements, deferred outflows of financial resources and deferred inflows of financial resources, represent a usage or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until a future period. The government has two types of items, which arise under the full accrual basis of accounting for both types and modified accrual basis of accounting, in the case of unearned property taxes, that qualify for reporting in these categories. The deferred charge on refunding is reported as a deferred outflow for the governmental activities presentation. The other item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and will be recognized as an outflow or inflow of resources in the period that the amounts become recognizable as an expense or available, respectively. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. In the case of the deferred outflow, the charge will be recognized proportionately as the outstanding principal is repaid.

Net Position/Fund Balance

In the government-wide financial statements and for the proprietary fund statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Fund balances are reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Amounts that can only be used for specific purposes pursuant to constraints imposed by the highest formal action, the adoption of an Ordinance, of the government's highest level of decision-making authority, the City Council, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance (Continued)

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as "assigned" fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

All remaining fund balance in the General Fund or deficits in the other governmental funds are presented as unassigned.

Net Position/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 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, if allowed under the terms of the restriction. 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.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments follows:

Cash and Equivalents	\$ 12,899,946
Investments	890,368
Restricted Cash and Equivalents	<u>2,210,355</u>
Total Cash and Investments	<u>\$ 16,000,669</u>

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

The City’s cash and investment balances are comprised of the following:

Petty Cash	\$ 4,350
Cash Accounts	14,410,841
Investments	1,585,479
Total Cash and Investments	<u>\$ 16,000,669</u>

The City’s deposits and cash held are comprised of the following:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 1,000,233	\$ 1,000,233
PDPA Collateralized (Not held in City's name)	14,957,986	14,829,086
Petty Cash	-	171,350
Total Cash Deposits	<u>\$ 15,958,219</u>	<u>\$ 16,000,669</u>

Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to it. The City’s deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution’s internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2017, all of the City’s deposits as shown above were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

Investments

Credit Risk

The City invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) Safety, 2) Liquidity, and 3) Yield. The City Clerk is responsible for all of the investments of the City.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

Credit Risk (Continued)

Eligible investments shall conform to state law and may include any of the following:

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

The City is subject to Colorado statutes, which define eligible investments for local governments. Eligible investments include bonds and other interest-bearing obligations of or guaranteed by US government or its agencies, bonds which are direct obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools.

Interest Rate Risk

The City manages its interest rate risk by setting a maximum maturity date no more than five years from the date of purchase unless otherwise authorized by the City Council.

Concentration of Credit Risk

The City places no limit on the amount that may be invested in any one issuer. More than 5 percent of the City's investments are in Federal National Mortgage Association, Federal Home Loan Bank and Federal Farm Credit Bank securities. These investments are 7.17%, 9.07% and 6.50%, respectively, of the City's total investments.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City was not exposed to custodial credit risk during the fiscal year.

For the 2017 fiscal year, the amounts classified as investments in the financial statement presentation represented bank balances covered under either FDIC or PDPA as discussed above. The City did not hold any other investments.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 3: CAPITAL ASSETS

The following schedule presents changes in governmental activities capital assets during 2017:

	Governmental Activities			Balance 12/31/2017
	Balance 12/31/2016	Increases	Decreases	
Capital asset not being depreciated				
Land	\$ 581,457	\$ -	\$ -	\$ 581,457
Construction in progress	315,894	-	-	315,894
Total capital assets not being depreciated	<u>\$ 897,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 897,351</u>
Capital assets being depreciated:				
Equipment	2,035,949	77,030	21,287	2,091,692
Vehicles	4,168,444	72,770	20,810	4,220,404
Buildings	4,724,384	647,035	-	5,371,419
Infrastructure	<u>15,885,554</u>	<u>439,827</u>	<u>-</u>	<u>16,325,381</u>
Total capital assets being depreciated	26,814,331	1,236,662	42,097	28,008,896
Accumulated Depreciation	<u>(14,089,909)</u>	<u>(659,089)</u>	<u>(42,097)</u>	<u>(14,706,901)</u>
Total capital assets being depreciated, net	<u>12,724,422</u>	<u>577,573</u>	<u>-</u>	<u>13,301,995</u>
Governmental activity capital assets, net	<u>\$ 13,621,773</u>	<u>\$ 577,573</u>	<u>\$ -</u>	<u>\$ 14,199,346</u>

Depreciation has been charged to the various functions and programs as follows:

Governmental Activities	
General government	191,959
Public safety	208,559
Public works	64,731
Library	59,763
Culture and recreation	108,052
Infrastructure	<u>26,025</u>
Total depreciation expense	
Governmental Activities	<u>\$ 659,089</u>

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 3: CAPITAL ASSETS (Continued)

The following schedule presents business-type activities capital assets at December 31, 2017:

	Business-Type Activities			
	Balance			Balance
	<u>12/31/2016</u>	Increases	Decreases	<u>12/31/2017</u>
Capital assets not being depreciated:				
Land	\$ 518,559	\$ -	\$ -	\$ 518,559
Intangibles and water rights	1,591,216	-	-	1,591,216
Construction in progress	425,205	950,345	-	1,375,550
Total capital assets not being depreciated	<u>2,534,980</u>	<u>950,345</u>	<u>-</u>	<u>3,485,325</u>
Capital assets being depreciated:				
Equipment	14,779,780	209,622	18,106	14,971,296
Buildings and improvements	8,556,861	-	-	8,556,861
Distribution systems	32,718,470	363,874	60,376	33,021,968
Total capital assets being depreciated	56,055,111	573,496	78,482	56,550,125
Accumulated Depreciation	<u>(29,602,075)</u>	<u>(1,464,271)</u>	<u>(78,482)</u>	<u>(30,987,864)</u>
Total capital assets being depreciated, net	<u>26,453,036</u>	<u>(890,775)</u>	<u>-</u>	<u>25,562,261</u>
Business-type activities capital assets, net	<u>\$ 28,988,016</u>	<u>\$ 59,570</u>	<u>\$ -</u>	<u>\$ 29,047,586</u>

Depreciation has been charged to the various functions and programs as follows:

<u>Business-Type Activities</u>	
Light & Power	\$ 886,506
Water	455,737
Sanitation	77,500
Ambulance	<u>44,529</u>
Total depreciation expense	
Business-Type Activities	<u>\$ 1,464,272</u>

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 4: LONG - TERM OBLIGATIONS

Changes in governmental activity long-term obligations are as follows:

	Governmental Activities			Balance 12/31/17	Current Portion	Interest Expense
	Balance 12/31/16	Advances	Repayments			
Honeywell (Bank of America) lease	\$ 1,019,230	\$ -	\$ 147,123	\$ 872,107	\$ 150,523	\$ 21,694
Equipment capital leases	709,151	-	110,776	598,375	79,997	21,677
Accrued compensated absences	406,766	25,946	-	432,712	86,542	-
Total Governmental Activities	\$ 2,135,147	\$ 25,946	\$ 257,899	\$ 1,903,194	\$ 317,062	\$ 43,371

Changes in business-type activity long-term obligations are as follows:

	Business-Type Activities			Balance 12/31/17	Current Portion	Interest Expense
	Balance 12/31/16	Advances	Repayments			
Water refunding bonds	\$ 505,000	\$ -	\$ 185,000	\$ 320,000	\$ 180,000	\$ 14,306
CWRPDA notes payables	5,193,240	-	343,127	4,850,113	349,640	49,348
2013 revenue bonds	2,478,674	-	327,917	2,150,757	336,279	55,606
2014 CWCB note payable	587,420	-	15,288	572,132	15,632	13,131
Honeywell acquisition lease	2,735,517	-	213,651	2,521,866	221,917	78,086
PERA net pension liability	3,070,250	-	132,010	2,938,240	-	-
Landfill postclosure liability	413,563	21,245	-	434,808	-	-
Accrued compensated absences	386,125	23,126	-	409,251	81,850	-
Total Business-Type Activities	\$ 15,369,789	\$ 44,371	\$ 1,216,993	\$ 14,197,167	\$ 1,185,318	\$ 210,477

HONEYWELL ACQUISITION (BANK OF AMERICA) LEASE PAYABLE – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

The Honeywell acquisition lease is for energy efficiency improvements in the amount of \$4,456,988 which being repaid through both the General Fund and the Water Fund. The lease began in December of 2012 with the final payment date in June of 2027. The lease bears interest of 2.8% and has a purchase option. Payments are due every quarter of the year and range from \$55,943 to \$120,305 during the lease term. A summary of the future lease payments follows:

Fiscal Year	Honeywell (Bank of America) Capital Lease					
	Business-type activities			Governmental activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 221,917	\$ 72,083	\$ 294,000	\$ 150,523	\$ 18,697	\$ 169,220
2019	240,735	65,265	306,000	154,002	15,218	169,220
2020	251,965	58,035	310,000	157,562	11,659	169,221
2021	263,531	50,469	314,000	161,202	8,017	169,219
2022	263,398	42,602	306,000	164,929	4,291	169,220
2023-2027	1,280,320	87,453	1,367,773	83,889	722	84,611
Total	\$ 2,521,866	\$ 375,907	\$ 2,897,773	\$ 872,107	\$ 58,604	\$ 930,711

ACCRUED COMPENSATED ABSENCES – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES

The City maintains a liability to pay its employees for sick and vacation leave based on the vesting schedules previously described in the footnotes. The balances of these accruals are shown in the above tables.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 4: LONG - TERM OBLIGATIONS (Continued)

GOVERNMENTAL ACTIVITIES

CAPITAL LEASE PAYABLE

In 2014, the City entered into a lease purchase agreement for four Police Chevy Tahoes that will be paid off in 2017. The lease requires annual base rentals of \$34,180 consisting of both principal and interest at 2.50% on May 22nd of each year starting in 2014. Payments are made through the General Fund. Assets with a remaining basis of \$52,675 were capitalized as part of this lease.

In 2014, the City entered into a lease purchase agreement for a 2014 Broom Badger Sweeper. The lease requires annual payments of \$70,581 consisting of both principal and interest at 3.49% on June 1st each year after an initial payment towards principal of \$50,000 on June 1, 2014. Payments are made through the General Fund and the lease was paid off in 2016.

In 2015, the City entered into a lease purchase agreement for two 2016 Police Ford Interceptors. The lease requires annual base rentals of \$12,219 consisting of both principal and interest at 2.79% on August 10th of each year starting in 2016. Assets with a remaining basis of \$41,177 were capitalized as part of this lease.

In 2016, the City entered into a lease purchase agreement for a 2014 Pierce Aerial fire truck. The lease requires annual base rentals of \$74,728 consisting of both principal and interest at 3.49% on May 5th of each year starting in 2016. Assets with a remaining basis of \$614,660 were capitalized as part of this lease.

In 2016, the City entered into a lease purchase agreement for three 2016 Police pickup trucks. The lease requires annual base rentals of \$13,441 consisting of both principal and interest at 2.99% on May 27th of each year starting in 2017. Payments are made through the General Fund. Assets with a remaining basis of \$53,209 were capitalized as part of this lease.

A summary of the capital lease payments follows:

Fiscal Year	Police Ford Explorer Payment	Aerial Fire Truck Payment	Dodge Pickups Payment	Totals
2018	\$ 12,219	\$ 74,728	\$ 13,441	\$ 100,388
2019	12,219	74,728	13,441	100,388
2020	12,219	74,728	13,441	100,388
2021	-	74,728	13,443	88,171
2022	-	74,728	-	74,728
2023-2025	-	223,990	-	223,990
Total Future Payments	36,657	597,630	53,766	688,053
Less: Interest Portion	(3,228)	(103,775)	(5,633)	(112,636)
Present Value of Payments	\$ 33,429	\$ 493,855	\$ 48,133	\$ 575,417

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 4: LONG - TERM OBLIGATIONS (Continued)

BUSINESS-TYPE ACTIVITIES

WATER REFUNDING BONDS

The City fully refunded 1999 Water Revenue Bonds on May 26, 2009 by issuing Water Activity Revenue Refunding Bonds, Series 2009, in the amount of \$1,670,000. The bonds are secured by a reserve account in the amount of \$167,000. Bond principal payments are due annually on June 15, and interest is due semi-annually on June 15 and December 15. The bonds bear interest rates range from 2.00% to 3.75% with bond principal payments ranging from \$115,000 to \$180,000.

Scheduled payments on the bonds are due as follows:

<u>Fiscal Year</u>	<u>Water Refunding Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 180,000	\$ 8,400	\$ 188,400
2019	140,000	2,625	142,625
Total	<u>\$ 320,000</u>	<u>\$ 11,025</u>	<u>\$ 331,025</u>

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY LOANS

On May 27, 2010, the City received loan funds totaling \$2,000,000 from the Colorado Water Resources and Power Development Authority (CWRPDA) Water Pollution Control Revolving Fund program for upgrades to the water system. The loan bears interest at 2% and requires semi-annual principal and interest payments through May 1, 2031. Payments are made through the Water Fund.

On December 17, 2009, the City was awarded loan funds totaling \$5,020,000 from CWRPDA Drinking Water Revolving Fund to finance the relocation of the existing chlorine building, storage tank improvements, and installation resource project. This loan matures in 2031 and is split with \$3,952,375 being noninterest bearing and \$1,067,625 bearing interest at 2.5%. The loan requires semi-annual principal and interest payments through June 15, 2030. Payments are made through the Water Fund.

On August 26, 2016, the City received loan funds totaling \$195,500 from the CWRPDA Drinking Water Revolving Fund for the replacement of the distribution and service pipelines. The loan is noninterest bearing and requires semi-annual principal payments through May 1, 2047. Payments are made through the Water Fund.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 4: LONG - TERM OBLIGATIONS (Continued)

BUSINESS-TYPE ACTIVITIES (Continued)

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY LOANS (Continued)

A summary of payments follows for the CWRPDA Loans:

Fiscal Year	CWRPDA Loans		
	Principal	Interest	Total
2018	\$ 349,640	\$ 46,650	\$ 396,290
2019	352,822	43,468	396,290
2020	356,074	40,216	396,290
2021	359,399	36,891	396,290
2022	362,797	33,493	396,290
2023-2027	1,867,658	113,792	1,981,450
2028-2032	1,107,086	23,018	1,130,104
2033-2037	32,585	-	32,585
2038-2042	32,585	-	32,585
2043-2047	29,467	-	29,467
Total	\$ 4,850,113	\$ 337,528	\$ 5,187,641

ELECTRIC REVENUE BONDS

In 2013, the City fully refunded 2004 Electric Enterprise Revenue Bonds by issuing Revenue Bonds in the amount of \$3,490,000. The 2013 bonds bears interest at 2.55%. Interest is payable semi-annually on January 1st and July 1st of each year. Principal is paid over a period of ten years and is payable annually on January 1st of each year.

Principal and interest is payable on the outstanding bonds is as follows:

Fiscal Year	Electric Refunding Bonds		
	Principal	Interest	Total
2018	\$ 336,279	\$ 51,295	\$ 387,574
2019	344,854	42,491	387,345
2020	353,648	33,541	387,189
2021	362,666	24,203	386,869
2022	371,914	9,818	381,732
2023	381,396	4,971	386,367
Total	\$ 2,150,757	\$ 166,319	\$ 2,317,076

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 4: LONG - TERM OBLIGATIONS (Continued)

**BUSINESS-TYPE ACTIVITIES (Continued)
COLORADO WATER CONSERVATION BOARD LOAN**

On November 10, 2014, the City received loan funds totaling \$616,994 from the Colorado Water Conservation Board (CWCB) for upgrades to the water transmission lines. The loan bears interest at 2.25% and matures in 2044.

Principal and interest is payable on the outstanding loans is as follows:

<u>Fiscal Year</u>	<u>CWCB Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	15,632	12,873	28,505
2019	15,984	12,521	28,505
2020	16,343	12,162	28,505
2021	16,711	11,794	28,505
2022	17,087	11,418	28,505
2023-2027	91,376	51,149	142,525
2028-2032	102,130	40,395	142,525
2033-2037	114,148	28,377	142,525
2038-2042	127,580	14,945	142,525
2043-2044	55,141	1,869	57,010
Total	<u>\$ 572,132</u>	<u>\$ 197,503</u>	<u>\$ 769,635</u>

NOTE 5: INTERFUND TRANSACTIONS

The City has recorded the following routine transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,003,582	\$ (199,792)
Capital Improvement Fund	33,145	-
Water and Wastewater Fund	-	(200,000)
Utility Fund	-	(1,610,223)
Nonmajor Govt Funds	184,732	(1,504)
Nonmajor Enterprise Funds	15,060	(225,000)
Internal Service Funds	-	-
Totals	<u>\$ 2,236,519</u>	<u>\$ (2,236,519)</u>

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 5: INTERFUND TRANSACTIONS (Continued)

The City has recorded the following balances owed between funds:

	Net Due to (from) Other Funds
General Fund	\$ 339,507
Capital Improvement Fund	(61,760)
Utility Fund	(4,399)
Nonmajor Govt Funds	(23,273)
Nonmajor Enterprise Funds	(245,032)
	<u>\$ -</u>

NOTE 6: EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT – PERA

In 1991, the City’s employees, except for Light and Power Fund employees, voted to terminate their participation in PERA. Their respective share of PERA was withdrawn and rolled over into a defined contribution plan. All of the City’s full-time Light and Power Fund employees participate in PERA.

Summary of Significant Accounting Policies

Pensions. The City’s Light and Power Fund, via the Lamar Utilities Board (“LUB”), participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan description. Eligible employees of the LUB are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

DEFINED BENEFIT – PERA (Continued)

General Information about the Pension Plan (Continued)

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

DEFINED BENEFIT – PERA (Continued)

General Information about the Pension Plan (Continued)

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions. Eligible employees and the LUB are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

January 1 st through December 31 st	2016 ¹	2015 ¹	2014 ¹	2013
Employer contribution rate	10.00%	10.00%	10.00%	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the LGDTF	8.98%	8.98%	8.98%	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	2.20%	2.20%	2.20%	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	1.50%	1.50%	1.50%	1.50%
Total employer contribution rate to the LGDTF	12.68%	12.68%	12.68%	12.68%

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the LUB is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the City were \$201,343 for the year ended December 31, 2016 and \$209,271 for the year ended December 31, 2017.

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

At December 31, 2017, the LUB reported a liability of \$3,537,518 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The LUB proportion of the net pension liability was based on the LUB contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

DEFINED BENEFIT – PERA (Continued)

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

At December 31, 2016, the LUB proportion was .26197%, which was an decrease of .00476% from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the LUB recognized pension expense of \$644,260. At December 31, 2017, the LUB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 62,950	\$ -
Changes of assumptions or other inputs	\$ -	\$ (10,416)
Net difference between projected and actual earnings on pension plan	\$ 424,843	\$ -
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (91,415)
Contributions subsequent to the measurement date	\$ 205,688	\$ -
Total	\$ 693,481	\$ (101,831)

\$205,688 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

DEFINED BENEFIT – PERA (Continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50-10.45%
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 (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 20165 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA’s Board on November 13, 2012, and an economic assumption study, adopted by PERA’s Board on November 15, 2013 and January 17, 2014.

The LGDTF’s long-term expected rate of return on pension plan investments was determined using 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 percentage and then adding expected inflation.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

DEFINED BENEFIT – PERA (Continued)

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

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	10 Year Expected Geometric Rate of Return
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Bonds	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

* 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%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and 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. Based on those assumptions, 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 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. There was no change in the discount rate from the prior measurement date.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

DEFINED BENEFIT – PERA (Continued)

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

Sensitivity of City proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 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%)
Proportionate share of the net pension asset (liability)	\$ (5,215,909)	\$ (3,537,518)	\$ (2,147,627)

Pension plan fiduciary net position. Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

DEFINED CONTRIBUTION PLANS – MONEY PURCHASE PENSION PLAN

The City reinstated and administers a money purchase pension plan, as of June 1, 2010. All City employees except Light and Power employees, firemen and policemen, are covered under this defined contribution plan if they meet eligibility requirements specified in the plan document. Participants are required to contribute 8% of their eligible wages and can voluntarily contribute an additional 6% of compensation through the City’s 457 voluntary contribution plan. The City is required to contribute 9% of allowable compensation for retirement benefits plus an additional 0.9% of allowable compensation for other fringe benefits. City contributions in 2017 were \$158,130 and employee contributions were approximately \$141,027

The policemen have each established money purchase defined contribution pension plans (FPMP for new hires). FPMP may be amended by action of the Retirement Board with the approval of at least 65% of actively employed eligible employees and former employees entitled to FPMP benefits. The plans are maintained through Fidelity Advisor Funds and American Century Funds. The participants are required to contribute 8% of their eligible salaries, and the City contributes 9%. For 2017, the City contributed \$74,147, and participants contributed \$65,908.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

DEFERRED COMPENSATION PLAN – 457 PLAN

In 1997, the City offered its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan is available through ICMA Retirement Corporation.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan), subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

VOLUNTEER FIREFIGHTERS' PENSION PLAN

Plan Description

On July 1, 2006, the City's Volunteer Plan affiliated with FPPA under CRS 31-30-1005(l)(k), as amended, at which time all plan assets were transferred to FPPA for financial administration. Under FPPA administration, the City's Volunteer Plan is an "affiliated local plan" that is part of an agent multiple-employer Public Employee Retirement System (PERS). Assets of the Plan are commingled for investment purposes in the Fire and Police Member's Benefit Fund, an agent multiple-employer defined benefit pension Plan administered by FPPA.

Under the FPPA affiliation agreement, the City is responsible for the collection and transmission of all contributions to the Plan. FPPA is responsible for the physical safekeeping and investing of such contributions, as well as for making the appropriate and legally authorized payments of pension benefits and other expenses of the Plan.

All City volunteer firefighters participate in this non-contributing local defined benefit pension plan administered by FPPA. For the year ended December 31, 2017, the City acted as the trustee for the plan and has authority to amend benefit provisions.

The Plan does not issue separate financial statements. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111-2721, or by calling FPPA at (303) 770-3772 in the Denver metro area and 1-800-332-FPPA (3772) from outside the metro area.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

VOLUNTEER FIREFIGHTERS' PENSION PLAN (Continued)

Description of Benefits

The Plan provides retirement benefits for Members and beneficiaries according to Plan provisions as enacted and governed by the Firefighters Pension Board. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the Plan. A participant becomes fully vested after 10 years of active service and reaching age 50. The plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Benefits provided are as follows:

Age and service retirement after age 50 with 20 year of credited service (monthly)	\$250
Disability retirement benefit	
Temporary	-
Permanent	-
Surviving spouse death benefit	
Following death before retirement eligible, death in the line of duty	-
Following death after normal retirement	\$125
Following death after vested retirement with 10 to 20 years of service, amount per year of service per minimum vesting years	-
Funeral benefit, lump sum	\$100

Contributions

The City makes contributions in accordance with the Plan per provisions in the Plan document and Colorado statutes based on Trustees established benefits and funding requirements based on an actuarial study. The City contributes to the Volunteer Fire Department Pension Fund at a rate determined in the following manner: at least every three (3) years, the Volunteer Fire Department Pension Fund shall have an actuarial study prepared to determine the funds required. The required funds will be paid annually from general revenues of the City into the Volunteer Fire Department Pension Fund. The Volunteer Firefighter's Pension Plan receives contributions from the City in an amount not to exceed one half mill of property tax revenue.

As established by the legislature, the State of Colorado contributes up to ninety percent of the City's contribution. The contributions are not actuarially determined.

The financial statements of the volunteer Plan are prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The investments are presented at fair value except for short-term investments that are recorded at cost, which approximates fair value.

Administrative costs of the Plan are paid from the pension fund (CRS 31-30.5-204(3)). There are no investments in, loans to, or leases with parties related to the Plan.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

VOLUNTEER FIREFIGHTERS' PENSION PLAN (Continued)

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

At December 31, 2017, the City reported a net pension asset of \$532,067. The net pension asset was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

For the year ended December 31, 2017, the City recognized pension income of \$21,134. At December 31, 2017 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 96,064	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 42,426	\$ -
Contributions subsequent to the measurement date	\$ 26,980	\$ -

\$26,980 reported as deferred outflows of resources related to pensions resulting from City and State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Amortization Amount
2018	\$ (28,457)
2019	\$ (28,457)
2020	\$ (27,320)
2021	\$ (18,392)
2022	\$ (15,050)
Thereafter	\$ (35,864)
Total	\$ (138,490)

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

VOLUNTEER FIREFIGHTERS' PENSION PLAN (Continued)

Actuarial Assumptions

The January 1, 2017 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal year ending December 31, 2017. The valuation used the following actuarial assumption and other inputs:

Actuarial method	Entry Age Normal
Amortization method ⁽¹⁾	Level Dollar, Open
Amortization period ⁽¹⁾	20 Years
Asset valuation method	5-Year smoothed fair value
Long-term investment rate of return, net of pension plan investment expenses, including price inflation *	7.50%
Projected salary increase *	N/A
Cost of Living Adjustments (COLA)	0.00%
* Includes inflation at	3.00%

⁽¹⁾ - Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

Long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	36.00%	6.75%
Equity Long/Short	10.00%	4.85%
Illiquid Alternatives	23.00%	8.25%
Fixed Income	15.00%	0.50%
Absolute Return	10.00%	4.05%
Managed Futures	4.00%	3.00%
Cash	2.00%	0%*
Total	100.00%	

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

VOLUNTEER FIREFIGHTERS' PENSION PLAN (Continued)

Discount Rate

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ 485,051	\$ 532,067	\$ 570,142

Pension Plan Fiduciary Net Position

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

Changes in net pension liability for the City's agent multiple-employer plan is listed below:

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

VOLUNTEER FIREFIGHTERS' PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position

<u>Total Pension Liability</u>	<u>2017</u>
Service cost	\$ 5,643
Interest	15,999
Changes of benefit terms	-
Differences between expected and actual experience	99,193
Changes of assumptions	7,613
Benefit payments	<u>(11,315)</u>
Net changes in total pension liability	117,133
Total Pension Liability - beginning	<u>216,104</u>
Total Pension Liability - ending (a)	<u>\$ 333,237</u>
<u>Plan Fiduciary Net Position</u>	
Contributions - employer	\$ 14,200
Contributions - employee	-
Net investment Income	44,326
Benefit payments, including refunds of employee contributions	(11,315)
Administrative expense	(1,578)
Other	<u>12,780</u>
Net change in plan fiduciary net position	58,413
Plan fiduciary net position - beginning	<u>806,891</u>
Plan fiduciary net position - ending(b)	<u>\$ 865,304</u>
City's net pension liability - ending (a)-(b)	<u>\$ (532,067)</u>
Plan fiduciary net position as a percentage of the total pension liability	259.67%
Covered employee payroll	N/A
Net pension liability/(asset) as a percentage of covered employee payroll	N/A

There were no changes in the benefit terms, assumptions or other inputs during the fiscal year. The board adopted assumption changes that will be utilized commencing with the January 1, 2017 valuations primarily related to the rate of inflation and the use of revised mortality tables.

Membership

As of the December 31, 2016 measurement date, pension plan membership consisted of the following:

Retirees and Beneficiaries	4
Inactive, Nonretired Members	-
Active Members	<u>31</u>
Total	<u><u>35</u></u>

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

OLD HIRE FIREFIGHTERS' PENSION PLAN

Plan Description

The Old Hire Plan is an agent multiple-employer defined benefit pension plan established by resolution of the City. All assets are held and invested by FPPA. Firemen hired prior to April 8, 1978 who elected not to change to the New Hire Statewide Defined Benefit Plan are covered by this plan. Any changes to this plan are referred to the membership by the Pension Trustee Board and voted upon. The plan is closed and has no current employees.

Description of Benefits

The Plan provides retirement benefits for Members and beneficiaries according to Plan provisions as enacted and governed by the City Council. Any Member who elects to retire on or after his normal retirement date (20 years of service and 55 years of age) shall be eligible for a monthly pension equal to one-half of his average monthly salary received one year before his retirement.

The plan also provides for cost of living adjustments, surviving spouse benefits and post-retirement death benefits. FPPA issues independent annual reports that may be obtained by calling FPPA at (303) 770-3772 in the Denver metro area and 1-800-332-FPPA (3772) from outside the metro area.

Contributions

The City funds the Plan per provisions in the Plan document and Colorado statutes. The City shall contribute amounts required to fund the benefits provided by the Plan on a sound actuarial basis. The City contributes to the Old Hire Pension Fund at a rate determined in the following manner: at least every three (3) years, the Old Hire Pension Fund shall have an actuarial study prepared to determine the funds required. The required funds will be paid annually from general revenues of the City into the Old Hire Pension Fund.

The Plan is administered by the City Council.

The financial statements of the Old Hire Plan are prepared using the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The investments are presented at fair value except for short-term investments that are recorded at cost, which approximates fair value.

Administrative costs of the Plan are paid from the pension fund (CRS 31-30.5-204(3)). There are no investments in, loans to, or leases with parties related to the Plan.

There were no contributions required for the current fiscal year.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

OLD HIRE FIREFIGHTERS' PENSION PLAN (Continued)

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

At December 31, 2017, the City reported a net pension asset of \$609,912. The net pension asset was measured as of December 31, 2016, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

For the year ended December 31, 2017, the City recognized pension income of \$25,881. At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Net difference between projected and actual earnings on pension plan	\$ 45,335	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Amortization Amount
2018	\$ (14,333)
2019	\$ (14,333)
2020	\$ (13,278)
2021	\$ (3,391)
Total	\$ (45,335)

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

OLD HIRE FIREFIGHTERS' PENSION PLAN (Continued)

Actuarial Assumptions

The January 1, 2017 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal year ending December 31, 2016. The valuation used the following actuarial assumption and other inputs:

Actuarial method	Entry Age Normal
Amortization method ⁽¹⁾	Level Dollar, Open
Amortization period ⁽¹⁾	20 Years
Asset valuation method	5-Year smoothed fair value
Long-term investment rate of return, net of pension plan investment expenses, including price inflation *	7.50%
Projected salary increase *	N/A
Cost of Living Adjustments (COLA)	0.00%
* Includes inflation at	3.00%

⁽¹⁾ - Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

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

Discount Rate

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

OLD HIRE FIREFIGHTERS' PENSION PLAN (Continued)

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate

The following presents the City's net pension liability calculated using the discount rate of 7.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ 582,900	\$ 609,912	\$ 633,230

Pension Plan Fiduciary Net Position

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

Changes in net pension (asset) liability for the City's agent multiple-employer plan is listed below:

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)

OLD HIRE FIREFIGHTERS' PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position (Continued)

<u>Total Pension Liability</u>	<u>2017</u>
Service cost	\$ -
Interest	20,744
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	<u>(21,444)</u>
Net changes in total pension liability	(700)
Total Pension Liability - beginning	<u>287,112</u>
Total Pension Liability - ending (a)	<u>\$ 286,412</u>
<u>Plan Fiduciary Net Position</u>	
Contributions - employer	\$ -
Contributions - employee	-
Net investment Income	46,661
Benefit payments, including refunds of employee contributions	(21,444)
Administrative expense	(3,508)
Other	<u>-</u>
Net change in plan fiduciary net position	21,709
Plan fiduciary net position - beginning	<u>874,615</u>
Plan fiduciary net position - ending(b)	<u>\$ 896,324</u>
City's net pension liability - ending (a)-(b)	<u>\$ (609,912)</u>
Plan fiduciary net position as a percentage of the total pension liability	312.95%

There were no changes in the benefit terms, assumptions or other inputs during the fiscal year. The Board has adopted new assumptions to related to the rate of inflation and the adoption of revised mortality tables that will be included in the actuarially determined contribution for the year ending December 31, 2017

Membership

As of the December 31, 2017 measurement date, pension plan membership consisted of one retiree beneficiary.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS

Health Care Trust Fund

Plan Description

The City's Light and Power Fund (LUB) contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and 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 health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy

The Light and Power Fund is required to contribute at a rate of 1.02% of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2017 and the preceding two fiscal years, the District contributions to the HCTF were \$15,283, \$21,346, and \$19,592, respectively, equal to their required contributions for each year.

NOTE 8: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

For risks related to property and liability and workers' compensation, the City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, section 18(2). The purposes of CIRSA are to provide members defined liability and property coverage 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.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 8: RISK MANAGEMENT (Continued)

All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the City does not approve budgets nor does it have ability to significantly affect the operations of the unit. The City has not significantly changed its insurance coverage over the past three years, nor have settlements exceeded coverage during the same period.

The City purchases commercial insurance coverage for all items not covered by CIRSA. Settled claims for these risks have not exceeded insurance coverage the past three years.

NOTE 9: RELATED PARTIES

The City entered into a contract in 1979 with five other municipalities to create a separate governmental entity known as the Arkansas River Power Authority (ARPA) under provisions of CRS 1973, § 29-1-204 as amended, "to effect the development of electric energy resources and the production and transmission of electric energy in whole or in part for the benefit of the inhabitants of the Municipalities." Under the provisions of this agreement and the subsequent Power Purchase Agreement and various amendments to the Power Purchase Agreement, the member municipalities, all of which had the capacity to generate electric power, agreed to allow ARPA to coordinate and manager the "economic dispatching of the power and energy supplied by the system of the Authority (ARPA) and supplied by the electric systems of the individual Municipalities and other entities to which such systems are interconnected."

Over succeeding years, the Parties to the agreement(s) have changed. Some original member municipalities have left ARPA and others have joined, and as indicated above, the terms of the Power Purchase Agreement(s) between the member municipalities have also changed to accommodate changes in the regulatory environment, economic conditions and the condition of the electric generating assets of the member municipalities, to the point where all of the member municipalities now purchase all of their electric energy from ARPA, including the City's electric Light and Power enterprise, LUB.

In 2004 the City and LUB entered into a series of separate agreements with ARPA to jointly construct and operate a new coal-fired electricity generating plant on the site of the City's gas-fired electric generating plant. The project became known as the Lamar Re-powering Project (LRP). Under terms of the agreements, ARPA would issue revenue bonds to finance LRP and manage the construction, the City and LUB would dedicate certain of the City's existing plant assets to LRP, and LUB would serve as Operating Agent of LRP after construction.

In 2013, after numerous construction problems, cost overruns and, finally, the failure of the plant to pass regulatory emissions tests and achieve permitted operating status, ARPA has concluded that LRP is a failure and has commenced the process of deconstruction the plant. That decision has had a negative impact on the revenues and employment of LUB and is expected to further negatively impact LUB's employment and revenues in subsequent periods.

During 2017, purchases of power by the City from ARPA were \$9,204,828.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 10: LANDFILL CLOSURE AND POSTCLOSURE LIABILITY

State and federal laws and regulations require the City to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The estimated cost to perform all closure and post closure care was \$842,658, based on a cost estimate completed in April, 2017 and subsequently modified by the Colorado Department of Public Health and Environment in January, 2018. The costs were comprised of \$489,478 of closure costs and \$353,700 of post-closure costs. The City currently filled an estimated 456,337 cubic meters on overall capacity of 1,314,539 cubic meters, for an estimated used amount of slightly more than 34%. Based on this usage, the City has recorded an inflation adjusted long-term liability of \$292,706, with current expense reduction of \$(142,102). This reduction in the liability is primarily related to significantly reduced closure and post closure estimates from 2012 to 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post closure care or to exhibit financial assurance that it is able to finance these costs without the contributions to a trust. The City has demonstrated financial assurance and has restricted \$287,627 of its available cash balance to meet this liability and as a result has not made any contributions to a trust.

NOTE 11: COMMITMENTS AND CONTINGENCIES

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. In November 1995, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1994 and subsequent years, notwithstanding the provisions of the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2017, the emergency reserve of \$269,000 was recorded in the General Fund.

NOTE 12: NET POSITION DEFICIT

The City has an unrestricted net position deficit in the Ambulance Fund. This deficit is anticipated to be recovered through ongoing operations or internal fund transfers as needed.

CITY OF LAMAR, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

NOTE 13: BUDGET VIOLATIONS

The City's expenditures exceeded appropriations in the Unemployment, E-911 and Ambulance funds, which may be a violation of Colorado statutes.

REQUIRED SUPPLEMENTARY INFORMATION
(Pension Schedules Unaudited)

CITY OF LAMAR

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
PERA Pension Plan
Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
City's proportion of the net pension asset (liability)	0.266729%	0.342544%	0.369087%
City's proportionate share of the net pension asset (liability)	\$ (2,938,240)	\$ (3,070,251)	\$ (3,037,293)
City's covered-employee payroll	\$ 1,514,816	\$ 1,876,987	\$ 1,969,113
City's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	193.97%	163.57%	154.25%
Plan fiduciary net position as a percentage of the total pension liability	76.87%	80.72%	81.00%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CITY OF LAMAR

SCHEDULE OF CITY CONTRIBUTIONS

PERA Pension Plan

Last 10 Fiscal Years⁽¹⁾

	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Contractually required contributions	\$ 192,079	\$ 238,002	\$ 249,683
Actual contributions	<u>(192,079)</u>	<u>(238,002)</u>	<u>(249,683)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,514,816	\$ 1,876,987	\$ 1,969,113
Contributions as a percentage of covered-employee payroll	12.68%	12.68%	12.68%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CITY OF LAMAR

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
 FPPA Lamar Vounteer Fire Department Pension Fund
 Last 10 Fiscal Years(1)**

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
<u>Total Pension Liability</u>			
Service cost	\$ 5,643	\$ 5,643	\$ 7,265
Interest	15,999	15,196	13,208
Changes of benefit terms	-	-	-
Differences between expected and actual experience	99,193	-	15,819
Changes of assumptions	7,613	-	-
Benefit payments	<u>(11,315)</u>	<u>(9,000)</u>	<u>(8,984)</u>
Net changes in total pension liability	117,133	11,839	27,308
Total Pension Liability - beginning	<u>216,104</u>	<u>204,265</u>	<u>176,957</u>
Total Pension Liability - ending (a)	<u>\$ 333,237</u>	<u>\$ 216,104</u>	<u>\$ 204,265</u>
 <u>Plan Fiduciary Net Position</u>			
Contributions - employer	\$ 14,200	\$ 14,200	\$ 14,200
Contributions - employee	-	-	-
Net investment Income	44,326	14,222	47,876
Benefit payments,including refunds of employee contributions	(11,315)	(9,000)	(8,984)
Administrative expense	(1,578)	(2,364)	(1,498)
State of Colorado discretionary payment	<u>12,780</u>	<u>12,780</u>	<u>25,560</u>
Net change in plan fiduciary net position	58,413	29,838	77,154
Plan fiduciary net position - beginning	<u>806,891</u>	<u>777,053</u>	<u>699,899</u>
Plan fiduciary net position - ending(b)	<u>\$ 865,304</u>	<u>\$ 806,891</u>	<u>\$ 777,053</u>
 City's net pension liability/(asset) - ending (a)-(b)	 <u>\$ (532,067)</u>	 <u>\$ (590,787)</u>	 <u>\$ (572,788)</u>

Note: There were no factors that significantly affected trends in the amounts reported.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CITY OF LAMAR

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
FPPA Lamar Vounteer Fire Department Pension Fund
Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
City's proportion of the net pension asset (liability)	100%	100%	100%	100%
City's proportionate share of the net pension asset (liability)	\$ 532,067	\$ 590,787	\$ 572,788	\$ 522,942
City's covered-employee payroll	N/A	N/A	N/A	N/A
City's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	259.67%	373.38%	380.41%	395.52%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CITY OF LAMAR

**SCHEDULE OF CITY CONTRIBUTIONS
 FPPA Lamar Vounteer Fire Department Pension Fund
 Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>
Contractually required contributions	\$ -	\$ -	\$ -
Actual contributions	<u>26,980</u>	<u>26,980</u>	<u>39,760</u>
Contribution deficiency (excess)	<u>\$ 26,980</u>	<u>\$ 26,980</u>	<u>\$ 39,760</u>
City's covered-employee payroll	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CITY OF LAMAR

**SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
FPPA Lamar Old Hire Fire Pension Fund
Last 10 Fiscal Years(1)**

	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
<u>Total Pension Liability</u>			
Service cost	\$ -	\$ -	\$ -
Interest	20,744	20,497	20,582
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(13,105)	-
Changes of assumptions	-	17,340	-
Benefit payments	<u>(21,444)</u>	<u>(21,444)</u>	<u>(21,960)</u>
Net changes in total pension liability	(700)	3,288	(1,378)
Total Pension Liability - beginning	<u>287,112</u>	<u>283,824</u>	<u>285,202</u>
Total Pension Liability - ending (a)	<u>\$ 286,412</u>	<u>\$ 287,112</u>	<u>\$ 283,824</u>
 <u>Plan Fiduciary Net Position</u>			
Contributions - employer	\$ -	\$ -	\$ -
Contributions - employee	-	-	-
Net investment Income	46,661	15,865	57,553
Benefit payments,including refunds of employee contributions	(21,444)	(21,444)	(21,960)
Administrative expense	(3,508)	(1,629)	(4,703)
Other	-	-	-
Net change in plan fiduciary net position	<u>21,709</u>	<u>(7,208)</u>	<u>30,890</u>
Plan fiduciary net position - beginning	<u>874,615</u>	<u>881,823</u>	<u>850,933</u>
Plan fiduciary net position - ending(b)	<u>\$ 896,324</u>	<u>\$ 874,615</u>	<u>\$ 881,823</u>
 City's net pension liability/(asset) - ending (a)-(b)	 <u>\$ (609,912)</u>	 <u>\$ (587,503)</u>	 <u>\$ (597,999)</u>

Note: There were no factors that significantly affected trends in the amounts reported.

(1) - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CITY OF LAMAR

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY)
FPPA Lamar Old Hire Fire Pension Fund
Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
City's proportion of the net pension asset (liability)	100%	100%	100%	100%
City's proportionate share of the net pension asset (liability)	\$ 609,912	\$ 587,503	\$ 597,999	\$ 565,731
City's covered-employee payroll	N/A	N/A	N/A	N/A
City's proportionate share of the net pension asset (liability) as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	312.95%	304.63%	310.69%	298.36%

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

CITY OF LAMAR

**SCHEDULE OF CITY CONTRIBUTIONS
 FPPA Lamar Old Hire Fire Pension Fund
 Last 10 Fiscal Years⁽¹⁾**

	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Contractually required contributions	\$ -	\$ -	\$ -	\$ -
Actual contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A

Note: All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

⁽¹⁾ - Additional years will be added to this schedule as they become available.

See the accompanying Independent Auditors' Report.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAMAR, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Taxes					
Property Taxes	\$ 443,688	\$ 443,688	\$ 441,976	\$ (1,712)	\$ 444,333
Specific Ownership Taxes	64,000	64,000	73,920	9,920	68,467
Sales and Use Taxes	-	-	3,868,811	3,868,811	3,637,473
Franchise and In Lieu of Taxes	203,000	203,000	182,941	(20,059)	188,277
Other Taxes	700	700	2,709	2,009	2,416
Total Tax Revenue	<u>711,388</u>	<u>711,388</u>	<u>4,570,357</u>	<u>3,858,969</u>	<u>4,340,966</u>
Intergovernmental Revenues					
Cigarette Taxes	12,500	12,500	12,317	(183)	13,196
Highway Users	268,257	268,257	260,496	(7,761)	260,473
Road and Bridge	50,000	50,000	45,721	(4,279)	45,804
Clerk/Motor Vehicle Fees	27,000	27,000	27,327	327	27,026
Federal Grants	-	-	2,068	2,068	725
State Grants	325,790	325,790	60,508	(265,282)	79,078
Other Intergovernmental	27,890	27,890	24,250	(3,640)	28,750
Total Intergovernmental Revenue	<u>711,437</u>	<u>711,437</u>	<u>432,687</u>	<u>(278,750)</u>	<u>455,052</u>
Licenses and Permits					
Liquor Licenses	4,500	4,500	2,816	(1,684)	3,896
Building Permits	45,000	45,000	310,346	265,346	52,315
Annexation/Other P&Z Fees	12,000	12,000	21,640	9,640	9,860
Animal Licenses	50	50	-	(50)	105
Business Licenses	-	-	14,305	14,305	13,745
Other Licenses	5,000	5,000	2,635	(2,365)	3,329
Total Licenses and Permits	<u>66,550</u>	<u>66,550</u>	<u>351,742</u>	<u>285,192</u>	<u>83,250</u>
Fines and Forfeits					
	<u>35,900</u>	<u>35,900</u>	<u>47,786</u>	<u>11,886</u>	<u>39,063</u>
Charges for Services					
Recreation/Comm Ctr Charges	124,000	124,000	140,688	16,688	134,436
Airport Charges	38,000	38,000	40,620	2,620	38,442
Sales of Goods	8,500	8,500	10,175	1,675	8,917
Rents	42,165	42,165	31,697	(10,468)	31,058
Internal Charges	468,457	468,457	468,457	-	468,450
Other Charges for Services	248,596	248,596	298,852	50,256	268,032
Total Charges for Services	<u>929,718</u>	<u>929,718</u>	<u>990,489</u>	<u>60,771</u>	<u>949,335</u>
Investment Earnings					
	<u>5,000</u>	<u>5,000</u>	<u>4,899</u>	<u>(101)</u>	<u>6,746</u>
Other Revenues					
Reimbursements and Refunds	-	-	25,386	25,386	445
Donations	-	35,000	25,150	(9,850)	1,658
Insurance Proceeds/Recoveries	7,500	150,900	144,727	(6,173)	18,684
Sale of Capital Assets	2,500	2,500	-	(2,500)	36,172
Other Miscellaneous Revenue	6,000	6,000	99,953	93,953	80,220
Total Other Revenue	<u>16,000</u>	<u>194,400</u>	<u>295,216</u>	<u>100,816</u>	<u>137,179</u>
TOTAL REVENUES	<u>2,475,993</u>	<u>2,654,393</u>	<u>6,693,176</u>	<u>4,038,783</u>	<u>6,011,591</u>

See accompanying Independent Auditors' Report.

(Continued)

CITY OF LAMAR, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			Variance With Final Budget	2016 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
EXPENDITURES					
General Government					
Council & Administration	1,637,248	1,780,648	1,052,218	728,430	2,414,907
Information Technology	185,631	185,631	170,821	14,810	165,244
Other General Government	<u>140,821</u>	<u>140,821</u>	<u>327,844</u>	<u>(187,023)</u>	<u>348,256</u>
Total General Government	<u>1,963,700</u>	<u>2,107,100</u>	<u>1,550,883</u>	<u>556,217</u>	<u>2,928,407</u>
Public Safety					
Police	1,696,589	1,696,589	1,622,385	74,204	1,673,252
Fire	374,838	374,838	380,452	(5,614)	384,129
Municipal Court	<u>37,260</u>	<u>37,260</u>	<u>36,192</u>	<u>1,068</u>	<u>37,234</u>
Total Public Safety	<u>2,108,687</u>	<u>2,108,687</u>	<u>2,039,029</u>	<u>69,658</u>	<u>2,094,615</u>
Public Works					
Community Development	179,330	179,330	187,842	(8,512)	191,192
Planning and Zoning	55,274	55,274	56,163	(889)	62,165
Engineering	160,844	160,844	154,064	6,780	154,817
Streets	922,455	922,455	940,573	(18,118)	914,078
Building and Property Maintenance	<u>337,711</u>	<u>337,711</u>	<u>414,862</u>	<u>(77,151)</u>	<u>398,406</u>
Total Public Works/Comm Devel	<u>1,655,614</u>	<u>1,655,614</u>	<u>1,753,504</u>	<u>(97,890)</u>	<u>1,720,658</u>
Parks, Recreation and Other					
Parks	483,245	483,245	514,190	(30,945)	503,281
Recreation	621,397	621,397	657,131	(35,734)	608,338
Culture	304,647	304,647	285,798	18,849	271,601
Airport	47,930	47,930	53,645	(5,715)	47,389
Cemetery	<u>204,278</u>	<u>204,278</u>	<u>218,756</u>	<u>(14,478)</u>	<u>217,683</u>
Total Parks, Recreation & Other	<u>1,661,497</u>	<u>1,661,497</u>	<u>1,729,520</u>	<u>(68,023)</u>	<u>1,648,292</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

BUDGETARY COMPARISON SCHEDULE

General Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			Variance With Final Budget	2016 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
Capital Outlay					
Public Works Capital Outlay	250,000	250,000	248,393	1,607	381,670
Parks, Recreation and Other Capital Outlay	16,000	16,000	16,000	-	16,000
Other Capital Outlay	291,290	291,290	81,497	209,793	133,938
Total Capital Outlay	<u>557,290</u>	<u>557,290</u>	<u>345,890</u>	<u>211,400</u>	<u>531,608</u>
Debt Service					
Principal	313,107	313,107	312,905	202	267,351
Interest	-	-	-	-	29,965
Total Debt Service	<u>313,107</u>	<u>313,107</u>	<u>312,905</u>	<u>202</u>	<u>297,316</u>
TOTAL EXPENDITURES	<u>8,259,895</u>	<u>8,403,295</u>	<u>7,731,731</u>	<u>671,564</u>	<u>9,220,896</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(5,783,902)</u>	<u>(5,748,902)</u>	<u>(1,038,555)</u>	<u>4,710,347</u>	<u>(3,209,305)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	5,399,741	5,399,741	5,483,512	83,771	2,064,857
Transfers (Out)	-	-	(3,679,722)	(3,679,722)	(256,778)
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,399,741</u>	<u>5,399,741</u>	<u>1,803,790</u>	<u>(3,595,951)</u>	<u>1,808,079</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (384,161)</u>	<u>\$ (349,161)</u>	765,235	<u>\$ 1,114,396</u>	(1,401,226)
Budget to GAAP Basis Reconciliation					
Debt Proceeds			-		(704,823)
Capital Outlay			-		704,823
NET CHANGE IN FUND BALANCE - GAAP BASIS			765,235		(1,401,226)
FUND BALANCE, BEGINNING			<u>1,442,468</u>		<u>2,843,694</u>
FUND BALANCE, ENDING			<u>\$ 2,207,703</u>		<u>\$ 1,442,468</u>

See accompanying Independent Auditors' Report.

OTHER SUPPLEMENTARY INFORMATION

CITY OF LAMAR, COLORADO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	SPECIAL REVENUE FUNDS			SPECIAL REVENUE	
	E-911	Conservation	Victims	Library	Fairmont
	Fund	Trust	Assistance	Fund	Investment
	Fund	Fund	Fund	Fund	Fund
ASSETS AND DEFERRED OUTFLOWS					
ASSETS					
Current Assets					
Cash and Investments					
Cash	\$ 2	\$ -	\$ 10,897	\$ 11,512	\$ -
Investments	-	-	43,993	-	-
Restricted Cash and Investments	-	230,036	-	65,054	345,599
Receivables					
Intergovernmental Receivables	18,087	-	-	-	-
Interest Receivable	-	-	-	-	56
Other Receivables	68,433	-	24	-	601
Internal Balances	(23,379)	-	17	-	89
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 63,143	\$ 230,036	\$ 54,931	\$ 76,566	\$ 346,345
LIABILITIES, DEFERRED INFLOWS AND NET POSITION					
LIABILITIES					
Current Liabilities					
Accounts Payable	\$ 1,959	\$ -	\$ 478	\$ 113	\$ -
Accrued Salaries and Benefits	22,810	-	-	-	-
Deposits and Escrow	-	-	-	220	-
TOTAL LIABILITIES	24,769	-	478	333	-
FUND BALANCE					
Restricted Fund Balance	38,374	230,036	-	76,233	342,777
Committed Fund Balance	-	-	54,453	-	-
Unassigned Fund Balance	-	-	-	-	3,568
TOTAL FUND BALANCE	38,374	230,036	54,453	76,233	346,345
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 63,143	\$ 230,036	\$ 54,931	\$ 76,566	\$ 346,345

See accompanying Independent Auditors' Report.

FUNDS

Lamar Redevelopment Authority		
	Total	
Fund	2017	2016
\$ 233,411	\$ 255,822	\$ 302,512
-	43,993	43,821
-	640,689	617,297
-	18,087	17,833
-	56	64
-	69,058	23,187
-	(23,273)	18,648
<u>\$ 233,411</u>	<u>\$ 1,004,432</u>	<u>\$ 1,023,362</u>

\$ 2,475	\$ 5,025	\$ 8,014
-	22,810	23,161
-	220	155
<u>2,475</u>	<u>28,055</u>	<u>31,330</u>

253,514	940,934	945,825
-	54,453	46,207
<u>(22,578)</u>	<u>(19,010)</u>	<u>-</u>
<u>230,936</u>	<u>976,377</u>	<u>992,032</u>
<u>\$ 233,411</u>	<u>\$ 1,004,432</u>	<u>\$ 1,023,362</u>

CITY OF LAMAR, COLORADO

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	SPECIAL REVENUE FUNDS		
	E-911	Conservation	Victims
	Fund	Trust	Assistance
	Fund	Fund	Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	274,735	73,244	-
Fines and Forfeits	-	-	273
Charges for Services	-	-	12,706
Investment Earnings	-	488	189
Other Revenues	3,242	-	-
TOTAL REVENUES	277,977	73,732	13,168
EXPENDITURES			
Current:			
General Government	-	-	-
Public Safety	493,824	-	4,922
Parks, Recreation and Other	-	43,807	-
Capital Outlay	-	7,128	-
TOTAL EXPENDITURES	493,824	50,935	4,922
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(215,847)	22,797	8,246
OTHER FINANCING SOURCES (USES)			
Transfers (In)	184,732	-	-
Transfers (Out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	184,732	-	-
NET CHANGE IN FUND BALANCE - GAAP BASIS	(31,115)	22,797	8,246
FUND BALANCE, BEGINNING	69,489	207,239	46,207
FUND BALANCE, ENDING	\$ 38,374	\$ 230,036	\$ 54,453

See accompanying Independent Auditors' Report.

SPECIAL REVENUE FUNDS

Library Fund	Fairmont Investment Fund	Lamar Redevelopment Authority Fund	Total	
		Fund	2017	2016
\$ -	\$ -	\$ 100,196	\$ 100,196	\$ 106,805
20,264	-	-	368,243	310,330
-	-	-	273	-
-	8,928	-	21,634	15,405
169	1,500	1,225	3,571	2,602
6,147	313	1,774	11,476	7,880
<u>26,580</u>	<u>10,741</u>	<u>103,195</u>	<u>505,393</u>	<u>443,022</u>
-	5,669	23,007	28,676	18,162
-	-	-	498,746	454,511
20,536	-	-	64,343	28,619
2,617	-	102,766	112,511	98,404
<u>23,153</u>	<u>5,669</u>	<u>125,773</u>	<u>704,276</u>	<u>599,696</u>
<u>3,427</u>	<u>5,072</u>	<u>(22,578)</u>	<u>(198,883)</u>	<u>(156,674)</u>
-	-	-	184,732	216,249
-	(1,504)	-	(1,504)	(1,478)
-	(1,504)	-	183,228	214,771
3,427	3,568	(22,578)	(15,655)	58,097
72,806	342,777	253,514	992,032	933,935
<u>\$ 76,233</u>	<u>\$ 346,345</u>	<u>\$ 230,936</u>	<u>\$ 976,377</u>	<u>\$ 992,032</u>

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CAPITAL PROJECTS FUND

Capital Projects Fund – This fund accounts for construction of capital assets including street improvements, large equipment acquisitions and other capital improvements.

CITY OF LAMAR, COLORADO

BUDGETARY COMPARISON SCHEDULE

Capital Improvement Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		2016	
	Original & Final Budget	Actual		Variance With Final Budget
REVENUES				
Intergovernmental Revenues				
Federal Grants	\$ (7,520)	\$ 43,536	\$ 51,056	\$ 236,952
State Grants	<u>1,351,619</u>	<u>112,525</u>	<u>(1,239,094)</u>	<u>253,562</u>
Total Intergovernmental Revenue	1,344,099	156,061	(1,188,038)	490,514
Investment Earnings	-	3,923	3,923	2,860
Other Revenues				
Donations	<u>291,118</u>	<u>482,095</u>	<u>190,977</u>	<u>227,458</u>
TOTAL REVENUES	<u>1,635,217</u>	<u>642,079</u>	<u>(993,138)</u>	<u>720,832</u>
EXPENDITURES				
Parks, Recreation and Other Capital Outlay	1,998,737	532,774	1,465,963	250,768
Other Capital Outlay	<u>60,000</u>	<u>60,692</u>	<u>(692)</u>	<u>366,091</u>
TOTAL EXPENDITURES	<u>2,549,337</u>	<u>593,466</u>	<u>1,955,871</u>	<u>616,859</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(914,120)	48,613	962,733	103,973
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>238,145</u>	<u>33,145</u>	<u>\$ (205,000)</u>	<u>25,082</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (675,975)</u>	81,758	<u>\$ 757,733</u>	129,055
FUND BALANCE, BEGINNING		<u>930,861</u>		<u>801,806</u>
FUND BALANCE, ENDING		<u>\$ 1,012,619</u>		<u>\$ 930,861</u>

See accompanying Independent Auditors' Report.

SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects, that are legally restricted to expenditures for specified purposes.

E-911 Fund – This fund accounts for all emergency services and communications relating to emergency services.

Conservation Trust Fund – This fund accounts for lottery proceeds received from the State government. Expenditures are restricted to the development or improvement of City parks.

Victims' Assistance Fund – This fund accounts for the surcharge on certain fines and tickets and can reimburse victims for out-of-pocket expenses.

Library Fund – This fund accounts for the activity at the City Library.

Fairmount Investment Trust Fund – This fund accounts for the proceeds from the sale of cemetery lots. Interest earnings are restricted to maintenance of the cemetery by a transfer to the General Fund.

Lamar Redevelopment Authority Fund (Component Unit) – This fund accounts for tax increment financing that is available to reinvest in the urban renewal district for property enhancements or new development incentives.

CITY OF LAMAR, COLORADO

BUDGETARY COMPARISON SCHEDULE

E-911 Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		Variance With Final Budget	2016
	Original & Final Budget	Actual		Actual
REVENUES				
Intergovernmental Revenues				
Other Intergovernmental	\$ 274,732	\$ 274,735	\$ 3	\$ 227,333
Other Miscellaneous Revenue	-	3,242	3,242	-
TOTAL REVENUES	<u>274,732</u>	<u>277,977</u>	<u>3,245</u>	<u>227,333</u>
EXPENDITURES				
Public Safety				
Other Public Safety	<u>474,464</u>	<u>493,824</u>	<u>(19,360)</u>	<u>437,183</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	<u>(199,732)</u>	<u>(215,847)</u>	<u>(16,115)</u>	<u>(209,850)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>184,732</u>	<u>184,732</u>	<u>-</u>	<u>216,249</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (15,000)</u>	<u>(31,115)</u>	<u>\$ (16,115)</u>	<u>6,399</u>
FUND BALANCE, BEGINNING		<u>69,489</u>		<u>63,090</u>
FUND BALANCE, ENDING		<u>\$ 38,374</u>		<u>\$ 69,489</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

BUDGETARY COMPARISON SCHEDULE

Conservation Trust Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			2016 Actual
	Original & Final Budget	Actual	Variance With Final Budget	
REVENUES				
Intergovernmental Revenues				
Cons Trust Fund Revenue	\$ 75,000	\$ 73,244	\$ (1,756)	\$ 82,997
Investment Earnings	120	488	368	162
TOTAL REVENUES	<u>75,120</u>	<u>73,732</u>	<u>(1,388)</u>	<u>83,159</u>
EXPENDITURES				
Parks, Recreation and Other				
Parks	75,000	43,807	31,193	20,870
Parks, Recreation and Other Capital Outlay	-	7,128	(7,128)	-
TOTAL EXPENDITURES	<u>75,000</u>	<u>50,935</u>	<u>24,065</u>	<u>20,870</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 120</u>	<u>22,797</u>	<u>\$ 22,677</u>	<u>62,289</u>
FUND BALANCE, BEGINNING		<u>207,239</u>		<u>144,950</u>
FUND BALANCE, ENDING		<u>\$ 230,036</u>		<u>\$ 207,239</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

BUDGETARY COMPARISON SCHEDULE

Victims Assistance Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		Variance With Final Budget	2016 Actual
	Original/ Final Budget	Actual		
REVENUES				
Fines and Forfeits	\$ -	\$ 273	\$ 273	\$ -
Charges for Services				
Other Charges for Services	9,000	12,706	3,706	9,418
Investment Earnings	50	189	139	88
TOTAL REVENUES	9,050	13,168	4,118	9,506
EXPENDITURES				
Public Safety				
Other Public Safety	16,400	4,922	11,478	17,328
NET CHANGE IN FUND BALANCE - BUDGET BASIS	\$ (7,350)	8,246	\$ 15,596	(7,822)
FUND BALANCE, BEGINNING		46,207		54,029
FUND BALANCE, ENDING		\$ 54,453		\$ 46,207

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

BUDGETARY COMPARISON SCHEDULE

Library Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			2016 Actual
	Original & Final Budget	Actual	Variance With Final Budget	
REVENUES				
Intergovernmental Revenues				
State Grants	\$ -	\$ 20,264	\$ 20,264	\$ -
Charges for Services				
Sales of Goods	-	-	-	828
Investment Earnings	<u>12</u>	<u>169</u>	<u>157</u>	<u>94</u>
Other Revenues				
Donations	10,000	6,140	(3,860)	7,140
Other Miscellaneous Revenue	-	7	7	545
Total Other Revenue	<u>10,000</u>	<u>6,147</u>	<u>(3,853)</u>	<u>7,685</u>
TOTAL REVENUES	<u>10,012</u>	<u>26,580</u>	<u>16,568</u>	<u>8,607</u>
EXPENDITURES				
Parks, Recreation and Other				
Culture	10,000	20,536	(10,536)	7,749
Capital Outlay				
Parks, Recreation and Other Capital Outlay	<u>30,000</u>	<u>2,617</u>	<u>27,383</u>	<u>24,865</u>
TOTAL EXPENDITURES	<u>40,000</u>	<u>23,153</u>	<u>16,847</u>	<u>32,614</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	(29,988)	3,427	33,415	(24,007)
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>30,000</u>	-	(30,000)	-
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 12</u>	<u>3,427</u>	<u>\$ 3,415</u>	<u>(24,007)</u>
FUND BALANCE, BEGINNING		<u>72,806</u>		<u>96,813</u>
FUND BALANCE, ENDING		<u>\$ 76,233</u>		<u>\$ 72,806</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

BUDGETARY COMPARISON SCHEDULE

Fairmont Investment Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017				2016
	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Charges for Services					
Sales of Goods	\$ 7,500	\$ 7,500	\$ 8,928	\$ 1,428	\$ 5,159
Investment Earnings	1,200	1,200	1,500	300	1,420
Other Revenues					
Other Miscellaneous Revenue	-	-	313	313	197
TOTAL REVENUES	<u>8,700</u>	<u>8,700</u>	<u>10,741</u>	<u>2,041</u>	<u>6,776</u>
EXPENDITURES					
General Government					
Other General Government	-	-	5,670	(5,670)	-
Capital Outlay					
Parks, Recreation and Other Capital Outlay	-	6,000	-	6,000	10,950
Other Capital Outlay	800	800	-	800	-
TOTAL EXPENDITURES	<u>800</u>	<u>6,800</u>	<u>5,670</u>	<u>1,130</u>	<u>10,950</u>
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	7,900	1,900	5,071	3,171	(4,174)
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	(1,200)	(1,200)	(1,504)	(304)	(1,478)
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ 6,700</u>	<u>\$ 700</u>	3,567	<u>\$ 2,867</u>	(5,652)
FUND BALANCE, BEGINNING			342,777		348,429
FUND BALANCE, ENDING			<u>\$ 346,344</u>		<u>\$ 342,777</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

BUDGETARY COMPARISON SCHEDULE

Lamar Redevelopment Authority Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		Variance With Final Budget	2016
	Original & Final Budget	Actual		Actual
REVENUES				
Property Taxes	\$ 100,995	\$ 100,196	\$ (799)	\$ 106,805
Investment Earnings	250	1,225	975	838
Other Revenues				
Other Miscellaneous Revenue	-	1,774	1,774	-
TOTAL REVENUES	<u>101,245</u>	<u>103,195</u>	<u>1,950</u>	<u>107,643</u>
EXPENDITURES				
General Government				
Other General Government	24,150	23,007	1,143	18,162
Other Capital Outlay	110,000	102,766	7,234	62,589
TOTAL EXPENDITURES	<u>134,150</u>	<u>125,773</u>	<u>8,377</u>	<u>80,751</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$ (32,905)</u>	<u>(22,578)</u>	<u>\$ 10,327</u>	<u>26,892</u>
FUND BALANCE, BEGINNING		<u>253,514</u>		<u>226,622</u>
FUND BALANCE, ENDING		<u>\$ 230,936</u>		<u>\$ 253,514</u>

See accompanying Independent Auditors' Report.

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ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed in a manner similar to private business enterprises. The costs of providing goods or services to the general public on a continuing basis are recovered primarily from user charges.

The following are the Enterprise Funds of the City:

Light and Power Fund – This fund accounts for all activities necessary for the provision of electrical services for area residents and businesses, including agricultural usage.

Water Fund – This fund accounts for all activities necessary for the provision of water services to City residents.

Sanitation Fund – This fund accounts for the provision of waste management services to City residents.

Ambulance Fund – This fund accounts for the activities necessary for the operation of the City's ambulance services.

CITY OF LAMAR, COLORADO

COMBINING SCHEDULE OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

DECEMBER 31, 2017

With Comparative Totals for December 31, 2016

	Sanitation	Ambulance	Total	
	Fund	Fund	2017	2016
ASSETS AND DEFERRED OUTFLOWS				
ASSETS				
Current Assets				
Cash and Investments				
Cash	\$ 196,991	\$ 38	\$ 197,029	\$ 55,121
Investments	522,737	-	522,737	374,006
Restricted Cash and Investments	287,627	-	287,627	434,808
Receivables				
Interest Receivable	1,042	-	1,042	1,042
Customer Receivable	169,020	37,664	206,684	278,228
Other Receivables	36,342	49,403	85,745	15,904
Internal Balances	(11,524)	(233,508)	(245,032)	(137,620)
Total Current Assets	<u>1,202,235</u>	<u>(146,403)</u>	<u>1,055,832</u>	<u>1,021,489</u>
Noncurrent Assets				
Capital Assets not being depreciated	18,000	-	18,000	18,000
Capital Assets being depreciated	2,895,121	846,871	3,741,992	3,646,825
Accumulated Depreciation	(1,959,474)	(674,030)	(2,633,504)	(2,511,475)
Total Noncurrent Assets	<u>953,647</u>	<u>172,841</u>	<u>1,126,488</u>	<u>1,153,350</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 2,155,882</u>	<u>\$ 26,438</u>	<u>\$ 2,182,320</u>	<u>\$ 2,174,839</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 26,178	\$ 5,694	\$ 31,872	\$ 26,014
Accrued Salaries and Benefits	20,979	15,146	36,125	32,115
Total Current Liabilities	<u>47,157</u>	<u>20,840</u>	<u>67,997</u>	<u>58,129</u>
Noncurrent Liabilities				
Due within one year	8,893	2,599	11,492	10,447
Due in more than one year	334,757	10,398	345,155	483,274
Total Noncurrent Liabilities	<u>343,650</u>	<u>12,997</u>	<u>356,647</u>	<u>493,721</u>
TOTAL LIABILITIES	<u>390,807</u>	<u>33,837</u>	<u>424,644</u>	<u>551,850</u>
NET POSITION				
Net Investment in Capital Assets	660,941	172,841	833,782	718,542
Unrestricted Net Position	1,104,134	(180,240)	923,894	904,447
TOTAL NET POSITION	<u>1,765,075</u>	<u>(7,399)</u>	<u>1,757,676</u>	<u>1,622,989</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,155,882</u>	<u>\$ 26,438</u>	<u>\$ 2,182,320</u>	<u>\$ 2,174,839</u>

See accompanying Independent Auditors' Report

CITY OF LAMAR, COLORADO

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	Sanitation Fund	Ambulance Fund	Total	
			2017	2016
Operating Revenues				
Utility Charges	\$ 1,359,608	\$ -	\$ 1,359,608	\$ 1,286,977
Other Charges for Services	6,777	315,371	322,148	347,419
Total Revenues	<u>1,366,385</u>	<u>315,371</u>	<u>1,681,756</u>	<u>1,634,396</u>
Operating Expenses				
Ambulance	-	500,188	500,188	459,545
Collection, Transmission and Distribution	484,657	-	484,657	629,794
Administration	314,881	19,045	333,926	286,755
Depreciation Expense	77,500	44,529	122,029	162,877
Other Capital Outlay	17,990	-	17,990	-
Total Expenditures	<u>895,028</u>	<u>563,762</u>	<u>1,458,790</u>	<u>1,538,971</u>
Operating Income (Loss)	<u>471,357</u>	<u>(248,391)</u>	<u>222,966</u>	<u>95,425</u>
Other Income (Expense)				
Intergovernmental Revenue	-	80,664	80,664	46,250
Investment Earnings	1,879	-	1,879	7,016
Other Revenue	17,733	21,385	39,118	5,395
Gain (Loss) on Sale of Assets	-	-	-	(4,307)
Total Other Income (Expense)	<u>19,612</u>	<u>102,049</u>	<u>121,661</u>	<u>54,354</u>
Net Income (Loss) before Transfers	490,969	(146,342)	344,627	149,779
Transfers				
Transfers In/(Out)	<u>(225,000)</u>	<u>15,060</u>	<u>(209,940)</u>	<u>(200,000)</u>
Change in Net Position	265,969	(131,282)	134,687	(50,221)
Net Position, Beginning	<u>1,499,106</u>	<u>123,883</u>	<u>1,622,989</u>	<u>1,673,210</u>
Net Position, Ending	<u>\$ 1,765,075</u>	<u>\$ (7,399)</u>	<u>\$ 1,757,676</u>	<u>\$ 1,622,989</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR

**COMBINING SCHEDULE OF CASH FLOWS -
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017
With Comparative Totals for the Year Ended December 31, 2016**

	Sanitation Fund	Ambulance Fund	Total	
			2017	2016
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 1,355,245	\$ 325,124	\$ 1,680,369	\$ 1,627,045
Cash Paid to Suppliers	(477,480)	(275,296)	(752,776)	(842,116)
Cash Paid to Employees	(333,314)	(232,685)	(565,999)	(499,981)
Net Cash Provided by Operating Activities	<u>544,451</u>	<u>(182,857)</u>	<u>361,594</u>	<u>284,948</u>
Cash Flows From Capital and Related Financing Activities:				
Change in Closure/Post Closure Liability	-	-	-	21,246
Debt Principal Payments	(142,102)	-	(142,102)	-
Grant Proceeds	-	80,664	80,664	46,250
Proceeds of Capital Asset Sales	-	-	-	(868)
Acquisition of Capital Assets	(65,047)	(30,120)	(95,167)	(291,049)
Cash Flows Used by Capital and Related Financing Activities	<u>(207,149)</u>	<u>50,544</u>	<u>(156,605)</u>	<u>(224,421)</u>
Cash Flows (Uses) From Noncapital Financing Activities:				
Cash from Other Funds	(213,476)	110,948	(102,528)	(223,975)
Other Revenues (Expense)	17,733	21,385	39,118	5,395
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(195,743)</u>	<u>132,333</u>	<u>(63,410)</u>	<u>(218,580)</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	1,879	-	1,879	6,974
Net Increase (Decrease) in Cash	143,438	20	143,458	(151,079)
Cash - Beginning	863,917	18	863,935	1,015,014
Cash - Ending	<u>\$ 1,007,355</u>	<u>\$ 38</u>	<u>\$ 1,007,393</u>	<u>\$ 863,935</u>
Cash	\$ 196,991	\$ 38	\$ 197,029	\$ 55,121
Investments	522,737	-	522,737	374,006
Restricted Cash and Investments	287,627	-	287,627	434,808
Total	<u>\$ 1,007,355</u>	<u>\$ 38</u>	<u>\$ 1,007,393</u>	<u>\$ 863,935</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	\$ 471,357	\$ (248,391)	\$ 222,966	\$ 95,425
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	77,500	44,529	122,029	162,877
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Customer Receivable	9,297	62,247	71,544	(6,706)
Other Receivables	(20,437)	(52,494)	(72,931)	(645)
(Increase) Decrease in:				
Accounts Payable	5,508	3,441	8,949	5,804
Accrued Salaries and Benefits	(95)	4,104	4,009	8,114
Accrued Compensated Absences	1,321	3,707	5,028	20,079
Total Adjustments	<u>73,094</u>	<u>65,534</u>	<u>138,628</u>	<u>189,523</u>
Net Cash Used for Operating Activities	<u>\$ 544,451</u>	<u>\$ (182,857)</u>	<u>\$ 361,594</u>	<u>\$ 284,948</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

BUDGET AND ACTUAL

Light & Power Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		Variance with Final Budget	2016 Actual
	Final Budget	Actual		
Operating Revenues				
Utility Charges	\$ 29,932,739	\$ 15,602,167	\$ (14,330,572)	\$ 15,055,846
Other Charges for Services	170,250	-	(170,250)	5,498
Total Revenues	<u>30,102,989</u>	<u>15,602,167</u>	<u>(14,500,822)</u>	<u>15,061,344</u>
Operating Expenses				
Collection, Transmission and Distribution	27,622,424	12,191,235	15,431,189	12,333,225
Administration	(14,242,836)	285,440	(14,528,276)	285,790
Depreciation Expense	1,705,000	886,476	818,524	725,733
Other Capital Outlay	737,800	489,608	248,192	307,353
Total Expenditures	<u>15,822,388</u>	<u>13,852,759</u>	<u>1,969,629</u>	<u>13,652,101</u>
Operating Income (Loss)	<u>14,280,601</u>	<u>1,749,408</u>	<u>(12,531,193)</u>	<u>1,409,243</u>
Other Income (Expense)				
Investment Earnings	45,275	37,577	(7,698)	28,759
Other Revenue	1,295,000	379,520	(915,480)	691,183
Debt Service	(447,526)	(383,523)	64,003	(386,317)
Gain (Loss) on Sale of Assets	-	-	-	(106,533)
Total Other Income (Expense)	<u>892,749</u>	<u>33,574</u>	<u>(859,175)</u>	<u>227,092</u>
Net Income (Loss) before Transfers	15,173,350	1,782,982	(13,390,368)	1,636,335
Transfers				
Transfers In/(Out)	<u>(3,248,683)</u>	<u>(1,610,223)</u>	<u>1,638,460</u>	<u>(1,638,460)</u>
Change in Net Position (Budget Basis)	<u>\$ 11,924,667</u>	172,759	<u>\$ (11,751,908)</u>	(2,125)
Budget to GAAP Reconciliation				
Principal Paid		327,917		319,936
Capital Outlay		<u>485,077</u>		<u>307,353</u>
Change in Net Position - GAAP Basis		985,753		625,164
Net Position, Beginning		<u>17,265,276</u>		<u>16,640,112</u>
Net Position, Ending		<u>\$ 18,251,029</u>		<u>\$ 17,265,276</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

BUDGET AND ACTUAL

Water & Wastewater Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			2016 Actual
	Final Budget	Actual	Variance with Final Budget	
Operating Revenues				
Utility Charges	\$ 2,344,626	\$ 2,793,758	\$ 449,132	\$ 2,555,236
Other Charges for Services	31,736	42,868	11,132	37,088
Total Revenues	<u>2,376,362</u>	<u>2,836,626</u>	<u>460,264</u>	<u>2,592,324</u>
Operating Expenses				
Commodity Charges	225,000	332,156	(107,156)	255,541
Collection, Transmission and Distribution	460,068	507,079	(47,011)	541,443
Administration	576,617	535,240	41,377	542,152
Depreciation Expense	403,000	455,960	(52,960)	463,126
Other Capital Outlay	1,183,300	935,947	247,353	275,931
Total Expenditures	<u>2,847,985</u>	<u>2,766,382</u>	<u>81,603</u>	<u>2,078,193</u>
Operating Income (Loss)	<u>(471,623)</u>	<u>70,244</u>	<u>541,867</u>	<u>514,131</u>
Other Income (Expense)				
Intergovernmental Revenue	561,625	27,439	(534,186)	-
Investment Earnings	3,500	2,690	(810)	2,540
Other Revenue	6,000	5,074	(926)	-
Debt Service	(285,000)	(911,937)	(626,937)	(170,646)
Total Other Income (Expense)	<u>286,125</u>	<u>(876,734)</u>	<u>(1,162,859)</u>	<u>(168,106)</u>
Net Income (Loss) before Transfers	<u>(185,498)</u>	<u>(806,490)</u>	<u>(620,992)</u>	<u>346,025</u>
Transfers				
Transfers In/(Out)	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>	<u>(250,000)</u>
Net Income (Loss), Budget Basis	<u>(385,498)</u>	<u>(1,006,490)</u>	<u>(620,992)</u>	<u>96,025</u>
Contributed Capital				
Plant Investment Fees	10,288	17,007	6,719	8,069
Intergovernmental Revenue	400,000	312,535	(87,465)	232,600
Total Contributed Capital	<u>410,288</u>	<u>329,542</u>	<u>(80,746)</u>	<u>240,669</u>
Change in Net Position (Budget Basis)	<u>\$ 24,790</u>	<u>(676,948)</u>	<u>\$ (701,738)</u>	<u>336,694</u>
Budget to GAAP Reconciliation				
Principal Paid		757,066		-
Capital Outlay		932,239		268,531
Change in Net Position - GAAP Basis		1,012,357		605,225
Net Position, Beginning		<u>6,863,074</u>		<u>6,257,849</u>
Net Position, Ending		<u>\$ 7,875,431</u>		<u>\$ 6,863,074</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL**

Sanitation Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		Variance with Final Budget	2016
	Final Budget	Actual		Actual
Operating Revenues				
Utility Charges	\$ 1,265,100	\$ 1,359,608	\$ 94,508	\$ 1,286,977
Other Charges for Services	3,000	6,777	3,777	3,965
Total Revenues	<u>1,268,100</u>	<u>1,366,385</u>	<u>98,285</u>	<u>1,290,942</u>
Operating Expenses				
Collection, Transmission and Distribution	541,618	484,657	56,961	629,794
Administration	296,621	314,881	(18,260)	286,755
Depreciation Expense	95,000	77,500	17,500	108,869
Other Capital Outlay	50,000	83,037	(33,037)	291,050
Total Expenditures	<u>983,239</u>	<u>960,075</u>	<u>23,164</u>	<u>1,316,468</u>
Operating Income (Loss)	<u>284,861</u>	<u>406,310</u>	<u>121,449</u>	<u>(25,526)</u>
Other Income (Expense)				
Investment Earnings	5,000	1,879	(3,121)	7,015
Other Revenue	18,000	17,733	(267)	-
Debt Service	-	27,201	27,201	49,032
Gain (Loss) on Sale of Assets	-	-	-	(4,307)
Total Other Income (Expense)	<u>23,000</u>	<u>46,813</u>	<u>23,813</u>	<u>51,740</u>
Net Income (Loss) before Transfers	307,861	453,123	145,262	26,214
Transfers				
Transfers In/(Out)	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>	<u>(200,000)</u>
Change in Net Position (Budget Basis)	<u>\$ 82,861</u>	<u>228,123</u>	<u>\$ 145,262</u>	<u>(173,786)</u>
Budget to GAAP Reconciliation				
Principal Paid		(27,201)		(49,032)
Capital Outlay		<u>65,047</u>		<u>291,050</u>
Change in Net Position - GAAP Basis		265,969		68,232
Net Position, Beginning		<u>1,499,107</u>		<u>1,430,875</u>
Net Position, Ending		<u>\$ 1,765,076</u>		<u>\$ 1,499,107</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

BUDGET AND ACTUAL

Ambulance Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		Variance with Final Budget	2016
	Final Budget	Actual		Actual
Operating Revenues				
Other Charges for Services	\$ 291,595	\$ 315,371	\$ 23,776	\$ 343,454
Operating Expenses				
Ambulance	360,727	500,188	(139,461)	459,545
Administration	39,204	19,045	20,159	-
Depreciation Expense	32,512	44,529	(12,017)	54,007
Other Capital Outlay	31,150	30,120	1,030	-
Total Operating Expenses	463,593	593,882	(130,289)	513,552
Operating Income (Loss)	(171,998)	(278,511)	(106,513)	(170,098)
Other Income (Expense)				
Intergovernmental Revenue	93,177	80,664	(12,513)	46,250
Investment Earnings	10	-	(10)	1
Other Revenue	11,300	21,386	10,086	5,395
Total Other Income (Expense)	104,487	102,050	(2,437)	51,646
Net Income (Loss) before Transfers	(67,511)	(176,461)	(108,950)	(118,452)
Transfers				
Transfers In/(Out)	15,575	15,060	(515)	-
Change in Net Position (Budget Basis)	\$ (51,936)	(161,401)	\$ (109,465)	(118,452)
Budget to GAAP Reconciliation				
Capital Outlay		30,120		-
Change in Net Position - GAAP Basis		(131,281)		(118,452)
Net Position, Beginning		123,882		242,335
Net Position, Ending		\$ (7,399)		\$ 123,882

See accompanying Independent Auditors' Report.

INTERNAL SERVICE FUNDS

Internal Service funds are established to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Self Insurance Fund – This fund accounts for the health insurance costs and self-insurance costs incurred by covered individuals. The City has not been self-insured since 2014 and the fund was consolidated back into the City's General Fund effective January 1, 2016.

Unemployment Fund – This fund accounts for the unemployment contributions paid by the various funds and pays any unemployment claims. The City has elected to be self-insured for unemployment.

Lamar Building Finance Corporation Fund – This fund accounts for activities relating to the Lamar Building Finance Corporation (blended component unit) and related Certificates of Participation for real property, including buildings, for recreational and cultural purposes. As the underlying Certificates of Participation have been repaid, the Lamar Building Finance Corporation is now inactive. The City has restated prior year financial statements to reflect the repayment and transfer of the related capital assets to the City's governmental activities.

CITY OF LAMAR, COLORADO

COMBINING SCHEDULE OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2017

	Unemployment	Total	
	<u>Fund</u>	<u>2017</u>	<u>2016</u>
ASSETS AND DEFERRED OUTFLOWS			
ASSETS			
Current Assets			
Cash and Investments			
Investments	\$ 71,465	\$ 71,465	\$ 76,134
Prepaid Expenses	11,984	11,984	11,984
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 83,449</u>	<u>\$ 83,449</u>	<u>\$ 88,118</u>
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
Accounts Payable	\$ 11,984	\$ 11,984	\$ -
NET POSITION			
Unrestricted Net Position	71,465	71,465	88,118
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 83,449</u>	<u>\$ 83,449</u>	<u>\$ 88,118</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unemployment	Total	
	Fund	2017	2016
Operating Expenses			
Administration	\$ 16,989	\$ 16,989	3,794
Other Income (Expense)			
Investment Earnings	<u>336</u>	<u>336</u>	<u>357</u>
Net Income (Loss) before Transfers	(16,653)	(16,653)	(3,437)
Transfers			
Transfers In/(Out)	<u>-</u>	<u>-</u>	<u>40,528</u>
Change in Net Position	(16,653)	(16,653)	37,091
Net Position, Beginning	<u>88,118</u>	<u>88,118</u>	<u>51,027</u>
Net Position, Ending	<u>\$ 71,465</u>	<u>\$ 71,465</u>	<u>\$ 88,118</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR

**COMBINING SCHEDULE OF CASH FLOWS -
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Unemployment	Total	
	Fund	2017	2016
Cash Flows From Operating Activities:			
Cash Paid to Suppliers	\$ (5,005)	\$ (5,005)	\$ (19,658)
Cash Flows (Uses) From Noncapital Financing Activities:			
Cash (to) from Other Funds	-	-	(82,073)
Cash Flows (Uses) From Investing Activities:			
Interest Received	336	336	357
Net Increase (Decrease) in Cash	(4,669)	(4,669)	(101,374)
Cash - Beginning	76,134	76,134	177,508
Cash - Ending	<u>\$ 71,465</u>	<u>\$ 71,465</u>	<u>\$ 76,134</u>
Investments	\$ 71,465	\$ 71,465	\$ 76,134
Total	<u>\$ 71,465</u>	<u>\$ 71,465</u>	<u>\$ 76,134</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:			
Operating Income (Loss)	\$ (16,989)	\$ (16,989)	\$ (3,794)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities Related to Operations:			
(Increase) Decrease in:			
Prepaid Expenses	11,984	11,984	(10,462)
(Increase) Decrease in:			
Accounts Payable	-	-	(5,402)
Total Adjustments	11,984	11,984	(15,864)
Net Cash Used for Operating Activities	<u>\$ (5,005)</u>	<u>\$ (5,005)</u>	<u>\$ (19,658)</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL**

Self Insurance Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017			2016 Actual
	Final Budget	Actual	Variance with Final Budget	
Transfers				
Transfers In/(Out)	\$ -	\$ -	\$ -	40,528
Net Position, Beginning				(40,528)
Net Position, Ending		\$ -		\$ -

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
Unemployment Fund
FOR THE YEAR ENDED DECEMBER 31, 2017
With Comparative Totals for the Year Ended December 31, 2016

	2017			2016 Actual
	Final Budget	Actual	Variance with Final Budget	
Operating Expenses				
Administration	\$ 15,000	\$ 16,989	\$ (1,989)	\$ 3,794
Other Income (Expense)				
Investment Earnings	<u>400</u>	<u>336</u>	<u>(64)</u>	<u>357</u>
Change in Net Position (Budget Basis)	<u>\$ (14,600)</u>	<u>(16,653)</u>	<u>\$ (2,053)</u>	<u>(3,437)</u>
Net Position, Beginning		<u>88,118</u>		<u>91,555</u>
Net Position, Ending		<u>\$ 71,465</u>		<u>\$ 88,118</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL**

Lamar Building Finance Corporation Fund

FOR THE YEAR ENDED DECEMBER 31, 2017

With Comparative Totals for the Year Ended December 31, 2016

	2017		Variance with Final Budget	2016
	Final Budget	Actual		Actual
Operating Revenues				
Internal Charges	\$ 178,534	\$ -	\$ (178,534)	\$ -
Other Income (Expense)				
Debt Service	(178,534)	-	178,534	-
Other Expense	(30,000)	-	30,000	-
Total Other Income (Expense)	(208,534)	-	208,534	-
Change in Net Position (Budget Basis)	\$ -	-	\$ -	-
Net Position, Beginning		-		-
Net Position, Ending		\$ -		\$ -

See accompanying Independent Auditors' Report.

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COMPLIANCE SECTION

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State Compliance

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

LOCAL HIGHWAY FINANCE REPORT		City or County:	CITY OF LAMAR
		YEAR ENDING :	December 2013
This Information From The Records Of (example - City of _ or County of City of Lamar)		Prepared By:	Kristin McCrea
		Phone:	(719) 336-1373

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	459,496
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	472,772
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	2,349
2. General fund appropriations		b. Snow and ice removal	0
3. Other local imposts (from page 2)	1,339,620	c. Other	279,847
4. Miscellaneous local receipts (from page 2)	8,223	d. Total (a. through c.)	282,196
5. Transfers from toll facilities		4. General administration & miscellaneous	39,767
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	381,445
a. Bonds - Original Issues		6. Total (1 through 5)	1,635,676
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,347,843	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	287,823	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	1,635,666	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,635,676

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,635,666	1,635,676		(10)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2017

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	45,721	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	8,223
1. Sales Taxes	1,237,620	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	56,279	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,293,899	h. Other	
c. Total (a. + b.)	1,339,620	i. Total (a. through h.)	8,223
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	260,496	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	0
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	27,327	d. Federal Transit Admin	
d. Other - EIAF Grant - Snow	0	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	27,327	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	287,823	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		12,400	12,400
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		248,393	248,393
(4). System Enhancement & Operation		198,703	198,703
(5). Total Construction (1) + (2) + (3) + (4)	0	447,096	447,096
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	459,496	459,496
			(Carry forward to page 1)

Notes and Comments: