

City of Holyoke, Colorado

Financial Statements

For the Year ended December 31, 2018

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Independent Auditors' Report

To the Honorable Mayor and Members of City Council
City of Holyoke
Holyoke, Colorado

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 Holyoke (the City) as of and for the year ended December 31, 2018, 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. 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 auditors' 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 as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and historical pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling 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 other supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
April 12, 2019

City of Holyoke, Colorado

Management's Discussion and Analysis

December 31, 2018

As management of the City of Holyoke (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018.

Financial Highlights:

- The assets of the City exceeded its liabilities at the close of the 2018 fiscal year by \$19,117,943 (net position). Of this amount, \$10,854,396 may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased in the 2018 fiscal year by \$558,567 which was due to an increase in the governmental activities of \$93,272 and an increase in the business-type activities of \$465,295.
- At December 31, 2018, the unreserved fund balance of the General Fund was \$1,646,092 or approximately 97% of the total fiscal year 2018 General Fund expenditures.

Overview of the Financial Statements

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

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

The Statement of Net Position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Overview of the Financial Statements (continued)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, streets, airport, culture, and recreation. The business-type activities of the City include electric distribution, water system, sewer system, and sanitation.

The government-wide financial statements can be found on pages 10 through 13 of this report.

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

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The City's governmental funds include the General Fund and several Special Revenue Funds.

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

The City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with their budget.

The basic governmental fund financial statements can be found on pages 14 through 17.

Proprietary Funds: The City maintains proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric distribution operation, water system, sewer system, and sanitation service.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 18 through 23 of this report.

Overview of the Financial Statements (continued)

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 24 through 52 of this report.

Fire and Police Pension Funds: Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. This information can be found on pages 53 through 59.

Other Information: The City adopts annual appropriated budgets for all its funds in accordance with the Colorado State Statues. The budgetary comparison schedules have been provided for all its funds to demonstrate compliance with the budget law and are found on pages 60 through 85.

Government-wide Financial Analysis

Traditionally, the largest portion of any municipality's investments is in its capital assets. Land, building, equipment, machinery, and specialized tools are necessary in order to deliver and/or provide services to the City's residents and visitors. The City's capital assets account for approximately 42% of its total net position; these assets are not an available source for payment of future spending. Of the remaining \$11,010,006 in net position, \$51,000 or less than 1%, of the net position for governmental activities is restricted for use in the event of an emergency.

At the end of the 2018 fiscal year, the City is able to report positive balances in all categories of net position, first for the government as a whole, and then as separate governmental and business-type activities.

The City's net position increased \$558,567 during the current fiscal year. The increase is primarily due to the excess of revenues over expenditures of the business type activities of \$465,295 even after the transfer to the governmental fund of \$757,500.

Governmental Activities: Governmental activities after transfers left the City's net position at a positive \$93,272. Key elements of this increase are as follows:

- An increase in governmental fund's net position occurred after the transfer of \$757,500 from business-type activities.
- The governmental activities expenses consistently exceeded available revenues before transfers. The City has traditionally subsidized the governmental activities with its business-type activities.
- The City continues to provide funding of highways and streets, culture and recreation, and airport improvements to enhance these services for the citizens.

Governmental activities revenues decreased by \$535,586 from 2017 levels primarily due to the following changes:

- Sales taxes increased by \$27,799 due to a decrease in taxable sales within the City's boundaries.
- Property taxes decreased \$9,769.
- Other taxes increased by \$12,478 primarily due to the addition of the 2.5% lodging tax.
- Capital grants and contributions decreased by \$566,094 due to the completion of the airport taxiway project.

Governmental activities expenses decreased by \$65,284 from 2017 levels primarily due to the following changes:

- Highways and streets expenses decreased by \$25,666. Just one significant equipment purchase of a new crack fill machine.
- Culture and recreation increased by \$16,294. The City added a recreation department with more activities.
- Capital Outlay decreased by \$55,912 due to airport taxiway project completion.

Business-Type Activities: Business-type activities after transfers of \$757,500 increased the City's net position by \$465,295. Key elements of this increase are as follows:

- The increase in net position from 2017 to 2018 was primarily due to charges for services being greater than expenses to provide those services.

Business-type activities revenues increased by \$87,563 from 2017 levels primarily due to the following:

- Charges for services increased, electric by \$136,788, sewer by \$11,339, refuse by \$12,474, water decreased by \$74,148, and utility administration increased by \$1,110.

Business-type activities expenses increased by \$21,011 from 2017 levels primarily due to the following changes:

- Operating costs of the electric utility increased by \$43,921.
- Operating costs of the sanitary utility decreased by \$1,025.
- Operating costs of the water and wastewater decreased by \$21,920.
- Operating costs of the utility administration increased by \$35.

Budget Variances in the General Fund: The City was not required to amend the General Fund budget for the current fiscal year; the General Fund expenditures did not exceed the fund budget.

The General Fund Budget and Actual Schedules can be found on page 60.

Significant Variances in the General Fund

Capital Assets: The City's capital assets decreased government-wide by \$178,178. The 2018 depreciation expense was \$488,659. Additional information, as well as a detailed classification of the City's net position can be found in the Notes to the Financial Statements on pages 36-38 of this report.

Long-term Liabilities: As of the end of the current fiscal year, the City's long-term liabilities decreased by \$400. Additional information as well as a detailed classification of the City's total long-term liabilities can be found in the Notes to the Financial Statements on page 38.

Next Year's Budget and Rates: The City's General Fund balance at the end of the fiscal year 2018 totaled \$1,697,092 an increase of \$117,762. Rates for the utility services (business-type activities) were increased in the electric and refuse utilities. The City's 2019 budget anticipates transfers from the Utility Fund to help offset the operating costs of the City's General Fund.

Request for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Holyoke, City Clerk/Treasurer, 407 E. Denver St., Holyoke, Colorado 80734.

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Basic Financial Statements

The basic financial statements of the City include the following:

Government-wide financial statements. The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

Fund financial statements. The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds.

Notes to the financial statements. The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

CITY OF HOLYOKE, COLORADO
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 1,739,460	\$ 2,446,623	\$ 4,186,083
Cash with fiscal agent	7,664		7,664
Certificates of deposit	568,299	5,532,657	6,100,956
Receivables	475,820	406,050	881,870
Inventory		434,573	434,573
Net pension asset	71,111		71,111
Land and construction in progress	129,481	151,000	280,481
Capital assets, net of depreciation	6,233,005	1,594,451	7,827,456
Total assets	9,224,840	10,565,354	19,790,194
Deferred outflows of resources			
Pension deferrals	57,506		57,506
Total assets and deferred outflows of resources	\$ 9,282,346	\$ 10,565,354	\$ 19,847,700
Liabilities			
Accounts payable	\$ 45,518	\$ 129,610	\$ 175,128
Unearned revenues	17,317		17,317
Customer deposits		30,800	30,800
Noncurrent liabilities			
Due in more than one year	49,107	57,894	107,001
Total liabilities	111,942	218,304	330,246
Deferred inflows of resources			
Deferred property tax revenues	366,731		366,731
Pension deferrals	32,780		32,780
Total deferred inflows of resources	399,511	-	399,511
Net position			
Net investment in capital assets	6,362,486	1,745,451	8,107,937
Restricted for emergencies	51,000		51,000
Restricted for public safety	110		110
Restricted for culture and recreation	33,389		33,389
Restricted for pensions	71,111		71,111
Unrestricted	2,252,797	8,601,599	10,854,396
Total net position	8,770,893	10,347,050	19,117,943
Total liabilities, deferred inflows of resources and net position	\$ 9,282,346	\$ 10,565,354	\$ 19,847,700

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

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CITY OF HOLYOKE, COLORADO
Statement of Activities
For the Year Ended December 31, 2018

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 228,132	\$ 27,773		
Public safety	414,447	582		\$ 9,810
Public works	866,258	126,095	\$ 155,854	8,037
Health and welfare	68,149	16,855		300
Culture and recreation	546,157	37,424	22,083	5,208
Total governmental activities	2,123,143	208,729	177,937	23,355
Business-type activities				
Electric	1,528,471	2,684,340		
Water	201,694	247,308		
Sewer	157,500	268,604		
Refuse	189,479	252,600		
Administration	390,195			
Total business-type activities	2,467,339	3,452,852	-	-
Total	\$ 4,590,482	\$ 3,661,581	\$ 177,937	\$ 23,355

General revenues and transfers

Taxes

 Property taxes, levied for general purposes

 Specific ownership taxes

 Sales and use taxes

 Franchise taxes

 Lodging taxes

Unrestricted earnings on investments

Miscellaneous

Transfers

 Total general revenues and transfers

 Change in net position

Net position at beginning of year

Net position at end of year

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

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (200,359)		\$ (200,359)
(404,055)		(404,055)
(576,272)		(576,272)
(50,994)		(50,994)
(481,442)		(481,442)
(1,713,122)	\$ -	(1,713,122)
	1,155,869	1,155,869
	45,614	45,614
	111,104	111,104
	63,121	63,121
	(390,195)	(390,195)
-	985,513	985,513
(1,713,122)	985,513	(727,609)
361,631		361,631
37,439		37,439
466,843		466,843
21,676		21,676
24,362		24,362
17,229	98,801	116,030
119,714	138,481	258,195
757,500	(757,500)	-
1,806,394	(520,218)	1,286,176
93,272	465,295	558,567
8,677,621	9,881,755	18,559,376
<u>\$ 8,770,893</u>	<u>\$ 10,347,050</u>	<u>\$ 19,117,943</u>

CITY OF HOLYOKE, COLORADO
Balance Sheet
Governmental Funds
For the Year Ended December 31, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash	\$ 1,592,892	\$ 146,568	\$ 1,739,460
Cash with fiscal agent	7,554	110	7,664
Certificates of deposit	52,311	515,988	568,299
Property taxes receivable	356,847	9,884	366,731
Accounts receivable	107,163		107,163
Interest receivable	7	1,919	1,926
Total assets	\$ 2,116,774	\$ 674,469	\$ 2,791,243
Liabilities			
Accounts payable	\$ 45,518		\$ 45,518
Unearned revenues	17,317		17,317
Total liabilities	62,835	\$ -	62,835
Deferred inflows of resources			
Deferred property tax revenues	356,847	9,884	366,731
Total deferred inflows of resources	356,847	9,884	366,731
Fund balance			
Nonspendable permanent fund principal		216,647	216,647
Restricted to:			
Emergencies	51,000		51,000
Public safety		110	110
Culture and recreation		33,389	33,389
Committed to:			
Culture and recreation		143,944	143,944
Health and welfare		270,495	270,495
Unassigned	1,646,092		1,646,092
Total fund balance	1,697,092	664,585	2,361,677
Total liabilities, deferred inflows of resources and fund balance	\$ 2,116,774	\$ 674,469	\$ 2,791,243

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

CITY OF HOLYOKE, COLORADO
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2018

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

Total fund balance - governmental funds	\$ 2,361,677
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	6,362,486
Net pension assets and deferrals used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	95,837
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(49,107)</u>
Net position of the governmental activities	<u><u>\$ 8,770,893</u></u>

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

CITY OF HOLYOKE, COLORADO
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 901,998	\$ 9,953	\$ 911,951
Licenses and permits	9,277	22,083	31,360
Intergovernmental revenues	173,450		173,450
Charges for services	53,652		53,652
Fines and forfeitures	11,305		11,305
Earnings on investments	8,472	8,757	17,229
Miscellaneous revenues	248,738	3,200	251,938
Total revenues	1,406,892	43,993	1,450,885
Expenditures			
Current			
General government	220,048		220,048
Public safety	564,297	9,867	574,164
Public works	679,133		679,133
Health and welfare	67,085		67,085
Culture and recreation	525,184		525,184
Total expenditures	2,055,747	9,867	2,065,614
Excess of revenues over (under) expenditures	(648,855)	34,126	(614,729)
Other financing sources (uses)			
Transfers in	766,617		766,617
Transfers out		(9,117)	(9,117)
Total other financing sources (uses)	766,617	(9,117)	757,500
Net change in fund balance	117,762	25,009	142,771
Fund balance at beginning of year	1,579,330	639,576	2,218,906
Fund balance at end of year	\$ 1,697,092	\$ 664,585	\$ 2,361,677

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

CITY OF HOLYOKE, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018

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

Net change in fund balances - governmental funds	\$ 142,771
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the current period.	(55,450)
In the statement of activities, certain operating expenses are measured by the amounts incurred or earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	<u>5,951</u>
Change in net position of governmental activities	<u><u>\$ 93,272</u></u>

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

CITY OF HOLYOKE, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2018

	<u>Enterprise Fund</u>
Assets	
Current assets	
Cash	\$ 2,446,623
Certificates of deposit	5,532,657
Receivables	406,050
Inventory	<u>434,573</u>
Total current assets	8,819,903
Noncurrent assets	
Land	151,000
Capital assets, net of depreciation	<u>1,594,451</u>
Total noncurrent assets	<u>1,745,451</u>
Total assets	<u><u>\$ 10,565,354</u></u>
Liabilities	
Current liabilities	
Accounts payable	\$ 129,610
Customer deposits	<u>30,800</u>
Total current liabilities	160,410
Long-term liabilities	
Accrued compensated absences	<u>57,894</u>
Total liabilities	218,304
Net position	
Net investment in capital assets	1,745,451
Unrestricted	<u>8,601,599</u>
Total net position	<u>10,347,050</u>
Total liabilities and net position	<u><u>\$ 10,565,354</u></u>

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

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CITY OF HOLYOKE, COLORADO
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	<u>Enterprise Fund</u>
Operating revenues	
Charges for services	\$ 3,452,852
Total operating revenues	3,452,852
Operating expenses	
Salaries	599,595
Benefits	223,897
Supplies	48,757
Repairs and maintenance	67,962
Farm	6,764
Water pumping	49,727
Membership and dues	4,153
Utilities	1,198,144
Legal and professional	20,047
Testing	4,505
Travel and meetings	2,707
Landfill	45,461
Website	900
Insurance	39,547
Bad debts	1,328
Depreciation	153,845
Total operating expenses	<u>2,467,339</u>
Operating income	985,513

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

	<u>Enterprise Fund</u>
Nonoperating revenues	
Earnings on investments	98,801
Property rent	90,150
Miscellaneous	48,331
	<u>237,282</u>
Total nonoperating revenues	1,222,795
Net income before transfers	(757,500)
Transfers out	<u>465,295</u>
Change in net position	9,881,755
Net position at beginning of year	<u>\$ 10,347,050</u>
Net position at end of year	<u><u>\$ 10,347,050</u></u>

CITY OF HOLYOKE, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	<u>Enterprise Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 3,441,957
Payments to suppliers	(1,738,108)
Payments to employees	(597,093)
	<u>1,106,756</u>
Net cash provided by operating activities	1,106,756
Cash flows from noncapital financing activities	
Transfers to other funds	(757,500)
Property rent	90,150
Miscellaneous receipts	48,331
	<u>(619,019)</u>
Net cash used by noncapital financing activities	(619,019)
Cash flows from capital and related financing activities	
Purchase of capital assets	(41,617)
	<u>(41,617)</u>
Net cash used by capital and related financing activities	(41,617)
Cash flows from investing activities	
Interest earnings	98,801
Redemption of certificates of deposit	2,000,000
Purchase of certificates of deposit	(2,500,000)
	<u>(401,199)</u>
Net cash used by investing activities	(401,199)
Net increase in cash and cash equivalents	44,921
Cash and cash equivalents at beginning of year	<u>2,401,702</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,446,623</u></u>

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

	<u>Enterprise Fund</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 985,513
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	153,845
Bad debts	1,328
Change in assets and liabilities	
Receivables	(4,123)
Inventory	(8,838)
Accounts payable	(15,371)
Customer deposits	(8,100)
Accrued compensated absences	2,502
	<u> </u>
Net cash provided by operating activities	<u><u>\$ 1,106,756</u></u>

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the City of Holyoke'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 financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The more significant of the City's accounting policies are described below.

A.1 – Reporting entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The City has examined other entities that could be included as defined in numbers 2 and 3 above. Based on these criteria, the City has no component units.

A.2 – Fund accounting

The City uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The City does not have any fiduciary funds.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), major capital projects (capital projects fund), and the servicing of general long-term debt (debt service fund). The following is the City's major governmental fund:

General Fund – The General Fund is the operating fund of the City. It is used to account for most of the day-to-day operations of the City which are financed from sales and use taxes, property taxes and other general revenues. Activities financed by the general fund include those of line and staff departments within the City, except for activities of the enterprise funds.

The following are the City's nonmajor governmental funds:

Heginbotham Trust Fund – This fund is a special revenue fund established with funds from the sale of lots with the interest earned on the principal being transferred to the parks department in the General Fund on an annual basis.

Library Land Fund – This fund is a special revenue fund established through the sale of land with the interest earned on the principal being transferred to the library department in the General Fund on an annual basis.

Spindler Library Fund – This fund is a special revenue fund established with money bequeathed to the City for the library.

Cemetery Perpetual Care Fund – This fund is a special revenue fund established to help maintain the cemetery with the interest earned on the principal being transferred to the cemetery department in the General Fund on an annual basis.

Conservation Trust Fund – This fund is a special revenue fund established to accumulate lottery proceeds which can be used to fund recreational facilities and/or projects.

Cemetery White Fund – This fund is a special revenue fund established with money bequeathed to the City to be used for the cemetery with the interest earned on the principal being transferred to the cemetery department in the General Fund on an annual basis. The principal can be used for projects approved by the cemetery board.

Massman Memorial Fund – This fund is a special revenue fund established with money bequeathed to the City to be used for the parks with the interest earned on the principal being transferred to the parks department in the General Fund on an annual basis. The principal can be used for projects approved by city council.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Firemen's Pension Fund – This fund is a special revenue fund established to provide financial resources for the City's Volunteer Fire Pension Plan.

LeBlanc Estate Fund – This fund is a permanent fund established with money bequeathed to the City to be used for maintaining the cemetery with the interest earned on the principal being transferred to the cemetery department in the General Fund on an as needed basis to cover cemetery maintenance projects.

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the City's major proprietary fund:

Utility Fund – This fund was established to account for all operations of the electric, water, sewer, and refuse utility services provided by the City.

Note A.3 – Basis of presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with a brief explanation to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Fund financial statements – Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources management focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balance, which reports the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net total position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

A.4 – Basis of accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days of fiscal year-end.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Property taxes, sales taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

Expenses/expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.5 – Encumbrances

Encumbrances outstanding at year-end are considered immaterial and thus are not reported as reservations of fund balance.

A.6 – Cash and cash investments

The City has pooled the cash resources of its funds in order to maximize investment opportunities. Short-term investments, including government securities and certificates of deposit, are purchased with pooled cash. Interest earned is allocated to individual funds based on their proportional equity in each investment purchased. Certain funds have made disbursements for investments in excess of the fund's individual equity. The deficit balances of these funds are reported as a liability "due to other funds."

A.7 – Cash and cash equivalents

For the purposes of the statement of cash flows, the City considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

A.8 – Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

A.9 – Receivables

Monthly charges for water, sanitation and sewer services are included with monthly utility billings. No allowance for doubtful accounts has been provided in the accompanying financial statements since substantially all accounts are deemed by management to be collectible.

A.10 – Inventories

Inventories in the proprietary funds consist of supplies and are recorded at the lower of cost or market using the first-in, first-out method.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.11 – Capital assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) have been capitalized on a prospective basis beginning in 2004.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Buildings	20-40 years	20-40 years
Equipment	3-10 years	3-10 years
Improvements other than buildings	10-40 years	10-40 years
Infrastructure	10-50 years	n/a

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.12 – Compensated absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." In recognition of the varying work schedules of city employees and each employee's diverse needs for time away from work, the City provides a general leave policy of paid time off (PTO) for its employees. Paid time off shall be accrued by regular employees and is determined by the work period that each employee is scheduled.

Vacation leave

Full-time employees may accumulate up to 160 hours of vacation for the first 10 years of continuous service. After 10 years of continuous service an additional 8 hours per year may be accumulated up to a maximum of 200 hours of vacation after 15 years of continuous service. Accumulated vacation leave is paid upon separation from employment.

Sick leave

Full-time employees may accumulate up to 480 hours of sick leave. Accumulated sick leave is paid upon separation from employment at the rate of 1 day for each 4 days except in cases where employees are discharged or terminated for any reason within the first year of employment.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accrued compensated absences" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of the compensated absences is reported as a fund liability.

The amounts recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.13– Accrued liabilities and long-term obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. Compensated absences are reported as accrued in the government-wide and proprietary fund financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

A.14 – Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

A.15 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are service charges for electric, water, sanitation and sewer utility services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

A.16 – Interfund transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services that are provided and used are not eliminated in the process of consolidation.

A.17 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the city council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

A.18 – Fund balance

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different type of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

- *Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),
- *Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,
- *Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the City's highest level of decision-making authority),
- *Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and
- *Unassigned* fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the members of city council through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the City applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the City's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of year-end, the City had total deposits of \$10,336,275, of which \$750,000 was insured and \$9,586,275 was collateralized with securities held by the pledging institution's trust department or agent in the City's name.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note B – Cash and investments (Continued)

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the City’s own investment policies and procedures. Investments of the City may include:

- Obligations of the United States Government, such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At year-end, the City had only investments in certificates of deposit.

Note C – Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Receivables</u>
Utility accounts	\$ -	\$ 374,054	\$ 374,054
Property taxes	366,731	-	366,731
Other accounts	107,163	-	107,163
Interest	<u>1,926</u>	<u>31,996</u>	<u>33,922</u>
Total	<u>\$ 475,820</u>	<u>\$ 406,050</u>	<u>\$ 881,870</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. Phillips County bills and collects property taxes for all taxing entities within the County. The tax receipts collected by the County are remitted to the City in the subsequent month.

Note D – Interfund transactions

The following is a summary of interfund transfers for the year as presented in the fund financial statements:

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note D – Interfund transactions (Continued)

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Utility Fund	\$ 757,500
General Fund	Other Governmental Funds	<u>9,117</u>
Total		<u>\$ 766,617</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The City annually transfers funds from the Utility Fund and Other Governmental Funds to provide support to various departments within the General Fund.

Note E – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ -	\$ 129,481	\$ -	\$ 129,481
Capital assets, being depreciated:				
Land and improvements	9,655,629	-	-	9,655,629
Buildings and improvements	1,552,062	8,030	-	1,560,092
Office equipment	156,335	-	-	156,335
Machinery and equipment	<u>2,062,629</u>	<u>141,853</u>	<u>(20,000)</u>	<u>2,184,482</u>
Total capital assets, being depreciated	<u>13,426,655</u>	<u>149,883</u>	<u>(20,000)</u>	<u>13,556,538</u>
Total capital assets	13,426,655	279,364	(20,000)	13,686,019
Less accumulated depreciation for:				
Land and improvements	(4,433,978)	(202,585)	-	(4,636,563)
Buildings and improvements	(866,915)	(37,256)	-	(904,171)
Office equipment	(144,563)	(1,968)	-	(146,531)
Machinery	<u>(1,552,763)</u>	<u>(93,005)</u>	<u>9,500</u>	<u>(1,636,268)</u>
Total accumulated depreciation	<u>(6,998,219)</u>	<u>(334,814)</u>	<u>9,500</u>	<u>(7,323,533)</u>
Governmental activities capital assets, net	<u>\$ 6,428,436</u>	<u>\$ (55,450)</u>	<u>\$ (10,500)</u>	<u>\$ 6,362,486</u>

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 151,000	\$ -	\$ -	\$ 151,000
Capital assets, being depreciated				
Distribution systems	4,431,641	18,232	-	4,449,873
Buildings and improvements	468,359	-	-	468,359
Office equipment	18,330	-	-	18,330
Machinery and equipment	<u>1,388,941</u>	<u>23,385</u>	-	<u>1,412,326</u>
Total capital assets, being depreciated	<u>6,307,271</u>	<u>41,617</u>	-	<u>6,348,888</u>
Total capital assets	6,458,271	41,617	-	6,499,888
Less accumulated depreciation for:				
Distribution systems	(3,188,238)	(86,859)	-	(3,275,097)
Buildings and improvements	(301,692)	(16,161)	-	(317,853)
Office equipment	(18,330)	-	-	(18,330)
Machinery and equipment	<u>(1,092,332)</u>	<u>(50,825)</u>	-	<u>(1,143,157)</u>
Total accumulated depreciation	<u>(4,600,592)</u>	<u>(153,845)</u>	-	<u>(4,754,437)</u>
Business-type activities capital assets, net	<u>\$ 1,857,679</u>	<u>\$ (112,228)</u>	<u>\$ -</u>	<u>\$ 1,745,451</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities	
General government	\$ 5,017
Public safety	19,519
Public works	262,054
Health and welfare	1,064
Culture and recreation	<u>47,160</u>
Total governmental activities	<u>\$ 334,814</u>

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note E – Capital assets (Continued)

Business-type activities	
Electric	\$ 36,001
Water	33,556
Sewer	54,934
Refuse	13,361
Administration	<u>15,993</u>
 Total business-type activities	 \$ <u>153,845</u>

Note F – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Governmental Activities					
Compensated absences	\$ 46,040	\$ 3,067	\$ -	\$ 49,107	\$ -
Net pension liability	<u>5,968</u>	<u>-</u>	<u>(5,968)</u>	<u>-</u>	<u>-</u>
 Totals	 \$ <u>52,008</u>	 \$ <u>3,067</u>	 \$ <u>(5,968)</u>	 \$ <u>49,107</u>	 \$ <u>-</u>

The compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The City believes that the current portion of compensated absences is negligible and is therefore not reported.

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Business-type activities					
Compensated absences	\$ 55,393	\$ 2,501	\$ -	\$ 57,894	\$ -

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note G - 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. The City has affiliated with the Colorado Intergovernmental Risk Sharing Agency (CIRSA) to provide protection against losses incurred related to property, casualty, general liability and workers compensation claims. CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of the Colorado Revised Statutes and the Colorado Constitution. The purposes of CIRSA are to provide members defined liability, property and workers compensation coverages and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees, or officers. The City makes an annual contribution to CIRSA for its insurance coverage. For the year, the City's financial contribution to CIRSA was \$151,977. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the City. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note H - Pension plans

Statewide Defined Benefit Plan

Summary of significant accounting policies

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

General information about the pension plan

Plan description. The Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

Employers once had the option to elect to withdraw from the Plan, but a change in state statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at www.fppaco.org.

Benefits provided. A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

A member is eligible for an early retirement at age 50 or after 30 years of service or attainment of age 50 with at least five years of service credit. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions. Contribution rates for the SWDB Plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or by election of the membership.

Members of the SWDB Plan and their employers are contributing at the rate of 9.5 percent and 8 percent, respectively, of base salary for a total contribution rate of 17.5 percent in 2017. In 2014, the members elected to increase the member contribution rate to the SWDB Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 21.5 percent of base salary in 2017. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

The contribution rate for members and employers of affiliated social security employers is 4.75 percent and 4 percent, respectively, of base salary for a total contribution rate of 8.75 percent in 2017. Per the 2014 member election, members of the affiliate social security group will have their required member contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

Contributions to the Plan from the City were \$7,905.

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

At December 31, 2018 the City reported an asset of \$20,153 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2018. The City's proportion of the net position asset was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2017, the City's proportion was .0140 percent, which was a decrease of .0025 percent from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the City recognized pension expense (income) of \$(4,383). At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 10,408	\$ 16,206
Changes in assumptions and other inputs	3,272	
Changes in proportion and differences between contributions recognized and proportionate share of contributions	408	1,524
Contributions subsequent to measurement date	7,905	
Difference between expected and actual experience	<u>15,089</u>	<u>233</u>
Totals	<u>\$ 37,082</u>	<u>\$ 17,963</u>

\$7,905 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase 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:

<u>Year Ended December 31, _____</u>	<u>Amount</u>
2019	\$ 2,778
2020	2,452
2021	(681)
2022	(1,953)
2023	2,099
2024	2,099
2025	2,164
2026	1,565
2027	<u>691</u>
Totals	<u>\$ 11,214</u>

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

Actuarial assumptions. The collective total pension liability as of December 31, 2017 is based upon the January 1, 2018 actuarial valuation, which was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	January 1, 2018
Actuarial method	Entry age normal
Amortization method	Level percent of payroll, open
Amortization period	30 years
Long-term investment rate of return*	7.5%
Projected salary increases*	4.0% - 14.0%
Cost of living adjustments	0.0%
*Includes inflation at	2.5%

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

The 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). 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, 2017, are summarized in the following table:

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note H - Pension plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	37%	8.33%
Equity Long/Short	9%	7.15%
Illiquid Alternatives	24%	9.70%
Fixed Income	15%	3.00%
Absolute Return	9%	6.46%
Managed Futures	4%	6.85%
Cash	<u>2%</u>	2.26%
Totals	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

Sensitivity of the City’s proportionate share of the net pension liability/(asset) to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the City’s proportionate share of the net pension liability/(asset) calculated using a Single Discount Rate of 7.50%, as well as what the City’s proportionate share of the net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease <u>(6.50%)</u>	Current Discount <u>(7.50)</u>	1% Increase <u>(8.50)</u>
Proportionate share of the net pension liability (asset)	\$ <u>21,940</u>	\$ <u>(20,153)</u>	\$ <u>(55,106)</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Payables to the pension plan

The City did not report any payables to the pension plan at year-end.

Holyoke Volunteer Fire Department Pension Fund

Summary of significant accounting policies

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Holyoke Volunteer Fire Department Pension Fund and additions to/deductions from Holyoke Volunteer Fire Department Pension Fund’s net position have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

General information about the pension plan

Plan administration. The City's defined benefit pension plan for volunteers provides retirement and disability benefits and death benefits to plan members and beneficiaries. The plan is affiliated with the Fire and Police Member's Benefit Fund, an agent multiple-employer pension plan administered by the Fire and Police Pension Association (FPPA) of Colorado. Title 31, Article 30 of the Colorado Revised Statutes assigns the authority to establish and amend the benefit provisions of the plans that participate in FPPA to the respective member entities. The FPPA issues a publicly available financial report that includes financial statements and required supplementary information for Public Employee Retirement System (PERS) Affiliated Local Plans that can be obtained at www.fppaco.org.

Management of the Holyoke Volunteer Fire Department Pension Fund is vested in the local Pension Board, which consists of the City Mayor, Treasurer, two persons appointed by the governing body of the City, and three representatives of the local fire department serving the City.

Plan membership. At year-end, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	24
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	<u>19</u>
Total	<u>48</u>

Benefits provided. The plan provides retirement and death benefits. Any firefighter who has both reached the age of 50 and completed 20 years of active service shall be eligible for a monthly pension (currently \$55 per month). Vesting for reduced monthly pension benefits begins at 10 years of service, with full pension after 20 years. The plan also provides for a lump-sum burial benefit of \$100 upon the death of an active or retired firefighter. The plan does not provide for disability or survivor benefits.

Contributions. Contribution requirements of the plan are established under Title 31, Article 30 of the Colorado Revised Statutes. The plan is noncontributory regarding participants. Contributions to the plan for the year ended December 31, 2018 included \$0 from the State of Colorado matching funds and \$9,668 from the City.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

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

At December 31, 2018 the City reported a net pension asset of \$50,958. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2017.

For the year ended December 31, 2018, the City recognized pension expense (income) of \$2,436. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 7,930	\$ 11,778
Changes in assumptions and other inputs	2,826	-
Contributions subsequent to measurement date	9,668	-
Difference between expected and actual experience	<u>-</u>	<u>3,039</u>
Totals	<u>\$ 20,424</u>	<u>\$ 14,817</u>

\$9,668 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31, _____</u>	<u>Amount</u>
2019	\$ 622
2020	253
2021	(1,989)
2022	<u>(2,947)</u>
Totals	<u>\$ (4,061)</u>

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

Actuarial assumptions. The total pension asset in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	20 years
Asset valuation method	5-year smoothed fair value
Inflation	3.00%
Salary increases	N/A
Investment rate of return	7.50%
Retirement age	50% per year of eligibility until 100% at age 65

Mortality rates were based on the RP-2000 Combined Mortality Table with Blue Collar Adjustment projected with Scale AA, 55 percent multiplier for off-duty mortality. On-duty related mortality is assumed to be 0.00020 per year for all members.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of a regularly scheduled experience study in 2015. As a result of the 2015 experience study, the main actuarial factor changes were:

- Reduced the inflation assumption from 3.0 percent to 2.5 percent.
- Revised the post-retirement mortality tables to reflect increased longevity.

The 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return which eliminates the 2.5% inflation assumption, for each major asset class included in the Fund's target asset allocation as of December 31, 2017, are summarized in the following table:

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	2%	2.26%
Fixed Income	15%	3.00%
Managed Futures	4%	6.85%
Absolute Return	9%	6.46%
Long Short	9%	7.15%
Global Public Equity	37%	8.33%
Private Capital	<u>24%</u>	9.70%
Totals	<u>100.00%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31% (based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.50%.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

Changes in the net pension liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances at beginning of year	\$ 193,136	\$ 219,724	\$ (26,588)
Changes for the year			
Service cost	762	-	762
Interest on total pension liability	13,928	-	13,928
Benefit changes	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions – employer	-	9,934	(9,934)
Contributions – state of colorado	-	8,331	(8,331)
Net investment income	-	30,916	(30,916)
Benefit and refund payments	(15,884)	(15,884)	-
Administrative expenses	-	(10,121)	10,121
Net changes	<u>(1,194)</u>	<u>23,176</u>	<u>(24,370)</u>
Balances at end of year	<u>\$ 191,942</u>	<u>\$ 242,900</u>	<u>\$ (50,958)</u>

Sensitivity of the City's net pension liability/(asset) to changes in the discount rate. Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the City's net pension liability/(asset) calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease	Current Discount	1% Increase
	<u>(6.50%)</u>	<u>(7.50%)</u>	<u>(8.50%)</u>
Net pension liability (asset)	\$ <u>(31,879)</u>	\$ <u>(50,958)</u>	\$ <u>(67,029)</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Holyoke Volunteer Fire Department Pension Fund financial report.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note H – Pension plans (Continued)

Payables to the pension plan

The City did not report any payables to the pension plan at year-end.

Defined Contribution Plan

The City contributes to the Colorado County Officials and Employees Retirement Plan (the Plan), a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association (CCOERA).

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the City Council. The City's contribution is a minimum of 6 percent of covered salary, but may be increased beyond this amount. All eligible employees are required to contribute an amount equal to the contribution by the City. For the year employee contributions totaled \$52,915, and the City recognized pension expense of \$52,915.

Employees are immediately vested in their own contributions, City contributions, and earnings on those contributions.

Note I – Deferred compensation plan

The City has a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan is administered by an independent plan administrator through an administrative service agreement. The plan is available to all permanent City employees. Employees defer a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death or financial hardship.

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997. The City approved plan amendments such that plan assets are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose.

Note J – Commitments and contingencies

Federal and state funding

The City receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

CITY OF HOLYOKE, COLORADO
Notes to Financial Statements

Note J – Commitments and contingencies (Continued)

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the "spending limit" must be refunded or approved to be retained by the City under specified voting requirements by the entire electorate. On November 7, 1995, the voters of the City approved a ballot initiative permitting the City to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of TABOR. However, the City has made certain interpretations of TABOR's language in order to determine its compliance. The City has restricted funds in the General Fund in the amount of \$51,000 for the emergency reserve.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset) – Fire & Police Statewide Defined Benefit Plan
- Schedule of City Contributions – Fire & Police Statewide Defined Benefit Plan
- Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios – Holyoke Volunteer Fire Department Pension Fund
- Schedule of City Contributions – Holyoke Volunteer Fire Department Pension Fund
- Budgetary Comparison Schedule – General Fund
- Notes to Required Supplementary Information

CITY OF HOLYOKE, COLORADO

Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset) ¹

Fire & Police Statewide Defined Benefit Plan

December 31, 2018

	2018	2017	2016	2015
City's proportion of the net pension liability/(asset)	0.0140%	0.0165%	0.0151%	0.0146%
City's proportionate share of the net pension liability/(asset)	\$ (20,153)	\$ 5,968	\$ (266)	\$ (16,486)
City's covered payroll	\$ 81,938	\$ 84,525	\$ 73,175	\$ 65,688
City's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-24.6%	7.1%	0.4%	25.1%
Plan fiduciary net position as a percentage of the total pension liability	106.30%	98.21%	100.10%	106.80%

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

¹ Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

2014

0.0159%

\$ (14,209)

\$ 69,025

20.6%

105.80%

CITY OF HOLYOKE, COLORADO
Schedule of City Contributions ¹
Fire & Police Statewide Defined Benefit Plan
December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 7,905	\$ 6,555	\$ 6,762	\$ 5,854
Contributions in relation to the contractually required contribution	<u>(7,905)</u>	<u>(6,555)</u>	<u>(6,762)</u>	<u>(5,854)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 98,813	\$ 81,938	\$ 84,525	\$ 73,175
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%

¹ Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

<u>2014</u>	<u>2013</u>
\$ 5,255	\$ 5,522
<u>(5,255)</u>	<u>(5,522)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 65,688	\$ 69,025
8.00%	8.00%

CITY OF HOLYOKE, COLORADO
Schedule of Changes in the City's Net Pension Liability/(Asset) and Related Ratios ¹
Holyoke Volunteer Fire Department Pension Fund
Last 10 Fiscal Years

	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 762	\$ 964	\$ 964	\$ 767
Interest on the total pension liability	13,928	14,045	14,107	13,718
Differences between expected and actual experience	-	(5,993)	-	6,209
Changes of assumptions	-	5,574	-	-
Benefit payments	(15,884)	(16,201)	(15,609)	(15,609)
Net change in total pension liability	(1,194)	(1,611)	(538)	5,085
Total pension liability - beginning	193,136	194,747	195,285	190,200
Total pension liability - ending (a)	<u>\$ 191,942</u>	<u>\$ 193,136</u>	<u>\$ 194,747</u>	<u>\$ 195,285</u>
Plan fiduciary net position				
Contributions - employer	\$ 9,934	\$ 9,820	\$ 9,324	\$ 8,729
Net investment income	30,916	10,829	3,689	12,654
Benefit payments	(15,884)	(16,201)	(15,609)	(15,609)
Pension plan administrative expenses	(10,121)	(599)	(2,722)	(679)
State of Colorado supplemental discretionary payment	8,331	7,931	7,382	7,002
Net change in plan fiduciary net position	23,176	11,780	2,064	12,097
Plan fiduciary net position - beginning	219,724	207,944	205,880	193,783
Plan fiduciary net position - ending (b)	<u>\$ 242,900</u>	<u>\$ 219,724</u>	<u>\$ 207,944</u>	<u>\$ 205,880</u>
City's net pension liability/(asset) - ending (a) - (b)	<u>\$ (50,958)</u>	<u>\$ (26,588)</u>	<u>\$ (13,197)</u>	<u>\$ (10,595)</u>
Plan fiduciary net position as a percentage of the total pension liability	126.55%	113.77%	106.78%	105.43%
Covered payroll	N/A	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

¹ Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF HOLYOKE, COLORADO
Schedule of City Contributions ¹
Holyoke Volunteer Fire Department Pension Fund
Last 10 Fiscal Years

Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actuarial Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2018	\$ -	\$ 9,668	\$ (9,668)	N/A	N/A
2017	-	18,265	(18,265)	N/A	N/A
2016	-	17,751	(17,751)	N/A	N/A
2015	940	16,706	(15,766)	N/A	N/A
2014	940	15,731	(14,791)	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment.

¹ Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF HOLYOKE, COLORADO
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 915,705	\$ 915,705	\$ 901,998	\$ (13,707)
Licenses and permits	14,350	14,350	9,277	(5,073)
Intergovernmental revenues	232,985	232,985	173,450	(59,535)
Charges for services	51,900	51,900	53,652	1,752
Fines and forfeitures	11,050	11,050	11,305	255
Earnings on investments	2,385	2,385	8,472	6,087
Miscellaneous revenues	243,180	243,180	248,738	5,558
Total revenues	1,471,555	1,471,555	1,406,892	(64,663)
Expenditures				
General government	289,632	289,632	220,048	69,584
Public safety	646,148	646,148	564,297	81,851
Public works	921,625	921,625	679,133	242,492
Health and welfare	122,903	122,903	67,085	55,818
Culture and recreation	609,014	609,014	525,184	83,830
Total expenditures	2,589,322	2,589,322	2,055,747	533,575
Excess of revenues over (under) expenditures	(1,117,767)	(1,117,767)	(648,855)	468,912
Other financing sources				
Transfers in	1,140,212	1,140,212	766,617	(373,595)
Net change in fund balance	\$ 22,445	\$ 22,445	117,762	\$ 95,317
Fund balance at beginning of year			1,579,330	
Fund balance at end of year			\$ 1,697,092	

CITY OF HOLYOKE, COLORADO
Notes to Required Supplementary Information

Note A – Budgets and budgetary accounting

Annual budgets are established for all funds of the City. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles except for the Utility Fund in which capital purchases and principal retirement expenses are treated as operating expenses and depreciation expense is not budgeted.

An appropriated budget for the entity as a whole is prepared on a detailed basis. Revenues are budgeted by source. Expenditures are budgeted by department and the major divisions thereof and by each independent office and agency and by the principal objects of expenditure. The legal level of control is considered to be the entity as a whole and expenditures may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by city council. Within these control levels, management may transfer appropriations without city council approval. Revisions to the budget were made during the year.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- On or before October 15th of each year, or in conformity with the general state law, the city clerk submits to the city council a budget which shall be a complete financial plan for the ensuing fiscal year.
- At the same time the budget is submitted, the city clerk shall also prepare an appropriation ordinance making a levy in mills upon all taxable property within the City for the ensuing fiscal year. A public hearing on the budget shall be held by city council two weeks after its submission. Notice of the time and place of said hearing shall be published within three days after the submission of the budget.
- Prior to December 15th, or in conformity with the general state law, the city council shall adopt the budget and the tax levy ordinance.

CITY OF HOLYOKE, COLORADO
Notes to Required Supplementary Information

Note B – Factors affecting trends in amounts reported in the pension schedules

Information about factors that significantly affect trends in the amounts reported in the pension schedules is available in FPPA's comprehensive annual financial report which can be obtained at www.fppaco.org/annual-reports.html.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- General Fund – Budgetary Comparison Schedules of Revenues and Expenditures
- Combining Statements and Budgetary Comparison Schedules – Nonmajor Governmental Funds
- Budgetary Comparison Schedules – Enterprise Fund

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Budgetary Comparison Schedules – General Fund

The General Fund accounts for all transactions of the City not required to be accounted for in other funds. This fund represents an accounting of the City's ordinary operations financed primarily from tax dollars and intergovernmental aid. It is the most significant fund in relation to the City's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

CITY OF HOLYOKE, COLORADO
General Fund
Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Taxes				
General property	\$ 352,905	\$ 352,905	\$ 351,678	\$ (1,227)
Specific ownership	45,000	45,000	37,439	(7,561)
General sales and use	462,800	462,800	466,843	4,043
Franchise	30,000	30,000	21,676	(8,324)
Lodging tax	25,000	25,000	24,362	(638)
Total taxes	915,705	915,705	901,998	(13,707)
Licenses and permits	14,350	14,350	9,277	(5,073)
Intergovernmental revenues				
Highway users tax	86,085	86,085	106,786	20,701
Motor vehicle assessments	10,800	10,800	10,209	(591)
Road and bridge tax	34,000	34,000	35,074	1,074
Cigarette taxes	4,000	4,000	2,271	(1,729)
Airport fuel tax	3,000	3,000	3,785	785
Federal and state grants	95,100	95,100	15,325	(79,775)
Total intergovernmental revenues	232,985	232,985	173,450	(59,535)
Charges for services				
Cemeteries	17,400	17,400	16,855	(545)
Recreation	34,500	34,500	36,797	2,297
Total charges for services	51,900	51,900	53,652	1,752
Fines and forfeitures				
Court	10,500	10,500	10,753	253
Library	550	550	552	2
Total fines and forfeitures	11,050	11,050	11,305	255

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Earnings on investments	2,385	2,385	8,472	6,087
Miscellaneous revenues				
Rents	21,581	21,581	27,335	5,754
Airport fuel sales	57,000	57,000	107,160	50,160
Reimbursements	89,939	89,939	91,155	1,216
Insurance claims	10,010	10,010	508	(9,502)
Miscellaneous	64,650	64,650	22,580	(42,070)
Total miscellaneous revenues	243,180	243,180	248,738	5,558
Total revenues	\$ 1,471,555	\$ 1,471,555	\$ 1,406,892	\$ (64,663)

CITY OF HOLYOKE, COLORADO
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
General government				
General administration	\$ 246,936	\$ 246,936	\$ 207,850	\$ 39,086
Building department	42,696	42,696	12,198	30,498
Total general government	289,632	289,632	220,048	69,584
Public safety				
Police	529,898	529,898	420,306	109,592
Fire	116,250	116,250	143,991	(27,741)
Total public safety	646,148	646,148	564,297	81,851
Public works				
Airport	103,397	103,397	122,393	(18,996)
Streets	818,228	818,228	556,740	261,488
Total public works	921,625	921,625	679,133	242,492
Health and welfare				
Cemetery	122,903	122,903	67,085	55,818
Culture and recreation				
Library	116,265	116,265	117,028	(763)
Parks	85,001	85,001	65,930	19,071
Pool	209,121	209,121	154,704	54,417
Golf	104,939	104,939	108,951	(4,012)
Recreation	93,688	93,688	78,571	15,117
Total culture and recreation	609,014	609,014	525,184	83,830
Total expenditures	<u>\$ 2,589,322</u>	<u>\$ 2,589,322</u>	<u>\$ 2,055,747</u>	<u>\$ 533,575</u>

**Combining Statements and Budgetary Comparison Schedules –
Nonmajor Governmental Funds**

The City reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Heginbotham Trust Fund – This fund is a special revenue fund established with funds from the sale of lots with the interest earned on the principal being transferred to the parks department in the General Fund on an annual basis.

Library Land Fund – This fund is a special revenue fund established through the sale of land with the interest earned on the principal being transferred to the library department in the General Fund on an annual basis.

Spindler Library Fund – This fund is a special revenue fund established with money bequeathed to the City for the library.

Cemetery Perpetual Care Fund – This fund is a special revenue fund established to help maintain the cemetery with the interest earned on the principal being transferred to the cemetery department in the General Fund on an annual basis.

Conservation Trust Fund – This fund is a special revenue fund established to accumulate lottery proceeds which can be used to fund recreational facilities and/or projects.

Cemetery White Fund – This fund is a special revenue fund established with money bequeathed to the City to be used for the cemetery with the interest earned on the principal being transferred to the cemetery department in the General Fund on an annual basis. The principal can be used for projects approved by the cemetery board.

Massman Memorial Fund – This fund is a special revenue fund established with money bequeathed to the City to be used for the parks with the interest earned on the principal being transferred to the parks department in the General Fund on an annual basis. The principal can be used for projects approved by city council.

Firemen's Pension Fund – This fund is a special revenue fund established to provide financial resources for the City's Volunteer Fire Pension Plan.

Permanent Fund – This fund accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

LeBlanc Estate Fund – This fund is a permanent fund established with money bequeathed to the City to be used for maintaining the cemetery with the interest earned on the principal being transferred to the cemetery department in the General Fund on an as needed basis to cover cemetery maintenance projects.

CITY OF HOLYOKE, COLORADO
Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended December 31, 2018

	Special Revenue Funds			
	Heginbotham Trust Fund	Library Land Fund	Spindler Library Fund	Cemetery Perpetual Care Fund
Assets				
Cash		\$ 1,183	\$ 7,744	\$ 8,086
Cash with county treasurer				
Certificates of deposit	\$ 36,289	47,052		216,000
Interest receivable	202	261		28
Property taxes receivable				
Total assets	\$ 36,491	\$ 48,496	\$ 7,744	\$ 224,114
Liabilities	\$ -	\$ -	\$ -	\$ -
Deferred inflows of resources				
Deferred property tax revenues				
Total deferred inflows of resources	-	-	-	-
Fund balance				
Nonspendable permanent fund principal				
Restricted to:				
Public safety				
Culture and recreation				
Committed to:				
Culture and recreation	36,491	48,496	7,744	
Health and welfare				224,114
Total fund balance	36,491	48,496	7,744	224,114
Total liabilities, deferred inflows of resources and fund balance	\$ 36,491	\$ 48,496	\$ 7,744	\$ 224,114

Special Revenue Funds				Permanent Fund	
Conservation Trust Fund	Cemetery White Fund	Massman Memorial Fund	Firemen's Pension Fund	LeBlanc Estate Fund	Total
\$ 33,389	\$ 41,244	\$ 51,213	\$ 110	\$ 3,709	\$ 146,568
				216,647	110
				1,428	515,988
			9,884		1,919
					9,884
<u>\$ 33,389</u>	<u>\$ 41,244</u>	<u>\$ 51,213</u>	<u>\$ 9,994</u>	<u>\$ 221,784</u>	<u>\$ 674,469</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
			9,884		9,884
			9,884		9,884
				216,647	216,647
			110		110
33,389					33,389
	41,244	51,213			143,944
				5,137	270,495
<u>33,389</u>	<u>41,244</u>	<u>51,213</u>	<u>110</u>	<u>221,784</u>	<u>664,585</u>
<u>\$ 33,389</u>	<u>\$ 41,244</u>	<u>\$ 51,213</u>	<u>\$ 9,994</u>	<u>\$ 221,784</u>	<u>\$ 674,469</u>

CITY OF HOLYOKE, COLORADO
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2018

	Special Revenue Funds			
	Heginbotham Trust Fund	Library Land Fund	Spindler Library Fund	Cemetery Perpetual Care Fund
Revenues				
Taxes				
Intergovernmental revenue				
Earnings on investments	\$ 602	\$ 780	\$ 56	\$ 3,404
Miscellaneous				3,200
Total revenues	602	780	56	6,604
Expenditures				
Public safety				
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	602	780	56	6,604
Other financing uses				
Transfers out	(637)	(777)		(4,875)
Net change in fund balance	(35)	3	56	1,729
Fund balance at beginning of year	36,526	48,493	7,688	222,385
Fund balance at end of year	\$ 36,491	\$ 48,496	\$ 7,744	\$ 224,114

Special Revenue Funds					Permanent Fund	
Conservation Trust Fund	Cemetery White Fund	Massman Memorial Fund	Firemen's Pension Fund	LeBlanc Estate Fund	Total	
			\$ 9,953		\$ 9,953	
\$ 22,083	\$ 295	\$ 367		\$ 3,172	22,083	
81					8,757	
					3,200	
22,164	295	367	9,953	3,172	43,993	
			9,867		9,867	
-	-	-	9,867	-	9,867	
22,164	295	367	86	3,172	34,126	
	(200)	(128)		(2,500)	(9,117)	
22,164	95	239	86	672	25,009	
11,225	41,149	50,974	24	221,112	639,576	
\$ 33,389	\$ 41,244	\$ 51,213	\$ 110	\$ 221,784	\$ 664,585	

CITY OF HOLYOKE, COLORADO
Heginbotham Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 600	\$ 600	\$ 602	\$ 2
Total revenues	600	600	602	2
Expenditures				
Current				
Culture and recreation				-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	600	600	602	2
Other financing uses				
Transfers out	(700)	(700)	(637)	63
Net change in fund balance	\$ (100)	\$ (100)	(35)	\$ 65
Fund balance at beginning of year			36,526	
Fund balance at end of year			\$ 36,491	

CITY OF HOLYOKE, COLORADO
Library Land Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 777	\$ 777	\$ 780	\$ 3
Total revenues	777	777	780	3
Expenditures				
Current				
Culture and recreation				-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	777	777	780	3
Other financing uses				
Transfers out	(777)	(777)	(777)	-
Net change in fund balance	\$ -	\$ -	3	\$ 3
Fund balance at beginning of year			48,493	
Fund balance at end of year			\$ 48,496	

CITY OF HOLYOKE, COLORADO
Spindler Library Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 20	\$ 20	\$ 56	\$ 36
Total revenues	20	20	56	36
Expenditures				
Current				
Culture and recreation				-
Total expenditures	-	-	-	-
Net change in fund balance	\$ 20	\$ 20	56	\$ 36
Fund balance at beginning of year			7,688	
Fund balance at end of year			\$ 7,744	

CITY OF HOLYOKE, COLORADO
Cemetery Perpetual Care Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 3,375	\$ 3,375	\$ 3,404	\$ 29
Sale of cemetery plots	4,000	4,000	3,200	(800)
Total revenues	7,375	7,375	6,604	(771)
Expenditures				
Current				
Health and welfare				-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	7,375	7,375	6,604	(771)
Other financing uses				
Transfers out	(4,875)	(4,875)	(4,875)	-
Net change in fund balance	\$ 2,500	\$ 2,500	1,729	\$ (771)
Fund balance at beginning of year			222,385	
Fund balance at end of year			\$ 224,114	

CITY OF HOLYOKE, COLORADO
Conservation Trust Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Lottery proceeds	\$ 24,000	\$ 24,000	\$ 22,083	\$ (1,917)
Earnings on investments	99	99	81	(18)
Total revenues	24,099	24,099	22,164	(1,935)
Expenditures				
Current				
Culture and recreation				-
Total expenditures	-	-	-	-
Net change in fund balance	\$ 24,099	\$ 24,099	22,164	\$ (1,935)
Fund balance at beginning of year			11,225	
Fund balance at end of year			\$ 33,389	

CITY OF HOLYOKE, COLORADO
Cemetery White Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 105	\$ 105	\$ 295	\$ 190
Total revenues	105	105	295	190
Expenditures				
Current				
Health and welfare	12,000	12,000		12,000
Total expenditures	12,000	12,000	-	12,000
Excess of revenues over (under) expenditures	(11,895)	(11,895)	295	12,190
Other financing uses				
Transfers out	(200)	(200)	(200)	-
Net change in fund balance	\$ (12,095)	\$ (12,095)	95	\$ 12,190
Fund balance at beginning of year			41,149	
Fund balance at end of year			\$ 41,244	

CITY OF HOLYOKE, COLORADO
Massman Memorial Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 128	\$ 128	\$ 367	\$ 239
Total revenues	128	128	367	239
Expenditures				
Current				
Culture and recreation	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	128	128	367	239
Other financing uses				
Transfers out	(128)	(128)	(128)	-
Net change in fund balance	\$ -	\$ -	239	\$ 239
Fund balance at beginning of year			50,974	
Fund balance at end of year			\$ 51,213	

CITY OF HOLYOKE, COLORADO
Firemen's Pension Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 9,988	\$ 9,988	\$ 9,953	\$ (35)
Total revenues	9,988	9,988	9,953	(35)
Expenditures				
Public safety				
Contributions to FPPA	10,500	10,500	9,668	832
County treasurer's fees	200	200	199	1
Total expenditures	10,700	10,700	9,867	833
Net change in fund balance	\$ (712)	\$ (712)	86	\$ 798
Fund balance at beginning of year			24	
Fund balance at end of year			\$ 110	

CITY OF HOLYOKE, COLORADO
LeBlanc Estate Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 2,500	\$ 2,500	\$ 3,172	\$ 672
Total revenues	2,500	2,500	3,172	672
Expenditures				
Current				
Health and welfare				-
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	2,500	2,500	3,172	672
Other financing uses				
Transfers out	(2,500)	(2,500)	(2,500)	-
Net change in fund balance	\$ -	\$ -	672	\$ 672
Fund balance at beginning of year			221,112	
Fund balance at end of year			\$ 221,784	

Budgetary Comparison Schedules – Enterprise Funds

The City reports the following major proprietary fund:

Enterprise Funds – These funds are used to account for operations that provide services that are financed primarily by user charges, or activities where periodic measurement of income is appropriate for capital maintenance, public policy, management control or other purposes.

- Utility Fund - This fund was established to account for all operations of the electric, water, sewer and refuse utility services provided by the City.

CITY OF HOLYOKE, COLORADO
Utility Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Operating revenues				
Charges for services	\$ 3,418,732	\$ 3,418,732	\$ 3,452,852	\$ 34,120
Total operating revenues	3,418,732	3,418,732	3,452,852	34,120
Operating expenses				
Salaries	610,957	610,957	599,595	11,362
Benefits	250,524	250,524	223,897	26,627
Supplies	59,100	59,100	48,757	10,343
Repairs and maintenance	129,500	129,500	67,962	61,538
Farm	7,600	7,600	6,764	836
Water pumping	56,000	56,000	49,727	6,273
Publications and legal notices	1,000	1,000		1,000
Membership and dues	4,000	4,000	4,153	(153)
Utilities	1,151,667	1,151,667	1,198,144	(46,477)
Legal and professional	39,000	39,000	20,047	18,953
Testing	10,000	10,000	4,505	5,495
Travel and meetings	5,500	5,500	2,707	2,793
Landfill	53,000	53,000	45,461	7,539
Website	2,500	2,500	900	1,600
Insurance	45,000	45,000	39,547	5,453
Bad debts	3,000	3,000	1,328	1,672
Capital outlay	108,530	108,530	41,617	66,913
Total operating expenses	2,536,878	2,536,878	2,355,111	181,767
Operating income	881,854	881,854	1,097,741	215,887
Nonoperating revenues				
Earnings on investments	67,595	67,595	98,801	31,206
Property rent	89,050	89,050	90,150	1,100
Miscellaneous	46,400	46,400	48,331	1,931
Total nonoperating revenues	203,045	203,045	237,282	34,237
Net income before transfers	1,084,899	1,084,899	1,335,023	250,124

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Transfers in	17,000	17,000		(17,000)
Transfers out	(1,054,500)	(1,054,500)	(757,500)	297,000
Change in net position	<u>\$ 47,399</u>	<u>\$ 47,399</u>	577,523	<u>\$ 547,124</u>
Adjustments to GAAP Basis				
Add capital outlay			41,617	
Deduct depreciation			(153,845)	
Change in net position - GAAP Basis			465,295	
Net position at beginning of year			<u>9,881,755</u>	
Net position at end of year			<u>\$ 10,347,050</u>	

CITY OF HOLYOKE, COLORADO

Utility Fund

**Schedule of Revenues, Expenses and Changes in Net Position by Department
For the Year Ended December 31, 2018**

	Electric	Water	Sewer	Refuse
Operating revenues				
Charges for services	\$ 2,684,340	\$ 247,308	\$ 268,604	\$ 252,600
Total operating revenues	2,684,340	247,308	268,604	252,600
Operating expenses				
Salaries	198,006	64,917	47,123	72,831
Benefits	78,868	20,410	21,449	32,548
Supplies	11,369	10,027	10,144	8,588
Repairs and maintenance	29,018	10,916	4,945	15,719
Farm		6,764		
Water pumping		49,727		
Membership and dues		590		
Utilities	1,172,032	1,035	17,294	971
Legal and professional				
Testing		2,894	1,611	
Travel and meetings	1,849	858		
Landfill				45,461
Website				
Depreciation	36,001	33,556	54,934	13,361
Insurance				
Bad debts	1,328			
Total operating expenses	1,528,471	201,694	157,500	189,479
Operating income (loss)	1,155,869	45,614	111,104	63,121
Nonoperating revenues				
Earnings on investments	98,801			
Property rent		86,200		
Miscellaneous	43,465	1,921	1,372	1,562
Total nonoperating revenues	142,266	88,121	1,372	1,562
Net income (loss) before transfers	1,298,135	133,735	112,476	64,683
Transfers out	(600,000)	(50,000)	(100,000)	(7,500)
Change in net position	\$ 698,135	\$ 83,735	\$ 12,476	\$ 57,183

<u>Administration</u>	<u>Total</u>
	<u>\$ 3,452,852</u>
\$ -	3,452,852
216,718	599,595
70,622	223,897
8,629	48,757
7,364	67,962
	6,764
	49,727
3,563	4,153
6,812	1,198,144
20,047	20,047
	4,505
	2,707
	45,461
900	900
15,993	153,845
39,547	39,547
	1,328
<u>390,195</u>	<u>2,467,339</u>
(390,195)	985,513
	98,801
3,950	90,150
11	48,331
<u>3,961</u>	<u>237,282</u>
(386,234)	1,222,795
	<u>(757,500)</u>
<u>\$ (386,234)</u>	<u>\$ 465,295</u>

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**Colorado Department of Highways
Local Highway Finance Report**

This calendar-year report of receipts and expenditures is required by the Colorado Department of Highways to maintain Statewide accountability for moneys used for highway and street purposes. To ensure data accuracy, House Bill 1008 mandates that this report be included in the City's financial statements.

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

LOCAL HIGHWAY FINANCE REPORT	City or County: City of Holyoke
	YEAR ENDING : December 2018
This Information From The Records Of (example - City of _ or County of _) City of Holyoke, Colorado	Prepared By: Kathleen L. Olofson, CMC Phone: 970-854-2266

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	272,911
3. Other local imposts (from page 2)	221,834
4. Miscellaneous local receipts (from page 2)	0
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	494,745
B. Private Contributions	
C. Receipts from State government (from page 2)	116,995
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	611,740

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	78,395
2. Maintenance:	475,258
3. Road and street services:	
a. Traffic control operations	0
b. Snow and ice removal	0
c. Other	55,000
d. Total (a. through c.)	55,000
4. General administration & miscellaneous	3,087
5. Highway law enforcement and safety	0
6. Total (1 through 5)	611,740
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
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)	611,740

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
	0	611,740	611,740	0	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
12/18

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		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	221,834	g. Other Misc. Receipts	
6. Total (1. through 5.)	221,834	h. Other	
c. Total (a. + b.)	221,834	i. Total (a. through h.)	0
	(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	106,786	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	10,209	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	10,209	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	116,995	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			0
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		78,395	78,395
(3). System Preservation			0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	78,395	78,395
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	78,395	78,395
			(Carry forward to page 1)

Notes and Comments: