

**CITY OF LAMAR  
LAMAR, COLORADO**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2018**

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**CITY OF LAMAR, COLORADO**  
**MANAGEMENT’S DISCUSSION & ANALYSIS**

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

**INTRODUCTION**

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

**STATEMENT OF NET POSITION**

The following information (Table 1) is excerpted and summarized from the Statement of Net Position which can be found on page 4 of this report. For purposes of this Management Discussion and Analysis, the City’s 2018 information presented here is shown on a comparative basis to the information extracted from the 2017 and 2016 audited financial statements.

In this summary presentation, rounding can affect the “footing” and “cross-footing” of the columns.

TABLE 1

	NET POSITION (in millions)								
	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES			TOTAL PRIMARY GOVERNMENT		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
<b>ASSETS</b>									
Current & Other Assets	8.66	5.23	4.48	17.07	16.22	13.08	25.72	21.45	17.56
Noncurrent Assets	15.76	15.34	14.80	29.09	29.05	28.92	44.86	44.39	43.72
<b>TOTAL ASSETS</b>	<b>24.42</b>	<b>20.57</b>	<b>19.28</b>	<b>46.16</b>	<b>45.27</b>	<b>42.00</b>	<b>70.58</b>	<b>65.85</b>	<b>61.28</b>
<b>DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>									
Deferred Outflows-Loss on Refunding	-	-	-	-	-	-	-	-	-
Net Deferred Outflows OPEB	-	-	-	0.02	-	-	0.02	-	-
Deferred Outflows-Pensions	0.15	0.22	0.12	0.70	0.99	0.80	0.85	1.20	0.92
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>0.15</b>	<b>0.22</b>	<b>0.12</b>	<b>0.72</b>	<b>0.99</b>	<b>0.80</b>	<b>0.87</b>	<b>1.20</b>	<b>0.92</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS</b>	<b>24.57</b>	<b>20.79</b>	<b>19.40</b>	<b>46.88</b>	<b>46.26</b>	<b>42.80</b>	<b>71.45</b>	<b>67.05</b>	<b>62.20</b>
<b>LIABILITIES</b>									
Noncurrent Liabilities	2.29	1.88	2.14	14.45	16.01	15.24	16.74	17.89	17.37
Current Liabilities	0.92	0.55	0.58	1.57	2.23	1.38	2.49	2.78	1.96
<b>TOTAL LIABILITIES</b>	<b>3.20</b>	<b>2.43</b>	<b>2.72</b>	<b>16.02</b>	<b>18.24</b>	<b>16.61</b>	<b>19.22</b>	<b>20.67</b>	<b>19.33</b>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>									
Deferred Inflows-Unearned Property Tax Revenue	0.43	0.43	0.44	-	-	-	0.43	0.43	0.44
Net Deferred Inflows OPEB	-	-	-	0.02	-	-	0.02	-	-
Deferred Inflows-Pensions	0.10	-	0.02	0.94	0.10	0.44	1.04	0.10	0.46
<b>TOTAL DEFERRED INFLOWS</b>	<b>0.53</b>	<b>0.43</b>	<b>0.46</b>	<b>0.96</b>	<b>0.10</b>	<b>0.44</b>	<b>1.49</b>	<b>0.53</b>	<b>0.90</b>
<b>NET POSITION</b>									
Invested in Capital Assets, net of debt	12.56	12.71	11.87	17.95	16.95	16.99	30.51	29.67	28.86
Restricted	3.60	3.28	3.41	2.31	2.31	1.33	5.92	5.59	4.74
Unrestricted	4.67	1.94	0.94	9.64	8.65	7.44	14.31	10.59	8.37
<b>TOTAL NET POSITION</b>	<b>20.83</b>	<b>17.93</b>	<b>16.22</b>	<b>29.90</b>	<b>27.91</b>	<b>25.75</b>	<b>50.73</b>	<b>45.85</b>	<b>41.97</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; NET POSITION</b>	<b>24.57</b>	<b>20.79</b>	<b>19.40</b>	<b>46.88</b>	<b>46.26</b>	<b>42.80</b>	<b>71.45</b>	<b>67.05</b>	<b>62.20</b>

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

#### Highlights of Governmental Activities:

Referencing Table 1, and beginning with the Governmental Activities Section, Current & Other Assets have increased by \$3.4 million in 2018, following increases in both 2016 and 2017. Current Liabilities have increased by 67% over 2017 to \$917,727. The City’s Current Ratio (a business measure of liquidity) is 9.4 in 2018 compared with a Current Ratio of 9.5 in 2017, a slight erosion but still excellent liquidity. The City’s Noncurrent Assets have increased by \$421,000 from 2017 to 2018 and the increase in Noncurrent Assets from 2016 is \$962,000. This reflects the City’s ongoing commitment to renew and replace its aging capital equipment, continue its street resurfacing program and improve its municipal parks. Total Assets in the Governmental Activities section have increased by \$3.8 million in 2018.

Total Liabilities in the Governmental Activities section have increased by \$776,000 from 2017 to 2018. While the City has been carefully assuming debt to replace critical capital assets, the City’s continued careful management of financial resources has allowed us to maintain good liquidity and a good payment record with suppliers.

The City’s Net Position in Governmental Activities at the end of 2018 has increased by \$2.9 million from 2017, and \$4.6 million from 2016. A discussion of General Government Operating results will be presented later in this Management Discussion & Analysis.

#### Highlights of Business-Type Activities:

For the City’s Business-Type Activities, Total Assets increased in 2018 by \$890,000. Current & Other Assets increased in 2018 by \$847,000 compared to 2017, and by \$4.2 million from 2016. Noncurrent Assets have increased by \$43,000 from 2017 and are \$171,000 higher than 2016.

Business-Type Activities’ Total Liabilities at the end of 2018 were \$2.2 million less than Total Liabilities at the end of 2017, and \$595,000 less than at year-end 2016. Current Liabilities are \$661,000 less than year-end 2017 but are \$195,000 more than 2016. Noncurrent Liabilities have decreased by \$1.6 million from year-end 2017 and by \$790,000 from 2016. The Current Ratio at the end of 2018 for the Business-type Activities was a respectable 10.9.

The City’s Net Position in its Business-type Activities has increased in 2018 by \$2.0 million and is \$4.2 million higher than 2016. The amount of Net Position invested in Capital Assets-net of debt at year-end 2018 was \$17.9 million. This is a \$995,000 increase from year-end 2017 and \$960,000 higher than 2016.

The growth of Current and Other Assets, the increase in Net Position-Unrestricted, and a Current Ratio at the end of 2018 of 10.9 put the City's Business-type Activities in a strong position to continue replacing and improving its capital assets in future periods.

#### Highlights of Total Primary Government:

Taken together, the Governmental Activities section of Table 1 and the Business-type Activities yield the results reported in the Total Primary Government section. Overall, the City's government has managed a steady increase in its Current & Other Assets over the three year period reported here. Noncurrent Assets have also increased from 2016 to 2018; the balance at year-end 2018 is \$1.1 million greater than the balance at year-end 2016. Total Assets for the Total Primary Government are 15% greater at the end of 2018 than they were at the end of 2016.

Total Liabilities for the Government of \$19.2 million at the end of 2018 were \$1.4 million less than at the end of 2017, a decrease of 7.0%. Noncurrent Liabilities have decreased by \$1.1 million during 2018, and are \$637,000 less than year-end 2016. Current Liabilities have decreased by 10.5% from 2017, but are 27% higher than 2016. The Total Government has a Current Ratio of 10.3 at December 31, 2018 compared to a Current Ratio of 7.7 at the end of 2017.

The Net Position of the Total Government increased by \$4.9 million during 2018, and increased by \$8.8 million compared to December 31, 2016. The amount of the City's Net Position invested in Capital assets increased by \$841,000 from 2017 to 2018, and has increased from the investment at year-end 2016 by \$1.6 million. The Net Position-Restricted has increased in 2018 by \$325,000 compared with year-end 2017. The Net Position-Unrestricted has increased \$3.7 million from 2017, and has increased by \$5.9 million from 2016.

#### STATEMENT OF ACTIVITIES

The second of the two "Government-wide" financial statements provided in this report is the Statement of Activities for the year ended December 31, 2018 which can be found on page 4 of this report. The information from that Statement is excerpted and presented here in this management discussion in a somewhat different format which management believes emphasizes that the goal is to manage both the governmental operations and the City's business operations in such a way that the expense of providing service does not exceed the revenues available. For that reason, the various sources of revenue are reported first, followed by the expenses. The expenses are then subtracted from the revenues and the surplus or deficit is clearly shown as the "Change in Net Position". Table 2, below, presents that information for the City's Governmental Activities in 2018 and it is shown on a comparative basis with 2016 and 2014 to improve the reader's understanding of operations and identify important trends as they develop to better anticipate the future.

#### Highlights of Governmental Activities

Total Revenues for 2018 increased by \$4.5 million or 15.7%, after increasing by 5.3% in 2017. The increase in revenue came largely from a \$2.85 million settlement of the City's lawsuit against the Arkansas River Power Authority for the failed Lamar Repowering Project. The City also closed out two large grant-funded capital projects and received reimbursement for

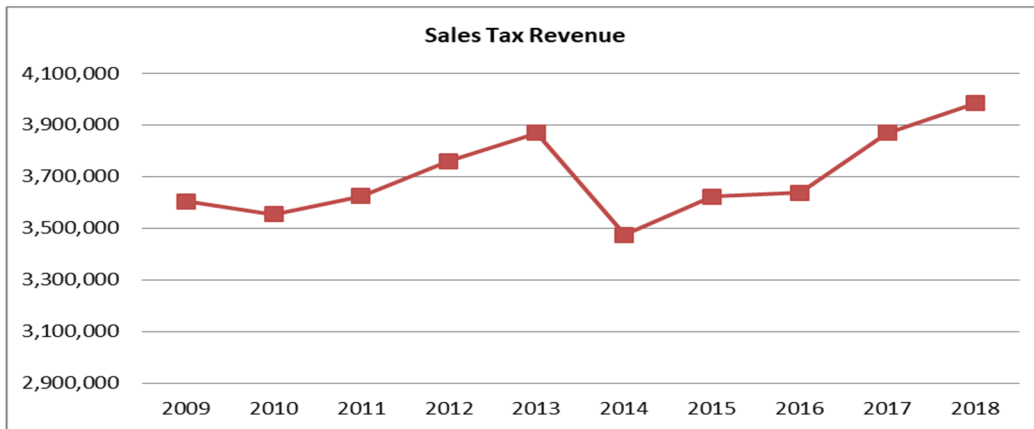
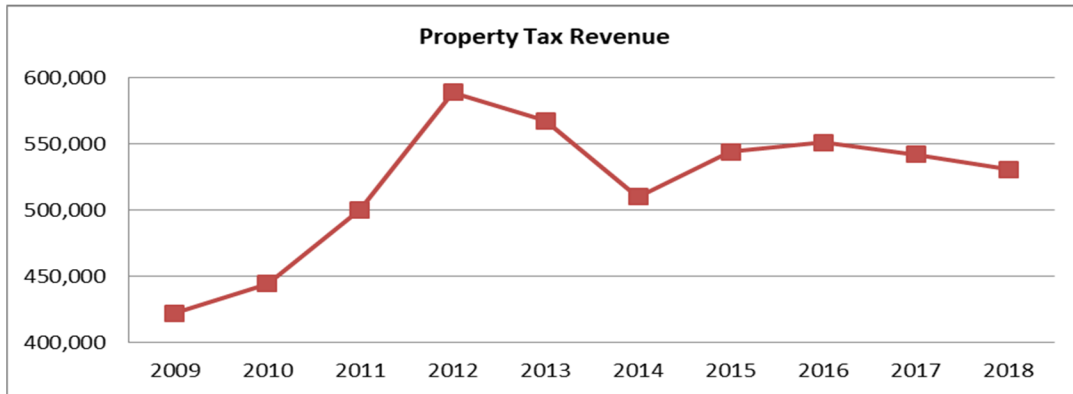
expenditures made to complete the projects. There was a small increase of \$114,000 in Sales Tax receipts, partially offset by an \$11,000 decrease in Property Taxes received. And, the City received insurance reimbursement for its losses related to a severe hailstorm in late 2017

**Table 2**

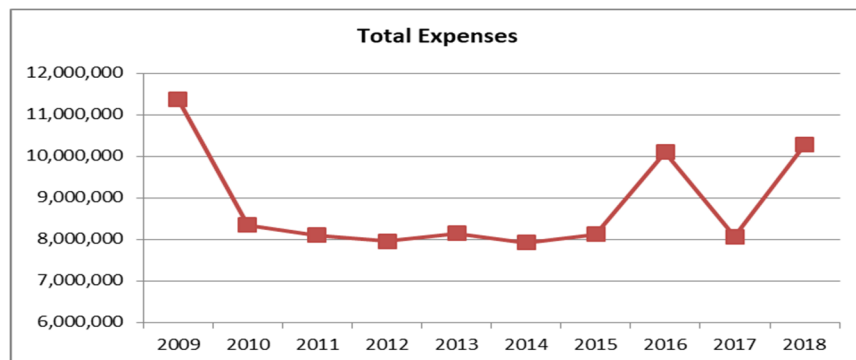
**STATEMENT OF ACTIVITIES**  
**Governmental Activities**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>REVENUES:</b>			
Program Revenues:			
Charges for Services	1,249,822	1,411,924	1,087,052
Grants-Operating	930,848	1,217,352	1,492,151
Grants-Capital	1,136,335	253,025	
Non-Restricted Grants & Gifts			
General Revenues:			
Property Taxes	530,838	542,173	551,138
Specific Ownership Taxes	70,243	73,920	68,467
Cigarette Tax	10,718	12,383	13,196
Sales Tax	3,983,158	3,868,811	3,637,473
Franchise Fees	192,178	182,941	188,277
Miscellaneous		-	89,316
Insurance Proceeds	300,243	144,727	
Other Revenues	2,897,547	121,002	
Unrestricted Interest	21,658	12,393	12,208
Sale of Assets	(33,284)	(84,194)	(6,027)
Transfers	1,850,414	2,020,163	2,088,460
Total Revenues	<u>13,140,718</u>	<u>9,776,620</u>	<u>9,221,711</u>
<b>EXPENSES:</b>			
General Government	2,384,904	1,752,349	3,298,015
Public Safety	3,043,423	2,624,991	2,994,392
Public Works	2,221,265	1,775,958	1,982,447
Cemetery	218,435	218,756	217,683
Culture & Recreation	2,291,362	1,641,328	1,738,705
Interest on Debt	80,969	52,487	42,345
Depreciation - Unallocated		-	(174,826)
Total Expenses	<u>10,240,358</u>	<u>8,065,869</u>	<u>10,098,761</u>
<b>CHANGE IN NET POSITION</b>	<u>2,900,360</u>	<u>1,710,751</u>	<u>(877,050)</u>
Prior Period Restatement		-	100,148
Net Position Beginning	17,931,296	16,220,547	17,097,597
Change in Accounting Principle		-	-
Net Position Ending	<u>20,831,656</u>	<u>17,931,296</u>	<u>16,220,547</u>

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



As seen in the graph below, with the exception of 2009, 2016 and 2018, the City has kept its cost of operations for Governmental Activities under careful control, consistently operating in a narrow range around \$8,000,000. The City’s revenues for governmental operations have shown more variability over the period from 2009 to 2018 and are therefore less predictable. Management’s plan under the circumstances is to continue to press for efficiency and economy of operation at a cost level that can be maintained with high levels of customer service when revenue is low, and when revenues are high, capture the surplus and use it for long-term improvements in the City’s operations and capital assets.



In 2018 Total Expenses of the General Government were \$10.2 million an increase of \$2.2 million from 2017’s expenses and \$141,000 higher than 2016. Revenues for the year exceeded expenses by \$2.9 million increasing the Net Postion in Governmental Activities to \$20.8 million

at the end of 2018. The ending Fund Balance was \$4.6 million higher than the ending Fund Balance for 2016.

## BUSINESS-TYPE ACTIVITIES

The second category of information provided by the Statement of Activities is the results of the City's Business-Type Activities. The information provided in Table 3, below, is excerpted from the Statement of Activities for The Year ended December 31, 2018, found on page 4 of this report. The information from that report is presented in Table 3 in the same summarized, simplified and three-year comparative format as was presented in Table 2, above.

	<b>STATEMENT OF ACTIVITIES</b>		
	<b>Business-Type Activities</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>REVENUES:</b>			
Program Revenues:			
Charges for Services	21,071,683	20,120,549	\$ 19,288,064
Grants-Operating	118,634	108,103	46,250
Grants-Capital	209,947	329,542	240,669
General Revenues:			
Miscellaneous			696,578
Insurance Proceeds	559,704	423,713	
Unrestricted Interest	55,032	42,146	38,315
Sale of Assets			(110,840)
Transfers	(1,850,414)	(2,020,163)	(2,088,460)
<b>Total Revenues</b>	<b>20,164,586</b>	<b>19,003,890</b>	<b>18,110,576</b>
<b>EXPENSES:</b>			
Utility	14,074,999	13,423,288	13,411,129
Water	2,146,015	1,989,014	1,980,308
Sanitation	1,177,827	895,029	1,025,419
Ambulance	532,968	563,762	513,552
<b>Total Expenses</b>	<b>17,931,809</b>	<b>16,871,093</b>	<b>16,930,408</b>
<b>CHANGE IN NET POSITION</b>	<b>2,232,776</b>	<b>2,132,798</b>	<b>1,180,168</b>
<b>Prior Period Restatement</b>		-	(190,525)
Net Position Beginning	27,884,137	25,751,339	24,761,696
Change in Accounting Principle	(214,195)	-	-
<b>Net Position Ending</b>	<b>29,902,718</b>	<b>27,884,137</b>	<b>25,751,339</b>

As can be seen from Table 3, Charges for Services are the single most important revenue source for the City's Business type Activities. The City's Business Type Activities consist of Lamar Light & Power (the electric utility), the Water and Wastewater enterprise, the Sanitation enterprise, and the Emergency Medical Services (Ambulance) enterprise. These operations rely primarily on user fees to generate the revenue needed to pay for the costs of providing services. For that reason, they operate as government-owned businesses to provide services critical to the community's health and welfare without a profit motive. Nonetheless, the primary drivers of business success, superior customer service, and efficiency and effectiveness of service delivery must likewise motivate the government's business operations.

Charges for Services increased in 2018 by 4.7%, and were 9.2% greater than 2016. Lamar Light & Power (the electric utility) saw its Charges for Services increase in 2018 by 4.1% compared with 2017 and 17.9% higher than 2016. Sales for the Water & Wastewater Enterprise increased 6.0% in 2018 compared with 2017, and were 16.0% higher than 2016. The increase is attributable to the City Council's action to increase rates for water, and to an increase in the number of customers served. Sales for the Sanitation Enterprise increased in 2018 by 10.5%, and were 17% higher than 2016. Rates for commercial haulers to dump at the City's landfill were increased in 2017 and the Council increased curbside rates for 2018, and the Enterprise has added some services that it provides for a fee, all of which have contributed to increased revenue.

The City's Ambulance Enterprise Fund is also included in and reported as part of the Business-type Activities. In 2018 the operations of the Ambulance Enterprise produced an Operating Loss of \$227,023, following a Loss of \$248,391 in 2017, and a loss of \$170,098 in 2016. The City Council has taken a number of proactive measures to increase revenue in the ambulance service. The fee charged for service has been increased twice since 2016. Invoicing for services was outsourced to a professional billing firm two years ago. Each of these initiatives has resulted in a significant increase in the service's gross billing, but the increase in "contractual write-offs", especially for Medicaid and Medicare patients has more than offset the increase in gross billings resulting in a net decrease in Total Operating Revenues for both 2017 and 2018. Total Operating Revenues in 2018 were 10% lower than in 2016, and this was despite a significant increase in service calls in 2018. In 2018 The Colorado County of Prowers contributed \$50,000 toward the operation of Lamar's Emergency Medical Services, that contribution and some other miscellaneous revenue reduced the Net Loss in the Ambulance Enterprise to \$140,564 and resulted in a negative Net Position-ending for the enterprise of \$(147,963).

Operating Expenses for the Light & Power Utility increased in 2018 by \$683,000 and were 5.3% higher than 2016. The utility had net operating income of \$2.2 million in 2018 which was 40,000 less than 2017 but 27.8% greater than 2016. Non-operating revenue increased by \$133,000 from 2017, but was 9.7% less than 2016. Transfers to the City in-lieu of franchise fees were less than 2017 resulting in a positive change in Net Position of \$,288,000, and an Ending Net Position for the electric utility of \$19,293,689.

Operating Expenses for the Water & Wastewater enterprise were \$180,000 higher in 2018 compared with those in 2017 and 11.3% higher than 2016. 2018 Operating Income decreased 9,000 compared to 2017, but was 26.8% greater than 2016. Non-operating expense decreased for the year and the Water & Wastewater enterprise had a net income of \$721,242 after transfers in lieu of franchise fees. The enterprise's Net Position at year-end was \$1.0 million greater than at the end of 2017.

The Sanitation enterprise operates residential and commercial/industrial curbside trash collection services, and the municipal landfill. Total Operating Expenses for the year were 32% higher than 2017, and 14% higher than 2016. The enterprise had Income before Transfers of \$344,000 and a Change in Net Position of \$119,097. For the past six years the enterprise has steadily invested in capital assets. Finally, it has been necessary to increase Charges for Services to maintain the pace of improvements. It is management's intention to continue investing in the operation's resources, both human and capital, to move the enterprise from "good" to "best".

## GOVERNMENT AS A WHOLE

The third component of the Statement of Activities is the “Government as a Whole” section which combines the results of the Governmental Activities and the City’s Business-Type Activities. Table 4, below, presents the information from the Statement of Activities, For the Year Ended December 31, 2018 simplified and summarized in the same manner as has been described previously, and again presented in comparison with prior years 2017 and 2016.

Table 4

	<b>STATEMENT OF ACTIVITIES</b>		
	<b>Government as a Whole</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Revenues:</b>			
Program Revenues:			
Charges for Services	22,321,505	21,532,473	\$ 20,375,116
Grants-Operating	1,049,482	1,325,455	1,538,401
Grants-Capital	1,346,282	582,567	240,669
Non-Restricted Grants & Contributions			-
General Revenues:			
Property Taxes	530,838	542,173	551,138
Specific Ownership Taxes	70,243	73,920	68,467
Cigarette Tax	10,718	12,383	13,196
Sales Tax	3,983,158	3,868,811	3,637,473
Franchise Fees	192,178	182,941	188,277
Miscellaneous		-	785,894
Insurance Proceeds	859,947	568,440	
Other Revenues	2,897,547	121,002	
Unrestricted Interest	76,690	54,539	50,523
Sale of Assets	(33,284)	(84,194)	(116,867)
Transfers			-
<b>Total Revenues</b>	<b>33,305,304</b>	<b>28,780,510</b>	<b>27,332,287</b>
<b>Expenses:</b>			
General Government	2,384,904	1,752,349	3,298,015
Public Safety	3,043,423	2,624,991	2,994,392
Public Works	2,221,265	1,775,958	1,982,447
Cemetery	218,435	218,756	217,683
Culture & Recreation	2,291,362	1,641,328	1,738,705
Interest on Long-Term Debt	80,969	52,487	42,345
Depreciation - Unallocated			(174,826)
Utility	14,074,999	13,423,288	13,411,129
Water	2,146,015	1,989,014	1,980,308
Sanitation	1,177,827	895,029	1,025,419
Ambulance	532,968	563,762	513,552
<b>Total Expenses</b>	<b>28,172,167</b>	<b>24,936,962</b>	<b>27,029,169</b>
<b>Change in Net Position</b>	<b>5,133,137</b>	<b>3,843,548</b>	<b>303,118</b>
Prior Period Restatement		-	(90,377)
Net Position Beginning	45,815,434	41,971,886	41,668,769
Change in Accounting Principle	(214,195)	-	-
<b>Net Position Ending</b>	<b>50,734,376</b>	<b>45,815,434</b>	<b>41,971,887</b>

### Notable Highlights

Total Revenue for the Government as a Whole increased by 15.7% or \$4.5 million in 2018, and was \$6.0 million higher than 2016. Total expenses increased in 2018 by \$3.2 million or 13.0%

and were \$1.1 million higher than 2016. Total Revenues were more than Total Expenses by \$5.1 million resulting in a positive Change in Net Position from operations. The City's Net Position has increased by \$8.8 million since 2016 and by \$11.6 million over the last six years.

Revenues and Operating Expenses for Lamar Light & Power seem to have finally stabilized after the long decline precipitated by the loss of the Lamar Repowering Project. In 2016, 2017 and 2018 the enterprise has reported very similar operating results. Those results have yielded three years of positive Net Operating Revenues that have produced a \$2.0 million increase in the enterprise's Net Position-ending compared to 2016. At this point, it is reasonable to expect that this performance will continue.

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

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

The operating results for the City's Ambulance Enterprise continue to be a source of concern to management and the City Council. Management has implemented several changes in the past three years in an effort to help the enterprise break-even; billing for services has been outsourced to a professional billing service that has years of experience in the industry; City Council has approved two increases in the rates charged for service; and both the City and the County have contributed money from their respective General Funds to close the deficit. Cost-cutting hasn't offered much opportunity for solving the problem as the enterprise has been primarily an all-volunteer effort from inception. The City's demographics work against any solution focused on raising revenues by raising the charge for service as the overwhelming majority of customers are Medicaid and Medicare patients; increasing the charge for service simply increases the amount of the contractual write-off. Management and Council are considering the addition of new revenue-generating services to the enterprise that should improve results in subsequent years, and Prowers County has increased its supplemental payment to help defray the cost of delivering service in the county.

**CAPITAL ASSETS**

**Governmental Activities:**

At the end of 2018, the City of Lamar’s Government as a Whole had \$43,487,036 invested in capital assets, net of depreciation. This is \$240,298 higher than the capital assets, net that the City held at the end of 2017. Governmental Activities had a net investment of \$14,405,602 (see Table 5) in a broad range of capital assets including streets, buildings, bridges, parks and ball fields, municipal swimming pool, library and various equipment necessary to provide police, fire, ambulance, and sanitation services. This amount represents an increase of \$784,000 or 5.7% over year-end 2016. The City has made a determined effort to invest in the renewal and replacement of its capital equipment. Progress has been slow, but steady. The effort will continue for the foreseeable future as routine replacement has been too long deferred.

Table 5

	<b>Balance at 12/31/17</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at 12/31/18</b>
<b>Governmental Activities</b>				
Total Capital Assets Not being Depreciated	897,351	-	-	897,351
Total Capital Assets Being Depreciated	28,008,896	1,183,381	279,074	28,913,203
Accumulated Depreciation	<u>(14,706,901)</u>	<u>(943,841)</u>	<u>(245,790)</u>	<u>(15,404,952)</u>
Capital Assets, Net	14,199,346	239,540	33,284	14,405,602
<b>Business-Type Activities</b>				
Total Capital Assets Not being Depreciated	3,485,325	599,765	-	4,085,090
Total Capital Assets Being Depreciated	56,550,125	776,295	225,996	57,100,424
Accumulated Depreciation	<u>(30,988,058)</u>	<u>(1,342,018)</u>	<u>(225,996)</u>	<u>(32,104,080)</u>
Capital Assets, Net	<u>29,047,392</u>	34,042	-	29,081,434
<b>Government as a Whole</b>				
Capital Assets, Net	<u>43,246,738</u>	273,582	33,284	<u>43,487,036</u>

**Business-type Activities:**

For the City’s Business-type Activities, the investment in capital assets, net of depreciation at 2018 year-end was \$29,081,434 an increase of 1.9% from year-end 2016. The Business-type capital assets include storm-water drainage, water distribution and wastewater collection systems, electrical transmission and distribution systems, AMI radio-meter-reading systems, SCADA remote equipment management systems, water storage, a landfill, buildings, land, equipment and various heavy equipment for the maintenance of these assets.

**Major capital asset additions for 2018 include:**

- City Clerk’s Office – Digital Document Scanner and software - \$9,350
- Information Technology Dept. – Flatbed Scanner - \$5,357
- Fire Department – Acquire 6 new SCBA air tanks - \$53,130
- Ambulance – Power-Pro XT Power Lift Cot - \$15,800
- Fire Department – Color Copier, Scanner, Fax - \$7,995
- Parks & Recreation – Municipal pool – Water-slide - \$128,000

Parks & Recreation – Municipal pool – Boiler - \$37,070  
Sanitation Department – Used Truck - \$75,000  
Parks & Recreation – Willow Creek Park - Skatepark – \$429,000  
Parks & Recreation – Shore Arts Pocket Park – Shade Umbrellas - \$25,074  
Parks & Recreation – Community Building – Copier, Scanner & Fax - \$7,995  
Streets Department – Street Resurfacing - \$349,028  
Police Department – Dodge Ram Pickups - \$129,595  
Equipment Maintenance – Computerized Vehicle Diagnostic Equipment - \$7,995  
Lamar Light & Power – Purchase of underground conductors, transformers, poles, towers and fixtures, service vehicles, office equipment and shop and garage equipment - \$668,816

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

#### DEBT ADMINISTRATION:

At year-end 2018, the City as a Whole had a total of \$16,735,082 of bonds, loans, capital leases, and employee accrued compensated absences outstanding as compared with \$18,375,323 outstanding at year-end 2017, a decrease of \$1.6 million or 8.9%. For the City's Governmental Activities, total Long-Term Obligations increased by 17.6% compared to year-end 2017. In the Business-type Activities, Long-Term Debt decreased by \$2.0 million or 12% compared to year-end 2017. The City has been carefully using financial leverage to increase its investment in renewal and replacement of capital assets.

Additional information regarding the City's long-term debt can be found in the Notes To The Financial Statements, Note 4 on page 25 of this report.

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

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

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

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

The City's 2019 General Fund Budget anticipates an increase in Sales and Use tax revenues of 4.2% from the 2018 budgeted amounts. Total General Fund revenue for 2018 is projected to increase 6.9% from the amounts budgeted for 2018 and 25% less than actual revenues in 2018. The City's 2019 General Fund expenditure budget has been established as 6% higher than for 2018. The budget projects that expenditures will equal revenues in 2019 for a balanced budget. There will be no increase in the Sales Tax rate for 2018. Property Tax rates in the City will also remain unchanged in 2019, marking the thirty-first consecutive year that the mill-levy has not increased.

The 2018 budget for the Sanitation Enterprise projects an increase in revenue of 17.7% from the 2018 budget, but only 2% more than the 2018 actual revenues. In the case of the Water & Wastewater Enterprise Fund the budget projection is for an increase in operating revenues in 2019 of 14% as compared to 2018, due to a restructuring of the rates for water for both residential and commercial customers that was implemented by the City Council in late 2018. Sanitation Enterprise operating expenditures are budgeted to increase in 2018 by 15%.

Revenues in Sanitation are expected to exceed expenditures by \$7,187. Operating Expenses for the Water & Wastewater Enterprise are budgeted to increase by 2.3% from the 2018 budget levels. Revenues are projected to exceed expenditures by \$1,439. Management is continuing to monitor the rates and fees for the enterprise to ensure the operation is sustainable.

The City's electric utility, Lamar Light & Power, expects 2019 performance to be in line with performance of the past three years with modest increases in sales and managed costs to yield a surplus of revenues over expenses.

Overall, the 2018 fiscal year was a success for the City on many levels, the outlook for the City remains positive, and we look forward to more success in 2019 and beyond.

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**FINANCIAL SECTION**

# Mayberry & Company, LLC

## Certified Public Accountants

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

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City Council  
City of Lamar  
Lamar, Colorado

### INDEPENDENT AUDITORS' REPORT

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lamar, Colorado, as of and for the year ended December 31, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lamar, Colorado, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the City of Lamar's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 18, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Emphasis of a Matter**

As discussed in Note 14 to the financial statements, the 2017 financial statements have been restated to reflect the adoption of GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the standard required restatement of the beginning December 31, 2018 fiscal year net position. The 2017 financial statements have also been restated in the to include a grant receivable that was not recorded in 2017, therefore, understating net position. The City has also restated the beginning loan proceeds escrow and noncurrent liabilities in the Water Fund and business-type activities to reflect a loan received but not drawn in prior years, this did not require a restatement of net position. Our opinion is not modified with respect to this matter.

### **Other Matters**

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

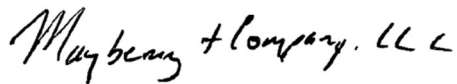
Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages M1 - M13 and Pension Schedules on pages 65 - 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. In addition, the combining and budgetary comparison statements and schedules listed as other supplementary information pages 75 - 97 are presented for purposes of additional analysis and are not a required part of the financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. *Local Highway Finance Report* pages 98 - 99 are presented for purposes of legal and debt compliance and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Mayberry + Company, LLC". The signature is written in a cursive, flowing style.

Englewood, Colorado  
July 16, 2019

## ***BASIC FINANCIAL STATEMENTS***

The Basic Financial Statements provide a financial overview of the City's operations. These financial statements present the financial position, operating results, and cash flows, where applicable, of all funds and activities as of December 31, 2018.

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## CITY OF LAMAR, COLORADO

**STATEMENT OF NET POSITION**  
DECEMBER 31, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Cash	\$ 2,656,236	\$ 11,129,115	\$ 13,785,351
Investments	3,462,800	814,018	4,276,818
Restricted Cash and Investments	786,926	1,770,963	2,557,889
Receivables			
Property Tax Receivable	429,781	-	429,781
Intergovernmental Receivables	18,087	-	18,087
Interest Receivable	60	1,488	1,548
Customer Receivable	-	1,798,293	1,798,293
Cash with Fiscal Agent	535,761	863,046	1,398,807
Accounts Receivable	9,877	-	9,877
Other Receivables	462,293	150,491	612,784
Internal Balances	280,743	(280,743)	-
Inventory	-	820,526	820,526
Prepaid Expenses	13,589	-	13,589
Total Current Assets	<u>8,656,153</u>	<u>17,067,197</u>	<u>25,723,350</u>
<b>Noncurrent Assets</b>			
Capital Assets not being Depreciated	897,351	4,085,090	4,982,441
Capital Assets being Depreciated	28,913,203	57,116,438	86,029,641
Accumulated Depreciation	(15,404,952)	(32,104,080)	(47,509,032)
Net Pension Asset	1,357,209	-	1,357,209
Other Noncurrent Assets	-	-	-
Total Noncurrent Assets	<u>15,762,811</u>	<u>29,097,448</u>	<u>44,860,259</u>
<b>TOTAL ASSETS</b>	<u>24,418,964</u>	<u>46,164,645</u>	<u>70,583,609</u>
<b>DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>			
Net Deferred Outflows Pensions	147,273	703,126	850,399
Net Deferred Outflows OPEB	-	17,364	17,364
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>147,273</u>	<u>720,490</u>	<u>867,763</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 24,566,237</u>	<u>\$ 46,885,135</u>	<u>\$ 71,451,372</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 645,011	\$ 965,596	\$ 1,610,607
Accrued Salaries and Benefits	241,959	172,828	414,787
Deposits and Escrow	11,360	366,889	378,249
Accrued Interest Payable	19,399	64,906	84,305
Other Current Liabilities	-	2,691	2,691
Total Current Liabilities	<u>917,729</u>	<u>1,572,910</u>	<u>2,490,639</u>
<b>Noncurrent Liabilities</b>			
Due within one year	317,063	1,074,420	1,391,483
Due in more than one year	1,969,920	13,373,679	15,343,599
Total Noncurrent Liabilities	<u>2,286,983</u>	<u>14,448,099</u>	<u>16,735,082</u>
<b>TOTAL LIABILITIES</b>	<u>3,204,712</u>	<u>16,021,009</u>	<u>19,225,721</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>			
Deferred Property Taxes	429,781	-	429,781
Net Deferred Inflows Pensions	100,264	939,870	1,040,134
Net Deferred Inflows OPEB	-	21,539	21,539
<b>TOTAL DEFERRED INFLOWS</b>	<u>530,045</u>	<u>961,409</u>	<u>1,491,454</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	12,557,573	17,949,213	30,506,786
Restricted Net Position	3,083,818	2,313,249	5,397,067
Unrestricted Net Position	5,190,089	9,640,255	14,830,344
<b>TOTAL NET POSITION</b>	<u>20,831,480</u>	<u>29,902,717</u>	<u>50,734,197</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 24,566,237</u>	<u>\$ 46,885,135</u>	<u>\$ 71,451,372</u>

The accompanying notes are an integral part of these financial statements

**CITY OF LAMAR**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS
<b>FUNCTIONS/PROGRAMS</b>				
Government Activities				
Current:				
General Government	\$ 2,384,904	\$ 813,633	\$ 117,323	\$ -
Public Safety	3,043,423	47,270	344,610	-
Public Works	2,221,265	256,914	365,843	285,492
Culture and Recreation	2,509,797	132,005	103,072	850,843
Interest on Debt	80,969	-	-	-
<b>TOTAL GOVERNMENT ACTIVITIES</b>	<b>10,240,358</b>	<b>1,249,822</b>	<b>930,848</b>	<b>1,136,335</b>
Business-type Activities				
Current:				
Sanitation	1,177,827	1,510,398	-	-
Water & Wastewater	2,146,015	3,007,240	62,834	209,947
Ambulance	532,968	308,640	55,800	-
Light & Power	14,074,999	16,245,405	-	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>17,931,809</b>	<b>21,071,683</b>	<b>118,634</b>	<b>209,947</b>
<b>TOTAL GOVERNMENT</b>	<b>\$ 28,172,167</b>	<b>\$ 22,321,505</b>	<b>\$ 1,049,482</b>	<b>\$ 1,346,282</b>
<b>GENERAL REVENUES</b>				
Property Taxes				
Specific Ownership Taxes				
Sales and Use Taxes				
Franchise and In Lieu of Taxes				
Other Taxes				
Interest Income				
Gain (Loss) on Disposal of Capital Assets				
Insurance Proceeds				
Other Revenues				
<b>TRANSFERS</b>				
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>				
<b>CHANGE IN NET POSITION</b>				
NET POSITION - Beginning				
Prior Period Restatement				
NET POSITION - Beginning (as Restated)				
NET POSITION - Ending				

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

NET (EXPENSE) REVENUE AND  
CHANGES IN NET POSITION

GOVERNMENT ACTIVITIES	BUSINESS - TYPE ACTIVITES	TOTAL
\$ (1,453,948)	\$ -	\$ (1,453,948)
(2,651,543)	-	(2,651,543)
(1,313,016)	-	(1,313,016)
(1,423,877)	-	(1,423,877)
(80,969)	-	(80,969)
<u>(6,923,353)</u>	<u>-</u>	<u>(6,923,353)</u>
-	332,571	332,571
-	1,134,006	1,134,006
-	(168,528)	(168,528)
-	<u>2,170,406</u>	<u>2,170,406</u>
-	<u>3,468,455</u>	<u>3,468,455</u>
<u>(6,923,353)</u>	<u>3,468,455</u>	<u>(3,454,898)</u>
530,838	-	530,838
70,243	-	70,243
3,983,158	-	3,983,158
192,178	-	192,178
2,204	-	2,204
21,658	55,032	76,690
(33,284)	-	(33,284)
300,243	559,703	859,946
2,906,059	-	2,906,059
<u>1,850,414</u>	<u>(1,850,414)</u>	<u>-</u>
<u>9,823,711</u>	<u>(1,235,679)</u>	<u>8,588,032</u>
<u>2,900,358</u>	<u>2,232,776</u>	<u>5,133,134</u>
17,931,121	27,884,136	45,815,257
-	<u>(214,195)</u>	<u>(214,195)</u>
<u>17,931,121</u>	<u>27,669,941</u>	<u>45,601,062</u>
<u>\$ 20,831,479</u>	<u>\$ 29,902,717</u>	<u>\$ 50,734,196</u>

CITY OF LAMAR, COLORADO

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

DECEMBER 31, 2018

With Comparative Totals for December 31, 2017

	<u>CAP PROJ FD</u>		
	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Cash	\$ 1,981,978	\$ 373,651	\$ 300,607
Investments	2,976,644	373,942	44,357
Restricted Cash and Investments	104,887	-	682,039
Receivables			
Property Tax Receivable	429,781	-	-
Intergovernmental Receivables	-	-	18,087
Interest Receivable	-	-	60
Cash with Fiscal Agent	535,761	-	-
Accounts Receivable	9,877	-	-
Other Receivables	316,257	75,434	70,602
Internal Balances	387,112	(61,760)	(44,609)
Prepaid Expenses	3,303	-	10,286
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 6,745,600</u>	<u>\$ 761,267</u>	<u>\$ 1,081,429</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 270,012	\$ 318,867	\$ 53,932
Accrued Salaries and Benefits	221,578	-	20,381
Deposits and Escrow	10,393	-	967
TOTAL LIABILITIES	<u>501,983</u>	<u>318,867</u>	<u>75,280</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>			
Deferred Property Taxes	<u>429,781</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>			
Nonspendable Fund Balance	3,303	-	7,500
Restricted Fund Balance	394,000	442,400	890,209
Committed Fund Balance	-	-	60,082
Unassigned Fund Balance	<u>5,416,533</u>	<u>-</u>	<u>48,358</u>
TOTAL FUND BALANCE	<u>5,813,836</u>	<u>442,400</u>	<u>1,006,149</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 6,745,600</u>	<u>\$ 761,267</u>	<u>\$ 1,081,429</u>

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

**Total**

<u>2018</u>	<u>2017</u>
\$ 2,656,236	\$ 2,147,444
3,394,943	1,084,407
786,926	744,807
429,781	428,862
18,087	18,087
60	86
535,761	-
9,877	12,526
462,293	464,831
280,743	254,474
13,589	11,233
<u>\$ 8,588,296</u>	<u>\$ 5,166,757</u>

\$ 642,811	\$ 315,176
241,959	218,542
11,360	7,478
<u>896,130</u>	<u>541,196</u>
<u>429,781</u>	<u>428,862</u>
10,803	11,233
1,726,609	2,138,206
60,082	54,453
<u>5,464,891</u>	<u>1,992,807</u>
<u>7,262,385</u>	<u>4,196,699</u>
<u>\$ 8,588,296</u>	<u>\$ 5,166,757</u>

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**CITY OF LAMAR, COLORADO**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES NET POSITION  
DECEMBER 31, 2018**

<b>Fund Balance - Governmental Funds</b>		\$ 7,262,385
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds		
Capital assets, not being depreciated	\$ 897,351	
Capital assets, being depreciated	28,913,203	
Accumulated depreciation	<u>(15,404,952)</u>	14,405,602
Deferred charges related to the issuance of debt that are amortized over the life of the issue, but are not reported in the funds		
Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds		
<b>FPPA Pension</b>		
Net pension deferred outflows	147,273	
Net pension asset	1,357,209	
Net pension deferred inflows	<u>(100,264)</u>	1,404,218
Internal Service operations primarily benefit Governmental Activities		
Internal Service Fund Net Position		65,657
Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the funds.		
Capital leases payable	(1,828,630)	
Accrued interest payable	(19,399)	
Accrued compensated absences	<u>(458,353)</u>	<u>(2,306,382)</u>
<b>Total Net Position - Governmental Activities</b>		<b><u>\$ 20,831,480</u></b>

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

CITY OF LAMAR, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>CAP PROJ FD</u>		
	General Fund	Capital Improvement Fund	Other Funds
<b>REVENUES</b>			
Taxes	\$ 4,677,051	\$ -	\$ 101,569
Intergovernmental Revenues	491,466	1,149,639	359,754
Licenses and Permits	240,351	-	-
Fines and Forfeits	47,058	-	212
Charges for Services	939,833	-	22,369
Investment Earnings	14,453	3,176	4,028
Other Revenues	3,256,853	(2,500)	18,275
<b>TOTAL REVENUES</b>	<u>9,667,065</u>	<u>1,150,315</u>	<u>506,207</u>
<b>EXPENDITURES</b>			
Current:			
General Government	1,712,188	-	22,346
Public Safety	1,966,036	-	486,392
Public Works	1,781,467	-	-
Parks, Recreation and Other	1,869,885	-	45,873
Capital Outlay	677,210	1,720,534	105,841
Debt Service	362,042	-	-
<b>TOTAL EXPENDITURES</b>	<u>8,368,828</u>	<u>1,720,534</u>	<u>660,452</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<u>1,298,237</u>	<u>(570,219)</u>	<u>(154,245)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Debt Proceeds	641,499	-	-
Transfers In	5,908,158	-	185,516
Transfers (Out)	(4,241,761)	-	(1,499)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>2,307,896</u>	<u>-</u>	<u>184,017</u>
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	3,606,133	(570,219)	29,772
<b>FUND BALANCE, BEGINNING</b>	<u>2,207,703</u>	<u>1,012,619</u>	<u>976,377</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 5,813,836</u>	<u>\$ 442,400</u>	<u>\$ 1,006,149</u>

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

<b>Total</b>	
<b>2018</b>	<b>2017</b>
\$ 4,778,620	\$ 4,670,553
2,000,859	961,755
240,351	351,742
47,270	48,059
962,202	1,007,360
21,657	12,393
<u>3,272,628</u>	<u>788,788</u>
<u>11,323,587</u>	<u>7,840,650</u>
1,734,534	1,579,561
2,452,428	2,537,775
1,781,467	1,753,504
1,915,758	1,793,863
2,503,585	1,051,867
<u>362,042</u>	<u>312,905</u>
<u>10,749,814</u>	<u>9,029,475</u>
<u>573,773</u>	<u>(1,188,825)</u>
641,499	-
6,093,674	5,901,181
<u>(4,243,260)</u>	<u>(3,881,018)</u>
<u>2,491,913</u>	<u>2,020,163</u>
3,065,686	831,338
<u>4,196,699</u>	<u>3,365,361</u>
<u>\$ 7,262,385</u>	<u>\$ 4,196,699</u>

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CITY OF LAMAR, COLORADO

**RECONCILIATION OF GOVERNMENTAL FUNDS CHANGE IN FUND BALANCE  
TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>Change in Fund Balance - Governmental Funds</b>		\$ 3,065,686
<p>Capital assets used in governmental activities are expensed when purchased in the funds and depreciated at the activity level</p>		
Capitalized Asset Purchases	1,183,381	
Depreciation Expense	(943,841)	
Gain (Loss) on Asset Disposals	<u>(33,284)</u>	206,256
Internal Service operations primarily benefit Governmental Activities		(5,808)
<p>Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year.</p>		
<b>FPPA Pension</b>		
Change in deferred pension outflows	(70,986)	
Change in net pension liability	215,230	
Change in deferred pension inflows	<u>(100,264)</u>	43,980
<p>Repayments of long-term liabilities are expensed in the fund and reduce outstanding liabilities at the activity level. In addition, proceeds from long-term debt issuances are reported as revenues in the funds and increase liabilities at the activity level</p>		
Proceeds from debt issuances	(641,499)	
Principal payments on certificates of participation	283,351	
Change in accrued interest payable	(2,278)	
Change in accrued compensated absences	<u>(49,329)</u>	<u>(409,755)</u>
<b>Change in Net Position - Governmental Activities</b>		<b><u>\$ 2,900,359</u></b>

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

## CITY OF LAMAR, COLORADO

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2018**

	Business-type Activities			
	Water & Wastewater	Light & Power	Other	Total Enterprise
	Fund	Fund	Funds	Funds
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments				
Cash	\$ 523,394	\$ 10,553,721	\$ 52,000	\$ 11,129,115
Investments	-	-	814,018	814,018
Restricted Cash and Investments	905,217	544,986	320,760	1,770,963
Receivables				
Interest Receivable	115	1,373	-	1,488
Customer Receivable	170,806	1,423,436	204,051	1,798,293
Cash with Fiscal Agent	863,046	-	-	863,046
Other Receivables	7,199	116,643	26,649	150,491
Internal Balances	(7,623)	40,594	(313,714)	(280,743)
Inventory	82,429	738,097	-	820,526
Prepaid Expenses	-	-	-	-
Total Current Assets	<u>2,544,583</u>	<u>13,418,850</u>	<u>1,103,764</u>	<u>17,067,197</u>
<b>Noncurrent Assets</b>				
Capital Assets not being depreciated	3,669,866	397,224	18,000	4,085,090
Capital Assets being depreciated	20,152,399	33,117,306	3,846,733	57,116,438
Accumulated Depreciation	(8,214,407)	(21,132,412)	(2,757,261)	(32,104,080)
Total Noncurrent Assets	<u>15,607,858</u>	<u>12,382,118</u>	<u>1,107,472</u>	<u>29,097,448</u>
<b>TOTAL ASSETS</b>	<u>18,152,441</u>	<u>25,800,968</u>	<u>2,211,236</u>	<u>46,164,645</u>
<b>DEFERRED OUTFLOWS OF FINANCIAL RESOURCES</b>				
Net Deferred Outflows Pensions	-	703,126	-	703,126
Net Deferred Outflows OPEB	-	17,364	-	17,364
TOTAL DEFERRED OUTFLOWS	<u>-</u>	<u>720,490</u>	<u>-</u>	<u>720,490</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>\$ 18,152,441</u>	<u>\$ 26,521,458</u>	<u>\$ 2,211,236</u>	<u>\$ 46,885,135</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 111,400	\$ 810,825	\$ 43,371	\$ 965,596
Accrued Salaries and Benefits	28,709	106,541	37,578	172,828
Deposits and Escrow	66,749	300,140	-	366,889
Accrued Interest Payable	14,782	50,124	-	64,906
Other Current Liabilities	2,595	96	-	2,691
Total Current Liabilities	<u>224,235</u>	<u>1,267,726</u>	<u>80,949</u>	<u>1,572,910</u>
<b>Noncurrent Liabilities</b>				
Due within one year	663,422	398,114	12,884	1,074,420
Due in more than one year	8,422,009	4,577,295	374,375	13,373,679
Total Noncurrent Liabilities	<u>9,085,431</u>	<u>4,975,409</u>	<u>387,259</u>	<u>14,448,099</u>
<b>TOTAL LIABILITIES</b>	<u>9,309,666</u>	<u>6,243,135</u>	<u>468,208</u>	<u>16,021,009</u>
<b>DEFERRED INFLOWS OF FINANCIAL RESOURCES</b>				
Net Deferred Inflows Pensions	-	939,870	-	939,870
Net Deferred Inflows OPEB	-	21,539	-	21,539
TOTAL DEFERRED INFLOWS	<u>-</u>	<u>961,409</u>	<u>-</u>	<u>961,409</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	6,594,861	10,567,640	786,712	17,949,213
Restricted Net Position	1,768,263	544,986	-	2,313,249
Unrestricted Net Position	479,651	8,204,288	956,316	9,640,255
TOTAL NET POSITION	<u>8,842,775</u>	<u>19,316,914</u>	<u>1,743,028</u>	<u>29,902,717</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<u>\$ 18,152,441</u>	<u>\$ 26,521,458</u>	<u>\$ 2,211,236</u>	<u>\$ 46,885,135</u>

The accompanying notes are an integral part of these financial statements

<u>Govt Act</u>		
<u>Internal Service</u>	<u>Total</u>	
<u>Funds</u>	<u>2018</u>	<u>2017</u>
\$ -	\$ 11,129,115	\$ 9,942,138
67,857	881,875	522,737
-	1,770,963	1,487,669
-	1,488	2,450
-	1,798,293	1,802,250
-	863,046	1,111,577
-	150,491	778,987
-	(280,743)	(254,474)
-	820,526	816,725
-	-	9,803
<u>67,857</u>	<u>17,135,054</u>	<u>16,219,862</u>
-	4,085,090	3,485,325
-	57,116,438	56,552,204
-	(32,104,080)	(30,988,058)
-	29,097,448	29,049,471
<u>67,857</u>	<u>46,232,502</u>	<u>\$ 45,269,333</u>
-	703,126	986,718
-	17,364	-
-	720,490	986,718
<u>\$ 67,857</u>	<u>\$ 46,952,992</u>	<u>\$ 46,256,051</u>
\$ 2,200	\$ 967,796	\$ 1,658,901
-	172,828	158,564
-	366,889	342,111
-	64,906	68,787
-	2,691	2,666
<u>2,200</u>	<u>1,575,110</u>	<u>2,231,029</u>
-	1,074,420	1,174,722
-	13,373,679	14,864,519
-	14,448,099	16,039,241
<u>2,200</u>	<u>16,023,209</u>	<u>18,270,270</u>
-	939,870	101,645
-	21,539	-
-	961,409	101,645
-	17,949,213	16,924,597
-	2,313,249	2,311,619
<u>65,657</u>	<u>9,705,912</u>	<u>8,647,920</u>
<u>65,657</u>	<u>29,968,374</u>	<u>27,884,136</u>
<u>\$ 67,857</u>	<u>\$ 46,952,992</u>	<u>\$ 46,256,051</u>

CITY OF LAMAR, COLORADO

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

**PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2018

	<b>Business-type Activities</b>			
	<b>Water &amp; Wastewater</b>	<b>Light &amp; Power</b>	<b>Other</b>	<b>Total Enterprise</b>
	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>Operating Revenues</b>				
Utility Charges	\$ 2,972,688	\$ 16,245,405	\$ 1,500,896	\$ 20,718,989
Other Charges for Services	34,552	-	318,142	352,694
Total Revenues	<u>3,007,240</u>	<u>16,245,405</u>	<u>1,819,038</u>	<u>21,071,683</u>
<b>Operating Expenses</b>				
Commodity Charges	318,233	-	-	318,233
Ambulance	-	-	449,500	449,500
Collection, Transmission and Distribution	522,813	13,003,496	735,226	14,261,535
Administration	734,471	241,030	387,616	1,363,117
Depreciation Expense	435,407	782,855	123,756	1,342,018
Other Capital Outlay	(1,502)	706	14,697	13,901
Total Expenditures	<u>2,009,422</u>	<u>14,028,087</u>	<u>1,710,795</u>	<u>17,748,304</u>
Operating Income (Loss)	<u>997,818</u>	<u>2,217,318</u>	<u>108,243</u>	<u>3,323,379</u>
<b>Other Income (Expense)</b>				
Intergovernmental Revenue	62,834	-	55,800	118,634
Investment Earnings	3,843	47,466	3,723	55,032
Other Revenue	23,241	493,876	42,586	559,703
Interest Expense	(136,593)	(46,912)	-	(183,505)
Total Other Income (Expense)	<u>(46,675)</u>	<u>494,430</u>	<u>102,109</u>	<u>549,864</u>
Net Income (Loss) before Transfers	951,143	2,711,748	210,352	3,873,243
<b>Transfers</b>				
Transfers In	-	-	-	-
Transfers (Out)	(225,000)	(1,400,414)	(225,000)	(1,850,414)
Net Income (Loss)	726,143	1,311,334	(14,648)	2,022,829
<b>Contributed Capital</b>				
Plant Investment Fees	12,971	-	-	12,971
Intergovernmental Revenue	196,976	-	-	196,976
Total Contributed Capital	<u>209,947</u>	<u>-</u>	<u>-</u>	<u>209,947</u>
<b>Change in Net Position</b>	<u>936,090</u>	<u>1,311,334</u>	<u>(14,648)</u>	<u>2,232,776</u>
<b>Net Position, Beginning</b>	7,875,431	18,251,029	1,757,676	27,884,136
Prior Period Restatement	31,254	(245,449)	-	(214,195)
<b>Net Position, Beginning (As Restated)</b>	<u>7,906,685</u>	<u>18,005,580</u>	<u>1,757,676</u>	<u>27,669,941</u>
<b>Net Position, Ending</b>	<u>\$ 8,842,775</u>	<u>\$ 19,316,914</u>	<u>\$ 1,743,028</u>	<u>\$ 29,902,717</u>

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

<b>Govt Activities</b>		
<b>Internal Service</b>	<b>Total</b>	
<b>Funds</b>	<b>2018</b>	<b>2017</b>
\$ -	\$ 20,718,989	\$ 19,755,533
-	352,694	365,017
-	21,071,683	20,120,550
-	318,233	332,156
-	449,500	500,188
-	14,261,535	13,182,972
6,125	1,369,242	1,171,595
-	1,342,018	1,464,465
-	13,901	26,229
6,125	17,754,429	16,677,605
(6,125)	3,317,254	3,442,945
-	118,634	108,103
317	55,349	42,482
-	559,703	423,712
-	(183,505)	(210,477)
317	550,181	363,820
(5,808)	3,867,435	3,806,765
-	-	15,060
-	(1,850,414)	(2,035,223)
(5,808)	2,017,021	1,786,602
-	12,971	17,007
-	196,976	312,535
-	209,947	329,542
(5,808)	2,226,968	2,116,144
71,465	27,955,601	25,839,457
-	(214,195)	-
71,465	27,741,406	25,839,457
\$ 65,657	\$ 29,968,374	\$ 27,955,601

## CITY OF LAMAR

**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	<b>Business-type Activities</b>			
	<b>Water &amp; Wastewater Fund</b>	<b>Light &amp; Power Fund</b>	<b>Other Funds</b>	<b>Total Enterprise Funds</b>
<b>Cash Flows From Operating Activities:</b>				
Cash Received from Customers	\$ 3,693,197	\$ 16,186,202	\$ 1,880,769	\$ 21,760,168
Cash Paid to Suppliers	(1,685,632)	(11,872,147)	(971,728)	(14,529,507)
Cash Paid to Employees	(388,282)	(1,295,667)	(599,801)	(2,283,750)
Net Cash Provided by Operating Activities	<u>1,619,283</u>	<u>3,018,388</u>	<u>309,240</u>	<u>4,946,911</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Tap Fees Received	12,971	-	-	12,971
Loan Proceeds	-	-	-	-
Debt Principal Payments	(668,414)	(336,279)	28,054	(976,639)
Grant Proceeds	259,810	-	55,800	315,610
Interest Payments	(137,344)	(50,042)	-	(187,386)
Proceeds of Capital Asset Sales	-	-	-	-
Acquisition of Capital Assets	(616,446)	(668,811)	(104,742)	(1,389,999)
Cash Flows Used by Capital and Related Financing Activities	<u>(1,149,423)</u>	<u>(1,055,132)</u>	<u>(20,888)</u>	<u>(2,225,443)</u>
<b>Cash Flows (Uses) From Noncapital Financing Activities:</b>				
Cash from (to) Other Funds	(222,419)	(1,445,407)	(156,318)	(1,824,144)
Other Revenues (Expense)	23,241	493,876	42,586	559,703
Tax Revenue	248,531	-	-	248,531
Net Cash Provided (Used) by Noncapital Financing Activities	<u>49,353</u>	<u>(951,531)</u>	<u>(113,732)</u>	<u>(1,015,910)</u>
<b>Cash Flows (Uses) From Investing Activities:</b>				
Interest Received	3,920	47,309	4,765	55,994
Net Increase (Decrease) in Cash	523,133	1,059,034	179,385	1,761,552
Cash - Beginning	905,478	10,039,673	1,007,393	11,952,544
Cash - Ending	<u>\$ 1,428,611</u>	<u>\$ 11,098,707</u>	<u>\$ 1,186,778</u>	<u>\$ 13,714,096</u>
<b>Cash</b>				
Investments	\$ 523,394	\$ 10,553,721	\$ 52,000	\$ 11,129,115
Restricted Cash and Investments	-	-	814,018	814,018
Total	<u>905,217</u>	<u>544,986</u>	<u>320,760</u>	<u>1,770,963</u>
	<u>\$ 1,428,611</u>	<u>\$ 11,098,707</u>	<u>\$ 1,186,778</u>	<u>\$ 13,714,096</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</b>				
Operating Income (Loss)	\$ 997,818	\$ 2,217,318	\$ 108,243	\$ 3,323,379
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	435,407	782,855	123,756	1,342,018
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Customer Receivable	26,569	(25,245)	2,632	3,956
Other Receivables	654,720	(54,067)	59,099	659,752
Inventory	15,403	(19,204)	-	(3,801)
Prepaid Expenses	9,803	-	-	9,803
Pension Contribution Timing	-	331,188	-	331,188
Pension Investment Earnings Timing	-	167,572	-	167,572
Pension Benefits Timing	-	(186,435)	-	(186,435)
Pension External Change in %	-	(30,814)	-	(30,814)
(Increase) Decrease in:				
Accounts Payable	(536,161)	(168,640)	11,498	(693,303)
Accrued Salaries and Benefits	6,552	6,258	1,454	14,264
Deposits and Escrow	4,668	20,109	-	24,777
Other Current Liabilities	-	26	-	26
Net Pension Liability	-	(887,612)	-	(887,612)
Net OPEB Liability	-	(20,393)	-	(20,393)
Pension Benefits Timing	-	-	-	-
Pension Investment Earnings Timing	-	767,984	-	767,984
Pension External Change in %	-	102,010	-	102,010
Pension Change in Assumptions	-	(10,230)	-	(10,230)
Accrued Compensated Absences	4,504	25,708	2,558	32,770
Total Adjustments	<u>621,465</u>	<u>801,070</u>	<u>200,997</u>	<u>1,623,532</u>
Net Cash Used for Operating Activities	<u>\$ 1,619,283</u>	<u>\$ 3,018,388</u>	<u>\$ 309,240</u>	<u>\$ 4,946,911</u>

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

**Govt  
Activities**

Internal Service Funds	Total	
	2018	2017
\$ -	\$ 21,760,168	\$ 19,864,715
(3,925)	(14,533,432)	(11,986,038)
-	(2,283,750)	(2,338,978)
<u>(3,925)</u>	<u>4,942,986</u>	<u>5,539,699</u>
-	12,971	17,007
-	-	1,417,300
-	(976,639)	(1,227,085)
-	315,610	420,638
-	(187,386)	(216,862)
-	-	(78,482)
-	(1,389,999)	(1,507,366)
-	(2,225,443)	(1,174,850)
-	(1,824,144)	(1,921,009)
-	559,703	423,712
-	248,531	(916,077)
-	(1,015,910)	(2,413,374)
<u>317</u>	<u>56,311</u>	<u>42,491</u>
(3,608)	1,757,944	1,993,966
<u>71,465</u>	<u>12,024,009</u>	<u>10,030,043</u>
<u>\$ 67,857</u>	<u>\$ 13,781,953</u>	<u>\$ 12,024,009</u>
\$ -	\$ 11,129,115	\$ 9,942,138
67,857	881,875	594,202
-	1,770,963	1,487,669
<u>\$ 67,857</u>	<u>\$ 13,781,953</u>	<u>\$ 12,024,009</u>
<u>\$ (6,125)</u>	<u>\$ 3,317,254</u>	<u>\$ 3,442,945</u>
-	1,342,018	1,464,465
-	3,956	109,955
-	659,752	(424,340)
-	(3,801)	(13,268)
11,984	21,787	1
-	331,188	(340,807)
-	167,572	110,130
-	(186,435)	40,907
-	(30,814)	-
(9,784)	(703,087)	821,881
-	14,264	(8,389)
-	24,777	58,550
-	26	71
-	(887,612)	599,278
-	(20,393)	-
-	-	(101)
-	767,984	-
-	102,010	(290,410)
-	(10,230)	(43,588)
-	32,770	12,419
<u>2,200</u>	<u>1,625,732</u>	<u>2,096,754</u>
<u>\$ (3,925)</u>	<u>\$ 4,942,986</u>	<u>\$ 5,539,699</u>

## CITY OF LAMAR, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

#### **Reporting Entity**

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

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

#### **Lamar Building Finance Corporation**

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

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Government-Wide and Fund Financial Statements**

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. The City did not have any fiduciary funds at December 31, 2018.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

Property taxes, specific ownership taxes, sales and use taxes, franchise fees, state shared revenues, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

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

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

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

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The City also reports the following major proprietary funds:

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

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

The City reports the following internal service funds:

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

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

**Budgets and Budgetary Accounting**

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

August 25 Assessors must submit abstracts of assessments, reflecting all assessed values of property in the County by class and subclass to the Division of Property Taxation. Deadline for County Assessors to certify to all taxing entities and the Division of Local Government of the new total assessed valuation and the amounts for the various factors needed to compute the statutory property tax revenue limits.

October 15 Statutory deadline for submission of proposed budget to the local governing body. “Notice of Budget” to be published when budget received.

December 15 Statutory deadline for certification of mill levies to the Board of County Commissioners. Local governments levying a property tax must adopt their budgets before certifying the levy to the County. Local governing body shall enact an ordinance or resolution making appropriations for the ensuing fiscal year.

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets and Budgetary Accounting** (Continued)

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

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

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

Supplemental budgets were adopted due to unanticipated revenues and expenditures.

**Cash and Equivalents**

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

**Reserved Cash, Restricted Cash and Investments**

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

**Property Taxes**

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

**Receivables**

The City is reporting receivables net of collectability provisions of \$26,538, \$18,623, \$94,076, \$13,478 and \$39,311 in the General, Water & Wastewater, Light and Power, Sanitation, and Ambulance Funds, respectively. All other amounts are deemed collectable.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Inventory**

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

**Property, Plant and Equipment**

**Capital Assets**

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

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

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

**Compensated Absences**

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows and Inflows of Resources**

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and inflows of resources. These separate financial statement elements, deferred outflows of financial resources and deferred inflows of financial resources, represent a usage or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until a future period. The government has three types of items, which arise under the full accrual basis of accounting for both types and modified accrual basis of accounting, in the case of unearned property taxes, that qualify for reporting in these categories. The deferred charge on refunding is reported as a deferred outflow for the governmental activities presentation. The other item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The final item, included in governmental activities and at the enterprise fund level, are deferred outflows and inflows related to pension and OPEB, as further described in Note 6 and Note 7. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and will be recognized as an outflow or inflow of resources in the period that the amounts become recognizable as an expense or available, respectively. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. In the case of the deferred outflow, the charge will be recognized proportionately as the outstanding principal is repaid.

**Net Position/Fund Balance**

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

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

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

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

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position/Fund Balance** (Continued)

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

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

**Net Position/Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Comparative Data**

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

**NOTE 2: CASH AND INVESTMENTS**

A summary of cash and investments follows:

Cash and Equivalents	\$ 14,920,129
Investments	3,197,295
Restricted Cash and Equivalents	<u>2,502,634</u>
<b>Total Cash and Investments</b>	<b><u><u>\$ 20,620,058</u></u></b>

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

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

Petty Cash	\$	4,350
Cash Accounts		16,721,075
Investments		3,894,633
<b>Total Cash and Investments</b>	<b>\$</b>	<b><u>20,620,058</u></b>

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

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured	\$ 1,000,000	\$ 1,000,000
PDPA Collateralized (Not held in City's name)	18,703,135	19,615,708
Petty Cash	-	4,350
<b>Total Cash Deposits</b>	<b><u>\$ 19,703,135</u></b>	<b><u>\$ 20,620,058</u></b>

**Deposits**

**Custodial Credit Risk - Deposits**

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

At December 31, 2018, all of the City’s deposits as shown above were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

**Investments**

**Credit Risk**

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

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments** (Continued)

Credit Risk (Continued)

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

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

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

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk – Investments

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

For the 2018 fiscal year, the amounts classified as investments in the financial statement presentation represented bank balances covered under either FDIC or PDPA as discussed above. The City did not hold any other investments.

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 3: CAPITAL ASSETS**

The following schedule presents changes in governmental activities capital assets during 2018:

	<b>Governmental Activities</b>			
	<b>Balance</b>			<b>Balance</b>
	<b>12/31/2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>12/31/2018</b>
Capital asset not being depreciated				
Land	\$ 581,457	\$ -	\$ -	\$ 581,457
Construction in progress	315,894	-	-	315,894
Total capital assets not being depreciated	<u>\$ 897,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 897,351</u>
Capital assets being depreciated:				
Equipment	2,091,692	203,762	101,685	2,193,769
Vehicles	4,220,404	175,595	177,389	4,218,610
Buildings	5,371,419	-	-	5,371,419
Infrastructure	16,325,381	804,024	-	17,129,405
Total capital assets being depreciated	28,008,896	1,183,381	279,074	28,913,203
Accumulated Depreciation	<u>(14,706,901)</u>	<u>(943,841)</u>	<u>(245,790)</u>	<u>(15,404,952)</u>
Total capital assets being depreciated, net	<u>13,301,995</u>	<u>239,540</u>	<u>33,284</u>	<u>13,508,251</u>
<b>Governmental activity capital assets, net</b>	<b><u>\$ 14,199,346</u></b>	<b><u>\$ 239,540</u></b>	<b><u>\$ 33,284</u></b>	<b><u>\$ 14,405,602</u></b>

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

<b><u>Governmental Activities</u></b>	
General government	304,787
Public safety	224,317
Public works	43,552
Library	97,361
Culture and recreation	175,884
Infrastructure	<u>97,940</u>
<b>Total depreciation expense</b>	
<b>Governmental Activities</b>	<b><u>\$ 943,841</u></b>

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 3: CAPITAL ASSETS (Continued)**

The following schedule presents business-type activities capital assets at December 31, 2018:

	<b>Business-Type Activities</b>			<b>Balance 12/31/2018</b>
	<b>Balance 12/31/2017</b>	<b>Increases</b>	<b>Decreases</b>	
Capital assets not being depreciated:				
Land	\$ 518,559	\$ -	\$ -	\$ 518,559
Intangibles and water rights	1,591,216	-	-	1,591,216
Construction in progress	1,375,550	599,765	-	1,975,315
Total capital assets not being depreciated	<u>3,485,325</u>	<u>599,765</u>	<u>-</u>	<u>4,085,090</u>
Capital assets being depreciated:				
Equipment	14,971,296	288,217	171,900	15,087,613
Buildings and improvements	8,556,861	-	-	8,556,861
Distribution systems	33,021,968	488,078	54,096	33,455,950
Total capital assets being depreciated	<u>56,550,125</u>	<u>776,295</u>	<u>225,996</u>	<u>57,100,424</u>
Accumulated Depreciation	<u>(30,988,058)</u>	<u>(1,342,018)</u>	<u>(225,996)</u>	<u>(32,104,080)</u>
Total capital assets being depreciated, net	<u>25,562,067</u>	<u>(565,723)</u>	<u>-</u>	<u>24,996,344</u>
Business-type activities capital assets, net	<u><b>\$ 29,047,392</b></u>	<u><b>\$ 34,042</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 29,081,434</b></u>

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

<b>Business-Type Activities</b>	
Light & Power	\$ 782,855
Water	435,407
Sanitation	79,146
Ambulance	44,610
<b>Total depreciation expense</b>	
<b>Business-Type Activities</b>	<u><b>\$ 1,342,018</b></u>

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 4: LONG - TERM OBLIGATIONS**

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

	Governmental Activities			Balance 12/31/18	Current Portion	Interest Expense
	Balance 12/31/17	Advances	Repayments			
Honeywell (Bank of America) lease	\$ 872,108	\$ -	\$ 150,523	\$ 721,585	\$ 154,002	\$ 18,280
Equipment capital leases	598,375	641,499	132,829	1,107,045	194,463	22,358
Accrued compensated absences	432,712	25,641	-	458,353	91,671	-
<b>Total Governmental Activities</b>	<b>\$ 1,903,195</b>	<b>\$ 667,140</b>	<b>\$ 283,352</b>	<b>\$ 2,286,983</b>	<b>\$ 440,136</b>	<b>\$ 40,638</b>

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

	Balance			Balance 12/31/18	Current Portion	Interest Expense
	As Restated 12/31/17	Advances	Repayments			
Water refunding bonds	\$ 320,000	\$ -	\$ 180,000	\$ 140,000	\$ 140,000	\$ 8,138
CWRPDA notes payables	6,366,187	-	349,639	6,016,548	352,822	46,282
2013 revenue bonds	2,150,757	-	336,279	1,814,478	344,854	46,912
2014 CWCB note payable	572,132	-	15,632	556,500	15,983	12,785
Honeywell acquisition lease	2,521,866	-	221,917	2,299,949	240,735	71,810
PERA net pension liability	3,537,518	-	887,612	2,649,906	-	-
Net OPEB Liability	260,732	-	20,393	240,339	-	-
Landfill postclosure liability	292,706	28,054	-	320,760	-	-
Accrued compensated absences	409,251	368	-	409,619	89,519	-
<b>Total Business-Type Activities</b>	<b>\$ 16,431,149</b>	<b>\$ 28,422</b>	<b>\$ 2,011,472</b>	<b>\$ 14,448,099</b>	<b>\$ 1,183,913</b>	<b>\$ 185,927</b>

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

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

Fiscal Year	Honeywell (Bank of America) Capital Lease			Business-type activities			Governmental activities		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 240,735	\$ 65,265	\$ 306,000	\$ 154,002	\$ 15,218	\$ 169,220			
2020	251,965	58,035	310,000	157,562	11,659	169,221			
2021	263,531	50,469	314,000	161,202	8,017	169,219			
2022	263,398	42,602	306,000	164,929	4,291	169,220			
2023	277,134	34,866	312,000	83,890	722	84,612			
2023-2027	1,003,186	52,587	1,055,773	-	-	-			
<b>Total</b>	<b>\$ 2,299,949</b>	<b>\$ 303,824</b>	<b>\$ 2,603,773</b>	<b>\$ 721,585</b>	<b>\$ 39,907</b>	<b>\$ 761,492</b>			

**ACCRUED COMPENSATED ABSENCES – GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

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

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 4: LONG - TERM OBLIGATIONS (Continued)**

**GOVERNMENTAL ACTIVITIES**

**CAPITAL LEASE PAYABLE**

In 2015, the City entered into a lease purchase agreement for two 2016 Police Ford Interceptors. The lease requires annual base rentals of \$12,219 consisting of both principal and interest at 2.79% on August 10<sup>th</sup> of each year starting in 2016. Assets with a remaining basis of \$9,358 were capitalized as part of this lease. This lease was fully repaid in 2018.

In 2016, the City entered into a lease purchase agreement for a 2014 Pierce Aerial fire truck. The lease requires annual base rentals of \$74,728 consisting of both principal and interest at 3.49% on May 5<sup>th</sup> of each year starting in 2016. Assets with a remaining basis of \$528,894 were capitalized as part of this lease.

In 2016, the City entered into a lease purchase agreement for three 2016 Police pickup trucks. The lease requires annual base rentals of \$13,441 consisting of both principal and interest at 2.99% on May 27<sup>th</sup> of each year starting in 2017. Payments are made through the General Fund. Assets with a remaining basis of \$28,580 were capitalized as part of this lease.

In 2017, the City entered into a lease purchase agreement for two 2017 Dodge Ram pickup trucks. The lease requires annual base rentals of \$9,265 consisting of both principal and interest at 2.97% on June 15<sup>th</sup> of each year starting in 2017. Assets with a remaining basis of \$40,297 were capitalized as part of this lease.

In 2018, the City entered into a lease purchase agreement for one 2018 Ford Interceptor Police vehicle. The lease requires annual base rentals of \$13,088 consisting of both principal and interest at 3.89% on October 1<sup>st</sup> of each year starting in 2019. There were no assets capitalized in connection to this capital lease as the vehicle was still being built at December 31, 2018, the proceeds have been recorded in escrow funds until the vehicle is received.

In 2018, the City entered into a lease purchase agreement for three 2018 Dodge Ram Pickup Trucks. The lease requires annual base rentals of \$17,217 consisting of both principal and interest at 3.49% on February 12<sup>th</sup> of each year starting in 2018. Assets with a remaining basis of \$68,685 were capitalized as part of this lease.

In 2018, the City entered into a lease purchase agreement for a Pierce Freightliner Type-3 Fire Truck. The lease requires 10 annual base rentals of \$43,223 consisting of both principal and interest at 3.95% on October 1<sup>st</sup> of each year starting in 2018. There were no assets capitalized in connection to this capital lease as the vehicle was still being built at December 31, 2018, the proceeds have been recorded in escrow funds until the vehicle is received.

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 4: LONG - TERM OBLIGATIONS (Continued)**

**GOVERNMENTAL ACTIVITIES (Continued)**

In 2018, the City entered into a lease purchase agreement for four Canon copiers. The four copiers are used in Administration, Streets, Recreation and Fire Departments. The lease requires monthly base rentals of \$176, \$39, \$151, and \$151 consisting of both principal and interest at 5.00% on July 1<sup>st</sup> of each year starting in 2018. There were not assets capitalized in connection with this lease as they did not meet the City’s capitalization threshold.

A summary of the capital lease payments follows:

Fiscal Year	Police Ford Explorer Payment	Aerial Fire Truck Payment	Dodge Pickups Payment	Golf Equipment Payment	Police Interceptor Payment	Fire Truck Payment	Police Pickups Payments	Totals
2019	\$ 12,219	\$ 74,728	\$ 13,441	\$ 50,173	\$ 13,088	\$ 43,223	\$ 16,654	\$ 223,526
2020	12,219	74,728	13,441	50,173	13,088	43,223	16,554	223,426
2021	-	74,728	13,443	-	-	43,223	16,654	148,048
2022	-	74,728	-	-	-	43,223	16,654	134,605
2023	-	74,728	-	-	-	43,224	-	117,952
2024-2028	-	149,262	-	-	-	172,893	-	322,155
Total Future Payments	24,438	522,902	40,325	100,346	26,176	389,009	66,516	1,169,712
Less: Interest Portion	(986)	(66,003)	(2,299)	(7,193)	(1,473)	(59,327)	(5,405)	(142,686)
Present Value of Payments	<u>\$ 23,452</u>	<u>\$ 456,899</u>	<u>\$ 38,026</u>	<u>\$ 93,153</u>	<u>\$ 24,703</u>	<u>\$ 329,682</u>	<u>\$ 61,111</u>	<u>\$ 1,027,026</u>

**BUSINESS-TYPE ACTIVITIES**

**WATER REFUNDING BONDS**

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

Scheduled payments on the bonds are due as follows:

Fiscal Year	Water Refunding Bonds		
	Principal	Interest	Total
2019	<u>\$ 140,000</u>	<u>\$ 2,625</u>	<u>\$ 142,625</u>

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 4: LONG - TERM OBLIGATIONS** (Continued)

**BUSINESS-TYPE ACTIVITIES** (Continued)

**COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY LOANS**

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

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

On August 26, 2016, the City received loan funds totaling \$195,500 from the CWRPDA Drinking Water Revolving Fund for the replacement of the distribution and service pipelines. The loan is noninterest bearing and requires semi-annual principal payments through May 1, 2047. Payments are made through the Water Fund. The loan also contains an additional \$1,417,300 of proceeds subject to loan forgiveness at the discretion of the Authority. The City has \$815,938 of undrawn loan proceeds as of December 31, 2018

A summary of payments follows for the CWRPDA Loans:

<u>Fiscal Year</u>	<u>CWRPDA Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 352,822	\$ 43,468	\$ 396,290
2020	356,074	40,216	396,290
2021	359,399	36,891	396,290
2022	362,797	33,493	396,290
2023	366,271	30,019	396,290
2024-2028	1,886,216	95,234	1,981,450
2029-2033	728,774	11,557	740,331
2034-2038	32,585	-	32,585
2039-2043	32,585	-	32,585
2044-2048	20,724	-	20,724
Total	<u>\$ 4,498,247</u>	<u>\$ 290,878</u>	<u>\$ 4,789,125</u>

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 4: LONG - TERM OBLIGATIONS (Continued)**

**BUSINESS-TYPE ACTIVITIES (Continued)**

**ELECTRIC REVENUE BONDS**

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

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

<u>Fiscal Year</u>	<u>Electric Refunding Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 344,854	\$ 42,491	\$ 387,345
2020	353,648	33,541	387,189
2021	362,666	24,203	386,869
2022	371,914	9,818	381,732
2023	381,396	4,971	386,367
Total	<u>\$ 1,814,478</u>	<u>\$ 115,024</u>	<u>\$ 1,929,502</u>

**COLORADO WATER CONSERVATION BOARD LOANS**

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

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

<u>Fiscal Year</u>	<u>CWCB Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 15,984	\$ 12,521	\$ 28,505
2020	16,343	12,162	28,505
2021	16,711	11,794	28,505
2022	17,087	11,418	28,505
2023	17,471	11,034	28,505
2024-2028	93,432	49,093	142,525
2029-2033	104,428	38,097	142,525
2034-2038	116,716	25,809	142,525
2039-2043	130,451	12,074	142,525
2044-2048	27,877	628	28,505
Total	<u>\$ 556,500</u>	<u>\$ 184,630</u>	<u>\$ 741,130</u>

On June 17, 2016, the City received loan funds totaling \$101,000 from the Colorado Water Conservation Board (CWCB) for upgrades to the water transmission lines. The loan bears interest at 1.95% and matures ten years from substantial project completion. Principal and interest will be due annually. No repayment schedule has been established as of December 31, 2018. The City has \$47,107 remaining in undrawn proceeds at year end. The City had not received any loan proceeds as of December 31, 2017. The beginning loan escrow balance and noncurrent liability has been restated by \$101,000 to reflect that this not was not presented in the 2017 financial statements.

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 5: INTERFUND TRANSACTIONS**

The City has recorded the following routine transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 5,908,158	\$ (4,241,761)
Water and Wastewater Fund	-	(225,000)
Utility Fund	-	(1,400,414)
Nonmajor Govt Funds	185,516	(1,499)
Nonmajor Enterprise Funds	-	(225,000)
<b>Totals</b>	<b><u>\$ 6,093,674</u></b>	<b><u>\$ (6,093,674)</u></b>

The City has recorded the following balances owed between funds:

	<u>Net Due to (from) Other Funds</u>
General Fund	\$ 387,112
Capital Improvement Fund	(61,760)
Water and Wastewater Fund	(7,623)
Utility Fund	40,594
Nonmajor Govt Funds	(44,609)
Nonmajor Enterprise Funds	(313,714)
	<b><u>\$ -</u></b>

**NOTE 6: EMPLOYEE BENEFIT PLANS**

**DEFINED BENEFIT – PERA**

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

**Summary of Significant Accounting Policies**

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

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**Summary of Significant Accounting Policies (Continued)**

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability on the Plan Within the Next Thirty Years*. Governmental accounting standards require the net pension liability and related amounts of the LGDTF for financial reporting purposes be measured using the plan provisions in effect as of the LGDTF's measurement date of December 31, 2017. As such, the following disclosures do not include the changes to plan provisions required by SB 18-200 with the exception of the section titled *Changes between the measurement date of the net pension liability and December 31, 2018*.

**General Information about the Pension Plan**

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**DEFINED BENEFIT – PERA (Continued)**

**General Information about the Pension Plan (Continued)**

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

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

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

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

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

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**DEFINED BENEFIT – PERA (Continued)**

**General Information about the Pension Plan (Continued)**

January 1 <sup>st</sup> through December 31 <sup>st</sup>	2017 <sup>1</sup>	2016 <sup>1</sup>	2015 <sup>1</sup>	2014 <sup>1</sup>	2013
Employer contribution rate	10.00%	10.00%	10.00%	10.00%	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. 24-51-208(1)(f)	-1.02%	-1.02%	-1.02%	-1.02%	-1.02%
Amount apportioned to the LGDTF	8.98%	8.98%	8.98%	8.98%	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. 24-51-411	2.20%	2.20%	2.20%	2.20%	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. 24-51-411	1.50%	1.50%	1.50%	1.50%	1.50%
<b>Total employer contribution rate to the LGDTF</b>	<b>12.68%</b>	<b>12.68%</b>	<b>12.68%</b>	<b>12.68%</b>	<b>12.68%</b>

<sup>1</sup> Rates are expressed as a percentage of salary as defined in C.R.S. 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the LUB is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the City were \$201,343 for the year ended December 31, 2017 and \$190,374 for the year ended December 31, 2018.

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

At December 31, 2018, the LUB reported a liability of \$2,649,906 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The LUB proportion of the net pension liability was based on the LUB contributions to the LGDTF for the calendar year 2017 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the LUB proportion was .2380%, which was an decrease of .023977% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the LUB recognized pension expense of \$426,266. At December 31, 2018, the LUB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 6: EMPLOYEE BENEFIT PLANS** (Continued)

**DEFINED BENEFIT – PERA** (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 166,436	\$ -
Changes of assumptions or other inputs	\$ 30,814	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 287,930	\$ (763,963)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (175,907)
Contributions subsequent to the measurement date	\$ 217,946	\$ -
<b>Total</b>	<b>\$ 703,126</b>	<b>\$ (939,870)</b>

\$217,946 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Fiscal year Total
2019	\$ (5,259)
2020	(71,485)
2021	(186,955)
2022	(190,991)
<b>Total</b>	<b>\$ (454,690)</b>

*Actuarial assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs:

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 6: EMPLOYEE BENEFIT PLANS** (Continued)

**DEFINED BENEFIT – PERA** (Continued)

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

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50-10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00%
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve (AIR)

Healthy mortality assumptions for active members reflect the P-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80m and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016 Board meeting.

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**DEFINED BENEFIT – PERA (Continued)**

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**DEFINED BENEFIT – PERA (Continued)**

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 6: EMPLOYEE BENEFIT PLANS** (Continued)

**DEFINED BENEFIT – PERA** (Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension asset (liability)	\$ (5,215,909)	\$ (3,537,518)	\$ (2,147,627)

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

**Changes between the measurement date of the net pension liability and December 31, 2018.**

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200. *Concerning Modifications to the Public Employees’ Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**DEFINED BENEFIT – PERA (Continued)**

**Changes between the measurement date of the net pension liability and December 31, 2018.**  
(Continued)

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, in the Local Government Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

At December 31, 2018, the LUB reported a liability of \$2,649,906 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan’s year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the LUB proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB 18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$1,874,324

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**DEFINED CONTRIBUTION PLANS – MONEY PURCHASE PENSION PLAN**

The City reinstated and administers a money purchase pension plan, as of June 1, 2010. All City employees except Light and Power employees, firemen and policemen, are covered under this defined contribution plan if they meet eligibility requirements specified in the plan document. Participants are required to contribute 8% of their eligible wages and can voluntarily contribute an additional 6% of compensation through the City's 457 voluntary contribution plan. The City is required to contribute 9% of allowable compensation for retirement benefits plus an additional 0.9% of allowable compensation for other fringe benefits. City contributions in 2018 were \$158,130 and employee contributions were approximately \$141,027

The policemen have each established money purchase defined contribution pension plans (FPMP for new hires). FPMP may be amended by action of the Retirement Board with the approval of at least 65% of actively employed eligible employees and former employees entitled to FPMP benefits. The plans are maintained through Fidelity Advisor Funds and American Century Funds. The participants are required to contribute 8% of their eligible salaries, and the City contributes 9%. For 2018, the City contributed \$74,147, and participants contributed \$65,908.

**DEFERRED COMPENSATION PLAN – 457 PLAN**

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

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

**VOLUNTEER FIREFIGHTERS' PENSION PLAN**

**Plan Description**

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

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**VOLUNTEER FIREFIGHTERS' PENSION PLAN (Continued)**

**Plan Description (Continued)**

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

All City volunteer firefighters participate in this non-contributing local defined benefit pension plan administered by FPPA. For the year ended December 31, 2018, the City acted as the trustee for the plan and has authority to amend benefit provisions.

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

**Description of Benefits**

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

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

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**VOLUNTEER FIREFIGHTERS' PENSION PLAN (Continued)**

**Contributions**

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

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

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

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

**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 \$645,673. 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 income of \$20,278. 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 LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 6: EMPLOYEE BENEFIT PLANS** (Continued)

**VOLUNTEER FIREFIGHTERS' PENSION PLAN** (Continued)

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

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 81,014	\$ -
Changes of assumptions or other inputs	\$ 5,603	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 29,019	\$ (49,666)
Contributions subsequent to the measurement date	\$ 26,980	\$ -
Total	\$ 142,616	\$ (49,666)

\$26,980 reported as deferred outflows of resources related to pensions resulting from City and State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Fiscal Year Totals
2019	\$ (17,045)
2020	(15,908)
2021	(6,980)
2022	(3,640)
2023	(14,333)
Thereafter	(8,064)
Total	\$ (65,970)

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**VOLUNTEER FIREFIGHTERS' PENSION PLAN (Continued)**

**Actuarial Assumptions**

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

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

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

Long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2017 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Cash	2.00%	2.26%
Fixed Income	15.00%	3.00%
Absolute Return	9.00%	6.46%
Long Short	9.00%	7.15%
Global Public Equity	37.00%	8.33%
Private Capital	27.00%	9.70%
Total	99.00%	

\* While expected inflation exceeds the expected rate of return for cash, a 0.0% real rate of return is utilized.

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**VOLUNTEER FIREFIGHTERS' PENSION PLAN (Continued)**

**Discount Rate**

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

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ 596,714	\$ 645,673	\$ 685,300

**Pension Plan Fiduciary Net Position**

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

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

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**VOLUNTEER FIREFIGHTERS' PENSION PLAN (Continued)**

**Pension Plan Fiduciary Net Position**

<u>Total Pension Liability</u>	<u>2018</u>
Service cost	\$ 6,592
Interest	24,794
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	<u>(12,000)</u>
Net changes in total pension liability	19,386
Total Pension Liability - beginning	<u>333,237</u>
Total Pension Liability - ending (a)	<u>\$ 352,623</u>
<u>Plan Fiduciary Net Position</u>	
Contributions - employer	\$ 14,200
Contributions - employee	-
Net investment Income	127,194
Benefit payments, including refunds of employee contributions	(12,000)
Administrative expense	(9,182)
Other	<u>12,780</u>
Net change in plan fiduciary net position	132,992
Plan fiduciary net position - beginning	<u>865,304</u>
Plan fiduciary net position - ending(b)	<u>\$ 998,296</u>
City's net pension liability - ending (a)-(b)	<u>\$ (645,673)</u>
Plan fiduciary net position as a percentage of the total pension liability	283.11%
Covered employee payroll	N/A
Net pension liability/(asset) as a percentage of covered employee payroll	N/A

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

**Membership**

As of the December 31, 2017 measurement date, pension plan membership consisted of the following:

Retirees and Beneficiaries	5
Inactive, Nonretired Members	1
Active Members	<u>37</u>
<b>Total</b>	<u><u>43</u></u>

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**OLD HIRE FIREFIGHTERS' PENSION PLAN**

**Plan Description**

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

**Description of Benefits**

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

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

**Contributions**

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

The Plan is administered by the City Council.

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

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

There were no contributions required for the current fiscal year.

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**OLD HIRE FIREFIGHTERS' PENSION PLAN (Continued)**

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

At December 31, 2018, the City reported a net pension asset of \$711,536. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

For the year ended December 31, 2018, the City recognized pension income of \$37,158. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Net difference between projected and actual earnings on pension plan investments	\$ 46,181	\$ -

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

Year Ended December 31:	Fiscal Year Totals
2019	\$ (1,895)
2020	(840)
2021	9,045
2022	12,651
Total	\$ 18,961

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**OLD HIRE FIREFIGHTERS' PENSION PLAN (Continued)**

**Actuarial Assumptions**

The January 1, 2018 actuarial valuation was used to determine the Actuarially Determined Contribution for the fiscal year ending December 31, 2017. The valuation used the following actuarial assumption and other inputs:

Actuarial method	Entry Age Normal
Amortization method <sup>(1)</sup>	Level Dollar, Open
Amortization period <sup>(1)</sup>	20 Years
Asset valuation method	5-Year smoothed fair value
Long-term investment rate of return, net of pension plan investment expenses, including price inflation *	7.50%
Projected salary increase *	N/A
Cost of Living Adjustments (COLA)	0.00%
* Includes inflation at	2.50%

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

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

**Discount Rate**

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

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

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**OLD HIRE FIREFIGHTERS' PENSION PLAN (Continued)**

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Proportionate share of the net pension asset (liability)	\$ 688,492	\$ 711,536	\$ 731,728

**Pension Plan Fiduciary Net Position**

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

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

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 6: EMPLOYEE BENEFIT PLANS (Continued)**

**OLD HIRE FIREFIGHTERS' PENSION PLAN (Continued)**

**Pension Plan Fiduciary Net Position (Continued)**

<u>Total Pension Liability</u>	<u>2018</u>
Interest	\$ 20,313
Differences between expected and actual experience	6,652
Benefit payments	<u>(31,706)</u>
Net changes in total pension liability	(4,741)
Total Pension Liability - beginning	<u>286,412</u>
Total Pension Liability - ending (a)	<u>\$ 281,671</u>
 <u>Plan Fiduciary Net Position</u>	
Contributions - employer	\$ -
Contributions - employee	-
Net investment Income	129,278
Benefit payments, including refunds of employee contributions	(31,706)
Administrative expense	(689)
Other	<u>-</u>
Net change in plan fiduciary net position	96,883
Plan fiduciary net position - beginning	<u>896,324</u>
Plan fiduciary net position - ending(b)	<u>\$ 993,207</u>
 City's net pension liability - ending (a)-(b)	 <u>\$ (711,536)</u>
 Plan fiduciary net position as a percentage of the total pension liability	 352.61%
 Covered payroll	 N/A
 Net pension liability/(asset) as a percentage of covered employee payroll	 N/A

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

**Membership**

As of the December 31, 2018 measurement date, pension plan membership consisted of one retiree beneficiary.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS**

**Health Care Trust Fund**

**Summary of Significant Accounting Policies**

*OPEB.* The City’s Light and Power Fund (LUB) participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees’ Retirement Association of Colorado (“PERA”). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the OPEB Plan**

*Plan Description.*

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

*Benefits Provided*

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Health Care Trust Fund** (Continued)

**General Information about the OPEB Plan** (Continued)

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

*PERA Benefit Structure*

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

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

*DPS Benefit Structure*

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Health Care Trust Fund** (Continued)

**General Information about the OPEB Plan** (Continued)

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the LUB is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from LUB were \$15,314 for the plan year ended December 31, 2018.

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

At December 31, 2018, the LUB reported a liability of \$240,339 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The LUB's proportion of the net OPEB liability was based on LUB's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the LUB's proportion was 0.01849%, which was an decrease of .001617% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the LUB recognized OPEB expense of \$15,292. At December 31, 2018, the LUB reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Health Care Trust Fund** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 1,137	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (4,021)
Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis	\$ -	\$ (17,518)
Contributions subsequent to the measurement date	\$ 16,227	\$ -
Total	\$ 17,364	\$ (21,539)

\$16,227 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Fiscal Year Totals
2019	\$ (4,224)
2020	(4,224)
2021	(4,223)
2022	(4,223)
2023	(3,218)
2024	(290)
Total	\$ (20,402)

*Actuarial assumptions.* The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Health Care Trust Fund (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Actuarial cost method	Entry Age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increase, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates (PERA benefit structure):	
Service-based premium subsidy	0.00%
PERACare Medicare plans	5.00%
Medicare Part A premiums	3.00 % for 2017, gradually rising to 4.25% in 2023

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

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

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Health Care Trust Fund** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improved projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Health Care Trust Fund** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

- Initial per capital health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely to actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capital health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Health Care Trust Fund** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>30 Year Expected Geometric Real Rate of Return</b>
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

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

CITY OF LAMAR, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

**NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Health Care Trust Fund** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

<b>Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates</b>			
	1% Decrease	Current Discount Rate	1% Increase
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Proportionate share of the net OPEB asset (liability)	\$ (233,726)	\$ (240,339)	\$ (248,303)

*Discount rate.* The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF’s fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 7: POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)**

**Health Care Trust Fund (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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

<b>Sensitivity of the Net OPEB Liability to Changes in the Discount Rate</b>			
	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Proportionate share of the net OPEB asset (liability)	\$ (270,217)	\$ (240,339)	\$ (214,838)

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

**NOTE 8: RISK MANAGEMENT**

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

For risks related to property and liability and workers’ compensation, the City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, section 18(2). The purposes of CIRSA are to provide members defined liability and property coverage and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

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

## CITY OF LAMAR, COLORADO

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**NOTE 8: RISK MANAGEMENT (Continued)**

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

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

**NOTE 9: RELATED PARTIES**

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

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

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

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

During 2018, purchases of power by the City from ARPA were \$9,550,708.

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 10: LANDFILL CLOSURE AND POSTCLOSURE LIABILITY**

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

The estimated cost to perform all closure and post closure care was \$842,658, based on a cost estimate completed in April 2017 and subsequently modified by the Colorado Department of Public Health and Environment in January, 2018. The costs were comprised of \$489,478 of closure costs and \$353,700 of post-closure costs. The City currently filled an estimated 491,900 cubic meters on overall capacity of 1,314,539 cubic meters, for an estimated used amount of slightly more than 37%. Based on this usage, the City has recorded an inflation adjusted long-term liability of \$320,760, with current expense increase of \$28,054. This increase in the liability is primarily related to Colorado Department of Public Health and Environment modifications to closure and post-closure costs from update procedures after the April 2017 measurement. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and post closure care or to exhibit financial assurance that it is able to finance these costs without the contributions to a trust. The City has demonstrated financial assurance and has restricted \$320,760 of its available cash balance to meet this liability and as a result has not made any contributions to a trust.

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

**TABOR Amendment**

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

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2018, the emergency reserve of \$394,000 was recorded in the General Fund.

**NOTE 12: NET POSITION DEFICIT**

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

**CITY OF LAMAR, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2018**

**NOTE 13: BUDGET VIOLATIONS**

The City's expenditures exceeded appropriations in the Sanitation Fund which may be a violation of Colorado statutes.

**NOTE 14: PRIOR PERIOD RESTATEMENT**

For the fiscal year, the District adopted GASB Statement Number 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The statement places a long-term obligation, as well as related deferred outflows and inflows, on the Statement of Net Position related to future postemployment benefit obligations. The City has restated the beginning net position for business-type activities for those balances that were applicable as of December 31, 2018, a decrease of net position in the amount of \$245,449. The City has also restated the beginning net position for business-type activities related to a grant receivable that was not recorded in 2017, thereby understating the net position. This restatement increased net position \$31,254. These restatements resulted in a net decrease in business-type activity net position of \$214,195.

The City also restated the beginning loan escrow and noncurrent liabilities in the Water and Wastewater fund for the \$101,000 Colorado Water Conservation Board loan which the City did not start drawing on until 2018 and was not presented in prior years. There is no restatement of net position related to this item.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Pension Schedules Unaudited)**

**CITY OF LAMAR**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE  
NET PENSION ASSET (LIABILITY)**

**PERA Pension Plan**

**Last 10 Fiscal Years<sup>(1)</sup>**

	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>
City's proportion of the net pension asset (liability)	0.237995%	0.261972%	0.266729%
City's proportionate share of the net pension asset (liability)	\$ (2,649,906)	\$ (3,537,518)	\$ (2,938,240)
City's covered payroll	\$ 1,501,372	\$ 1,587,879	\$ 1,514,816
City's proportionate share of the net pension asset (liability) as a percentage of covered payroll	176.50%	222.78%	193.97%
Plan fiduciary net position as a percentage of the total pension liability	79.37%	73.65%	76.87%

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

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

See the accompanying Independent Auditors' Report.

<u>12/31/15</u>	<u>12/31/14</u>
0.342544%	0.369087%
\$ (3,070,251)	\$ (3,037,293)
\$ 1,876,987	\$ 1,969,113
163.57%	154.25%
80.72%	81.00%

**CITY OF LAMAR**

**SCHEDULE OF CITY CONTRIBUTIONS**

**PERA Pension Plan**

**Last 10 Fiscal Years<sup>(1)</sup>**

	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>
Contractually required contributions	\$ 190,374	\$ 201,343	\$ 192,079
Actual contributions	<u>(190,374)</u>	<u>(201,343)</u>	<u>(192,079)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,501,372	\$ 1,587,879	\$ 1,514,816
Contributions as a percentage of covered payroll	12.68%	12.68%	12.68%

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

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

See the accompanying Independent Auditors' Report.

<u>12/31/15</u>	<u>12/31/14</u>
\$ 238,002	\$ 249,683
<u>(238,002)</u>	<u>(249,683)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 1,876,987	\$ 1,969,113
12.68%	12.68%

CITY OF LAMAR

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

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
<u>Total Pension Liability</u>				
Service cost	\$ 6,592	\$ 5,643	\$ 5,643	\$ 7,265
Interest	24,794	15,999	15,196	13,208
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	99,193	-	15,819
Changes of assumptions	-	7,613	-	-
Benefit payments	<u>(12,000)</u>	<u>(11,315)</u>	<u>(9,000)</u>	<u>(8,984)</u>
Net changes in total pension liability	19,386	117,133	11,839	27,308
Total Pension Liability - beginning	<u>333,237</u>	<u>216,104</u>	<u>204,265</u>	<u>176,957</u>
Total Pension Liability - ending (a)	<u>\$ 352,623</u>	<u>\$ 333,237</u>	<u>\$ 216,104</u>	<u>\$ 204,265</u>
 <u>Plan Fiduciary Net Position</u>				
Contributions - employer	\$ 14,200	\$ 14,200	\$ 14,200	\$ 14,200
Contributions - employee	-	-	-	-
Net investment Income	127,194	44,326	14,222	47,876
Benefit payments, including refunds of employee contributions	(12,000)	(11,315)	(9,000)	(8,984)
Administrative expense	(9,182)	(1,578)	(2,364)	(1,498)
State of Colorado discretionary payment	<u>12,780</u>	<u>12,780</u>	<u>12,780</u>	<u>25,560</u>
Net change in plan fiduciary net position	132,992	58,413	29,838	77,154
Plan fiduciary net position - beginning	<u>865,304</u>	<u>806,891</u>	<u>777,053</u>	<u>699,899</u>
Plan fiduciary net position - ending(b)	<u>\$ 998,296</u>	<u>\$ 865,304</u>	<u>\$ 806,891</u>	<u>\$ 777,053</u>
 City's net pension liability/(asset) - ending (a)-(b)	<u>\$ (645,673)</u>	<u>\$ (532,067)</u>	<u>\$ (590,787)</u>	<u>\$ (572,788)</u>

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

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

See the accompanying Independent Auditors' Report.

**CITY OF LAMAR**

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

	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
City's proportion of the net pension asset (liability)	100%	100%	100%	100%	100%
City's proportionate share of the net pension asset (liability)	\$ 645,673	\$ 532,067	\$ 590,787	\$ 572,788	\$ 522,942
City's covered payroll	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension asset (liability) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	283.11%	259.67%	373.38%	380.41%	395.52%

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

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

See the accompanying Independent Auditors' Report.

**CITY OF LAMAR**

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

	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>
Contractually required contributions	\$ -	\$ -	\$ -	\$ -
Actual contributions	<u>26,980</u>	<u>26,980</u>	<u>26,980</u>	<u>39,760</u>
Contribution deficiency (excess)	<u>\$ 26,980</u>	<u>\$ 26,980</u>	<u>\$ 26,980</u>	<u>\$ 39,760</u>
City's covered payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A

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

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

See the accompanying Independent Auditors' Report.

**CITY OF LAMAR**

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

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
<u>Total Pension Liability</u>				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	20,313	20,744	20,497	20,582
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	-	(13,105)	-
Changes of assumptions	6,652	-	17,340	-
Benefit payments	<u>(31,706)</u>	<u>(21,444)</u>	<u>(31,706)</u>	<u>(21,960)</u>
Net changes in total pension liability	(4,741)	(700)	(6,974)	(1,378)
Total Pension Liability - beginning	<u>276,150</u>	<u>276,850</u>	<u>283,824</u>	<u>285,202</u>
Total Pension Liability - ending (a)	<u>\$ 271,409</u>	<u>\$ 276,150</u>	<u>\$ 276,850</u>	<u>\$ 283,824</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - employer	\$ -	\$ -	\$ -	\$ -
Contributions - employee	-	-	-	-
Net investment Income	129,278	46,661	15,865	57,553
Benefit payments, including refunds of employee contributions	(31,706)	(21,444)	(31,706)	(21,960)
Administrative expense	(689)	(3,508)	(1,629)	(4,703)
Other	-	-	-	-
Net change in plan fiduciary net position	96,883	21,709	(17,470)	30,890
Plan fiduciary net position - beginning	<u>886,062</u>	<u>864,353</u>	<u>881,823</u>	<u>850,933</u>
Plan fiduciary net position - ending(b)	<u>\$ 982,945</u>	<u>\$ 886,062</u>	<u>\$ 864,353</u>	<u>\$ 881,823</u>
City's net pension liability/(asset) - ending (a)-(b)	<u>\$ (711,536)</u>	<u>\$ (609,912)</u>	<u>\$ (587,503)</u>	<u>\$ (597,999)</u>

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

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

See the accompanying Independent Auditors' Report.

**CITY OF LAMAR**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE  
NET PENSION ASSET (LIABILITY)**

**FPPA Lamar Old Hire Fire Pension Fund**

**Last 10 Fiscal Years<sup>(1)</sup>**

	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
City's proportion of the net pension asset (liability)	100%	100%	100%	100%	100%
City's proportionate share of the net pension asset (liability)	\$ 711,536	\$ 609,912	\$ 587,503	\$ 597,999	\$ 565,731
City's covered payroll	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension asset (liability) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	352.61%	312.95%	304.63%	310.69%	298.36%

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

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

See the accompanying Independent Auditors' Report.

**CITY OF LAMAR**

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

	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>	<u>12/31/14</u>
Contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Actual contributions	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

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

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

See the accompanying Independent Auditors' Report.

**CITY OF LAMAR**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE  
NET OPEB ASSET (LIABILITY)  
PERA Health Care Trust Fund  
Last 10 Fiscal Years<sup>(1)</sup>**

	<u>12/31/18</u>	<u>12/31/17</u>
City's proportion of the net OPEB asset (liability)	0.018493%	0.020110%
City's proportionate share of the net OPEB asset (liability)	\$ (240,339)	\$ (260,732)
City's covered payroll	\$ 1,501,373	\$ 276,273
City's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	16.01%	94.37%
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%	16.70%

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

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

See the accompanying Independent Auditors' Report.

**CITY OF LAMAR**

**SCHEDULE OF CITY CONTRIBUTIONS  
PERA Health Care Trust Fund  
Last 10 Fiscal Years<sup>(1)</sup>**

	<u>12/31/18</u>	<u>12/31/17</u>
Contractually required contributions	\$ 15,314	\$ 2,818
Actual contributions	<u>(15,314)</u>	<u>(2,818)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,501,373	\$ 276,273
Contributions as a percentage of covered payroll	1.02%	1.02%

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

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

See the accompanying Independent Auditors' Report.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LAMAR, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018				2017 Actual
	Original Budget	Final Budget	Actual	Variance With Final Budget	
<b>REVENUES</b>					
<b>Taxes</b>					
Property Taxes	\$ 429,520	\$ 429,520	\$ 429,269	\$ (251)	\$ 441,976
Specific Ownership Taxes	64,000	64,000	70,243	6,243	73,920
Sales and Use Taxes	3,741,843	4,141,843	3,983,158	(158,685)	3,868,811
Franchise and In Lieu of Taxes	187,000	187,000	192,178	5,178	182,941
Other Taxes	500	500	2,203	1,703	2,709
Total Tax Revenue	<u>4,422,863</u>	<u>4,822,863</u>	<u>4,677,051</u>	<u>(145,812)</u>	<u>4,570,357</u>
<b>Intergovernmental Revenues</b>					
Cigarette Taxes	9,500	9,500	11,676	2,176	12,317
Highway Users	268,250	268,250	321,527	53,277	260,496
Road and Bridge	46,000	46,000	44,216	(1,784)	45,721
Clerk/Motor Vehicle Fees	27,000	27,000	27,492	492	27,327
Mineral Lease	5,000	5,000	4,356	(644)	4,763
Federal Grants	1,400	1,400	-	(1,400)	2,068
State Grants	237,512	237,512	60,699	(176,813)	60,508
Other Intergovernmental	21,500	21,500	21,500	-	24,250
Total Intergovernmental Revenue	<u>616,162</u>	<u>616,162</u>	<u>491,466</u>	<u>(124,696)</u>	<u>437,450</u>
<b>Licenses and Permits</b>					
Liquor Licenses	3,500	3,500	5,070	1,570	2,816
Building Permits	60,000	60,000	198,172	138,172	310,346
Annexation/Other P&Z Fees	12,000	12,000	19,865	7,865	21,640
Animal Licenses	75	75	-	(75)	-
Business Licenses	13,800	13,800	14,807	1,007	14,305
Other Licenses	4,000	4,000	2,437	(1,563)	2,635
Total Licenses and Permits	<u>93,375</u>	<u>93,375</u>	<u>240,351</u>	<u>146,976</u>	<u>351,742</u>
<b>Fines and Forfeits</b>					
	<u>41,600</u>	<u>41,600</u>	<u>47,058</u>	<u>5,458</u>	<u>47,786</u>
<b>Charges for Services</b>					
Recreation/Comm Ctr Charges	131,000	131,000	132,005	1,005	140,688
Airport Charges	39,500	39,500	38,877	(623)	40,620
Sales of Goods	8,500	8,500	11,407	2,907	10,175
Rents	25,965	25,965	28,997	3,032	26,934
Internal Charges	468,457	468,457	468,457	-	468,457
Other Charges for Services	254,496	254,496	260,090	5,594	298,852
Total Charges for Services	<u>927,918</u>	<u>927,918</u>	<u>939,833</u>	<u>11,915</u>	<u>985,726</u>
<b>Investment Earnings</b>					
	<u>4,070</u>	<u>4,070</u>	<u>14,453</u>	<u>10,383</u>	<u>4,899</u>
<b>Other Revenues</b>					
Reimbursements and Refunds	-	2,850,000	2,858,584	8,584	25,386
Donations	21,000	21,000	56,211	35,211	25,150
Insurance Proceeds/Recoveries	7,500	7,500	300,243	292,743	144,727
Sale of Capital Assets	2,500	2,500	-	(2,500)	-
Other Miscellaneous Revenue	11,100	11,100	41,815	30,715	99,954
Total Other Revenue	<u>42,100</u>	<u>2,892,100</u>	<u>3,256,853</u>	<u>364,753</u>	<u>295,217</u>
<b>TOTAL REVENUES</b>	<u>6,148,088</u>	<u>9,398,088</u>	<u>9,667,065</u>	<u>268,977</u>	<u>6,693,177</u>

See accompanying Independent Auditors' Report.  
(Continued)

CITY OF LAMAR, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018			Variance With Final Budget	2017 Actual
	Original Budget	Final Budget	Actual		
(Continued)					
<b>EXPENDITURES</b>					
<b>General Government</b>					
Council & Administration	692,364	692,364	1,132,258	(439,894)	1,052,218
Information Technology	194,395	194,395	166,222	28,173	170,821
Other General Government	328,982	728,982	413,708	315,274	327,845
Total General Government	<u>1,215,741</u>	<u>1,615,741</u>	<u>1,712,188</u>	<u>(96,447)</u>	<u>1,550,884</u>
<b>Public Safety</b>					
Police	1,715,177	1,715,177	1,544,947	170,230	1,622,385
Fire	380,871	380,371	389,807	(9,436)	380,452
Municipal Court	37,453	37,453	31,282	6,171	36,192
Total Public Safety	<u>2,133,501</u>	<u>2,133,001</u>	<u>1,966,036</u>	<u>166,965</u>	<u>2,039,029</u>
<b>Public Works</b>					
Community Development	185,781	185,781	190,249	(4,468)	187,842
Planning and Zoning	56,868	56,868	60,912	(4,044)	56,163
Engineering	160,551	160,551	152,997	7,554	154,064
Streets	935,236	935,236	930,466	4,770	940,573
Building and Property Maintenance	356,638	356,638	446,843	(90,205)	414,862
Total Public Works/Comm Devel	<u>1,695,074</u>	<u>1,695,074</u>	<u>1,781,467</u>	<u>(86,393)</u>	<u>1,753,504</u>
<b>Parks, Recreation and Other</b>					
Parks	549,089	549,089	551,787	(2,698)	514,190
Recreation	696,651	696,651	750,296	(53,645)	657,131
Culture	310,079	310,079	308,808	1,271	285,798
Airport	48,000	48,000	42,932	5,068	53,645
Cemetery	207,174	207,174	216,062	(8,888)	218,756
Total Parks, Recreation & Other	<u>1,810,993</u>	<u>1,810,993</u>	<u>1,869,885</u>	<u>(58,892)</u>	<u>1,729,520</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**General Fund**

FOR THE YEAR ENDED DECEMBER 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	2018			Variance With Final Budget	2017
	Original Budget	Final Budget	Actual		Actual
(Continued)					
<b>Capital Outlay</b>					
Public Safety Capital Outlay	435,000	435,000	85,750	349,250	-
Public Works Capital Outlay	375,000	375,000	392,873	(17,873)	248,393
Parks, Recreation and Other Capital Outlay	-	-	7,992	(7,992)	16,000
Other Capital Outlay	190,000	190,000	190,595	(595)	81,497
Total Capital Outlay	<u>1,000,000</u>	<u>1,000,000</u>	<u>677,210</u>	<u>322,790</u>	<u>345,890</u>
<b>Debt Service</b>					
Principal and Interest	333,375	333,375	362,042	(28,667)	312,905
<b>Contingency Reserve</b>	51,514	52,014	-	52,014	-
TOTAL EXPENDITURES	<u>8,240,198</u>	<u>8,640,198</u>	<u>8,368,828</u>	<u>271,370</u>	<u>7,731,732</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<u>(2,092,110)</u>	<u>757,890</u>	<u>1,298,237</u>	<u>540,347</u>	<u>(1,038,555)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt Proceeds	260,000	260,000	641,499	381,499	-
Transfers In	5,697,757	5,697,757	5,908,158	210,401	5,683,304
Transfers (Out)	(3,865,647)	(6,715,647)	(4,241,761)	2,473,886	(3,879,514)
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,092,110</u>	<u>(757,890)</u>	<u>2,307,896</u>	<u>3,065,786</u>	<u>1,803,790</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	\$ -	\$ -	3,606,133	\$ 3,606,133	765,235
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>			3,606,133		765,235
<b>FUND BALANCE, BEGINNING</b>			2,207,703		1,442,468
<b>FUND BALANCE, ENDING</b>			<u>\$ 5,813,836</u>		<u>\$ 2,207,703</u>

See accompanying Independent Auditors' Report.

**OTHER SUPPLEMENTARY INFORMATION**

CITY OF LAMAR, COLORADO

**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2018**

	SPECIAL REVENUE FUNDS			SPECIAL REVENUE	
	E-911	Conservation	Victims	Library	Fairmont
	Fund	Trust	Assistance	Fund	Investment
	Fund	Fund	Fund	Fund	Fund
<b>ASSETS AND DEFERRED OUTFLOWS</b>					
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Investments					
Cash	\$ 4	\$ -	\$ 15,685	\$ 6,172	\$ -
Investments	-	-	44,357	-	-
Restricted Cash and Investments	-	278,394	-	65,235	338,410
Receivables					
Intergovernmental Receivables	18,087	-	-	-	-
Interest Receivable	-	-	-	-	60
Other Receivables	69,751	-	23	-	384
Internal Balances	(44,715)	-	17	-	89
Prepaid Expenses	-	-	-	2,786	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 43,127</b>	<b>\$ 278,394</b>	<b>\$ 60,082</b>	<b>\$ 74,193</b>	<b>\$ 338,943</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>					
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ (1,221)	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Benefits	20,381	-	-	-	-
Deposits and Escrow	-	-	-	967	-
<b>TOTAL LIABILITIES</b>	<b>19,160</b>	<b>-</b>	<b>-</b>	<b>967</b>	<b>-</b>
<b>FUND BALANCE</b>					
Nonspendable Fund Balance	-	-	-	-	-
Restricted Fund Balance	23,967	230,036	-	73,226	338,943
Committed Fund Balance	-	-	60,082	-	-
Unassigned Fund Balance	-	48,358	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>23,967</b>	<b>278,394</b>	<b>60,082</b>	<b>73,226</b>	<b>338,943</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 43,127</b>	<b>\$ 278,394</b>	<b>\$ 60,082</b>	<b>\$ 74,193</b>	<b>\$ 338,943</b>

See accompanying Independent Auditors' Report.

**FUNDS**

<b>Lamar Redevelopment Authority</b>		
<b>Fund</b>	<b>Total</b>	
	<b>2018</b>	<b>2017</b>
\$ 278,746	\$ 300,607	\$ 255,822
-	44,357	43,993
-	682,039	640,689
-	18,087	18,087
-	60	56
444	70,602	69,058
-	(44,609)	(23,273)
7,500	10,286	-
<u>\$ 286,690</u>	<u>\$ 1,081,429</u>	<u>\$ 1,004,432</u>

\$ 55,153	\$ 53,932	\$ 5,025
-	20,381	22,810
-	967	220
<u>55,153</u>	<u>75,280</u>	<u>28,055</u>
7,500	7,500	-
224,037	890,209	940,934
-	60,082	54,453
-	48,358	(19,010)
<u>231,537</u>	<u>1,006,149</u>	<u>976,377</u>
<u>\$ 286,690</u>	<u>\$ 1,081,429</u>	<u>\$ 1,004,432</u>

CITY OF LAMAR, COLORADO

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	<b>SPECIAL REVENUE FUNDS</b>		
	<b>E-911</b>	<b>Conservation</b>	<b>Victims</b>
	<b>Fund</b>	<b>Trust</b>	<b>Assistance</b>
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenues	280,000	74,573	-
Fines and Forfeits	-	-	212
Charges for Services	-	-	11,479
Investment Earnings	-	704	407
Other Revenues	-	443	-
<b>TOTAL REVENUES</b>	<b>280,000</b>	<b>75,720</b>	<b>12,098</b>
<b>EXPENDITURES</b>			
Current:			
General Government	-	-	-
Public Safety	479,923	-	6,469
Parks, Recreation and Other	-	27,362	-
Capital Outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>479,923</b>	<b>27,362</b>	<b>6,469</b>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>(199,923)</b>	<b>48,358</b>	<b>5,629</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	185,516	-	-
Transfers (Out)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>185,516</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE - GAAP BASIS</b>	<b>(14,407)</b>	<b>48,358</b>	<b>5,629</b>
<b>FUND BALANCE, BEGINNING</b>	<b>38,374</b>	<b>230,036</b>	<b>54,453</b>
<b>FUND BALANCE, ENDING</b>	<b>\$ 23,967</b>	<b>\$ 278,394</b>	<b>\$ 60,082</b>

See accompanying Independent Auditors' Report.

**SPECIAL REVENUE FUNDS**

Library Fund	Fairmont Investment Fund	Lamar Redevelopment Authority Fund	Total	
		Fund	2018	2017
\$ -	\$ -	\$ 101,569	\$ 101,569	\$ 100,196
5,181	-	-	359,754	368,243
-	-	-	212	273
-	10,890	-	22,369	21,634
208	1,507	1,202	4,028	3,571
10,115	717	7,000	18,275	11,476
<u>15,504</u>	<u>13,114</u>	<u>109,771</u>	<u>506,207</u>	<u>505,393</u>
-	-	22,346	22,346	28,676
-	-	-	486,392	498,746
18,511	-	-	45,873	64,343
-	19,017	86,824	105,841	112,511
<u>18,511</u>	<u>19,017</u>	<u>109,170</u>	<u>660,452</u>	<u>704,276</u>
<u>(3,007)</u>	<u>(5,903)</u>	<u>601</u>	<u>(154,245)</u>	<u>(198,883)</u>
-	-	-	185,516	184,732
-	(1,499)	-	(1,499)	(1,504)
-	(1,499)	-	184,017	183,228
(3,007)	(7,402)	601	29,772	(15,655)
<u>76,233</u>	<u>346,345</u>	<u>230,936</u>	<u>976,377</u>	<u>992,032</u>
<u>\$ 73,226</u>	<u>\$ 338,943</u>	<u>\$ 231,537</u>	<u>\$ 1,006,149</u>	<u>\$ 976,377</u>

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### **CAPITAL PROJECTS FUND**

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

CITY OF LAMAR, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**Capital Improvement Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018			2017 Actual
	Original & Final Budget	Actual	Variance With Final Budget	
<b>REVENUES</b>				
<b>Intergovernmental Revenues</b>				
Federal Grants	\$ 712,480	\$ 285,592	\$ (426,888)	\$ 43,536
State Grants	<u>1,946,000</u>	<u>864,047</u>	<u>(1,081,953)</u>	<u>112,525</u>
Total Intergovernmental Revenue	<u>2,658,480</u>	<u>1,149,639</u>	<u>(1,508,841)</u>	<u>156,061</u>
<b>Investment Earnings</b>	<u>2,800</u>	<u>3,176</u>	<u>376</u>	<u>3,923</u>
<b>Other Revenues</b>				
Donations	-	-	-	482,095
Other Miscellaneous Revenue	-	<u>(2,500)</u>	<u>(2,500)</u>	-
Total Other Revenue	-	<u>(2,500)</u>	<u>(2,500)</u>	<u>482,095</u>
TOTAL REVENUES	<u>2,661,280</u>	<u>1,150,315</u>	<u>(1,510,965)</u>	<u>642,079</u>
<b>EXPENDITURES</b>				
Public Works Capital Outlay	970,600	324,062	646,538	-
Parks, Recreation and Other Capital Outlay	2,449,660	1,346,472	1,103,188	532,774
Other Capital Outlay	<u>50,000</u>	<u>50,000</u>	-	<u>60,692</u>
TOTAL EXPENDITURES	<u>3,470,260</u>	<u>1,720,534</u>	<u>1,749,726</u>	<u>593,466</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(808,980)	(570,219)	238,761	48,613
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>136,000</u>	-	<u>\$ (136,000)</u>	<u>33,145</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ (672,980)</u>	(570,219)	<u>\$ 102,761</u>	81,758
<b>FUND BALANCE, BEGINNING</b>		<u>1,012,619</u>		<u>930,861</u>
<b>FUND BALANCE, ENDING</b>		<u>\$ 442,400</u>		<u>\$ 1,012,619</u>

See accompanying Independent Auditors' Report.

## **SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

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

CITY OF LAMAR, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**E-911 Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018		Variance With Final Budget	2017
	Original & Final Budget	Actual		Actual
<b>REVENUES</b>				
<b>Intergovernmental Revenues</b>				
Other Intergovernmental	\$ 305,517	\$ 280,000	\$ (25,517)	\$ 274,735
Other Miscellaneous Revenue	-	-	-	3,242
<b>TOTAL REVENUES</b>	<b>305,517</b>	<b>280,000</b>	<b>(25,517)</b>	<b>277,977</b>
<b>EXPENDITURES</b>				
<b>Public Safety</b>				
Other Public Safety	491,034	479,923	11,111	493,824
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	<b>(185,517)</b>	<b>(199,923)</b>	<b>(14,406)</b>	<b>(215,847)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	185,517	185,516	(1)	184,732
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<b>\$ -</b>	<b>(14,407)</b>	<b>\$ (14,407)</b>	<b>(31,115)</b>
<b>FUND BALANCE, BEGINNING</b>		<b>38,374</b>		<b>69,489</b>
<b>FUND BALANCE, ENDING</b>		<b>\$ 23,967</b>		<b>\$ 38,374</b>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**Conservation Trust Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018		Variance With Final Budget	2017
	Original & Final Budget	Actual		Actual
<b>REVENUES</b>				
<b>Intergovernmental Revenues</b>				
Cons Trust Fund Revenue	\$ 75,000	\$ 74,573	\$ (427)	\$ 73,244
<b>Investment Earnings</b>	120	704	584	488
<b>Other Revenues</b>				
Other Miscellaneous Revenue	-	443	443	-
<b>TOTAL REVENUES</b>	<u>75,120</u>	<u>75,720</u>	<u>600</u>	<u>73,732</u>
<b>EXPENDITURES</b>				
<b>Parks, Recreation and Other</b>				
Parks	75,000	27,362	47,638	43,807
<b>Capital Outlay</b>				
Parks, Recreation and Other Capital Outlay	-	-	-	7,128
<b>TOTAL EXPENDITURES</b>	<u>75,000</u>	<u>27,362</u>	<u>47,638</u>	<u>50,935</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ 120</u>	48,358	<u>\$ 48,238</u>	22,797
<b>FUND BALANCE, BEGINNING</b>		230,036		207,239
<b>FUND BALANCE, ENDING</b>		<u>\$ 278,394</u>		<u>\$ 230,036</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**Victims Assistance Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018		Variance With Final Budget	2017 Actual
	Original/ Final Budget	Actual		
<b>REVENUES</b>				
Fines and Forfeits	\$ -	\$ 212	\$ 212	\$ 273
<b>Charges for Services</b>				
Other Charges for Services	9,000	11,479	2,479	12,706
<b>Investment Earnings</b>	<u>100</u>	<u>407</u>	<u>307</u>	<u>189</u>
TOTAL REVENUES	9,100	12,098	2,998	13,168
<b>EXPENDITURES</b>				
<b>Public Safety</b>				
Other Public Safety	<u>16,400</u>	<u>6,469</u>	<u>9,931</u>	<u>4,922</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ (7,300)</u>	5,629	<u>\$ 12,929</u>	8,246
<b>FUND BALANCE, BEGINNING</b>		<u>54,453</u>		<u>46,207</u>
<b>FUND BALANCE, ENDING</b>		<u>\$ 60,082</u>		<u>\$ 54,453</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**Library Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018		Variance With Final Budget	2017 Actual
	Original & Final Budget	Actual		
<b>REVENUES</b>				
<b>Intergovernmental Revenues</b>				
State Grants	\$ 20,000	\$ 5,181	\$ (14,819)	\$ 20,264
<b>Investment Earnings</b>	12	208	196	169
<b>Other Revenues</b>				
Donations	10,000	10,115	115	6,140
Other Miscellaneous Revenue	-	-	-	7
<b>TOTAL REVENUES</b>	<u>30,012</u>	<u>15,504</u>	<u>(14,508)</u>	<u>26,580</u>
<b>EXPENDITURES</b>				
<b>Parks, Recreation and Other</b>				
Culture	30,012	18,511	11,501	20,536
<b>Capital Outlay</b>				
Parks, Recreation and Other Capital Outlay	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>2,617</u>
<b>TOTAL EXPENDITURES</b>	<u>40,012</u>	<u>18,511</u>	<u>21,501</u>	<u>23,153</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ (10,000)</u>	<u>(3,007)</u>	<u>\$ 6,993</u>	<u>3,427</u>
<b>FUND BALANCE, BEGINNING</b>		<u>76,233</u>		<u>72,806</u>
<b>FUND BALANCE, ENDING</b>		<u>\$ 73,226</u>		<u>\$ 76,233</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**Fairmont Investment Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018			2017 Actual
	Original & Final Budget	Actual	Variance With Final Budget	
<b>REVENUES</b>				
<b>Charges for Services</b>				
Sales of Goods	\$ 7,500	\$ 10,890	\$ 3,390	\$ 8,929
<b>Investment Earnings</b>	1,200	1,507	307	1,500
<b>Other Revenues</b>				
Other Miscellaneous Revenue	-	717	717	313
<b>TOTAL REVENUES</b>	<u>8,700</u>	<u>13,114</u>	<u>4,414</u>	<u>10,742</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
Other General Government	-	-	-	5,670
<b>Capital Outlay</b>				
Parks, Recreation and Other Capital Outlay	30,000	19,017	10,983	-
Other Capital Outlay	800	-	800	-
<b>Total Capital Outlay</b>	<u>30,800</u>	<u>19,017</u>	<u>11,783</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>30,800</u>	<u>19,017</u>	<u>11,783</u>	<u>5,670</u>
<b>REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES</b>	(22,100)	(5,903)	16,197	5,072
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (Out)	(1,200)	(1,499)	(299)	(1,504)
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ (23,300)</u>	<u>(7,402)</u>	<u>\$ 15,898</u>	<u>3,568</u>
<b>FUND BALANCE, BEGINNING</b>		346,345		342,777
<b>FUND BALANCE, ENDING</b>		<u>\$ 338,943</u>		<u>\$ 346,345</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

**BUDGETARY COMPARISON SCHEDULE**

**Lamar Redevelopment Authority Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018		Variance With Final Budget	2017
	Original & Final Budget	Actual		Actual
<b>REVENUES</b>				
Property Taxes	\$ 101,025	\$ 101,569	\$ 544	\$ 100,196
<b>Investment Earnings</b>	250	1,202	952	1,225
<b>Other Revenues</b>				
Other Miscellaneous Revenue	-	7,000	7,000	1,774
<b>TOTAL REVENUES</b>	<u>101,275</u>	<u>109,771</u>	<u>8,496</u>	<u>103,195</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
Other General Government	23,650	22,346	1,304	23,007
<b>Capital Outlay</b>				
Other Capital Outlay	150,000	86,824	63,176	102,766
<b>TOTAL EXPENDITURES</b>	<u>173,650</u>	<u>109,170</u>	<u>64,480</u>	<u>125,773</u>
<b>NET CHANGE IN FUND BALANCE - BUDGET BASIS</b>	<u>\$ (72,375)</u>	601	<u>\$ 72,976</u>	(22,578)
<b>FUND BALANCE, BEGINNING</b>		230,936		253,514
<b>FUND BALANCE, ENDING</b>		<u>\$ 231,537</u>		<u>\$ 230,936</u>

See accompanying Independent Auditors' Report.

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## **ENTERPRISE FUNDS**

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

The following are the Enterprise Funds of the City:

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

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

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

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

## CITY OF LAMAR, COLORADO

**COMBINING SCHEDULE OF NET POSITION****NONMAJOR ENTERPRISE FUNDS**

DECEMBER 31, 2018

With Comparative Totals for December 31, 2017

	Sanitation	Ambulance	Total	
	Fund	Fund	2018	2017
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments				
Cash	\$ 50,718	\$ 1,282	\$ 52,000	\$ 197,029
Investments	814,018	-	814,018	522,737
Restricted Cash and Investments	320,760	-	320,760	287,627
Receivables				
Interest Receivable	-	-	-	1,042
Customer Receivable	164,740	39,311	204,051	206,684
Other Receivables	17,277	9,372	26,649	85,745
Internal Balances	(4,099)	(309,615)	(313,714)	(245,032)
Total Current Assets	<u>1,363,414</u>	<u>(259,650)</u>	<u>1,103,764</u>	<u>1,055,832</u>
<b>Noncurrent Assets</b>				
Capital Assets not being depreciated	18,000	-	18,000	18,000
Capital Assets being depreciated	2,984,062	862,671	3,846,733	3,741,992
Accumulated Depreciation	(2,038,621)	(718,640)	(2,757,261)	(2,633,504)
Total Noncurrent Assets	<u>963,441</u>	<u>144,031</u>	<u>1,107,472</u>	<u>1,126,488</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	<u>\$ 2,326,855</u>	<u>\$ (115,619)</u>	<u>\$ 2,211,236</u>	<u>\$ 2,182,320</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 39,119	\$ 4,252	\$ 43,371	\$ 31,873
Accrued Salaries and Benefits	24,064	13,514	37,578	36,124
Total Current Liabilities	<u>63,183</u>	<u>17,766</u>	<u>80,949</u>	<u>67,997</u>
<b>Noncurrent Liabilities</b>				
Due within one year	10,507	2,377	12,884	11,492
Due in more than one year	364,869	9,506	374,375	345,155
Total Noncurrent Liabilities	<u>375,376</u>	<u>11,883</u>	<u>387,259</u>	<u>356,647</u>
TOTAL LIABILITIES	<u>438,559</u>	<u>29,649</u>	<u>468,208</u>	<u>424,644</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	642,681	144,031	786,712	833,782
Unrestricted Net Position	1,245,615	(289,299)	956,316	923,894
TOTAL NET POSITION	<u>1,888,296</u>	<u>(145,268)</u>	<u>1,743,028</u>	<u>1,757,676</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 2,326,855</u>	<u>\$ (115,619)</u>	<u>\$ 2,211,236</u>	<u>\$ 2,182,320</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Sanitation	Ambulance	Total	
	Fund	Fund	2018	2017
<b>Operating Revenues</b>				
Utility Charges	\$ 1,500,896	\$ -	\$ 1,500,896	\$ 1,359,608
Other Charges for Services	9,502	308,640	318,142	322,149
Total Revenues	<u>1,510,398</u>	<u>308,640</u>	<u>1,819,038</u>	<u>1,681,757</u>
<b>Operating Expenses</b>				
Ambulance	-	449,500	449,500	500,188
Collection, Transmission and Distribution	735,226	-	735,226	484,658
Administration	364,558	23,058	387,616	333,926
Depreciation Expense	79,146	44,610	123,756	122,029
Other Capital Outlay	(1,103)	15,800	14,697	17,990
Total Expenditures	<u>1,177,827</u>	<u>532,968</u>	<u>1,710,795</u>	<u>1,458,791</u>
Operating Income (Loss)	<u>332,571</u>	<u>(224,328)</u>	<u>108,243</u>	<u>222,966</u>
<b>Other Income (Expense)</b>				
Intergovernmental Revenue	-	55,800	55,800	80,664
Investment Earnings	3,723	-	3,723	1,879
Other Revenue	11,927	30,659	42,586	39,118
Total Other Income (Expense)	<u>15,650</u>	<u>86,459</u>	<u>102,109</u>	<u>121,661</u>
Net Income (Loss) before Transfers	348,221	(137,869)	210,352	344,627
<b>Transfers</b>				
Transfers In	-	-	-	15,060
Transfers (Out)	(225,000)	-	(225,000)	(225,000)
Change in Net Position	123,221	(137,869)	(14,648)	134,687
Net Position, Beginning	<u>1,765,075</u>	<u>(7,399)</u>	<u>1,757,676</u>	<u>1,622,989</u>
Net Position, Ending	<u>\$ 1,888,296</u>	<u>\$ (145,268)</u>	<u>\$ 1,743,028</u>	<u>\$ 1,757,676</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR

**COMBINING SCHEDULE OF CASH FLOWS -  
NONMAJOR ENTERPRISE FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	Sanitation	Ambulance	Total	
	Fund	Fund	2018	2017
Cash Flows From Operating Activities:				
Cash Received from Customers	\$ 1,533,744	\$ 347,025	\$ 1,880,769	\$ 1,680,370
Cash Paid to Suppliers	(714,191)	(257,537)	(971,728)	(752,778)
Cash Paid to Employees	(364,791)	(235,010)	(599,801)	(565,999)
Net Cash Provided by Operating Activities	<u>454,762</u>	<u>(145,522)</u>	<u>309,240</u>	<u>361,593</u>
Cash Flows From Capital and Related Financing Activities:				
Debt Principal Payments	28,054	-	28,054	(142,102)
Grant Proceeds	-	55,800	55,800	80,664
Acquisition of Capital Assets	(88,942)	(15,800)	(104,742)	(95,167)
Cash Flows Used by Capital and Related Financing Activities	<u>(60,888)</u>	<u>40,000</u>	<u>(20,888)</u>	<u>(156,605)</u>
Cash Flows (Uses) From Noncapital Financing Activities:				
Cash from Other Funds	(232,425)	76,107	(156,318)	(102,528)
Other Revenues (Expense)	11,927	30,659	42,586	39,118
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(220,498)</u>	<u>106,766</u>	<u>(113,732)</u>	<u>(63,410)</u>
Cash Flows (Uses) From Investing Activities:				
Interest Received	4,765	-	4,765	1,879
Net Increase (Decrease) in Cash	178,141	1,244	179,385	143,457
Cash - Beginning	1,007,355	38	1,007,393	863,936
Cash - Ending	<u>\$ 1,185,496</u>	<u>\$ 1,282</u>	<u>\$ 1,186,778</u>	<u>\$ 1,007,393</u>
Cash	\$ 50,718	\$ 1,282	\$ 52,000	\$ 197,029
Investments	814,018	-	814,018	522,737
Restricted Cash and Investments	320,760	-	320,760	287,627
Total	<u>\$ 1,185,496</u>	<u>\$ 1,282</u>	<u>\$ 1,186,778</u>	<u>\$ 1,007,393</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:				
Operating Income (Loss)	\$ 332,571	\$ (224,328)	\$ 108,243	\$ 222,966
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	79,146	44,610	123,756	122,029
Changes in Assets and Liabilities Related to Operations:				
(Increase) Decrease in:				
Customer Receivable	4,279	(1,647)	2,632	71,544
Other Receivables	19,067	40,032	59,099	(72,931)
(Increase) Decrease in:				
Accounts Payable	12,941	(1,443)	11,498	8,948
Accrued Salaries and Benefits	3,086	(1,632)	1,454	4,009
Accrued Compensated Absences	3,672	(1,114)	2,558	5,028
Total Adjustments	<u>122,191</u>	<u>78,806</u>	<u>200,997</u>	<u>138,627</u>
Net Cash Used for Operating Activities	<u>\$ 454,762</u>	<u>\$ (145,522)</u>	<u>\$ 309,240</u>	<u>\$ 361,593</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

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

**BUDGET AND ACTUAL**

**Light & Power Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	<b>2018</b>		<b>Variance with Final Budget</b>	<b>2017</b>
	<b>Final Budget</b>	<b>Actual</b>		<b>Actual</b>
<b>Operating Revenues</b>				
Utility Charges	\$ 14,892,751	\$ 16,245,405	\$ 1,352,654	\$ 15,602,167
<b>Operating Expenses</b>				
Collection, Transmission and Distribution	13,128,650	13,003,496	125,154	12,191,235
Administration		241,030	(241,030)	285,440
Other Capital Outlay	859,000	669,517	189,483	489,608
Total Expenditures	13,987,650	13,914,043	73,607	12,966,283
Operating Income (Loss)	905,101	2,331,362	1,426,261	2,635,884
<b>Other Income (Expense)</b>				
Investment Earnings	36,000	47,466	11,466	37,577
Other Revenue	1,015,000	493,876	(521,124)	379,520
Debt Service	(392,491)	(383,191)	9,300	(383,523)
Total Other Income (Expense)	658,509	158,151	(500,358)	33,574
<b>Transfers</b>				
Transfers (Out)	(1,647,903)	(1,400,414)	247,489	(1,610,223)
Change in Net Position (Budget Basis)	\$ (84,293)	1,089,099	\$ 1,173,392	1,059,235
<b>Budget to GAAP Reconciliation</b>				
Principal Paid		336,279		327,917
Depreciation Expense		(782,855)		(886,476)
Capital Outlay		668,811		485,077
Change in Net Position - GAAP Basis		1,311,334		985,753
Net Position, Beginning		18,251,029		17,265,276
Prior Period Restatement		(245,449)		-
Net Position, Beginning (As Restated)		18,005,580		17,265,276
Net Position, Ending		\$ 19,316,914		\$ 18,251,029

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

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

**BUDGET AND ACTUAL**

**Water & Wastewater Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018			2017 Actual
	Final Budget	Actual	Variance with Final Budget	
<b>Operating Revenues</b>				
Utility Charges	\$ 2,665,000	\$ 2,972,688	\$ 307,688	\$ 2,793,758
Other Charges for Services	28,700	34,552	5,852	42,868
Total Revenues	<u>2,693,700</u>	<u>3,007,240</u>	<u>313,540</u>	<u>2,836,626</u>
<b>Operating Expenses</b>				
Commodity Charges	203,326	318,233	(114,907)	332,156
Collection, Transmission and Distribution	551,976	522,813	29,163	507,079
Administration	587,439	734,471	(147,032)	535,240
Depreciation Expense	466,000	435,407	30,593	455,960
Other Capital Outlay	1,233,300	614,943	618,357	935,947
Total Expenditures	<u>3,042,041</u>	<u>2,625,867</u>	<u>416,174</u>	<u>2,766,382</u>
Operating Income (Loss)	<u>(348,341)</u>	<u>381,373</u>	<u>729,714</u>	<u>70,244</u>
<b>Other Income (Expense)</b>				
Intergovernmental Revenue	1,088,300	62,834	(1,025,466)	27,439
Investment Earnings	-	3,843	3,843	2,690
Other Revenue	-	23,241	23,241	5,074
Debt Service	<u>(1,278,936)</u>	<u>(802,782)</u>	<u>476,154</u>	<u>(911,937)</u>
Total Other Income (Expense)	<u>(190,636)</u>	<u>(712,864)</u>	<u>(522,228)</u>	<u>(876,734)</u>
<b>Transfers</b>				
Transfers Out	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>	<u>(200,000)</u>
Net Income (Loss), Budget Basis	<u>(763,977)</u>	<u>(556,491)</u>	<u>207,486</u>	<u>(1,006,490)</u>
<b>Contributed Capital</b>				
Plant Investment Fees	8,484	12,971	4,487	17,007
Intergovernmental Revenue	<u>375,000</u>	<u>196,976</u>	<u>(178,024)</u>	<u>312,535</u>
Total Contributed Capital	<u>383,484</u>	<u>209,947</u>	<u>(173,537)</u>	<u>329,542</u>
Change in Net Position (Budget Basis)	<u>\$ (380,493)</u>	<u>(346,544)</u>	<u>\$ 33,949</u>	<u>(676,948)</u>
<b>Budget to GAAP Reconciliation</b>				
Principal Paid		666,189		757,066
Capital Outlay		<u>616,445</u>		<u>932,239</u>
Change in Net Position - GAAP Basis		<u>936,090</u>		<u>1,012,357</u>
<b>Net Position, Beginning</b>		7,875,431		6,863,074
Prior Period Restatement		<u>31,254</u>		<u>-</u>
<b>Net Position, Beginning (As Restated)</b>		<u>7,906,685</u>		<u>6,863,074</u>
<b>Net Position, Ending</b>		<u>\$ 8,842,775</u>		<u>\$ 7,875,431</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

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

**Sanitation Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018		Variance with Final Budget	2017
	Final Budget	Actual		Actual
<b>Operating Revenues</b>				
Utility Charges	\$ 1,340,162	\$ 1,500,896	\$ 160,734	\$ 1,359,608
Other Charges for Services	1,500	9,502	8,002	6,777
Total Revenues	<u>1,341,662</u>	<u>1,510,398</u>	<u>168,736</u>	<u>1,366,385</u>
<b>Operating Expenses</b>				
Collection, Transmission and Distribution	576,409	735,226	(158,817)	484,658
Administration	351,753	364,558	(12,805)	314,881
Depreciation Expense	125,000	79,146	45,854	77,500
Other Capital Outlay	176,838	87,838	89,000	83,037
Total Expenditures	<u>1,230,000</u>	<u>1,266,768</u>	<u>(36,768)</u>	<u>960,076</u>
Operating Income (Loss)	<u>111,662</u>	<u>243,630</u>	<u>131,968</u>	<u>406,309</u>
<b>Other Income (Expense)</b>				
Investment Earnings	1,500	3,723	2,223	1,879
Other Revenue	111,838	11,927	(99,911)	17,733
Total Other Income (Expense)	<u>113,338</u>	<u>15,650</u>	<u>(97,688)</u>	<u>19,612</u>
<b>Transfers</b>				
Transfers (Out)	<u>(225,000)</u>	<u>(225,000)</u>	<u>-</u>	<u>(225,000)</u>
Change in Net Position (Budget Basis)	<u>\$ -</u>	<u>34,280</u>	<u>\$ 34,280</u>	<u>200,921</u>
<b>Budget to GAAP Reconciliation</b>				
Capital Outlay		<u>88,941</u>		<u>65,047</u>
Change in Net Position - GAAP Basis		123,221		265,968
Net Position, Beginning		<u>1,765,075</u>		<u>1,499,107</u>
Net Position, Ending		<u>\$ 1,888,296</u>		<u>\$ 1,765,075</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

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

**BUDGET AND ACTUAL**

**Ambulance Fund**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	2018		Variance with Final Budget	2017 Actual
	Final Budget	Actual		
<b>Operating Revenues</b>				
Other Charges for Services	\$ 367,675	\$ 308,640	\$ (59,035)	\$ 315,371
<b>Operating Expenses</b>				
Ambulance	416,024	449,500	(33,476)	500,188
Administration	25,600	23,058	2,542	19,045
Depreciation Expense	50,000	44,610	5,390	44,529
Other Capital Outlay	350,000	31,600	318,400	30,120
Total Operating Expenses	841,624	548,768	292,856	593,882
Operating Income (Loss)	(473,949)	(240,128)	233,821	(278,511)
<b>Other Income (Expense)</b>				
Intergovernmental Revenue	252,550	55,800	(196,750)	80,664
Investment Earnings	5	-	(5)	-
Other Revenue	4,300	30,659	26,359	21,386
Debt Service	(32,000)	-	32,000	-
Total Other Income (Expense)	224,855	86,459	(138,396)	102,050
Net Income (Loss) before Transfers	(249,094)	(153,669)	95,425	(176,461)
<b>Transfers</b>				
Transfers In	249,877	-	(249,877)	15,060
Change in Net Position (Budget Basis)	\$ 783	(153,669)	\$ (154,452)	(161,401)
<b>Budget to GAAP Reconciliation</b>				
Depreciation Expense		-		-
Capital Outlay		15,800		30,120
Change in Net Position - GAAP Basis		(137,869)		(131,281)
Net Position, Beginning		(7,399)		123,882
Net Position, Ending		\$ (145,268)		\$ (7,399)

See accompanying Independent Auditors' Report.

### **INTERNAL SERVICE FUNDS**

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

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

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

**CITY OF LAMAR, COLORADO**

**COMBINING SCHEDULE OF NET POSITION**

**INTERNAL SERVICE FUNDS**

**DECEMBER 31, 2018**

**With Comparative Totals for December 31, 2017**

	<b>Unemployment</b>	<b>Total</b>	
	<b>Fund</b>	<b>2018</b>	<b>2017</b>
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Investments			
Investments	\$ 67,857	\$ 67,857	\$ 71,465
Prepaid Expenses	-	-	11,984
Total Current Assets	<u>67,857</u>	<u>67,857</u>	<u>83,449</u>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
Accounts Payable	\$ 2,200	\$ 2,200	\$ 11,984
<b>NET POSITION</b>			
Unrestricted Net Position	<u>65,657</u>	<u>65,657</u>	<u>71,465</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	<u>\$ 67,857</u>	<u>\$ 67,857</u>	<u>\$ 83,449</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

**INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	<b>Unemployment</b>	<b>Total</b>	
	<b>Fund</b>	<b>2018</b>	<b>2017</b>
<b>Operating Expenses</b>			
Administration	\$ 6,125	\$ 6,125	\$ 16,989
<b>Other Income (Expense)</b>			
Investment Earnings	<u>317</u>	<u>317</u>	<u>336</u>
<b>Change in Net Position</b>	(5,808)	(5,808)	(16,653)
<b>Net Position, Beginning</b>	<u>71,465</u>	<u>71,465</u>	<u>88,118</u>
<b>Net Position, Ending</b>	<u><u>\$ 65,657</u></u>	<u><u>\$ 65,657</u></u>	<u><u>\$ 71,465</u></u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR

**COMBINING SCHEDULE OF CASH FLOWS -  
INTERNAL SERVICE FUNDS**

**FOR THE YEAR ENDED DECEMBER 31, 2018**

**With Comparative Totals for the Year Ended December 31, 2017**

	<b>Unemployment</b>	<b>Total</b>	
	<b>Fund</b>	<b>2018</b>	<b>2017</b>
Cash Flows From Operating Activities:			
Cash Paid to Suppliers	\$ (3,925)	\$ (3,925)	\$ (5,005)
Cash Flows (Uses) From Investing Activities:			
Interest Received	317	317	336
Net Increase (Decrease) in Cash	(3,608)	(3,608)	(4,669)
Cash - Beginning	71,465	71,465	76,134
Cash - Ending	<u>\$ 67,857</u>	<u>\$ 67,857</u>	<u>\$ 71,465</u>
Investments	\$ 67,857	\$ 67,857	\$ 71,465
Total	<u>\$ 67,857</u>	<u>\$ 67,857</u>	<u>\$ 71,465</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:			
Operating Income (Loss)	\$ (6,125)	\$ (6,125)	\$ (16,989)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Changes in Assets and Liabilities Related to Operations:			
(Increase) Decrease in:			
Prepaid Expenses	11,984	11,984	-
(Increase) Decrease in:			
Accounts Payable	(9,784)	(9,784)	11,984
Total Adjustments	<u>2,200</u>	<u>2,200</u>	<u>11,984</u>
Net Cash Used for Operating Activities	<u>\$ (3,925)</u>	<u>\$ (3,925)</u>	<u>\$ (5,005)</u>

See accompanying Independent Auditors' Report.

CITY OF LAMAR, COLORADO

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL**  
**Unemployment Fund**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
**With Comparative Totals for the Year Ended December 31, 2017**

	2018			2017 Actual
	Final Budget	Actual	Variance with Final Budget	
<b>Operating Expenses</b>				
Administration	\$ 7,500	\$ 6,125	\$ 1,375	\$ 16,989
<b>Other Income (Expense)</b>				
Investment Earnings	<u>400</u>	<u>317</u>	<u>(83)</u>	<u>336</u>
Change in Net Position (Budget Basis)	<u>\$ (7,100)</u>	<u>(5,808)</u>	<u>\$ 1,292</u>	<u>(16,653)</u>
<b>Net Position, Beginning</b>		<u>71,465</u>		<u>88,118</u>
<b>Net Position, Ending</b>		<u>\$ 65,657</u>		<u>\$ 71,465</u>

See accompanying Independent Auditors' Report.

**COMPLIANCE SECTION**

## State Compliance

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: <b>CITY OF LAMAR</b>
	YEAR ENDING : <b>December 2018</b>
This Information From The Records Of (example - City of _ or County of _ City of Lamar	Prepared By: Phone: <b>Kristin McCrea 719-336-1373</b>

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

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	603,634
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	424,494
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	3,208
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	1,397,762	c. Other	309,736
4. Miscellaneous local receipts (from page 2)	9,735	d. Total (a. through c.)	312,944
5. Transfers from toll facilities		4. General administration & miscellaneous	43,913
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	371,531
a. Bonds - Original Issues		6. Total (1 through 5)	1,756,516
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	1,407,497	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	349,019	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	1,756,516	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,756,516

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		1,756,516	1,756,516		0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2018

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	44,216	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	9,735
1. Sales Taxes	1,297,704	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	55,842	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,353,546	h. Other	
c. Total (a. + b.)	1,397,762	i. Total (a. through h.)	9,735
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	321,527	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	27,492	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.)	27,492	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	349,019	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		15,416	15,416
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		373,228	373,228
(4). System Enhancement & Operation		214,990	214,990
(5). Total Construction (1) + (2) + (3) + (4)	0	588,218	588,218
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	603,634	603,634
			(Carry forward to page 1)

Notes and Comments: