



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended
December 31, 2020



CITY OF LAFAYETTE, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

Prepared by
Finance Department

Steve McFarland
Finance Director

Available online at
www.cityoflafayette.com



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INTRODUCTORY SECTION



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June 28, 2021

Honorable Mayor,
Members of the City Council, and
Residents of Lafayette, Colorado

Councilors and Residents of the City of Lafayette, Colorado:

The Comprehensive Annual Financial Report of the City of Lafayette, Colorado for the year ended December 31, 2020 is hereby submitted. The City is responsible for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and compliance. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes Management's Discussion and Analysis (MD&A), the government-wide financial statements (GWFS), and the combining and individual fund financial statements and schedules, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The compliance section includes the State required Local Highway Finance Report as well as the Schedule of Expenditures of Federal Awards (Single Audit) and related reports.

State statutes and the City Charter require an annual audit by independent certified public accountants. The accounting firm of Hinkle & Company, PC was selected to perform the audit. Their auditors' report on the City's financial statements and schedules is included in the financial section of this report.

Management of the City is responsible for establishing and maintaining internal controls. Controls should be designed to ensure that the assets of the City are protected from loss, theft, or misuse. They should ensure that adequate accounting data is compiled so that the financial statements can be prepared in conformity with generally accepted accounting principles (GAAP).

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The internal controls are reviewed as a part of the City's annual audit. They are designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Lafayette MD&A can be found immediately following the report of the independent auditors.

This report includes all funds of the primary government – General Fund, Debt Service Fund, Capital Projects Funds, Permanent Fund, and Proprietary Funds. Five Special Revenue Funds are also included in this report. Four of the funds are reported as blended component units. These component units are legally separate organizations for which the City of Lafayette is financially accountable. City Council acts as the governing board for each of them. The Lafayette Urban Renewal Authority and the Base Line Land and Reservoir Company are reported as discretely presented component units since both have a separate governing board.

Profile of the Government

The 2020 Census data has not been published as of the issuance date of this document. According to the 2010 U S Census, Lafayette had a population of 24,453 (31st in the state) living in its 9.5 square mile area, up from 23,197 people (21st in the state) in an 8.6 square mile area in 2000. The current population is approximately 29,587.

Lafayette is a home-rule city, meaning that the organization and operation of our municipal government is conducted according to the Charter of the City of Lafayette. This Charter, adopted by the electorate in 1958, provides for a strong Council-Administrator form of government. It is designed to provide the maximum of teamwork among the members of the Council.

The Council is composed of seven members, who are elected on a non-partisan basis from the city at large. Provision is made for the overlapping of terms with most of the Council to be elected every two years. Council selects its own team leader, the Mayor, who presides at public meetings and represents the City in interactions with other governmental entities.

The Council is the policy-determining or overall governing agent of the city, having power to pass ordinances, determine policy and appoint the City Administrator. The City Administrator is hired by the Council to implement their policies and directives, and to oversee the daily administration and management of all City departments. The Municipal Judge and City Attorney are appointed by, and report to, City Council.

The organization of the city government was created to assure maximum flexibility in organizational structuring, to allow for adjustment to new demands and changing circumstances as Lafayette grows and prospers. The City provides a full range of services. These services include police and fire protection, ambulance, water and sanitary sewer services, the construction and maintenance of

streets and infrastructure, recreational activities, and cultural events. The Charter includes provisions for proper budgeting, fiscal control, auditing, and economical fiscal procedures.

The annual budget serves as the foundation of the City's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions. Compliance is embodied in the annual appropriated budget approved by the City Council. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City Council may make additional appropriations or budgetary transfers during the fiscal year for unanticipated revenues received by the City. The City Administrator may re-allocate the budget between departments within the same fund.

Any budget revisions affecting fund totals are adopted in a supplemental appropriation ordinance approved by the Council. The City Council and Department Heads receive reports during the year comparing budgeted amounts to actual expenditures. Capital project budget appropriations lapse upon completion of each project. All other appropriations lapse at year-end. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Detailed budget to actual comparisons are provided in this report for the General Fund, non-major governmental funds, and proprietary funds.

Factors Affecting Financial Condition

Local Economy

During 2020, the City paused discretionary expenditures (specifically targeting capital projects) as much as possible as a response to unknown consequences that might result from the pandemic. Sales tax ultimately increased 1.8%, largely due to "big box" retail and internet sales. Local businesses experienced significant struggles due to economic shutdowns. Use tax revenues decreased 8.5% over 2019. Since 2016 (five years), sales and use tax revenues have increased 25.4%.

The City continues to put balanced emphasis on economic and open space development and has nearly completed its Comprehensive Community Plan update.

Long Term Financial Planning

The uncertainty of the economic climate over the next few years requires a systematic and disciplined approach to planning City projects and activities. The local economy has performed well in recent years: sales and property tax revenues have steadily increased and building permit revenues have trended upwards. However, the recent pandemic (covid-19) caused the City to pause some of its 2020 Budget capital and strategic plans and to focus first on general government operations. The City has resumed most of its paused projects/plans in 2021. Based on current information, the City believes its diverse revenue base and flexible project schedule will allow it to emerge from the pandemic in acceptable financial health.

INTRODUCTORY SECTION

While the City has an established long-term planning process in place, unfunded mandates are having an adverse impact on the Water Fund and Water Reclamation Fund budgets for the near future. Quality standards are becoming more onerous causing increased operating costs and, in the case of the Water Reclamation Fund, requiring capital improvements far more than the financial capability of the Fund. The City will have a few years to arrange grants and/or financing to accommodate the required upgrades.

User rates have been increased in the utility funds to absorb increased operating costs and to adequately meet the annual debt requirements. Water rates increased 5.0%/year from 2016-20 and will increase 5.0% in 2021. Water Reclamation (sewer) rates were increased 25% in 2016, 7% in 2017, 5% in 2018-19, did not change in 2020, and will increase 5% in 2021. Storm Water fees are slated to increase 5% per year through 2025. These increases will help to provide some needed capital for improvements.

Although population growth subsided during the recession, the quest for sustainable water resources for drought mitigation continues. The City is currently participating in two major regional water storage projects – Windy Gap & Northern Integrated Supply Project. Both projects are being managed by the Northern Colorado Water Conservancy District and will require substantial investments over a ten-year period. Both projects are completing the permit process and are ready for the design phase. Along with participation in the above two projects, the City is in a long-term contract for expansion of raw water storage facilities at Goose Haven.

The Water Reclamation Fund treatment facilities face significant upgrades. To meet the stringent wastewater treatment standards of Regulations 85 and 31 established by the Colorado Department of Public Health and Environment (CDPHE), the City's Water Reclamation Facility will require \$28 million of upgrades. Construction of the project is anticipated to begin in late 2021 and continue through 2022.

The condition of the City's streets has been a major focus for the past few years. Annual funding for the Capital Budget is now a required budget item of at least \$250,000, with funding of \$2,500,000 for streets alone budgeted for 2020. In addition, transfers from unreserved General Fund balance have occurred for the past several years for planned projects.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2019. This was the 33rd consecutive year the City has received this prestigious award. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

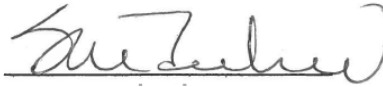
Acknowledgments

The dedicated service of the entire staff of the Finance Department's Accounting Division went into the preparation of the 2020 Comprehensive Annual Financial Report. Each member of our staff has our sincere appreciation for the contributions they made to complete the 2020 Comprehensive Annual Financial Report.

In closing, without the leadership and support of Lafayette's Mayor and City Council members, preparation of this report would not have been possible.



Kady Doelling
Deputy City Administrator



Steve McFarland
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lafayette
Colorado**

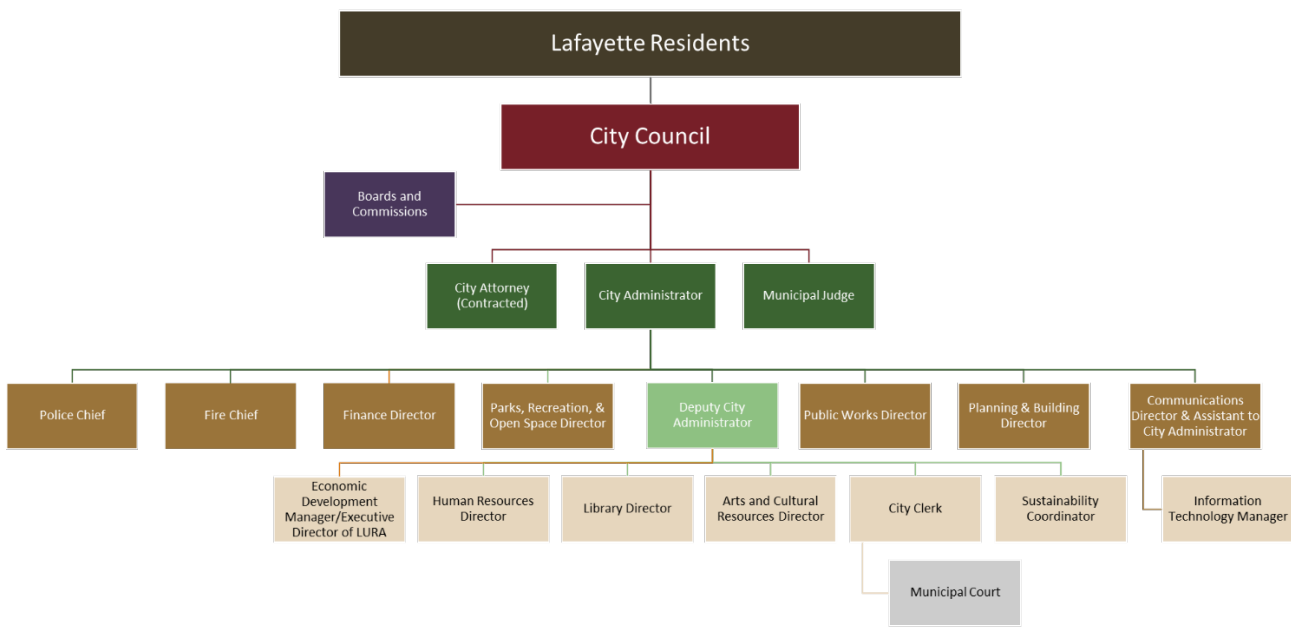
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

CITY ORGANIZATIONAL CHART



INTRODUCTORY SECTION

CITY LEADERSHIP

In office or position at the time of issuance of this report

CITY COUNCIL



(back row): City Attorney Mary Lynn Macsalka, Tim Barnes, Brian Wong, JD Mangat, Tonya Briggs, City Administrator Fritz Sprague (front row): Chelsea Behanna, Mayor Jamie Harkins, Mayor Pro Tem Stephanie Walton

ADMINISTRATION

Fritz Sprague
City Administrator

Kady Doelling
Deputy City Administrator

Department Directors

Lynnette Beck	City Clerk
Steve McFarland	Finance Director
Pam Spring	Human Resources Director
Melissa Hisel	Library Director
Monte Stevenson	Parks, Recreation, Open Space & Golf Director
Jana Easley	Interim Planning & Building Director
Jeff Arthur	Public Works Director
Pete Bradshaw	Fire Chief
Rick Bashor	Police Chief
Mary Lynn Macsalka	Interim City Attorney
Amanda Bailhache	Municipal Court Judge

FINANCIAL SECTION



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Independent Auditors' Report

Honorable Mayor and Members of the City Council
City of Lafayette
Lafayette, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, discretely presented component unit, and the aggregate remaining fund information of the City of Lafayette as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Lafayette, 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 did not audit the financial statements of the Base Line Land and Reservoir Company, which represent 29 percent and 22 percent, respectively, of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Base Line Land and Reservoir Company, is based solely upon the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 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.

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Honorable Mayor and Members of the City Council
City of Lafayette
Page 2

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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, discretely presented component unit, and the aggregate remaining fund information of the City of Lafayette as of December 31, 2020, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lafayette's basic financial statements. The introductory section, combining fund and individual fund statements and schedules, supplementary information, other information, statistical section, and local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, supplementary information and the local highway finance report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the 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 basic financial statements as a whole.



Honorable Mayor and Members of the City Council
City of Lafayette
Page 3

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Hick & Company, PC

Greenwood Village, Colorado
June 28, 2021



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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS



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Our discussion and analysis of the City of Lafayette's financial statements for the year ended December 31, 2020, provides a narrative overview of its financial activities. Please consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the City's financial statements.

Financial Highlights:

- The City's total net position at the end of 2020 was \$390.3 million, an increase of \$27.7 million, or 7.6% over the prior year's restated net position. Of this amount, \$269.3 million is related to capital assets and another \$4.2 million is restricted in how it can be spent. The remaining \$116.8 million is unrestricted.
- The City's governmental funds reported a combined ending fund balance of \$55.2 million, an increase of \$6.0 million, or 12.1% compared to the prior year's fund balance. Of this fund balance, \$29.7 million, or 53.7%, was unassigned.
- The City's General Fund reported a fund balance of \$40.1 million of which \$29.7 million, or 73.9% was unassigned. Compared to the prior year's restated fund balance, total fund balance increased by \$8.0 million, or 25.1%, and unassigned fund balance increased by \$5.7 million, or 23.8%.
- The City's Capital Asset balance totaled \$286.9 million, an increase of \$10.8 million, or 3.9% compared to the prior year's restated balance. Significant increase occurred related to land purchases and ongoing construction projects.
- The City's Debt balance, including premiums, totaled \$18.3 million, a decrease of \$2.8 million, or 13.2% compared to the prior year. All debt payments were made as scheduled.

Overview of the Financial Statements:

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

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

The *statement of net position* presents information on all of the City of Lafayette's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lafayette is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are

FINANCIAL SECTION

reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Lafayette that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Lafayette include general government, judicial, public safety, public works, and culture and recreation. The business-type activities of the City include the water utility fund, water reclamation fund, storm water fund, and a golf course fund.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Proprietary funds. The City of Lafayette maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Lafayette uses enterprise funds to account for its water utility, water reclamation, storm water, and for its golf course operation.

The second type of proprietary fund includes the *Internal Service funds*. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City of Lafayette's various functions. The City uses internal service funds to account for its insurance and employee benefits. Because both of these services predominantly benefit governmental rather than business-type functions, the assets and liabilities of the internal service funds have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, and Water Reclamation Funds, and Golf Course and Storm Water Funds (non-major funds). Conversely, since

MANAGEMENT'S DISCUSSION AND ANALYSIS

they are defined as proprietary funds, both internal service funds are combined into a single, aggregated memo presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Lafayette's progress in funding its obligation to provide pension benefits to its active commissioned police and firefighters, as well as its former volunteer firefighters, and a budgetary comparison schedule for the General Fund.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

The Statement of Net Position and Statement of Activities for 2020 are compared with the results of the prior year in order to review the City's progress towards maintaining financial stability.

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Lafayette, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$390.3 million at the close of 2020, an increase of \$27.7 million, or 7.6% compared to the prior year's restated balances.

The following table reflects amounts in thousands of dollars:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019 (restated)	2020	2019	2020	2019 (restated)
Current and Other Assets	\$ 76,257	\$ 68,507	\$ 66,581	\$ 60,177	\$ 142,838	\$ 128,684
Long Term Assets	152,087	150,075	137,153	127,523	289,240	277,598
Total Assets	228,344	218,582	203,734	187,700	432,078	406,282
Deferred Outflows of Resources	3,005	3,756	528	603	3,533	4,359
Long-term Liabilities Outstanding	9,038	11,202	7,861	10,321	16,899	21,523
Other Liabilities	8,953	6,256	8,278	9,738	17,231	15,994
Total Liabilities	17,991	17,458	16,139	20,059	34,130	37,517
Deferred Inflows of Resources	11,167	10,468	-	-	11,167	10,468
Net Investment in Capital Assets	142,465	140,093	126,788	115,763	269,253	255,856
Restricted	4,245	8,917	-	-	4,245	8,917
Unrestricted	55,481	45,402	61,335	52,481	116,816	97,883
Total Net Position	\$ 202,191	\$ 194,412	\$ 188,123	\$ 168,244	\$ 390,314	\$ 362,656

FINANCIAL SECTION

Current assets increased by \$14.2 million, or 11.0% compared to the prior year's balance. This is a result of delayed spending which increased cash reserves. While overall revenues remained unchanged, many capital or one-time project costs were delayed or deferred in the uncertainty surrounding the COVID-19 pandemic. This resulted in a notable increase in cash and investments of \$14.6 million, or 13.8%.

Long term asset balances increased by \$11.6 million, or 4.2%. This is primarily due to capital asset purchases including land acquisitions and street improvements.

Long-term liabilities decreased by \$4.6 million, or 21.5%. This is due in part to \$2.0 million in debt service payments made in accordance with debt service schedules. This decrease also includes the prior year's net pension liability being revalued as an asset in 2020, a change related to the valuation of the pension assets which is discussed further in Note 8.

Short-term liabilities increased \$1.2 million, or 7.7% due in large part to a payment received from a developer near year end for work to be performed in the following year, resulting in that revenue being classified as unearned.

The largest portion of the City's net position (\$269.3 million, or 69.0%) reflects its investment in capital assets (e.g. land, buildings, equipment, and infrastructure) less any related debt used to acquire those assets that remains outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the City's net position (\$4.2 million, or 1.1%) is restricted in how it may be used. The remaining \$116.8 million, or 29.9%, is unrestricted.

Changes in Net Position

The City's total revenues of \$87.3 million exceeded expenses of \$59.7 million resulting in an increase to net position of \$27.7 million, or 7.6%.

The following table reflects amounts in thousands of dollars.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019 (restated)</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019 (restated)</u>
Program Revenues:						
Charges for Services	\$ 12,287	\$ 10,614	\$ 20,655	\$ 18,291	\$ 32,942	\$ 28,905
Operating Grants	2,854	1,534	4	-	2,858	1,534
Capital Grants & Contributions	570	5,284	14,513	4,870	15,083	10,154
General Revenue:						
Property Taxes	10,999	10,109	-	-	10,999	10,109
Sales and Use Tax	20,709	19,709	-	-	20,709	19,709
Franchise Taxes	1,129	1,147	-	-	1,129	1,147
Excise Taxes	811	648	-	-	811	648
Interest	1,263	1,389	1,223	1,428	2,486	2,817
Gain on Sale of Property	-	-	3	145	3	145
Other General Revenues	323	444	-	-	323	444
Total Revenues	<u>50,945</u>	<u>50,878</u>	<u>36,398</u>	<u>24,734</u>	<u>87,343</u>	<u>75,612</u>
Program Expenses:						
General Government	11,808	10,688	-	-	11,808	10,688
Judicial	674	646	-	-	674	646
Public Safety	12,865	13,055	-	-	12,865	13,055
Public Works	7,363	6,229	-	-	7,363	6,229
Culture and Recreation	9,872	10,321	-	-	9,872	10,321
Interest on Long-Term Debt	584	514	-	-	584	514
Water	-	-	8,667	7,517	8,667	7,517
Water Reclamation	-	-	3,935	3,943	3,935	3,943
Golf Course	-	-	2,838	2,589	2,838	2,589
Storm Water	-	-	1,079	1,072	1,079	1,072
Total Expenses	<u>43,166</u>	<u>41,453</u>	<u>16,519</u>	<u>15,121</u>	<u>59,685</u>	<u>56,574</u>
Change in Net Position	<u>7,779</u>	<u>9,425</u>	<u>19,879</u>	<u>9,613</u>	<u>27,658</u>	<u>19,038</u>
Beginning Net Position, Jan 1	194,412	184,987	168,244	158,631	362,656	343,618
Ending Net Position, Dec 31	<u>\$ 202,191</u>	<u>\$ 194,412</u>	<u>\$ 188,123</u>	<u>\$ 168,244</u>	<u>\$ 390,314</u>	<u>\$ 362,656</u>

FINANCIAL SECTION

Governmental activities

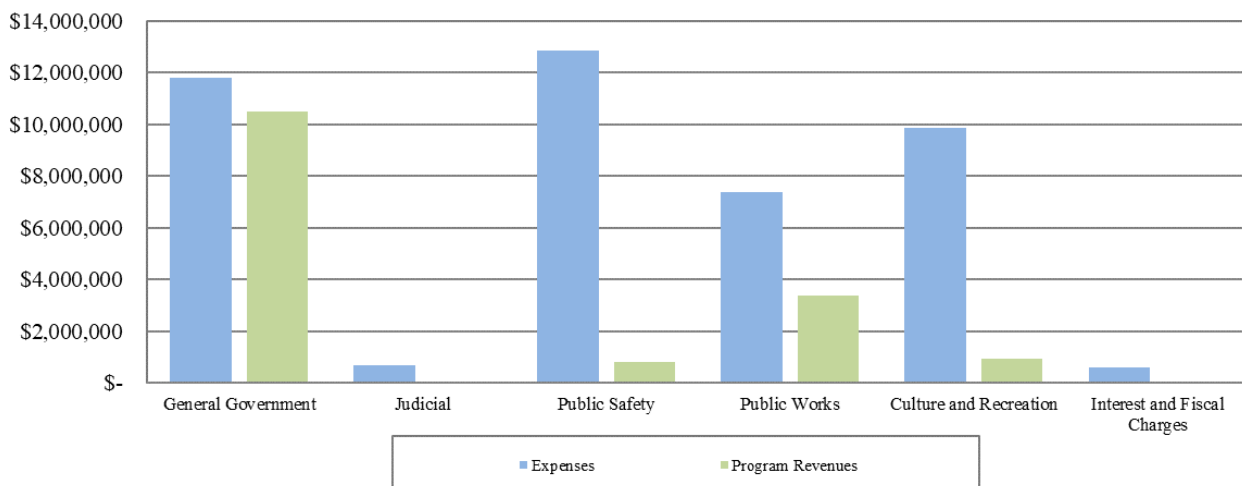
During the year 2020, the change in net position in governmental activities was an increase of \$7.8 million, or 4.0%. The increase resulted from revenues of \$50.9 million exceeding expenses of \$43.1 million.

Revenues in total were unchanged compared to the prior year. Within the revenue total, various changes worked to offset each other, including increases to charges for services of \$1.7 million, or 15.8% due to increased development activity in the region. Operating grants increased by \$1.3 million, or 86.0% due to the receipt of a \$1.3 million CARES grant in response to the COVID-19 pandemic. Additionally, various taxes increased by \$1.9 million, or 6.3% due to continued strong property values as well as a diverse sales tax based that includes numerous businesses that were considered “essential” during the pandemic. These increases were offset by a decrease in capital grant revenues of \$4.7 million, or 89.2% as one-time funding was utilized in the prior year, as well as an additional small decrease to interest income, resulting in revenues overall remaining consistent with the prior year.

Expenses increased by \$1.7 million, or 4.1% compared to the prior year. Culture and Recreation spending decreased by \$0.4 million, or 4.4%, as the COVID-19 pandemic caused the City’s water park to be closed for the season and the recreation center to be closed or operate at a significantly reduced capacity. Spending in other areas increased, including General Government which increased by \$1.1 million, or 10.5%, and Public Works which increased by \$1.1 million, or 18.2%. The increased spending was primarily related to capital projects such as street improvements, land acquisition, and technology investments.

Program revenues are directly associated with a specific activity, including charges for services, operating and capital grants. Program revenues account for 30.7% of total revenues related to governmental activities in 2020.

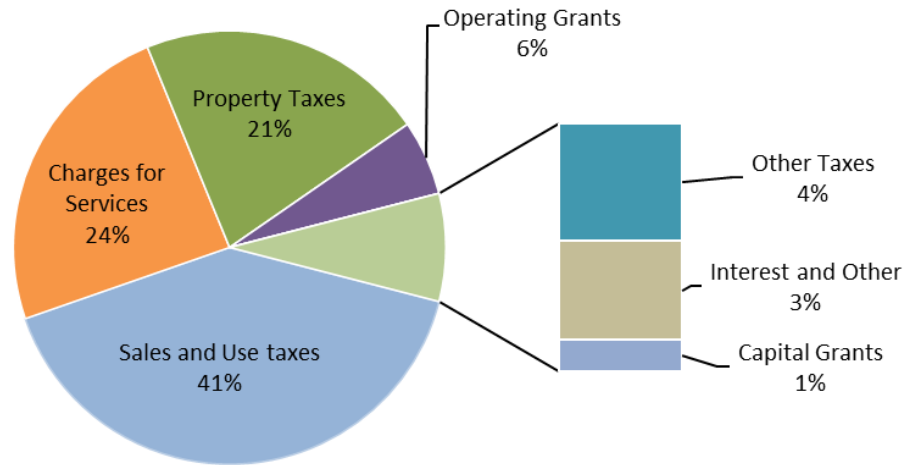
2020 Expenses and Program Revenues - Governmental Activities



General revenues, consisting Primarily of taxes, are not directly associated with any governmental function, and are not included in the above chart. However, general revenues account for 69.3% of the governmental activities for 2020.

Total revenues from governmental activities are summarized in the following chart:

2020 Revenues by Source - Governmental Activities



Business-type activities

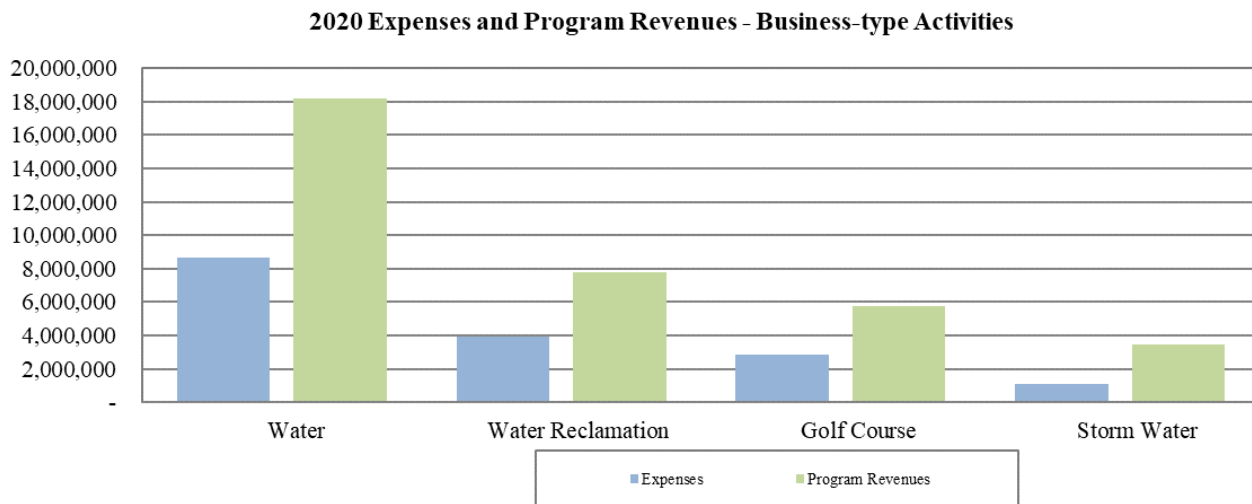
Net position in business-type activities increased \$19.9 million, or 11.8% during 2020. This increase resulted from revenues and contributions of \$36.4 million exceeding spending of \$16.5 million.

Revenues increased in both Charges for Services increased by 2.4 million, or 12.9%, and Capital Grants and Contributions increased by \$9.6 million, or 198.0%. These increases were offset by smaller decreases in interest and other areas. The significant increase in Capital Contributions was due primarily to increased development fees as development in our region increase significantly in 2020.

Expenses increased by \$1.4 million, or 9.2%, primarily due to spending in the Water Utility Fund related to capital infrastructure projects that are ongoing and anticipated to continue into the future.

FINANCIAL SECTION

The following chart demonstrates the comparison of expenses and program revenues for business-type activities.



Financial Analysis of the City's Funds

Governmental Funds – Information on the major governmental funds of the City follows the government-wide financial statements. These funds are accounted for using the modified accrual basis of accounting. At the end of 2020, the City reported a combined fund balance of \$55.2 million, an increase of \$6.0 million, or 12.1%, compared to the prior year's restated fund balance. The fund balance of the General Fund increased \$8.0 million, or 25.1%, as many projects were delayed or deferred in the uncertainty of the COVID-19 pandemic. The fund balance of the Legacy Open Space Fund decreased \$2.5 million, or 93.7%, due to property acquisitions that utilized reserves. The fund balance of the Capital Projects Fund decreased \$0.2 million, or 1.6%, as projects continued as planned. The fund balance in the Other Governmental Funds increased by \$0.6 million, or 21%, related primarily to the delay of projects in the uncertainty of the COVID-19 pandemic.

The General Fund is the primary operating fund of the City. At the end of 2020, the unassigned fund balance of the General Fund was \$29.7 million, an increase of \$5.7 million, or 23.8%, compared to the prior year, primarily due to project and capital spending being delayed or deferred in response to the COVID-19 pandemic. The City expects to resume project spending at a more normal pace in 2021. When compared to spending, unassigned fund balance is equal to 85.2% of operating expenditures. The remainder of the fund balance for the General Fund is not in spendable form or is restricted or committed.

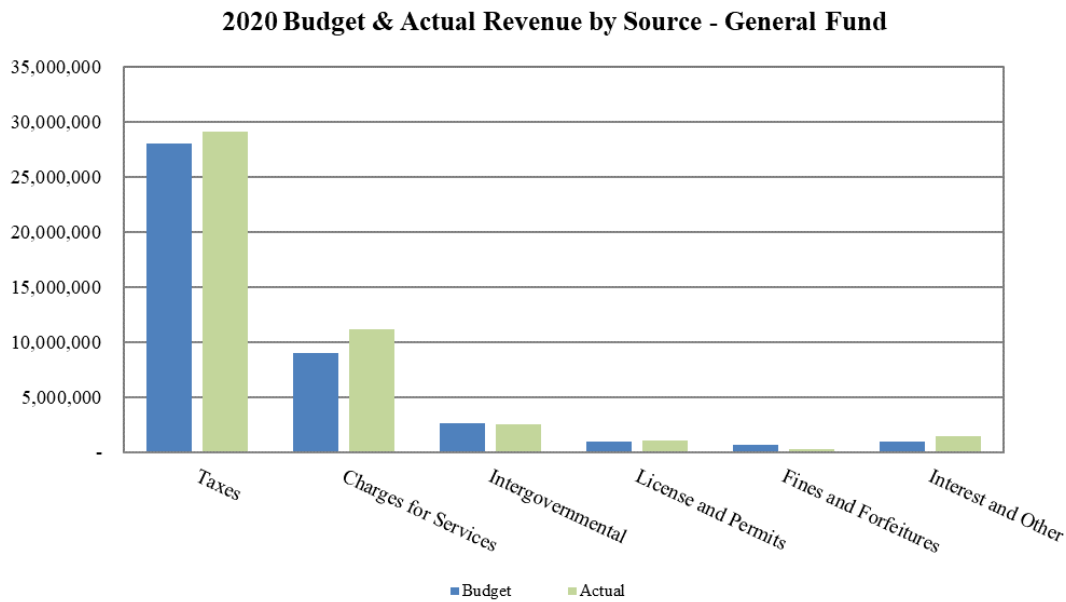
Fund balances for the non-major funds are restricted, committed or assigned to the specific purposes and agreements related to each fund.

Proprietary Funds – Information on the proprietary funds provides the same type of information found in the government-wide statements, but with more detail. At the end of 2020, the City's proprietary funds reported unrestricted net position of \$61.3 million, an increase of \$8.9 million, or 16.9% compared to the prior year's fund balance. Factors concerning the finances of these funds have been discussed above in the business-type activities section.

General Fund Budgetary Highlights

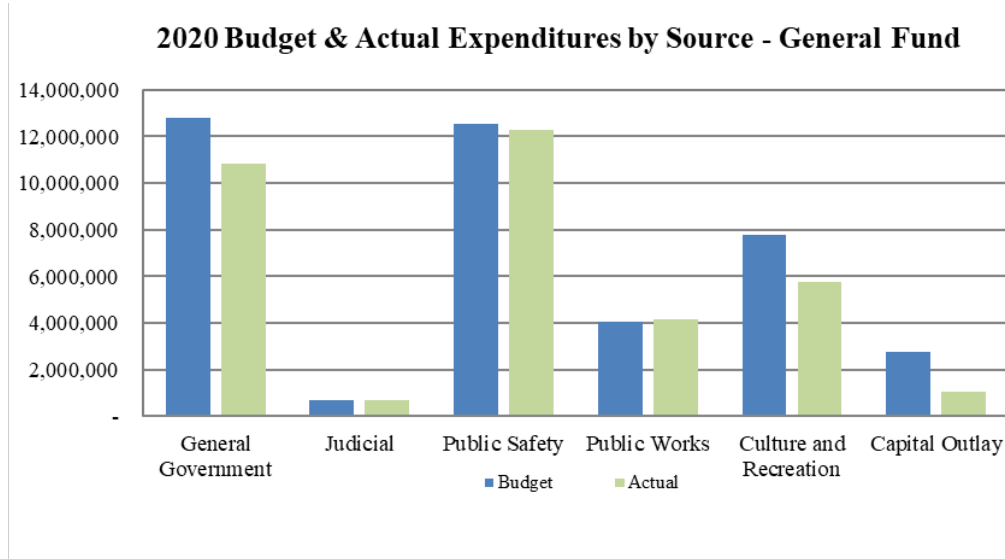
The City’s final budget differs from the original budget in that it contains supplemental appropriations to carry forward unused prior year budget items for multi-year projects as well as for new or enhanced costs that were not anticipated in the originally adopted budget. The General Fund accounts for all of the general services provided by the City of Lafayette. At the end of 2020, the total fund balance of the General Fund had increased by approximately \$8.0 million, or 25.1%, compared to the prior year’s restated fund balance. The unassigned fund balance increased \$5.7 million, or 23.8%, primarily due to project spending being delay or deferred as mentioned previously.

The following chart presents a summary of the major revenue sources of the City’s General Fund.



FINANCIAL SECTION

General government expenditures include all administrative functions of the City (i.e. council, administrator, clerk, judicial, human resources, finance, communication, sustainability, information technology, and planning), as well as public safety, public works, and culture & recreation. The following chart presents a summary of functional categories for expenditures.



Capital Assets

The City of Lafayette's investment in capital assets for its governmental and business-type activities as of December 31, 2020 amounts to \$286.9 million (net of accumulated depreciation), an increase of \$10.8 million, or 3.9% compared to the prior year. The investment in capital assets includes land and land rights, public art, buildings, water and wastewater systems, improvements, machinery and equipment, park facilities, roads, storm drainage, and other infrastructure.

The following table reflects amounts in thousands of dollars:

	Govenrmental Activities		Business-Type Activities		Total	
	2020	2019 (restated)	2020	2019	2020	2019 (restated)
Land	\$ 83,878	\$ 80,153	\$ 8,853	\$ 7,300	\$ 92,731	\$ 87,453
Water Rights	-	-	37,010	37,010	37,010	37,010
Public Art	447	447	-	-	447	447
Buildings	22,391	23,293	3,591	2,466	25,982	25,759
Improvements other than Buildings	1,958	2,227	3,766	1,797	5,724	4,024
Infrastructure	32,635	37,258	51,344	50,257	83,979	87,515
Equipment	3,400	3,824	4,234	3,035	7,634	6,859
Construction in Process	6,434	2,530	26,929	24,485	33,363	27,015
Total	<u>\$ 151,143</u>	<u>\$ 149,732</u>	<u>\$ 135,727</u>	<u>\$ 126,350</u>	<u>\$ 286,870</u>	<u>\$ 276,082</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Major capital asset activity during 2020 included (in thousands):

Open Space Land Purchases	\$ 4,235
Water Utility - Water Capacity Investments	4,020
Street & Bridge Infrastructure	1,791
Water Reclamation - 2nd Anaerobic Digester	1,198
Water Utility - Red Zone Tanks	1,178
Water Reclamation - Site Improvements	959
Parks & Recreation Facility Improvements	531

Note that the prior year capital asset balance was restated, which is discussed further in Note 1 to the Financial Statements. Additional information on the City's capital assets can be found in Note 5 to the Financial Statements.

Debt Administration

At December 31, 2020, the City had total debt outstanding of \$16.3 million. Of this amount, \$5.0 million consists of general obligation debt backed by the full faith and credit of the City, and another \$11.3 million represents bonds secured by specified revenue sources. The remaining \$0.6 million is a note payable related to Water Reclamation activities. Debt balances were reduced by regularly scheduled debt service payments in 2020.

The following table reflects amounts in thousands of dollars:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General Obligation Bonds	\$ 5,000	\$ 5,810	\$ -	\$ -	\$ 5,000	\$ 5,810
Revenue Bonds	3,315	3,470	8,005	9,000	11,320	12,470
Issuance Premiums	484	565	834	962	1,318	1,527
Notes Payable	-	-	629	1,228	629	1,228
Total	<u>\$ 8,799</u>	<u>\$ 9,845</u>	<u>\$ 9,468</u>	<u>\$ 11,190</u>	<u>\$ 18,267</u>	<u>\$ 21,035</u>

Additional information on the City's debt structure is located in Note 6 to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Like all governments and businesses across the nation, the City of Lafayette was impacted by the effects of the COVID-19 pandemic. In the face of uncertainty surrounding business closures and their impacts on revenues and operations, the City took immediate and strategic action to delay or defer spending on capital projects where that delay would not have a detrimental impact on operations or infrastructure. The City also monitored revenues closely throughout the year.

The City has a diverse revenue base which resulted in a strong financial outcome in the face of a challenging global pandemic. While recreation revenues declined due to facility closures, sales tax

FINANCIAL SECTION

revenues remained consistent with the prior year. This is due to a diverse tax base that includes essential businesses that showed strong performance during the pandemic. Additionally, development was very strong in 2020, which bolstered revenues. Overall, the combination of stable revenues and cautious spending resulted in the City maintaining healthy financial reserves.

As the City looked to the 2021 budget, a conservative approach was taken. Ongoing costs were closely scrutinized to ensure ongoing commitments did not exceed ongoing resources. Additionally, the 2021 budget was adopted with the anticipation of a significant supplemental appropriation to carry forward unused budget funding for projects scheduled in 2020 that were delayed due to the economic uncertainty.

Revenues for 2021 were estimated based on the following assumptions:

- Sales and use tax revenues will remain consistent or increase modestly.
- Property tax collections will approximate 100% of the levy imposed. Debt service mill levies will be adjusted to generate the necessary revenue for debt service payments.
- Development related revenues will remain strong, assuming projects proceed as scheduled.
- Interest earnings are calculated at 0.5% interest as a result of the Federal Reserve lowering interest rates in response to the pandemic.
- Revenues related to the Recreation Center and Lamont Does Water Park will be budgeted assuming those facilities will operate at normal capacity.
- Water and Storm Water usage will be similar to 2020 with 5% respective rate increases.
- Golf Course revenues are projected to remain fairly consistent with prior years.
- Inflation will not exceed 3%.

Based on results for the first quarter of 2021, General Fund revenues (including transfers in) were down 8.3% compared to first quarter of 2020. The COVID-19 pandemic, which resulted in widespread business closures from March 2020 through May 2020, had and may continue to have a negative effect on revenues. It is hoped that delayed or reduced/eliminated expenditures will help offset the forecasted revenue losses.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the city's accountability for the funds and assets it receives. If you have questions about this report, or need additional financial information, contact the City of Lafayette Finance Department at 1290 South Public Road, Lafayette, CO 80026.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS



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BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Lafayette Urban Renewal Authority	Base Line Land & Reservoir Company
Assets					
Cash and Investments	\$ 58,355,243	\$ 60,350,850	\$ 118,706,093	\$ 2,114,945	\$ 401,023
Accrued Interest Receivable	685,402	197,252	882,654	-	-
Accounts Receivable	4,256,635	4,593,104	8,849,739	-	39,211
Property Taxes Receivable	10,383,808	-	10,383,808	626,628	-
Special Assessments Receivable	1,094,078	17,513	1,111,591	-	-
Due from Primary Government	-	-	-	545,794	-
Prepaid Expenses	1,051,011	-	1,051,011	-	-
Inventory	18,850	59,798	78,648	-	-
Restricted Cash and Investments	412,222	1,362,000	1,774,222	-	-
Notes Receivable	-	-	-	1,483,241	-
Equity Interest in Component Unit	-	1,426,086	1,426,086	-	-
Capital Assets, Not Being Depreciated	90,758,613	72,791,800	163,550,413	534,511	88,000
Capital Assets, Net of Accumulated Depreciation	60,384,038	62,935,540	123,319,578	87,157	1,726,930
Net Pension Asset	944,195	-	944,195	-	-
Total Assets	228,344,095	203,733,943	432,078,038	5,392,276	2,255,164
Deferred Outflows of Resources					
Loss on Debt Refunding, Net of Accumulated Amortization	121,046	528,209	649,255	-	-
Pensions, Net of Accumulated Amortization	2,884,193	-	2,884,193	-	-
Total Deferred Outflows of Resources	3,005,239	528,209	3,533,448	-	-
Liabilities					
Accounts Payable	1,652,130	4,207,853	5,859,983	151,990	-
Claims Payable	44,568	-	44,568	-	-
Accrued Liabilities	848,900	206,853	1,055,753	-	11,725
Deposits Payable	1,188,551	171,660	1,360,211	2,000	-
Due to Component Unit	545,794	-	545,794	-	-
Unearned Revenues	2,233,400	1,639,118	3,872,518	-	-
Noncurrent Liabilities					
Due Within One Year	2,439,729	2,052,598	4,492,327	-	206,173
Due in More Than One Year					
Other Liabilities Due in More Than One Year	8,177,935	7,860,717	16,038,652	-	-
Net Pension Liability	860,041	-	860,041	-	-
Total Liabilities	17,991,048	16,138,799	34,129,847	153,990	217,898
Deferred Inflows of Resources					
Property Taxes	10,383,808	-	10,383,808	626,628	-
Pensions, Net of Accumulated Amortization	783,402	-	783,402	-	-
Total Deferred Inflows of Resources	11,167,210	-	11,167,210	626,628	-
Net Position					
Net Investment in Capital Assets	142,464,808	126,787,732	269,252,540	621,668	-
Restricted for:					
Emergency Reserve	635,274	-	635,274	-	-
Capital Projects	765,538	-	765,538	-	-
Parks, Recreation & Open Space	1,990,117	-	1,990,117	-	-
Donations	98,500	-	98,500	-	-
Urban Renewal Projects	-	-	-	3,989,990	-
Cemetery - Nonexpendable	46,843	-	46,843	-	-
Cemetery - Expendable	46,236	-	46,236	-	-
GID Obligations	662,985	-	662,985	-	-
Minority Interest in Joint Venture	-	-	-	-	611,180
Unrestricted	55,480,775	61,335,621	116,816,396	-	1,426,086
Total Net Position	\$ 202,191,076	\$ 188,123,353	\$ 390,314,429	\$ 4,611,658	\$ 2,037,266

The notes to the financial statements are an integral part of this statement.

FINANCIAL SECTION

STATEMENT OF ACTIVITIES

Year ended December 31, 2020

		Program Revenues			Net (Expense) Revenue and Change in Net Position				
					Primary Government			Component Units	
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Lafayette Urban Renewal Authority	Base Line Land & Reservoir Company
Functions/Programs	Expenses	Charges for Services							
Primary Government									
Governmental Activities									
General Government	\$ 11,808,272	\$ 8,664,208	\$ 1,844,581	\$ -	\$ (1,299,483)	\$ -	\$ (1,299,483)		
Judicial	674,308	15,345	-	-	(658,963)	-	(658,963)		
Public Safety	12,865,275	638,377	-	-	(12,226,898)	-	(12,226,898)		
Public Works	7,362,746	2,453,665	920,167	217,890	(3,771,024)	-	(3,771,024)		
Culture and Recreation	9,871,651	514,892	88,996	351,792	(8,915,971)	-	(8,915,971)		
Interest and Fiscal Charges	583,817	-	-	-	(583,817)	-	(583,817)		
Total Governmental Activities	43,166,069	12,286,487	2,853,744	569,682	(27,456,156)	-	(27,456,156)		
Business-type Activities									
Water	8,666,922	10,043,302	-	8,119,996	-	9,496,376	9,496,376		
Water Reclamation	3,934,458	5,780,462	3,187	2,000,230	-	3,849,421	3,849,421		
Golf Course	2,838,295	3,010,262	-	2,751,090	-	2,923,057	2,923,057		
Storm Water	1,079,200	1,820,957	476	1,641,935	-	2,384,168	2,384,168		
Total Business-type Activities	16,518,875	20,654,983	3,663	14,513,251	-	18,653,022	18,653,022		
Total Primary Government	\$ 59,684,944	\$ 32,941,470	\$ 2,857,407	\$ 15,082,933	(27,456,156)	18,653,022	(8,803,134)		
Component Units									
Lafayette Urban Renewal Authority	\$ 826,633	\$ -	\$ 300,564	\$ -				\$ (526,069)	
Base Line Land and Reservoir Company	75,599	436,123	-	-					360,524
Total Component Units	\$ 902,232	\$ 436,123	\$ 300,564	\$ -				(526,069)	360,524
General Revenues									
Property and Specific Ownership Taxes					10,999,124	-	10,999,124	671,501	-
General Sales and Use Taxes					20,709,008	-	20,709,008	545,794	-
Franchise Taxes					1,128,766	-	1,128,766	-	-
Excise Taxes					811,317	-	811,317	-	-
Interest					1,263,231	1,223,701	2,486,932	2,066	578
Gain on Disposal of Assets					-	2,857	2,857	-	-
Miscellaneous					323,490	-	323,490	-	-
Total General Revenues					35,234,936	1,226,558	36,461,494	1,219,361	578
Change in Net Position					7,778,780	19,879,580	27,658,360	693,292	361,102
Net Position - January 1									
As Originally Stated					193,965,621	168,243,773	362,209,394	3,918,366	1,676,164
Prior Period Adjustments (Note 1)					446,675	-	446,675	-	-
As Restated					194,412,296	168,243,773	362,656,069	3,918,366	1,676,164
Net Position - December 31					\$ 202,191,076	\$ 188,123,353	\$ 390,314,429	\$ 4,611,658	\$ 2,037,266

The notes to the financial statements are an integral part of this statement.

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FINANCIAL SECTION

GOVERNMENTAL FUNDS – BALANCE SHEET

December 31, 2020

	General	Legacy Open Space	Capital Projects	Other Governmental Funds	Total
Assets					
Cash and Investments	\$ 37,007,316	\$ 2,671,193	\$ 13,569,842	\$ 3,571,106	\$ 56,819,457
Accrued Interest Receivable	110,333	12,300	42,873	11,542	177,048
Accounts Receivable	3,903,442	12,299	5	340,889	4,256,635
Property Taxes Receivable	8,930,600	-	-	1,453,208	10,383,808
Special Assessments Receivable	654,678	-	-	439,400	1,094,078
Interfund Receivables	2,560,268	-	-	-	2,560,268
Prepaid Expenses	732,067	-	-	-	732,067
Inventory	18,850	-	-	-	18,850
Restricted Cash and Investments	365,538	-	-	46,684	412,222
Total Assets	\$ 54,283,092	\$ 2,695,792	\$ 13,612,720	\$ 5,862,829	\$ 76,454,433
Liabilities					
Accounts Payable	\$ 1,962,034	\$ 42,297	\$ 97,466	\$ 45,763	\$ 2,147,560
Interfund Payables	-	2,484,995	-	75,273	2,560,268
Deposits Payable	1,113,551	-	-	75,000	1,188,551
Accrued Liabilities	790,097	-	-	32,021	822,118
Unearned Revenues	100,000	-	2,133,400	-	2,233,400
Total Liabilities	3,965,682	2,527,292	2,230,866	228,057	8,951,897
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	8,930,600	-	-	1,453,208	10,383,808
Unavailable Revenue - Special Assessments	654,678	-	-	439,400	1,094,078
Unavailable Revenue - Other	599,774	-	-	179,336	779,110
Total Deferred Inflows of Resources	10,185,052	-	-	2,071,944	12,256,996
Fund Balance					
Nonspendable					
Long Term Receivables	2,560,268	-	-	-	2,560,268
Prepaid Items	732,067	-	-	-	732,067
Inventory	18,850	-	-	-	18,850
Cemetery Endowment	-	-	-	46,843	46,843
Restricted					
Emergency Reserve (TABOR)	635,274	-	-	-	635,274
GID Obligations	-	-	-	662,985	662,985
Capital Projects	365,538	-	400,000	-	765,538
Cemetery	46,236	-	-	-	46,236
Donations	98,500	-	-	-	98,500
Parks, Recreation & Open Space	-	109,453	-	1,880,664	1,990,117
Committed					
Capital Projects	4,767,677	-	10,981,854	-	15,749,531
Affordable Housing	991,979	-	-	-	991,979
Art & Historic Projects	260,356	-	-	-	260,356
Debt Service	-	-	-	211,386	211,386
Assigned					
GID Obligations	-	-	-	551,391	551,391
Parks, Recreation & Open Space	-	59,047	-	209,559	268,606
Unassigned	29,655,613	-	-	-	29,655,613
Total Fund Balance	40,132,358	168,500	11,381,854	3,562,828	55,245,540
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 54,283,092	\$ 2,695,792	\$ 13,612,720	\$ 5,862,829	\$ 76,454,433

The notes to the financial statements are an integral part of this statement.

BASIC FINANCIAL STATEMENTS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

December 31, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance of Governmental Funds	\$ 55,245,540
Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds.	151,142,651
Long-term assets are not available to pay current year expenditures and therefore are deferred in governmental funds.	
Unavailable Special Assessments Receivable	1,094,078
Unavailable Intergovernmental Receivables	779,110
Accrued Interest on special assessments is recorded as a receivable on the Statement of Net Position. This item is not available and is not recognized in the governmental funds.	502,908
Net pension asset and liabilities and the related deferred inflows and outflows are not current financial resources and therefore are not reported in governmental funds.	
Net Pension Asset	944,195
Net Pension Liability	(860,041)
Pension-related Deferred Outflows	2,884,193
Pension-related Deferred Inflows	(783,402)
Long-term liabilities and related items are not due and payable in the current year and therefore are not reported in governmental funds.	
Loss on Debt Refunding, Net of Accumulated Amortization	121,046
Accrued Interest Payable	(26,782)
Long-Term Debt, net of Internal Service Fund liabilities of \$1,102,320.	(9,515,344)
Internal service funds are used by management to charge the costs of insurance and employee benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	<u>662,924</u>
Total Net Position of Governmental Activities	<u>\$ 202,191,076</u>

The notes to the financial statements are an integral part of this statement.

FINANCIAL SECTION

GOVERNMENTAL FUNDS – STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year ended December 31, 2020

	General	Legacy Open Space	Capital Projects	Other Governmental Funds	Total
Revenues					
Taxes	\$ 29,093,375	\$ 1,479,215	\$ -	\$ 3,158,390	\$ 33,730,980
Licenses and Permits	1,048,797	-	-	-	1,048,797
Intergovernmental	2,535,574	52,822	-	298,970	2,887,366
Contributions and Grants	352,730	-	-	-	352,730
Charges for Services	11,137,082	-	-	-	11,137,082
Fines and Forfeitures	262,996	-	-	-	262,996
Interest	791,780	68,797	281,238	80,840	1,222,655
Special Assessments	23,869	-	-	-	23,869
Miscellaneous	302,753	-	-	20,737	323,490
Total Revenues	45,548,956	1,600,834	281,238	3,558,937	50,989,965
Expenditures					
Current					
General Government	10,840,956	-	30,350	77,967	10,949,273
Judicial	676,532	-	-	-	676,532
Public Safety	12,276,373	-	-	-	12,276,373
Public Works	4,182,729	-	113,723	-	4,296,452
Culture and Recreation	5,754,362	51,177	-	168,003	5,973,542
Capital Outlay	1,065,244	4,338,742	4,600,899	161,486	10,166,371
Debt Service					
Principal	-	-	-	965,000	965,000
Interest	-	60,650	-	439,950	500,600
Fiscal Charges	-	-	-	1,418	1,418
Total Expenditures	34,796,196	4,450,569	4,744,972	1,813,824	45,805,561
Excess (Deficiency) of Revenues Over Expenditures	10,752,760	(2,849,735)	(4,463,734)	1,745,113	5,184,404
Other Financing Sources (Uses)					
Transfers In	1,126,520	329,743	4,274,809	-	5,731,072
Transfers Out	(3,829,743)	-	-	(1,126,520)	(4,956,263)
Total Other Financing Sources (Uses)	(2,703,223)	329,743	4,274,809	(1,126,520)	774,809
Net Change in Fund Balance	8,049,537	(2,519,992)	(188,925)	618,593	5,959,213
Fund Balance, January 1					
As Originally Stated	29,350,821	5,420,492	11,570,779	2,944,235	49,286,327
Prior Period Adjustments (Note 1)	2,732,000	(2,732,000)	-	-	-
As Restated	32,082,821	2,688,492	11,570,779	2,944,235	49,286,327
Fund Balance, December 31	\$ 40,132,358	\$ 168,500	\$ 11,381,854	\$ 3,562,828	\$ 55,245,540

The notes to the financial statements are an integral part of this statement.

BASIC FINANCIAL STATEMENTS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES Year ended December 31, 2020

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

Net Change in Fund Balance of Governmental Funds	\$ 5,959,213
Capital outlay to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives and reported as annual depreciation expense in the statement of activities.	
Capital Outlay	10,166,375
Developer Dedications	194,021
Depreciation Expense	(5,125,717)
Loss on Disposal of Capital Assets	(3,823,993)
Repayments of debt principal are expenditures in governmental funds, but the repayments reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	
Bond Payments	965,000
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.	
Amortization of Loss on Debt Refunding	(83,633)
Amortization of Bond Premiums	80,648
Revenues that do not provided current financial resources are deferred in governmental funds but are recognized in governmental activities. This includes changes in the following.	
Unavailable Special Assessments Receivable	(777,372)
Unavailable Other Receivables	40,576
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This includes changes in the following.	
Net Pension Asset	601,070
Net Pension Liability	1,126,386
Pension-related Deferred Outflows and Inflows	(1,278,661)
Accrued Interest Payable	1,834
Accrued Compensated Absences	(185,182)
Internal service funds are used by management to charge the costs of insurance and employee benefits to individual funds. The net revenue (expense) of the internal service funds is included in governmental activities in the statement of activities.	
	<u>(81,785)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 7,778,780</u></u>

The notes to the financial statements are an integral part of this statement.

FINANCIAL SECTION

PROPRIETARY FUNDS – STATEMENT OF NET POSITION

December 31, 2020

	Water Utility	Water Reclamation Utility	Golf Course	Storm Water (a nonmajor fund)	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Assets						
Current Assets						
Cash and Investments	\$ 41,411,507	\$ 15,350,070	\$ 442,440	\$ 3,146,833	\$ 60,350,850	\$ 1,535,786
Accrued Interest Receivable	139,758	48,197	698	8,599	197,252	5,446
Accounts Receivable	3,014,684	1,369,714	-	208,706	4,593,104	-
Prepaid Expenses	-	-	-	-	-	318,944
Inventory	-	-	59,798	-	59,798	-
Restricted Cash and Investments	1,362,000	-	-	-	1,362,000	-
Total Current Assets	45,927,949	16,767,981	502,936	3,364,138	66,563,004	1,860,176
Noncurrent Assets						
Special Assessments Receivable	-	17,513	-	-	17,513	-
Equity Interest in Component Unit	1,426,086	-	-	-	1,426,086	-
Capital Assets, Not Being Depreciated	66,041,007	4,888,212	1,300,000	562,581	72,791,800	-
Capital Assets, Net of Accumulated Depreciation	35,364,733	20,669,241	2,903,494	3,998,072	62,935,540	-
Total Noncurrent Assets	102,831,826	25,574,966	4,203,494	4,560,653	137,170,939	-
Total Assets	148,759,775	42,342,947	4,706,430	7,924,791	203,733,943	1,860,176
Deferred Outflows of Resources						
Unamortized Charges on Debt Refunding	528,209	-	-	-	528,209	-
Liabilities						
Current Liabilities						
Accounts Payable	3,308,014	791,437	21,278	87,124	4,207,853	50,364
Claims Payable	-	-	-	-	-	44,568
Accrued Liabilities	72,468	47,792	39,418	8,121	167,799	-
Accrued Interest Payable	28,821	10,233	-	-	39,054	-
Deposits Payable	70,600	-	101,060	-	171,660	-
Unearned Revenues	1,255,476	383,642	-	-	1,639,118	-
Compensated Absences - Current Portion	106,393	79,893	81,687	12,938	280,911	1,102,320
Long-Term Debt - Current Portion	1,132,688	638,999	-	-	1,771,687	-
Total Current Liabilities	5,974,460	1,951,996	243,443	108,183	8,278,082	1,197,252
Noncurrent Liabilities						
Compensated Absences	56,638	48,551	52,095	7,303	164,587	-
Long-Term Debt	7,696,130	-	-	-	7,696,130	-
Total Noncurrent Liabilities	7,752,768	48,551	52,095	7,303	7,860,717	-
Total Liabilities	13,727,228	2,000,547	295,538	115,486	16,138,799	1,197,252
Net Position						
Net Investment in Capital Assets	93,105,131	24,918,454	4,203,494	4,560,653	126,787,732	-
Unrestricted	42,455,625	15,423,946	207,398	3,248,652	61,335,621	662,924
Total Net Position	\$ 135,560,756	\$ 40,342,400	\$ 4,410,892	\$ 7,809,305	\$ 188,123,353	\$ 662,924

The notes to the financial statements are an integral part of this statement.

BASIC FINANCIAL STATEMENTS

PROPRIETARY FUNDS – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION Year ended December 31, 2020

	Water Utility	Water Reclamation Utility	Golf Course	Storm Water (a nonmajor fund)	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Operating Revenues						
Charges for Services	\$ 9,971,907	\$ 5,777,995	\$ 2,991,451	\$ 1,819,315	\$ 20,560,668	\$ 5,068,990
Miscellaneous	71,395	2,467	18,811	1,642	94,315	117,589
Total Operating Revenues	<u>10,043,302</u>	<u>5,780,462</u>	<u>3,010,262</u>	<u>1,820,957</u>	<u>20,654,983</u>	<u>5,186,579</u>
Operating Expenses						
Administration	2,537,899	1,101,766	499,601	459,954	4,599,220	-
Operations	3,792,695	1,723,179	1,982,291	328,990	7,827,155	-
Premiums and Claims Paid	-	-	-	-	-	4,986,028
Miscellaneous	-	-	-	-	-	83,003
Depreciation	1,942,541	1,087,488	356,403	282,147	3,668,579	-
Total Operating Expenses	<u>8,273,135</u>	<u>3,912,433</u>	<u>2,838,295</u>	<u>1,071,091</u>	<u>16,094,954</u>	<u>5,069,031</u>
Operating Income (Loss)	<u>1,770,167</u>	<u>1,868,029</u>	<u>171,967</u>	<u>749,866</u>	<u>4,560,029</u>	<u>117,548</u>
Nonoperating Revenues (Expenses)						
Interest Income	840,462	314,753	7,002	61,484	1,223,701	32,847
Intergovernmental Grants	-	3,187	476	-	3,663	23,893
Insurance Proceeds	-	-	-	-	-	518,736
Interest Expense	(321,862)	(22,025)	-	-	(343,887)	-
Bond Fees	(303)	-	-	-	(303)	-
Gain (Loss) on Disposal of Capital Assets	(71,622)	2,857	-	(8,109)	(76,874)	-
Total Nonoperating Revenues (Expenses)	<u>446,675</u>	<u>298,772</u>	<u>7,478</u>	<u>53,375</u>	<u>806,300</u>	<u>575,476</u>
Net Income (Loss) Before Contributions and Transfers	<u>2,216,842</u>	<u>2,166,801</u>	<u>179,445</u>	<u>803,241</u>	<u>5,366,329</u>	<u>693,024</u>
Capital Contributions and Transfers						
Tap and Development Fees	3,538,756	1,951,189	-	496,151	5,986,096	-
Payments in Lieu of Water	4,172,671	-	-	-	4,172,671	-
Developer Dedications	155,798	49,041	-	94,350	299,189	-
Capital Contributions	-	-	2,751,090	1,051,434	3,802,524	-
Income from Equity Interest in Component Unit	252,771	-	-	-	252,771	-
Transfers Out	-	-	-	-	-	(774,809)
Total Capital Contributions and Transfers	<u>8,119,996</u>	<u>2,000,230</u>	<u>2,751,090</u>	<u>1,641,935</u>	<u>14,513,251</u>	<u>(774,809)</u>
Change in Net Position	<u>10,336,838</u>	<u>4,167,031</u>	<u>2,930,535</u>	<u>2,445,176</u>	<u>19,879,580</u>	<u>(81,785)</u>
Total Net Position, January 1	<u>125,223,918</u>	<u>36,175,369</u>	<u>1,480,357</u>	<u>5,364,129</u>	<u>168,243,773</u>	<u>744,709</u>
Total Net Position, December 31	<u>\$ 135,560,756</u>	<u>\$ 40,342,400</u>	<u>\$ 4,410,892</u>	<u>\$ 7,809,305</u>	<u>\$ 188,123,353</u>	<u>\$ 662,924</u>

The notes to the financial statements are an integral part of this statement.

FINANCIAL SECTION

PROPRIETARY FUNDS – STATEMENT OF CASH FLOWS

Year ended December 31, 2020

	Water Utility	Water Reclamation Utility	Golf Course	Storm Water (a nonmajor fund)	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities						
Receipts for Services Provided	\$ 9,731,225	\$ 5,700,520	\$ 2,991,990	\$ 1,788,527	\$ 20,212,262	\$ -
Receipts for Interfund Services Provided	-	-	-	-	-	4,957,668
Receipts from Employees	-	-	-	-	-	111,291
Miscellaneous Receipts	71,395	2,467	18,811	1,642	94,315	117,589
Payments to Vendors and Suppliers	(4,338,639)	(262,538)	(569,338)	(344,011)	(5,514,526)	(5,179,104)
Payments to Employees	(2,045,619)	(1,236,850)	(1,404,311)	(226,680)	(4,913,460)	-
Payments for Interfund Services Used	(2,264,337)	(1,040,696)	(450,702)	(292,034)	(4,047,769)	-
Net Cash Provided by Operating Activities	1,154,025	3,162,903	586,450	927,444	5,830,822	7,443
Cash Flows from Noncapital and Related Financing Activities						
Operating Grants Received	-	3,187	476	-	3,663	23,893
Transfers Out to Other Funds	-	-	-	-	-	(774,809)
Interfund Loan	-	-	(11,886)	-	(11,886)	-
Net Cash Provided (Used) by Noncapital Financing Activities	-	3,187	(11,410)	-	(8,223)	(750,916)
Cash Flows from Capital and Related Financing Activities						
Tap and Development Fees	3,428,521	1,895,580	-	496,151	5,820,252	-
Payments in Lieu of Water	4,172,671	-	-	-	4,172,671	-
Acquisition and Construction of Capital Assets	(5,607,061)	(2,932,355)	(140,554)	(348,994)	(9,028,964)	-
Proceeds from Sale of Assets	3,775	3,775	-	-	7,550	-
Insurance Proceeds	-	-	-	-	-	518,736
Bond Fees Paid	(303)	-	-	-	(303)	-
Principal Paid on Long-Term Debt	(995,000)	(599,289)	-	-	(1,594,289)	-
Interest Paid on Long-Term Debt	(365,752)	(41,974)	-	-	(407,726)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	636,851	(1,674,263)	(140,554)	147,157	(1,030,809)	518,736
Cash Flows from Investing Activities						
Interest Received	849,559	312,283	6,524	57,963	1,226,329	32,012
Net Cash Provided by Investing Activities	849,559	312,283	6,524	57,963	1,226,329	32,012
Net Increase (Decrease) in Cash and Cash Equivalents	2,640,435	1,804,110	441,010	1,132,564	6,018,119	(192,725)
Cash and Cash Equivalents, January 1	40,133,072	13,545,960	1,430	2,014,269	55,694,731	1,728,511
Cash and Investments, December 31	\$ 42,773,507	\$ 15,350,070	\$ 442,440	\$ 3,146,833	\$ 61,712,850	\$ 1,535,786

BASIC FINANCIAL STATEMENTS

PROPRIETARY FUNDS – STATEMENT OF CASH FLOWS (continued)

Year ended December 31, 2020

	Water Utility	Water Reclamation Utility	Golf Course	Storm Water (a nonmajor fund)	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities						
Operating Income (Loss)	\$ 1,770,167	\$ 1,868,029	\$ 171,967	\$ 749,866	\$ 4,560,029	\$ 117,548
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Depreciation Expense	1,942,541	1,087,488	356,403	282,147	3,668,579	-
Changes in Assets and Liabilities						
Receivables	(252,682)	(77,475)	28	(30,788)	(360,917)	(31)
Prepaid Expenses	-	-	-	-	-	(296,769)
Inventory	-	-	(15,651)	-	(15,651)	-
Accounts Payable	(2,370,005)	225,231	15,552	(78,695)	(2,207,917)	858
Claims Payable	-	-	-	-	-	(104,526)
Accrued Liabilities	8,060	9,218	8,381	577	26,236	-
Deposits Payable	12,000	-	511	-	12,511	-
Compensated Absences	43,944	50,412	49,259	4,337	147,952	290,364
Total Adjustments	(616,142)	1,294,874	414,483	177,578	1,270,793	(110,105)
Net Cash Provided by Operating Activities	\$ 1,154,025	\$ 3,162,903	\$ 586,450	\$ 927,444	\$ 5,830,822	\$ 7,443
Noncash Activities						
Gain/(Loss) on Sale of Capital Assets	\$ (71,622)	\$ 2,857	\$ -	\$ (8,109)	\$ (76,874)	\$ -
Capital Contributions - Developer Dedications	155,798	49,041	-	94,350	299,189	-
Capital Contributions - Transfer from General Fund	-	-	2,751,090	1,051,434	3,802,524	-
Equity Investment in Component Unit	252,771	-	-	-	252,771	-
Total Noncash Activities	\$ 336,947	\$ 51,898	\$ 2,751,090	\$ 1,137,675	\$ 4,277,610	\$ -

The notes to the financial statements are an integral part of this statement.

FINANCIAL SECTION

CUSTODIAL FUND – STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year ended December 31, 2020

	<u>Custodial</u>
Additions	
Taxes collected for other governments	<u>\$ 541,921</u>
Total Additions	<u>541,921</u>
Deductions	
Taxes disbursed to other governments	<u>541,921</u>
Total Deductions	<u>541,921</u>
Net increase (decrease) in fiduciary net position	<u>-</u>
Total Net Position, January 1	<u>-</u>
Total Net Position, December 31	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

FINANCIAL SECTION

NOTES TO THE FINANCIAL STATEMENTS



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NOTES TO THE BASIC FINANCIAL STATEMENTS

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FINANCIAL SECTION

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City was founded in 1888 and incorporated in 1889. On April 1, 1958 citizens voted to become a Home Rule City, as authorized by Article 20 of the Colorado State Constitution. The City operates under a Strong Council/Administrator form of government and provides the following services as authorized by its charter: administration, finance, planning, library, building maintenance, municipal court, city attorney, police, career and volunteer fire, ambulance, highway and street maintenance, parks and recreation, debt service, water, sanitary sewer, storm water and golf course services.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to governments. A summary of the City's significant accounting policies applied in the preparation of these financial statements follows:

A. Reporting Entity

The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Units

The City is financially accountable for legally separate organizations if City officials appoint a voting majority of the organization's governing board and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the City. The City may also be financially accountable for organizations that are fiscally dependent on it. Based upon the application of these criteria and the fact that management of the City manages the activities of each component unit, the City has identified five blended component units presented as special revenue funds. They are the Lafayette City Center GID, Exempla GID, Lafayette Corporate Campus GID, Lafayette Tech Center GID, and St. James GID (inactive). The Lafayette City Council acts as the governing board for, and exercises operational authority over, each of the component units. Separate financial statements are not issued for these component units.

Discretely Presented Component Units

The City has a relationship with two legally separate organizations for which it either has a financial responsibility or excluding the reporting of the organization would be misleading.

Lafayette Urban Renewal Authority (LURA) was separated from the City in 2012 and was established as a legally separate entity with a separate board appointed by the Mayor. The purpose of LURA is to revitalize the downtown area of Lafayette. Funding for LURA comes from tax-increment financing in addition to a portion of sales taxes collected from the business members within the urban renewal district. LURA does not issue separate financial statements. As there would be no difference between full and modified accrual statements for LURA, based on the entity's activities, additional financial statements are not presented in this report.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Base Line Land and Reservoir Company is a non-profit corporation and is responsible for the management of the Base Line Reservoir. It is managed by a five-member board of which four members are appointed by the City which allows the City to impose its will on the Company. The City owns 70% of the company and its constituents receive a direct benefit of the services the company provides. The City's ownership in this entity is intended to support the provision of governmental services (providing water to residents) and is not considered an investment. The financial statements are prepared on the accrual basis of accounting and are in conformity with FASB ASC 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. The Company reports as of November 30, which is the close of their fiscal year. The Company issues separate audited financial statements which can be acquired by contacting the Company's management: Base Line Land and Reservoir Company, PO Box 1826, Longmont, CO 80502.

B. 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 activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental Activities*, which are normally 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 *primary government* is reported separately from the legally separate *component units* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the *direct expenses* of a given function or segment is 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

FINANCIAL SECTION

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. When revenues are considered unavailable, a deferred inflow of resources is reported until such time when the revenues become available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, licenses, intergovernmental revenues, 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.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- The Legacy Open Space Fund is a capital projects fund that accounts for sales and use tax revenues dedicated to the acquisition and maintenance of parks and open space.
- The Capital Projects Fund is a capital projects fund that accounts for capital improvements financed through dedicated road taxes and fees as well as transfers from the General Fund.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund, Water Reclamation Fund, Golf Course Fund and Storm Water Fund are charges to customers for sales and services. The Water Fund and Water Reclamation Fund also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses reported in enterprise funds and internal service funds include the cost of sales and services provided, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major proprietary funds:

- The Water Fund accounts for the treatment and distribution of the City's water supply; and holds an equity interest in Base Line Land and Reservoir Company.
- The Water Reclamation Fund accounts for the operation of the City's sewer system.
- The Golf Course Fund accounts for the operation of the City's golf course.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additionally, the City reports the following fund types:

- Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. These funds are used to account for the operations of the Employee Benefit Fund and the Insurance Fund, which are administered by the City.
- Permanent Funds are used to account for permanent endowments that must remain intact. The City's Cemetery Endowment Fund accounts for an endowment that supports the operations of the City's cemeteries.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's General, Water, Water Reclamation, Golf Course and Storm Water Funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Cash Equivalents

The City considers cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased, to be cash equivalents. All of the City's proprietary fund investments are considered cash equivalents for purposes of the statement of cash flows.

E. Investments

Cash and investments, except for proceeds of bond issues accounted for in the appropriate funds, are pooled throughout the year into a central cash fund for cash management purposes. Investment income is allocated to the individual funds monthly, based on the average balance for the month. Should any of these funds have an average deficit in the pool, they are charged interest accordingly. For financial statement purposes, the cash and investment amounts are reported as "cash and investments" of the respective individual funds at year-end.

F. Interfund Receivables/Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables and interfund payables. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

G. Property Taxes Receivable

Property taxes are not due and payable until after the assessment year has ended. Property taxes are initially recorded as unavailable revenue in the year they are earned and measurable. The deferred property tax is recorded as revenue in the year it is available or collected.

FINANCIAL SECTION

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property taxes are collected and remitted monthly to the City by Boulder County, Colorado. The property tax calendar is detailed below:

Lien date		January 1
City certifies mill levies to County		December 15
Levy date		January 1
Collection/due dates:	Total	April 30
	First half	February 28
	Second half	June 15
	Delinquent notices	August 15
	Tax Sale	Mid-November

H. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses using the consumption method.

I. Inventory

Certain inventories are maintained in the General Fund for fuel and the Golf Course Fund for clubhouse merchandise. These inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of these inventories are recorded as expenditures or expenses when consumed rather than when purchased. All other inventories in the City are expensed when purchased.

J. Assets Held for Resale

Property that is held with the intent to sell is reported at cost, which approximates fair value.

K. Capital Assets

All capital assets, including “Public Domain” capital assets such as streets and sidewalks 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 a value exceeding the thresholds below and with an estimated useful life in excess of two years.

Land and land rights & infrastructure	\$	25,000
Buildings and improvements		15,000
Equipment and vehicles		5,000

Capital assets are reported at original cost. Donated assets are valued at the acquisition value on the date donated. Costs incurred for the purchase or construction of capital assets for governmental activities are recorded as capital outlay expenditures in the governmental funds. Infrastructure assets include streets, sidewalks, trails, traffic signals and similar items.

Costs incurred for the purchase or construction of capital assets for business-type activities are reported as assets in the proprietary funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation of all exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the government-wide financial statements and the proprietary fund types in the fund financial statements. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	50 years
Improvements Other Than Buildings	10 - 25 years
Equipment	5 - 10 years
Water and Water Reclamation Systems	50 years
Infrastructure	30 - 50 years

L. Long-Term Obligations

The City provides continuing disclosures that are either contractually required to be provided by municipal issuers and obligated persons as contemplated by Securities and Exchange Commission (SEC) Rule 15c2-12 under the Securities Exchange Act or are provided voluntarily.

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

In the fund financial statements, governmental funds recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses or expenditures.

Certain revenue is allocated each year to the Debt Service Fund to provide for the full amount estimated to be required for debt service on certain general obligation bonds, revenue bonds, and capital leases. Debt service for the Water and Water Reclamation Utility Funds is paid from resources of those funds.

M. Compensated Absences

The City has a policy that allows employees to accumulate unused vacation and sick benefits up to certain maximum hours. Unused vacation and sick leave is paid at separation of employment. Compensated absences are recognized when earned in proprietary funds and when paid in governmental funds. A liability for these amounts is reported in the government-wide and proprietary fund financial statements. In the past, payments to liquidate the liability have been made through the General, Water, Water Reclamation, Golf Course, and Storm Water Funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Pensions

The City participates in the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan, and the Statewide Hybrid Plan, a cost-sharing multiple employer combination defined benefit and money purchase pension plan. In addition, the City maintains the Volunteer Fire Department Pension Plan, an agent multiple-employer defined benefit pension plan. The plans are administered by the Fire & Police Pension Association of Colorado (FPPA).

The net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from each plan's fiduciary net position have been determined using the accrual basis of accounting, the same basis of accounting used by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized in the year the contributions are due.

O. Postemployment Benefits Other Than Pensions (OPEB)

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

P. Fund Balance/Net Position

In the fund financial statements, governmental funds report fund balances based on the level of spending constraints placed on the City. Fund balances may be classified as nonspendable, restricted, committed, assigned, or unassigned.

Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. Inventories and prepaid amounts are examples of this classification.

Restricted Fund Balance

Spending constraints that are placed on the use of fund balance amounts by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation, are classified as restricted.

Committed Fund Balance

Committed fund balances are created by the City Council by ordinance. These amounts can only be used for specific purposes pursuant to the formal action by the Council. The purposes can change only by Council authority by the appropriate action as mentioned above.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assigned Fund Balance

Assigned fund balances occur on the intention, as opposed to formal action, of a specific use. The authority to assign fund balances has been delegated by City Council to the City Administrator up to an amount of \$100,000. A report shall be made to Council as to the actions taken. Assignment of fund balances in excess of \$100,000 shall be approved by Council as a resolution before the end of the year the assignment is to be effective. The assigned fund balance classification also represents residual fund balances in governmental funds that, by residing in the funds are assigned to the purpose of those funds

All of the above classifications will not apply to every governmental fund. Each classification depicts the net resources that are reported in each fund.

Unassigned Fund Balance

Unassigned fund balance is the remaining fund balance in the General Fund after amounts that are set aside for the higher classifications. This designation is only applicable to the General Fund or negative balances in other governmental funds.

Since 1988, the City of Lafayette's financial policy requires the "unassigned" General Fund balance to be maintained at 25% of budgeted expenditures for each year. The financial policy was established by Council resolution. In addition, in 1992, the Taxpayer's Bill of Rights (TABOR) was adopted as a constitutional amendment in the State of Colorado, effective in 1993. One of the provisions, which is absolute, requires each municipality to set aside an emergency reserve of 3% of its fiscal year spending. The City of Lafayette has taken the position that the TABOR reserve is included in the reserve required by its financial policies established in previous years. The presentation of the "restricted" General Fund balance reflects the emergency reserve required by TABOR with the balance of the required reserve per the City of Lafayette's financial policy is included in the "unassigned" fund balance reported.

For 2020, the General Fund reserve requirement of 25% of budgeted expenditures requires a minimum reserve of amount \$9,434,920. As of December 31, 2020, the amount restricted for the TABOR reserve was \$635,274 and the unassigned fund balance reported in the General Fund was \$29,655,613, exceeding the minimum reserve required.

The transition from governmental fund financial statements to the government-wide Statement of Net Position requires the five governmental classifications to be identified as restricted or unrestricted. Restricted net position includes net positions that are subject to restrictions beyond the City's control. Therefore, amounts reported in the restricted classifications in the governmental funds may differ. All other governmental classifications will fall under the category of unrestricted for the Statement of Net Position.

When both restricted and unrestricted fund balance is available for use, the City will use the restricted amounts before the unrestricted amounts.

At December 31, 2020, the Employee Benefit Fund reported an unrestricted net position of (\$6,275) due to revenues being lower than expected offset by unanticipated expenditures. Future year budgets have been reviewed to ensure that revenues will be sufficient to replenish the net position of this fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Special Assessments

Special assessments are recognized in governmental funds as revenue in the year that the assessments become available. This results in recognizing revenue only in the amount of assessment installments as they are collected. The remaining assessed but uncollected installments are recorded as unavailable revenue. The City has not reflected the special assessment interest as revenue or as a receivable at December 31, 2020, as such amounts are not considered currently measurable. Collection of delinquent interest is recorded as revenue when received.

R. Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position has a separate section for deferred outflows of resources. Deferred outflows represent a consumption of net position that applies to future period(s) and so are not recognized as an expense/expenditure in the current year, but will be in a future year. The City has items that qualify for reporting in this category relating to changes in the net pension asset or liability not included in pension expense and deferred charges on bond refundings.

In addition to liabilities, the statement of net position has a separate section for deferred inflows of resources. Deferred inflows represent an acquisition of net position that applies to a future period(s) and so are not recognized as revenue in the current year, but will be in a future year. The City has items that qualify for reporting in this category relating to property taxes and changes in the net pension asset or liability not included in pension expense.

S. Abatements

The economic development division offers individual business or developer incentive packages to attract new businesses or investment to the City. This grows the local economy, provides jobs, and increases the real tax base of the City. Incentive agreements are discretionary and are considered on a case-by-case basis, depending on the merits of the proposal and benefits to the City, and require City Council approval. A written Economic Development Agreement (EDA) is required.

All incentives are performance-based. Performance-based means that before any monies are disbursed, the business/developer shall meet or exceed the performance measures as identified by the EDA. Specific performance measures can include: (a) applying for, receiving, and paying for a building permit in compliance with the EDA (in regards to square footage of the building and/or valuation); (b) relocating a business from another community/State to the City; (c) removal of blight by demolition and rebuilding subject to (a) above; (d) investment in a building subject to (a) above; or (e) increase in the sales tax collections of the property, subject to the EDA.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Incentive packages vary and may include rebates of permit fees, use tax, or sales tax. Rebates of sales tax are only considered for new tax-generating businesses or existing businesses making substantial investments (in building improvements which would have a correlation with increased sales tax collections). Building permit fee and use tax rebates are only considered for substantial investments (in building improvements). All EDA's are subject to annual appropriation by City Council as required in the Colorado Constitution and the City Charter. As of December 31, 2020, the City had four active incentive agreements in place. During 2020, the City incurred \$424,577.90 in tax abatements.

T. Implementation of New Accounting Pronouncements

GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

This statement enhances the disclosure requirements related to long term borrowings with a goal of providing additional essential information about debt and improving consistency of information provided in the notes to the financial statements. Specifically, the guidance enhanced disclosures by adding disclosures related to unused lines of credit, assets pledged as collateral, and increased information on terms of debt agreements. The City reviewed this guidance and updated the debt disclosures accordingly. Refer to Note 6 – Long Term Debt.

GASB Statement No. 90 – Majority Equity Interests

This statement clarifies the proper way to report a majority equity interest in a legally separate organization, a financial reporting item that had been treated inconsistently by various governments in the past. The City owns 70% of the Base Line Land and Reservoir Company, as discussed in section A of this note. The City's ownership is for provision of governmental services and is not considered to be an investment for financial reporting purposes. This ownership falls within the scope of this new guidance. The City reviewed the guidance and determined that this ownership has been reported in a method consistent with the guidance. Therefore, no changes to financial reporting were required.

U. Prior Period Adjustments

In 2020, the City recorded the following prior period adjustments:

Interfund loan recognition

In 2019, the General Fund made a loan to the Legacy Open Space Fund in the amount of \$2,732,000. This 10-year loan carries an interest rate of 2.2% with interest and principal payments due annually. The original transaction was recorded as a transfer, rather than a loan. This prior period adjustment reflects the proper accounting for a long-term, interfund loan of this nature.

Asset Capitalization

Prior to 2020, the City had purchased or received contributions of public art work that had not been recorded as assets. The City reviewed the full list of art work in inventory, including the acquisition method (purchase, donation, or a combination thereof) and added these assets to the City's balances. The addition included \$446,675 in total asset value with \$169,290 of that value being purchased by the City and the remaining \$277,385 being donated or contributed.

FINANCIAL SECTION

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial impact of these prior period adjustments on the financial statement opening balances of the Governmental Activities are summarized as follows:

	2019 Balances As Reported	Interfund Loan	Public Art Additions	2019 Balances Adjusted
Governmental Activities				
<i>Statement of Net Position</i>				
Assets	\$ 218,135,269	\$ -	\$ 446,675	\$ 218,581,944
Deferred Outflows of Resources	3,756,764	-	-	3,756,764
Liabilities	17,458,396	-	-	17,458,396
Deferred Inflows of Resources	10,468,016	-	-	10,468,016
Net Position	<u>\$ 193,965,621</u>	<u>\$ -</u>	<u>\$ 446,675</u>	<u>\$ 194,412,296</u>
<i>Statement of Revenues, Expenditures, and Changes in Net Position</i>				
General Revenues	\$ 33,446,403	\$ -	\$ -	\$ 33,446,403
Program Revenues	17,154,749	-	277,385	17,432,134
Total Revenues	50,601,152	-	277,385	50,878,537
Expenses	41,622,332	-	(169,290)	41,453,042
Change in Net Position	8,978,820	-	446,675	9,425,495
Net Position January 1	184,986,801			184,986,801
Net Position December 31	<u>\$ 193,965,621</u>	<u>\$ -</u>	<u>\$ 446,675</u>	<u>\$ 194,412,296</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial impact of these prior period adjustments on the financial statement opening balances of the General Fund and Legacy Open Space Fund are summarized as follows:

	2019 Balances As Reported	Interfund Loan	Public Art Additions	2019 Balances Adjusted
General Fund				
<i>Balance Sheet</i>				
Assets	\$ 43,398,756	\$ 2,732,000	\$ -	\$ 46,130,756
Liabilities	3,253,517	-	-	3,253,517
Deferred Inflows of Resources	10,794,418	-	-	10,794,418
Fund Balance	\$ 29,350,821	\$ 2,732,000	\$ -	\$ 32,082,821
<i>Statement of Revenues, Expenditures, and Changes in Fund Balance</i>				
Revenues	\$ 39,290,292	\$ -	\$ -	\$ 39,290,292
Expenditures	34,054,327	-	-	34,054,327
Excess (Deficiency) of Revenues Over Expenditures	5,235,965	-	-	5,235,965
Other Financing Sources (Uses)	(6,161,516)	2,732,000	-	(3,429,516)
Change in Fund Balance	(925,551)	2,732,000	-	1,806,449
Fund Balance January 1	30,276,372			28,156,861
Fund Balance December 31	\$ 29,350,821	\$ 2,732,000	\$ -	\$ 29,963,310
Legacy Open Space Fund				
<i>Balance Sheet</i>				
Assets	\$ 5,579,157	\$ -	\$ -	\$ 5,579,157
Liabilities	158,665	2,732,000	-	2,890,665
Deferred Inflows of Resources	-	-	-	-
Fund Balance	\$ 5,420,492	\$ (2,732,000)	\$ -	\$ 2,688,492
<i>Statement of Revenues, Expenditures, and Changes in Fund Balance</i>				
Revenues	\$ 2,697,556	\$ -	\$ -	\$ 2,697,556
Expenditures	5,679,300	-	-	5,679,300
Excess (Deficiency) of Revenues Over Expenditures	(2,981,744)	-	-	(2,981,744)
Other Financing Sources (Uses)	2,994,000	(2,732,000)	-	262,000
Change in Fund Balance	12,256	(2,732,000)	-	(2,719,744)
Fund Balance January 1	5,408,236			28,156,861
Fund Balance December 31	\$ 5,420,492	\$ (2,732,000)	\$ -	\$ 25,437,117

FINANCIAL SECTION

NOTE 2 CASH DEPOSITS AND INVESTMENTS

The City, through its Charter and Investment Policy, has adopted the requirements of State statutes dealing with deposits and investments.

Deposits and investments at December 31, 2020, are summarized below:

Cash on hand	\$ 1,945
Deposits	28,106,005
Investments	<u>92,372,365</u>
Total	<u>\$ 120,480,315</u>

Deposits and investments are presented in the financial statements as follows:

Cash and Investments	\$ 118,706,093
Restricted Cash and Investments	<u>1,774,222</u>
Total	<u>\$ 120,480,315</u>

A. Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. At December 31, 2020, the City had uninsured bank deposits of \$28,999,192 collateralized by the financial institutions' agents but not in the City's name.

B. Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include the following:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2 CASH DEPOSITS AND INVESTMENTS (continued)

B. Investments (continued)

On December 31, 2020, the City had the following investments:

Investment Type	S&P Rating	Investment Maturity (in years)		
		Less than 1	1 to 5	Total
Money Market	N/A	\$ 155,450	\$ -	\$ 155,450
U.S. Treasury Securities	AA+	5,515,412	14,021,960	19,537,372
U.S. Agency Securities	AA+	4,638,283	33,055,072	37,693,355
Local Government Investment Pools	AAAm	18,329,989	-	18,329,989
Municipal Bonds	AAA	-	1,508,070	1,508,070
Municipal Bonds	AA+	-	603,773	603,773
Municipal Bonds	AA	-	2,230,004	2,230,004
Municipal Bonds	AA-	-	2,075,020	2,075,020
Corporate Securities	AAA	-	4,379,291	4,379,291
Corporate Securities	AA-	1,790,195	1,031,475	2,821,671
Corporate Securities	A+	2,014,783	1,023,587	3,038,370
Total		<u>\$ 32,444,113</u>	<u>\$ 59,928,252</u>	<u>\$ 92,372,365</u>

Fair Value - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs included quoted prices for similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.

Level 3 - Unobservable inputs for an asset or liability.

There have been no significant changes in the valuation techniques during the year ending December 31, 2020. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted prices are not available, then fair values are estimated using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. As of December 31, 2020, U.S Treasury securities, U.S. Agency securities, commercial paper, and corporate securities are classified within Level 2 of the hierarchy. Participant balances in the local government investment pools and the money market fund are stated at the net asset value per share.

FINANCIAL SECTION

NOTE 2 CASH DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk - The City's investment policy follows State statutes. State statutes limit investments in U.S. Treasury and Agency securities to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years. Corporate securities must mature within three years.

Credit Risk - State statutes limit investments in commercial paper to those with at least two credit ratings at or above A1 or its equivalent by nationally recognized statistical rating organizations (NRSROs). Corporate securities must have at least two credit ratings from any of the NRSROs at or above AA- or its equivalent. State statutes also limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Security and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more NRSROs.

Custodial Credit Risk - The City's custodial credit risk policy also follows State statutes. On December 31, 2020, the City had investments held by Wells Fargo Institutional Retirement and Trust in a custodial safekeeping account in the amount of \$73,987,229. All investments are specifically separate from the investments of the custodian and are identified as being investments of the City.

Concentration of Credit Risk - Although State statutes do not limit the amount the City may invest in one issuer, except for corporate securities, the City's investment policy does set limits. The City's investment policy is slightly more restrictive than State statutes by reflecting the following requirements: Combined exposure to U.S. Treasury and Federal Instrumentality securities shall not be less than 50% of the portfolio. Exposure to municipal debt shall not exceed 20% of the portfolio with no more than 5% held in any one issuer. In addition, the City's investment policy reflects the following diversification requirements in accordance with State statutes: combined exposure to commercial paper, bankers' acceptances and corporate bonds shall not exceed 50% of the portfolio with no more than 5% held in any one issuer.

Local Government Investment Pools - At December 31, 2020, the City had invested \$18,329,989 in the Colorado Local Government Liquid Asset Trust (COLOTRUST), the Colorado Surplus Asset Fund Trust (CSAFE), and the Colorado Statewide Investment Program (CSIP). The Trusts are investment vehicles established by State statutes for local government entities in Colorado to pool surplus funds for investment purposes. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Trusts. The Trusts operate in conformity with the Securities and Exchange Commission's Rule 2a-7, with each share valued at \$1. The Trusts are rated AAAM by Standard and Poor's. Investments of the Trusts are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify investments owned by the participating governments.

C. Component Unit

At December 31, 2020, LURA had a cash balance totaling \$1,837,989. The uninsured portion of the bank deposits of \$1,586,673 was collateralized by the financial institution's agent but not in LURA's name. In addition, LURA had \$276,956 invested in COLOTRUST.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3 RESTRICTED CASH AND INVESTMENTS

In summary, restricted cash and investments at December 31, 2020, were as follows:

	<u>Balance at 12/31/2020</u>
Governmental Activities	
General Fund - Northwest Parkway	\$ 365,538
Cemetery Endowment Fund - Trust Account	<u>46,684</u>
Total Governmental Activities	<u>\$ 412,222</u>
 Business-Type Activities	
Water Utility Fund - Debt Reserve	<u>\$ 1,362,000</u>
Total Business-Type Activities	<u>\$ 1,362,000</u>

A. Governmental Activities

During July 2001, the City received \$1,000,000 from the Northwest Parkway Public Highway Authority for capital projects and conservation easement acquisitions related to the Northwest Parkway Project. In 2003 utility lines and sleeves were installed during construction of the Parkway at a cost of \$177,196. During 2004, \$650,000 was committed for construction of White Tail Park in South Pointe, although only \$450,124 was spent on the park. An additional \$7142 was spent in 2017 on fencing improvements. At December 31, 2020, the balance is \$365,538.

When the City acquired the cemetery property in February 2002, trust accounts were included as part of the transaction. The trust accounts were established in prior years for prepaid services and endowment care of the cemetery. The responsibility for the endowment care trust was assumed by the City in 2010. The corpus of the trust account is held in a bank deposit account and is nonexpendable. Interest earned on the trust account may be used for current operating costs, and is transferred to the General Fund annually. At December 31, 2020, the balance of the endowment care trust of \$46,843 was reported as nonspendable fund balance in the Cemetery Endowment Fund.

B. Business-Type Activities

In April 2003, the City issued Water Revenue Bonds for the purpose of financing improvements to the water transmission and/or storage facilities and costs associated with joining and purchasing shares in water supply districts. These costs will be paid from available funds when they are incurred. The 2012 Water Refunding Bonds ordinance requires a debt service reserve in the amount of \$1,362,000.

FINANCIAL SECTION

NOTE 4 NOTES RECEIVABLE

A. Component Unit

The Lafayette Urban Renewal Authority (LURA) has approved three loans to developers to purchase or development of blighted properties. The loans do not accrue interest and no installment payments are required as of December 31, 2020, and due dates may be extended at the discretion of LURA. One loan is partially forgivable upon completion of construction financing which must occur in 2021. The City retains the right of first refusal if the developers choose to sell the properties. The outstanding balance of the loans at December 31, 2020, was \$1,483,241.

NOTE 5 CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ended December 31, 2020, was as follows:

	Adjusted Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 80,153,243	\$ 5,024,740	\$ (1,300,000)	\$ -	\$ 83,877,983
Public Art	446,675	-	-	-	446,675
Construction in progress	2,530,175	4,044,742	(93,556)	(47,406)	6,433,955
Total capital assets, not being depreciated	83,130,093	9,069,482	(1,393,556)	(47,406)	90,758,613
Capital assets being depreciated					
Buildings	36,024,154	122,443	(60,417)	47,406	36,133,586
Improvements other than buildings	6,023,139	59,689	(125,877)	-	5,956,951
Infrastructure	94,582,007	342,729	(6,232,483)	-	88,692,253
Equipment	13,479,851	766,053	(431,031)	-	13,814,873
Total capital assets, being depreciated	150,109,151	1,290,914	(6,849,808)	47,406	144,597,663
Less accumulated depreciation for:					
Buildings	(12,730,685)	(1,066,512)	54,795	-	(13,742,402)
Improvements other than buildings	(3,795,798)	(323,225)	120,077	-	(3,998,946)
Infrastructure	(57,324,449)	(2,546,520)	3,813,468	-	(56,057,501)
Equipment	(9,656,347)	(1,189,460)	431,031	-	(10,414,776)
Total accumulated depreciation	(83,507,279)	(5,125,717)	4,419,371	-	(84,213,625)
Total capital assets being depreciated, net	66,601,872	(3,834,803)	(2,430,437)	47,406	60,384,038
Governmental activities capital assets, net	\$ 149,731,965	\$ 5,234,679	\$ (3,823,993)	\$ -	\$ 151,142,651

Depreciation expense has been charged to functions of the City as follows:

General Government	\$ 1,138,087
Public Safety	963,149
Public Works	1,576,399
Culture & Recreation	1,448,082
Total	<u>\$ 5,125,717</u>

Note that the beginning balance has been restated. Refer to Note 1 – Summary of Significant Accounting Policies, section U, for information regarding the prior period adjustment.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 5 CAPITAL ASSETS (continued)

B. Business-Type Activities

Capital asset activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 7,300,045	\$ 1,553,133	\$ -	\$ -	\$ 8,853,178
Water rights	37,009,739	-	-	-	37,009,739
Construction in progress	24,484,800	7,958,913	-	(5,514,830)	26,928,883
Total capital assets, not being depreciated	68,794,584	9,512,046	-	(5,514,830)	72,791,800
Capital assets being depreciated					
Buildings	4,402,020	5,986	-	1,146,098	5,554,104
Systems	89,847,037	6,595,506	(403,751)	154,872	96,193,664
Improvements other than buildings	2,762,412	-	(72,367)	2,155,458	4,845,503
Equipment	15,055,418	303,682	(2,138,408)	2,058,402	15,279,094
Total capital assets, being depreciated	112,066,887	6,905,174	(2,614,526)	5,514,830	121,872,365
Less accumulated depreciation for:					
Buildings	(1,935,970)	(225,076)	197,858	-	(1,963,188)
Systems	(39,590,082)	(5,429,995)	170,573	-	(44,849,504)
Improvements other than buildings	(965,434)	(185,648)	72,367	-	(1,078,715)
Equipment	(12,020,321)	(1,114,401)	2,089,303	-	(11,045,419)
Total accumulated depreciation	(54,511,807)	(6,955,120)	2,530,102	-	(58,936,825)
Total capital assets being depreciated, net	57,555,080	(49,946)	(84,424)	5,514,830	62,935,540
Business-type capital assets, net	\$ 126,349,664	\$ 9,462,100	\$ (84,424)	\$ -	\$ 135,727,340

C. Component Unit

Capital asset activity for the Lafayette Urban Renewal Authority the year ended December 31, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Lafayette Urban Renewal Authority:					
Capital assets, not being depreciated					
Land	\$ -	\$ 534,511	\$ -	\$ -	\$ 534,511
Total capital assets, not being depreciated	-	534,511	-	-	534,511
Capital assets being depreciated					
Buildings	-	90,552	-	-	90,552
Total capital assets, being depreciated	-	90,552	-	-	90,552
Less accumulated depreciation for:					
Buildings	-	(3,395)	-	-	(3,395)
Total accumulated depreciation	-	(3,395)	-	-	(3,395)
Total capital assets being depreciated, net	-	87,157	-	-	87,157
Business-type capital assets, net	\$ -	\$ 621,668	\$ -	\$ -	\$ 621,668

Note that a portion of these assets were purchased prior to 2020 and were reported as Assets Held for Resale. Upon further review of the intent of holding these assets, it was determined that classifying them as Capital Asset was more appropriate.

FINANCIAL SECTION

NOTE 6 LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable					
General Obligation Bonds	\$ 5,810,000	\$ -	\$ (810,000)	\$ 5,000,000	\$ 830,000
Revenue Bonds	3,470,000	-	(155,000)	3,315,000	165,000
Subtotal	9,280,000	-	(965,000)	8,315,000	995,000
Issuance Premiums	564,537	-	(80,648)	483,889	80,648
Total Bonds Payable including premiums	9,844,537	-	(1,045,648)	8,798,889	1,075,648
Compensated Absences	1,343,231	1,798,334	(1,322,790)	1,818,775	1,364,081
Total Governmental Activities	<u>\$ 11,187,768</u>	<u>\$ 1,798,334</u>	<u>\$ (2,368,438)</u>	<u>\$ 10,617,664</u>	<u>\$ 2,439,729</u>
Business-type Activities					
Bonds Payable					
Revenue Bonds	\$ 9,000,000	\$ -	\$ (995,000)	\$ 8,005,000	\$ 1,015,000
For Issuance Premiums	961,902	-	(127,886)	834,016	127,886
Total Bonds Payable including premiums	9,961,902	-	(1,122,886)	8,839,016	1,142,886
Notes Payable	1,228,089	-	(599,288)	628,801	628,801
Compensated Absences	297,546	432,683	(284,731)	445,498	280,911
Total Business-Type Activities	<u>\$ 11,487,537</u>	<u>\$ 432,683</u>	<u>\$ (2,006,905)</u>	<u>\$ 9,913,315</u>	<u>\$ 2,052,598</u>

B. Bonded Debt

The City of Lafayette has both General Obligation (Serial) Bonds and Revenue (Term) Bonds.

General Obligation Bonds

General obligation bonds currently outstanding are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds					
Governmental Activities					
2016 GO and Refunding Bonds	\$ 5,810,000	\$ -	\$ (810,000)	\$ 5,000,000	\$ 830,000
Total General Obligation Bonds	<u>\$ 5,810,000</u>	<u>\$ -</u>	<u>\$ (810,000)</u>	<u>\$ 5,000,000</u>	<u>\$ 830,000</u>

2016 General Obligation and Refunding & Improvement Bonds

These were issued for the purposes of developing a water park and refinancing older General Obligation bonds. These bonds mature annually through December 15, 2026 and bear an interest rate ranging from 2% to 4%. Payments are due semi-annually. As these are General Obligation Bonds, the full faith and credit of the City are pledged for the punctual payment of principal and interest. The bonds were issued through a public sale and carry no provisions for events of default or acceleration clauses.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (continued)

Revenue Bonds

The City has also issued bonds for both governmental and business-type activities where revenues are pledged to pay the debt service. Outstanding revenue bonds are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue Bonds					
Governmental Activities					
Direct Placement					
2002 Lafayette Corporate Campus GID	\$ 1,855,000	\$ -	\$ (95,000)	\$ 1,760,000	\$ 105,000
Public Sale					
2006 Lafayette Tech Center GID	<u>1,615,000</u>	<u>-</u>	<u>(60,000)</u>	<u>1,555,000</u>	<u>60,000</u>
Total Governmental Activities	<u>\$ 3,470,000</u>	<u>\$ -</u>	<u>\$ (155,000)</u>	<u>\$ 3,315,000</u>	<u>\$ 165,000</u>
Business-Type Activities					
Public Sale					
2012 Water Revenue Refunding Bonds	<u>\$ 9,000,000</u>	<u>\$ -</u>	<u>\$ (995,000)</u>	<u>\$ 8,005,000</u>	<u>\$ 1,015,000</u>
Total Business-Type Activities	<u>\$ 9,000,000</u>	<u>\$ -</u>	<u>\$ (995,000)</u>	<u>\$ 8,005,000</u>	<u>\$ 1,015,000</u>

Governmental Activities

The revenue bonds in this category were issued by the Lafayette Corporate Campus GID and the Lafayette Tech Center GID and are not obligations of the City of Lafayette.

2002 Lafayette Corporate Campus GID Bonds

In December 2002, the Lafayette Corporate Campus General Improvement District bonds were issued to finance public improvements in the District. They mature annually through December 1, 2031 and bear an interest rate of 8.00%. Payments are due semi-annually. For the year ending December 31, 2020, net revenues of \$264,560 were available to pay debt service, including fiscal charges, of \$243,763. The outstanding balance as of year-end was \$1,760,000.

As these are General Obligation Bonds, the full faith and credit of the District are pledged for the punctual payment of principal and interest. The bonds may be redeemed prior to maturity at the option of the District. The bonds were sold through a private placement.

Events of default are defined in the bond agreement as failure to pay interest or principal when due, failure in the performance of other covenants, or filing of bankruptcy. Upon default of these provisions, the bond owner may protect or enforce their rights through legal remedies. Failure in performance of other covenants that is not resolved within 60 days also results in 25% of the outstanding principal amount becoming immediately due.

2006 Lafayette Tech Center GID Bonds

The Lafayette Tech Center General Improvement District bonds were issued in December 2000 to be used to finance the acquisition, construction, installation and completion of public improvements within the District. In 2006, the bonds were refinanced. These bonds mature annually through December 1, 2036 and bear an interest rate of 6.00%. Payments are due semi-annually. For the year ending December 31, 2020, net revenues of \$325,262 were available to pay debt service, including fiscal charges, of \$157,505. The outstanding balance as of year-end was \$1,555,000.

FINANCIAL SECTION

NOTE 6 LONG-TERM DEBT (continued)

As these are General Obligation Bonds, the full faith and credit of the District are pledged for the punctual payment of principal and interest. The bonds may be redeemed prior to maturity at the option of the District. The bonds were sold through a public sale.

Events of default are defined in the bond agreement as failure to pay interest or principal when due, failure in the performance of other covenants, or filing of bankruptcy. Upon default of these provisions, owners of no less than 25% of the aggregate bond value may protect or enforce their rights through legal remedies.

Business-Type Activities

2012 Water Revenue Refunding Bonds

In 2003, the City issued the 2003A Water Revenue Bonds for the purpose of financing the construction of a raw water transmission system, the purchase and construction of a raw water storage facility, the payment of costs associated purchasing shares in water supply districts, or the development of a reclaimed water transmission system for irrigation purposes. The bonds were refinanced in 2012. The current bonds mature annually through December 1, 2027 and bear an interest rate of 1.5% to 5.0%. Payments are due semi-annually and are funded from net revenues of the City's municipal water system. During the year ended December 31, 2020, net revenues of \$12,264,597 were available to pay annual debt service, including fiscal charges, of \$1,317,165. The balance outstanding as of year-end was \$8,005,000

As these are Special Revenue Bonds, they constitute an irrevocable and first lien upon the net revenues of the Water Utility Fund. The bonds may be redeemed prior to maturity at the option of the District. The bonds were sold through a public sale.

Financial covenants include 1) maintaining a reserve account in the amount of \$1,362,000, and 2) maintaining a level of net revenues after payment of operations and maintenance of at least 110% of the debt service due in a given year in addition to the reserve amount. Events of default are defined in the bond agreement as failure to pay interest or principal when due, failure in the performance of other covenants, or filing of bankruptcy. Upon default of these provisions, the bond owner may protect or enforce their rights through court action. Failure in performance of other covenants that is not resolved within 60 days results in an event of default and the owners of the bonds may seek legal remedies.

The net revenues coverage calculation showing compliance with the 110% requirement is shown to the right.

Revenues	2020 Balances
Operating revenues	\$ 10,043,302
Interest income	840,462
Development revenues	<u>7,711,427</u>
Available revenues	18,595,191
Expenses	
Administration	2,537,899
Operations	<u>3,792,695</u>
Operating expenses	6,330,594
Net revenues	<u>\$ 12,264,597</u>
Coverage Calculation	
Debt service	\$ 1,317,165
Required reserve	<u>1,326,000</u>
Covenant requirement	<u>\$ 2,643,165</u>
Coverage Ratio (must be 110% or higher)	464.0%

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 6 LONG-TERM DEBT (continued)

Future Debt Service

Future annual debt service requirements to maturity for the general obligation and revenue bonds are as follows:

Year	Governmental Activities		Business-type Activities		Debt
	Principal	Interest	Principal	Interest	Requirement to Maturity
2021	\$ 995,000	\$ 404,450	\$ 1,015,000	\$ 345,850	\$ 2,760,300
2022	1,035,000	367,550	1,050,000	305,250	2,757,800
2023	1,075,000	332,800	1,095,000	263,250	2,766,050
2024	1,115,000	292,200	1,130,000	230,400	2,767,600
2025	1,165,000	240,700	1,185,000	173,900	2,764,600
2026-2030	1,945,000	655,880	2,530,000	191,250	5,322,130
2031-2035	840,000	175,600	-	-	1,015,600
2036	145,000	8,700	-	-	153,700
Total	<u>\$ 8,315,000</u>	<u>\$ 2,477,880</u>	<u>\$ 8,005,000</u>	<u>\$ 1,509,900</u>	<u>\$ 20,307,780</u>

C. Notes Payable

Business-Type Activities

In May 2001, the Water Reclamation Fund obtained an \$8,000,000 loan from the Colorado Water Resources and Power Development Authority (CWRPDA) to construct an addition to the wastewater treatment plant. CWRPDA funded the loan through a bond with the City as a payor along with other municipalities and districts. The bond carried an effective interest rate of 4.20%, maturing August 2021 in an amount equal to the principal of the clean water bonds loaned to the City. In 2005, CWRPDA's bonds were refinanced at an effective interest rate of 3.80%. The remaining balance is payable in semi-annual installments. The loan is payable from net revenues of the City's water reclamation system. During the year ended December 31, 2020, net revenues of \$5,224,646 were available to pay annual debt service of \$621,314. The balance outstanding as of year-end was \$628,801.

This loan is secured by the net revenues of the Water Reclamation Fund. The loan may be prepaid with 90 days written notice to CWRPDA. The loan was made directly with CWRPDA.

FINANCIAL SECTION

NOTE 6 LONG-TERM DEBT (continued)

Financial covenants include 1) maintaining a level of net revenues after payment of operations and maintenance of at least 110% of the debt service due in a given year in addition to the reserve amount, and 2) maintaining a reserve amount equal to the following year's debt service. Events of default are defined in the loan agreement as failure to pay interest, principal or other fees within 5 days of the due date, failure in the performance of other covenants, or filing of bankruptcy. Upon default of these provisions, CWRPDA may protect or enforce their rights through court action. Failure in performance of other covenants that is not resolved within 60 days results in an event of default and CWRPDA may seek legal remedies.

The net revenues coverage calculation showing compliance with the 110% requirement is shown to the right.

Annual debt service requirements to maturity are as follows:

Revenues		2020 Balances
Operating revenues	\$	5,783,649
Interest income		314,753
Development revenues		1,951,189
Available revenues		<u>8,049,591</u>
Expenses		
Administration		1,101,766
Operations		<u>1,723,179</u>
Operating expenses		<u>2,824,945</u>
Net revenues	\$	<u>5,224,646</u>
Coverage Calculation		
Debt service	\$	621,314
Required reserve		<u>647,180</u>
Covenant requirement	\$	<u>1,268,494</u>
Coverage Ratio		411.9%

<u>Year</u>	<u>CWRPDA</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 628,801	\$ 18,379	\$ 647,180
Total	<u>\$ 628,801</u>	<u>\$ 18,379</u>	<u>\$ 647,180</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 7 INTERFUND BALANCES AND TRANSACTIONS

A. Interfund Balances

In 2019, the General Fund loaned the Legacy Open Space Fund \$2,732,000. This loan bears interest of 2.22% annually and is to be repaid over 10 years in annual installments of \$307,655, which includes principal and interest. The 2020 payment was made as scheduled and the loan balance as of December 31, 2020 was \$2,484,995.

In 2016, the General Fund loaned the Lafayette Tech Center GID \$45,000. This loan bears no interest and is to be repaid based on available reserves. In 2019, the General Fund increased the loan amount to \$75,273. As of December 31, 2020, the loan has not been repaid.

B. Interfund Transactions

Interfund transfers during the year ended December 31, 2020, were as follows:

<u>Transfer Out (Paying Fund)</u>	<u>Transfer In (Receiving Fund)</u>			<u>Totals</u>
	<u>General Fund</u>	<u>Legacy Open Space</u>	<u>Capital Projects</u>	
General Fund	\$ -	\$ 329,743	\$ 3,500,000	\$ 3,829,743
Parks, Open Space & Trails	1,125,770	-	-	1,125,770
Cemetery	750	-	-	750
Insurance	-	-	774,809	774,809
Totals	<u>\$ 1,126,520</u>	<u>\$ 329,743</u>	<u>\$ 4,274,809</u>	<u>\$ 5,731,072</u>

The Parks, Open Space, and Trails Fund and the Cemetery Fund provide resources to the General Fund for maintenance of those properties. The General Fund routinely transfers resources to the Capital Projects Fund for various projects. The General Fund also transferred money to the Legacy Open Space Fund to assist with a land acquisition. The Insurance Fund transferred insurance proceeds to the Capital Projects Fund to for hail damage repairs being managed out of that fund.

NOTE 8 PENSION OBLIGATIONS

The City's employees and former volunteer firefighters are covered under four separate retirement plans, depending upon occupation and date of hire. The details for each plan are set forth as follows.

A. Defined Contribution Plan for General Employees

The City offers its full-time employees and key management officials a retirement plan created in accordance with Internal Revenue Code (IRC) Section 401(a). Employees are eligible to participate in the plan on the first day of employment as a full-time employee. A full-time employee is any employee who is regularly scheduled to work at least 40 hours per week for the City and whose position is approved by City Council.

NOTE 8 PENSION OBLIGATIONS (continued)

This plan is a defined contribution plan administered by International City/County Management Association - Retirement Corporation (ICMA-RC). Under the terms of the plan, the City is the only non-employee contributor and contributes 10.2% of the participant's salary (salary, pay or earned income less salary reductions made under IRC Section 125), and the participant is required to contribute 8% of salary. Voluntary after-tax contributions are allowed up to an additional 25% of the employee's compensation. Contribution requirements of the City and the participants are established and may be amended by the City Council. During the year ended December 31, 2020, the City and employees made all required contributions to the plan of \$1,056,023 and \$828,255 respectively.

Employees fully vest in the City's contributions at 20% for each year of participation and are fully vested after five years. Forfeitures from the non-vested portion of terminated employees' accounts are used to reduce the contribution required by the City. During the year ended December 31, 2020, the City used \$51,202 of forfeitures from terminated employees.

An employee shall have a non-forfeitable interest in their entire employer account if they are employed by the City when they become disabled or die.

Since a third-party trustee holds the assets in trust, they are not reflected on the City's financial statements. The annual financial report of ICMA-RC may be obtained by writing to ICMA-RC, 777 North Capitol Street, NE, Washington, DC 20002 or by calling them at 202-962-4601.

B. Defined Benefit Plans for Public Safety Employees

Plan Descriptions –

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

Police officers employed on May 1, 2005, could elect to participate in either plan. All police officers and firefighters hired after May 1, 2005, and all ambulance employees must participate in the SWDB Plan on the first day of employment.

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

Benefits Provided –

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

NOTE 8 PENSION OBLIGATIONS (continued)

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

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

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

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

Contributions –

The City and eligible employees are required to contribute to the SWDB Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

FINANCIAL SECTION

NOTE 8 PENSION OBLIGATIONS (continued)

The City and eligible employees contributed 8% and 10.5% of base salary, respectively, for the year ended December 31, 2020. In 2014, SWDB Plan members elected to increase the employee contribution rate 0.5% annually from 2015 through 2022, to a total of 12% of base salary. Employer contributions will remain at 8% of base salary.

Contributions from employees and employers reentering the SWDB Plan are established by resolution of the FPPA Board of Directors. The reentry group had a combined contribution rate of 22.5% and 23.0% of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4% contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4% contribution, to reflect the actual cost of reentry Fire & Police Pension Association of Colorado by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.25% and 4%, respectively, of pensionable earnings for a total contribution rate of 9.25% in 2019 and 9.50% in 2020. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6.0% of pensionable earnings. Employer contributions are 4% in 2019 and 2020. Employer contributions will increase 0.25% annually beginning in 2021 through 2030 to a total of 6.5% of pensionable earnings.

The City's contributions to the SWDB Plan for the year ended December 31, 2020, were \$486,291, equal to the required contributions.

The City and eligible employees are required to contribute to the SWH Plan at rates established by City Council. However, the amount allocated to the defined benefit component is set annually by the FPPA Board of Directors, which currently must be at least 8% of base salary for the employee and the employer. Excess contributions are deposited to the Money Purchase Component of the SWH Plan. The defined benefit component contribution rate from July 1, 2019 through June 30, 2020 was 13.8% and from July 1, 2018 through June 30, 2019 was 13.4%. For the year ended December 31, 2019, the City Council established the contribution rate split at 10.2% and 8% of base salary for the City and employees, respectively. The 2.2% excess contributions were deposited into the City's General Employees Plan described previously. In addition, the City and employees contributed 10.2% and 8%, respectively, of overtime and non-regular salary to the General Employees Plan.

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

The City's contributions to the SWH Plan for the year ended December 31, 2020, were \$40,004, equal to the required contributions.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 PENSION OBLIGATIONS (continued)

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

At December 31, 2020, the City reported net pension assets (liabilities) of \$443,283 and \$500,912, representing its proportionate share of the net pension asset of the SWDB and SWH Plans, respectively. The net pension asset was measured at December 31, 2019, and the total pension asset used to calculate the net pension asset (liability) was determined by an actuarial valuation as of January 1, 2020. The City's proportion of the net pension asset (liability) was based on a projection of the City's contributions to the plans for the calendar year ended December 31, 2019, relative to the projected contributions of all participating employers.

At December 31, 2019, the City's proportion of the SWDB Plan was 0.78378978%, which was a decrease of 0.00197462% from its proportion measured at December 31, 2018. The City's proportion of the SWH Plan was 2.57220703%, which was an increase of 0.08641697% from its proportion measured at December 31, 2018.

For the year ended December 31, 2020, the City recognized pension income (expense) for the SWDB and SWH Plans of (\$144,205) and \$9,797, respectively. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Statewide Defined Benefit Plan		
Differences between expected and actual experience	\$ 1,291,816	\$ (6,768)
Changes of assumptions and other inputs	723,720	-
Net difference between projected and actual earnings on plan investments	-	(528,062)
Changes in proportion	101,855	(60,082)
Contributions subsequent to the measurement date	486,291	-
	<u>\$ 2,603,682</u>	<u>\$ (594,912)</u>
Statewide Hybrid Plan		
Differences between expected and actual experience	\$ 181,233	\$ -
Changes of assumptions and other inputs	33,227	-
Net difference between projected and actual earnings on plan investments	-	(46,995)
Changes in proportion	26,047	(103,654)
Contributions subsequent to the measurement date	40,004	-
	<u>\$ 280,511</u>	<u>\$ (150,649)</u>
Grand Total	<u>\$ 2,884,193</u>	<u>\$ (745,561)</u>

FINANCIAL SECTION

NOTE 8 PENSION OBLIGATIONS (continued)

City contributions to the SWDB and SWH Plans subsequent to the measurement date of \$486,291 and \$40,004, respectively, will be recognized as an increase or decrease to the net pension asset (liability) in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

<u>Year Ended December 31,</u>	<u>SWDB Plan</u>	<u>SWH Plan</u>
2021	\$ 98,815	\$ 20,814
2022	325,515	40,447
2023	31,468	12,227
2024	328,262	14,908
2025	455,591	1,463
Thereafter	282,828	-
Total	<u>\$ 1,522,479</u>	<u>\$ 89,859</u>

Actuarial Assumptions –

The actuarial valuations as of January 1, 2019 were used to determine the total pension asset (liability) using the following actuarial assumptions and other inputs:

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 PENSION OBLIGATIONS (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38%	7.00%
Equity Long/Short	8%	6.00%
Private Markets	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Futures	4%	5.00%
Cash	2%	2.52%
Total	<u>100%</u>	

Discount Rate –

The discount rate used to measure the total pension asset (liability) was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on this assumption, the plans' fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.0%; the municipal bond rate is 2.75% (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 7.00%.

FINANCIAL SECTION

NOTE 8 PENSION OBLIGATIONS (continued)

Sensitivity of the Net Pension Asset (Liability) to Changes in the Discount Rate –

The following presents the City's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.00%, as well as the City's proportionate share of the net pension asset (liability) if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate, as follows:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Proportionate share of the SWDB net pension asset (liability)	<u>\$ (2,687,719)</u>	<u>\$ 443,283</u>	<u>\$ 3,040,035</u>
Proportionate share of the SWH net pension asset (liability)	<u>\$ 304,661</u>	<u>\$ 500,912</u>	<u>\$ 665,091</u>

Pension Plan Fiduciary Net Position –

Detailed information about the plans' fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

C. Defined Benefit Plan for Volunteer Firefighters

General Information

Plan Description –

The City gradually terminated the volunteer firefighter program as the emphasis changed to an all-career firefighter staff. The City provides a defined benefit pension plan for former volunteer firefighters as established by Title 31, Article 30, Section 401 of the Colorado Revised Statutes. The City Council serves as the plan's Board of Trustees. The Board of Trustees establishes and is authorized to amend the plan provisions, and determines the contributions made by the City. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). The annual financial report of FPPA may be obtained at www.fppaco.org.

Plan Membership –

Plan membership consists of inactive volunteer firefighters and their beneficiaries. At January 1, 2020, plan membership consisted of the following:

Retirees and beneficiaries	40
Inactive, nonretired members	3
Active members	<u>0</u>
Total	<u>43</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 PENSION OBLIGATIONS (continued)

Benefits Provided –

Any former volunteer firefighter who has both reached the age of 50 and completed 20 years of active service shall be eligible for a monthly pension of \$600. A firefighter who is disabled in the line of duty and whose disability is considered permanent shall be compensated in an amount determined by the Board of Trustees to be reasonable and proper considering the financial condition of the Fund. The Plan also provides for a lump-sum burial benefit of \$1,150 upon the death of a retired firefighter. Spouses of deceased firefighters receive a monthly benefit of \$300.

Contributions –

The 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 ninety percent of the City's contribution up to the \$300 monthly normal retirement benefit level. For monthly benefits beyond \$300, the State contribution is limited to the City's contribution before the increase in benefits. The on-behalf payments received from the State of Colorado are recorded as both revenues and expenditures during the year.

Contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. Based on the January 1, 2017, actuarial valuation, the actuarially determined contributions expected to eliminate the unfunded liability over the next 20 years, were \$84,663 annually. For the year ended December 31, 2020, the City and State contributions of \$119,164 and \$0, respectively, exceeded the actuarially determined contribution. Based on an assumed annual contribution of \$119,164, the unfunded actuarial accrued liability (UAAL) will be eliminated in 20 years.

Net Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the City reported a net pension liability of \$860,041, measured as of December 31, 2019. The total pension liability used to calculate the net pension asset (liability) was determined based on the January 1, 2019 actuarial valuation. For the year ended December 31, 2020, changes in the net pension asset (liability) of the City were as follows.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances, December 31, 2018	\$ 2,355,947	\$ 1,362,942	\$ 993,005
Interest on the Total Pension Liability	157,331	-	157,331
City Contributions	-	119,164	(119,164)
Net Investment Income	-	182,674	(182,674)
Benefit Payments	(220,440)	(220,440)	-
Administrative Expenses	-	(11,543)	11,543
Balances, December 31, 2019	<u>\$ 2,292,838</u>	<u>\$ 1,432,797</u>	<u>\$ 860,041</u>

FINANCIAL SECTION

NOTE 8 PENSION OBLIGATIONS (continued)

For the year ended December 31, 2020, the City recognized pension expense for this plan of \$84,451. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ -	\$ (37,841)
Total	<u>\$ -</u>	<u>\$ (37,841)</u>

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

Year Ended December 31,	
2021	\$ (7,796)
2022	(14,236)
2023	2,421
2024	(18,230)
Total	<u>\$ (37,841)</u>

Actuarial Assumptions –

The significant actuarial assumptions used to measure the total pension liability were determined by an actuarial valuation as of January 1, 2019 and are as follows:

Inflation	2.50%
Projected salary increases, including inflation	N/A
Investment rate of return, net of plan investment expenses, including inflation	7.00%
Retirement age	50% per year of eligibility until 100% at age 65

Following an experience study in 2018, the FPPA Board of Directors adopted new assumptions for the first use in the actuarial valuation as of January 1, 2019. The significant changes affecting the plan include the following:

The Investment Rate of Return was reduced from 7.50% to 7.00%

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8 PENSION OBLIGATIONS (continued)

The following mortality rates were adopted:

- Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.
- Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.
- Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Nominal Rate of Return</u>
Cash	2.00%	2.52%
Fixed Income	15.00%	5.20%
Managed Futures	4.00%	5.00%
Absolute Return	8.00%	5.50%
Equity Long/Short	8.00%	6.00%
Global Equity	38.00%	7.00%
Private Markets	25.00%	9.20%
Total	<u>100.00%</u>	

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).

FINANCIAL SECTION

NOTE 8 PENSION OBLIGATIONS (continued)

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.75% (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 7.00%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the City’s net pension liability calculated using the discount rate of 7.00%, as well as the City’s net pension liability if it were calculated using a discount that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate, as follows:

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
City's Net Pension Liability	<u>\$ 1,067,340</u>	<u>\$ 860,041</u>	<u>\$ 683,063</u>

Pension Plan Fiduciary Net Position –

Detailed information about the plan’s fiduciary net position is available in FPPA’s separately issued financial report, which may be obtained at www.fppaco.org.

D. Pension Expense

For the year ended December 31, 2020, the City’s Governmental Activities recognized total net pension expense of \$218,949 across all plans.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

Statewide Death & Disability Plan

General Information

Plan Description –

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided -

The plan provides pre-retirement death benefits, as follows:

- Off-duty: 40% of the base salary paid to the beneficiary, with an additional 10% of base salary if a surviving spouse has two or more dependent children or if there is no spouse and three or more dependent children.
- On-duty: 70% of the base salary paid to the beneficiary with adjustments for dependent children not living in the members household.

The plan provides disability benefits are as follows:

- Total disability: 70% of the base salary preceding disability.
- Permanent occupational disability: 50% of the base salary preceding disability.
- Temporary occupational disability: 40% of the base salary preceding disability for up to 5 years.

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

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

Contributions –

The contribution requirements are established by State Statute. However, in accordance with Colorado Revised Statutes (CRS) 31-31-811(4), the FPPA Board of Directors, based on an annual actuarial valuation, may adjust the contribution rate every two years, but in no event may the adjustment for any two-year period exceed one-tenth of one percent of the member's salary.

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

No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the City contributed 2.8% of base salaries on behalf of the members during the year ended December 31, 2020. Contributions to the plan for the year ended December 31, 2020, were \$156,375.41, equal to the required contributions.

Based on the 2019 actuarial results, the FPPA Board of Directors agreed to increase the contribution rate from 2.7% to 2.8% effective January 1, 2019, through December 31, 2020. Contributions will increase to 3.0% in 2021.

FINANCIAL SECTION

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

OPEB Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

NOTE 10 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. For these risks of loss, the City acquires insurance for property liability, police professional liability, errors and omissions, excess liability, and crime coverage through the Colorado Intergovernmental Risk Sharing Agency (CIRSA). The City does not exercise oversight responsibility nor does it exercise significant influence over CIRSA's operations. Premiums and coverage obtained from CIRSA are comparable to those provided by commercial carriers.

CIRSA is an organization created by an intergovernmental agreement to provide property, general and automobile liability, and public official coverage to its members. Coverage is provided through CIRSA self-funding and various excess insurance contracts that limit maximum losses and minimize exposure on large risks. CIRSA does not have a legal obligation to pay losses or loss adjustment expenses in excess of its annually established loss fund and amounts recoverable under excess specific aggregate insurance contracts. Losses and loss adjustment expenses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members.

The City continues to carry commercial insurance coverage for other risks of loss including workers compensation and employee health and accident insurance. The amount of settlements has not exceeded insurance coverage in any of the past three fiscal years.

The Insurance Fund, an internal service fund, was established to account for claims and insurance premiums related to property and liability risks. The City is responsible for the first \$25,000 of each liability claim and the first \$100,000 for each property claim.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10 RISK MANAGEMENT (continued)

Changes in the balances of claims liabilities during the past two years are as follows:

	December 31, 2020	December 31, 2019
Claims Payable, Beginning Balance	\$ 149,094	\$ 175,000
Claims Incurred and Changes in Provisions	51,267	220,979
Claims Paid	(162,101)	(246,885)
Claims Payable, Ending Balance	<u>\$ 38,260</u>	<u>\$ 149,094</u>

The City established the Employee Benefit Fund, an internal service fund to manage and account for the rising costs of all employee insurance benefits. Under the provisions of the current employee health insurance plan, the City pays a fixed monthly premium, per participant, and is fully insured.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Grants

The City has received grants to assist with the construction of facilities and other projects. Under the terms of certain grant agreements, the grants are subject to review and audit by the Grantor. Such audits could lead to a request for reimbursements to the Grantor for expenditures disallowed. City management believes any disallowance would be immaterial.

Legal Contingencies

Various claims and lawsuits are pending against the City. After consideration of applicable insurance policy coverage, and the relative merits of each claim or lawsuit, it is the opinion of the City Management that the potential ultimate responsibility resulting from these actions, if any, will not have a material adverse financial effect on the City.

Water Capacity Agreements

The City is participating in several long-term agreements for future raw water storage to meet the water needs of a growing population. These agreements commit the City to future financial obligations and are summarized as follows.

Goosehaven Reservoir Expansion

On September 12, 2012, the City entered into a contract for the construction of raw water reservoirs with Rock Products of Colorado, LLC, at the Goose Haven property. This project was expected to last between five and eight years with variability due to soil/gravel demand. Subsequent change orders have brought the total contract price to \$18,558,748 as of December 31, 2020, of which a total of \$11,870,171 has been completed and paid, less retainage withheld of \$593,509. The City may terminate the contract at any time upon ten days written notice to Rock Products. After each phase has been completed, the City's approval must be obtained before proceeding to the next phase. The project is currently anticipated to be complete by 2023.

NOTE 11 COMMITMENTS AND CONTINGENCIES (continued)

Gross Reservoir Expansion

The City participates in the Gross Reservoir Expansion Project, a project designed to raise the existing dam at Gross Reservoir by 131 feet and increase the reservoir's capacity by 77,000 acre feet of water, of which 5,000 acre-feet will be shared between the City of Lafayette and the City of Boulder. The project has been delayed while facing legal challenges. It is expected that the project will move forward towards completion in the next several years. The City's financial commitment to the project amounts to roughly \$2.2 million which will be payable in 2022 and 2025, under the current project agreement.

Windy Gap Firming Project

The City is a participant in the Windy Gap Firming Project. The project, which is led by the Northern Colorado Water Conservancy District, will be located just west of Carter Lake, Colorado. The project consists of a diversion dam on the Colorado River, a 90,000-acre-foot reservoir and a connectivity channel to connect the Colorado River and the new reservoir. The project is being funded through a collaboration of local water providers with each participant funding their share of the costs in exchange for a share of the water rights once the project is completed.

Total project costs are currently estimated to be \$600 million and construction is scheduled for completion in 2026. The City's participation in the project amounts to 1% of the project total, which equates to approximately \$6.0 million payable in annual installments for 30 years until approximately 2052. In addition to project costs, the City will also be responsible for a portion of operations and maintenance costs after construction is completely. Due to the early stage of the project and the uncertainty of construction costs over periods of time, the costs disclosed here are preliminary estimates based on information available at the time this report was issued. As of December 31, 2020, the City had contributed \$1,195,071 to the project since the project began in 2011.

Northern Integrated Supply Project

The City is a participant in the Northern Integrated Supply Project (NISP). This project, which is led by the Northern Colorado Water Conservancy District, will create two new reservoirs to provide an additional 40,000 acre feet of water to participants annually. The project will also include building and burying pipelines for water delivery and improving related water delivery systems. The project is being funded through a collaboration of local water providers with each participant funding their share of the costs in exchange for a share of the water rights once the project is completed.

The total project costs are currently estimated to be \$1.5 billion and construction is scheduled for completion in 2028. The City's participation in this project amounts to 4.5% of the project total, which equates to roughly \$67.5 million payable in annual installments through 2058. In addition to project costs, the City will also be responsible for a portion of operations and maintenance costs after construction is completely. Due to the early stage of the project and the uncertainty of construction costs over extended periods of time, the costs disclosed here are preliminary estimates based on information available at the time this report was issued. As of December 31, 2020, the City had contributed \$3,151,010 to the project since the project began in 2004.

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 11 COMMITMENTS AND CONTINGENCIES (continued)

Other Contingencies

Due to significant flooding during September 2013, the City has substantial repairs that need to be made to the Coal Creek Trail. With the flood being deemed a disaster, the City is working with Federal and State government agencies to assist in defraying the costs of the repairs. The costs for the flood related projects have been submitted for reimbursement from FEMA. In addition, there were significant project cost over-runs which were also submitted to FEMA for approval which has not yet been authorized. The repair to the flood damaged areas is 100% completed as of December 31, 2015, and requests for reimbursements have been submitted to FEMA with project closeout anticipated in 2021.

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REQUIRED SUPPLEMENTARY INFORMATION



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BASIC FINANCIAL STATEMENTS

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes				
Property Taxes	\$ 6,146,202	\$ 6,146,202	\$ 6,272,862	\$ 126,660
Fire and Ambulance Property Taxes	2,721,120	2,721,120	2,692,501	(28,619)
Specific Ownership Taxes	484,333	484,333	479,729	(4,604)
General Sales and Use Taxes	13,475,722	13,475,722	13,352,171	(123,551)
Building Use Taxes	1,468,000	1,468,000	2,536,870	1,068,870
Motor Vehicle Use Taxes	1,991,499	1,991,499	1,861,537	(129,962)
Franchise Taxes	1,140,000	1,140,000	1,128,766	(11,234)
Excise Taxes	587,821	587,821	768,939	181,118
Total Taxes	28,014,697	28,014,697	29,093,375	1,078,678
Licenses and Permits				
Business Licenses	5,000	5,000	7,445	2,445
Contractor Licenses	90,000	90,000	104,675	14,675
Liquor Licenses	20,000	20,000	13,712	(6,288)
Marijuana Licenses	100,000	100,000	114,600	14,600
Construction Permits	735,000	735,000	798,527	63,527
Mobile Home Permits	8,533	8,533	8,520	(13)
Miscellaneous Licenses	1,860	1,860	1,318	(542)
Total Licenses and Permits	960,393	960,393	1,048,797	88,404
Intergovernmental				
Federal, State, and County Grants	32,250	1,575,101	1,573,029	(2,072)
Cigarette Tax	47,110	47,110	42,378	(4,732)
Motor Vehicle Registration	101,246	101,246	103,131	1,885
County Road and Bridge Tax	51,831	51,831	54,211	2,380
Highway Users Tax	812,358	812,358	762,825	(49,533)
Total Intergovernmental	1,044,795	2,587,646	2,535,574	(52,072)
Contributions and Grants				
PEG Fees	29,000	29,000	27,330	(1,670)
Public Art Fees	30,000	30,000	88,996	58,996
Miscellaneous Contributions and Grants	39,000	172,000	236,404	64,404
Total Contributions and Grants	98,000	231,000	352,730	121,730

FINANCIAL SECTION

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues (continued)				
Charges for Services				
Building Fees	1,735,000	1,735,000	3,655,314	1,920,314
Culture and Recreation Fees	2,185,743	2,185,743	512,922	(1,672,821)
Cemetery Fees	35,000	35,000	46,526	11,526
Administrative Fees	2,428,677	2,428,677	3,438,308	1,009,631
Rents and Royalties	184,450	184,450	271,347	86,897
Pawn Shop Fees	9,431	9,431	5,617	(3,814)
Police Service Fees	89,870	89,870	37,487	(52,383)
Ambulance Fees	125,000	125,000	517,597	392,597
Solid Waste, Recycling and Compost Fees	1,935,005	1,935,005	2,050,444	115,439
Miscellaneous Services	29,988	29,988	198,299	168,311
Sidewalk Maintenance Fees	250,000	250,000	403,221	153,221
Total Charges for Services	9,008,164	9,008,164	11,137,082	2,128,918
Fines and Forfeitures				
Fines	650,088	650,088	247,651	(402,437)
Court Costs	38,716	38,716	15,345	(23,371)
Total Fines and Forfeitures	688,804	688,804	262,996	(425,808)
Interest	500,000	560,650	791,780	231,130
Special Assessments				
Special Assessments - Principal	3,000	3,000	21,312	18,312
Special Assessments - Interest	800	800	2,557	1,757
Total Fines and Forfeitures	3,800	3,800	23,869	20,069
Miscellaneous Revenue	100,000	100,000	302,753	202,753
Total Revenues	40,418,653	42,155,154	45,548,956	3,393,802
Expenditures				
General Government				
City Council	431,885	654,495	496,357	158,138
Non-Departmental	1,108,424	1,343,424	1,530,798	(187,374)
City Administration	1,656,558	1,886,747	1,528,399	358,348
City Clerk	298,485	298,485	294,404	4,081
Arts & Cultural Resources	634,117	1,007,680	459,772	547,908
Communications	463,577	463,577	355,374	108,203
Sustainability	185,838	191,338	109,346	81,992
Economic Development	-	602,811	492,862	109,949
Human Resources	638,920	610,920	576,176	34,744
Financial Services	1,200,041	1,210,041	1,099,055	110,986
Information Systems	1,483,176	1,853,100	1,603,403	249,697
Facility Maintenance	1,186,289	1,186,289	1,106,760	79,529
Planning	1,232,875	1,482,577	1,188,250	294,327
Total General Government	10,520,185	12,791,484	10,840,956	1,950,528
Judicial				
City Attorney	494,100	494,100	466,016	28,084
Municipal Court	212,193	212,193	210,516	1,677
Total Judicial	706,293	706,293	676,532	29,761

BASIC FINANCIAL STATEMENTS

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (continued)

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Expenditures (Continued)				
Public Safety				
Police	7,808,554	7,808,554	7,129,119	679,435
Fire & Ambulance	4,733,768	4,733,768	5,147,254	(413,486)
Total Public Safety	12,542,322	12,542,322	12,276,373	265,949
Public Works				
Administration	2,092,827	2,096,687	2,207,284	(110,597)
Solid Waste and Recycling	1,960,500	1,960,500	1,975,445	(14,945)
Total Public Works	4,053,327	4,057,187	4,182,729	(125,542)
Culture and Recreation				
Administration - Parks, Open Space and Golf	379,433	379,433	303,140	76,293
Cemeteries	150,272	150,272	132,421	17,851
Parks	1,122,541	1,122,541	1,077,603	44,938
Open Space Maintenance	578,669	578,669	399,773	178,896
Streetscapes	172,641	172,641	157,448	15,193
Administration - Recreation	316,854	316,854	185,185	131,669
Water Park	519,901	519,901	130,004	389,897
Recreation Center	2,508,573	2,518,532	1,523,369	995,163
Library	1,512,733	1,512,733	1,351,918	160,815
Senior Services	507,845	507,845	493,501	14,344
Total Culture and Recreation	7,769,462	7,779,421	5,754,362	2,025,059
Capital Outlay	2,148,092	2,788,843	1,065,244	1,723,599
Total Expenditures	37,739,681	40,665,550	34,796,196	5,869,354
Excess (Deficiency) of Revenues Over Expenditures	2,678,972	1,489,604	10,752,760	9,263,156
Other Financing Sources (Uses)				
Transfers In	1,275,000	1,522,005	1,126,520	(395,485)
Transfers Out	(3,500,000)	(3,500,000)	(3,829,743)	(329,743)
Total Other Financing Sources (Uses)	(2,225,000)	(1,977,995)	(2,703,223)	(725,228)
Net Change in Fund Balance	453,972	(488,391)	8,049,537	8,537,928
Fund Balance, January 1				
As Originally Stated	29,350,821	29,350,821	29,350,821	-
Prior Period Adjustments (Note 1)	2,732,000	2,732,000	2,732,000	-
As Restated	32,082,821	32,082,821	32,082,821	-
Fund Balance, December 31	\$ 32,536,793	\$ 31,594,430	\$ 40,132,358	\$ 8,537,928

The notes to the financial statements are an integral part of this statement.

FINANCIAL SECTION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) AND CONTRIBUTIONS - FPPA STATEWIDE DEFINED BENEFIT PLAN Year ended December 31, 2020

	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Proportionate Share of the Net Pension Asset (Liability)						
City's Proportion of the Net Pension Asset (Liability)	0.78378978%	0.78576440%	0.81676070%	0.85565153%	0.80549388%	0.87129653%
City's Proportionate Share of the Net Pension Asset (Liability)	\$ 443,283	\$ (993,422)	\$ 1,175,039	\$ (309,183)	\$ 14,197	\$ 983,824
City's Covered Payroll	\$ 5,477,229	\$ 4,984,563	\$ 4,443,217	\$ 4,007,283	\$ 3,536,132	\$ 3,550,217
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	8.09%	-19.93%	26.45%	-7.72%	0.40%	27.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	102%	95%	106%	98%	100%	107%
	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
City Contributions						
Statutorily Required Contribution	\$ 486,291	\$ 462,143	\$ 421,080	\$ 382,198	\$ 350,326	\$ 282,891
Contributions in Relation to the Statutorily Required Contribution	486,291	462,143	421,080	382,198	350,326	282,891
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 5,798,032	\$ 5,477,229	\$ 4,984,563	\$ 4,443,217	\$ 4,007,283	\$ 3,536,132
Contributions as a Percentage of Covered Payroll	8.39%	8.44%	8.45%	8.60%	8.74%	8.00%

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

See the accompanying independent auditor's report.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) AND CONTRIBUTIONS - FPPA STATEWIDE HYBRID PLAN

Year ended December 31, 2020

	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Proportionate Share of the Net Pension Asset (Liability)						
City's Proportion of the Net Pension Asset (Liability)	2.57220703%	2.48579006%	2.37955093%	2.63850182%	3.76985257%	4.59097399%
City's Proportionate Share of the Net Pension Asset (Liability)	\$ 500,912	\$ 343,125	\$ 465,267	\$ 287,207	\$ 397,075	\$ 544,473
City's Covered Payroll	\$ 402,426	\$ 388,412	\$ 356,707	\$ 334,524	\$ 486,714	\$ 557,147
City's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	124.47%	88.34%	130.43%	85.86%	81.58%	97.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	130%	123%	139%	126%	129%	141%
	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
City Contributions						
Statutorily Required Contribution	\$ 40,004	\$ 41,048	\$ 39,618	\$ 36,384	\$ 34,121	\$ 49,645
Contributions in Relation to the Statutorily Required Contribution	40,004	41,048	39,618	36,384	34,121	49,645
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 392,192	\$ 402,426	\$ 388,412	\$ 356,707	\$ 334,524	\$ 486,714
Contributions as a Percentage of Covered Payroll	10.20%	10.20%	10.20%	10.20%	10.20%	10.20%

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

See the accompanying independent auditor's report.

FINANCIAL SECTION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) AND CONTRIBUTIONS – VOLUNTEER FIRE DEPARTMENT PENSION PLAN Year ended December 31, 2020

	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
Total Pension Liability						
Interest	\$ 157,331	\$ 162,805	\$ 166,718	\$ 167,949	\$ 170,993	\$ 178,910
Difference between Expected and Actual Experience	-	56,490	-	(45,180)	-	(74,942)
Changes of Assumptions	-	79,350	-	76,440	-	-
Benefit Payments	(220,440)	(222,840)	(215,069)	(216,163)	(207,166)	(211,810)
Net Change in Total Pension Liability	(63,109)	75,805	(48,351)	(16,954)	(36,173)	(107,842)
Total Pension Liability - Beginning	2,355,947	2,280,142	2,328,493	2,345,447	2,381,620	2,489,462
Total Pension Liability - Ending	<u>\$ 2,292,838</u>	<u>\$ 2,355,947</u>	<u>\$ 2,280,142</u>	<u>\$ 2,328,493</u>	<u>\$ 2,345,447</u>	<u>\$ 2,381,620</u>
Plan Fiduciary Net Position						
Employer Contributions	\$ 119,164	\$ 119,164	\$ 119,164	\$ 119,164	\$ 119,164	\$ 119,164
State of Colorado Contributions	-	42,222	42,222	42,222	42,222	42,222
Net Investment Income	182,674	1,564	179,646	63,877	23,339	81,117
Benefit Payments	(220,440)	(222,840)	(215,069)	(216,163)	(207,166)	(211,810)
Administrative Expenses	(11,543)	(9,680)	(9,182)	(2,202)	(3,034)	(2,279)
Net Change in Plan Fiduciary Net Position	69,855	(69,570)	116,781	6,898	(25,475)	28,414
Plan Fiduciary Net Position - Beginning	1,362,942	1,432,512	1,315,731	1,308,833	1,334,308	1,305,894
Plan Fiduciary Net Position - Ending	<u>\$ 1,432,797</u>	<u>\$ 1,362,942</u>	<u>\$ 1,432,512</u>	<u>\$ 1,315,731</u>	<u>\$ 1,308,833</u>	<u>\$ 1,334,308</u>
City's Net Pension Asset (Liability) - Ending	<u>\$ (860,041)</u>	<u>\$ (993,005)</u>	<u>\$ (847,630)</u>	<u>\$ (1,012,762)</u>	<u>\$ (1,036,614)</u>	<u>\$ (1,047,312)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.49%	57.85%	62.83%	56.51%	55.80%	56.03%
City Contributions						
Actuarially Determined Contribution	\$ 84,663	\$ 84,663	\$ 84,663	\$ 93,525	\$ 93,525	\$ 119,164
Contributions in Relation to the Actuarially Determined Contribution	(119,164)	(161,386)	(161,386)	(161,386)	(161,386)	(161,386)
Contribution Deficiency (Excess)	<u>\$ (34,501)</u>	<u>\$ (76,723)</u>	<u>\$ (76,723)</u>	<u>\$ (67,861)</u>	<u>\$ (67,861)</u>	<u>\$ (42,222)</u>

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

See the accompanying independent auditor's report.

NOTE 1 BUDGETS AND BUDGETARY ACCOUNTING

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

On or before September 20, the City Administrator submits to the City Council a proposed budget for the subsequent fiscal year commencing January 1. This budget includes proposed expenditures and the means of financing them. The budget is presented at the fund level, but includes supporting schedules presented at the sub-object (or account) level. The City uses generally accepted accounting principles (GAAP) as the basis for budgeting revenues and expenditures for all funds except for proprietary funds. In the proprietary funds, capital outlay and debt principal payments are budgeted but depreciation is not budgeted.

A Public Hearing on the proposed budget is held before its final adoption to obtain any comments from citizens.

On or before the last Thursday in October for the ensuing year, the budget is legally enacted through the adoption of an appropriation ordinance at the fund level.

Budget revisions occur at the fund level and may only be made through Council Ordinance. The City Administrator may re-allocate the budget between Departments. Department Heads, with the approval of the City Administrator and Finance Director, may re-allocate the total budget within a Department.

The City Council may make additional appropriations during the fiscal year for unanticipated revenues received by the City. Such appropriations are approved on a consensus basis by the City Council throughout the year.

After October 1 of the fiscal year, all previous appropriations amendments are formally adopted at the fund level by ordinance.

All appropriations, except for capital projects, lapse at year-end. Any unspent appropriations may be carried forward to the subsequent budget year with the approval of a budget amendment by City Council. Capital projects appropriations are automatically carried forward until completion of the projects.

Legal Compliance

For the year ended December 31, 2020, the Tech Center GID exceeded the appropriated budgets (on a budgetary basis) by \$27,367. This may be a violation of State statutes.

FINANCIAL SECTION

NOTE 2 CONTRIBUTIONS TO THE VOLUNTEER PLAN

The Volunteer Fire Department Pension Plan's net pension liability and associated amounts are measured at December 31, 2020, based on the actuarial valuation as of January 1, 2020, which is a one-year lag compared to the City's fiscal year ended December 31, 2020. Covered payroll is not applicable for volunteers. Therefore, no covered payroll information is presented in the accompanying schedule.

Changes of Assumptions

Following a regularly scheduled experience study in 2018, the FPPA Board of Directors adopted new assumptions for the first use in the actuarial valuation as of January 1, 2019. The significant changes affecting the plan include a reduction in the investment rate of return from 7.5% to 7.0% and updated mortality assumptions based on RP -2014 mortality tables.

Contributions

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2017, determines the contribution amounts for 2018 and 2019.

The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial Method	Entry Age Normal
Amortization Method	Level dollar, Open *
Amortization Period	20 Years *
Asset Valuation Method	5-Year Smoothed Fair Value
Long-term Investment Rate of Return*	7.5%
Projected Salary Increases	N/A
Cost of Living Adjustments	None
Retirement Age	50% per year of eligibility until 100% at age 65. Pre-retirement: RP-2014 combined mortality table with blue collar adjustment, 55% multiplier for off-duty mortality. Post-retirement: RP-2014 combined mortality table, with blue collar adjustment. Disabled: RP-2014 disabled mortality table All tables projected with Scale BB.
Includes Inflation at	2.5%

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

**OTHER SUPPLEMENTARY
INFORMATION**

**COMBINING STATEMENTS
AND
BUDGETARY COMPARISON SCHEDULES
BY FUND**



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NONMAJOR GOVERNMENTAL FUNDS - DESCRIPTIONS

Special Revenue Funds

Special Revenue Funds are used to account for specific revenue sources that are legally restricted to expenditures for specific purposes. Following are the special revenue funds included in this section:

- Lafayette City Center General Improvement District
- Exempla General Improvement District
- Lafayette Corporate Campus General Improvement District
- Lafayette Tech Center General Improvement District

Capital Project Funds

The Capital Project Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary fund types. The City's Capital Projects Funds account for the following capital projects included in this section.

- Parks, Open Space, & Trails (POST) Fund
To account for sales and use taxes and dedicated development fees collected for the acquisition, development, and maintenance of parks and open space.
- Conservation Trust Fund
To account for the accumulation of monies received annually from the proceeds of the Colorado State Lottery. Expenditures related to the maintenance of existing parks and recreation infrastructures are recorded in this fund.

This section also includes budgetary comparison schedules for the City's Legacy Open Space and Capital Projects Fund, both of which are major funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources and payment of bond principal and interest from governmental resources. The City's Debt Service Fund currently accounts for a 2016 General Obligation Refunding & Improvement Bond issuance.

Permanent Fund – Cemetery Endowment

The Cemetery Endowment Fund is a permanent fund used to separately account for an endowment care trust that occurred prior to the City acquiring ownership in the Coal Creek Cemetery.

FINANCIAL SECTION

NONMAJOR GOVERNMENTAL FUNDS – COMBINING BALANCE SHEET

December 31, 2020

	Special Revenue Funds			
	Lafayette City Center GID	Exempla GID	Lafayette Corporate Campus GID	Lafayette Tech Center GID
Assets				
Cash and Investments	\$ 174,737	\$ 248,572	\$ 545,429	\$ 244,484
Accrued Interest Receivable	578	888	1,812	604
Accounts Receivable	21	143,583	1,092	3,360
Property Taxes Receivable	5,864	12,096	260,296	173,602
Special Assessments Receivable	-	329,550	109,850	-
Restricted Cash and Investments	-	-	-	-
Total Assets	<u>\$ 181,200</u>	<u>\$ 734,689</u>	<u>\$ 918,479</u>	<u>\$ 422,050</u>
Liabilities				
Accounts Payable	\$ -	\$ 208	\$ -	\$ 303
Interfund Payables	-	-	-	75,273
Deposits Payable	75,000	-	-	-
Accrued Liabilities	-	-	-	-
Total Liabilities	<u>75,000</u>	<u>208</u>	<u>-</u>	<u>75,576</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	5,864	12,096	260,296	173,602
Unavailable Revenue - Special Assessments	-	329,550	109,850	-
Unavailable Revenue - Other	-	-	-	-
Total Deferred Inflows of Resources	<u>5,864</u>	<u>341,646</u>	<u>370,146</u>	<u>173,602</u>
Fund Balance				
Nonspendable	-	-	-	-
Restricted	67,460	10,575	427,155	157,795
Committed	-	-	-	-
Assigned	32,876	382,260	121,178	15,077
Total Fund Balance	<u>100,336</u>	<u>392,835</u>	<u>548,333</u>	<u>172,872</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 181,200</u>	<u>\$ 734,689</u>	<u>\$ 918,479</u>	<u>\$ 422,050</u>

See the accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

Capital Projects Funds		Debt Service Fund	Permanent Fund	
Parks, Open Space, and Trails	Conservation Trust	Debt Service	Cemetery Endowment	Total
\$ 1,439,031	\$ 707,626	\$ 211,227	\$ -	\$ 3,571,106
4,425	2,399	677	159	11,542
192,833	-	-	-	340,889
-	-	1,001,350	-	1,453,208
-	-	-	-	439,400
-	-	-	46,684	46,684
<u>\$ 1,636,289</u>	<u>\$ 710,025</u>	<u>\$ 1,213,254</u>	<u>\$ 46,843</u>	<u>\$ 5,862,829</u>
\$ 38,985	\$ 5,749	\$ 518	\$ -	\$ 45,763
-	-	-	-	75,273
-	-	-	-	75,000
32,021	-	-	-	32,021
<u>71,006</u>	<u>5,749</u>	<u>518</u>	<u>-</u>	<u>228,057</u>
-	-	1,001,350	-	1,453,208
-	-	-	-	439,400
179,336	-	-	-	179,336
<u>179,336</u>	<u>-</u>	<u>1,001,350</u>	<u>-</u>	<u>2,071,944</u>
-	-	-	46,843	46,843
1,176,388	704,276	-	-	2,543,649
-	-	211,386	-	211,386
209,559	-	-	-	760,950
<u>1,385,947</u>	<u>704,276</u>	<u>211,386</u>	<u>46,843</u>	<u>3,562,828</u>
<u>\$ 1,636,289</u>	<u>\$ 710,025</u>	<u>\$ 1,213,254</u>	<u>\$ 46,843</u>	<u>\$ 5,862,829</u>

FINANCIAL SECTION

NONMAJOR GOVERNMENTAL FUNDS – COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year ended December 31, 2020

	Special Revenue Funds			
	Lafayette City Center GID	Exempla GID	Lafayette Corporate Campus GID	Lafayette Tech Center GID
Revenues				
Taxes				
Property Taxes	\$ 5,202	\$ 12,155	\$ 257,595	\$ 354,145
Specific Ownership Taxes	253	602	12,468	11,345
General Sales and Use Tax	-	-	-	-
Building Use Tax	-	-	-	-
Vehicle Use Tax	-	-	-	-
Total Taxes	5,455	12,757	270,063	365,490
Intergovernmental	-	-	-	-
Interest	3,821	2,805	13,361	5,358
Miscellaneous	-	-	-	-
Total Revenues	9,276	15,562	283,424	370,848
Expenditures				
Current				
General Government	1,078	2,183	18,864	45,586
Culture and Recreation	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	-	95,000	60,000
Interest	-	-	148,400	96,900
Fiscal Charges	-	-	363	605
Total Expenditures	1,078	2,183	262,627	203,091
Excess (Deficiency) of Revenues over Expenditures	8,198	13,379	20,797	167,757
Other Financing Sources (Uses)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	8,198	13,379	20,797	167,757
Fund Balance, January 1	92,138	379,456	527,536	5,115
Fund Balance, December 31	\$ 100,336	\$ 392,835	\$ 548,333	\$ 172,872

See the accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

Capital Projects Funds		Debt Service Fund	Permanent Fund	
Parks, Open Space, and Trails	Conservation Trust	Debt Service	Cemetery Endowment	Total
\$ -	\$ -	\$ 1,025,410	\$ -	\$ 1,654,507
-	-	-	-	24,668
1,112,681	-	-	-	1,112,681
211,406	-	-	-	211,406
155,128	-	-	-	155,128
1,479,215	-	1,025,410	-	3,158,390
-	298,970	-	-	298,970
28,083	15,005	11,380	1,027	80,840
20,737	-	-	-	20,737
1,528,035	313,975	1,036,790	1,027	3,558,937
-	-	10,256	-	77,967
163,847	4,156	-	-	168,003
-	161,486	-	-	161,486
-	-	810,000	-	965,000
-	-	194,650	-	439,950
-	-	450	-	1,418
163,847	165,642	1,015,356	-	1,813,824
1,364,188	148,333	21,434	1,027	1,745,113
(1,125,770)	-	-	(750)	(1,126,520)
(1,125,770)	-	-	(750)	(1,126,520)
238,418	148,333	21,434	277	618,593
1,147,529	555,943	189,952	46,566	2,944,235
\$ 1,385,947	\$ 704,276	\$ 211,386	\$ 46,843	\$ 3,562,828

FINANCIAL SECTION

LAFAYETTE CITY CENTER GID FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Property Taxes	\$ 5,219	\$ 5,219	\$ 5,202	\$ (17)
Specific Ownership Taxes	5,700	5,700	253	(5,447)
Interest	2,500	2,500	3,821	1,321
Total Revenues	<u>13,419</u>	<u>13,419</u>	<u>9,276</u>	<u>(4,143)</u>
Expenditures				
Current				
General Government	<u>1,600</u>	<u>1,600</u>	<u>1,078</u>	<u>522</u>
Total Expenditures	<u>1,600</u>	<u>1,600</u>	<u>1,078</u>	<u>522</u>
Net Change in Fund Balance	11,819	11,819	8,198	(3,621)
Fund Balance, January 1	<u>92,138</u>	<u>92,138</u>	<u>92,138</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 103,957</u>	<u>\$ 103,957</u>	<u>\$ 100,336</u>	<u>\$ (3,621)</u>

See the accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

EXEMPLA GID FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Property Taxes	\$ 12,523	\$ 12,523	\$ 12,155	\$ (368)
Specific Ownership Taxes	5,250	5,250	602	(4,648)
Charges for Services	2,988	2,988	-	(2,988)
Interest	-	-	2,805	2,805
Total Revenues	<u>20,761</u>	<u>20,761</u>	<u>15,562</u>	<u>(5,199)</u>
Expenditures				
Current				
General Government	3,188	3,188	2,183	1,005
Total Expenditures	<u>3,188</u>	<u>3,188</u>	<u>2,183</u>	<u>1,005</u>
Net Change in Fund Balance	17,573	17,573	13,379	(4,194)
Fund Balance, January 1	<u>379,456</u>	<u>379,456</u>	<u>379,456</u>	<u>-</u>
Fund Balance, December 31	<u><u>\$ 397,029</u></u>	<u><u>\$ 397,029</u></u>	<u><u>\$ 392,835</u></u>	<u><u>\$ (4,194)</u></u>

See the accompanying independent auditor's report.

FINANCIAL SECTION

LAFAYETTE CORPORATE CAMPUS GID FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Property Taxes	\$ 257,799	\$ 257,799	\$ 257,595	\$ (204)
Specific Ownership Taxes	15,000	15,000	12,468	(2,532)
Interest	7,500	7,500	13,361	5,861
Total Revenues	<u>280,299</u>	<u>280,299</u>	<u>283,424</u>	<u>3,125</u>
Expenditures				
Current				
General Government	18,867	18,867	18,864	3
Debt Service				
Principal	95,000	95,000	95,000	-
Interest	148,400	148,400	148,400	-
Fiscal Charges	500	500	363	137
Total Expenditures	<u>262,767</u>	<u>262,767</u>	<u>262,627</u>	<u>140</u>
Net Change in Fund Balance	17,532	17,532	20,797	3,265
Fund Balance, January 1	<u>527,536</u>	<u>527,536</u>	<u>527,536</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 545,068</u>	<u>\$ 545,068</u>	<u>\$ 548,333</u>	<u>\$ 3,265</u>

See the accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

LAFAYETTE TECH CENTER GID FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Property Taxes	\$ 186,214	\$ 186,214	\$ 354,145	\$ 167,931
Specific Ownership Taxes	10,000	10,000	11,345	1,345
Interest	1,000	1,000	5,358	4,358
Total Revenues	<u>197,214</u>	<u>197,214</u>	<u>370,848</u>	<u>173,634</u>
Expenditures				
Current				
General Government	18,324	18,324	45,586	(27,262)
Debt Service				
Principal	60,000	60,000	60,000	-
Interest	96,900	96,900	96,900	-
Fiscal Charges	500	500	605	(105)
Total Expenditures	<u>175,724</u>	<u>175,724</u>	<u>203,091</u>	<u>(27,367)</u>
Net Change in Fund Balance	21,490	21,490	167,757	146,267
Fund Balance, January 1	<u>5,115</u>	<u>5,115</u>	<u>5,115</u>	<u>-</u>
Fund Balance, December 31	<u><u>\$ 26,605</u></u>	<u><u>\$ 26,605</u></u>	<u><u>\$ 172,872</u></u>	<u><u>\$ 146,267</u></u>

See the accompanying independent auditor's report.

FINANCIAL SECTION

PARKS, OPEN SPACE AND TRAILS FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Taxes				
General Sales and Use Taxes	\$ 1,096,505	\$ 1,096,505	\$ 1,112,681	\$ 16,176
Building Use Taxes	125,000	125,000	211,406	86,406
Motor Vehicle Use Taxes	155,000	155,000	155,128	128
Total Taxes	1,376,505	1,376,505	1,479,215	102,710
Interest	12,000	12,000	28,083	16,083
Miscellaneous	-	-	20,737	20,737
Total Revenues	<u>1,388,505</u>	<u>1,388,505</u>	<u>1,528,035</u>	<u>139,530</u>
Expenditures				
Current				
Culture and Recreation	155,750	155,750	163,847	(8,097)
Total Expenditures	<u>155,750</u>	<u>155,750</u>	<u>163,847</u>	<u>(8,097)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,232,755</u>	<u>1,232,755</u>	<u>1,364,188</u>	<u>131,433</u>
Other Financing Sources (Uses)				
Transfers Out	(1,275,000)	(1,275,000)	(1,125,770)	149,230
Total Other Financing Sources (Uses)	<u>(1,275,000)</u>	<u>(1,275,000)</u>	<u>(1,125,770)</u>	<u>149,230</u>
Net Change in Fund Balance	(42,245)	(42,245)	238,418	280,663
Fund Balance, January 1	<u>1,147,529</u>	<u>1,147,529</u>	<u>1,147,529</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 1,105,284</u>	<u>\$ 1,105,284</u>	<u>\$ 1,385,947</u>	<u>\$ 280,663</u>

See the accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CONSERVATION TRUST FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Intergovernmental	\$ 280,000	\$ 280,000	\$ 298,970	\$ 18,970
Interest	10,000	10,000	15,005	5,005
Total Revenues	<u>290,000</u>	<u>290,000</u>	<u>313,975</u>	<u>23,975</u>
Expenditures				
Current				
Culture and Recreation	-	-	4,156	(4,156)
Capital Outlay	431,800	431,800	161,486	270,314
Total Expenditures	<u>431,800</u>	<u>431,800</u>	<u>165,642</u>	<u>266,158</u>
Net Change in Fund Balance	(141,800)	(141,800)	148,333	290,133
Fund Balance, January 1	<u>555,943</u>	<u>555,943</u>	<u>555,943</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 414,143</u>	<u>\$ 414,143</u>	<u>\$ 704,276</u>	<u>\$ 290,133</u>

See the accompanying independent auditor's report.

FINANCIAL SECTION

DEBT SERVICE FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Property Taxes	\$ 1,023,150	\$ 1,023,150	\$ 1,025,410	\$ 2,260
Interest	15,000	15,000	11,380	(3,620)
Total Revenues	<u>1,038,150</u>	<u>1,038,150</u>	<u>1,036,790</u>	<u>(1,360)</u>
Expenditures				
Current				
General Government	20,841	20,841	10,256	10,585
Debt Service				
Principal	810,000	810,000	810,000	-
Interest	194,650	194,650	194,650	-
Fiscal Charges	3,000	3,000	450	2,550
Total Expenditures	<u>1,028,491</u>	<u>1,028,491</u>	<u>1,015,356</u>	<u>13,135</u>
Excess (Deficiency) of Revenue over Expenditures	<u>9,659</u>	<u>9,659</u>	<u>21,434</u>	<u>11,775</u>
Net Change in Fund Balance	9,659	9,659	21,434	11,775
Fund Balance, January 1	<u>189,952</u>	<u>189,952</u>	<u>189,952</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 199,611</u>	<u>\$ 199,611</u>	<u>\$ 211,386</u>	<u>\$ 11,775</u>

See the accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CEMETERY ENDOWEMENT FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Interest	\$ 348	\$ 750	\$ 1,027	\$ 277
Total Revenues	<u>348</u>	<u>750</u>	<u>1,027</u>	<u>277</u>
Other Financing Sources (Uses)				
Transfers Out	(348)	(750)	(750)	-
Total Other Financing Sources (Uses)	<u>(348)</u>	<u>(750)</u>	<u>(750)</u>	<u>-</u>
Net Change in Fund Balance	-	-	277	277
Fund Balance, January 1	<u>46,566</u>	<u>46,566</u>	<u>46,566</u>	<u>-</u>
Fund Balance, December 31	<u><u>\$ 46,566</u></u>	<u><u>\$ 46,566</u></u>	<u><u>\$ 46,843</u></u>	<u><u>\$ 277</u></u>

FINANCIAL SECTION

LEGACY OPEN SPACE FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes				
General Sales and Use Taxes	\$ 1,096,505	\$ 1,096,505	\$ 1,112,681	\$ 16,176
Building Use Taxes	125,000	125,000	211,406	86,406
Motor Vehicle Use Taxes	155,000	155,000	155,128	128
Total Taxes	1,376,505	1,376,505	1,479,215	102,710
Intergovernmental	-	-	52,822	52,822
Interest	75,000	75,000	68,797	(6,203)
Total Revenues	<u>1,451,505</u>	<u>1,451,505</u>	<u>1,600,834</u>	<u>149,329</u>
Expenditures				
Current				
Culture and Recreation	7,750	7,750	51,177	(43,427)
Capital Outlay	159,000	4,896,931	4,338,742	558,189
Debt Service				
Interfund Loan Principal	-	247,005	-	247,005
Interfund Loan Interest	-	60,650	60,650	-
Total Expenditures	<u>166,750</u>	<u>5,212,336</u>	<u>4,450,569</u>	<u>761,767</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,284,755</u>	<u>(3,760,831)</u>	<u>(2,849,735)</u>	<u>911,096</u>
Other Financing Sources (Uses)				
Transfers In	-	-	329,743	(329,743)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>329,743</u>	<u>(329,743)</u>
Net Change in Fund Balance	1,284,755	(3,760,831)	(2,519,992)	1,240,839
Fund Balance, January 1				
As Originally Stated	5,420,492	5,420,492	5,420,492	-
Prior Period Adjustments (Note 1)	(2,732,000)	(2,732,000)	(2,732,000)	-
As Restated	<u>2,688,492</u>	<u>2,688,492</u>	<u>2,688,492</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 3,973,247</u>	<u>\$ (1,072,339)</u>	<u>\$ 168,500</u>	<u>\$ 1,240,839</u>

See the accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

CAPITAL PROJECTS FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Intergovernmental	\$ 5,550,500	\$ 5,550,500	\$ -	\$ (5,550,500)
Interest	100,000	100,000	281,238	(181,238)
Total Revenues	<u>5,650,500</u>	<u>5,650,500</u>	<u>281,238</u>	<u>(5,731,738)</u>
Expenditures				
Current				
General Government	-	-	30,350	(30,350)
Public Works	-	-	113,723	(113,723)
Capital Outlay	12,675,000	20,801,457	4,600,899	16,200,558
Total Expenditures	<u>12,675,000</u>	<u>20,801,457</u>	<u>4,744,972</u>	<u>16,086,835</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(7,024,500)</u>	<u>(15,150,957)</u>	<u>(4,463,734)</u>	<u>10,355,097</u>
Other Financing Sources				
Transfers In	3,540,479	4,274,809	4,274,809	-
Total Other Financing Sources	<u>3,540,479</u>	<u>4,274,809</u>	<u>4,274,809</u>	<u>-</u>
Net Change in Fund Balance	(3,484,021)	(10,876,148)	(188,925)	10,687,223
Fund Balance, January 1	<u>11,570,779</u>	<u>11,570,779</u>	<u>11,570,779</u>	<u>-</u>
Fund Balance, December 31	<u>\$ 8,086,758</u>	<u>\$ 694,631</u>	<u>\$ 11,381,854</u>	<u>\$ 10,687,223</u>

See the accompanying independent auditor's report.

FINANCIAL SECTION

NONMAJOR ENTERPRISE FUNDS – DESCRIPTIONS

Enterprise funds are used to account for activities managed as a business with rates and fees intended to fund operational and capital expenses of the activity. The City reports the following nonmajor enterprise funds.

Storm Water Fund

To account for revenues and expenses related to providing storm water services to city residents.

This section also includes budgetary comparison schedules for the City's major enterprise funds, the Water Utility, Water Reclamation and Golf Course Funds.

OTHER SUPPLEMENTARY INFORMATION

WATER UTILITY FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Metered Water Sales	\$ 9,020,000	\$ 9,020,000	\$ 9,971,907	\$ 951,907
Interest	625,000	625,000	840,462	215,462
Miscellaneous	156,500	156,500	71,395	(85,105)
Payments in Lieu of Water	1,000,000	1,000,000	4,172,671	3,172,671
Tap Fees	750,000	750,000	3,538,756	2,788,756
Proceeds from Sale of Assets	-	-	3,775	3,775
Developer Dedications	200,000	200,000	155,798	(44,202)
Equity Income from Component Unit	50,000	50,000	252,771	202,771
Total Revenues	<u>11,801,500</u>	<u>11,801,500</u>	<u>19,007,535</u>	<u>7,206,035</u>
Expenditures				
Administration	1,989,846	1,993,706	2,537,899	(544,193)
Source of Water Supply	728,249	854,249	879,138	(24,889)
Water Treatment	2,013,271	2,053,271	1,984,037	69,234
Water Transmission and Distribution	1,319,768	1,333,822	929,520	404,302
Construction and Capital Improvements	14,588,400	37,627,666	5,607,061	32,020,605
Debt Service				
Principal	995,000	995,000	995,000	-
Interest	365,750	365,750	321,862	43,888
Fiscal Charges	500	500	303	197
Total Expenditures	<u>22,000,784</u>	<u>45,223,964</u>	<u>13,254,820</u>	<u>31,969,144</u>
Change in Net Position, Budgetary Basis	<u>\$ (10,199,284)</u>	<u>\$ (33,422,464)</u>	5,752,715	<u>\$ 39,175,179</u>
Adjustments to GAAP Basis				
Depreciation			(1,942,541)	
Proceeds from Sale of Assets			(3,775)	
Loss on Disposal of Assets			(71,622)	
Construction and Capital Improvements			5,607,061	
Debt Principal Paid			<u>995,000</u>	
Change in Net Position, GAAP Basis			<u>\$ 10,336,838</u>	

See the accompanying independent auditor's report.

FINANCIAL SECTION

WATER RECLAMATION FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Waste Water Collection Fees	\$ 5,875,000	\$ 5,875,000	\$ 5,777,995	\$ (97,005)
Intergovernmental	-	-	3,187	3,187
Interest	175,000	175,000	314,753	139,753
Miscellaneous	-	-	2,467	2,467
Tap Fees	500,000	500,000	1,951,189	1,451,189
Proceeds from Debt Issuance	23,780,000	23,780,000	-	(23,780,000)
Proceeds from Sale of Assets	-	-	3,775	3,775
Total Revenues	30,330,000	30,330,000	8,053,366	(22,276,634)
Expenditures				
Administration	1,046,060	1,049,920	1,101,766	(51,846)
Waste Water Treatment	1,211,984	1,211,984	1,261,642	(49,658)
Waste Water Collection	827,458	861,807	461,537	400,270
Construction and Capital Improvements	24,450,680	30,884,334	2,932,355	27,951,979
Debt Service				
Principal	599,289	599,289	599,289	-
Interest	41,976	41,976	22,025	19,951
Total Expenditures	28,177,447	34,649,310	6,378,614	28,270,696
Change in Net Position, Budgetary Basis	\$ 2,152,553	\$ (4,319,310)	1,674,752	\$ 5,994,062
Adjustments to GAAP Basis				
Depreciation			(1,087,488)	
Proceeds from Sale of Assets			(3,775)	
Gain on Sale of Assets			2,857	
Construction and Capital Improvements			2,932,355	
Developer Dedications			49,041	
Debt Principal			599,289	
Change in Net Position, GAAP Basis			\$ 4,167,031	

See the accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

GOLF COURSE FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Golf Sales and Services	\$ 2,693,572	\$ 2,693,572	\$ 2,991,451	\$ 297,879
Intergovernmental	-	-	476	476
Interest	8,980	8,980	7,002	(1,978)
Miscellaneous	2,061	2,061	18,811	16,750
Total Revenues	<u>2,704,613</u>	<u>2,704,613</u>	<u>3,017,740</u>	<u>313,127</u>
Expenditures				
Administration	437,759	437,759	499,601	(61,842)
Golf Maintenance Operations	941,740	941,740	963,979	(22,239)
Golf Club House Operations	753,543	753,543	695,611	57,932
Golf Food Service Operations	384,576	384,576	322,701	61,875
Construction and Capital Improvements	138,500	180,328	140,554	39,774
Debt Service				
Loan Principal	40,479	-	-	-
Total Expenditures	<u>2,696,597</u>	<u>2,697,946</u>	<u>2,622,446</u>	<u>75,500</u>
Change in Net Position, Budgetary Basis	<u>\$ 8,016</u>	<u>\$ 6,667</u>	395,294	<u>\$ 388,627</u>
Adjustments to GAAP Basis				
Depreciation			(356,403)	
Construction and Capital Improvements			140,554	
Capital Contributions			<u>2,751,090</u>	
Change in Net Position, GAAP Basis			<u>\$ 2,930,535</u>	

See the accompanying independent auditor's report.

FINANCIAL SECTION

STORM WATER FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
Storm Water Collection Fees	\$ 1,340,000	\$ 1,800,000	\$ 1,819,315	\$ 19,315
Interest	10,000	10,000	61,484	51,484
Miscellaneous	9,000	9,000	1,642	(7,358)
Storm Water Development Fees	350,000	350,000	496,151	146,151
Total Revenues	<u>1,709,000</u>	<u>2,169,000</u>	<u>2,378,592</u>	<u>209,592</u>
Expenditures				
Administration	412,096	467,956	459,954	8,002
Storm Water Collection	269,545	381,349	328,990	52,359
Construction and Capital Improvements	320,000	519,547	348,994	170,553
Total Expenditures	<u>1,001,641</u>	<u>1,368,852</u>	<u>1,137,938</u>	<u>230,914</u>
Change in Net Position, Budgetary Basis	<u>\$ 707,359</u>	<u>\$ 800,148</u>	1,240,654	<u>\$ 440,506</u>
Adjustments to GAAP Basis				
Depreciation			(282,147)	
Construction and Capital Improvements			348,994	
Loss on Disposal of Capital Assets			(8,109)	
Developer Dedications			94,350	
Capital Contributions			<u>1,051,434</u>	
Change in Net Position, GAAP Basis			<u>\$ 2,445,176</u>	

See the accompanying independent auditor's report.

INTERNAL SERVICE FUNDS - DESCRIPTIONS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The City's Internal Service Funds account for the following services:

Employee Benefit Fund

To account for the allocation of costs associated with employee insurance plans.

Insurance Fund

To account for the allocation of costs associated with the City's insurance plans.

FINANCIAL SECTION

INTERNAL SERVICE FUNDS – COMBINING STATEMENT OF NET POSITION

December 31, 2020

	Employee Benefit Fund	Insurance Fund	Total
Assets			
Current Assets			
Cash and Investments	\$ 797,758	\$ 738,028	\$ 1,535,786
Accrued Interest Receivable	2,771	2,675	5,446
Prepaid Expenses	302,644	16,300	318,944
Total Current Assets	<u>1,103,173</u>	<u>757,003</u>	<u>1,860,176</u>
Liabilities			
Current Liabilities			
Accounts Payable	820	49,544	50,364
Claims Payable	6,308	38,260	44,568
Compensated Absences - Current Portion	1,102,320	-	1,102,320
Total Current Liabilities	<u>1,109,448</u>	<u>87,804</u>	<u>1,197,252</u>
Net Position			
Unrestricted	<u>\$ (6,275)</u>	<u>\$ 669,199</u>	<u>\$ 662,924</u>

See the accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

INTERNAL SERVICE FUNDS – COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year ended December 31, 2020

	Employee Benefit Fund	Insurance Fund	Total
Operating Revenues			
City Contributions	\$ 4,108,097	\$ 849,602	\$ 4,957,699
Employee Contributions	111,291	-	111,291
Miscellaneous	60,689	56,900	117,589
Total Operating Revenues	<u>4,280,077</u>	<u>906,502</u>	<u>5,186,579</u>
Operating Expenses			
Premiums and Claims	4,238,165	747,863	4,986,028
Miscellaneous	82,908	95	83,003
Total Operating Expenses	<u>4,321,073</u>	<u>747,958</u>	<u>5,069,031</u>
Operating Income (Loss)	(40,996)	158,544	117,548
Nonoperating Revenues and Expenses			
Interest	13,117	19,730	32,847
Intergovernmental Grants	-	23,893	23,893
Insurance Proceeds	-	518,736	518,736
Transfers Out	-	(774,809)	(774,809)
Total Nonoperating Revenues and Expenses	<u>13,117</u>	<u>(212,450)</u>	<u>(199,333)</u>
Change in Net Position	(27,879)	(53,906)	(81,785)
Net Position, January 1	<u>21,604</u>	<u>723,105</u>	<u>744,709</u>
Net Position, December 31	<u>\$ (6,275)</u>	<u>\$ 669,199</u>	<u>\$ 662,924</u>

See the accompanying independent auditor's report.

FINANCIAL SECTION

INTERNAL SERVICE FUNDS – COMBINING STATEMENT OF CASH FLOWS

Year ended December 31, 2020

	Employee Benefit Fund	Insurance Fund	Total
Cash Flows From Operating Activities			
Receipts for Interfund Services Provided	\$ 4,108,066	\$ 849,602	\$ 4,957,668
Receipts from Employees	111,291	-	111,291
Miscellaneous Receipts	60,689	56,900	117,589
Payments to Vendors and Suppliers	(4,333,435)	(845,669)	(5,179,104)
Net Cash Provided (Used) by Operating Activities	(53,390)	60,833	7,443
Cash Flows from Noncapital and Related Financing Activities			
Operating Grants Received	-	23,893	23,893
Transfers Out to Other Funds	-	(774,809)	(774,809)
Net Cash Used by Noncapital and Related Financing Activities	-	(750,916)	(750,916)
Cash Flows from Capital and Related Financing Activities			
Insurance Proceeds	-	518,736	518,736
Net Cash Provided by Capital and Related Financing Activities	-	518,736	518,736
Cash Flows From Investing Activities			
Interest Received	12,960	19,052	32,012
Net Cash Provided by Investing Activities	12,960	19,052	32,012
Net Decrease in Cash and Cash Equivalents	(40,430)	(152,295)	(192,725)
Cash and Cash Equivalents - January 1	838,188	890,323	1,728,511
Cash and Cash Equivalents - December 31	\$ 797,758	\$ 738,028	\$ 1,535,786
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (40,996)	\$ 158,544	\$ 117,548
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Changes in Assets and Liabilities Related to Operations			
Receivables	(31)	-	(31)
Prepaid Expenses	(302,612)	5,843	(296,769)
Accounts Payable	(6,422)	7,280	858
Claims Payable	6,308	(110,834)	(104,526)
Compensated Absences	290,364	-	290,364
Total Adjustments	(12,394)	(97,711)	(110,105)
Net Cash Provided (Used) by Operating Activities	\$ (53,390)	\$ 60,833	\$ 7,443

See the accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

EMPLOYEE BENEFIT FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
City Contributions	\$ 4,100,000	\$ 4,400,000	\$ 4,108,097	\$ (291,903)
Employee Contributions	100,000	100,000	111,291	11,291
Interest	3,940	3,940	13,117	9,177
Miscellaneous	11,375	11,375	60,689	49,314
Total Revenues	<u>4,215,315</u>	<u>4,515,315</u>	<u>4,293,194</u>	<u>(222,121)</u>
Expenses				
Premiums and Claims	3,991,779	4,291,779	4,238,165	53,614
Wellness Program	22,000	-	-	-
Miscellaneous	85,625	85,625	82,908	2,717
Total Expenses	<u>4,099,404</u>	<u>4,377,404</u>	<u>4,321,073</u>	<u>56,331</u>
Change in Net Position	115,911	137,911	(27,879)	(165,790)
Net Position, January 1	<u>21,604</u>	<u>21,604</u>	<u>21,604</u>	<u>-</u>
Net Position, December 31	<u><u>\$ 137,515</u></u>	<u><u>\$ 159,515</u></u>	<u><u>\$ (6,275)</u></u>	<u><u>\$ (165,790)</u></u>

See the accompanying independent auditor's report.

FINANCIAL SECTION

INSURANCE FUND – BUDGETARY COMPARISON SCHEDULE

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance
Revenues				
City Contributions	\$ 850,000	\$ 850,000	\$ 849,602	\$ (398)
Intergovernmental	-	23,000	23,893	893
Interest	488	488	19,730	19,242
Insurance Proceeds	-	518,736	518,736	-
Miscellaneous	1,000	1,000	56,900	55,900
Total Revenues	<u>851,488</u>	<u>1,393,224</u>	<u>1,468,861</u>	<u>75,637</u>
Expenses				
Premiums and Claims	800,000	825,000	747,863	77,137
Miscellaneous	-	-	95	(95)
Transfers Out	-	774,809	774,809	-
Total Expenses	<u>800,000</u>	<u>1,599,809</u>	<u>1,522,767</u>	<u>77,042</u>
Change in Net Position	51,488	(206,585)	(53,906)	152,679
Net Position, January 1	<u>723,105</u>	<u>723,105</u>	<u>723,105</u>	<u>-</u>
Net Position, December 31	<u>\$ 774,593</u>	<u>\$ 516,520</u>	<u>\$ 669,199</u>	<u>\$ 152,679</u>

See the accompanying independent auditor's report.

STATISTICAL SECTION



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SCHEDULE 1 – NET POSITION (most recent 10 years)
December 31, 2020

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities					
Net investment in capital assets	\$ 109,602,319	\$ 111,817,518	\$ 114,421,149	\$ 114,371,840	\$ 116,503,967
Restricted	8,287,949	6,700,066	7,010,330	8,041,313	8,917,272
Unrestricted	18,211,622	20,379,152	24,341,245	25,881,640	29,093,640
Total governmental activities net position	136,101,890	138,896,736	145,772,724	148,294,793	154,514,879
Business-type activities					
Net investment in capital assets	74,937,380	72,752,755	76,713,275	83,127,944	85,694,242
Restricted	-	-	-	374,882	566,315
Unrestricted	29,982,729	34,799,103	35,156,446	40,196,094	41,540,521
Total business-type activities net position	104,920,109	107,551,858	111,869,721	123,698,920	127,801,078
Net investment in capital assets	184,539,699	184,570,273	191,134,424	197,499,784	202,198,209
Restricted	8,287,949	6,700,066	7,010,330	8,416,195	9,483,587
Unrestricted	48,194,351	55,178,255	59,497,691	66,077,734	70,634,161
Total primary governmental net position	\$ 241,021,999	\$ 246,448,594	\$ 257,642,445	\$ 271,993,713	\$ 282,315,957

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities					
Net investment in capital assets	\$ 115,675,547	\$ 122,568,073	\$ 129,041,362	\$ 139,645,432	\$ 142,464,808
Restricted	10,519,487	10,396,066	12,249,044	8,917,533	4,245,493
Unrestricted	34,646,358	38,027,329	42,884,343	45,402,656	55,480,775
Total governmental activities net position	160,841,392	170,991,468	184,174,749	193,965,621	202,191,076
Business-type activities					
Net investment in capital assets	91,252,731	99,364,335	106,120,369	114,556,005	126,787,732
Restricted	566,315	-	-	-	-
Unrestricted	43,695,273	45,525,566	49,565,131	53,687,768	61,335,621
Total business-type activities net position	135,514,319	144,889,901	155,685,500	168,243,773	188,123,353
Net investment in capital assets	206,928,278	221,932,408	235,161,731	254,201,437	269,252,540
Restricted	11,085,802	10,396,066	12,249,044	8,917,533	4,245,493
Unrestricted	78,341,631	83,552,895	92,449,474	99,090,424	116,816,396
Total primary governmental net position	\$ 296,355,711	\$ 315,881,369	\$ 339,860,249	\$ 362,209,394	\$ 390,314,429

STATISTICAL SECTION

SCHEDULE 2 – CHANGES IN NET POSITION (most recent 10 years)

Year ended December 31, 2020

Expenses	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities:					
General government	\$ 5,814,940	\$ 6,057,102	\$ 6,036,981	\$ 7,773,581	\$ 6,158,688
Judicial	333,548	330,696	437,265	499,622	406,578
Public safety	7,626,579	7,883,072	8,396,253	9,073,242	8,402,027
Public works	5,361,272	5,696,174	5,662,462	5,761,464	6,405,900
Culture and recreation	6,181,749	6,566,800	6,535,879	6,798,724	7,043,976
Interest on long-term debt	1,029,522	1,332,867	1,262,467	1,210,706	1,154,003
Total governmental activities expenses	26,347,610	27,866,711	28,331,307	31,117,339	29,571,172
Business-type activities:					
Water	6,058,080	6,320,696	5,410,699	5,526,849	5,519,561
Water reclamation	2,606,391	2,779,195	2,800,165	2,784,170	2,798,608
Golf course	1,731,724	1,902,097	1,888,000	1,984,280	2,090,819
Storm water	662,849	713,403	828,224	838,052	944,296
Total business-type activities expenses	11,059,044	11,715,391	10,927,088	11,133,351	11,353,284
Total primary governmental expenses	<u>\$ 37,406,654</u>	<u>\$ 39,582,102</u>	<u>\$ 39,258,395</u>	<u>\$ 42,250,690</u>	<u>\$ 40,924,456</u>
Program Revenues					
Governmental activities:					
Program revenues					
Charges for services					
General government	\$ 1,168,396	\$ 2,000,981	\$ 2,241,222	\$ 2,414,326	\$ 2,886,488
Judicial	1,000,263	841,277	854,704	872,342	606,976
Public safety	385,783	529,732	517,540	396,491	394,345
Public works	931,524	968,770	179,399	14,075	10,582
Culture and recreation	1,728,879	1,774,576	1,831,286	1,837,201	1,979,019
Total charges for services	5,214,845	6,115,336	5,624,151	5,534,435	5,877,410
Operating grants and contributions	1,171,447	1,198,140	1,213,497	1,360,175	1,275,835
Capital grants and contributions	2,119,993	3,354,070	5,856,595	2,812,361	2,825,043
Total governmental activities program revenues	8,506,285	10,667,546	12,694,243	9,706,971	9,978,288
Business-type activities:					
Program revenues					
Charges for services					
Water	5,352,350	6,555,899	5,881,253	6,026,348	6,550,201
Water reclamation	1,880,051	2,139,639	2,004,400	2,745,581	3,336,595
Golf course	619,190	655,667	644,484	651,519	669,625
Storm water	2,106,348	2,329,388	2,286,621	2,605,171	2,602,784
Total charges for services	9,957,939	11,680,593	10,816,758	12,028,619	13,159,205
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	3,713,535	5,895,027	6,233,629	12,469,981	3,484,379
Total business-type activities program revenues	13,671,474	17,575,620	17,050,387	24,498,600	16,643,584
Total primary government program revenues	<u>\$ 22,177,759</u>	<u>\$ 28,243,166</u>	<u>\$ 29,744,630</u>	<u>\$ 34,205,571</u>	<u>\$ 26,621,872</u>

SCHEDULE 2 – CHANGES IN NET POSITION (most recent 10 years) (continued)
Year ended December 31, 2020

Expenses	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities:					
General government	\$ 6,502,498	\$ 6,723,312	\$ 7,151,022	\$ 10,857,506	\$ 11,808,272
Judicial	522,216	599,522	670,461	646,084	674,308
Public safety	9,831,186	10,707,135	11,047,434	13,054,675	12,865,275
Public works	6,999,101	6,882,121	7,395,459	6,229,133	7,362,746
Culture and recreation	6,903,106	7,659,774	8,646,648	10,321,126	9,871,651
Interest on long-term debt	1,238,737	1,103,901	1,018,000	513,808	583,817
Total governmental activities expenses	31,996,844	33,675,765	35,929,024	41,622,332	43,166,069
Business-type activities:					
Water	5,586,019	6,720,281	8,045,332	7,516,930	8,666,922
Water reclamation	2,834,235	2,949,268	3,948,819	3,942,419	3,934,458
Golf course	2,219,448	2,522,940	2,816,838	2,588,749	2,838,295
Storm water	1,212,323	738,324	850,754	1,072,171	1,079,200
Total business-type activities expenses	11,852,025	12,930,813	15,661,743	15,120,269	16,518,875
Total primary governmental expenses	<u>\$ 43,848,869</u>	<u>\$ 46,606,578</u>	<u>\$ 51,590,767</u>	<u>\$ 56,742,601</u>	<u>\$ 59,684,944</u>
Program Revenues					
Governmental activities:					
Program revenues					
Charges for services					
General government	\$ 1,605,901	\$ 2,179,555	\$ 7,040,872	\$ 5,055,582	\$ 8,664,208
Judicial	528,248	683,610	40,543	56,524	15,345
Public safety	583,071	510,737	816,621	924,782	638,377
Public works	1,624,090	1,693,094	2,043,810	2,266,949	2,453,665
Culture and recreation	2,022,257	2,079,420	2,327,660	2,309,753	514,892
Total charges for services	6,363,567	7,146,416	12,269,506	10,613,590	12,286,487
Operating grants and contributions	1,561,461	1,893,068	1,703,572	1,533,961	2,853,744
Capital grants and contributions	3,004,817	4,705,396	4,204,821	5,007,198	569,682
Total governmental activities program revenues	10,929,845	13,744,880	18,177,899	17,154,749	15,709,913
Business-type activities:					
Program revenues					
Charges for services					
Water	7,574,216	8,103,541	8,593,015	8,329,244	10,043,302
Water reclamation	4,520,574	5,010,334	5,351,810	5,730,381	5,780,462
Golf course	682,188	742,156	992,136	1,686,419	3,010,262
Storm water	2,493,470	2,662,369	2,643,366	2,544,709	1,820,957
Total charges for services	15,270,448	16,518,400	17,580,327	18,290,753	20,654,983
Operating grants and contributions	-	-	-	-	3,663
Capital grants and contributions	6,180,956	7,815,507	8,096,157	4,869,851	14,513,251
Total business-type activities program revenues	21,451,404	24,333,907	25,676,484	23,160,604	35,171,897
Total primary government program revenues	<u>\$ 32,381,249</u>	<u>\$ 38,078,787</u>	<u>\$ 43,854,383</u>	<u>\$ 40,315,353</u>	<u>\$ 50,881,810</u>

STATISTICAL SECTION

SCHEDULE 2 – CHANGES IN NET POSITION (most recent 10 years) (continued)

Year ended December 31, 2020

Net (Expense)/Revenue	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities	\$ (17,841,325)	\$ (17,199,165)	\$ (15,637,064)	\$ (21,410,368)	\$ (19,592,884)
Business-type activities	2,612,430	5,860,229	6,123,299	13,365,249	5,290,300
Total primary government net expenses	<u>(15,228,895)</u>	<u>(11,338,936)</u>	<u>(9,513,765)</u>	<u>(8,045,119)</u>	<u>(14,302,584)</u>
General Revenues and Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	6,209,455	5,925,007	5,989,776	6,027,624	8,963,672
Sales and use taxes	11,517,609	12,109,069	13,523,535	14,523,678	12,964,800
Other taxes	-	-	-	-	184,287
Unrestricted grants and contributions	32,988	32,888	37,280	44,440	54,371
Interest	230,996	201,659	44,309	281,317	249,474
Franchise taxes	1,003,574	997,677	1,074,357	1,130,471	1,113,899
Other general revenues	-	-	-	-	-
Gain (loss) on sale of capital assets	37,608	44,048	36,046	65,997	90,349
Transfers	1,773,120	1,479,492	1,553,181	1,858,910	1,668,352
Special items					
Adjustment of note receivable	<u>(1,175,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>19,630,350</u>	<u>20,789,840</u>	<u>22,258,484</u>	<u>23,932,437</u>	<u>25,289,204</u>
Business-type activities:					
Interest	257,582	210,342	2,314	322,860	257,340
Sewer Line Assessment Adjustments	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	53,870
Transfers	<u>(1,773,120)</u>	<u>(1,479,492)</u>	<u>(1,553,181)</u>	<u>(1,858,910)</u>	<u>(1,668,352)</u>
Total business-type activities	<u>(1,515,538)</u>	<u>(1,269,150)</u>	<u>(1,550,867)</u>	<u>(1,536,050)</u>	<u>(1,357,142)</u>
Total primary government	<u>18,114,812</u>	<u>19,520,690</u>	<u>20,707,617</u>	<u>22,396,387</u>	<u>23,932,062</u>
Changes in Net Position					
Governmental activities	1,789,025	3,590,675	6,621,420	2,522,069	5,696,320
Business-type activities	<u>1,096,892</u>	<u>4,591,079</u>	<u>4,572,432</u>	<u>11,829,199</u>	<u>3,933,158</u>
Total primary government change in net position	<u>\$ 2,885,917</u>	<u>\$ 8,181,754</u>	<u>\$ 11,193,852</u>	<u>\$ 14,351,268</u>	<u>\$ 9,629,478</u>

Notes: The City of Lafayette financial statements include prior years' infrastructure as of December 31, 2008.

SCHEDULE 2 – CHANGES IN NET POSITION (most recent 10 years) (continued)
Year ended December 31, 2020

Net (Expense)/Revenue	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities	\$ (21,066,999)	\$ (19,930,885)	\$ (17,751,125)	\$ (24,467,583)	\$ (27,456,156)
Business-type activities	<u>9,599,379</u>	<u>11,403,094</u>	<u>10,014,741</u>	<u>8,040,335</u>	<u>18,653,022</u>
Total primary government net expenses	<u>(11,467,620)</u>	<u>(8,527,791)</u>	<u>(7,736,384)</u>	<u>(16,427,248)</u>	<u>(8,803,134)</u>
General Revenues and Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	8,090,573	9,025,797	10,050,460	10,108,623	10,999,124
Sales and use taxes	15,347,393	16,641,430	18,105,109	19,709,451	20,709,008
Other taxes	459,674	487,125	539,644	648,815	811,317
Unrestricted grants and contributions	55,656	48,530	112,986	46,891	-
Interest	288,540	380,639	791,498	1,389,129	1,263,231
Franchise taxes	1,107,958	1,132,143	1,141,404	1,147,437	1,128,766
Other general revenues	6,897	-	193,305	396,057	323,490
Gain on sale of capital assets	35,690	11,780	-	-	-
Transfers	2,001,131	2,353,517	-	-	-
Special items					
Adjustment of note receivable	-	-	-	-	-
Total governmental activities	<u>27,393,512</u>	<u>30,080,961</u>	<u>30,934,406</u>	<u>33,446,403</u>	<u>35,234,936</u>
Business-type activities:					
Interest	281,716	336,344	780,858	1,427,832	1,223,701
Sewer Line Assessment Adjustments	(10,143)	-	-	-	-
Gain on sale of capital assets	12,420	(10,339)	-	144,719	2,857
Transfers	<u>(2,001,131)</u>	<u>(2,353,517)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>(1,717,138)</u>	<u>(2,027,512)</u>	<u>780,858</u>	<u>1,572,551</u>	<u>1,226,558</u>
Total primary government	<u>25,676,374</u>	<u>28,053,449</u>	<u>31,715,264</u>	<u>35,018,954</u>	<u>36,461,494</u>
Changes in Net Position					
Governmental activities	6,326,513	10,150,076	13,183,281	8,978,820	7,778,780
Business-type activities	<u>7,882,241</u>	<u>9,375,582</u>	<u>10,795,599</u>	<u>9,612,886</u>	<u>19,879,580</u>
Total primary government change in net position	<u>\$ 14,208,754</u>	<u>\$ 19,525,658</u>	<u>\$ 23,978,880</u>	<u>\$ 18,591,706</u>	<u>\$ 27,658,360</u>

STATISTICAL SECTION

SCHEDULE 3 – FUND BALANCE – GOVERNMENTAL FUNDS (most recent 10 years) December 31, 2020

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund					
Nonspendable	\$ 198,846	\$ 1,078,054	\$ 1,419,660	\$ 1,160,334	\$ 1,220,730
Restricted	1,418,327	1,396,626	1,400,512	1,478,013	1,618,129
Committed	386,326	567,259	1,445,337	1,184,653	1,172,303
Assigned	148,026	141,347	125,755	108,056	88,987
Unassigned	8,329,081	9,031,254	10,992,811	12,710,609	16,080,562
Total general fund	<u>\$ 10,480,606</u>	<u>\$ 12,214,540</u>	<u>\$ 15,384,075</u>	<u>\$ 16,641,665</u>	<u>\$ 20,180,711</u>
All other governmental funds					
Resources not in spendable form	\$ 53,398	\$ 46,398	\$ 783,203	\$ 775,640	\$ 952,318
Restricted	6,823,224	5,257,042	5,563,432	6,516,914	7,252,745
Committed	4,483,133	4,604,513	4,873,414	5,456,443	5,618,263
Assigned	2,660,029	1,958,641	1,954,154	1,982,627	1,159,996
Unassigned, reported in:					
Special revenue funds	-	-	-	-	-
Total other governmental funds	<u>\$ 14,019,784</u>	<u>\$ 11,866,594</u>	<u>\$ 13,174,203</u>	<u>\$ 14,731,624</u>	<u>\$ 14,983,322</u>
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General fund					
Nonspendable	\$ 1,123,593	\$ 21,186	\$ 726,473	\$ 726,610	\$ 3,311,185
Restricted	1,620,000	1,670,472	1,954,611	1,083,515	1,145,548
Committed	1,573,308	2,128,070	2,687,395	3,557,446	6,020,012
Assigned	69,135	48,509	29,510	29,510	-
Unassigned	19,969,686	24,288,624	24,589,087	23,953,740	29,655,613
Total general fund	<u>\$ 24,355,722</u>	<u>\$ 28,156,861</u>	<u>\$ 29,987,076</u>	<u>\$ 29,350,821</u>	<u>\$ 40,132,358</u>
All other governmental funds					
Nonspendable	\$ 760,476	\$ 752,913	\$ 46,398	\$ 46,398	\$ 46,843
Restricted	8,849,960	8,679,196	10,248,035	7,787,620	3,053,102
Committed	10,348,187	7,185,012	9,606,633	11,020,663	11,193,240
Assigned	1,401,210	1,105,481	1,266,857	1,080,825	819,997
Unassigned, reported in:					
Special revenue funds	-	(45,967)	-	-	-
Total other governmental funds	<u>\$ 21,359,833</u>	<u>\$ 17,676,635</u>	<u>\$ 21,167,923</u>	<u>\$ 19,935,506</u>	<u>\$ 15,113,182</u>

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STATISTICAL SECTION

SCHEDULE 4 – CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS (most recent 10 years) Year ended December 31, 2020

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues					
Taxes	\$ 18,735,935	\$ 19,031,753	\$ 20,587,669	\$ 21,681,773	\$ 22,945,886
Licenses and permits	511,237	577,920	614,540	747,009	618,042
Intergovernmental	1,590,812	1,364,214	1,477,961	1,363,711	1,413,681
Fines and forfeitures	1,000,263	841,277	854,705	872,342	606,896
Special assessments	508,442	486,539	1,398,646	685,372	685,607
Interest	196,992	158,194	4,368	260,952	214,475
Contributions and Grants	94,537	128,509	37,473	1,220,461	697,628
Charges for services	3,704,833	962,483	4,165,126	4,136,496	5,171,768
Miscellaneous	421,066	336,573	1,852,418	447,671	111,928
Total revenues	26,764,117	23,887,462	30,992,906	31,415,787	32,465,911
Expenditures					
General government	5,593,279	5,776,726	5,556,017	7,469,068	5,825,901
Judicial	332,958	330,485	436,782	499,437	406,017
Public safety	6,953,249	7,202,446	7,761,736	8,210,875	8,283,373
Public works	2,485,343	2,565,642	2,697,682	2,847,425	3,399,974
Culture and recreation	5,020,195	5,418,626	5,335,310	5,496,260	5,847,442
Capital outlay	2,458,408	3,670,577	3,856,496	3,243,624	3,878,010
Debt service					
Capital lease payments	914,789	481,038	138,677	144,500	149,090
Principal	1,265,000	1,280,000	1,330,000	1,385,000	1,445,000
Interest and fiscal charges	927,537	1,264,841	1,210,810	1,163,498	1,108,713
Total expenditures	25,950,758	27,990,381	28,323,510	30,459,687	30,343,520
Excess of revenues over (under) expenditures	813,359	(4,102,919)	2,669,396	956,100	2,122,391
Other financing sources (uses)					
Proceeds from debt	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Premium	-	-	-	-	-
Issuance Costs	-	-	-	-	-
Transfers in	8,731,752	5,223,770	5,480,866	5,918,411	5,975,513
Transfers out	(6,958,632)	(3,744,278)	(3,927,686)	(4,059,500)	(4,307,160)
Total other financing sources (uses)	1,773,120	1,479,492	1,553,180	1,858,911	1,668,353
Net change in fund balances	\$ 2,586,479	\$ (2,623,427)	\$ 4,222,576	\$ 2,815,011	\$ 1,668,353
Debt service as a percentage of noncapital expenditures	13.2%	12.4%	11.0%	9.9%	18.9%

SCHEDULE 4 – CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
(most recent 10 years) (continued)
Year ended December 31, 2020

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues					
Taxes	\$ 25,005,598	\$ 27,286,495	\$ 29,836,617	\$ 31,489,183	\$ 33,730,980
Licenses and permits	720,295	979,192	1,064,668	995,596	1,048,797
Intergovernmental	1,635,143	1,427,665	2,318,448	3,359,068	2,887,366
Fines and forfeitures	528,249	683,609	737,742	519,562	262,996
Special assessments	645,831	1,008,632	521,414	42,419	23,869
Interest	269,195	336,921	754,402	1,342,119	1,222,655
Contributions and grants	584,200	1,647,745	340,850	179,086	352,730
Charges for services	5,124,412	5,652,813	10,515,841	9,073,357	11,137,082
Miscellaneous	121,815	69,443	1,089,294	478,104	323,490
Total revenues	34,634,738	39,092,515	47,179,276	47,478,494	50,989,965
Expenditures					
General government	6,278,283	6,442,287	6,933,635	10,396,258	10,949,273
Judicial	522,888	598,409	670,175	647,938	676,532
Public safety	9,591,173	9,926,889	11,037,480	11,769,985	12,276,373
Public works	4,069,936	3,909,343	4,543,803	3,838,929	4,296,452
Culture and recreation	5,847,316	6,591,737	7,359,613	8,772,331	5,973,542
Capital outlay	2,585,398	10,561,281	7,891,497	9,700,705	10,166,371
Debt service					
Capital lease payments	149,360	149,360	112,020	-	-
Principal	4,910,000	2,005,000	2,245,000	5,540,000	965,000
Interest and fiscal charges	1,067,153	1,143,785	1,064,550	562,252	502,018
Total expenditures	35,021,507	41,328,091	41,857,773	51,228,398	45,805,561
Excess of revenues over (under) expenditures	(386,769)	(2,235,576)	5,321,503	(3,749,904)	5,184,404
Other financing sources (uses)					
Proceeds from debt	\$ 8,265,000	\$ -	\$ -	\$ -	-
Debt premium	806,481	-	-	-	-
Issuance costs	(134,321)	-	-	-	-
Contributions	-	-	-	1,591,936	-
Transfers in	5,968,865	8,468,804	8,389,399	8,526,484	5,731,072
Transfers out	(3,967,734)	(6,115,287)	(8,389,399)	(8,526,484)	(4,956,263)
Total other financing sources (uses)	10,938,291	2,353,517	-	1,591,936	774,809
Net change in fund balances	\$ 10,551,522	\$ 117,941	\$ 5,321,503	\$ (2,157,968)	\$ 5,959,213
Debt service as a percentage of noncapital expenditures	18.9%	10.7%	10.1%	14.7%	4.1%

STATISTICAL SECTION

SCHEDULE 5 – TAX REVENUES BY SOURCE (most recent 10 years) Year ended December 31, 2020

Fiscal Year	General Property Tax ^{1,3}	Fire District Tax	Specific Ownership Tax	Excise Tax	Sales Tax	Franchise Tax	Use Tax ²	Total General Tax Revenues
2011	5,950,437	5,300	259,016	-	9,008,620	1,003,574	2,508,986	17,681,776
2012	5,647,300	5,300	272,407	-	9,560,708	997,677	2,548,361	18,768,921
2013	5,699,638	5,300	284,838	-	10,124,604	1,074,357	3,398,931	19,064,641
2014	5,713,092	5,300	309,232	-	10,850,273	1,130,471	3,673,405	20,624,948
2015	6,668,265	5,300	378,366	184,286	11,643,115	1,113,899	3,591,148	21,726,213
2016	7,677,373	5,300	407,900	459,674	11,998,522	1,107,958	4,104,099	25,760,826
2017	7,941,715	5,300	455,589	487,125	12,739,227	1,132,143	3,902,203	26,663,302
2018	9,518,598	5,300	526,563	539,644	13,285,429	1,141,404	4,819,679	29,836,617
2019	9,462,728	5,300	515,452	648,815	14,781,930	1,147,437	4,927,521	31,489,183
2020	10,614,569	5,300	504,397	768,938	15,047,657	1,128,766	5,661,353	33,730,980

¹ Includes property taxes from general improvement districts

² Includes taxes on building materials and motor vehicles.

³ Beginning in 2009, amount includes property taxes from Ambulance and Fire Fund.

SCHEDULE 6 – DIRECT AND OVERLAPPING SALES TAX RATES
(most recent 10 years)

Fiscal Year	City of Lafayette	State of Colorado	Boulder County	Overlapping Rates			Total Overlapping Sales Tax Rate
				Regional Transportation District	Cultural Facilities District	Football Stadium District	
2011	3.500%	2.900%	0.800%	1.000%	0.100%	0.100%	8.400%
2012	3.500%	2.900%	0.800%	1.000%	0.100%	0.000%	8.300%
2013	3.500%	2.900%	0.800%	1.000%	0.100%	0.000%	8.300%
2014	3.500%	2.900%	0.800%	1.000%	0.100%	0.000%	8.300%
2015	3.500%	2.900%	0.985%	1.000%	0.100%	0.000%	8.485%
2016	3.500%	2.900%	0.985%	1.000%	0.100%	0.000%	8.485%
2017	3.500%	2.900%	0.985%	1.000%	0.100%	0.000%	8.485%
2018	3.500%	2.900%	0.985%	1.000%	0.100%	0.000%	8.485%
2019	3.500%	2.900%	0.985%	1.000%	0.100%	0.000%	8.485%
2020	3.500%	2.900%	0.985%	1.000%	0.100%	0.000%	8.485%

STATISTICAL SECTION

SCHEDULE 7 – PRINCIPAL SALES AND USE TAXPAYERS (most recent 10 years)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Aggregate top thirty filers ¹	\$ 5,824,059	\$ 6,466,701	\$ 6,839,683	\$ 7,138,865	\$ 7,636,689
Aggregate all other filers	3,564,107	3,481,483	3,767,157	4,505,844	5,047,339
Total sales and use tax	<u>\$ 9,388,166</u>	<u>\$ 9,948,184</u>	<u>\$ 10,606,840</u>	<u>\$ 11,644,709</u>	<u>\$ 12,684,028</u>
Top thirty filers as a percentage of total sales tax	62.04%	65.00%	64.48%	61.31%	60.21%
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Aggregate top thirty filers ¹	\$ 7,620,719	\$ 7,682,414	\$ 8,375,538	\$ 8,931,483	\$ 9,390,968
Aggregate all other filers	5,188,473	5,883,738	5,852,186	6,464,243	6,186,565
Total sales and use tax	<u>\$ 12,809,192</u>	<u>\$ 13,566,152</u>	<u>\$ 14,227,724</u>	<u>\$ 15,395,726</u>	<u>\$ 15,577,533</u>
Top thirty filers as a percentage of total sales tax	59.49%	56.63%	58.87%	58.01%	60.29%

¹ Colorado State Statutes and City of Lafayette Ordinances prohibit disclosure of individual sales tax information. Therefore, the current year top thirty filers are not individually listed.

Notes: Excludes building use tax and motor vehicle use tax.

SCHEDULE 8 – RATIO OF OUTSTANDING DEBT, BY TYPE (most recent 10 years)

	Governmental Activities							
	Sales Tax	Limited Tax	General					
Fiscal	Revenue	Revenue	Obligation	Demand	Capital	Issuance		
Year	Bonds ¹	Bonds	Bonds	Bonds	Leases	Premiums		
2011	6,910,000	4,865,000	5,425,000	3,955,000	1,189,235	7,267		
2012	6,145,000	4,720,000	5,055,000	3,955,000	752,045	6,723		
2013	5,355,000	4,565,000	4,670,000	3,955,000	640,676	6,179		
2014	4,540,000	4,400,000	4,265,000	3,955,000	519,062	5,635		
2015	3,695,000	4,220,000	3,845,000	3,955,000	388,033	5,091		
2016	2,820,000	4,030,000	8,265,000	3,955,000	251,625	806,481		
2017	1,915,000	3,820,000	7,375,000	3,955,000	109,903	725,833		
2018	975,000	3,615,000	6,600,000	3,630,000	-	645,185		
2019	-	3,470,000	5,810,000	-	-	564,537		
2020	-	3,315,000	5,000,000	-	-	483,889		
	Business-Type Activities					Government-Wide Metrics		
	General	Water	Golf			Total		Percent
Fiscal	Oblig. Water	Revenue	Revenue	Term Loan	Issuance	Primary	Debt Per	Personal
Year	Bonds ²	Bonds	Bonds	Payable	Premiums	Government	Capita ³	Income ³
2011	\$ 325,000	\$ 15,645,000	\$ 179,000	\$ 5,393,465	\$ 364,574	\$ 44,258,541	\$ 1,673	5.21%
2012	-	15,215,000	122,500	4,939,626	1,857,104	42,767,998	1,636	4.50%
2013	-	14,395,000	62,900	4,463,277	1,729,218	39,842,250	1,496	4.23%
2014	-	13,550,000	-	3,965,090	1,601,332	36,801,119	1,436	4.00%
2015	-	12,680,000	-	3,449,672	1,473,446	33,711,242	1,192	3.23%
2016	-	11,790,000	-	2,917,322	1,345,560	36,180,988	1,279	2.92%
2017	-	10,890,000	-	2,362,398	1,217,674	32,370,808	1,130	2.34%
2018	-	9,955,000	-	1,805,703	1,089,788	28,315,676	951	1.86%
2019	-	9,000,000	-	1,228,089	961,902	21,034,528	712	1.47%
2020	-	8,005,000	-	628,801	834,016	18,266,706	617	1.19%

¹ Total sales tax is 3.50%. After 0.50% is set aside for open space, sales tax revenue bonds are paid out of the 3.00% remaining.

² General obligation bonds have been issued for business-type activities. While general obligation water bonds are direct obligations and pledge the full faith and credit of the City, the City is bound by bond covenant to establish water rates which will provide for operations and debt service.

³ See Schedule 12 for Population and Personal Income figures.

STATISTICAL SECTION

SCHEDULE 9 – RATIO OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT LIMIT (most recent 10 years)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General bonded debt outstanding	\$ 37,255,094	\$ 37,076,327	\$ 34,738,297	\$ 32,316,967	\$ 29,873,537
Less:					
General obligation water bonds	325,000	-	-	-	-
Water revenue bonds	15,645,000	15,215,000	14,395,000	13,550,000	12,680,000
Deferred amounts - Water bonds	339,198	1,857,104	1,729,218	1,601,332	1,473,446
Tech Center GID revenue bonds	1,975,000	1,940,000	1,900,000	1,860,000	1,815,000
Deferred amounts - Tech Center bonds	(45,195)	-	-	-	-
Limited tax obligation bonds	2,890,000	2,780,000	2,665,000	2,540,000	2,405,000
Sales tax revenue bonds	6,910,000	6,145,000	5,355,000	4,540,000	3,695,000
Demand bonds	3,955,000	3,955,000	3,955,000	3,955,000	3,955,000
Deferred amounts - demand bonds	(350,176)	-	-	-	-
Golf course revenue bonds	179,000	122,500	62,900	-	-
Total net debt applicable to debt limit	5,432,267	5,061,723	4,676,179	4,270,635	3,850,091
Estimated actual property values ¹	3,092,789,600	3,200,277,084	3,266,721,780	3,311,284,288	3,384,173,618
Legal debt limit ²	92,783,688	96,008,313	98,001,653	99,338,529	101,525,209
Legal debt margin ³	\$ 87,351,421	\$ 90,946,590	\$ 93,325,474	\$ 95,067,894	\$ 97,675,118
Outstanding debt as a percentage of debt limit	6%	5%	5%	4%	4%
Population	26,136	26,136	26,629	25,621	28,278
Net general bonded debt per capita	\$ 208	\$ 194	\$ 176	\$ 167	\$ 136

¹ Source: Boulder County Assessor's Office. The Estimated Actual Property Values are from the previous year, but are used to calculate current year tax revenues and debt limits.

² Debt limit is 3% of Estimated Taxable Actual Real Estate Value.

³ The legal debt margin is the city's available borrowing authority.

SCHEDULE 9 – RATIO OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT LIMIT (most recent 10 years) (continued)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General bonded debt outstanding	\$ 33,012,041	\$ 29,898,507	\$ 26,509,973	\$ 19,806,439	\$ 17,637,905
Less:					
General obligation water bonds	-	-	-	-	-
Water revenue bonds	11,790,000	10,890,000	9,955,000	9,000,000	8,005,000
Deferred amounts - Water bonds	1,345,560	1,217,674	1,089,788	961,902	834,016
Tech Center GID revenue bonds	1,770,000	1,720,000	1,670,000	1,615,000	1,555,000
Deferred amounts - Tech Center bonds	-	-	-	-	-
Limited tax obligation bonds	2,260,000	2,100,000	1,945,000	1,855,000	1,760,000
Sales tax revenue bonds	2,820,000	1,915,000	975,000	-	-
Demand bonds	3,955,000	3,955,000	3,630,000	-	-
Deferred amounts - demand bonds	-	-	-	-	-
Golf course revenue bonds	-	-	-	-	-
Total net debt applicable to debt limit	9,071,481	8,100,833	7,245,185	6,374,537	5,483,889
Estimated actual property values ¹	4,131,951,237	5,270,411,840	5,412,207,877	6,030,016,835	6,128,680,458
Legal debt limit ²	123,958,537	158,112,355	162,366,236	180,900,505	183,860,414
Legal debt margin ³	\$ 114,887,056	\$ 150,011,522	\$ 155,121,051	\$ 174,525,968	\$ 178,376,525
Outstanding debt as a percentage of debt limit	7%	5%	4%	4%	3%
Population	28,278	28,641	29,782	29,538	29,587
Net general bonded debt per capita	\$ 321	\$ 283	\$ 243	\$ 216	\$ 185

STATISTICAL SECTION

SCHEDULE 10 – DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (most recent 10 years) Year ended December 31, 2020

<u>Jurisdiction</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable To Government</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt:			
City of Lafayette	\$ 8,798,889	100.00%	\$ 8,798,889
Overlapping:			
Boulder Valley School District RE-2 ¹	<u>771,020,000</u>	6.99%	<u>53,866,437</u>
Total	<u>\$ 779,818,889</u>		<u>\$ 62,665,326</u>

Direct debt includes general obligation bonds, revenue bonds, demand bonds, capital leases, and notes payable from governmental activities.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. The percentage of overlapping governmental debt is the City's portion of Boulder County's property value. This percentage is from Boulder County.

¹ The following entities overlap the City, but have no general obligation debt outstanding: Boulder County, Lafayette Rural Fire Protection District, Lefthand Water District, Louisville Fire Protection District, Urban Drainage and Flood Control District and the Regional Transportation District.

SCHEDULE 11 – PLEDGED REVENUE COVERAGE
(most recent 10 years)

Sales Tax Revenue Bonds				
	Sales & Use Tax Increment	Debt Service Principal	Interest	Coverage ⁴
2011	9,074,163	775,000	255,846	8.80
2012	9,612,340	765,000	228,721	9.67
2013	10,318,191	790,000	203,400	10.39
2014	11,221,382	815,000	177,251	11.31
2015	12,037,311	845,000	150,274	12.09
2016	12,340,684	875,000	122,305	12.37
2017	13,036,392	905,000	93,341	13.06
2018	15,447,344	940,000	63,387	15.40
2019	-	-	-	-
2020	-	-	-	-

Lafayette City Center GID Revenue Bonds						
Fiscal Year	Gross Resources ¹	Expenses ²	Net Available Revenue	Debt Service		Coverage ³
				Principal	Interest	
2011	91,112	9,793	81,319	50,000	30,187	1.01
2012	93,848	9,732	84,116	55,000	27,313	1.02
2013	95,174	9,758	85,416	60,000	24,150	1.02
2014	98,661	9,788	88,873	65,000	20,700	1.04
2015	100,052	9,407	90,645	70,000	16,963	1.04
2016	103,713	11,465	92,248	75,000	12,938	1.05
2017	102,886	11,443	91,443	80,000	8,625	1.03
2018	116,591	11,624	104,967	70,000	4,425	1.41
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-

Exempla GID						
Fiscal Year	Gross Resources ¹	Expenses ²	Net Available Revenue	Debt Service		Coverage ³
				Principal	Interest*	
2011	600,201	402,244	197,957	-	81,856	2.42
2012	576,235	19,155	557,080	-	81,376	6.85
2013	564,224	31,492	532,732	-	77,175	6.90
2014	589,999	20,596	569,403	-	78,069	7.29
2015	596,368	17,319	579,049	-	75,266	7.69
2016	621,237	17,603	603,634	-	90,237	6.69
2017	624,528	397,887	226,641	-	113,930	1.99
2018	666,771	17,738	649,033	325,000	492,279	0.79
2019	140,245	1,063,758	(923,513)	3,630,000	63,470	-0.25
2020	-	-	-	-	-	-

* Interest includes line of credit fees which are part of the charges to service the debt.

¹ Gross resources include all operating revenues plus interest and other non-operating revenues. Included are tap fees and cash received in lieu of water rights, both of which are classified as capital contributions. Not included are non-cash revenues.

² Includes all operating expenses less depreciation and amortization, plus transfers out.

³ Net available revenue divided by total bond principle and interest.

⁴ Sales & Use Tax Increment divided by total bond principle and interest.

STATISTICAL SECTION

SCHEDULE 11 – PLEDGED REVENUE COVERAGE (most recent 10 years) (continued)

Lafayette Corp Campus GID						
Fiscal Year	Gross Resources ¹	Expenses ²	Net Available Revenue	Debt Service		Coverage ³
				Principal	Interest	
2011	262,572	14,017	248,555	50,000	197,200	1.01
2012	264,608	14,049	250,559	55,000	193,200	1.01
2013	255,236	14,160	241,076	55,000	188,800	0.99
2014	262,131	13,458	248,673	60,000	184,400	1.02
2015	264,766	13,717	251,049	65,000	179,600	1.03
2016	267,865	18,776	249,089	70,000	174,400	1.02
2017	266,748	18,737	248,011	80,000	168,800	1.00
2018	333,383	19,637	313,746	85,000	162,730	1.27
2019	344,599	19,693	324,906	90,000	155,963	1.32
2020	283,424	18,864	264,560	95,000	148,400	1.09

Lafayette Tech Center GID						
Fiscal Year	Gross Resources ¹	Expenses ²	Net Available Revenue	Debt Service		Coverage ³
				Principal	Interest	
2011	172,046	11,471	160,575	35,000	120,600	1.03
2012	164,115	10,648	153,467	35,000	118,500	1.00
2013	173,084	10,720	162,364	40,000	116,400	1.04
2014	168,664	10,666	157,998	40,000	114,000	1.03
2015	173,656	10,467	163,189	45,000	111,600	1.04
2016	128,097	11,881	116,216	45,000	108,900	0.76
2017	147,470	2,065	145,405	50,000	106,200	0.93
2018	190,777	2,634	188,143	50,000	103,503	1.23
2019	144,800	1,990	142,810	55,000	100,200	0.92
2020	370,848	45,586	325,262	60,000	96,900	2.07

¹ Gross resources include all operating revenues plus interest and other non-operating revenues. Included are tap fees and cash received in lieu of water rights, both of which are classified as capital contributions. Not included are non-cash revenues.

² Includes all operating expenses less depreciation and amortization, plus transfers out.

³ Net available revenue divided by total bond principle and interest.

⁴ Sales & Use Tax Increment divided by total bond principle and interest.

SCHEDULE 11 – PLEDGED REVENUE COVERAGE
(most recent 10 years) (continued)

Water Revenue Bonds						
Fiscal Year	Gross Resources ¹	Expenses ²	Net Available Revenue	Debt Service		Coverage ³
				Principal	Interest	
2011	7,513,649	4,524,381	2,989,268	-	757,056	3.95
2012	10,375,243	5,109,855	5,265,388	185,000	434,102	8.50
2013	8,297,938	4,327,530	3,970,408	820,000	535,000	2.93
2014	10,535,100	4,624,176	5,910,924	845,000	510,400	4.36
2015	8,815,018	4,547,298	4,267,720	870,000	485,050	3.15
2016	11,194,286	4,833,741	6,360,545	890,000	472,000	4.67
2017	13,268,230	6,185,026	7,083,204	900,000	458,650	5.21
2018	15,315,712	6,182,531	9,133,181	935,000	422,648	6.73
2019	12,102,122	5,632,458	6,469,664	955,000	403,950	4.76
2020	18,595,191	6,330,594	12,264,597	995,000	365,750	9.01

CWRPDA Loan						
Fiscal Year	Gross Resources ¹	Expenses ²	Net Available Revenue	Debt Service		Coverage ³
				Principal	Interest	
2011	2,495,779	1,805,580	690,199	435,155	217,619	1.06
2012	3,700,594	2,033,056	1,667,538	438,819	201,258	2.61
2013	3,043,738	2,094,207	949,531	460,391	183,519	1.47
2014	4,463,578	2,203,053	2,260,525	481,405	165,482	3.49
2015	4,040,151	2,256,541	1,783,610	497,741	146,675	2.77
2016	5,417,710	2,392,633	3,025,077	513,202	127,576	4.72
2017	6,351,730	2,615,768	3,735,962	534,749	88,256	6.00
2018	6,824,286	2,958,735	3,865,551	556,695	86,229	6.01
2019	7,082,911	2,809,028	4,273,883	577,614	64,463	6.66
2020	8,049,591	2,824,945	5,224,646	599,288	41,976	8.15

¹ Gross resources include all operating revenues plus interest and other non-operating revenues. Included are tap fees and cash received in lieu of water rights, both of which are classified as capital contributions. Not included are non-cash revenues.

² Includes all operating expenses less depreciation and amortization, plus transfers out.

³ Net available revenue divided by total bond principle and interest.

⁴ Sales & Use Tax Increment divided by total bond principle and interest.

STATISTICAL SECTION

SCHEDULE 12 – DEMOGRAPHIC AND ECONOMIC STATISTICS AND TOP TEN EMPLOYERS FOR 2011 AND 2020 (most recent 10 years)

Fiscal Year	Estimated Population	Personal Income (thousands of dollars)	Per Capita Income	Median Age	Median Education Level	School Enrollment	Unemp. Rate
2011	26,448	848,716	32,090	36.3	14	4,842	5.3%
2012	26,136	949,782	36,340	36.3	14	4,939	5.6%
2013	26,629	942,693	35,401	36.3	14	4,973	6.7%
2014	25,621	919,743	35,898	37.9	14	5,069	4.2%
2015	28,278	1,044,787	36,947	36.3	14	5,118	3.5%
2016	28,278	1,239,312	43,826	39.3	14	5,297	3.1%
2017	28,641	1,381,504	48,235	39.7	14	5,183	2.9%
2018	29,782	1,526,417	51,253	39.7	14	5,286	2.4%
2019	29,538	1,428,044	48,346	38.8	14	5,538	2.5%
2020	29,587	1,531,038	51,747	39.7	14	5,876	5.0%

2011		2020	
Firm	Estimated Number Employees	Firm	Estimated Number Employees
Exempla/Kaiser Medical Complex	1500	Exempla/Kaiser Medical Complex	1099
Epsilon/Abacus	405	City of Lafayette	350
City of Lafayette	330	Invision Seminars	300
Universal Forest Products	285	Northrop Grumman Info Systems	300
Imagine!	250	Hospicecare of Boulder & Broomfield	250
Wal-Mart	189	Tru Community Care	200
Rocky Mountain Instruments	150	Clinica Family Health	195
King Soopers	120	Kpa LLC	175
Northrup Gruman	110	Pediatric Therapy Svc of Denver	153
Thermo Fisher Scientific	102	Imagine	150

Sources: 2011 City of Lafayette CAFR
Boulder Valley School District Enrollment Count
Citydata.com
Reference USA

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STATISTICAL SECTION

SCHEDULE 13 – FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (most recent 10 years)

Function/Program	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2020</u>
Executive and administration										
City council	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
City administrator										
City administration	1.00	1.50	1.50	1.50	1.50	1.50	3.00	3.00	4.00	2.00
City clerk	2.20	2.20	2.20	2.20	2.20	2.38	2.17	2.00	2.00	2.00
Arts and cultural resources	-	-	-	-	-	3.00	1.96	2.79	3.20	3.50
Communications	-	-	-	-	-	-	-	-	-	2.00
Sustainability	-	-	-	-	-	-	-	-	-	1.00
Economic development	-	-	-	-	-	-	-	-	-	1.00
Human resources	3.00	3.00	3.00	3.00	3.00	3.00	3.26	3.87	4.60	4.50
Information technologies	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00
Municipal court	2.75	2.75	2.75	2.75	2.75	2.75	1.78	2.00	2.10	2.30
Finance										
Financial services (accounting)	6.50	6.50	6.50	6.00	6.00	6.00	6.30	7.00	9.00	9.00
Planning and building										
Planning and building	9.00	10.05	10.05	10.05	10.05	7.05	9.10	9.10	8.00	9.00
Public safety										
Police department	47.50	47.50	47.50	47.50	47.50	50.50	50.50	50.50	50.50	50.50
Fire department	4.50	3.50	3.50	3.50	3.50	3.50	2.76	2.76	2.10	32.50
Public works & utilities										
Public works administration	8.92	8.92	8.92	8.92	8.92	8.92	9.26	9.26	9.08	10.60
Water:										
Administration	1.54	1.54	1.54	1.54	1.54	1.54	1.54	1.54	2.00	1.50
Source of supply	0.75	0.75	0.75	0.75	0.75	0.75	1.25	1.25	5.00	0.80
Treatment	10.75	10.75	10.75	10.75	10.75	10.75	10.15	10.15	9.00	9.20
Transmission & distribution	8.15	8.15	8.15	8.15	8.15	8.15	7.33	7.33	7.00	7.80
Water reclamation:										
Administration	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	2.00	1.50
Treatment	6.19	6.19	6.19	6.19	6.19	6.19	6.36	6.36	6.00	6.00
Collection	4.91	5.41	5.41	5.41	5.41	5.41	6.41	6.41	7.00	4.40
Storm water:										
Administration	0.20	-	0.20	0.20	0.20	0.20	0.20	0.20	2.00	0.40
Collection	1.74	2.44	2.24	2.24	2.24	2.24	1.99	1.99	2.00	2.00
Subtotals	124.23	125.78	125.78	125.28	125.28	128.46	129.95	132.14	141.28	168.20

**SCHEDULE 13 – FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY
FUNCTION/PROGRAM
(most recent 10 years) (continued)**

Function/Program	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Parks, open space & golf department										
Parks & open space:										
Administration	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.52
Cemeteries	1.31	1.31	1.31	1.31	1.31	1.31	1.81	1.81	1.47	1.00
Parks	10.51	9.01	9.01	9.01	9.01	9.01	9.05	9.05	9.40	11.40
Open space maintenance	2.50	2.50	2.50	2.50	2.50	2.50	2.68	2.68	2.73	2.50
Streetscapes	-	1.50	1.50	1.50	1.50	1.50	1.84	1.84	2.21	1.25
Golf course										
Administration	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.66	0.48
Golf course operations	10.63	10.63	10.63	10.63	10.63	10.63	10.47	10.47	11.56	10.00
Club house operations	7.25	7.25	7.25	7.25	7.25	7.25	7.81	7.81	8.11	7.50
Snack bar operations	3.72	3.72	3.72	3.72	3.72	3.72	5.54	5.54	5.26	4.80
Recreation & facility management dept										
Recreation & facility management:										
Administration	3.50	3.00	3.16	3.16	3.08	3.08	0.68	0.68	4.37	3.00
Recreation & Leisure Services	42.15	42.15	45.21	45.21	45.75	45.75	44.11	44.11	51.14	25.90
Building maintenance	10.21	4.25	4.45	4.45	4.45	4.45	3.66	4.00	4.00	4.00
Senior services	3.50	3.50	4.15	4.15	4.75	4.75	4.21	4.21	4.54	3.70
Library										
Library	15.31	14.31	18.21	18.21	18.21	18.21	18.65	18.65	17.85	16.70
Subtotals	112.59	105.13	113.10	113.10	114.16	114.16	112.51	112.85	124.64	93.75
Grand totals	236.82	230.91	238.88	238.38	239.44	242.62	242.46	244.99	265.92	261.95

STATISTICAL SECTION

SCHEDULE 14 – OPERATING INDICATORS BY FUNCTION/PROGRAM (most recent 10 years)

Function/Program	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police										
Physical arrests	1,442	1,273	1,054	1,033	1,027	1,080	1,136	932	842	564
Municipal Citations	7,170	6,521	6,384	5,785	3,872	4,197	5,580	5,353	3,910	1,641
Fire										
Emergency responses	1,732	1,795	1,955	2,241	2,445	2,935	3,030	3,324	3,753	3,221
Inspections conducted	300	325	400	486	276	431	388	145	50	523
Parks, Open Space, Golf Course										
Golf Course rounds played	37,536	40,091	38,469	44,235	41,970	37,159	40,397	36,493	37,146	45,399
% Resident Play	13%	13%	13%	13%	12%	13%	11%	12%	11%	1%
Cemetery plot opening/closings	33	30	40	21	25	28	29	27	32	24
Recreation and Facility Mgmt										
Individual Annual Passes sold	612	634	620	614	687	759	823	778	772	16
Couple or Family Annual Passes	286	246	258	246	308	354	474	341	356	38
Punch Cards sold	2,232	2,303	2,299	2,584	2,220	1,962	2,131	2,012	2,047	524
Total Attendance	338,153	398,216	390,624	428,384	239,240	244,944	245,946	244,324	228,375	49,728
Facilities and services not included in the reporting entity ¹ :										
Number of public elem. schools	4	4	4	4	4	4	4	4	4	4
Number of elementary instructors ²	139.0	132.0	132.0	125.0	125.0	132.0	122.0	124.0	129.0	126.0
Number of public middle schools	1	1	1	1	1	1	1	1	1	1
Number of MS instructors ²	36.0	38.0	38.0	38.0	41.0	42.0	40.0	41.0	40.0	41.0
Charter school (K through 12)	1	1	1	1	1	1	1	1	1	1
Number of public high schools	1	2	2	1	1	1	1	1	1	1
Number of HS instructors ²	63.0	64.0	64.0	64.0	66.0	66.0	68.0	70.0	67.0	78.0

¹ Source: Boulder Valley School District

² Full-time equivalents

**SCHEDULE 15 – CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
(most recent 10 years)**

Function/Program	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	1	1	1	2	2	2	2	2	2	2
Public works										
Centerline miles of streets	101	101	150	141	147	195	195	195	428	428
Recreation and culture										
Recreation center	1	1	1	1	1	1	1	1	1	1
Outdoor water park	0	0	0	0	0	0	0	1	1	1
Parks	19	19	19	19	19	19	19	19	20	20
Cemeteries	2	2	2	2	2	2	2	2	2	2
Parks/Developed acres	236	236	236	239	239	224	239	195	195	235
Open space/Undeveloped acres	1,265	1,265	1,265	1,300	1,300	1,300	1,300	1,300	1,465	1,640
Libraries	1	1	1	1	1	1	1	1	1	1
Senior Center	1	1	1	1	1	1	1	1	1	1
Utilities										
Water treatment facilities	2	1	1	1	1	1	1	1	1	1
Wastewater treatment plant	1	1	1	1	1	1	1	1	1	1
Water mains (miles) ¹	239	239	239	169	169	164	174	174	591	180
Sanitary sewer (miles) ¹	194	194	194	121	121	118	118	118	387	116
Water connections	8,455	8,539	8,809	8,902	9,022	9,275	9,341	9,538	9,677	9,835
Wastewater connections	7,881	7,901	8,236	8,319	8,458	8,761	8,824	8,982	9,114	9,211

¹ Water main miles and Sanitary sewer miles comes from GIS system. System was lost in cyber attack and only data for "Active" mains was rebuilt at reporting time.

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COMPLIANCE SECTION



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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS





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

Honorable Mayor and Members of the City Council
City of Lafayette
Lafayette, Colorado

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Lafayette as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Lafayette, and have issued our report thereon dated June 28, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lafayette's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lafayette's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lafayette's internal control over financial reporting.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wick & Company

Greenwood Village, Colorado
June 28, 2021





**Independent Auditors' Report on Compliance for Each
Major Federal Program, Internal Control over Compliance,
and the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Honorable Mayor and Members of the City Council
City of Lafayette
Lafayette, Colorado

Report on Compliance for Each Major Federal Program

We have audited the City of Lafayette's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Lafayette's major federal programs for the year ended December 31, 2020. The City of Lafayette's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of the federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Lafayette's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lafayette's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Lafayette's compliance.

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Opinion on Each Major Federal Program

In our opinion, the City of Lafayette complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the City of Lafayette is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Lafayette's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Lafayette's internal control over compliance.

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

Our consideration of the City of Lafayette's internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Honorable Mayor and Members of the City Council
City of Lafayette
Page 3

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Lafayette as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City of Lafayette. We issued our report thereon dated June 28, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lafayette's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Greenwood Village, Colorado
June 28, 2021

Hick & Company, PC



City of Lafayette
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section I: Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

Internal control over financial reporting:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None Reported

Type of auditors' report issued on compliance for major federal programs:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Cluster/Program</u>
21.019	CARES Act Grant – Local Government Distribution

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Section II: Financial Statement Findings

None to report for the year ended December 31, 2020.

Section III: Federal Awards Findings and Questioned Costs

None to report for the year ended December 31, 2020.

COMPLIANCE SECTION

City of Lafayette
Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2020

Section I: Financial Statement Findings

None to report for the year ended December 31, 2019.

Section II: Federal Awards Findings and Questioned Costs

None to report for the year ended December 31, 2019.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2020

	CFDA Number	Pass-through Identifying Number	Amount
Department of the Treasury			
<i>Pass-through funding</i>			
Colorado Department of Local Affairs			
Coronavirus Relief Fund	21.019	CVRF-CM-159	\$ 1,292,851
Department of the Treasury Total			\$ 1,292,851
Department of the Interior			
<i>Pass-through funding</i>			
History Colorado	15.904	CO-19-013	\$ 11,377
Department of Homeland Security Total			\$ 11,377
National Endowment for the Arts			
<i>Direct funding</i>			
Promotion of the Arts - Grants to Organizations & Individuals	45.024		\$ 48,800
National Endowment for the Arts Total			\$ 48,800
Department of Justice			
<i>Direct funding</i>			
Bulletproof Vest Partnership Program	16.607		\$ 3,708
Department of Justice Total			\$ 3,708
Grand Total			\$ 1,356,736

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

COMPLIANCE SECTION

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

NOTE 2 INDIRECT COSTS

The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 SUBRECIPIENTS

There were no funds passed through to subrecipients.

LOCAL HIGHWAY FINANCE REPORT



COMPLIANCE SECTION

Financial Planning 02/01
Form # 350-050-36

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

LOCAL HIGHWAY FINANCE REPORT		City or County:	
		City of Lafayette	
		YEAR ENDING :	
December 2020		Prepared By:	
This Information From The Records Of (example - City of _ or County)		Cheryl Thompson	
City of Lafayette		Phone: 303-665-5588 x1247	

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	3,533,514
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	100,245
2. General fund appropriations	4,123,972	b. Snow and ice removal	254,548
3. Other local imposts (from page 2)	402,300	c. Other	257,806
4. Miscellaneous local receipts (from page 2)	382,439	d. Total (a. through c.)	612,600
5. Transfers from toll facilities		4. General administration & miscellaneous	33,710
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	1,486,598
a. Bonds - Original Issues		6. Total (1 through 5)	5,666,421
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	103,704
7. Total (1 through 6)	4,908,710	b. Redemption	64,975
B. Private Contributions	68,319	c. Total (a. + b.)	168,679
C. Receipts from State government		2. Notes:	
(from page 2)	865,956	a. Interest	
D. Receipts from Federal Government		b. Redemption	
(from page 2)	0	c. Total (a. + b.)	0
E. Total receipts (A.7 + B + C + D)	5,842,985	3. Total (1.c + 2.c)	168,679
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D.4)	5,835,100

IV. LOCAL HIGHWAY DEBT STATUS				
(Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	2,269,840		64,975	2,204,865
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursement	D. Ending Balance	E. Reconciliation
	255,215	5,842,985	5,835,100	263,100	0

Notes and Comments:

FORM FHWA-536 (Rev. 1-05)

PREVIOUS EDITIONS OBSOLETE

(Next Page)

LOCAL HIGHWAY FINANCE REPORT		STATE:	
		Colorado	
		YEAR ENDING (mm/yy):	
		December 2020	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	54,211	a. Interest on investments	206,164
b. Other local imposts:		b. Traffic Fines & Penalties	176,275
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	348,088	g. Other Misc. Receipts	
6. Total (1. through 5.)	348,088	h. Other	
c. Total (a. + b.)	402,300	i. Total (a. through h.)	382,439
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	762,825	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	103,131	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	103,131	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	865,956	3. Total (1. + 2.g)	
		(Carry forward to page 1)	
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		143,249	143,249
b. Engineering Costs		0	0
c. Construction:			
(1). New Facilities		68,319	68,319
(2). Capacity Improvements		0	0
(3). System Preservation		871,382	871,382
(4). System Enhancement & Operation		2,450,564	2,450,564
(5). Total Construction (1) + (2) + (3) + (4)	0	3,390,265	3,390,265
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,533,514	3,533,514
		(Carry forward to page 1)	
Notes and Comments:			