

cPa DIXON, WALLER & CO., INC.

CITY OF TRINIDAD, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2020

DIXON, WALLER & CO., INC.

TABLE OF CONTENTS

CITY OF TRINIDAD, COLORADO
FINANCIAL STATEMENTS
December 31, 2020

	<u>Page</u>
Title Page	
Table of Contents	
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis	i-ix
<u>BASIC FINANCIAL STATEMENTS</u>	
Government Wide Financial Statements:	
Statement of Net Position.....	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position ..	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Statement of Net Position – Proprietary Funds.....	9-10
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	11
Statement of Cash Flows – Proprietary Funds.....	12
Notes to Basic Financial Statements.....	13-46

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Major Governmental Funds, Pension Trend Data

General Fund.....	47-48
Capital Projects–Special Revenue Fund.....	49
Pension Data:	
FPPA Statewide Hybrid Plan.....	50
FPPA Statewide Plan.....	51
Old Hire Fire Pension Fund – Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios Multiyear.....	52
Old Hire Police Pension Fund – Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios Multiyear.....	53
Old Hire Fire Pension Fund – Schedule of Contributions Multiyear.....	54
Old Hire Police Pension Fund – Schedule of Contributions Multiyear.....	55
Old Hire Fire and Old Hire Police – Notes to Schedule of Contributions.....	56

COMBINING AND INDIVIDUAL FUND STATEMENTS

Combining Balance Sheet – Nonmajor Governmental Funds.....	57
Combining Statement of Revenues, Expenditures and Changes In Fund Balances – Nonmajor Governmental Funds.....	58

Schedule of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual:

Tourism – Special Revenue Fund.....	59
Lottery – Special Revenue Fund.....	60

Schedule of Revenues and Expenditures – Budget (Non-GAAP) and Actual:

Gas Enterprise Fund.....	61
Power Enterprise Fund.....	62
Water Enterprise Fund.....	63
Sewer Enterprise Fund.....	64
Landfill Enterprise Fund.....	65

Other Schedules

Counties, Cities and Towns Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets.....	66-67
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SINGLE AUDIT SECTION

Independent Auditor's 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.....	68-69
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance.....	70-71
Schedule of Findings and Questioned Costs.....	72-73
Schedule of Prior Audit Findings.....	74
Schedule of Expenditures of Federal Awards.....	75
Notes to the Schedule of Expenditures of Federal Awards.....	76

FINANCIAL SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Trinidad
Trinidad, CO 81082

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Trinidad, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension data on pages i through ix, 47 through 49 and 50 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Trinidad's basic financial statements. The combining and individual fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual fund financial statements and other schedules and the schedule of expenditures of federal awards 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, state required schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021, on our consideration of City of Trinidad's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Trinidad's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Trinidad's internal control over financial reporting and compliance.



June 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the City of Trinidad's (the City) financial performance provides an annual overview of the City's financial activities for the fiscal year ended December 31, 2020.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at December 31, 2020 by \$96,548,767(Net Position). Of this amount, \$26,915,946 is the Unrestricted Net Position that may be used to meet the government's ongoing obligations to citizens and creditors.
- At December 31, 2020, the City's Governmental Funds reported combined ending fund balances of \$23,427,535. Approximately 34% of this total amount or \$8,040,463 is unassigned.
- The General Fund, presented on a current financial resources basis, reports a Fund Balance of \$17,070,969 at the end of the current fiscal year, or 143% of total General Fund expenditures.
- The City's total bond and capital lease debt was \$4,559,671 at the close of 2020.
- The City implemented GASB 68 in 2015 which reports the employer/employee net pension asset and net pension liability in the City's financial statements. Under GASB 68, the City's net pension position of its police and fire employee plans is held by both a Cost Sharing Multiple-Employer Defined Benefit Pension Plan and an Agent Multiple-Employer Defined Benefit Plan. For 2020 the City reported a net pension asset of \$322,315 and a net pension liability of \$655,062.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains certain other supplementary information.

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

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

The *statement of activities* presents information showing how the City's Net Position changed during 2020. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-wide financial statements distinguish *governmental activities* that are functions of the City principally supported by taxes and intergovernmental revenues and payments in-lieu of taxes, from *business-type activities* which are other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

Expenditures for *governmental activities* of the City are categorized generally as general government, public safety, public works, culture and recreation, economic development, tourism and capital projects. Taxes, intergovernmental revenues, and payments-in-lieu of taxes finance most of these activities.

Expenditures for *business-type activities* of the City support the City's water, sewer, gas, electricity and solid waste (landfill) systems. User fees and charges finance most of these activities.

The Trinidad Urban Renewal Authority (TURA) is a component unit of the City of Trinidad. Since re-establishment in 2015, there has been little financial activity with the collection of \$38,699 in property taxes and an increase in Net Position of \$34,988. Due to anticipated activity in 2021, an audit will be continued for Fiscal Year 2021 and for years to follow. In addition, the City Council approved establishment of the La Puerta Business Improvement District in 2019. There was no activity by this organization in 2020. Activity is anticipated to begin in 2021, and an audit will be scheduled for Fiscal Year 2021 and for years to follow.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its funds and a budgetary comparison has been provided to demonstrate compliance with the budget.

Proprietary funds – The City maintains one type of proprietary fund: *Enterprise funds* used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses five enterprise funds to account for its Electric, Gas, Water, Wastewater and Solid Waste (Landfill) Utility operations. The enterprise funds, all of which are considered to be major funds of the City, are reported separately as proprietary fund financial statements in the basic financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but with more detail.

Notes to the financial statements – The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found later in this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other information concerning the City’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found later in this report. In addition, combining and individual fund statements and schedules as well as statistical and other information can be found later in this report.

Government-wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of the government’s financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$96,548,767 at the close of 2020 as compared to \$86,508,499 at the close of 2019.

The largest portion of the City’s Net Position (65%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still 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 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 capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects a condensed Statement of Net Position.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Current & Other Assets	\$20,582,346	\$25,771,115	\$17,619,989	\$17,270,581	\$38,202,335	\$ 43,041,696
Capital Assets	34,528,756	35,868,216	26,756,920	30,309,899	61,285,676	66,178,115
Total Assets	55,111,102	61,639,331	44,376,909	47,580,480	99,488,011	109,219,811
Deferred Outflows	876,021	748,806	92,783	84,432	968,804	833,238
Long-term Liabilities	3,742,402	1,637,397	5,165,279	7,258,472	8,907,681	8,895,869
Other Liabilities	1,305,788	741,321	2,380,219	2,309,091	3,686,007	3,050,412
Total Liabilities	5,048,190	2,378,718	7,545,498	9,567,563	12,593,688	11,946,281
Deferred Inflows	1,354,628	1,558,001	-	-	1,354,628	1,558,001
Net Position:						
Invested in Capital Assets, net of related debt	34,113,788	35,861,197	24,265,072	27,207,725	58,378,860	63,068,922
Restricted	4,731,250	6,563,899	-	-	4,731,250	6,563,899
Unrestricted	10,739,267	16,026,322	12,659,122	10,889,624	23,398,389	26,915,946
Total Net Position	\$49,584,305	\$58,451,418	\$36,924,194	\$38,097,349	\$86,508,499	\$ 96,548,767

The City's combined Net Position was \$96,548,767 at December 31, 2020 of which \$26,915,946 was unrestricted. However, a certain amount of these unrestricted funds are designated for specific, future purposes. All such designations are disclosed in the notes to the financial statements.

The Net Position of our business-type activities was \$38,097,349 at December 31, 2020. The Net Position is used to finance the continuing operations of the utilities.

The following table shows revenues and expenses (Changes in Net Position) for both governmental and business-type activities.

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 892,946	\$ 292,186	\$15,949,046	\$16,929,234	\$16,841,992	\$17,221,420
Operating Capital Grants & Contributions	2,345,827	2,049,383	854,139	706,462	3,199,966	2,755,845
General Revenues:						
Property Taxes	1,177,033	1,301,983	-	-	1,177,033	1,301,983
Other Taxes	13,636,717	16,026,338	-	-	13,636,717	16,026,338
Intergovernmental Restricted	93,047	375,581	-	-	93,047	375,581
Intergovernmental not Restricted	550,449	120,150	-	-	550,449	120,150
Other Revenues	402,224	453,358	-	-	402,224	453,358
Lawsuit Settlement	-	-	-	-	-	-
Investment Earnings	73,734	56,358	110,867	87,662	184,601	144,020
Total Revenues	19,171,977	20,675,337	16,914,052	17,723,358	36,086,029	38,398,695
Expenses:						
General Government	4,412,362	4,393,847	-	-	4,412,362	4,393,847
Public Safety	4,488,221	4,834,417	-	-	4,488,221	4,834,417
Public Works	3,288,339	2,849,298	-	-	3,288,339	2,849,298
Parks, Culture and Recreation	1,241,806	1,190,260	-	-	1,241,806	1,190,260
Community Projects	1,418	-	-	-	1,418	-
Interest on Long-term Debt	-	4,782	-	-	-	4,782
Pension Cost	(62,692)	309,264	-	-	(62,692)	309,264
Business-type	-	-	14,335,234	14,776,558	14,335,234	14,776,558
Total Expenses	13,369,454	13,581,868	14,335,234	14,776,558	27,704,688	28,358,426
Increase in Net Position before Transfers	5,802,523	7,093,469	2,578,818	2,946,800	8,381,341	10,040,269
Transfers	1,047,723	938,629	(1,047,723)	(938,629)	-	-
Increase in Net Position	6,850,246	8,032,098	1,531,095	2,008,171	8,381,341	10,040,269
Prior Period Adjustment	-	-	-	-	-	-
Net Position - January 1	42,734,059	50,419,320	35,393,099	36,089,178	78,127,158	86,508,498
Net Position - December 31	\$49,584,305	\$58,451,418	\$36,924,194	\$38,097,349	\$86,508,499	\$96,548,767

Total City revenue was \$38.4 million and the total cost of all programs and services was \$28.3 million.

Governmental Activities. Revenues for governmental activities increased in 2020 to \$20.7 million, an increase of \$1.5 million from 2019 and expenses increased to \$13.6 million or \$0.1 million more than 2019.

Business-type Activities. Operating revenues for business-type activities increased in 2020 to \$17.7 million, an increase of \$0.8 million from 2019 and expenses increased to \$14.8 million or \$0.4 million more than 2019.

The following table shows the total and net cost of services by function of the governmental activities of the City.

	Cost of Services			
	2019		2020	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government	\$ 4,412,362	\$ 4,412,362	\$ 4,393,847	\$ 3,878,414
Public Safety	4,488,221	4,117,275	4,834,417	4,550,427
Public Works	3,288,339	2,813,584	2,849,298	2,827,058
Parks, Culture and Rec	1,241,806	1,157,657	1,190,260	1,162,841
Community Projects	1,418	(2,307,505)	-	(1,492,487)
Interest	-	-	4,782	4,782
Pension Cost	(62,692)	(62,692)	309,264	309,264
Total	\$ 13,369,454	\$ 10,130,681	\$ 13,581,868	\$ 11,240,299

Financial Analysis of the Government Funds

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

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

As of the end of 2020, the City's Governmental Funds reported total combined fund balances of \$23,427,535, of which approximately 28% (\$6,563,899) is restricted for Tabor Emergency Reserve, Parks & Recreation, and Capital Projects. Of the reserve fund balance, 36% (\$8,443,606) is committed to city projects,

compensated absences, economic development land acquisition, fleet and the Library. 1.5% is assigned to Tourism Promotion.

The General Fund is the chief operating fund of the City. At the end of 2020, the unassigned fund balance of the General Fund was \$8,040,463 while total fund balance was \$17,070,969. As a measure of the General Fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 67.5% of total General Fund expenditures, while total fund balance represents 143% of that same amount.

The fund balance of the City’s General Fund increased by \$4,252,190 in 2020. The increase was due primarily to sales and marijuana tax revenues.

Proprietary Funds - The City’s Proprietary Funds provide the same type of information found in the Government-wide financial statements, but in more detail. Unrestricted Net Position as of December 31, 2020 for the Proprietary Funds was as follows:

Unrestricted Net Position			
	2019	2020	Variance
Gas Utilities	\$ 5,582,829	\$ 5,925,372	\$ 342,543
Electric Utilities	1,353,485	1,023,408	(330,077)
Water Utilities	5,004,719	4,374,392	(630,327)
Sewer Utilities	718,089	909,960	191,871
Landfill Utilities	(1,327,751)	(1,343,508)	(17,757)
Total	<u>\$ 11,331,371</u>	<u>\$ 10,889,624</u>	<u>\$ (441,747)</u>

Other factors concerning the finances of these funds have already been addressed in the discussion of the City’s business-type activities.

Budgetary Highlights

The original 2020 appropriation ordinance totaled \$47,977,605, a decrease of \$3,171,670 over 2019. During the year the budget was amended by \$3,122,451 increasing the appropriation to \$51,100,056. General Fund Revenue totals were \$517,585 more than the amended and approved 2020 budget. General Fund Expenditure totals were \$2,188,604 under the amended and approved 2020 budget.

Capital Assets and Debt Administration

At the end of 2020, the City had \$66,178,115 (net of accumulated depreciation) in a broad range of capital assets and infrastructure. This amount represents a net increase (including additions and deletions) of \$4.9 million from 2019. \$1.6

million or 2.5% of the total amount of the net capital assets represents the retroactive recording of infrastructure assets capitalized from 1980 to 2002.

Capital Assets
Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Land, Equity, Water Rights	\$ 1,334,378	\$ 1,233,628	\$ 2,000,484	\$ 2,087,905	\$ 3,334,862	\$ 3,321,533
Infrastructure	15,801,162	17,015,272	-	-	15,801,162	17,015,272
Buildings & Systems	7,888,835	7,827,942	17,294,767	20,393,294	25,183,602	28,221,236
Construction in Progress	6,754,330	7,276,708	6,656,224	6,623,241	13,410,554	13,899,949
Equipment & Vehicles	2,750,051	2,514,666	805,445	1,205,459	3,555,496	3,720,125
Total Net Capital Assets	\$34,528,756	\$35,868,216	\$26,756,920	\$30,309,899	\$61,285,676	\$66,178,115

Additional information on the City's capital assets can be found in the notes to the financial statements of this report.

The following schedule reflects the debt and long-term liabilities outstanding at the end of the 2020 year.

Outstanding Debt at Year End

	Governmental Activities		Business-type Activities		Total	
	2019	2020	2019	2020	2019	2020
Note Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Landfill Closure/Postclosure	-	-	2,052,910	2,089,862	2,052,910	2,089,862
Lease Purchases	414,968	13,513	-	-	414,968	13,513
Compensated Absences	901,243	982,335	619,121	716,605	1,520,364	1,698,940
Revenue Bonds	-	-	4,733,905	4,546,158	4,733,905	4,546,158
Total Debt	\$ 1,316,211	\$ 995,848	\$ 7,405,936	\$ 7,352,625	\$ 8,722,147	\$ 8,348,473

Net decrease in debt for 2020 was \$373,674. The City paid its Ladder Fire Truck lease in full utilizing excess marijuana sales tax revenue. Debt due within the next year is \$107,666. Additional information on the City's debt can be found in the notes to the financial statements of this report.

Economic Factors and Next Year's Budget and Rates

Local Economy – The City of Trinidad is the major southern gateway into Colorado on Interstate 25. Trinidad is the primary city and shopping destination for western Las Animas County residents for services such as health care, education, arts and entertainment and retail. Trinidad State College has facilities located within the City providing excellent higher education opportunities.

Retail sales tax revenue, a key indicator of the consumer spending, is the primary source of income for the City. Trinidad's sales tax is generated from a variety of business categories including auto sales, tourism, grocery stores, repair shops and other various retail outlets. The City recorded an 19% increase in sales tax

revenue for 2020 as compared to 2019. Sales tax and lodging tax increases were due to a marked increase of economic activity centered on retail marijuana sales. At the time the 2021 Budget was adopted, it was expected sales and lodging tax revenue were to continue to increase in 2021.

In 2021, the New Elk Coal Mine officially became operational again after a decade-plus closure. An initial order for 320,000 tons of coal is expected to be shipped out before year end. Evergreen Natural Resources continues to produce natural gas as dictated by the market. The possibility of helium gas extraction exists in the ensuing near future in Las Animas County.

Also, on the horizon is an expected surge in tourism due to the opening of Fishers Peak State Park. As trails develop at the park so too will its visitation and resulting regional tourism.

Fiscal Year 2021 Budget

In December of 2020, the City adopted the 2021 annual operating budget, which provided \$47,100,995 in appropriations. This budget anticipated similar revenue receipts as budgeted in FY 2020. 2021 General Fund operating expenditures were budgeted \$743,000 less than the amended and approved 2020 budgeted amounts with \$2.3 million of anticipated marijuana sales tax revenues budgeted in expenditures for projects, debt service, and one-time expenses to be approved as presented to Council in 2021. Capital expenditures include \$2.1 million budgeted for ADA Compliance projects throughout the City and \$1.9 million budgeted for citywide paving projects. Also \$2.5M has been budgeted for the La Puerta/American Road Infrastructure Grant Project which consists of installing utility infrastructure and services along with storm drainage improvement. The roadway section will include curb, gutter, sidewalk and brick paver driving surface. Major capital expenditures planned for utilities include the completion of the \$4.75 million Meter Infrastructure Upgrade Project which began in 2019, \$351,000 for the Power & Light breaker replacement and generator relay upgrade, \$645,000 for the Water Department Water/Sewer Infrastructure Improvement Grant completion, and \$935,000 for the completion of the Gas Department Meter Infrastructure Upgrade Project. The Sewer Fund has re-budgeted \$830,000 for major sewer infrastructure upgrades as well.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and other interested parties with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Trinidad, Finance Director, PO Box 880, Trinidad, CO 81082.

BASIC FINANCIAL STATEMENTS

CITY OF TRINIDAD, COLORADO
STATEMENT OF NET POSITION
December 31, 2020

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		
ASSETS				
Cash and Equivalents	20,998,320	10,783,755	31,782,075	246,750
Receivables (Net, where Applicable, of Allowance for Uncollectibles):				
Accounts, Grants & Notes	753,340	2,060,875	2,814,215	-
Assessments and Contracts	-	-	-	-
Sales & Use Taxes	2,244,468	-	2,244,468	-
Property Taxes	1,293,457	-	1,293,457	-
Interfund Receivable/Payable	121,495	(121,495)	-	-
Inventories	37,720	743,600	781,320	-
Prepaid Expenses	-	-	-	-
Restricted Assets:				
Cash and Equivalents	-	3,803,846	3,803,846	-
Fixed Assets (Net)	35,868,216	30,309,899	66,178,115	-
Net Pension Asset	322,315	-	322,315	-
Total Assets	<u>61,639,331</u>	<u>47,580,480</u>	<u>109,219,811</u>	<u>246,750</u>
DEFERRED OUTFLOW OF RESOURCES				
Pensions	748,806	-	748,806	-
Purchased Natural Gas Adjustment	-	84,432	84,432	-
Total Deferred Outflows	<u>748,806</u>	<u>84,432</u>	<u>833,238</u>	<u>-</u>
LIABILITIES				
Accrued Interest Payable	-	45,764	45,764	-
Accounts Payable	587,893	1,539,871	2,127,764	-
Accrued Wages & Benefits Payable	95,375	44,490	139,865	-
Other Liabilities	44,540	216,790	261,330	-
Meter Deposits Payable	-	368,023	368,023	-
Noncurrent Liabilities:				
Due Within One Year	13,513	94,153	107,666	-
Due in More than One Year	-	4,452,005	4,452,005	-
Landfill Closure and Post-Closure Cost	-	2,089,862	2,089,862	-
Accrued Vacation & Sick Leave Payable	982,335	716,605	1,698,940	-
Net Pension Liability	655,062	-	655,062	-
Total Liabilities	<u>2,378,718</u>	<u>9,567,563</u>	<u>11,946,281</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES				
Property Tax	1,293,457	-	1,293,457	-
Pensions	264,544	-	264,544	-
Purchased Natural Gas Adjustment	-	-	-	-
Total Deferred Inflows	<u>1,558,001</u>	<u>-</u>	<u>1,558,001</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	35,861,197	27,207,725	63,068,922	-
Restricted for:				
Capital Projects	5,898,635	-	5,898,635	246,750
Debt Service	-	-	-	-
Parks and Recreation	116,084	-	116,084	-
Tabor - Emergencies	549,180	-	549,180	-
Unrestricted	<u>16,026,322</u>	<u>10,889,624</u>	<u>26,915,946</u>	<u>-</u>
Total Net Position	<u>58,451,418</u>	<u>38,097,349</u>	<u>96,548,767</u>	<u>246,750</u>

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities		Total
Governmental Activities								
General Government	4,393,847	-	515,433	-	(3,878,414)	-	(3,878,414)	
Public Safety	4,834,417	248,938	35,052	-	(4,550,427)	-	(4,550,427)	
Public Works	2,849,298	22,240	-	-	(2,827,058)	-	(2,827,058)	
Parks, Culture & Recreation	1,190,260	21,008	6,411	-	(1,162,841)	-	(1,162,841)	
Community Projects	-	-	-	1,492,487	1,492,487	-	1,492,487	
Interest on Long Term Debt	4,782	-	-	-	(4,782)	-	(4,782)	
Pension Cost	309,264	-	-	-	(309,264)	-	(309,264)	
Total Governmental Activities	13,581,868	292,186	556,896	1,492,487	(11,240,299)	-	(11,240,299)	
Business Type Activities								
Gas	2,403,614	3,212,341	-	98,529	-	907,256	907,256	
Power & Light	7,515,801	7,625,862	-	-	-	110,061	110,061	
Water	2,670,631	3,800,660	-	40,007	-	1,170,036	1,170,036	
Sewer	1,781,460	1,884,924	-	567,926	-	671,390	671,390	
Landfill	405,052	405,447	-	-	-	395	395	
Total Business Type Activities	14,776,558	16,929,234	-	706,462	-	2,859,138	2,859,138	
Total Primary Government	28,358,426	17,221,420	556,896	2,198,949	(11,240,299)	2,859,138	(8,381,161)	
Component Units	337,235	-	-	-	-	-	(337,235)	
General Revenues:								
Property Taxes					1,301,983	-	1,301,983	
Specific Ownership Taxes					264,799	-	264,799	
Sales and Use Taxes					15,657,992	-	15,657,992	
Franchise Taxes					103,547	-	103,547	
Licenses and Permits					235,453	-	235,453	
Intergovernmental - Restricted					375,581	-	375,581	
Intergovernmental Not Specifically Restricted					120,150	-	120,150	
Interest Revenue					56,358	87,662	144,020	
Other Revenues					217,905	-	217,905	
Transfers					938,629	(938,629)	-	
Total General Revenues and Transfers					19,272,397	(850,967)	18,421,430	
Change in Net Position					8,032,098	2,008,171	10,040,269	
Net Position - Beginning					50,419,320	36,089,178	86,508,498	
Net Position - Ending					58,451,418	38,097,349	96,548,767	

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

CITY OF TRINIDAD, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	<u>General</u>	<u>Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and Equivalents	15,380,805	5,224,596	392,919	20,998,320
Receivables (Net, of Allowance Where Applicable)				
Property Taxes	1,293,457	-	-	1,293,457
Accounts, Grants, Notes	322,439	430,164	737	753,340
Sales & Use Taxes	1,751,769	425,498	67,201	2,244,468
Due From Other Funds	121,495	-	-	121,495
Inventories at Cost	37,720	-	-	37,720
Total Assets	<u>18,907,685</u>	<u>6,080,258</u>	<u>460,857</u>	<u>25,448,800</u>
LIABILITIES				
Accounts Payable	410,628	175,111	2,154	587,893
Accrued Salaries & Benefits	94,603	-	772	95,375
Due To Other Funds	-	-	-	-
Other Payables	-	-	-	-
Unearned Revenue:				
Grants	8,450	6,512	-	14,962
Other	29,578	-	-	29,578
Total Liabilities	<u>543,259</u>	<u>181,623</u>	<u>2,926</u>	<u>727,808</u>
DEFERRED INFLOW OF RESOURCES				
Property Tax	1,293,457	-	-	1,293,457
FUND BALANCES:				
Nonspendable:				
Inventories	37,720	-	-	37,720
Prepaid Expense	-	-	-	-
Restricted:				
Emergencies	549,180	-	-	549,180
Capital Outlay	-	5,898,635	-	5,898,635
Parks and Recreation	-	-	116,084	116,084
Committed:				
Library	43,606	-	-	43,606
Specific Projects and Uses	8,400,000	-	-	8,400,000
Assigned:				
Tourism Promotion	-	-	341,847	341,847
Unassigned:	8,040,463	-	-	8,040,463
Total Fund Balances	<u>17,070,969</u>	<u>5,898,635</u>	<u>457,931</u>	<u>23,427,535</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>18,907,685</u>	<u>6,080,258</u>	<u>460,857</u>	<u>25,448,800</u>

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

CITY OF TRINIDAD, COLORADO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2020

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

<u>Total Fund Balance – Governmental Funds</u>		23,427,535
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$70,218,994 and the accumulated depreciation is \$34,350,778.		35,868,216
Long-term liabilities, including leases, landfill closure and post-closure costs, loans and notes payable are not due and payable in the current period and therefore are not reported in funds.		
Leases Payable	<u>13,513</u>	(13,513)
Compensated absences are not reported as a liability in the funds.		(982,335)
Pension assets, liabilities and deferred flows are not recorded at the fund level:		
Net Pension Asset	322,315	
Net Pension Liability	(655,062)	
Deferred Outflows	748,806	
Deferred Inflows	<u>(264,544)</u>	<u>151,515</u>
<u>Total Net Position – Governmental Activities</u>		<u>58,451,418</u>

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	General	Capital Project	Other Governmental Funds	Total Governmental Funds
<u>REVENUES:</u>				
Taxes	14,445,986	2,576,853	305,482	17,328,321
Licenses and Permits	235,453	-	-	235,453
Intergovernmental Revenues	961,141	1,492,487	85,075	2,538,703
Charges for Services	292,186	-	-	292,186
Fines and Forfeits	23,555	-	-	23,555
Miscellaneous Revenues	224,662	31,720	737	257,119
<u>Total Revenues</u>	<u>16,182,983</u>	<u>4,101,060</u>	<u>391,294</u>	<u>20,675,337</u>
<u>EXPENDITURES:</u>				
General Government	4,132,330	-	179,933	4,312,263
Public Safety	4,506,655	-	-	4,506,655
Public Works	1,770,198	-	-	1,770,198
Culture and Recreation	605,409	-	64,211	669,620
Capital Lease Payments	406,237	-	-	406,237
Capital Outlay/Capital Projects	485,773	3,434,517	-	3,920,290
<u>Total Expenditures</u>	<u>11,906,602</u>	<u>3,434,517</u>	<u>244,144</u>	<u>15,585,263</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>4,276,381</u>	<u>666,543</u>	<u>147,150</u>	<u>5,090,074</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers In	1,131,760	1,140,951	-	2,272,711
Transfers Out	(1,155,951)	-	-	(1,155,951)
Insurance Proceeds	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>(24,191)</u>	<u>1,140,951</u>	<u>-</u>	<u>1,116,760</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>4,252,190</u>	<u>1,807,494</u>	<u>147,150</u>	<u>6,206,834</u>
<u>FUND BALANCES – Beginning</u>	<u>12,818,779</u>	<u>4,091,141</u>	<u>310,781</u>	<u>17,220,701</u>
<u>FUND BALANCES - Ending</u>	<u>17,070,969</u>	<u>5,898,635</u>	<u>457,931</u>	<u>23,427,535</u>

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

CITY OF TRINIDAD, COLORADO
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENT FUNDS 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 Balances – Total Governmental Funds 6,206,834

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlays more than \$5,000	3,922,881	
Gain or loss on disposition	-	
Depreciation expense	<u>(2,090,685)</u>	1,832,196

The governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. The effect of issuance cost and premiums are recognized when the debt is issued in governmental funds, whereas these amounts are deferred and amortized in the statement of activities. Interest expense is recognized as it accrues in the statement of activities regardless of when it is due. The net effect of these differences follows:

Lease proceeds	-	
Repayment of debt principal	401,455	
Interest expense	<u>-</u>	401,455

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences changed by this amount. (99,123)

In the statement of activities net pension liabilities are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, changes to net pension amounts and the related deferred flows created this difference from the fund financial statements: (309,264)

Change in Net Position of Governmental Activities 8,032,098

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2020

	Business Type Activities					Totals
	Enterprise Funds					
	Gas Fund	Power Fund	Water Fund	Sewer Fund	Landfill Fund	
ASSETS						
<u>Current Assets</u>						
Cash and Equivalents	6,778,862	1,247,622	2,103,513	636,439	17,319	10,783,755
Receivables:						
Accounts	342,967	589,313	172,162	130,180	35,074	1,269,696
Notes	-	-	-	-	-	-
Grants and Other	69,993	8,336	301,885	409,210	1,755	791,179
Inventories	59,955	453,317	225,602	4,726	-	743,600
Due From Other Funds	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
<u>Total Current Assets</u>	<u>7,251,777</u>	<u>2,298,588</u>	<u>2,803,162</u>	<u>1,180,555</u>	<u>54,148</u>	<u>13,588,230</u>
<u>Non Current Assets</u>						
<u>Restricted</u>						
Cash and Equivalents	314,022	491,688	2,278,529	-	719,607	3,803,846
Due From Other Funds	-	-	-	-	-	-
<u>Total Restricted Assets</u>	<u>314,022</u>	<u>491,688</u>	<u>2,278,529</u>	<u>-</u>	<u>719,607</u>	<u>3,803,846</u>
<u>Property, Plant and Equipment</u>						
Equity ARPA	-	371,428	-	-	-	371,428
Land and Water Rights	9,412	21,047	1,423,255	146,770	115,993	1,716,477
Buildings & Improvements	916,203	4,692,926	6,605,415	7,546,345	17,398	19,778,287
Utility System	1,245,561	1,148,687	22,768,156	3,050,971	-	28,213,375
Equipment	723,284	1,420,995	1,131,009	897,921	944,212	5,117,421
Construction in Progress	1,435,574	1,483,507	2,141,360	1,562,800	-	6,623,241
Less Accumulated Depreciation	(2,292,925)	(6,780,934)	(15,415,659)	(6,397,705)	(623,107)	(31,510,330)
<u>Net Property, Plant & Equipment</u>	<u>2,037,109</u>	<u>2,357,656</u>	<u>18,653,536</u>	<u>6,807,102</u>	<u>454,496</u>	<u>30,309,899</u>
TOTAL ASSETS	<u>9,602,908</u>	<u>5,147,932</u>	<u>23,735,227</u>	<u>7,987,657</u>	<u>1,228,251</u>	<u>47,701,975</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>						
Purchased Natural Gas Adjustment	<u>84,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,432</u>

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2020

	Business Type Activities					Totals
	Enterprise Funds					
	Gas Fund	Power Fund	Water Fund	Sewer Fund	Landfill Fund	
LIABILITIES						
Current Liabilities						
Accounts Payable	368,911	695,228	201,910	268,967	4,855	1,539,871
Accrued Interest Payable	8,820	18,953	17,991	-	-	45,764
Accrued Wages & Benefits Payable	9,337	18,525	12,701	1,628	2,299	44,490
Unearned Revenue	-	-	216,790	-	-	216,790
Due To Other Funds	-	121,495	-	-	-	121,495
Lease Payable	<u>10,935</u>	<u>60,912</u>	<u>22,306</u>	-	-	<u>94,153</u>
Total Current Liabilities	<u>398,003</u>	<u>915,113</u>	<u>471,698</u>	<u>270,595</u>	<u>7,154</u>	<u>2,062,563</u>
Current Liabilities Payable from Restricted Assets						
Meter Deposits Payable	190,007	141,213	36,803	-	-	368,023
Due To Other Funds	-	-	-	-	-	-
Total Restricted Liabilities	<u>190,007</u>	<u>141,213</u>	<u>36,803</u>	-	-	<u>368,023</u>
Noncurrent Liabilities						
Accrued Vacation & Sick Leave Payable	159,280	367,747	169,331	-	20,247	716,605
Landfill Closure and Post Closure Cost	-	-	-	-	2,089,862	2,089,862
Lease Payable	<u>907,828</u>	<u>1,692,393</u>	<u>1,851,784</u>	-	-	<u>4,452,005</u>
Total Long-Term Liabilities	<u>1,067,108</u>	<u>2,060,140</u>	<u>2,021,115</u>	-	<u>2,110,109</u>	<u>7,258,472</u>
TOTAL LIABILITIES	<u>1,655,118</u>	<u>3,116,466</u>	<u>2,529,616</u>	<u>270,595</u>	<u>2,117,263</u>	<u>9,689,058</u>
DEFERRED INFLOW OF RESOURCES						
Purchased Natural Gas Adjustment	-	-	-	-	-	-
NET POSITION						
Net Investment in Capital Assets Unrestricted	<u>2,106,850</u>	<u>1,008,058</u>	<u>16,831,219</u>	<u>6,807,102</u>	454,496	27,207,725
	<u>5,925,372</u>	<u>1,023,408</u>	<u>4,374,392</u>	<u>909,960</u>	(1,343,508)	<u>10,889,624</u>
TOTAL NET POSITION	<u>8,032,222</u>	<u>2,031,466</u>	<u>21,205,611</u>	<u>7,717,062</u>	<u>(889,012)</u>	<u>38,097,349</u>

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2020

	Business Type Activities					Totals
	Enterprise Funds					
	Gas Fund	Power Fund	Water Fund	Sewer Fund	Landfill Fund	
<u>Operating Revenues</u>						
Charges for Utility/Landfill Sales	3,201,637	7,586,856	3,792,054	1,882,695	405,447	16,868,689
Other	10,704	39,006	8,606	2,229	-	60,545
<u>Total Operating Revenues</u>	<u>3,212,341</u>	<u>7,625,862</u>	<u>3,800,660</u>	<u>1,884,924</u>	<u>405,447</u>	<u>16,929,234</u>
<u>Operating Expenses</u>						
Personal Services	679,073	1,350,728	996,858	128,136	199,438	3,354,233
Purchased Services	19,897	37,285	150,439	1,263,547	26,594	1,497,762
Supplies and Materials	42,319	28,840	121,134	2,833	2,969	198,095
Power, Gas & Utilities	1,416,302	5,726,271	173,786	-	2,367	7,318,726
Maintenance and Repair	84,802	63,136	315,152	52,611	59,589	575,290
Depreciation/Amortization	44,361	98,490	567,156	244,101	53,483	1,007,591
Bad Debts	26,201	56,080	13,969	16,469	7,532	120,251
Other	54,485	85,021	258,350	73,763	53,080	524,699
<u>Total Operating Expenses</u>	<u>2,367,440</u>	<u>7,445,851</u>	<u>2,596,844</u>	<u>1,781,460</u>	<u>405,052</u>	<u>14,596,647</u>
<u>Operating Income (Loss)</u>	<u>844,901</u>	<u>180,011</u>	<u>1,203,816</u>	<u>103,464</u>	<u>395</u>	<u>2,332,587</u>
<u>Non-Operating Revenues (Expenses)</u>						
Grants and Contributions	98,529	-	40,007	746,057	-	884,593
Interest Revenue	18,799	16,081	44,490	4,793	3,499	87,662
Interest Expense	(36,174)	(69,950)	(73,787)	-	-	(179,911)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>81,154</u>	<u>(53,869)</u>	<u>10,710</u>	<u>750,850</u>	<u>3,499</u>	<u>792,344</u>
<u>INCOME (LOSS) BEFORE TRANSFERS</u>	<u>926,055</u>	<u>126,142</u>	<u>1,214,526</u>	<u>854,314</u>	<u>3,894</u>	<u>3,124,931</u>
<u>Operating Transfers In (Out)(Net)</u>	<u>(296,628)</u>	<u>(456,070)</u>	<u>(203,254)</u>	<u>(102,918)</u>	<u>(57,890)</u>	<u>(1,116,760)</u>
<u>Change in Net Position</u>	<u>629,427</u>	<u>(329,928)</u>	<u>1,011,272</u>	<u>751,396</u>	<u>(53,996)</u>	<u>2,008,171</u>
<u>TOTAL NET POSITION, Beginning</u>	<u>7,402,795</u>	<u>2,361,394</u>	<u>20,194,339</u>	<u>6,965,666</u>	<u>(835,016)</u>	<u>36,089,178</u>
<u>TOTAL NET POSITION, Ending</u>	<u>8,032,222</u>	<u>2,031,466</u>	<u>21,205,611</u>	<u>7,717,062</u>	<u>(889,012)</u>	<u>38,097,349</u>

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

CITY OF TRINIDAD, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2020

	Business Type Activities					Totals
	Enterprise Funds					
	Gas Fund	Power Fund	Water Fund	Sewer Fund	Landfill Fund	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers & Users	3,249,916	7,625,647	3,651,726	1,899,780	397,913	16,824,982
Payments to Employees & Benefit Providers	(667,961)	(1,352,630)	(998,866)	(131,578)	(194,923)	(3,345,958)
Payments to Vendors – Supplies and Services	(1,597,138)	(6,018,122)	(1,164,900)	(1,139,301)	(101,382)	(10,020,843)
NET CASH PROVIDED BY OPERATIONS	<u>984,817</u>	<u>254,895</u>	<u>1,487,960</u>	<u>628,901</u>	<u>101,608</u>	<u>3,458,181</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Transfers – Other Funds	(296,628)	(456,070)	(203,254)	(102,918)	(57,890)	(1,116,760)
Customer Deposits	10,725	6,045	5,148	-	-	21,918
Due To/From Other Funds	-	121,495	-	-	-	121,495
NET CASH PROVIDED (USED) – NON CAPITAL FINANCING	<u>(285,903)</u>	<u>(328,530)</u>	<u>(198,106)</u>	<u>(102,918)</u>	<u>(57,890)</u>	<u>(973,347)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Non-Financed Purchase of Property & Equipment	(301,946)	(264,255)	(2,682,764)	(803,626)	(15,243)	(4,067,834)
Disposition of Equipment	-	-	-	-	-	-
Grant and Contributions	209,684	-	-	342,838	-	552,522
Interest Paid on Debt	(36,472)	(72,426)	(74,395)	-	-	(183,293)
Principal Paid on Debt	(31,014)	(93,471)	(63,262)	-	-	(187,747)
NET CASH PROVIDED (USED) – CAPITAL FINANCING	<u>(159,748)</u>	<u>(430,152)</u>	<u>(2,820,421)</u>	<u>(460,788)</u>	<u>(15,243)</u>	<u>(3,886,352)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	18,799	16,081	44,490	4,793	3,499	87,662
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	557,965	(487,706)	(1,486,077)	69,988	31,974	(1,313,856)
CASH AND CASH EQUIVALENTS – Beginning	<u>6,534,919</u>	<u>2,227,016</u>	<u>5,868,119</u>	<u>566,451</u>	<u>704,952</u>	<u>15,901,457</u>
CASH AND CASH EQUIVALENTS – Ending	<u>7,092,884</u>	<u>1,739,310</u>	<u>4,382,042</u>	<u>636,439</u>	<u>736,926</u>	<u>14,587,601</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATIONS						
Operating Income (Loss)	844,901	180,011	1,203,816	103,464	395	2,332,587
Non Cash Items in Operations:						
Amortization/Depreciation Expense	44,361	98,490	567,156	244,101	53,483	1,007,591
Bad Debts	26,201	56,080	13,969	16,469	8,942	121,661
(Increase) Decrease in Inventory	6,501	(52,623)	(6,637)	2,446	-	(50,313)
(Increase) Decrease Receivables/Accruals	37,575	(215)	(148,934)	(2,929)	(7,534)	(122,037)
(Increase) Decrease Prepaid Expense	-	-	-	-	-	-
Increase (Decrease) in Payables/Accruals	16,927	(26,848)	(141,410)	265,350	9,370	123,389
Change in Purchased Natural Gas Adjustment	8,351	-	-	-	-	8,351
Increase (Decrease) in Closure/Post Closure Cost	-	-	-	-	36,952	36,952
NET CASH PROVIDED (USED) BY OPERATIONS	<u>984,817</u>	<u>254,895</u>	<u>1,487,960</u>	<u>628,901</u>	<u>101,608</u>	<u>3,458,181</u>

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Trinidad (the City) was incorporated in 1876, under the provision of the State of Colorado, Council Bill No. 98. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services.

The reporting entity, for financial purposes, is defined as the primary government (the City of Trinidad) and its component units. The City has two discretely presented component unit.

Discretely presented component units:

Trinidad Urban Renewal Authority (TURA)

TURA was created as a separate legal entity by the City pursuant to the State Urban Renewal Law to acquire, clear, rehabilitate, conserve, develop or redevelop identified blighted areas existing within the City and to prevent future blight from developing. The Council appoints the TURA board of directors. Any project undertaken by TURA or amounts contributed by the City to TURA must receive prior approval by the City Council.

La Puerta Business Improvement District (Bid)

The BID was created as a separate legal entity by the City pursuant to state statutes. It was created for the purpose of making and maintaining public improvements and planning development activities within the geographic boundaries of the BID. The BID is governed by an appointed board and must have annual approval of the City for its operating plan and budget.

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

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 the nonfiduciary 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 normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the City's 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 identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *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*.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 general government, except those required to be accounted for in another fund.

The *capital project fund* is a special revenue fund that accounts for the use of revenues from a 1% sales tax earmarked for capital improvement projects.

The City reports the following major proprietary funds:

The *water fund* accounts for the activities of the City's water distribution and treatment system.

The *gas fund* accounts for the activities of the City's gas distribution system.

The *power fund* accounts for the City's electrical generation and distribution system.

The *sewer fund* accounts for the activities of the sewage disposal and treatment system.

The *land fill fund* accounts for the activity of the waste disposal and land fill operations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The City applies the provisions of standards originally issued as FASB No. 71, *Accounting for the Effects of Certain Types of Regulation* in the Gas Fund. In accordance with those standards, regulatory assets and liabilities are recorded in the balance sheets. Regulatory assets are the deferral of costs expected to be recovered in future customer rates and regulatory liabilities represent current recovery of expected future costs. If the City was required to terminate the application of this standard, it would have to record the amounts of all regulatory assets and liabilities in the statements of revenues, expenses, and changes in net position.

Ordinances require the City to adjust customers' gas bills for changes between estimated and actual costs of gas purchased. An under-recovery of \$84,432 for purchased natural gas adjustment was recorded at December 31, 2020.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 utility enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-30
Parks, Recreational and Other	20-30
Streets and Improvements	25-40
Vehicles	5-20
Equipment	3-10

E. Budgets and Budgetary Accounting

The City has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Revisions were made in 2020.
5. Budgets for the General, Special Revenue and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for Enterprise Funds are on a non GAAP basis.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Enterprise Funds. All encumbrances lapse at the end of the year.

G. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General and Special Revenue Funds consists of expendable supplies held for consumption. The costs of inventories are recorded as expenditures when they are used.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting). Accrued vacation and sick leave payable has been reflected in the financial statements of the Proprietary Funds and in the statement of net position for all governmental fund types.

I. Property Taxes

Property taxes represent ad valorem taxes levied by the City, which are payable to the County Treasurer, and are recognized as revenue by the City in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half must be paid by last day of February, and second half must be paid by June 15.

J. Contraband

There were no contraband proceeds for the year ended December 31, 2020.

K. Use of Estimates

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

L. Deposits and Investments

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

State statutes authorize the City to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Due To/From Funds

Outstanding balances between funds created by lending/borrowing or cash allocation in common purchasing activities are reported as due to/from funds.

N. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types 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 type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported 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 expenditures.

O. Deferred Outflows / Inflows of Resources

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

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

The City records regulatory assets / liabilities associated with the accounting for the deferral of costs or the current recovery of expected future costs for the Gas Fund (as fully described in Note 1C.) as a purchased natural gas adjustment, either a deferred inflow or a deferred outflow based on the position at year end.

P. GASB Statement No. 54

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. GASB Statement No. 54 (Continued)

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

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

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The City's Committed Fund Balance is fund balance reporting required by the Council, either because of a Council Policy in the City Policy Manual, or because of motions that passed at Council meetings.

Assigned Fund Balance Policy:

The City's Assigned Fund Balance is fund balance reporting occurring by Council authority, under the direction of the Chief Financial Officer.

Order of Fund Balance Spending Policy

The City's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. GASB Statement No. 54 (continued)

Fund Balance Classification by Fund:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Tourism Fund</u>	<u>Lottery Fund</u>	<u>Total Governmental Funds</u>
<u>Nonspendable:</u>					
Inventories	37,720	-	-	-	37,720
<u>Restricted:</u>					
Emergencies	549,180	-	-	-	549,180
Capital Outlay	-	5,898,635	-	-	5,898,635
Parks and Recreation	-	-	-	116,084	116,084
<u>Committed:</u>					
Library	43,606	-	-	-	43,606
<u>Assigned:</u>					
Tourism Promotion	-	-	341,847	-	341,847
<u>Unassigned</u>	<u>16,440,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,440,463</u>
<u>Total Fund Balances</u>	<u>17,070,969</u>	<u>5,898,635</u>	<u>341,847</u>	<u>116,084</u>	<u>23,427,535</u>

Q. Pensions

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

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustment</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>					
Capital Assets Not Being Depreciated:					
Land	1,245,585	-	-	(100,750)	1,144,835
Art	88,793	-	-	-	88,793
Construction in Progress	<u>6,754,330</u>	<u>2,786,665</u>	<u>2,264,287</u>	-	<u>7,276,708</u>
Total Capital Assets Not Being Depreciated	<u>8,088,708</u>	<u>2,786,665</u>	<u>2,264,287</u>	(100,750)	<u>8,510,336</u>
Capital Assets Being Depreciated:					
Buildings	15,714,050	321,662	-	(17,398)	16,018,314
Vehicles	3,736,157	480,313	28,742	(40,350)	4,147,378
Equipment	4,719,306	181,625	-	(906,862)	3,994,069
Infrastructure	<u>35,131,994</u>	<u>2,416,903</u>	-	-	<u>37,548,897</u>
Total Capital Assets Being Depreciated	<u>59,301,507</u>	<u>3,400,503</u>	<u>28,742</u>	(964,610)	<u>61,708,658</u>
Less Accumulated Depreciation for:					
Buildings	7,825,215	379,946	-	(14,789)	8,190,372
Vehicles	2,113,042	333,329	28,742	(32,250)	2,385,379
Equipment	3,592,370	174,618	-	(525,586)	3,241,402
Infrastructure	<u>19,330,832</u>	<u>1,202,793</u>	-	-	<u>20,533,625</u>
Total Accumulated Depreciation	<u>32,861,459</u>	<u>2,090,686</u>	<u>28,742</u>	(572,625)	<u>34,350,778</u>
Total Capital Assets Being Depreciated, Net	<u>26,440,048</u>	<u>1,309,817</u>	-	(391,985)	<u>27,357,880</u>
<u>Governmental Activities</u>					
Capital Assets, Net	<u>34,528,756</u>	<u>4,096,482</u>	<u>2,264,287</u>	(492,735)	<u>35,868,216</u>
<u>Business-Type Activities</u>					
Capital Assets Not Being Depreciated:					
Land, Equity, Water Rights	<u>2,000,484</u>	<u>15,243</u>	<u>28,572</u>	100,750	<u>2,087,905</u>
Capital Assets Being Depreciated:					
Buildings & Systems	44,059,256	3,915,008	-	17,398	47,991,662
Equipment	4,002,642	170,567	3,000	947,212	5,117,421
Construction In Progress	<u>6,656,224</u>	<u>3,899,179</u>	<u>3,932,162</u>	-	<u>6,623,241</u>
Total Capital Assets Being Depreciated	<u>54,718,122</u>	<u>7,984,754</u>	<u>3,935,162</u>	964,610	<u>59,732,324</u>
Less Accumulated Depreciation for:					
Buildings & Systems	26,764,489	819,140	-	14,739	27,598,368
Equipment	<u>3,197,197</u>	<u>159,880</u>	<u>3,000</u>	557,885	<u>3,911,962</u>
Total Accumulated Depreciation	<u>29,961,686</u>	<u>979,020</u>	<u>3,000</u>	572,624	<u>31,510,330</u>
Business-Type Activities, Net	<u>26,756,920</u>	<u>7,020,977</u>	<u>3,960,734</u>	492,736	<u>30,309,899</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 CAPITAL ASSETS (Continued)

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

Governmental Activities:

General Government	163,183
Public Safety	327,762
Public Works	1,072,606
Parks and Recreation	<u>520,640</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>2,084,191</u>

Business-Type Activities:

Gas	44,361
Power	69,919
Water	567,156
Sewer	244,101
Landfill	<u>53,483</u>
<u>Total Depreciation Expense – Business Type Activities</u>	<u>979,020</u>

NOTE 3 CHANGES IN LONG-TERM DEBT

Changes in Long-Term Debt, Long-Term Liability activity for the year ended December 31, 2020, were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Lease Purchases	414,968	-	401,455	13,513	13,513
Compensated Absences	<u>883,212</u>	<u>99,123</u>	<u>-</u>	<u>982,335</u>	<u>-</u>
	<u>1,298,180</u>	<u>99,123</u>	<u>401,455</u>	<u>995,848</u>	<u>13,513</u>
<u>Business – Type Activities</u>					
Compensated Absences	619,121	97,484	-	716,605	-
Lease Purchases	4,733,905	-	187,747	4,546,158	94,153
Landfill Closure/Post Closure	<u>2,052,910</u>	<u>36,952</u>	<u>-</u>	<u>2,089,862</u>	<u>-</u>
	<u>7,405,936</u>	<u>134,436</u>	<u>187,747</u>	<u>7,352,625</u>	<u>94,153</u>

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 3 CHANGES IN LONG-TERM DEBT (Continued)

Compensated Absences

Governmental Funds

Governmental funds compensated absences at December 31, 2020 were \$982,335. As explained in Note 1(H), this amount is not recorded in the governmental fund financial statements, but is reflected in the statement of net position.

Enterprise Funds

Compensated absences accrued, payable and recorded in the Enterprise Funds are as follows:

Power and Light Fund	367,747
Water Fund	169,331
Gas Fund	159,280
Sewer Fund	-
Landfill Fund	<u>20,247</u>
Total	<u>716,605</u>

Lease Purchases Payable

At December 31, 2020 the City had the following capital leases for the purchase of equipment:

The City began payments for a capital lease to acquire phone equipment in 2017. The purchase was for \$60,367. Payments for the lease are monthly at an amount of \$1,156 and include interest at an imputed rate of 5%.

Future minimum payments follow:

	Phone Equipment		Total
	Principal	Interest	
2021	<u>13,513</u>	<u>361</u>	<u>13,874</u>
Total Minimum Lease Payments	<u>13,513</u>	<u>361</u>	<u>13,874</u>
Less Amounts Representing Interest		<u>361</u>	<u>361</u>
Present Value of Future Minimum Lease Payments			<u>13,513</u>

A pumper truck was acquired by capital lease on December 1, 2018. The payment amount is \$139,699 for 4 annual periods beginning December 1, 2019. The interest rate is 3.874%. The purchase was for \$508,604. This lease was paid off in 2020.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 CHANGES IN LONG-TERM DEBT (Continued)

Lease Purchases Payable (Continued)

Meter Project – A project to replace utility meters in the City was funded in late 2018 under a capital lease arrangement. \$4,750,000 was placed in a construction fund to complete the project and will be repaid by annual payments over 15 years ranging from \$222,157 to \$515,144. The payments begin on October 1, 2019 and include interest at a rate of 3.84%.

Future minimum payments follow:

	<u>Meter Project</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	52,564	169,593	222,157
2022	277,975	167,574	445,549
2023	294,864	156,900	451,764
2024	302,498	145,578	448,076
2025	330,797	133,961	464,758
2026	340,290	121,258	461,548
2027	360,352	108,191	468,543
2028	228,705	94,354	323,059
2029	397,595	85,572	483,167
2030	420,506	70,304	490,810
2031	444,527	54,156	498,683
2032	469,704	37,087	506,791
2033	<u>496,094</u>	<u>19,050</u>	<u>515,144</u>
Total Minimum Lease Payments	<u>4,416,471</u>	<u>1,363,578</u>	5,780,049
Less Amounts Representing Interest			<u>1,363,578</u>
Present Value of Future Minimum Lease Payments			<u>4,416,471</u>

The City purchased a bucket truck using a capital lease on February 15, 2019. The lease requires four annual payments of \$46,638 beginning May 1, 2020. The interest rate is 3.9%. The purchase price was \$168,350.

Future minimum payments follow:

	<u>Bucket Truck</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	41,588	5,050	46,638
2022	43,208	3,430	46,638
2023	<u>44,891</u>	<u>1,747</u>	<u>46,638</u>
Total Minimum Lease Payments	<u>129,687</u>	<u>10,227</u>	139,914
Less Amounts Representing Interest			<u>10,227</u>
Present Value of Future Minimum Lease Payments			<u>129,687</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 CHANGES IN LONG-TERM DEBT (Continued)

Lease Purchases Payable (Continued)

A summary of all leases is provided below:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	107,665	175,004	282,669
2022	321,183	171,004	492,187
2023	339,755	158,647	498,402
2024	302,498	145,578	448,076
2025	330,797	133,961	464,758
2026	340,290	121,258	461,548
2027	360,352	108,191	468,543
2028	228,705	94,354	323,059
2029	397,595	85,572	483,167
2030	420,506	70,304	490,810
2031	444,527	54,156	498,683
2032	469,704	37,087	506,791
2033	<u>496,094</u>	<u>19,050</u>	<u>515,144</u>
Total Minimum Lease Payments	<u>4,559,671</u>	<u>1,374,166</u>	5,933,837
Less Amounts Representing Interest			<u>1,374,166</u>
Present Value of Future Minimum Lease Payments			<u>4,559,671</u>

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN

The City has four plans covering members of the Fire and Police Department. The plans are:

- Fire and Police Pension Plan – Statewide Hybrid Defined Benefit Plan (FPPA SWHDB)
- Fire and Police Pension Plan – Statewide Defined Benefit Plan (FPPA SWDB)
- Trinidad Old Hire Fire Pension Fund (Old Hire Fire)
- Trinidad Old Hire Police Fund (Old Hire Police)

Below is a summary of pension related items as of and for the year end December 31, 2020:

<u>Plan</u>	<u>Net Pension Liability</u>	<u>Net Pension Asset</u>	<u>Pension Expense</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Trinidad Old Hire Fire	575,465	-	294,201	66,453	38,906
Trinidad Old Hire Police	79,597	-	23,816	12,646	2,055
FPPA Statewide Hybrid Plan	-	253,970	2,509	196,629	85,989
FPPA Statewide Plan	<u>-</u>	<u>68,345</u>	<u>(11,262)</u>	<u>473,078</u>	<u>137,594</u>
Totals	<u>655,062</u>	<u>322,315</u>	<u>309,264</u>	<u>748,806</u>	<u>264,544</u>

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

Cost Sharing Multiple-Employer Defined Benefit Pension Plans

Fire & Police Statewide Hybrid Plan

Plan description.

The Statewide Hybrid Plan (SWH) was established January 1, 2004 as a cost-sharing multiple-employer pension plan covering full-time firefighters and police officers from departments that elect coverage. The plan may also cover clerical staff, other fire district personnel whose services are auxiliary to fire protection, or chiefs who have opted out of the Statewide Defined Benefit Plan. The Plan is comprised of two components: Defined Benefit and Money Purchase. With the latter component, members have the option of choosing among various investment options offered by an outside investment manager. Employers may not withdraw from the Plan once affiliated.

The SWH is comprised of two components: Defined Benefit and Money Purchase. The Plan assets associated with the Defined Benefit Component are included in the Fire & Police Members' Benefit Investment Fund and the Plan assets associated with the Money Purchase Component and Deferred Retirement Option Plan (DROP) assets are included in the Fire & Police Members' Self-Directed Investment Fund.

The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report which can be obtained on FPPA's website at <http://www.FPPAco.org>.

Benefits provided. The Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service.

The annual normal pension of the Defined Benefit Component is 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retired members 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 Board's discretion and can range from 0 to 3 percent.

A member is eligible for early retirement at age 50 or after of 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5 percent as 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 of the Plan and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average of the member's highest three years' base salary for each year of credited service.

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

Contributions. The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of this Plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8 percent of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the Fire & Police Pension Association Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate from July 1, 2019 through June 30, 2020 was 13.80 percent. The Defined Benefit Component contribution rate from July 1, 2018 through June 30, 2019 was 13.40 percent.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service.

Employer and member contributions are invested in funds at the discretion of members.

Contributions to the Plan from the Department were \$21,338 for the year ended December 31, 2020.

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

At December 31, 2020, the Department reported a liability/(asset) of \$(253,970) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Department's proportion of the net pension liability/(asset) was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2019, the Department's proportion was 1.304 percent, which was an increase of .133 percent from its proportion measured as of December 31, 2018.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 **DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)**

For the year ended December 31, 2020, the Department recognized pension expense (reduction of expense) of \$2,509. At December 31, 2020, the Department 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
Differences between actual and expected experience	\$ 120,491	\$ -
Changes in assumptions	21,527	-
Net difference between actual and projected earnings on pension plan investments	-	(31,164)
Changes in proportion and differences between Department contributions and proportionate share of contributions	33,273	(54,825)
Department contributions subsequent to the measurement date	21,338	-
Total	\$ 196,629	\$ (85,989)

\$21,338 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2021	\$ 22,675
2022	20,143
2023	30,098
2024	13,240
2025	1,477
Thereafter	1,669

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

Actuarial assumptions.

The actuarial valuations for the SWH – Defined Benefit Component were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2019. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2020	January 1, 2019
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-Term Investment Rate of Return *	7.0%	7.0%
Projected Salary Increases *	4.25% - 11.25%	4.25% – 11.25%
Cost of Living Adjustments (COLA)	0%	0%
* Includes Inflation at	2.5%	2.5%

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

Asset Class	Target Allocation	Long Term Expected 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	100%	

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2019, are summarized in the above table.

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

Discount rate.

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

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

Sensitivity of the Department’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Department’s proportionate share of the net pension liability/(asset) calculated using a Single Discount Rate of 7.00 percent, as well as what the Department’s proportionate share of the net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1.00% Decrease 6.00%	Single Discount Rate Assumption 7.00%	1.00% Increase 8.00%
Department’s proportionate share of the net pension liability/(asset)	(154,450)	(253,970)	(337,173)

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

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

Fire & Police Statewide Defined Benefit Plan

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

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.FPPAco.org>.

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

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

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

Contributions. Through December 31, 2020, contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or 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.

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions are 8 percent in 2019 and 2020. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13 percent of pensionable earnings. In 2019, members of the SWDB plan and their employers are contributing at the rate of 10.5 percent and 8 percent, respectively, of pensionable earnings for a total contribution rate of 18.5 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22.5 percent and 23.0 percent of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent 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 percent contribution, to reflect the actual cost of reentry 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 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.25 percent in 2019 and 9.50 percent in 2020. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4 percent in 2019 and 2020. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

Contributions to the Plan from the Department were \$67,990 for the year ended December 31, 2020.

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

At December 31, 2020, the Department reported a liability/(asset) of \$(68,345) for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The Department's proportion of the net pension liability/(asset) was based on a projection of the Department's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2019, the Department's proportion was .1208 percent, which was an increase of .0092 percent from its proportion measured as of December 31, 2018.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 **DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)**

For the year ended December 31, 2020, the Department recognized pension income of \$11,262. At December 31, 2020, the Department 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
Differences between actual and expected experience	\$ 231,293	\$ (1,338)
Changes in assumptions	129,773	-
Net difference between actual and projected earnings on pension plan investments	-	(107,440)
Changes in proportion and differences between Department contributions and proportionate share of contributions	44,022	(28,816)
Department contributions subsequent to the measurement date	67,990	-
Total	\$ 473,078	\$ (137,594)

\$67,990 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2021	\$ 26,422
2022	17,117
2023	52,070
2024	6,734
2025	55,640
Thereafter	109,511

Actuarial assumptions. The actuarial valuations for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2019. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2020	January 1, 2019
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

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

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

The long-term expected rate of return on pension 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2019, are summarized in the following table.

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

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.00 percent, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher.

	1% Decrease 6.00%	Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Department's proportionate share of the net pension liability/(asset)	414,390	(68,345)	(468,710)

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

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

Agent Multiple-Employer Defined Benefit Plans

Trinidad Old Hire Fire and Police Pension Funds (FPPA Old Hire Fire and Police)

Plan Description. The Old Hire plans are agent multiple-employer defined benefit pension plans that are administered by the Fire and Police Pension Association (FPPA). Authority for the plans, including benefit and contribution provisions, is derived from Title 31, Articles 30, 30.5, and 31 of the Colorado Revised Statutes. The Plans are amended by statute. The plans provide normal, early, vested, or deferred retirement benefits to plan participants. The Old Hire pension plans are for fire fighter and police employees hired before April 8, 1978. The plans are accounted for using the economic resources measurement focus and the accrual basis of accounting and are closed to new entrants. FPPA issues a publicly available comprehensive annual financial report that includes the old hire plans and can be obtained at fppaco.org/toc_frames.html.

Funding Policy. The City is required to contribute to the Old Hire plans at an actuarially determined rate. Modification of the Old Hire plans is regulated by state law and by FPPA Rules and Regulations as authorized by state law. Changes to contribution requirements require an affirmative vote of 65.00% of active members and City Council ordinance. The City's contributions to the FPPA Old Hire Fire and Police plans for the year ended December 31, 2020 were \$35,720 and \$10,986, respectively.

Plan Membership. The plan membership of the Old Hire plans as of December 31, 2018 is presented as follows:

<u>Members</u>	<u>Old Hire Fire</u>	<u>Old Hire Police</u>	<u>Total</u>
Retirees and Beneficiaries	4	4	8
Inactive, Non-Retired Beneficiaries	-	-	-
Active Members	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>4</u>	<u>4</u>	<u>8</u>

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. At December 31, 2020, the City reported a liability of \$575,465 and \$79,597 for the Old Hire fire and Old Hire Police plans, respectively, for the net pension liability related to the FPPA old hire plans. The net pension liabilities were measured as of December 31, 2019, and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of January 1, 2018. Standard update procedures were used to roll forward the total pension liabilities to December 31, 2019.

The components of the net pension liability of the City as of December 31, 2020, is presented below:

<u>Members</u>	<u>Old Hire Fire</u>	<u>Old Hire Police</u>
Total Pension Liability	1,197,701	108,285
Fiduciary Net Position	<u>622,236</u>	<u>28,688</u>
Total	<u>575,465</u>	<u>79,597</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

For the year ended December 31, 2020, the City recognized \$294,201 and \$23,816 of pension expense for the Old Hire Fire and Old Hire Police plans, respectively. A summary of the City's deferred outflows of resources and deferred inflows of resources related to pensions for the Old Hire Fire and Old Hire Police plans as of December 31, 2020, is presented below:

	Old Hire Fire		Old Hire Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	-	-	-	-
Changes of assumptions or other inputs	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	30,733	38,906	1,660	2,055
Contributions subsequent to the measurement date	<u>35,720</u>	<u>-</u>	<u>10,986</u>	<u>-</u>
Total	<u>66,453</u>	<u>38,906</u>	<u>12,646</u>	<u>2,055</u>

The \$35,720 and \$10,986 reported by the Old Hire Fire and Old Hire Police plans, respectively, as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as presented in the following:

<u>Year</u>	<u>Old Hire Fire</u>	<u>Old Hire Police</u>
2021	(1,972)	(62)
2022	(4,488)	(270)
2023	3,848	210
2024	(5,561)	(273)
2025	-	-
Thereafter	<u>-</u>	<u>-</u>
Total	<u>(8,173)</u>	<u>(395)</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

The changes in net pension liability for Old Hire Fire and Old Hire Police plans were:

	<u>Old Hire Fire</u>			<u>Old Hire Police</u>		
	Total	Fiduciary	Net	Total	Fiduciary	Net
	<u>Pension</u>	<u>Net</u>	<u>Pension</u>	<u>Pension</u>	<u>Net</u>	<u>Pension</u>
	<u>Liability</u>	<u>Position</u>	<u>Liability</u>	<u>Liability</u>	<u>Position</u>	<u>Liability</u>
<u>Balances as of</u>						
<u>January 1, 2020</u>	929,828	617,802	312,026	88,594	30,940	57,654
Changes for the year:						
Service Cost	-	-	-	-	-	-
Interest	66,020	-	66,020	6,095	-	6,095
Differences between expected and actual experience	65,140	-	65,140	11,168	-	11,168
Change of Assumptions	237,654	-	237,654	17,347	-	17,347
Contributions – Employer	-	35,720	(35,720)	-	10,986	(10,986)
Contributions – Employee	-	-	-	-	-	-
Net Investment Income	-	71,657	(71,657)	-	3,475	(3,475)
Benefit Payments	(100,941)	(100,941)	-	(14,919)	(14,919)	-
Administrative Expense	-	(2,002)	2,002	-	(1,794)	1,794
Other Changes	-	-	-	-	-	-
Total Net Changes	<u>267,873</u>	<u>4,434</u>	<u>263,439</u>	<u>19,691</u>	<u>(2,252)</u>	<u>21,943</u>
Balances as of						
December 31, 2020	<u>1,197,701</u>	<u>622,236</u>	<u>575,465</u>	<u>108,285</u>	<u>28,688</u>	<u>79,597</u>

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2019 these best estimates are summarized as follows:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term</u>
	<u>Allocation</u>	<u>Expected Rate</u>
		<u>Nominal Rate of Return</u>
Global Public Equity	10.00%	7.7%
Long/Short	0.00%	6.5%
Private Capital	0.00%	9.5%
Fixed Income	80.00%	5.0%
Absolute Return	0.00%	5.0%
Managed Futures	0.00%	4.7%
Cash	10.00%	3.2%
Total	<u>100.00%</u>	

CITY OF TRINIDAD, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020

NOTE 4 DEFINED BENEFIT PENSION PLAN - FIREMEN AND POLICEMEN (Continued)

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Old Hire Fire	Old Hire Police
Investment rate of return	7.50%	7.50%
Salary increases	N/A	N/A
Inflation	2.50%	2.50%

Mortality rates were based on the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB.

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the plan fiduciary net position was projected to be available to make all the projected future benefit payment of current plan members. Therefore, the long-term expected rate of return of pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate. Following is the city's net pension liability/(asset), calculated using a current single discount rate of 4.50%, as well as what the City's net pension liability/(asset) would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher:

	1% Decrease 3.50%	Current Single Discount 4.50%	1% Increase 5.50%
Old Hire Fire Net Pension Liability	682,992	575,465	482,193
Old Hire Police Net Pension Liability	88,114	79,597	72,261

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial reports found at http://fppaco.org/toc_frames.html.

Each retirement system issues a publicly available financial report that includes financial statements and required supplementary information of that plan. Those reports are available by contacting:

Fire and Police Pension Association
 5290 DTC Parkway, Suite 100
 Greenwood Village, Colorado 80111
www.fppaco.org

NOTE 5 DEFINED CONTRIBUTION PLANS

The City provides pension benefits for all non fire or police full time employees through a defined contribution plan of the Colorado Retirement Association and for full time city manager department employees through the city money purchase pension plan for that department. Police employees (full-time) that are not eligible for the defined benefit plan described in the preceding note are provided pension benefits through the City's departmental money purchase pension plan (a defined contribution plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment in the police plan and the city manager department plan. One year of service is required previous to participation in the Colorado Retirement Association Plan.

- Colorado Retirement Association

Employees contribute 3% of their salary to the plan with an equal amount contributed by the City. Vesting occurs at the rate of 25% per year. City contributions for, and earnings forfeited by, employees who leave employment before fully vesting are returned to the City. Forfeitures were \$-0- during 2020 and pension expense was \$217,542. The City had no outstanding liability for this plan at year end.

- Police Department Money Purchase Pension Plan (Administered by Pensions Management Assoc., Inc.)

The City contributes 8% for Police (to the employees 8%), of the employee's compensation to the plan. Policemen vest fully after 5 years of service. Contributions and earnings forfeited by participants are accumulated in a reserve fund available for plan expenses not to exceed \$10,000. The pension expense recognized by the City during 2020 was \$146,828. No liability existed at year end.

- The benefit terms for all plans are established by the City Council of the City of Trinidad and may only be amended by them.

NOTE 6 FIRE AND POLICE PENSION ASSOCIATION (FPPA) DEATH AND DISABILITY PLAN

All full-time police officers and firefighters are covered by the Fire and Police Pension Association (FPPA), a multiple-employer cost-sharing plan for pre-retirement death and disability. To date, contributions to the plan have been determined and budgeted by the State legislature. State law provided that these contributions would continue in diminishing amounts until 1994. The State requires employees hired on or after January 1, 1997, to contribute 2.6% of salary. The City pays the 2.6% for all affected police officers and firefighters. In 2020, the City paid \$60,008, equal to their required contribution.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained online at www.fppaco.org or by writing to Fire and Police Pension Association of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado, 80111-2721 or by calling FPPA at (303) 770-3772 or 1-800-332-3772.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 7 INTERGOVERNMENTAL AGREEMENT

The City of Trinidad is a member of (CIRSA). The Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity, was formed by intergovernmental agreement by member municipalities pursuant to the provisions of 29-1-201 et. seq., C.R.S. as amended, 8-44-101(1)(c) and (3), and 8-44-110, C.R.S. as amended, and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members a self-insurance pool to provide defined coverages, and claims and risk management services related thereto.

It is the intent of the members of CIRSA to create an entity to defend and indemnify, in accordance with the Bylaws, any member of CIRSA against liability or loss, to the limit of the financial resources of CIRSA available to pay such liability or loss. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The Bylaws shall constitute the substance of the intergovernmental contract among the members.

Summary audited financial information as of December 31, 2019 follows:

Assets	<u>87,354,845</u>
Liabilities	37,380,157
Net Position	<u>49,974,688</u>
	<u>87,354,845</u>
Revenues	29,379,298
Expenditures	29,157,832
Distributions to Members (Credits to Members)	<u>(791,271)</u>
Increase (Decrease) in Net Position	<u>(569,805)</u>

NOTE 8 CONTINGENCIES

The City is a defendant in various actions that have been brought in the courts or with regulatory agencies such as the Office of Civil Rights and the Equal Employment Opportunity Commission. It has also been made aware of certain claims for damages. It is the belief of those representing the City that none of these claims or actions will result in costs or losses to the City that are uninsured or of a material nature.

NOTE 9 COMMITMENTS

The City has various operating leases for equipment. These agreements are all subject to annual appropriation of funds by the City.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 10 CLOSURE AND POSTCLOSURE CARE COST

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, The City reports a portion of these closure and postclosure costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,089,862 reported in the Landfill Fund as landfill closure and postclosure care liability at December 31, 2020, represents the cumulative expense incurred to date based on the use of the existing facility and the requirements to close and monitor as the facility currently exists. The City will recognize a reduction in this liability to close due to the fact that usage at the site will be through vertical expansion and cover will be applied throughout the next 30 years of use. The estimate of cost for final closure is \$749,425 and cost for postclosure care is \$1,340,437. These amounts are based upon what it would cost to perform all closure and postclosure care in 2020. The City expects to close the landfill in the year 2050. Actual cost may be higher due to inflation, changes in technology or changes in regulations. No closure or post closure costs remain unrecognized. Increases and decreases in the liability are due to cost changes, technology changes and inflation and are recognized currently as changes to Long-Term Debt. Current closure costs were recognized in the amount of \$13,251. Current postclosure costs were \$23,701.

The City is required by law to provide assurance that it can meet the cost of closure and postclosure care. The City has provided that assurance by meeting the test requirements of the Colorado Department of Public Health and Environment. The City expects that future inflation costs may need to be covered by charges to future landfill users or other future revenues.

NOTE 11 CASH

The City's cash at year-end consisted of deposits in financial institutions and was entirely covered by federal depository insurance or by collateral held by the financial institutions as their agent in the City's name. Collateral is held under provisions of the Public Deposit Protection Act of 1975. This act requires pledged collateral to be clearly identified as security for public deposits and it requires that the pledging financial institution certify to the secured governmental unit that it is secured and indicate the location of the collateral. In the event of default or insolvency on the part of the pledging financial institution, the custodian will surrender the collateral to the state bank commissioner. A breakdown of deposits follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	250,000	250,000
Insured	250,000	250,000
Insured	250,000	250,000
Insured	250,000	250,000
Uninsured, Collateral held by		
Bank or its agent in City's name	<u>21,665,395</u>	<u>23,187,852</u>
Sub-Total	22,665,395	24,187,852
Plus Cash with County Treasurer	55,997	-
Cash Equivalents	12,863,604	-
Plus Cash on Hand	925	-
<u>Net Cash</u>	<u>35,585,921</u>	<u>24,187,852</u>

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 CASH (Continued)

Cash and equivalents is comprised of \$31,782,075 unrestricted and \$3,803,846 restricted for a total of \$35,585,924.

As presented above, deposits with a bank balance of \$23,187,852 and a carrying balance of \$21,665,395 as of December 31, 2020 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

Reserves

Article X, Section 20 of the Constitution of the State of Colorado requires the City to establish Emergency Reserves (see Note 13). \$549,180 of fund balance has been reserved in compliance with this requirement.

NOTE 12 INTERFUND RECEIVABLES AND PAYABLES

Interfund amounts are created as a result of pooling cash. They are expected to be repaid within a year.

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	121,495	-
Power Fund	-	121,495
	<u>121,495</u>	<u>121,495</u>

NOTE 13 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 13 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (Continued)

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voters approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

During 1994, the authorized voters of the City of Trinidad, Colorado voted to authorize the City to collect, retain and expend all revenues and other funds collected beginning in 1995, from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado constitution, effective January 1, 1995, provided that no local tax rate or mill levy shall be increased without further voter approval.

The City's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an Enterprise will require judicial interpretation.

NOTE 14 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.

The City maintains commercial insurance and participates in a public entity risk pool for all risks of loss. Settled claims have not exceeded these coverages in any of the past three fiscal years.

NOTE 15 ALLOWANCE FOR ESTIMATED UNCOLLECTIBLE ACCOUNTS

At December 31, 2020, the City has provided an allowance for estimated uncollectible utility billings of \$136,611. The receivables shown in the financial statements of the utility funds are net of this allowance.

NOTE 16 CAPITALIZED INTEREST

Net interest costs associated with the sewer revenue bond were capitalized during the construction period of the new sewer treatment facility as required by generally accepted accounting principles. There was no interest capitalized in 2020.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 17 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes a reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

The following have been eliminated in the entity-wide financial statements:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	121,495	-
Power Fund	-	121,495
	<u>121,495</u>	<u>121,495</u>

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	-	1,140,951
Capital Projects Fund	1,140,951	-
	<u>1,140,951</u>	<u>1,140,951</u>

NOTE 18 INTERFUND TRANSFERS

<u>Fund</u>	<u>Transfer From Other Funds</u>	<u>Transfer To Other Funds</u>
General	1,131,760	1,155,951
Gas	-	296,628
Power	-	456,070
Water	-	203,254
Sewer	-	102,918
Landfill	15,000	72,890
Capital Project	1,140,951	-
	<u>2,287,711</u>	<u>2,287,711</u>

All transfers were made from and to major funds. Transfers to the General Fund were for service reimbursement and payments in lieu of tax and occur on a routine basis.

CITY OF TRINIDAD, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 19 INTERGOVERNMENTAL AGREEMENT

The City of Trinidad is one of five member cities of the Arkansas River Power Authority (ARPA). ARPA exists to provide wholesale power to its members who provide electrical utilities in their communities. ARPA is an independent governmental entity with a governing board appointed by the member cities. The governing board is responsible for hiring management.

NOTE 20 BUDGET INFORMATION

Expenditures in the Sewer Fund exceeded amounts budgeted by \$53,876.

Expenditures in the Landfill Fund exceeded amounts budgeted by \$53,349

NOTE 21 FINANCIAL STATEMENT CHANGES – BEGINNING BALANCES

For 2020, the operation of the solid waste landfill was accounted for in the Landfill Enterprise Fund. It had previously been recorded as part of the General Fund. The following changes to beginning equities were made:

	<u>Net Position - Governmental Activities</u>	<u>Net Position - Landfill Fund</u>	<u>Fund Balance – General Fund</u>
Year End 2019	49,584,304	-	13,561,969
Restatement Amounts	<u>835,016</u>	<u>835,016</u>	<u>(743,190)</u>
Beginning for 2020	<u>50,419,320</u>	<u>(835,016)</u>	<u>12,818,779</u>
 <u>Assets / Liabilities:</u>			
Cash	(704,952)	704,952	(704,952)
Accounts Receivable – Net	(38,238)	38,238	(38,238)
Land	(100,750)	100,750	-
Fixed Assets	(964,610)	964,610	-
Accumulated Depreciation	572,625	(572,625)	-
Accrued Leave	18,031	(18,031)	-
Closure / Post Closure Liability	<u>2,052,910</u>	<u>(2,052,910)</u>	<u>-</u>
Net Position / Fund Balance	<u>835,016</u>	<u>(835,016)</u>	<u>(743,190)</u>

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Capital Projects Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual

Pension Data

CITY OF TRINIDAD, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes				
General Property	1,106,500	1,106,500	1,301,983	195,483
Specific Ownership	255,000	255,000	264,799	9,799
General Sales and Use	6,150,000	7,300,000	7,730,559	430,559
Selective Sales and Use	2,720,000	4,892,500	5,045,098	152,598
Franchise	100,000	100,000	103,547	3,547
Licenses and Permits				
Business	108,500	108,500	104,269	(4,231)
Building, Zoning and Paving Permits	128,000	128,000	128,296	296
Other	3,550	3,550	2,888	(662)
Intergovernmental Revenues				
State Shared Revenues	378,000	378,000	370,920	(7,080)
Other	170,000	670,000	590,221	(79,779)
Charges for Services				
Delinquent Assessment	84,000	84,000	22,240	(61,760)
Culture and Recreation	75,700	75,700	21,008	(54,692)
Security	350,100	350,100	248,938	(101,162)
Fines and Forfeits				
Court	20,000	20,000	23,555	3,555
Miscellaneous				
Earnings on Investments	75,000	75,000	49,253	(25,747)
Other	118,550	118,550	175,409	56,859
<u>TOTAL REVENUES</u>	<u>11,842,900</u>	<u>15,665,400</u>	<u>16,182,983</u>	<u>517,583</u>
<u>EXPENDITURES</u>				
<u>General Government</u>				
City Council	89,842	89,842	80,190	9,652
City Attorney	83,634	83,634	74,944	8,690
Municipal Court	81,595	81,595	78,758	2,837
City Manager	529,257	529,257	482,660	46,597
Information Technology	500,125	500,125	420,286	79,839
Elections	6,500	6,500	-	6,500
Finance	287,247	287,247	274,010	13,237
5% Tax Revenue Projects	2,187,800	2,808,349	779,727	2,028,622
Development Services	266,961	266,961	317,715	(50,754)
Other General and Administrative	773,501	773,501	695,203	78,298
Local Agencies Support	141,900	141,900	138,392	3,508
Facilities Services	319,000	319,000	314,956	4,044
Economic Development	174,366	174,366	74,089	100,277
Support Payments – COVID	-	-	401,400	(401,400)
Total General Government	<u>5,441,728</u>	<u>6,062,277</u>	<u>4,132,330</u>	<u>1,929,947</u>

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

CITY OF TRINIDAD, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable <u>(Unfavorable)</u>
<u>Public Safety</u>				
Police	2,720,082	2,720,082	2,502,212	217,870
Dispatch	465,831	465,831	418,275	47,556
Fire	<u>1,601,107</u>	<u>1,601,107</u>	<u>1,586,168</u>	<u>14,939</u>
<u>Total Public Safety</u>	<u>4,787,020</u>	<u>4,787,020</u>	<u>4,506,655</u>	<u>280,365</u>
 <u>Public Works</u>				
Engineering	257,045	257,045	250,184	6,861
Fleet Maintenance	281,023	281,023	236,776	44,247
Public Works	<u>1,271,923</u>	<u>1,271,923</u>	<u>1,283,238</u>	<u>(11,315)</u>
<u>Total Public Works</u>	<u>1,809,991</u>	<u>1,809,991</u>	<u>1,770,198</u>	<u>39,793</u>
 <u>Culture and Recreation</u>				
Parks, Sports and Recreation	477,281	477,281	334,765	142,516
Public Library	<u>318,939</u>	<u>318,939</u>	<u>270,644</u>	<u>48,295</u>
<u>Total Culture and Recreation</u>	<u>796,220</u>	<u>796,220</u>	<u>605,409</u>	<u>190,811</u>
 <u>Capital Outlay, Debt Service</u>				
Capital Lease Payments	139,700	139,700	406,237	(266,537)
Fleet Replacement - General	-	-	-	-
Machinery and Equipment	<u>500,000</u>	<u>500,000</u>	<u>485,773</u>	<u>14,227</u>
<u>Total Capital Outlay</u>	<u>639,700</u>	<u>639,700</u>	<u>892,010</u>	<u>(252,310)</u>
 <u>APPROPRIATED RESERVES</u>	<u>9,645,458</u>	<u>9,645,458</u>	<u>-</u>	<u>9,645,458</u>
 <u>TOTAL EXPENDITURES</u>	<u>23,120,117</u>	<u>23,740,666</u>	<u>11,906,602</u>	<u>11,834,064</u>
 <u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	<u>(11,277,217)</u>	<u>(8,075,266)</u>	<u>4,276,381</u>	
 <u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	1,131,760	1,131,760	1,131,760	-
Operating Transfers Out	<u>-</u>	<u>(1,155,951)</u>	<u>(1,155,951)</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>1,131,760</u>	<u>(24,191)</u>	<u>(24,191)</u>	<u>-</u>
 <u>EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)</u>	<u>(10,145,457)</u>	<u>(8,099,457)</u>	<u>4,252,190</u>	
 <u>FUND BALANCE, January 1</u>	<u>12,086,167</u>	<u>12,086,167</u>	<u>12,818,779</u>	
<u>FUND BALANCE, December 31</u>	<u>1,940,710</u>	<u>3,986,710</u>	<u>17,070,969</u>	

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

CITY OF TRINIDAD, COLORADO
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>REVENUES</u>				
Sales Taxes	2,125,000	2,125,000	2,576,853	451,853
Grants	2,417,680	2,417,680	1,492,487	(925,193)
Interest	10,000	10,000	6,368	(3,632)
Other	10,000	10,000	25,352	15,352
<u>Total Revenues</u>	<u>4,562,680</u>	<u>1,562,680</u>	<u>4,101,060</u>	<u>(461,620)</u>
 <u>EXPENDITURES</u>				
Capital Projects	9,118,271	10,259,222	3,434,517	6,824,705
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	(4,555,591)	(5,696,542)	666,543	
 <u>Other Financing Sources (Uses)</u>				
Operating Transfers In	-	1,140,951	1,140,951	-
Operating Transfers (Out)	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>1,140,951</u>	<u>1,140,951</u>	<u>-</u>
 <u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES</u>	(4,555,591)	(4,555,591)	1,807,494	
 <u>FUND BALANCE – Beginning</u>	4,986,799	4,986,799	4,091,141	
 <u>FUND BALANCE – Ending</u>	<u>431,208</u>	<u>431,208</u>	<u>5,898,635</u>	

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

PENSION DATA

CITY OF TRINIDAD, COLORADO
REQUIRED SUPPLEMENTARY INFORMATION
FPPA STATEWIDE HYBRID PLAN
Year Ended December 31, 2020

Schedule of the Department's Proportionate Share of the Net Pension Liability/(Asset)
Fire & Police Statewide Hybrid Plan
As of December 31

[Build to 10 years prospectively]

	2020	2019	2018	2017	2016	2015	2014
Department's proportion of the net pension liability/(asset)	1.304%	1.1711%	1.1290%	1.3955%	1.3724%	1.3705%	1.1041%
Department's proportionate share of the net pension liability/(asset)	\$(253,970) \$203,218	\$(161,646) \$198,207	\$(220,754) \$177,757	\$(151,899) \$164,407	\$(139,809) \$166,476	\$(162,540) \$161,572	\$(115,618) \$136,034
Department's covered payroll							
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered payroll	124.97%	81.55%	124.19%	92.4%	83.9%	100.6%	82.8%
Plan fiduciary net position as a percentage of the total pension liability	130.06%	123.46%	138.86%	125.79%	129.44%	140.6%	139%

Schedule of Department Contributions
Fire & Police Statewide Hybrid Plan
As of December 31

[Build to 10 years prospectively]

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$21,338	\$20,812	\$18,664	\$17,263	\$17,480	\$16,965	\$14,248
Contributions in relation to the contractually required contribution	\$21,338 \$-0-	\$20,812 \$-0-	\$18,664 \$-0-	\$17,263 \$-0-	\$17,480 \$-0-	\$16,965 \$-0-	14,248 \$-0-
Department's covered payroll	\$203,218	\$198,207	\$177,757	\$164,407	\$166,476	\$161,573	\$136,034
Contributions as a percentage of covered payroll	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%

Notes to Required Supplementary Information
For the Year Ended December 31, 2020

Changes in plan provisions. The plan provisions have not changed since the prior valuation. The rate for both employers and members must be at least 8% of the members base salary.

Benefit Adjustments. Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors discretion and can range from 0 percent to 3 percent. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Changes of assumptions. Beginning in the January 1, 2014 actuarial valuation, the married assumption for active members was increased from 80 percent to 85 percent to reflect the passage of the Colorado Civil Union Act.

CITY OF TRINIDAD, COLORADO
 REQUIRED SUPPLEMENTARY INFORMATION
 FPPA STATEWIDE PLAN
 Year Ended December 31, 2020

Schedule of the Department's Proportionate Share of the Net Pension Liability/(Asset)
 Fire & Police Statewide Defined Benefit Plan

As of December 31,

[Build to 10 years prospectively]

	2020	2019	2018	2017	2016	2015	2014
Department's proportion of the net pension liability/(asset)	12084%	11160%	11951%	1526%	1468%	1438%	1395%
Department's proportionate share of the net pension liability/(asset)	\$(68,345)	\$141,093	\$(171,940)	\$55,142	\$(2,589)	\$(162,242)	\$(124,772)
Department's covered payroll	\$765,029	\$735,157	\$609,801	\$568,978	\$621,778	\$568,414	\$514,585
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered payroll	8.93%	19.19%	28.19%	7.69%	.004%	28.5%	24.2%
Plan fiduciary net position as a percentage of the total pension liability	101.9%	95.2%	106.3%	98.21%	100.1%	106.8%	105.8%

Schedule of Department Contributions
 Fire & Police Statewide Defined Benefit Plan

As of December 31,

[Build to 10 years prospectively]

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$67,990	\$65,313	\$54,397	\$50,868	\$56,950	\$51,718	\$48,485
Contributions in relation to the contractually required contribution	\$67,990	\$65,313	\$54,397	\$50,868	\$56,950	\$51,718	\$48,485
Contribution deficiency (excess)	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Department's covered payroll	\$765,029	\$735,157	\$609,801	\$568,978	\$621,778	\$568,414	\$514,585
Contributions as a percentage of covered payroll	8.9%	8.9%	8.9%	8.9%	9.2%	9.1%	9.4%

Notes to Required Supplementary Information
 for the Year Ended December 31, 2020

Changes in plan provisions The plan provisions have not changed since the prior valuation. The member contribution rate will increase annually to a total of 12% of base salary in 2022 as a result of the member election.

Benefit Adjustments Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors discretion and can range from 0 percent to 3 percent. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Changes of assumptions Beginning in the January 1, 2014 actuarial valuation, the married assumption for active members was increased from 80 percent to 85 percent to reflect the passage of the Colorado Civil Union Act.

CITY OF TRINIDAD, COLORADO
 OLD HIRE FIRE PENSION FUND
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)
 AND RELATED RATIOS MULTIYEAR
 LAST 10 FISCAL YEARS (TO BE BUILT PROSPECTIVELY)

Measurement period ending December 31,	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service Cost	-	-	-	-	-	-
Interest on the Total Pension Liability	66,020	68,458	88,397	89,671	89,327	91,715
Benefit Changes	-	-	-	-	-	-
Difference between Expected and Actual Experience	65,140	-	(251,600)	-	(57,783)	-
Assumption Changes	237,654	-	-	-	89,102	-
Benefit Payments	(100,941)	(100,986)	(104,242)	(108,992)	(122,872)	(124,229)
Net Change in Total Pension Liability	267,873	(32,528)	(267,445)	(19,321)	(2,226)	(32,514)
Total Pension Liability – Beginning	929,828	962,356	1,229,801	1,249,122	1,251,348	1,283,862
Total Pension Liability – Ending	<u>1,197,701</u>	<u>929,828</u>	<u>962,356</u>	<u>1,229,801</u>	<u>1,249,122</u>	<u>1,251,348</u>
Plan Fiduciary Net Position						
Employer Contributions	35,720	72,529	72,529	72,428	78,695	75,199
Employee Contributions	-	-	-	-	-	-
Pension Plan Net Investment Income	71,657	512	85,284	31,425	11,624	42,816
Benefit Payments	(100,941)	(100,986)	(104,242)	(108,992)	(122,872)	(124,229)
Pension Plan Administrative Expense	(2,002)	(4,081)	(1,628)	(3,062)	(1,255)	(4,362)
Net Change in Plan Fiduciary Net Position	4,434	(32,026)	51,943	(8,201)	(33,808)	(10,576)
Plan Fiduciary Net Position – Beginning	617,802	649,828	597,885	606,086	639,894	650,470
Plan Fiduciary Net Position – Ending	<u>622,236</u>	<u>617,802</u>	<u>649,828</u>	<u>597,885</u>	<u>606,086</u>	<u>639,894</u>
Net Pension Liability/(Asset) – Ending	575,465	312,026	312,528	631,916	643,036	611,454
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	51.95%	66.44%	67.52%	48.62%	48.52%	51.14%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

CITY OF TRINIDAD, COLORADO
 OLD HIRE POLICE PENSION FUND
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET)
 AND RELATED RATIOS MULTIYEAR
 LAST 10 FISCAL YEARS (TO BE BUILT PROSPECTIVELY)

Measurement period ending December 31,	2019	2018	2017	2016	2015	2014
Total Pension Liability	-	-	-	-	-	-
Service Cost	6,095	6,711	7,783	8,501	7,877	8,620
Interest on the Total Pension Liability	-	-	-	-	-	-
Benefit Changes	-	-	-	-	-	-
Difference between Expected and Actual Experience	11,168	-	(5,778)	-	13,012	-
Assumption Changes	17,347	-	-	-	5,956	-
Benefit Payments	(14,919)	(14,919)	(17,624)	(18,525)	(18,525)	(18,525)
Net Change in Total Pension Liability	19,691	(8,208)	(15,619)	(10,024)	8,320	(9,905)
Total Pension Liability – Beginning	88,594	96,802	112,421	122,445	114,125	124,030
Total Pension Liability – Ending	<u>108,285</u>	<u>88,594</u>	<u>96,802</u>	<u>112,421</u>	<u>122,445</u>	<u>114,125</u>
Plan Fiduciary Net Position						
Employer Contributions	10,986	13,070	13,070	8,031	8,566	6,424
Employee Contributions	-	-	-	-	-	-
Pension Plan Net Investment Income	3,475	99	4,984	2,079	1,049	4,176
Benefit Payments	(14,919)	(14,919)	(17,624)	(18,525)	(18,525)	(18,525)
Pension Plan Administrative Expense	(1,794)	(3,616)	(1,440)	(1,941)	(443)	(3,232)
Net Change in Plan Fiduciary Net Position	(2,252)	(5,366)	(1,010)	(10,356)	(9,353)	(11,157)
Plan Fiduciary Net Position – Beginning	30,940	36,306	37,316	47,672	57,025	68,182
Plan Fiduciary Net Position – Ending	<u>28,688</u>	<u>30,940</u>	<u>36,306</u>	<u>37,316</u>	<u>47,672</u>	<u>57,025</u>
Net Pension Liability/(Asset) – Ending	79,597	57,654	60,496	75,105	74,773	57,100
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	26.49%	34.92%	37.50%	33.19%	38.93%	49.97%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

CITY OF TRINIDAD, COLORADO
 OLD HIRE FIRE PENSION FUND
 SCHEDULE OF CONTRIBUTIONS MULTI-YEAR
 LAST 10 FISCAL YEARS (TO BE BUILT PROSPECTIVELY)

<u>FY Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2019	35,720	35,720	-	N/A	N/A
2018	72,529	72,529	-	N/A	N/A
2017	72,529	72,529	-	N/A	N/A
2016	72,529	72,529	-	N/A	N/A
2015	72,428	78,695	(6,267)	N/A	N/A
2014	75,199	75,199	-	N/A	N/A

** Actuarially Determined Contribution is net of employee contributions. Actual contribution is from the employer only and does not include employee amounts.*

CITY OF TRINIDAD, COLORADO
 OLD HIRE POLICE PENSION FUND
 SCHEDULE OF CONTRIBUTIONS MULTI-YEAR
 LAST 10 FISCAL YEARS (TO BE BUILT PROSPECTIVELY)

<u>FY Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2019	10,986	10,986	-	N/A	N/A
2018	13,070	13,070	-	N/A	N/A
2017	13,070	13,070	-	N/A	N/A
2016	13,070	13,070	-	N/A	N/A
2015	8,031	8,566	(535)	N/A	N/A
2014	6,424	6,424	-	N/A	N/A

** Actuarially Determined Contribution is net of employee contributions. Actual contribution is from the employer only and does not include employee amounts.*

CITY OF TRINIDAD, COLORADO
OLD HIRE FIRE AND OLD HIRE POLICE
NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: Actuarially determined contribution rates are calculated as of January 1 of even numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2018, determines the contribution amounts for 2019 and 2020.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	14 years* Fire and 9 years* Police
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.5%
Salary Increases	N/A
Investment Rate of Return	7.50%
Retirement Age	Any remaining actives are assumed to retire immediately.
Mortality	Post-retirement: For ages less than 55, RP-2014 Mortality Tables for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB. Disabled (pre-1980): RP-2014 Disabled Generational Mortality Table generationally projected with Scale BB with a minimum 3% rate for males and 2% rate for females.

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

FPPA SYSTEM DESCRIPTION

The Fire & Police Pension Association (FPPA) administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at: FPPAco.org. Once in the site, locate the site map at the bottom of the web page and you will find the 'Annual Report' link.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND OTHER SCHEDULES

NON MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Tourism Fund – to account for a lodger tax and interest which are to be used for the purpose of promoting tourism in Trinidad and Las Animas County. The expenditure of funds is overseen by an appointed board.

Lottery Fund – to account for the share of state lottery sent to the City of Trinidad. Expenditures are limited to those types allowed by statute, generally outdoor recreation.

CITY OF TRINIDAD, COLORADO
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2020

	<u>Special Revenue Funds</u>		
	<u>Tourism Fund</u>	<u>Lottery Fund</u>	<u>Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash	276,743	116,176	392,919
Accrued Interest	-	-	-
Tax Receivable	67,201	-	67,201
Other Receivable	737	-	737
<u>Total Assets</u>	<u>344,681</u>	<u>116,176</u>	<u>460,857</u>
 <u>LIABILITIES AND FUND BALANCES:</u>			
<u>LIABILITIES</u>			
Due To Other Funds	-	-	-
Accounts Payable	2,062	92	2,154
Accrued Salary & Benefits	772	-	772
<u>Total Liabilities</u>	<u>2,834</u>	<u>92</u>	<u>2,926</u>
 <u>FUND BALANCES</u>			
Restricted:			
Parks and Recreation	-	116,084	116,084
Assigned:			
Tourism Promotion	341,847	-	341,847
<u>Total Fund Balances</u>	<u>341,847</u>	<u>116,084</u>	<u>457,931</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>344,681</u>	<u>116,176</u>	<u>460,857</u>

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

CITY OF TRINIDAD, COLORADO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2020

	<u>Special Revenue</u>		<u>Nonmajor Governmental Funds</u>
	<u>Tourism Fund</u>	<u>Lottery Fund</u>	
<u>REVENUES</u>			
Lodger Tax	305,482	-	305,482
State Shared – Lottery	-	85,075	85,075
Grants	-	-	-
Interest	626	111	737
Other Revenue	-	-	-
<u>Total Revenues</u>	<u>306,108</u>	<u>85,186</u>	<u>391,294</u>
 <u>EXPENDITURES</u>			
Tourism Promotion	179,933	-	179,933
Parks and Recreation	-	64,211	64,211
Capital Projects	-	-	-
<u>Total Expenditures</u>	<u>179,933</u>	<u>64,211</u>	<u>244,144</u>
 <u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>126,175</u>	<u>20,975</u>	<u>147,150</u>
 <u>Other Financing Sources (Uses)</u>			
Transfers	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <u>REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND USES</u>	<u>126,175</u>	<u>20,975</u>	<u>147,150</u>
 <u>FUND BALANCE, January 1</u>	<u>215,672</u>	<u>95,109</u>	<u>310,781</u>
 <u>FUND BALANCE, December 31</u>	<u>341,847</u>	<u>116,084</u>	<u>457,931</u>

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

CITY OF TRINIDAD, COLORADO
 TOURISM – SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>REVENUES</u>				
Lodger Tax	325,000	325,000	305,482	(19,518)
Grants	-	-	-	-
Interest	12	12	626	614
Other	-	-	-	-
<u>Total Revenues</u>	<u>325,012</u>	<u>325,012</u>	<u>306,108</u>	<u>(18,904)</u>
<u>EXPENDITURES</u>				
Tourism Promotion	<u>325,012</u>	<u>325,012</u>	<u>179,933</u>	<u>145,079</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	<u>-</u>	<u>-</u>	<u>126,175</u>	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>REVENUES AND OTHER SOURCES OVER EXPENDITURES</u>	<u>-</u>	<u>-</u>	<u>126,175</u>	
<u>FUND BALANCE, January 1</u>	<u>180,813</u>	<u>180,813</u>	<u>215,672</u>	
<u>FUND BALANCE, December 31</u>	<u>180,813</u>	<u>180,813</u>	<u>341,847</u>	

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

CITY OF TRINIDAD, COLORADO
 LOTTERY – SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Lottery – State Shared	85,000	85,000	85,075	75
Interest	100	100	111	11
Other Grants	<u>4,560</u>	<u>4,560</u>	<u> </u>	<u>(4,560)</u>
<u>Total Revenues</u>	<u>89,660</u>	<u>89,660</u>	<u>85,186</u>	<u>(4,474)</u>
<u>EXPENDITURES</u>				
Parks and Recreation	<u>112,860</u>	<u>112,860</u>	<u>64,211</u>	<u>48,649</u>
<u>REVENUES OVER (UNDER) EXPENDITURES</u>	(23,200)	(23,200)	20,975	
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In (Out)	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>REVENUES AND OTHER SOURCES OVER EXPENDITURES</u>	(23,200)	(23,200)	20,975	
<u>FUND BALANCE, January 1</u>	<u>87,416</u>	<u>87,416</u>	<u>95,109</u>	
<u>FUND BALANCE, December 31</u>	<u>64,216</u>	<u>64,216</u>	<u>116,084</u>	

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

ENTERPRISE FUNDS – BUDGET SCHEDULES

CITY OF TRINIDAD, COLORADO
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
GAS ENTERPRISE FUND
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES</u>				
Charges for Services	3,269,000	3,269,000	3,201,637	(67,363)
Other	18,500	18,500	10,704	(7,796)
<u>Total Operating Revenue</u>	<u>3,287,500</u>	<u>3,287,500</u>	<u>3,212,341</u>	<u>(75,159)</u>
<u>OPERATING EXPENSES</u>				
General Operations	841,576	841,576	812,977	28,599
Regulating Stations	6,000	6,000	-	6,000
Distribution Mains	140,183	140,183	146,480	(6,297)
Gas Purchases	1,800,000	1,800,000	1,407,983	392,017
<u>Total Operating Expenses</u>	<u>2,787,759</u>	<u>2,787,759</u>	<u>2,367,440</u>	<u>420,319</u>
<u>OPERATING INCOME</u>	<u>499,741</u>	<u>499,741</u>	<u>844,901</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	-	-	(36,174)	(36,174)
Capital Outlay	(2,123,000)	(2,123,000)	(301,945)	1,821,055
Debt Principal	(950,000)	(950,000)	(31,014)	918,986
Interest Income	21,000	21,000	18,799	(2,201)
State Grant	-	-	98,529	98,529
<u>Total Other Revenues (Expenses)</u>	<u>(3,052,000)</u>	<u>(3,052,000)</u>	<u>(251,805)</u>	<u>2,800,195</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(2,552,259)</u>	<u>(2,552,259)</u>	<u>593,096</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(296,628)	(296,628)	(296,628)	-
<u>Total Operating Transfers</u>	<u>(296,628)</u>	<u>(296,628)</u>	<u>(296,628)</u>	<u>-</u>
<u>NET INCOME (LOSS) – (NON GAAP)</u>	<u>(2,848,887)</u>	<u>(2,848,887)</u>	<u>296,468</u>	
<u>RECONCILING ITEMS/GAAP NET INCOME</u>				
Debt Principal	950,000	950,000	31,014	
Capital Outlay	2,123,000	2,123,000	301,945	
<u>Total Reconciling Items</u>	<u>3,073,000</u>	<u>3,073,000</u>	<u>332,959</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>224,113</u>	<u>224,113</u>	<u>629,427</u>	
<u>NET POSITION, Beginning</u>	<u>7,022,845</u>	<u>7,022,845</u>	<u>7,402,795</u>	
<u>NET POSITION, Ending</u>	<u>7,246,958</u>	<u>7,246,958</u>	<u>8,032,222</u>	

The accompanying notes are an integral part of these financial statements

CITY OF TRINIDAD, COLORADO
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
POWER ENTERPRISE FUND
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>			Variance- Favorable
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<u>OPERATING REVENUES</u>				
Charges for Services	7,869,259	7,869,259	7,586,856	(282,403)
Other	66,500	66,500	39,006	(27,494)
<u>Total Operating Revenue</u>	<u>7,935,759</u>	<u>7,935,759</u>	<u>7,625,862</u>	<u>(309,897)</u>
<u>OPERATING EXPENSES</u>				
General Operations	1,572,146	1,572,146	1,611,864	(39,718)
Purchased Power and Generation	5,810,000	5,810,000	5,701,125	108,875
Power Plant	39,025	39,025	32,809	6,216
Distribution Operations	145,808	145,808	100,053	45,755
<u>Total Operating Expenses</u>	<u>7,566,979</u>	<u>7,566,979</u>	<u>7,445,851</u>	<u>121,128</u>
<u>OPERATING INCOME</u>	<u>368,780</u>	<u>368,780</u>	<u>180,011</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Principal Paid	(93,471)	(93,471)	(93,471)	-
Interest Expense	(72,426)	(72,426)	(69,950)	2,476
Capital Outlay	(841,500)	(841,500)	(264,255)	577,245
Lease Purchase Proceeds	-	-	-	-
Interest Income	15,000	15,000	16,081	1,081
<u>Total Other Revenues (Expenses)</u>	<u>(992,397)</u>	<u>(992,397)</u>	<u>(411,595)</u>	<u>580,802</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(623,617)</u>	<u>(623,617)</u>	<u>(231,584)</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(456,070)	(456,070)	(456,070)	-
<u>Total Operating Transfers</u>	<u>(456,070)</u>	<u>(456,070)</u>	<u>(456,070)</u>	<u>-</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>(1,079,687)</u>	<u>(1,079,687)</u>	<u>(687,654)</u>	
<u>RECONCILING ITEMS GAAP NET INCOME</u>				
Lease Purchase Proceeds	-	-	-	
Debt Principal	93,471	93,471	93,471	
Capital Outlay	841,500	841,500	264,255	
<u>Total Reconciling Items</u>	<u>934,971</u>	<u>934,971</u>	<u>357,726</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>(144,716)</u>	<u>(144,716)</u>	<u>(329,928)</u>	
<u>NET POSITION, Beginning</u>	<u>2,480,076</u>	<u>2,480,076</u>	<u>2,361,394</u>	
<u>NET POSITION, Ending</u>	<u>2,335,360</u>	<u>2,335,360</u>	<u>2,031,466</u>	

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

CITY OF TRINIDAD, COLORADO
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
WATER ENTERPRISE FUND
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance-
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<u>OPERATING REVENUES</u>				
Charges for Services	2,819,657	2,819,657	3,792,054	972,397
Other	7,250	7,250	8,606	1,356
<u>Total Operating Revenue</u>	<u>2,826,907</u>	<u>2,826,907</u>	<u>3,800,660</u>	<u>973,753</u>
<u>OPERATING EXPENSES</u>				
General Operations	2,210,813	2,210,813	2,021,175	189,638
Water Transmission Station	64,150	64,150	70,204	(6,054)
Water Distribution	473,675	473,675	317,915	155,760
Madrid Chlorination	1,250	1,250	530	720
Water Filtration Plant	140,600	140,600	115,582	25,018
North Lake	7,250	7,250	6,488	762
Monument Lake	13,600	13,600	64,950	(51,350)
<u>Total Operating Expenses</u>	<u>2,911,338</u>	<u>2,911,338</u>	<u>2,596,844</u>	<u>314,494</u>
<u>OPERATING INCOME</u>	<u>(84,431)</u>	<u>(84,431)</u>	<u>1,203,816</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	(74,394)	(74,394)	(73,787)	607
Capital Outlay	(3,105,000)	(3,105,000)	(2,682,764)	422,236
Principal Paid	(63,262)	(63,262)	(63,262)	-
Interest Income	50,000	50,000	44,490	(5,510)
Grants and Contributions	1,286,296	1,286,296	40,007	(1,246,289)
<u>Total Other Revenues (Expenses)</u>	<u>(1,906,360)</u>	<u>(1,906,360)</u>	<u>(2,735,316)</u>	<u>(828,956)</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>(1,990,791)</u>	<u>(1,990,791)</u>	<u>(1,531,500)</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(751,254)	(751,254)	(203,254)	548,000
<u>Total Operating Transfers</u>	<u>(751,254)</u>	<u>(751,254)</u>	<u>(203,254)</u>	<u>548,000</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>(2,742,045)</u>	<u>(2,742,045)</u>	<u>(1,734,754)</u>	
<u>RECONCILING ITEMS GAAP NET INCOME</u>				
Principal Paid	63,262	63,262	63,262	
Capital Outlay	3,105,000	3,105,000	2,682,764	
<u>Total Reconciling Items</u>	<u>3,168,262</u>	<u>3,168,262</u>	<u>2,746,026</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>426,217</u>	<u>426,217</u>	<u>1,011,272</u>	
<u>NET POSITION, Beginning</u>	<u>19,929,167</u>	<u>19,929,167</u>	<u>20,194,339</u>	
<u>NET POSITION, Ending</u>	<u>20,355,384</u>	<u>20,355,384</u>	<u>21,205,611</u>	

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

CITY OF TRINIDAD, COLORADO
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP) AND ACTUAL
SEWER ENTERPRISE FUND
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES</u>				
Charges for Services	1,323,500	1,323,500	1,882,695	559,195
Other	<u>10,500</u>	<u>10,500</u>	<u>2,229</u>	<u>(8,271)</u>
<u>Total Operating Revenue</u>	<u>1,334,000</u>	<u>1,334,000</u>	<u>1,884,924</u>	<u>550,924</u>
<u>OPERATING EXPENSES</u>				
General Operations	517,685	517,685	466,113	51,572
Treatment Plant	1,250,526	1,250,526	1,262,736	(12,210)
Collection	<u>-</u>	<u>-</u>	<u>52,611</u>	<u>(52,611)</u>
<u>Total Operating Expenses</u>	<u>1,768,211</u>	<u>1,768,211</u>	<u>1,781,460</u>	<u>(13,249)</u>
<u>OPERATING INCOME</u>	<u>(434,211)</u>	<u>(434,211)</u>	<u>103,464</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Interest Expense	-	-	-	-
Capital Outlay	(588,000)	(763,000)	(803,627)	(40,627)
Debt Principal	-	-	-	-
Interest Income	4,500	4,500	4,793	293
Grants and Contributions	<u>1,043,000</u>	<u>1,043,000</u>	<u>746,057</u>	<u>(296,943)</u>
<u>Total Other Revenues (Expenses)</u>	<u>459,500</u>	<u>284,500</u>	<u>(52,777)</u>	<u>(337,277)</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>25,289</u>	<u>(149,711)</u>	<u>50,687</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	<u>(102,918)</u>	<u>(102,918)</u>	<u>(102,918)</u>	<u>-</u>
<u>Total Operating Transfers</u>	<u>(102,918)</u>	<u>(102,918)</u>	<u>(102,918)</u>	<u>-</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>(77,629)</u>	<u>(252,629)</u>	<u>(52,231)</u>	
<u>RECONCILING ITEMS GAAP NET INCOME</u>				
Debt Principal	-	-	-	
Capital Outlay	<u>588,000</u>	<u>763,000</u>	<u>803,627</u>	
<u>Total Reconciling Items</u>	<u>588,000</u>	<u>763,000</u>	<u>803,627</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	510,371	510,371	751,396	
<u>NET POSITION, Beginning</u>	<u>6,897,559</u>	<u>6,897,559</u>	<u>6,965,666</u>	
<u>NET POSITION, Ending</u>	<u>7,407,930</u>	<u>7,407,930</u>	<u>7,717,062</u>	

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

CITY OF TRINIDAD, COLORADO
 SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGET (NON-GAAP) AND ACTUAL
 LANDFILL ENTERPRISE FUND
 For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>OPERATING REVENUES</u>				
Charges for Services	395,000	420,000	405,447	(14,553)
Other	-	-	-	-
<u>Total Operating Revenue</u>	<u>395,000</u>	<u>420,000</u>	<u>405,447</u>	<u>(14,553)</u>
<u>OPERATING EXPENSES</u>				
General Operations	321,703	351,703	405,052	(53,349)
<u>Total Operating Expenses</u>	<u>321,703</u>	<u>351,703</u>	<u>405,052</u>	<u>(53,349)</u>
<u>OPERATING INCOME</u>	<u>73,297</u>	<u>68,297</u>	<u>395</u>	
<u>OTHER REVENUES (EXPENSES)</u>				
Capital Outlay	-	-	-	-
Interest Income	7,500	7,500	3,499	(4,001)
Grants and Contributions	-	-	-	-
<u>Total Other Revenues (Expenses)</u>	<u>7,500</u>	<u>7,500</u>	<u>3,499</u>	<u>(4,001)</u>
<u>INCOME (LOSS) BEFORE OPERATING TRANSFERS</u>	<u>80,797</u>	<u>75,797</u>	<u>3,894</u>	
<u>OPERATING TRANSFERS</u>				
Operating Transfers In	-	15,000	15,000	-
Operating Transfers (Out)	(72,890)	(72,890)	(72,890)	-
<u>Total Operating Transfers</u>	<u>(72,890)</u>	<u>(57,890)</u>	<u>(57,890)</u>	<u>-</u>
<u>NET INCOME (LOSS)-(NON-GAAP)</u>	<u>7,907</u>	<u>17,907</u>	<u>(53,996)</u>	
<u>RECONCILING ITEMS GAAP NET INCOME</u>				
Capital Outlay	-	-	-	
<u>Total Reconciling Items</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>NET INCOME (LOSS)(GAAP)</u>	<u>7,907</u>	<u>17,907</u>	<u>(53,996)</u>	
<u>NET POSITION, Beginning</u>	<u>(835,016)</u>	<u>(835,016)</u>	<u>(835,016)</u>	
<u>NET POSITION, Ending</u>	<u>(827,109)</u>	<u>(817,109)</u>	<u>(889,012)</u>	

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

STATE REQUIRED SCHEDULE

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

LOCAL HIGHWAY FINANCE REPORT	City or County: CITY OF TRINIDAD
	YEAR ENDING : December 31, 2020
This Information From The Records Of (example - City of _ or County of _ City Of Trinidad	Prepared By: Cheryl Navarette Phone: 719-846-9843 x112

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	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:
1. Local highway-user taxes		1. Capital outlay (from page 2)
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
2. General fund appropriations	1,251,354	b. Snow and ice removal
3. Other local imposts (from page 2)	1,269,490	c. Other
4. Miscellaneous local receipts (from page 2)	35,466	d. Total (a. through c.)
5. Transfers from toll facilities		4. General administration & miscellaneous
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety
a. Bonds - Original Issues		6. Total (1 through 5)
b. Bonds - Refunding Issues		
c. Notes		B. Debt service on local obligations:
d. Total (a. + b. + c.)	0	1. Bonds:
7. Total (1 through 6)	2,556,310	a. Interest
B. Private Contributions		b. Redemption
C. Receipts from State government (from page 2)	321,370	c. Total (a. + b.)
D. Receipts from Federal Government (from page 2)	0	2. Notes:
E. Total receipts (A.7 + B + C + D)	2,877,680	a. Interest
		b. Redemption
		c. Total (a. + b.)
		3. Total (1.c + 2.c)
		C. Payments to State for highways
		D. Payments to toll facilities
		E. Total disbursements (A.6 + B.3 + C + D)
		2,877,680

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
		2,877,680	2,877,680		0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 31, 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		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	23,555
1. Sales Taxes	956,947	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	11,911
5. Specific Ownership &/or Other	312,543	g. Other Misc. Receipts	
6. Total (1. through 5.)	1,269,490	h. Other	
c. Total (a. + b.)	1,269,490	i. Total (a. through h.)	35,466
	(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	290,506	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	30,864	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	30,864	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	321,370	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		11,942	11,942
c. Construction:			
(1). New Facilities		-	0
(2). Capacity Improvements		-	0
(3). System Preservation		991,922	991,922
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	991,922	991,922
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,003,864	1,003,864
			(Carry forward to page 1)

Notes and Comments:

SINGLE AUDIT SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

**INDEPENDENT AUDITOR'S 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 City Council
City of Trinidad
Trinidad, Colorado 81082

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Trinidad as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City of Trinidad's basic financial statements, and have issued our report thereon dated June 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Trinidad's internal control over financial reporting (internal control) 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 Trinidad's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Trinidad's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Trinidad'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sizon, Waller & Co., Inc.

June 30, 2021

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Honorable Mayor and City Council
City of Trinidad
Trinidad, Colorado 81082

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Trinidad'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 City of Trinidad'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 City of Trinidad's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Trinidad 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 City of Trinidad 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 City of Trinidad'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 City of Trinidad'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 a 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

DeYon, Waller & Co., Inc.

June 30, 2021

CITY OF TRINIDAD, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the financial statements of City of Trinidad.

Internal Control Over Financial Reporting

There were no significant deficiencies or material weaknesses identified.

Noncompliance Material to Financial Statements

No instances of noncompliance in amounts material to the financial statements of City of Trinidad were disclosed by the audit.

FEDERAL AWARDS

Internal Control Over Major Programs

No significant deficiencies or material weaknesses were identified.

Auditor's Report on Compliance for Major Programs

An unmodified opinion has been issued on City of Trinidad compliance for major programs.

Audit Findings

No findings requiring disclosure in accordance with 2 CFR Section 200.516(a) were disclosed by the audit.

Major Programs

Coronavirus Relief Fund CFDA # 21.019

Dollar Threshold to Distinguish Type A and Type B Programs

\$750,000.

Qualification as Low-Risk Auditee

City of Trinidad did not qualify as a low-risk auditee for the fiscal year ended December 31, 2020.

CITY OF TRINIDAD, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

CITY OF TRINIDAD, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2020

NONE

CITY OF TRINIDAD, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year ended December 31, 2020

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor</u>	<u>Passed Through to Subrecipient</u>	<u>Federal Expenditures</u>
Highway Planning and Construction Cluster-Cluster				
Department of Transportation				
Highway Planning and Construction:				
Highway Planning and Construction	20.205	Colorado Dept. of Transportation (Grant: Regional Wayfinding)		112,368
Highway Planning and Construction	20.205	Colorado Dept. of Transportation (Grant: Old Sopris Trail)		<u>216,796</u>
Total Highway Planning and Construction				<u>329,164</u>
Total Department of Transportation				<u>329,164</u>
Total Highway Planning and Construction Cluster-Cluster				
				<u>329,164</u>
Highway Safety Cluster-Cluster				
Department of Transportation				
National Priority Safety Programs:				
National Priority Safety Programs	20.616	Colorado Dept. of Transportation		<u>3,025</u>
Total Department of Transportation				<u>3,025</u>
Total Highway Safety Cluster-Cluster				
				<u>3,025</u>
Total Department of Transportation				
				<u>332,189</u>
Other Programs				
Department of the Interior				
Minerals Leasing Act	15.437	Colorado Dept. of Local Affairs		<u>161,166</u>
Total Department of the Interior				
				<u>161,166</u>
United States Department of Justice				
Bulletproof Vest Partnership Program	16.607			<u>1,714</u>
Total United States Department of Justice				
				<u>1,714</u>
United States Environmental Protection Agency				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818			<u>72,710</u>
Total United States Environmental Protection Agency				
				<u>72,710</u>
Department of the Treasury				
Coronavirus Relief Fund	21.019	Colorado Dept. of Local Affairs		<u>510,694</u>
Total Department of the Treasury				
				<u>510,694</u>
Total Other Programs				
				<u>746,284</u>
Total Expenditures of Federal Awards				
				<u>\$1,078,473</u>

The accompanying notes are an integral part of this schedule.

CITY OF TRINIDAD, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Trinidad and is presented on the modified accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

NOTE 2 PAYMENTS TO SUBRECIPIENTS

The City of Trinidad made no awards of federal financial assistance to sub-recipients in the year ended December 31, 2020.

NOTE 3 INDIRECT COSTS

The City of Trinidad elected not to use the 10 percent de minimus indirect cost rate allowed by Uniform Guidance.